Financial Statements

For The period Ended
31 March 2020

Crédit Agricole Egypt

CRÉDIT AGRICOLE
A whole bank just for you

CREDIT AGRICOLE - EGYPT

Egyptian Joint Stock Company
Separate Financial Statements
And Auditors' Limited Review Report
For The Period Ended 31 March 2020

Allied for Accounting & Auditing
EY

MAZARS Mostafa Shawki
Public Accountants & Consultants

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Translation From Orginally Issued In Arabic

Limited Review Report on Separate Interim Financial Statements

To : Credit Agricole Egypt (SAE) Board of Directors

Introduction

We have performed a limited review on the accompanying separate financial statement of Credit Agricole Egypt (SAE) as of 31 March 2020 and the related separate statement of financial position , separate statements of income, Separate Statement of Comprehensive Income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Central Bank of Egypt's rules issued on December 16, 2008 as amended by the regulation issued on February 26, 2019 and the prevailing Egyptian laws and regulations. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian standard on review engagements (2410) "Limited Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A limited review of 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 separate interim financial statements.

Conclusion

Based on our limited review , nothing has come to our attention that causes us to believe that accompanying separate interim financial statements do not present fairly , in all material respects, the separate financial position of the Bank as of 31 March 2019 and of its separate financial performance and its separate cash flows for the three months then ended in accordance with the bases of recognition and measurement issued by the central bank of Egypt's rules issued on December 16, 2008 as amended by the regulation issued on February 26, 2019 and the prevailing Egyptian laws and regulations .

Emphasis of matters

Without qualifying; The coronavirus pandemic COVID-19 has locally and globally led to high levels of uncertainty; this is will possibly have a significant impact on the elements of assets, liabilities, and the recoverable values thereof, as well as the business results during the current and upcoming periods. Consequently, the bank management has taken the necessary measures to mitigate the impact of the Coronavirus COVID-19 on the results of the bank's business; therefore, we would like to draw your attention to Note No.43 from the accompanying notes of the financial statements.

Cairo 13 May 2020

Auditors

Ashraf Mohamed Mohamed Ismael	**Rashad Hosny**
Egyptian Financial Supervisory Authority Register no.102	**Egyptian Financial Supervisory Authority Register no.73**
Allied for Accounting & Auditing EY	**MAZARS Mostafa Shawki**

CRÉDIT AGRICOLE EGYPT
كريدي أجريكول مصر

Separate Balance Sheet – As of 31 March 2020

(All amounts are in thousand Egyptian pounds)

	Notes	31 March 2020	31 December 2019
Assets			
Cash and balances with Central Bank of Egypt	16	3,704,871	4,227,754
Due from banks	17	7,027,965	6,871,426
Treasury bills	18	6,851,447	7,189,475
Loans to banks	19	1,769	4,019
Loans and advances to customers	20	24,232,868	23,347,745
Derivative financial instruments	21	56,005	49,121
Financial Investments			
Fair value through other comprehensive income	22	6,966,337	6,776,038
Fair value through profit or loss	22	130,925	165,003
Investments in Subsidiaries	23	143,822	143,822
Intangible assets	24	119,894	125,502
Other assets	25	1,067,962	897,867
Fixed assets	26	617,594	629,652
Total assets		**50,921,459**	**50,427,424**
Liabilities and Owners' Equity			
Liabilities			
Due to banks	27	505,078	667,335
Treasury bills Sold with repurchase agreements	28	9,422	9,724
Customers' deposits	29	40,318,456	39,636,742
Derivative financial instruments	21	90,255	63,271
Other Loans	30	472,596	481,245
Other liabilities	31	2,554,040	1,670,309
Current income tax liability		258,305	233,557
Other provisions	32	281,092	288,069
Retirement benefit obligations	33	167,424	167,424
Total liabilities		**44,656,668**	**43,217,676**
Owners' Equity			
Paid-in Capital	34	1,243,668	1,243,668
Reserves	35	915,151	958,868
Retained earnings	35	4,105,972	5,007,212
Total owners' equity		**6,264,791**	**7,209,748**
Total liabilities and owners' equity		**50,921,459**	**50,427,424**

Pierre Finas
Managing Director

•The accompanying notes from note 1 to 45 are an integral part of these financial statements.

• Review report attached.

Separate Income Statement for The Period Ended 31 March 2020

(All amounts are in thousand Egyptian pounds)

	Notes	From 1/1/2020 To 31/3/2020	From 1/1/2019 To 31/3/2019
Interest on loans and similar income	6	1,358,626	1,516,057
Interest expenses and similar charges	6	(611,677)	(710,807)
Net interest income		**746,949**	**805,250**
Fees and commission income	7	198,409	216,413
Fees and commission expense	7	(66,259)	(62,393)
Net fee and commission income		**132,150**	**154,020**
Dividend income	8	6,174	8,886
Net trading income	9	57,578	75,380
Gains from financial investments	10	7,485	2,018
Impairment (charge) / release for credit losses	11	(30,611)	155,761
Administrative expenses	12	(328,314)	(276,944)
Other operating income / (expense)	13	5,395	(49,134)
Profit before income tax		**596,806**	**875,237**
Income tax expense	14	(152,958)	(173,683)
Profit for the Period		**443,848**	**701,554**
Earnings per share	15	**1.29**	**2.04**

- The accompanying notes from note 1 to 45 are an integral part of these financial statements.

Separate Statement of Other Comprehensive Income for The Period Ended 31 March 2020

(All amounts are in thousand Egyptian pounds)

	From 1/1/2020 To 31/3/2020	From 1/1/2019 To 31/3/2019
Net profit for the Period	**443,848**	**701,554**
Items that is or may be reclassified to the profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(104,648)	45,204
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	4,043	-
Exchange differences of debt instruments measured at fair value through other comprehensive income	(654)	-
	(101,259)	**45,204**
Total other comprehensive income items for the Period	**342,589**	**746,758**

- The accompanying notes from note 1 to 45 are an integral part of these financial statements.

Separate Statement of Changes in Owners' Equity for The Period Ended 31 March 2020
(All amounts are in thousand Egyptian pounds)

31 March 2019	Notes	Paid in capital	Reserves	Retained earnings	Total
Restated balance at 1 January 2019		**1,243,668**	**577,153**	**4,286,017**	**6,106,838**
Dividends relating to 2018		-	-	(1,527,009)	**(1,527,009)**
Transfer to Capital reserve		-	2,802	(2,802)	**-**
Transfer to Legal reserve		-	109,852	(109,852)	**-**
Balances after profit distribution		**1,243,668**	**689,807**	**2,646,354**	**4,579,829**
Net change in other comprehensive income		-	45,204	-	**45,204**
Net profit for the Period		-	-	701,554	**701,554**
Balance as at 31 March 2019		**1,243,668**	**735,011**	**3,347,908**	**5,326,587**

31 March 2020	Notes	Paid in capital	Reserves	Retained earnings	Total
Balance at 1 January 2020		**1,243,668**	**958,868**	**5,007,212**	**7,209,748**
Transfer from General risk reserve	35 / 44	-	(61,252)	61,252	**-**
Restated balance at 1 January 2020		**1,243,668**	**897,616**	**5,068,464**	**7,209,748**
Dividends relating to 2019		-	-	(1,287,546)	**(1,287,546)**
Transfer to Capital reserve		-	227	(227)	**-**
Transfer to Banking general risks reserve		-	535	(535)	**-**
Transfer to Legal reserve		-	118,032	(118,032)	**-**
Balances after profit distribution		**1,243,668**	**1,016,410**	**3,662,124**	**5,922,202**
Net change in other comprehensive income		-	(101,259)	-	**(101,259)**
Net profit for the period		-	-	443,848	**443,848**
Balance as at 31 March 2020		**1,243,668**	**915,151**	**4,105,972**	**6,264,791**

•The accompanying notes from note 1 to 45 are an integral part of these financial statements.

Separate Statement of Cash Flows for The period ended 31 March 2020

(All amounts are in thousand Egyptian pounds)

	Notes	For the period ended 31 March 2020	For the period ended 31 March 2019
Cash flows from operating activities			
Net profit before income tax		596,806	875,237
Adjustments to reconcile net profit to cash flow from operating activities:			
Depreciation and amortization		28,309	24,275
Impairment release / (charge) for credit losses	11	30,611	(155,761)
Other provision charges	32	(3,991)	50,441
Used provision - other than loans provision	32	-	(1,361)
Amortization of discount/premium on investments through OCI	22	(22,281)	(24,459)
Foreign currencies revaluation of provisions rather than LLP		(3,729)	(3,325)
Foreign currencies revaluation of investments rather than through P&L	22	42,514	81,702
Foreign currencies revaluation of investments at fair value through profit / Loss	22	31,187	(10,777)
Losses (Profit) on sale of fixed assets		(1)	-
Foreign currencies revaluation of other loans		(8,649)	(17,820)
Operating profit before changes in operating assets & liabilities		**690,776**	**818,152**
Net decrease (increase) in assets and liabilities			
Due from Central Bank of Egypt		566,117	1,695,685
Due from banks		160,372	102,300
Treasury bills		(75,110)	12,252
Held for trading investments		-	-
Loans and advances		(909,763)	(1,498,861)
Derivative financial instruments (net)		14,323	(91)
Other assets		(170,095)	19,026
Due to banks		(162,257)	(33,092)
Customers' deposits		681,714	(1,760,036)
Other liabilities		(179,907)	174,031
Pension fund liabilities		-	-
Income taxes paid		(128,210)	(158,622)
Net cash (used in) generated from operating activities		**487,960**	**(629,256)**
Cash flows from investing activities			
Purchase of assets & branches leasehold improvements		(10,643)	(25,225)
Proceeds from sale of fixed assets & Intangible assets		1	1
Proceeds from sale and redemption of financial investments		9,113,153	2,899,675
Purchases of securities other than trading other investments		(9,419,665)	(2,718,609)
Net cash (used in) investing activities		**(317,154)**	**155,842**
Cash flows from financing activities			
Dividends paid		(224,210)	(208,721)
Net cash (used in) financing activities		**(224,210)**	**(208,721)**

Net change in cash and cash equivalents during the period		(53,404)	(682,135)
Cash and cash equivalents at beginning of the period		7,415,268	11,051,968
Cash and cash equivalents at the end of the period		**7,361,864**	**10,369,833**
Cash and cash equivalents are represented in :			
Cash and due from Central Bank of Egypt	16	3,704,871	4,861,177
Due from banks	17	7,031,669	9,263,342
Treasury bills	18	6,851,447	8,465,714
Balances with Central Bank of Egypt (Reserve ratio)		(2,418,531)	(3,198,390)
Deposits with banks (Maturity more than three months)		(1,118,729)	(1,475,924)
Treasury bills (Maturity more than three months)		(6,688,863)	(7,546,086)
Cash and cash equivalents at the end of the period	37	**7,361,864**	**10,369,833**

•The accompanying notes from note 1 to 45 are an integral part of these financial statements.

1. General Information

Credit Agricole - Egypt Bank (S.A.E.) provides corporate banking, retail, and investment banking services in the Arab Republic of Egypt and foreign countries through its head office at 5th Settlement and 80 branches, that employs over 2513 people at the balance sheet date.

The bank is an Egyptian Joint Stock Company incorporated in accordance with law 159 of 1981 in the Arab Republic of Egypt. The head office of the bank is at the Touristic Area, land piece (9/10/11/12/13), 5th Settlement, Cairo Governance, Egypt. The bank is listed in Cairo Stock Exchanges.

This financial statements approved for issuance by the board of directors on May 12, 2020**.**

2. Summary of significant accounting policies

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

- **Basis of preparation**

These separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; to under IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, 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 March 31, 2020 to get complete information on the Bank's financial position, income statements, cash flows and change in shareholders equity.
The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions that described the changes in accounting policies in the following disclosers.

- **Changes in accounting policies:**

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated February 26, 2019 starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions.

Classification of financial assets and financial liabilities

At initial recognition, Financial assets have been classified and measured according to amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics.

The financial assets measured at amortized cost if it is not measured at fair value through profit or loss and the following two conditions met:

- The management intension maintaining the asset in business model to collect contractual cash flow and;
- This contractual conditions of financial assets will build cash flow in certain dates which limited only on payment of principle and interest (SPPI).

Debt instruments have been measured at fair value through other comprehensive income "FVTOCI" if it is not measured at fair value through profit or loss and the following two conditions met:

- The management intension maintaining the asset in business model to collect contractual cash flow and sell;
- This contractual conditions of financial assets will build cash flow in certain dates which limited only on payment of principle and interest (SPPI).

The Bank may choose without return to measure equity investment which not classified trading investments to be as a fair value through other comprehensive income at initial recognition. And this choice will be made per each investment.

All other financial assets will be classified as fair value through profit or loss.

In addition to that, the bank may choose without return financial asset that will be measured at amortized cost or fair value through other comprehensive income to measure at fair value through profit or loss in the initial recognition, and in such a case that this reclassification will lead to prevent accounting mismatch.

Business model assessment

The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank’s management;
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. Meanwhile the bank didn't scope only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as considerationforthetimevalueofmoneyandforthecreditriskassociatedwiththeprincipalamountoutstandingduringaparticularperiodoftimeand for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to implement IFRS 9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008 with excepted credit loss (ECL).

Excepted credit loss is applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9; impairment loss will be recognized in a wide range from applying impairment loss according to Central Bank of Egypt (CBE) instructions dated December 16, 2008.

The Bank apply three stages to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Stage 1: 12 months Expected Credit Loss:

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, expected credit loss are recognized on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2: Lifetime Expected Credit Loss - not credit impaired:

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime Expected Credit Loss - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss are recognized.

- **Subsidiaries and associates**

  - **Subsidiaries**

  Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

  - **Associates**

  Associates are all entities over which the bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

  Purchase method of accounting has been applied to all the acquisition operations. The cost of acquisition is measured by fair value or the assets offered/ issued equity securities / liabilities incurred/ liabilities accepted in behalf of the acquired company, at the date of the exchange, plus costs directly attributed to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the bank's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognized directly in the income statement into other operating income (expenses).

  Investments in subsidiaries and associates are accounted for using the cost method. According to this method, investments are recognized by the acquisition cost including goodwill and deducting any impairment losses. Dividends are recognized in the income statement when they are declared and the bank's right to receive payment is established.

- **Segment reporting**

  A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments

- **Foreign currency translation**

  - **Functional and presentation currency**

  The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

  - **Transactions and balances**

  The Bank maintains its accounts in Egyptian Pound. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities balances in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the following items: -

    - Net trading income or net income from financial instruments designated at fair value through profit or loss for trading assets.
    - Owners equity for financial derivatives designated as a hedging instruments qualified for cash flow hedge or net investments hedge.
    - Other operating income (expenses) for other items.

Changes in the fair value of monetary financial instruments in foreign currency classified as available for sale debt instruments are analyzed whether revaluation differences from changes in amortized costs of the instrument, differences from changes in the prevailing exchange rates, or differences from changes in the fair value of the instrument. Revaluation differences related to changes in the amortized cost are recognized into interest income from loans and similar revenues, and those related to the changes in the exchange rates in other operating income, in the income statement. Differences from changes in the fair value are recognized among owners' equity (Fair value reserve/ Available for sale financial investments).

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

- **Financial assets**

The bank classifies its financial assets in the following categories: Financial assets at fair value through profit or loss; loans and receivables; held to maturity financial assets; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

- **Financial assets at fair value through profit or loss**

This category includes: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- Those that the bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the bank upon initial recognition designates as at fair value through profit or loss;
- Those that the bank upon initial recognition designates as available for sale; or
- Those for which the bank may not recover substantially all of its initial investment, other than because of credit deterioration.

- **Held-to-maturity financial assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the bank were to sell other than an insignificant amount except for specific situations, the entire category would be reclassified as available for sale.

- **Available-for-sale financial assets**

Available-for-sale investments are non-derivative financial assets intended to be held for an indefinite year of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following is followed for financial assets:

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date, the date on which the Bank commits to purchase or sell the asset.

- Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement in net trading income.
- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.
- Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost.
- Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the year in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in income statement.
- Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the income statement when the entity's right to receive payment is established.
- The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, and if the Bank could not assess the fair value of the equity instruments classified as available for sale, these instruments measured at cost less impairment.

■ **<u>Financial Policies applied starting from January 01, 2019:</u>**

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

- **Financial assets classified as amortized cost**

The financial asset is retained in the business model of financial assets held to collect contractual cash flow.
The objective from this business model is to collect contractual cash flow which represented in principle and interest.
An exceptional event happened lead to sell according to this business model with conditions set out in the standard represented in following:

- Significant deterioration for the issuer of financial instrument.
- Lowest sales in terms of rotation and value.
- A clear and reliable documentation process for the justification of each sale and its conformity with the requirements of the standard.

- **Financial assets classified as fair value through other comprehensive income**

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.
Held to collect contractual cash flows and sales are integrated to achieve the objective of the model.
Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

- **Financial assets classified as fair value through profit or loss**

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

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

The characteristics of the business model are as follows:

- Structuring a set of activities designed to extract specific outputs.
- Represents a complete framework for a specific activity (inputs - activities - outputs).
- One business model can include sub-business models.

- **Offsetting financial instruments**

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Treasury bills sold subject to repurchase agreements ('repos') presented in the balance sheet and purchased under agreements to resell ('reverse repos') among the balance sheet items.

- **Financial derivatives and hedge accounting**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets (or including recent market transactions, and valuation techniques for example including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, such as the conversion option in a purchased convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognized in the income statement into net trading income unless the bank chooses to designate the hybrid contracts at fair value through profit or loss.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Fair values are determined based on quoted market prices in active markets, including recent market transactions, or valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives if they meet the definition of a financial instruments, and when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement "Net trading income"; unless the bank chooses to designate the hybrid contract as a whole as at fair value through profit or loss.

The timing of recognition in profit or loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge);

- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk

- **Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss.

Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of "Net interest income" line item in the income statement. Any ineffectiveness is recognized in profit or loss in "Net trading income".

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date to maturity of the asset using the effective interest method. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

- **Cash flow hedge**

The effective portion of changes in the fair value of derivatives designated and effective for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "Net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "Net trading income".

When a hedging item expires, or is sold or if hedging instrument, no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to profit or loss.

- **Derivatives that do not qualify for hedge accounting**
  Where a derivative instrument does not qualify for hedge accounting, changes in fair value of that derivative and related interest are recognized immediately in the income statement in "Net trading income" line item. However, gains or losses arising from changes in fair value of derivatives that are managed in conjunction with financial assets or financial liabilities, designated upon initial recognition at fair value through profit or loss, are included in "Net income from financial instruments designated upon initial recognition as at fair value through profit or loss".

- **Recognition of deferred day one profit and loss**
  The best evidence of fair value at initial recognition is the transaction price (the fair value of the consideration given or received), unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instruments or based on valuation technique. When the bank has entered into transactions that come due after the lapse of a long period of time, fair value is determined using valuation models whose inputs do not necessarily come from quoted prices or market rates. These financial instruments are initially recognized at the transaction price, which represents the best index to fair value, despite the value obtained from a valuation model may be different. The difference between the transaction price and the model value is not immediately recognized, commonly referred to as “day one gains or losses”. It is included in other assets in case of loss, and other liabilities in case of gain.

- **Interest income and expense**

  Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognized within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest method.

  The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

  Once a financial asset or a group of similar financial assets has been classified as nonperforming or impaired, related interest income is not recognized and is recorded in marginal records apart from the financial statements, and is recognized as revenues according to cash basis as follows:

  - When they are collected, after receiving all past due installments for consumption loans, mortgage loans, and small business loans.

  - For corporate loans, cash basis is also applied, where the return subsequently calculated is raised in accordance with the loan rescheduling contract, until 25% of the rescheduling installments are repaid, with a minimum of one year of regular repayment scheme. In case the counterparty persists to regularly pay, the return calculated on the loan outstanding is recognized in interest income. (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the balance sheet before rescheduling.

- **Fee and commission income**

  Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognized as revenue when the syndication has been completed and the bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

  Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognized rateably over the year in which the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

- **Dividend income**

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

- **Purchase and sale agreements and sale and repurchase agreements**

  Securities sold subject to repurchase agreements are presented in Due to Banks the balance sheet. Securities purchased under agreements to resell are presented added to Due from Banks in the balance sheet, and presented on net basis, the difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

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

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

- Stage 1: Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.
- Stage 2: Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.
- Stage 3: Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

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

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

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

Significant increase in credit risk

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

Quantitative factors

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

Qualitative factors

Retail loans, micro and small businesses

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

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

Corporate loans and medium businesses

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

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

Unpayments

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

Transfer between three stages:

Transfer from second stage to first stage:

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

Transfer from third stage to second stage:

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

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

- **Intangible Assets**
  - **Goodwill**

  Goodwill represents the excess of the cost of an acquisition over the fair value of the bank's share of the net identifiable assets of acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment where goodwill is amortized by a 20% or with the impairment recognized whichever is greater. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

  - **Computer programs:**

  Computers' software related development and maintenance expenses are recognized in the income statement when incurred Intangible asset is recognized for specific direct costs of computer programs under the bank's control and where a probable economic benefit is expected to be generated for more than one year. Direct costs include program development staff costs, and appropriate allocation of the overhead costs.

  Development costs are recognized as computer program in which lead to an increase or expansion in the performance of computer programs.
  These costs are amortized on the basis of the expected useful lives, and not more than five years.

- **Property, plant and equipment**

  Land and building comprise mainly head office, branches and offices. All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed asset items.

  Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

○ Buildings	20:30 years
○ Fixtures	5 years
○ Furniture	10 years
○ Machinery and equipment	8 years
○ Vehicles	5 years
○ Computers	5 years
○ Others	10 years

- **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization-except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

- **Lease**

Finance lease are accounted for according to Law No. 95 of 1995 if the contract gives the right to the lessee to purchase the assets on a specified date and with specified amount where the contract's period represents at least 75% of the expected useful life of the asset or the present value of total lease payments represents at least 90% of the asset's value. Other lease contracts are considered operating leases.

○ **The Bank as a lessee**

For finance lease contracts, lease expenses including leased asset maintenance when incurred. If the Bank decides to use the purchase option, cost of the option is capitalized and depreciated over the remaining useful life of the asset using methods applied for similar assets.

Lease payments less any discounts under operating lease are charged as an expense in the income statement on a straight-line basis over the year of the lease.

○ **The Bank as a Lease lord**

Rent for leased assets operating rent appear under fixed assets in the budget and destroy over the useful life of the asset's expected by the same method applied to similar assets, and rental income minus any discounts granted to the lessee by the straight-line method over the year of the contract.

- **Cash and cash equivalents**

For the purpose of the cash flows statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances due from Central Banks other than for mandatory reserve, current accounts with banks, and treasury bills and other governmental securities.

- **Other provisions**

Provisions for restructuring costs and legal claims are recognized when: The Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Reversals of provisions no longer required are presented in other operating income and (expense).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. If the settlement is within one year or less, provisions will be measured by the contractual value if there is no material variance otherwise, it will be measured at present value.

- **Financial guarantees**

A financial guarantee contract is a contract issued by the bank as security for loans or overdrafts due from its clients to other entities that requires the bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are generally issued by the bank to beneficiary banks, corporations and other entities on behalf of the bank's clients.

When a financial guarantee is recognized initially, it is measured at its fair value plus, transaction costs that is directly attributable to the issue of such financial guarantee.

After initial recognition, a financial guarantee contract issued by the bank is measured at the higher of:

- The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and
- The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

Such estimates are made based on experience in similar transactions and historical losses as supported by management judgment.

Any increase in the obligations resulting from the financial guarantee, shall be recognized within other operating income (expenses) in the income statement.

- **Employee benefits**

  - **Pension Liability**

The bank applies various retirement benefit plans which are financed through contributions defined on periodical actuarial calculations and paid to Social Insurance Authority or a private insurance fund. The Bank has Defined-Benefit Plans and Defined-Contribution Plans.

Defined-Benefit Plans: They are retirement plans where employee benefits are sorted out based on a formula using factors such as age, duration of employment and salary history.

The liability recognized in the balance sheet, with regard to the defined-benefit plans, is the present value of the defined-benefit obligation at the date of the balance sheet less the fair value of the plan assets, together with the adjustments for unrecognized actuarial gains (losses) and past service costs.

The defined-benefit obligation is calculated annually (estimated future cash outflows) by an independent actuary using the Projected Unit Credit Method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of treasury bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

The gains (losses) arising from adjustments and changes in actuarial assumptions are charged (or credited) to income if they are within 10% of the plan assets or 10% of the defined-benefit obligation, whichever is higher. In case the gains (losses) are higher than this percentage, the increase shall be charged (credited) to the income over the employees' average remaining working periods.

The past service costs are directly recognized in the income statement under administrative expenses, unless the changes made to the pension regulations are subject to the employees staying in service for a defined period of time (Vesting Period). In this case, the past service period shall be depreciated using the straight-line method over the vesting period.

Defined Contribution Plans: They are retirement plans in which the Bank pays certain contributions to Social Insurance Authority, and the Bank shall not be subject to any legal or constructive obligation to contribute further amounts.

The contributions are recognized as employee-benefit expenses when they are due. The prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

- **Other Post-Employment Benefit Obligations**

The Bank provides health-care benefits for retired employees (Ex EAB Staff). To be eligible for such benefits, the employee shall have to remain employed until the retirement age and fulfill a minimum limit of an employment period. The estimated costs of such benefits are depreciated over the employment period using an accounting method similar to that used in the defined-benefit plans.

- **Social Insurance**

The Bank pays contributions to Social Insurance Authority and the Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

- **Employee profit share**

The Bank pays a percentage of the cash dividends as employee profit share; the employee profit share is recognized as part of dividends in the equity and as a liability when it is approved by the bank's general assembly, no obligation is recognized for the employees share in unappropriated profits.

- **Income tax**

The income tax on the Bank's profits or losses includes both current tax, and deferred tax Income tax is recognized in the income statement, except when it relates to items directly recognized into equity, in which case the tax is also recognized directly in equity. Income tax is calculated on the taxable profits using the prevailing tax rates as of balance sheet date in addition to tax adjustments for previous years.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date.

Deferred tax assets are recognized when it is probable that the future taxable profit will be available against which the temporary difference can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Reversal is subsequently permitted when there is a probable from its economic benefit limited to the extend reduced.

- **Borrowings**

  Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

  The fair value of the liability portion of a convertible bind is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

  Preferred shares that carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholders are classified as liability and are presented in Other loans.
  The dividends on these preference shares are recognized in the income statement as interest expenses in an amortized cost basis using the effective interest method.

- **Share capital**

  - **Share issuance costs**

  Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

  - **Dividends**

  Dividends are recognized in equity in the year in which they are approved by the Bank's general assembly. These dividends include the employee share and board of director's bonus as stipulated by the article of incorporation and law.

  - **Treasury stocks**

  In case the Bank buy capital stock, the purchase amount is deducted from the total cost of ownership rights as represented by Treasury shares to be cancelled, and in case of sale of those shares or reissued later in all collections are added to property rights.

- **Custody activities**

  The Bank acts as custodian and in capacities this results in holding or managing of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

- **Comparative figures**

  Comparative figures for financial assets and liabilities are reclassified but not re-measured to comply with the current period's financial statements. Presentation according to CBE instructions for IFRS9 implementation starting January 1, 2019

3. Financial Risk management

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank's financial performance.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes foreign currency risk, interest rate and other price risk.

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

Risk management is carried out by a risk department under policies approved by the Board of Directors. Financial risks in close co-operation with the Group are operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

Risk management governance and risk principles

Bank's risk management governance is based on:

- Strong managerial involvement, throughout the entire organization, starting from the Board of Directors down to operational field management teams.
- A tight framework of internal procedures and guidelines.
- Continuous supervision by business lines and support functions as well as by an independent body to monitor risks and to enforce rules and procedures.
- Within the board, the Risk and Audit Committees are more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance.

A. Credit risk

The bank is exposed to credit risk, which is the risk of suffering financial loss, should any of the bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the bank. Credit risk is the most important risk for the bank's business. Management therefore carefully manages its exposure to credit risk. Credit risk arises mainly from lending activities which resulted in loans, facilities and investment activities which result in including the financial assets in bank's assets. Credit risk is available in the off-balance sheet financial assets such lending commitment. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

A.1 Credit risk measurement

- Loans and advances to banks and customers

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

- ✓ Probability of default - by the client or counterparty on its contractual obligations.
- ✓ (Current exposures to the counterparty and its likely future developments, from which the bank derive the exposure at default.
- ✓ Loss given default

Daily management bank activities involve these measurements of credit risk which reflect the expected loss (The expected loss model) and are required by the Basel committee on banking supervision. The Operational measurements can be contrasted with impairment allowances required under Egyptian Accounting Standard 26 which are based on losses that have been incurred at of the balance sheet date (the incurred loss model) rather than expected losses (Note 3/A).

The bank assesses the probability of default of individual customers using internal rating tools tailored to the various categories of the counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. Clients of the bank are segmented into four rating classes. The rating scale which is as shown below reflects the range of default probabilities- defined for each rating class. This means that in principal, exposures might migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validate the performance of the rating and their predictive power with regard to default cases.

CBE Description	CBE Rating	Internal Rating	Provision Percentage
Good loans	1	A+	0%
Good loans	2	A	1%
Good loans	2	B+	1%
Good loans	2	B	1%
Good loans	2	B-	1%
Good loans	3	C+	1%
Good loans	3	C	1%
Good loans	3	C-	1%
Good loans	4	D+	2%
Good loans	5	D	2%
Good loans	5	D-	2%
Standard monitoring	6	E+	3%
Standard monitoring	6	E	5%
Special monitoring	7	PE-	20%
non-performing	8	NPE-	DCF
non-performing	9	F	DCF
non-performing	10	Z	DCF

The above ratings are reviewed and approved by the Central Bank of Egypt. Impairment for non-performing loans determined using the discount expected cash flow from each client.

Exposure at default is based on the amounts the bank expects to be outstanding at the time of default. For example, for a loan this is the face value. For a commitment, the bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.
Loss given default or loss severity represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage of loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

- **Debt securities and other bills**

For debt securities, and other bills external rating such as (Standard & Poor's) rating or their equivalents are used by the bank for managing of the credit risk exposures. In case such ratings are unavailable, internal rating methods are used that are similar to those used for credit customers. The investment in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

A.2 Risk limit control and mitigation policies
The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties, groups and to industries and countries.

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

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

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

Some other specific control and mitigation measures are outlined below:

- **Collateral**

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

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

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

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-Backed Securities and similar instruments, which are secured by portfolios of financial instruments.

- **Derivatives**

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

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

- **Master netting arrangements**

The bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities shown in the balance sheet, as transactions are either usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The banks overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

❖ **Credit related Commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

A.3 Impairment and provisioning policies (Measurement of expected credit losses)

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) Tools as follows:

The un-impaired financial asset is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.

In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the second stage and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).

In case of indications of impairment of the financial asset, it is transferred to the third stage. The Bank is based on the following indicators to determine whether there is objective evidence of impairment:

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

The following table illustrates the proportional distribution of loans and credit facilities reported in the financial position for each of the four internal ratings of the Bank and their relevant impairment losses:

Bank's Rating	31 March 2020 Loans and facilities %	31 March 2020 Loan loss provision %	31 December 2019 Loans and facilities %	31 December 2019 Loan loss provision %
1- Good loans	58.4%	21.3%	57.0%	28.0%
2- Standard monitoring	37.0%	16.8%	38.7%	14.4%
3- Special monitoring	1.9%	11.6%	1.4%	2.8%
4- Nonperforming loans	2.71%	50.3%	2.9%	54.8%
	100.0%	**100.0%**	**100.0%**	**100.0%**

The internal rating tool assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the bank:

- Significant financial difficulties facing the counterparty;
- Breach of loan covenants as in case of default;
- Expecting the bankruptcy of the counterparty, liquidation, lawsuit, or finance rescheduling;
- Deterioration of the borrower’s competitive position;
- Offering exceptions or surrenders due to economic and legal reasons related to financial difficulties encountered by the counterparty not provided by the bank in ordinary conditions;
- Deterioration in the value of collateral; and
- Downgrading below good loans grade.

The bank policies require the review of individual financial assets that are above materiality threshold at least annually, or more regularly when individual circumstances require. Impairment allowance on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on case-by –case basis. And are applied to all individually significant accounts. The assessment normally encompasses collateral hold including re- confirmation of its enforceability and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for portfolios of homogenous assets using the available historical experience, experience judgment and statistical techniques

A.4 General Bank Risk Measurement Model

In addition to the four credit rating levels, management classifies categories that are more detailed so as to agree with the requirements of the Central Bank of Egypt (CBE). Assets subject to credit risk are classified in these categories in accordance with regulations and detailed conditions that largely depend on information related to the client, his/her activity, financial position, and regularity of repayment.

The bank calculates the required provisions for the impairment of the assets subject to credit risk, including commitments related to credit, on the basis of ratios specified by the Central Bank of Egypt. In case the impairment loss provision required by the Central Bank of Egypt exceeds that required for the purpose of financial statement preparation in accordance with the Egyptian accounting standards, retained earnings is decreased to support the General Bank risk reserve with

The amount of the increase. This reserve is periodically revised by increase and decrease to reflect the amount of increase between the two provisions. This reserve is not subject to distribution. Note number (34/A) shows the movement in the Bank Risk Reserve during the financial year.

Following is a table of the worthiness levels for institutions in accordance with the internal assessment bases compared to the Central Bank of Egypt assessment bases and the provision ratios required for the impairment of the assets exposed to credit risk.

CBE Rating Categorization	Rating Description	Provision %	CAE rating	CAE Description
1	Low Risk	0%	1	Good
2	Average Risk	1%	1	Good
3	Satisfactory Risk	1%	1	Good
4	Reasonable Risk	2%	1	Good
5	Acceptable Risk	2%	1	Good
6	Marginally Acceptable Risk	5:3%	2	Standard monitoring
7	Watch List	20%	3	Special monitoring
8	Substandard	20%	4	non-performing
9	Doubtful	50%	4	non-performing
10	Bad Debt	100%	4	non-performing

A.5 Credit risk exposure before guarantees

(All amounts are in thousand Egyptian pounds)

	31 March 2020	31 December 2019
Credit risk exposures relating to on-balance sheet items :		
Cash and balances with central bank	2,418,531	2,984,648
Due from Banks	7,031,669	6,875,541
Treasury Bills	6,851,447	7,189,475
Loans to banks	1,769	4,019
Loans to customers		
Loans to Individuals:		
- Overdrafts	64,177	68,007
- Credit cards	980,151	980,925
- Personal Loans	6,818,593	6,455,785
- Real Estate Loans	15,142	14,023
Loans To corporate entities:		
- Overdrafts	12,963,497	12,356,405
- Direct Loans	1,285,623	1,139,876
- Syndicated loans	2,956,408	3,120,008
- Other Loans	262,647	285,086
Derivative financial instruments	56,005	49,121
Investment securities		
- Fair value through other comprehensive income	6,966,337	6,776,038
Other Assets	447,268	332,387
Total	**49,119,264**	**48,631,344**

	31 March 2020	31 December 2019
Credit risk exposures relating to off-balance sheet items:		
Customer Liabilities Under Acceptance	1,319,295	959,339
Commitments (Loans and liabilities – irrevocable)	2,062,447	2,171,640
Letter of credit	750,505	1,107,724
Letters of guarantee	8,788,575	8,320,446
Total	**12,920,822**	**12,559,149**

The above table represents a worse-case scenario of credit risk exposure to the bank at 31 March 2020 and 31 December 2019, without taking into account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts presented on the Balance Sheet.

As shown above, 52% of the total maximum exposure is derived from loans and facilities to customers versus 50% in the end of comparative year, where investments in debt securities represent 28% versus 29% in the end of comparative year.

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

- 95 % of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2019: 96%);
- 93 % of the loans and advances portfolio are considered to be neither past due nor impaired (2019: 93%);
- Loans and advances individually assessed amount 686,957 thousands Egyptian pounds. (2019: 718,625 thousands Egyptian pounds).

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

Due from banks

rating Credit	Stage 1 Months-12	Stage 2 Life time	Stage 3 Life time	Total
Good debts	4,609,824	1,433,793	-	6,043,617
Normal watch-list	988,052	-	-	988,052
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Allowance for impairment losses	(8)	(3,696)	-	(3,704)
Net	**5,597,868**	**1,430,097**	**-**	**7,027,965**

Retail loans

rating Credit	Stage 1 Months-12	Stage 2 Life time	Stage 3 Life time	Total
Good debts	63,635	-	-	63,635
Normal watch-list	7,469,458	17,935	-	7,487,393
Special watch-list	-	251,693	-	251,693
Non-performing loan	-	-	75,342	75,342
Allowance for impairment losses	(62,722)	(42,508)	(43,892)	(149,122)
Net	**7,470,371**	**227,120**	**31,450**	**7,728,941**

Corporate loans

rating Credit	Stage 1 Months-12	Stage 2 Life time	Stage 3 Life time	Total
Good debts	14,739,730	-	-	14,739,730
Normal watch-list	1,352,445	540,001	-	1,892,446
Special watch-list	-	224,384	-	224,384
Non-performing loan	-	-	611,615	611,615
Allowance for impairment losses	(261,736)	(155,670)	(484,237)	(901,643)
Net	**15,830,439**	**608,715**	**127,378**	**16,566,532**

Debt instruments at fair value through other comprehensive income

rating Credit	Stage 1 Months-12	Stage 2 Life time	Stage 3 Life time	Total
Good debts	4,916,851	2,091,383	-	**7,008,234**
Normal watch-list	-	-	-	**-**
Special watch-list	-	-	-	**-**
Non-performing loan	-	-	-	**-**
Allowance for impairment losses	-	(41,897)	-	**(41,897)**
Total - fair value	**4,916,851**	**2,049,486**	**-**	**6,966,337**

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

Due from banks

	Stage 1 Months 12	Stage 2 Life time	Stage 3 Life time	Total
Balance at the beginning of the Period	**21**	**4,094**	**-**	**4,115**
New financial assets purchased or issued	8	3,785	-	**3,793**
Financial assets have been matured or derecognised	(21)	(4,094)	-	**(4,115)**
Foreign exchange translation differences	-	(89)	-	**(89)**
Balance at the Period end	**8**	**3,696**	**-**	**3,704**

Retail loans

	Stage 1 Months 12	Stage 2 Life time	Stage 3 Life time	Total
Balance at the beginning of the Period	**53,227**	**33,740**	**48,280**	**135,247**
Transfer to Stage 1	35,594	(30,230)	(5,364)	**-**
Transfer to Stage 2	(9,458)	20,042	(10,584)	**-**
Transfer to Stage 3	(201)	(8,825)	9,026	**-**
Changes in PDs/LGDs/EADs	(19,852)	28,450	19,171	**27,769**
New financial assets purchased or issued	5,818	-	-	**5,818**
Financial assets have been matured or derecognised	(2,406)	(669)	(1,632)	**(4,707)**
Collections of loans previously written-off	-	-	7,756	**7,756**
Loans written-off during the Period	-	-	(22,761)	**(22,761)**
Balance at the Period end	**62,722**	**42,508**	**43,892**	**149,122**

Corporate loans

	Stage 1 Months 12	Stage 2 Life time	Stage 3 Life time	Total
Balance at the beginning of the Period	**274,712**	**94,670**	**504,501**	**873,883**
Transfer to Stage 1	1,316	(1,316)	-	**-**
Transfer to Stage 2	(2,259)	2,259	-	**-**
Transfer to Stage 3	-	-	-	**-**
Changes in PDs/LGDs/EADs	(65,292)	32,672	2,819	**(29,801)**
New financial assets purchased or issued	86,373	37,909	-	**124,282**
Financial assets have been matured or derecognized	(31,328)	(10,175)	(54,968)	**(96,471)**
Collections of loans previously written-off	-	-	36,398	**36,398**
Loans written-off during the Period	-	-	-	**-**
Foreign exchange translation differences	(1,786)	(349)	(4,513)	**(6,648)**
Balance at the Period end	**261,736**	**155,670**	**484,237**	**901,643**

A.6 Loans and Advances

Loans and advances balances in terms of the credit worthiness:

(All amounts are in thousand Egyptian pounds)

Loans & Advances to customers	31 March 2020	31 December 2019
Neither past due nor impaired	23,617,929	22,630,553
Past due but not impaired	1,041,352	1,070,937
Subject to impairment	686,957	718,625
Total	**25,346,238**	**24,420,115**
Less: Unearned Income	(190)	(1,890)
Less: Interest in suspense	(62,415)	(61,350)
Less: allowance for Impairment	(1,050,765)	(1,009,130)
Total	**24,232,868**	**23,347,745**

Total impairment loss for loans and advances has amounted to (26,890) thousand of which 41,533 thousand represents impairment on to non-performing loans, and the remaining (68,423) thousand represents impairment based on group basis of the credit portfolio. Note 20 provides additional information on the provision of impairment loss on loans and advances to banks and customers.

The bank portfolio of loans and advances increased by 4% within the financial Period. The bank concentrates on dealing with large institutions, banks, and individuals with strong financial credit solvency.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the bank.
Loans that are backed by collateral are not considered impaired for the nonperforming category, taking into consideration the collectability of the collateral.

Loans and advances neither past due nor impaired

(All amounts are in thousand Egyptian pounds)

31 March 2020	Retail				Corporate entities				
Grades	Overdrafts	Credit cards	Personal loans	Real Estate loans	Overdrafts	Syndicated loans	Direct loans	other loans	Total
1.Good	63,635	-	-	-	10,867,065	2,673,228	950,668	248,769	**14,803,365**
2.Standard monitoring	-	682,461	6,000,131	15,142	1,576,389	270,350	38,516	7,191	**8,590,180**
3.Special monitoring	-	-	-	-	190,949	-	26,748	6,687	**224,384**
Total	**63,635**	**682,461**	**6,000,131**	**15,142**	**12,634,403**	**2,943,578**	**1,015,932**	**262,647**	**23,617,929**

31 December 2019	Retail				Corporate entities				
Grades	Overdrafts	Credit cards	Personal loans	Real Estate loans	Overdrafts	Syndicated loans	Direct loans	other loans	Total
1.Good	67,023	-	-	-	9,849,574	2,849,749	809,723	280,698	**13,856,767**
2.Standard monitoring	-	716,776	5,696,462	13,736	1,980,588	254,670	41,139	4,388	**8,707,759**
3.Special monitoring	-	-	-	-	66,027	-	-	-	**66,027**
Total	**67,023**	**716,776**	**5,696,462**	**13,736**	**11,896,189**	**3,104,419**	**850,862**	**285,086**	**22,630,553**

Loans and advances past due but not impaired

These are loans and advance that are past due for less than 90 days, but not impaired unless the bank is otherwise informed. Loans and advance past due but not impaired are as follows:

At initial recognition of the loans and advances, fair value of collaterals is valuated based on the same valuation methods used for similar assets. In subsequent periods, fair value is updated to reflect the market prices or the prices of similar assets.

31 March 2020

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	-	224,313	565,346	-	**789,659**
Past due 30-60 days	-	45,885	142,500	-	**188,385**
Past due 60-90 days	-	15,227	48,081	-	**63,308**
Total	**-**	**285,425**	**755,927**	**-**	**1,041,352**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	-	-	-	-	-
Past due 30-60 days	-	-	-	-	-
Past due over 60 days	-	-	-	-	-
Total	-	-	-	-	-

31 December 2019

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	-	196,627	492,732	287	**689,646**
Past due 30-60 days	-	41,523	160,098	-	**201,621**
Past due 60-90 days	-	13,975	38,770	-	**52,745**
Total	**-**	**252,125**	**691,600**	**287**	**944,012**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	59,355	4,902	-	-	**64,257**
Past due 30-60 days	59,848	-	-	-	**59,848**
Past due over 60 days	2,820	-	-	-	**2,820**
Total	**122,023**	**4,902**	**-**	**-**	**126,925**

Loans and advances individually impaired

-Loans and advances to customers
The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is 686,957 thousand 718,625 thousand for 2019.

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

(All amounts are in thousand Egyptian pounds)

	Retail			Corporate				
31 March 2020	**Overdraft**	**Credit cards**	**Personal Loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	542	12,265	62,535	329,094	269,691	12,830	-	**686,957**
Fair value of collateral	-	359	2,483	64,963	-	-	-	**67,805**

	Retail			Corporate				
31 December 2019	**Overdraft**	**Credit cards**	**Personal Loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	984	12,024	67,723	338,193	284,112	15,589	-	**718,625**
Fair value of collateral	-	651	11,253	63,454	-	-	-	**75,358**

Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans – in particular, customer finance loan

(All amounts are in thousand Egyptian pounds)

	31 March 2020	**31 December 2019**
Corporate entities		
Overdrafts	-	286,725
Direct Loans	9,867	-
	9,867	**286,725**
Individuals		
Personal Loans	-	-
	-	**-**
Total	**9,867**	**286,725**

A.7 Debt securities and treasury bills

The table below presents an analysis of debt securities according to the rating agencies at Period end based on Moody's assessment of the countries issuing the investments:

(All amounts are in thousand Egyptian pounds)

31 March 2020	Treasury Bills	Investment at Fair value through other comprehensive income	Total
B2	6,851,447	6,959,698	**13,811,145**
Total	**6,851,447**	**6,959,698**	**13,811,145**

A.8 Acquired collaterals

During the period, the bank obtained assets by taking possession of collateral held as security as follows:

(All amounts are in thousand Egyptian pounds)

31 March 2020 Assets Nature	Book Value
Apartments	-
Total	-

A.9 Concentration of risks of financial assets with credit risk exposure

❖ ***Geographical sectors***

The following table breaks down the bank's credit exposure at their carrying amounts as categorised by geographical region. For this table, the bank has allocated exposures to regions based on the country of domicile of its clients.

(All amounts are in thousand Egyptian pounds)

31 March 2020	*Cairo*	*Alex., Delta & Sinai*	*Upper Egypt*	Arab Republic of Egypt	Other countries	Total
Balances with CBE	2,418,531	-	-	**2,418,531**	-	**2,418,531**
Due from banks	4,609,395	-	-	**4,609,395**	2,422,274	**7,031,669**
Treasury bills	6,851,447	-	-	**6,851,447**	-	**6,851,447**
Loans to banks	-	-	-	-	1,769	**1,769**
Loans to customers :						
- Overdrafts	12,406,218	507,209	114,247	**13,027,674**	-	**13,027,674**
- Credit cards	980,151	-	-	**980,151**	-	**980,151**
- Personal Loans	4,203,417	1,928,408	686,768	**6,818,593**	-	**6,818,593**
- Real Estate Loans	9,487	-	5,655	**15,142**	-	**15,142**
- Term Loans	4,189,226	52,805	-	**4,242,031**	-	**4,242,031**
- Other Loans	209,084	49,669	3,894	**262,647**	-	**262,647**
Derivatives	56,005	-	-	**56,005**	-	**56,005**
Fair value through other comprehensive income - Debt instruments	6,966,337	-	-	**6,966,337**	-	**6,966,337**
Other financial assets	394,872	38,634	13,762	**447,268**	-	**447,268**
As at 31 March 2020	**43,294,170**	**2,576,725**	**824,326**	**46,695,221**	**2,424,043**	**49,119,264**
As at 31 December 2019	**41,957,404**	**2,513,911**	**752,797**	**45,224,112**	**3,407,232**	**48,631,344**

Industry sectors

The following table breaks down the bank's credit exposure at carrying categorized by the industry sectors of the Bank's clients.

(All amounts are in thousand Egyptian pounds)

31 March 2020	**Financial institutions**	**Manufacturing**	**Commercial**	**Governmental**	**Other industries**	**Individuals**	**Total**
Balances with CBE	-	-	-	2,418,531	-	-	**2,418,531**
Due from banks	2,649,602	-	-	4,382,067	-	-	**7,031,669**
Treasury bills	-	-	-	6,851,447	-	-	**6,851,447**
Loans to banks	1,769	-	-	-	-	-	**1,769**
Loans to customers:							
Individuals:							
- Overdrafts	-	-	-	-	-	64,177	**64,177**
- Credit cards	-	-	-	-	-	980,151	**980,151**
- Personal Loans	-	-	-	-	-	6,818,593	**6,818,593**
- Real Estate Loans	-	-	-	-	-	15,142	**15,142**
Corporate entities:							
- Overdrafts	5,014	6,259,852	4,496,251	978,838	1,223,542	-	**12,963,497**
- Direct Loans	474,364	225,332	266,368	-	319,559	-	**1,285,623**
- Syndicated Loans	12,830	470,328	-	2,159,944	313,306	-	**2,956,408**
- Other loans	-	242,364	4,986	-	15,297	-	**262,647**
Financial derivatives	29,137	14,753	12,015	-	100	-	**56,005**
Fair value through other comprehensive income	2,042,503	-	-	4,923,834	-	-	**6,966,337**
Other financial assets	16,031	43,607	20,987	194,824	60,938	110,881	**447,268**
31 March 2020	**5,231,250**	**7,256,236**	**4,800,607**	**21,909,485**	**1,932,742**	**7,988,944**	**49,119,264**
31 December 2019	**6,168,988**	**7,489,516**	**4,558,736**	**21,187,717**	**1,607,481**	**7,618,906**	**48,631,344**

B. Market risk

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

The market risks arising from trading and non-trading activities are concentrated in bank treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit regularly.

Trading portfolios include those positions arising from market-making transactions where the bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the bank's held-to-maturity and available-for-sale investments.

B.1 Market risk measurement techniques

As part of the management of market risk, the bank enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities and loans to which the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below.

Value at risk

The bank applies a ‘value at risk’ (VAR) methodology to its trading and non-trading portfolios and at a bank level to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions. For various changes in market conditions The Board sets limits on the value of risk that may be accepted for the bank, for trading and non-trading purposes separately and they are monitored in daily basis with the bank risk management department.

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 (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain ‘holding period’ until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The bank's assessment of past movements is based on data for last year. The bank applies these historical changes in rates, prices, indices, etc. directly to its current positions − a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

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, VAR limits are established by the Board annually for all trading portfolio operations and allocated to business units. Actual exposure against limits, together with a consolidated group-wide VAR, is reviewed daily by bank risk management department.

The quality of the VAR model is continuously monitored by back-testing the VAR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the Board of Directors.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by bank treasury include: risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and adhoc stress testing, which includes applying possible stress events to specific positions or regions − for example, the stress outcome to a region following a currency peg break.

The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

B.2 Summary of value at risk

VAR for trading portfolio as per the risk type

(All amounts are in thousand Egyptian pounds)

	12-month till 31 March 2020			12-month till 31 December 2019		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Foreign exchange risk	(702)	(1,950)	(342)	(1,729)	(1,927)	(1,532)
Interest rate risk	(2,175)	(3,613)	(1,557)	(2,344)	(3,742)	(1,583)
VAR	**(2,351)**	**(3,960)**	**(1,528)**	**(2,772)**	**(4,228)**	**(2,156)**

The increase in the VAR especially in interest rate risk is correlated with the sensitivity in international financial market interest rate.

The three above results are calculated independently of the intended positions and the historical market movements. The gross VAR of the trading and the non-trading does not represent the exposed value of the bank risk due to the correlation between the risk types, portfolio types and whatever the effect following it.

B.3 Foreign exchange risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by level of currency and in aggregate for both overnight and intra-day positions which are monitored daily. The table below summarises the bank's exposure to foreign currency exchange rate risk at.

Included in the table are the bank's financial instruments at carrying amounts, categorised by currency:

Foreign currency risk concentration on financial instruments

(All amounts are in thousand Egyptian pounds)

31 March 2020	EGP	USD	EUR	GBP	CHF	Other	Total in EGP
Assets							
Cash and balances with central banks	3,361,263	209,365	94,718	11,038	2,501	25,986	**3,704,871**
Due from banks	2,508,213	2,546,582	1,233,467	377,043	56,678	305,982	**7,027,965**
Treasury bills	6,851,447	-	-	-	-	-	**6,851,447**
Loans to banks	-	1,769	-	-	-	-	**1,769**
Loans to customers	19,316,695	4,794,385	121,191	166	406	25	**24,232,868**
Financial derivatives	41,308	14,697	-	-	-	-	**56,005**
Investments Fair value through other comprehensive income	4,916,851	2,049,486	-	-	-	-	**6,966,337**
Investments Fair value through profit or loss	130,925	-	-	-	-	-	**130,925**
Other financial assets	423,086	24,006	170	5	1	-	**447,268**
Total financial assets	**37,549,788**	**9,640,290**	**1,449,546**	**388,252**	**59,586**	**331,993**	**49,419,455**
Financial liabilities							
Due to banks	216,084	221,118	67,876	-	-	-	**505,078**
Treasury bills Sold with repurchase agreements	9,422	-	-	-	-	-	**9,422**
Customers' deposits	29,358,075	8,301,733	1,843,302	397,626	60,475	357,245	**40,318,456**
Derivative financial instruments	68,173	22,082	-	-	-	-	**90,255**
Other Loans	-	472,596	-	-	-	-	**472,596**
Other financial liabilities	231,796	14,012	258	132	-	-	**246,198**
Total financial liabilities	**29,883,550**	**9,031,541**	**1,911,436**	**397,758**	**60,475**	**357,245**	**41,642,005**
Net on balance sheet financial position	**7,666,238**	**608,749**	**(461,890)**	**(9,506)**	**(889)**	**(25,252)**	**7,777,450**
Credit commitments	**1,828,112**	**3,748,880**	**(5,303)**	**7,004,949**	**2,453**	**341,731**	**12,920,822**

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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 may reduce losses in the event that unexpected movements arise.

The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the assets and liabilities management department with assistance of the bank treasury department.

The tables below summaries the bank’s exposure to the interest rate fluctuations risk which include carrying value of the financial instruments categorized based on the repricing dates or the maturity date – whichever is earlier.

Organization of the management of Structural Interest Rate risks

Identification and measurement of the risk is carried out by the Assets & Liabilities Management Unit (ALMU) which comes under the authority of the bank finance department. Risk assessment, limits and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room. Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room through the financial market. Progress is reported and notified to the ALMU/ALCO.

EGP in thousands

As at 31 March 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	3,361,263	**3,361,263**
Due from banks	2,500,000	-	-	-	-	8,213	**2,508,213**
Treasury bills	1,575,721	1,185,115	4,090,611	-	-	-	**6,851,447**
Loans to customers	12,350,280	830,603	1,733,832	4,149,378	252,602	-	**19,316,695**
Derivative financial instruments	-	-	-	-	-	41,308	**41,308**
Investment Fair value through other comprehensive income	200,006	312,744	1,441,462	2,956,000	-	6,639	**4,916,851**
Investment Fair value through profit or loss	16,155	-	-	-	-	114,770	**130,925**
Other assets	-	-	-	-	-	423,086	**423,086**
Total assets	**16,642,162**	**2,328,462**	**7,265,905**	**7,105,378**	**252,602**	**3,955,279**	**37,549,788**
liabilities							
Due to banks	210,000	-	-	-	-	6,084	**216,084**
Treasury bills Sold with repurchase agreements	4,584	-	4,838	-	-	-	**9,422**
Customers deposits	7,734,890	1,040,911	2,859,766	7,632,498	455	10,089,555	**29,358,075**
Derivative financial instruments	-	-	-	-	-	68,173	**68,173**
Other Liabilities	-	-	-	-	-	231,796	**231,796**
Total liabilities	**7,954,312**	**1,040,911**	**2,864,604**	**7,632,498**	**455**	**10,395,608**	**29,883,550**
Interest gap	**8,687,850**	**1,287,551**	**4,401,301**	**(527,120)**	**252,147**	**(6,440,329)**	**7,666,238**

As at 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	3,816,924	**3,816,924**
Due from banks	1,500,000	-	-	-	-	16,646	**1,516,646**
Treasury bills	1,999,858	1,263,386	3,926,231	-	-	-	**7,189,475**
Loans to customers	11,797,665	766,065	1,991,362	3,936,266	204,037	-	**18,695,395**
Derivative financial instruments	-	-	-	-	-	47,270	**47,270**
Investment Fair value through other comprehensive income	3,000	149,758	1,470,377	2,915,876	-	6,639	**4,545,650**
Investment Fair value through profit or loss	19,121	-	-	-	-	145,882	**165,003**
Other assets	-	-	-	-	-	307,008	**307,008**
Total assets	**15,319,644**	**2,179,209**	**7,387,970**	**6,852,142**	**204,037**	**4,340,369**	**36,283,371**
liabilities							
Due to banks	-	-	-	-	-	2,136	**2,136**
Treasury bills Sold with repurchase agreements	4,618	-	5,106	-	-	-	**9,724**
Customers deposits	7,892,598	1,514,839	3,383,006	6,091,058	1,858	9,475,943	**28,359,302**
Derivative financial instruments	-	-	-	-	-	59,760	**59,760**
Other Liabilities	-	-	-	-	-	202,423	**202,423**
Total liabilities	**7,897,216**	**1,514,839**	**3,388,112**	**6,091,058**	**1,858**	**9,740,262**	**28,633,345**
Interest gap	**7,422,428**	**664,370**	**3,999,858**	**761,084**	**202,179**	**(5,399,893)**	**7,650,026**

USD in thousands

As at 31 March 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	13,290	**13,290**
Due from banks	70,777	90,878	-	-	-	-	**161,655**
Loans to banks	-	112	-	-	-	-	**112**
Loans to customers	259,860	41,157	2,995	332	-	-	**304,344**
Derivative financial instruments	933	-	-	-	-	-	**933**
Investment Fair value through other comprehensive income	-	-	130,100	-	-	-	**130,100**
Other assets	-	-	-	-	-	1,524	**1,524**
Total assets	**331,570**	**132,147**	**133,095**	**332**	**-**	**14,814**	**611,958**
Liabilities							
Due to banks	-	-	-	-	-	14,036	**14,036**
Customers deposits	266,269	73,052	12,965	555	-	174,146	**526,987**
Derivative financial instruments	-		-	-	-	1,402	**1,402**
Other Loans	10,000	20,000	-	-	-	-	**30,000**
Other Liabilities	-	-	-	-	-	889	**889**
Total liabilities	**276,269**	**93,052**	**12,965**	**555**	**-**	**190,473**	**573,314**
Interest gap	**55,301**	**39,095**	**120,130**	**(223)**	**-**	**(175,659)**	**38,644**

USD in thousands

As at 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	16,507	**16,507**
Due from banks	108,517	129,598	-	-	-	-	**238,115**
Loans to banks	251	-	-	-	-	-	**251**
Loans to customers	215,235	41,435	23,005	-	-	-	**279,675**
Derivative financial instruments	115	-	-	-	-	-	**115**
Investment Fair value through other comprehensive income	-	138,174	-	865	-	-	**139,039**
Other assets	-	-	-	-	-	1,564	**1,564**
Total assets	**324,118**	**309,207**	**23,005**	**865**	**-**	**18,071**	**675,266**
Liabilities							
Due to banks	-	-	-	-	-	40,926	**40,926**
Customers deposits	297,413	86,541	16,994	555	-	159,010	**560,513**
Derivative financial instruments	-		-	-	-	219	**219**
Other Loans	10,000	20,000	-	-	-	-	**30,000**
Other Liabilities	-	-	-	-	-	1,198	**1,198**
Total liabilities	**307,413**	**106,541**	**16,994**	**555**	**-**	**201,353**	**632,856**
Interest gap	**16,705**	**202,666**	**6,011**	**310**	**-**	**(183,282)**	**42,410**

EUR in thousands

As at 31 March 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	5,497	**5,497**
Due from banks	43,720	-	-	-	-	27,858	**71,578**
Loans to customers	4,861	2,006	166	-	-	-	**7,033**
Other assets	-	-	-	-	-	10	**10**
Total assets	**48,581**	**2,006**	**166**	**-**	**-**	**33,365**	**84,118**
Liabilities							
Due to banks	-	-	-	-	-	3,939	**3,939**
Customers deposits	35,264	5,459	3,943	-	-	62,301	**106,967**
Other Liabilities	-	-	-	-	-	15	**15**
Total liabilities	**35,264**	**5,459**	**3,943**	**-**	**-**	**66,255**	**110,921**
Interest gap	**13,317**	**(3,453)**	**(3,777)**	**-**	**-**	**(32,890)**	**(26,803)**

EUR in thousands

As at 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	6,299	**6,299**
Due from banks	39,998	14,999	-	-	-	8,970	**63,967**
Loans to customers	5,936	3,160	-	-	-	-	**9,096**
Other assets	-	-	-	-	-	14	**14**
Total assets	**45,934**	**18,159**	**-**	**-**	**-**	**15,283**	**79,376**
Liabilities							
Due to banks	-	-	-	-	-	482	**482**
Customers deposits	36,003	7,217	4,095	-	-	58,327	**105,642**
Other Liabilities	-	-	-	-	-	29	**29**
Total liabilities	**36,003**	**7,217**	**4,095**	**-**	**-**	**58,838**	**106,153**
Interest gap	**9,931**	**10,942**	**(4,095)**	**-**	**-**	**(43,555)**	**(26,777)**

C. Liquidity risk

Liquidity risk is the risk that the bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments.

Liquidity risk management process
The bank liquidity management process, as carried out within the bank and monitored by a separate team in Group Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen;

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.

- Managing the concentration and profile of debt maturities.

Monitoring and reporting take 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 projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

With the cooperation with bank's Treasury, Assets and Liability management also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach
Sources of liquidity are regularly reviewed by a separate team in bank's Treasury to maintain a wide diversification by currency, geography, provider, product and term.

Non-derivative financial liabilities and assets held for managing liquidity risk
The table below presents the cash flows payable by the bank under non-derivative financial liabilities for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position.

The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the bank manages the liquidity risk based on the undiscounted expected cash flows and not the contractual cash flows.

EGP in thousands

As at 31 March 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	216,084	-	-	-	-	**216,084**
Treasury bills Sold with repurchase agreements	4,584	-	4,838	-	-	**9,422**
Customers deposits	8,469,228	2,141,053	6,280,774	12,466,565	455	**29,358,075**
Total liabilities (contractual maturity dates)	**8,689,896**	**2,141,053**	**6,285,612**	**12,466,565**	**455**	**29,583,581**
Assets held for managing liquidity risk (contractual maturity dates)	**9,689,835**	**5,251,605**	**10,822,390**	**11,081,470**	**281,402**	**37,126,702**

EGP in thousands

As at 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	2,136	-	-	-	-	**2,136**
Treasury bills Sold with repurchase agreements	5,106	4,618	-	-	-	**9,724**
Customers deposits	8,832,168	2,560,806	6,570,096	10,394,374	1,858	**28,359,302**
Total liabilities (contractual maturity dates)	**8,839,410**	**2,565,424**	**6,570,096**	**10,394,374**	**1,858**	**28,371,162**
Assets held for managing liquidity risk (contractual maturity dates)	**8,919,936**	**4,787,463**	**10,955,907**	**11,070,163**	**242,894**	**35,976,363**

USD in thousands

As at 31 March 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	14,036	-	-	-	-	**14,036**
Customers deposits	254,190	67,719	75,958	116,963	12,157	**526,987**
Other loans	-	-	-	30,000	-	**30,000**
Total liabilities (contractual maturity dates)	**268,226**	**67,719**	**75,958**	**146,963**	**12,157**	**571,023**
Assets held for managing liquidity risk (contractual maturity dates)	**144,865**	**175,926**	**192,612**	**96,447**	**584**	**610,434**

USD in thousands

As at 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	40,926	-	-	-	-	**40,926**
Customers deposits	262,924	66,409	95,109	122,820	13,251	**560,513**
Other loans	-	-	-	30,000	-	**30,000**
Total liabilities (contractual maturity dates)	**303,850**	**66,409**	**95,109**	**152,820**	**13,251**	**631,439**
Assets held for managing liquidity risk (contractual maturity dates)	**164,941**	**327,572**	**75,963**	**101,320**	**1,505**	**671,301**

EUR in thousands

As at 31 March 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	3,939	-	-	-	-	**3,939**
Customers deposits	35,376	9,417	23,008	35,845	3,321	**106,967**
Total liabilities (contractual maturity dates)	**39,315**	**9,417**	**23,008**	**35,845**	**3,321**	**110,906**
Assets held for managing liquidity risk (contractual maturity dates)	**78,310**	**2,603**	**1,813**	**1,282**	**100**	**84,108**

EUR in thousands

As at 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	482	-	-	-	-	**482**
Customers deposits	27,654	11,163	24,260	39,099	3,466	**105,642**
Total liabilities (contractual maturity dates)	**28,136**	**11,163**	**24,260**	**39,099**	**3,466**	**106,124**
Assets held for managing liquidity risk (contractual maturity dates)	**56,562**	**18,897**	**2,400**	**1,399**	**104**	**79,362**

The bank has divided the financial assets and liabilities as per the contractual maturity to the periods mentioned above through the main automated system of bank, expected returns on those financial assets and liabilities were calculated and divided on the same basis as the above mentioned basis. When calculating, the expected returns non-renewal of those assets and liabilities at maturity has been assumed.

Available assets used to meet all the liabilities and to cover all the commitments related to loans include cash, balances with central banks and sue from banks, treasury bills and other governmental securities, and loans and advances to banks and customers.

Proportion of loans to clients' maturity has been extended which are due within a year and during the normal activity of the bank. In addition, there are some pledged debt instruments, treasury bills and government securities to guarantee the liabilities. The Bank has the ability to meet the unexpected net cash flows through the sale of securities and to find other sources of funding.

Derivatives

a) Derivatives settled on a net basis

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

- Foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and
- Interest rate derivatives: interest rate swaps for which net cash flows are exchanged, forward rate agreements, OTC interest rate options, exchange traded interest rate futures, exchange traded interest rate options and other interest rate contracts.

The table below analyses the bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining year at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(All amounts are in thousand Egyptian pounds)

31 March 2020	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Interest rate derivatives	-	118	7,266	-	-	**7,384**
Total	**-**	**118**	**7,266**	**-**	**-**	**7,384**

31 December 2019	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Interest rate derivatives	-	1,491	169	-	-	**1,660**
Total	**-**	**1,491**	**169**	**-**	**-**	**1,660**

b) Derivatives settled on a gross basis

The bank's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives: currency forward, currency swaps; and
- Interest rate derivatives: interest rate swaps for which cash flows are exchanged on a gross basis, cross currency interest rate swaps

The table below analyses the bank's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining year at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(All amounts are in thousand Egyptian pounds)

31 March 2020	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading						
Foreign exchange derivatives						
− Outflow	1,551,193	454,939	67,813	145,014	-	**2,218,959**
− Inflow	1,533,738	443,201	59,570	145,454	-	**2,181,963**
Total outflow	**1,551,193**	**454,939**	**67,813**	**145,014**	**-**	**2,218,959**
Total inflow	**1,533,738**	**443,201**	**59,570**	**145,454**	**-**	**2,181,963**

31 December 2019	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading						
Foreign exchange derivatives						
− Outflow	1,432,138	48,039	77,834	161,872	-	**1,719,883**
− Inflow	1,432,767	40,274	66,789	162,361	-	**1,702,191**
Total outflow	**1,432,138**	**48,039**	**77,834**	**161,872**	**-**	**1,719,883**
Total inflow	**1,432,767**	**40,274**	**66,789**	**162,361**	**-**	**1,702,191**

Off-balance sheet items

(All amounts are in thousand Egyptian pounds)

31 March 2020	**1 year**	**1-5 years**	**Over 5 years**	**Total**
Loan commitments	1,772,889	289,558	-	**2,062,447**
Acceptances, LC's and LG's	8,949,533	1,888,746	20,096	**10,858,375**
Capital commitments	33,907	-	-	**33,907**
Total	**10,756,329**	**2,178,304**	**20,096**	**12,954,729**

D. Fair value of financial assets and liabilities

D.1 Financial instruments measured at fair value using valuation techniques
The change in the assessed fair value using the valuation techniques through the financial Period is (135,623) thousand (2019: 176,967 thousand).

D.2 Financial instruments not measured at fair value

Due from Banks
The fair value of due from banks represents the book value, where all balances are current balances matured during the year.

Loans and advances to customers

Loans and advances are net of charges for impairment loan losses. Loans and advances to customers divided into current and noncurrent balances the book value of the current balances is considered the fair value, and the noncurrent balances cannot be determined their fair value.

Due to Banks
The fair value of due to banks represents the book value, where all balances are current balances matured during the year

Deposits due to customers:
The customer deposits are divided in to current and noncurrent balances. The book value of the current balances is considered the fair value, while the noncurrent balances cannot be determined as a fair value

E. Capital management

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

- To comply with the capital requirements set by Arab Republic of Egypt.
- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital Adequacy Ratio:

Capital adequacy and the use of regulatory capital are monitored daily by the bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Central Bank of Egypt (CBE)f or supervisory purposes, the required information is filed with the Authority on a quarterly basis.

The CBE requires the bank to:

1) Retain the amount of 500 million EGP as minimum for the issued share capital and paid-up
2) The bank maintains a ratio of 10% or more of total regulatory capital to its risk-weighted assets and liabilities.

The capital adequacy ratio numerator comprises two tiers:

Tier 1 capital:
Consists of two parts, Going concern capital and additional going concern

Tier 2 capital:
Gone concern capital, qualifying subordinated loan capital, consists of:
- 45% of the value of the special reserve.
- 45% of the increase in the fair value of the book value of financial investments in subsidiaries and affiliates.
- Other financial convoluted instruments.
- Subordinated loans with amortization of 20% per year in the last 5 years of maturity.
- Loan loss provision "General" by not more than 1.25% of total assets and contingent liabilities weighted risk weights.

Type of Risk:

- Credit Risk.
- Market Risk.
- Operations Risk.

The risk weighted assets are between zero and 100% classified according to the nature of the debit party for each assets which reflect the assets related credit risk taking into consideration the cash guarantees. The same treatment is used for the off balance sheet amounts after performing the adjustments to reflect the contingent nature and the expected losses for these amounts.

The bank complied with local capital requirements and with the countries requirements where outside branches (based on Basel II) were operating in the last two years.

	31 March 2020 LE,000	31 December 2019 LE,000
Going Concern Capital	5,941,771	5,727,238
Gone Concern Capital	856,970	856,639
Total Capital	**6,798,741**	**6,583,877**
Credit Risk	28,423,250	27,499,105
Market Risk	40,676	32,755
Operation Risk	5,841,102	5,841,102
Top 50 Effect	2,942,102	2,696,654
Total Risks	**37,247,130**	**36,069,616**
Capital Adequacy Ratio %	**%18.25**	**%18.25**

Leverage Ratio:

	31 March 2020 LE,000	31 December 2019 LE,000
Going Concern Capital	**5,941,771**	**5,727,238**
On Balance Sheet Risk	49,628,392	49,307,662
Derivatives Risk	52,961	29,917
Off Balance Sheet Risk	7,408,743	6,910,486
Total Risks	**57,090,096**	**56,248,065**
Leverage Ratio %	**%10.41**	**%10.18**

4. Critical accounting estimates and judgments

The bank makes estimates and assumptions that affect the presented amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events which believed to be reasonable during the current conditions and available information.

A. <u>Impairment losses on loans and advances</u>

The bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the bank makes judgments as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

B. <u>Impairment of available-for-sale equity investments</u>

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

If considered that all declines in fair value below cost been considered significant or prolonged, the bank would have recognized an additional loss presented in the transfer from the fair value reserve to the in the income statement.

C. <u>Fair value of Derivatives</u>

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the disclosed fair value of financial instruments.

D. <u>Debt instruments at amortized cost</u>

The bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as amortized cost “Within the business model of financial assets held to collect contractual cash flow”.

Income taxes

The bank is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year where the differences exist.

5. Segment analysis

Segment activity involves operating activities, assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:
Including current account, deposit, overdraft account, loan, credit facilities, and financial derivative activities.

Investment:
Encompasses money management activities.

Retail:
Encompasses current account, saving account, deposit, credit card, personal loans, and real estate loans activities,

Asset and liability management:
Encompasses other banking operations, such as asset and liability management. It also encompasses administrative expenses that can hardly be classified with other sectors.

Transactions among segments are performed according to the bank's operating cycle, and include operating assets and liabilities as presented in the bank's statement of financial position.

a. Segment reporting analysis

(All amounts are in thousand Egyptian pounds)

31 March 2020	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	245,902	115,953	56,139	384,304	148,038	**950,336**
Expenses of the sector	(86,375)	(29,237)	(33,540)	(201,919)	(2,459)	**(353,530)**
Result of the sector operations	**159,527**	**86,716**	**22,599**	**182,385**	**145,579**	**596,806**
Profit before tax	159,527	86,716	22,599	182,385	145,579	**596,806**
Taxes	(41,297)	(21,547)	(5,887)	(46,506)	(37,721)	**(152,958)**
Net profit	**118,233**	**65,169**	**16,712**	**135,879**	**107,858**	**443,850**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	14,505,102	1,999,113	10,466,172	7,728,653	16,222,419	**50,921,459**
Total assets	**14,505,102**	**1,999,113**	**10,466,172**	**7,728,653**	**16,222,419**	**50,921,459**
Liabilities of the sector activity	11,675,201	5,343,326	628,049	23,518,705	3,491,387	**44,656,668**
Total Liabilities	**11,675,201**	**5,343,326**	**628,049**	**23,518,705**	**3,491,387**	**44,656,668**

31 March 2019	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	304,219	134,368	30,481	416,511	159,975	**1,045,554**
Expenses of the sector	89,986	(36,125)	(29,477)	(158,684)	(36,017)	**(170,317)**
Result of the sector operations	**394,205**	**98,243**	**1,004**	**257,827**	**123,958**	**875,237**
Profit before tax	394,205	98,243	1,004	257,827	123,958	**875,237**
Taxes	(77,208)	(19,409)	(395)	(51,878)	(24,793)	**(173,683)**
Net profit	**316,997**	**78,834**	**609**	**205,949**	**99,165**	**701,554**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	13,491,452	1,610,111	14,406,304	6,866,836	15,983,703	**52,358,406**
Total assets	**13,491,452**	**1,610,111**	**14,406,304**	**6,866,836**	**15,983,703**	**52,358,406**
Liabilities of the sector activity	13,958,659	5,809,054	407,588	22,587,152	4,269,366	**47,031,819**
Total Liabilities	**13,958,659**	**5,809,054**	**407,588**	**22,587,152**	**4,269,366**	**47,031,819**

b. Geographical sector analysis

(All amounts are in thousand Egyptian pounds)

31 March 2020	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	1,459,454	126,655	42,163	**1,628,272**
Expenses of the Geographical sectors	(853,663)	(143,963)	(33,840)	**(1,031,466)**
Result of sector operations	**605,791**	**(17,308)**	**8,323**	**596,806**
Profit before tax	605,791	(17,308)	8,323	**596,806**
Tax	(151,085)	-	(1,873)	**(152,958)**
Profit of the Period	**454,706**	**(17,308)**	**6,450**	**443,848**

31 March 2019	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	1,652,291	127,506	38,957	**1,818,754**
Expenses of the Geographical sectors	(778,639)	(134,902)	(29,976)	**(943,517)**
Result of sector operations	**873,652**	**(7,396)**	**8,981**	**875,237**
Profit before tax	873,652	(7,396)	8,981	**875,237**
Tax	(171,662)	-	(2,021)	**(173,683)**
Profit of the Period	**701,990**	**(7,396)**	**6,960**	**701,554**

6. **Net interest income**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Interest on loans and similar income		
To customers	825,106	857,456
	825,106	**857,456**
Treasury bills	296,926	338,183
Balances with banks	56,246	161,011
Investments in HTM and AFS debt instruments	180,348	159,407
	533,520	**658,601**
	1,358,626	**1,516,057**
Interest expenses and similar charges		
Deposits and current accounts:		
- To banks	(9,091)	(9,390)
- To customers	(597,012)	(694,027)
- Other Loans	(5,523)	(7,344)
- Others	(51)	(46)
	(611,677)	**(710,807)**
Net interest income	**746,949**	**805,250**

7. **Net fee and commission income**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Fee and Commission income :		
Credit related fees and commissions	145,546	170,087
Trust and other custody fees	1,955	1,775
Other fees	50,908	44,551
Total	**198,409**	**216,413**
Fee and Commission expense :		
Other fees and commissions paid	(66,259)	(62,393)
	(66,259)	**(62,393)**
Net fee and Commission	**132,150**	**154,020**

8. **Dividend Income**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Subsidiaries	6,174	7,124
Investment at Fair value through profit or loss	-	1,762
Total	**6,174**	**8,886**

9. **Net trading income**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Foreign exchange:		
Gains from foreign currencies transactions	65,012	62,308
Gain (Loss) on revaluation of currency swap contracts	27	59
Gain on revaluation of option deals	2,796	-
Debt instruments at fair value through profit / Loss	15,301	3,205
MF at fair value through profit / Loss	(25,580)	9,803
Gain on revaluation of MF at fair value through profit / Loss	22	5
	57,578	**75,380**

10. **Gains from financial investments**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Gain on sale of Treasury Bills	7,485	2,018
	7,485	**2,018**

11. **Impairment (charge) / release for credit losses**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Loans and advances to customers	(26,890)	159,372
Due from banks	322	(2,873)
Debt instruments at fair value through other comprehensive income	(4,043)	(738)
	(30,611)	**155,761**

12. **Administrative expenses**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Staff costs		
Wages and salaries	(147,607)	(128,943)
Social insurance costs	(24,966)	(30,108)
	(172,573)	**(159,051)**
Other Administrative expenses	(139,678)	(116,453)
Stamp Duty on Loans	(16,063)	(1,440)
	(328,314)	**(276,944)**

13. **Other operating income / (expense)**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
(Charge) Other provisions	3,991	(50,441)
Revaluation on foreign currencies assets & Liabilities rather than those held for trading	692	(163)
(loss) / Profit on asset acquired revaluation	-	81
Profit on sale of fixed assets	1	-
Others	711	1,389
	5,395	**(49,134)**

14. **Income tax expense**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Profit before tax	**596,806**	**875,237**
Tax calculated at applied tax rate	(134,281)	(196,928)
Nondeductible expenses	(89,414)	(65,700)
Tax on interest from T-bills and G-bonds - separate tax pool	(102,711)	-
Tax exempted income	144,951	78,310
Prior years adjustment	28,497	10,635
Income tax expense	**(152,958)**	**(173,683)**
Effective tax rate	**25.6%**	**19.8%**

15. **Earnings per share**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Net profit for the Period	443,848	701,554
Employees share in profit	(42,166)	(66,648)
Profit attributable to shareholders of the bank (1)	**401,682**	634,906
Weighted average number of ordinary shares in issue (2)	310,917	310,917
Basic earnings per share (Egyptian pound) **(1:2)**	**1.29**	**2.04**

16. Cash and balances with Central Bank of Egypt

	31 March 2020 LE,000	31 December 2019 LE,000
Cash in hand	1,286,340	1,243,106
Balances with the Central Bank of Egypt -reserve ratio	2,418,531	2,984,648
	3,704,871	**4,227,754**
Non-interest bearing balances	3,704,871	4,227,754
	3,704,871	**4,227,754**

17. Due from banks

	31 March 2020 LE,000	31 December 2019 LE,000
Current accounts	1,141,624	370,205
Placements with other banks	5,890,045	6,505,336
	7,031,669	**6,875,541**
Expected credit loss	(3,704)	(4,115)
Balance	**7,027,965**	**6,871,426**
Central bank of Egypt	3,621,343	2,783,430
Local banks	988,052	688,898
Foreign banks	2,422,274	3,403,213
	7,031,669	**6,875,541**
Expected credit loss	(3,704)	(4,115)
Balance	**7,027,965**	**6,871,426**
Non-interest bearing balances	1,141,624	370,205
Fixed interest bearing balances	5,890,045	6,505,336
	7,031,669	**6,875,541**
Expected credit loss	(3,704)	(4,115)
Balance	**7,027,965**	**6,871,426**

The movement in expected credit loss - Due from banks	**31 March 2020 LE,000**	**31 December 2019 LE,000**
Balance at 1 January 2019	**4,115**	**12,443**
Impairment (charge)	(322)	(7,356)
Exchange differences	(89)	(972)
Balance at the Period end	**3,704**	**4,115**

18. Treasury bills	31 March 2020 LE,000	31 December 2019 LE,000
Treasury bills, maturity 91 days	166,100	586,900
Treasury bills, maturity 182 days	1,055,075	1,713,225
Treasury bills, maturity 273 days	2,397,025	1,915,775
Treasury bills, maturity 364 days	3,625,950	3,355,525
Unearned interest	(392,703)	(381,950)
	6,851,447	**7,189,475**

19. Loans to banks	31 March 2020 LE,000	31 December 2019 LE,000
Other loans	1,769	4,019
Total	**1,769**	**4,019**

20. Loans and advances to customers (net)	31 March 2020 LE,000	31 December 2019 LE,000
Individual		
Overdrafts	64,177	68,007
Credit cards	980,151	980,925
Personal Loans	6,818,593	6,455,785
Real Estate Loans	15,142	14,023
Total (1)	**7,878,063**	**7,518,740**
Corporate entities		
Overdrafts	12,963,497	12,356,405
Direct Loans	1,285,623	1,139,876
Syndicated loans	2,956,408	3,120,008
Other Loans	262,647	285,086
Total (2)	**17,468,175**	**16,901,375**
Total Loans and advances (1+2)	**25,346,238**	**24,420,115**
Less :		
Unearned Income	(190)	(1,890)
Suspense interest	(62,415)	(61,350)
Allowance for impairment	(1,050,765)	(1,009,130)
Net	**24,232,868**	**23,347,745**
Current Balances	14,835,984	14,197,494
Non-Current Balances	10,510,254	10,222,621
	25,346,238	**24,420,115**

Allowance for impairment

31 March 2020

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at 1 January 2020	**984**	**29,553**	**104,702**	**8**	**135,247**
Impairment release / (charge)	(383)	7,991	21,274	(2)	**28,880**
Loans written off during the Period	-	(2,592)	(20,169)	-	**(22,761)**
Amount recoveries during the Period	-	1,270	6,486	-	**7,756**
Balance at the Period end	**601**	**36,222**	**112,293**	**6**	**149,122**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at 1 January 2020	**723,858**	**24,315**	**124,156**	**1,554**	**873,883**
Impairment release / (charge)	(25,014)	21,710	1,570	(256)	**(1,990)**
Transfers	-	-	-	-	**-**
Loans written off during the Period	-	-	-	-	**-**
Amount recoveries during the Period	36,398	-	-	-	**36,398**
Exchange differences	(5,123)	(189)	(1,325)	(11)	**(6,648)**
Balance at the Period end	**730,119**	**45,836**	**124,401**	**1,287**	**901,643**
Total					**1,050,765**

31 December 2019

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at 1 January 2019	**1,458**	**27,581**	**98,431**	**6**	**127,476**
Impairment release / (charge)	(476)	5,356	33,525	2	**38,407**
Loans written off during the Period	-	(9,546)	(58,386)	-	**(67,932)**
Amount recoveries during the Period	2	6,162	31,132	-	**37,296**
Balance at the Period end	**984**	**29,553**	**104,702**	**8**	**135,247**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at 1 January 2019	**649,795**	**269,711**	**200,940**	**23,279**	**1,143,725**
Impairment release / (charge)	104,030	(244,800)	(61,057)	(21,043)	**(222,870)**
Transfers	764	-	-	-	**764**
Loans written off during the Period	(42)	-	-	-	**(42)**
Amount recoveries during the Period	1,530	-	-	-	**1,530**
Exchange differences	(32,219)	(596)	(15,727)	(682)	**(49,224)**
Balance at the Period end	**723,858**	**24,315**	**124,156**	**1,554**	**873,883**
Total					**1,009,130**

21. Derivatives financial instruments

The Bank uses the following derivative instruments for both hedging and non-hedging purposes.

- Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market.

- Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

- Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps.

- The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, and a proportion of the notional amount of the contracts. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

- Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a pre-determined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Bank and a customer (OTC). The Bank is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

- The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks.

- The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Derivatives:

31 March 2020 LE,000	Contractual amount	Assets	Liabilities
Derivatives			
Currency forwards	1,360,939	24,674	34,184
Currency swaps	806,318	16,633	33,989
Currency options	1,986,538	12,292	12,292
	4,153,795	**53,599**	**80,465**
Interest rate derivatives			
Interest rate swaps	1,345,965	2,406	9,790
	1,345,965	2,406	9,790
Total derivatives	**5,499,760**	**56,005**	**90,255**

31 December 2019 LE,000	Contractual amount	Assets	Liabilities
Derivatives			
Currency forwards	1,097,696	23,235	37,097
Currency swaps	602,644	24,036	22,664
OTC currency options	615,892	170	170
	2,316,232	**47,441**	**59,931**
Interest rate derivatives			
Interest rate swaps	1,084,063	1,680	3,340
	1,084,063	**1,680**	**3,340**
Total derivatives	**3,400,295**	**49,121**	**63,271**

22. Financial Investments

	31 March 2020 LE,000	31 December 2019 LE,000
Fair value through other comprehensive income		
Listed debt securities - at fair value	6,959,698	6,769,399
Unlisted - Equity instruments	6,639	6,639
Total investment measured at fair value through other comprehensive income	**6,966,337**	**6,776,038**
Fair value through other profit or loss		
Mutual fund Certificates - according to law requirements	114,770	145,882
Governmental Bonds	16,155	19,121
Total investment measured at fair value through other profit or loss	**130,925**	**165,003**
Total Financial investments	**7,097,262**	**6,941,041**
Current Balances	4,060,328	3,909,614
Non-current balances	3,036,934	3,031,427
	7,097,262	**6,941,041**
Debt instruments with fixed interest rates	6,975,853	6,788,520
	6,975,853	**6,788,520**

The movement in financial investments during the Period may be summarized as follows:

31 March 2020	**Fair value through other comprehensive income**	**Fair value through other profit or loss**	**Total**
Balance at 1 January 2020	**6,776,038**	**165,003**	**6,941,041**
Additions	2,555,011	6,864,654	**9,419,665**
Disposals	(2,245,608)	(6,867,545)	**(9,113,153)**
Premium / discount amortization	22,281	-	**22,281**
Exchange difference on monetary assets	(42,514)	-	**(42,514)**
Changes in fair value	(98,871)	(31,187)	**(130,058)**
Balance at 31 March 2020	**6,966,337**	**130,925**	**7,097,262**

31 December 2019	**Fair value through other comprehensive income**	**Fair value through other profit or loss**	**Total**
Balance at 1 January 2019	6,305,790	144,987	**6,450,777**
Impact of adopting IFRS 9	56,387	61,252	**117,639**
Balance at 1 January 2019	**6,362,177**	**206,239**	**6,568,416**
Additions	4,015,741	4,753,949	**8,769,690**
Disposals	(3,617,865)	(4,805,494)	**(8,423,359)**
Premium / discount amortization	100,612	-	**100,612**
Exchange difference on monetary assets	(252,776)	-	**(252,776)**
Changes in fair value	168,149	(2,758)	**165,391**
Gain on sale of Equity Instruments	-	13,067	**13,067**
Balance at 31 December 2019	**6,776,038**	**165,003**	**6,941,041**

23. Investment in subsidiaries

The bank's interest in its subsidiary is as follows:

Company	Country	Assets	Liabilities	Revenues	Profit/(Loss)
EHFC March 31, 2020	Egypt	358,539	252,891	12,448	1,022
EHFC December 31, 2019	Egypt	321,269	209,426	45,996	7,553

The bank's participation in subsidiary represents 99.99% and the subsidiary is unlisted in the Egyptian stock exchange.

	31 March 2020 LE,000	31 December 2019 LE,000
Balance at cost	143,822	143,822

24. Intangible assets

	31 March 2020 LE,000	31 December 2019 LE,000
Balance at beginning of the Period		
Cost	311,107	250,591
Accumulated amortization	(185,605)	(155,874)
Net book value	**125,502**	**94,717**
Balance for the current Period		
Net Book value at the beginning of the Period	125,502	94,717
Additions	2,863	60,516
Amortization expense	(8,471)	(29,731)
Net Book Value at the end of the current Period	**119,894**	**125,502**
Balance at the end of the current Period		
Cost	313,634	311,107
Accumulated amortization	(193,740)	(185,605)
Net book value	**119,894**	**125,502**

25. Other assets

	31 March 2020 LE,000	31 December 2019 LE,000
Accrued revenues	447,268	332,387
Prepaid expenses	357,810	243,270
Advance payments for purchase of fixed assets	84,136	73,883
Assets reverted to the Bank in settlement of debts	67,362	67,362
Deposits with others and imprest fund	10,978	26,742
Other	100,408	154,223
Total	**1,067,962**	**897,867**

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26. Fixed Assets

	Land	Buildings	Computer systems	Vehicles	Fixtures	Machinery and equipment	Furniture	Other	Total
Balance as of 1 January 2019									
Cost	108,729	375,369	240,426	19,967	216,783	42,246	32,529	72,872	**1,108,921**
Accumulated Depreciation	-	(114,397)	(154,515)	(12,620)	(185,379)	(25,182)	(16,173)	(33,212)	**(541,478)**
Net book value as of 1 January 2019	**108,729**	**260,972**	**85,911**	**7,347**	**31,404**	**17,064**	**16,356**	**39,660**	**567,443**
Additions	-	33,000	37,382	4,178	34,834	5,342	4,462	21,146	**140,344**
Disposals - Cost	-	-	(60)	(242)	-	(66)	(26)	(4)	**(398)**
Depreciation expense	-	(13,404)	(30,360)	(2,189)	(18,749)	(3,596)	(2,929)	(6,852)	**(78,079)**
Disposals – Accumulated Depreciation	-	-	31	242	-	41	25	3	**342**
Net book value as of 31 December 2019	**108,729**	**280,568**	**92,904**	**9,336**	**47,489**	**18,785**	**17,888**	**53,953**	**629,652**
Balance as of 1 January 2020									
Cost	108,729	408,369	277,748	23,903	251,617	47,522	36,965	94,014	**1,248,867**
Accumulated Depreciation	-	(127,801)	(184,844)	(14,567)	(204,128)	(28,737)	(19,077)	(40,061)	**(619,215)**
Net Book value as of 1 January 2020	**108,729**	**280,568**	**92,904**	**9,336**	**47,489**	**18,785**	**17,888**	**53,953**	**629,652**
Additions	-	-	212	-	4,114	382	433	2,639	**7,780**
Disposals – Cost	-	-	(9,849)	-	(1,592)	(272)	(20)	(200)	**(11,933)**
Depreciation expense	-	(3,434)	(8,036)	(731)	(3,753)	(1,016)	(784)	(2,084)	**(19,838)**
Disposals – Accumulated Depreciation	-	-	9,849	-	1,592	272	20	200	**11,933**
Net book value as of 31 March 2020	**108,729**	**277,134**	**85,080**	**8,605**	**47,850**	**18,151**	**17,537**	**54,508**	**617,594**
Balance as of 31 March 2020									
Cost	108,729	408,369	268,111	23,903	254,139	47,632	37,378	96,453	**1,244,714**
Accumulated Depreciation	-	(131,235)	(183,031)	(15,298)	(206,289)	(29,481)	(19,841)	(41,945)	**(627,120)**
Net book value as of 31 March 2020	**108,729**	**277,134**	**85,080**	**8,605**	**47,850**	**18,151**	**17,537**	**54,508**	**617,594**

27. Due to banks

	31 March 2020 LE,000	31 December 2019 LE,000
Current accounts	295,078	186,090
Deposits	210,000	481,245
	505,078	**667,335**
Local banks	212,284	498,404
Foreign banks	292,794	168,931
	505,078	**667,335**
Non-interest bearing	295,078	186,090
Interest bearing	210,000	481,245
	505,078	**667,335**
Current Balances	**505,078**	**667,335**

28. Treasury bills Sold with repurchase agreements

	31 March 2020 LE,000	31 December 2019 LE,000
Treasury bills, maturity 364 days	9,422	9,724
	9,422	**9,724**

29. Customers' deposits

	31 March 2020 LE,000	31 December 2019 LE,000
Demand deposits	14,141,637	13,183,144
Time and call deposits	9,275,589	10,245,870
Certificates of deposits	9,801,065	9,093,978
Saving accounts	4,304,418	4,284,868
Other deposits	2,795,747	2,828,882
Total	**40,318,456**	**39,636,742**
Corporate Deposits	18,733,442	18,782,559
Retail Deposits	21,585,014	20,854,183
	40,318,456	**39,636,742**
Current Balances	24,327,107	25,908,164
Non-current balances	15,991,349	13,728,578
	40,318,456	**39,636,742**
Non-interest bearing balances	16,937,384	16,012,026
Interest bearing balances	23,381,072	23,624,716
	40,318,456	**39,636,742**

30. Other Loans	Interest Rates	31 March 2020 LE,000	31 December 2019 LE,000
Credit Agricole Paris (13/6/2027)	Libor+3.49%	157,532	160,415
Credit Agricole Paris (11/5/2028)	Libor+3.87%	157,532	160,415
Credit Agricole Paris (13/4/2029)	Libor+4.30%	157,532	160,415
		472,596	**481,245**

31. Other Liabilities	31 March 2020 LE,000	31 December 2019 LE,000
Accrued interest	246,198	222,282
Unearned revenue	31,373	26,736
Accrued expenses	402,635	412,318
Dividends payable	1,063,336	-
Other credit balances	810,498	1,008,973
	2,554,040	**1,670,309**

32. Other provisions	31 March 2020 LE,000	31 December 2019 LE,000
Balances At 1 January	**288,069**	**232,417**
Exchange differences	(2,986)	(9,670)
Charged to the income statement	(3,991)	67,648
Transfers	-	(764)
Utilized during Period	-	(1,562)
	281,092	**288,069**

Other provisions represent the following:

	31 March 2020 LE,000	31 December 2019 LE,000
Provision for claims	61,451	61,631
Provision for contingent liabilities	219,641	226,438
Balance	**281,092**	**288,069**

33. Retirement benefit obligations	31 March 2020 LE,000	31 December 2019 LE,000
Medical benefits liability		
Post-employment medical benefits	167,424	167,424
	167,424	**167,424**

- There is a liability on the Bank towards the Post-Employment Medical Benefits Fund for the payment of medical insurance premiums for the ex-employees of ex-EAB who reach the retirement age or resign from ex-EAB before its merger with Calyon Bank – Egypt in September 2006.
- The Bank is obligated to pay these premiums for providing medical care for the retired employees' spouses and children till death, or reach 21 years of age in respect of children.
- The Bank entrusted an actuary with determining the net present value of all future medical insurance premiums required to be paid by the Bank until the death of retirees & their spouses, and their children until reaching 21 years of age.
- The most important assumptions used by the actuary are as follows:
  Interest rate used as a discount basis 14.60%
  Inflation Rate of medical care costs 15.00%
- The assumption of death rates were made according to the British Mortality Table no. A49/52.

End of services bonus benefits:

- The Bank entrusted the actuary to determine the net present value of the obligation resulting from retirement benefits that the employee will receive upon retirement.
- The most important assumptions used by the actuary are as follows:
  Interest rate used as a discount basis 14.60%
  Rates of salary increases 15.00%
- The assumption of death rates were made according to the British Mortality Table no. (A49/52).
- The Bank considers the present value of the obligation is not substantially different from the fair value of the net assets of the Fund, and therefore there is no obligation on the Bank arising from the obligations of specific benefits (severance pay severance) to fund insurance for employees of Credit Agricole Egypt who reached retirement age, or disability or death or resignation.

34. Share capital

The bank authorized share capital with LE 3,500,000,000. The issued and paid up capital is LE 1,243,668,000 divided into 310,917,000 ordinary shares with par value LE 4 each and there is no treasury stock.

The following is a list of the shareholders of the bank:

Shareholder	No. of shares	% of ownership	Amount 000'EGP
Credit Agricole SA	147,329,416	47.39%	589,318
Credit Agricole Corporate and Investment	40,625,052	13.07%	162,500
RolaCo. EGP For Investment owned by Ali Ben Hassan Ben Ali Daykh	22,237,447	7.15%	88,950
Others	100,725,085	32.39%	402,900
Total	**310,917,000**	**100.00%**	**1,243,668**

The Extraordinary General Assembly held on Mar 31, 2020 approved to increase the authorized capital to EGP 6,000,000,000 with an increase of EGP 2,500,000,000. Pending the authorization of the related governmental authorities.

35. Reserves and retained earning

A. Reserves	31 March 2020 LE,000	31 March 2019 LE,000
General Banking Risk Reserve	1,655	1,120
Legal reserve	574,303	456,270
Special reserve	65,214	65,214
Capital reserve	62,068	61,840
Fair value reserve	104,360	(18,236)
General Risk Reserve	107,551	168,803
Total reserves	**915,151**	**735,011**

Movements in reserves were as follows:

a. General Banking Risk Reserve	31 March 2020 LE,000	31 March 2019 LE,000
Balance at the beginning of the Period	1,120	1,120
Transferred from the Net profit	535	-
Balance	**1,655**	**1,120**
b. Legal reserve		
Balance at the beginning of the Period	456,271	346,418
Transferred from the Net profit	118,032	109,852
Balance	**574,303**	**456,270**

According to the Statute of the Bank is statutes a sum equal to 5% of the annual net profit is appropriated to a legal reserve and to be stopped when the legal reserve balance reaches 20% of the capital and in accordance with the instructions of the Central Bank shall act in the special reserve of the Bank only after consulting The Egyptian Central Bank. The Statute was amended in accordance with the extraordinary General Assembly held in 30/3/2017 modified the legal reserve of up to 50% of the issued capital.

c. Special reserve	31 March 2020 LE,000	31 March 2019 LE,000
Balance at the beginning of the Period	65,214	103,732
Transferred to General Risk Reserve	-	(38,518)
Balance	**65,214**	**65,214**

d. Capital Reserve	31 March 2020 LE,000	31 March 2019 LE,000
Balance at the beginning of the Period	61,841	59,038
Transferred from Net profit	227	2,802
Balance	**62,068**	**61,840**

e. Fair value reserve	31 March 2020 LE,000	31 March 2019 LE,000
Balance at the beginning of the year	**205,619**	**(63,440)**
Other comprehensive income for the Period	(101,259)	45,204
Balance	**104,360**	**(18,236)**

f. **General Risk Reserve**	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Balance at the beginning of the year	**168,803**	**168,803**
Transferred to Retained Earning	(61,252)	-
Balance at the beginning of the year (Restated)*	**107,551**	**168,803**
Movement during the period	-	-
Balance	**107,551**	**168,803**

B. Retained earnings	**31 March 2020 LE,000**	**31 March 2019 LE,000**
Balance at the beginning of the Period	5,007,212	4,286,017
Transferred From General Risk Reserve	61,252	-
Balance at the beginning of the Period (Restated)*	**5,068,464**	**4,286,017**
Dividend	(1,287,546)	(1,527,009)
Transferred to Legal reserve	(118,032)	(109,852)
Transferred to Capital Reserve	(227)	(2,802)
Transferred to General Banking Risk Reserve	(535)	-
Profit of the Period	443,848	701,554
Balance	**4,105,972**	**3,347,908**

***Refer to Note (44) Opening balances**

36. Contingent liabilities and commitments

A. Loans, advances and Guarantees Commitments	**31 March 2020 LE,000**	**31 December 2019 LE,000**
Letters of guarantee	8,788,575	8,320,446
Commercial letters of credit (import and export)	750,505	1,107,724
Acceptances	1,319,295	959,339
Other contingent liability	2,062,447	2,171,640
Total	**12,920,822**	**12,559,149**

B. Operational Lease:
There is no commitment for operational lease at the financial statement date.

C. Legal Claims
There were a number of legal proceedings outstanding against the bank with provision amounted 5,883 thousand Egyptian pounds.

D. Capital Commitments
The bank had capital commitments of 33,907 thousand Egyptian pounds in respect of fixed assets purchases and branches fixtures and have not been implemented yet till the balance sheet date.

37. Cash and cash equivalents

For the purposes of the cash flow statement presentation, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	31 March 2020 LE,000	31 March 2019 LE,000
Cash and balances with central banks	1,286,340	1,662,787
Due from banks	5,912,940	7,787,418
Treasury bills	162,584	919,628
	7,361,864	**10,369,833**

38. Mutual funds

Credit Agricole Bank mutual fund no. (1)

The fund is one of the banking activities licensed by the capital law no. 95 for 1992 and its executive rules. The number of investment certificates in the fund have reached 3,000,000 certificates and their value 300,000,000 EGP. The bank owned 150 000 investment certificates (par value 15,000,000 EGP) Credit Agricole 1st fund managed by EFG Hermes, the redeemable price per IC amounted to LE 295.56 at balance sheet date and the total value is 44,334,000 EGP.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 131,510 EGP as of **31 March 2020** that was classified as fees and commission in the income statement.

Credit Agricole Bank mutual fund no. (2)

The mutual fund owns about 3,000,000 certificates (amounted 300,000,000 EGP) of which The bank owns 150,000 certificates (par value 15,000,000) for managing the mutual fund activity, their redemption value at the balance sheet date is 20,550,000 EGP with a redeemable price of 137.00 EGP per IC.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 81,103 EGP as of **31 March 2020** that was classified as fees and commission income in the income statement.

Credit Agricole Bank mutual fund no. (3)

The mutual fund owns about 4,000,000 certificates (amounted 4,000,000,000 EGP) of which The bank owns 39,000 Certificates (par value 39,000,000EGP) for managing the mutual fund activity, their redemption value at the balance sheet date is 40,141,920 EGP and a redeemable price of 1,029.28 EGP per IC.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 674,156 EGP as of **31 March 2020** that was classified as fees and commission income n in the income statement.

Credit Agricole Bank mutual fund no. (4)

The mutual fund owns about 1,000,000 certificates (amounted 100,000,000 EGP) of which The bank owns 50,000 certificates (par value 5,000,000) for managing the mutual fund activity, their redemption value at the balance sheet date is 9,744,000 EGP with a redeemable price of 194.88 EGP per IC.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 23,162 EGP as of **31 March 2020** that was classified as fees and commission income in the income statement.

39. Related party transactions

The Bank's parent company is Credit Agricole (France) which holds 47.39% of the common stock and the remaining portion of 52.61% is held by other shareholders presented in the capital disclosure.

The Bank had transactions with its related parties on an arm's length basis. The nature of such transactions and related balances as presented at the balance sheet date are as follows:

A) Loans and advances to related parties

	Subsidiary	
	31 March 2020 LE,000	31 December 2019 LE,000
Loans outstanding at 1 January	105,074	70,005
Loans issued (repayment)	39,600	35,069
Loans outstanding	**144,674**	**105,074**
Interest income earned	4,161	9,880

B) Deposits from related parties

	Subsidiary	
	31 March 2020 LE,000	31 December 2019 LE,000
Deposits at 1 January	1,831	2,260
Deposits received (repaid)	6,416	(429)
Deposits	**8,247**	**1,831**
Interest expense on deposits	28	8

C) Other transactions with related parties

	Credit Agricole Group	
	31 March 2020 LE,000	31 December 2019 LE,000
Due from banks	79,943	17,389
Due to banks	69,100	9,314
General and Administrative expenses	5,471	16,210
Other Loans	472,596	481,245

	Subsidiaries and associates	
	31 March 2020 LE,000	31 December 2019 LE,000
Investment is subsidiary	143,822	143,822
Dividends	6,174	7,124

40. Short term wages and benefits

The monthly average of net total annual income of the banks' twenty employees with the largest wages and salaries collectively during the Period amounted to 4,858 thousand EGP compared to 5,157 thousand for the previous year

41. Deferred tax (Liabilities) / Assets not recognized

	31 March 2020 LE,000	31 December 2019 LE,000
Other Provision	126,045	112,457
	126,045	**112,457**

No recognition of deferred tax assets related to items previously mentioned, due to the unavailability of reasonably sure to take advantage of the possibility or appropriate degree to make sure that there is a sufficient future taxable profits from which to take advantage of these assets.

42. Tax position

1- Corporate Income Tax

Period from Start-up date to 31 Dec. 2015

Tax examination was done together with internal committees & tax challenge committees, and due tax was paid.

Years from 2016 to 2018

Tax examination was done together with internal committees and due tax was paid.

Year 2019

Under preparation

2- Salaries Tax

Period from Start-up date to 31 Dec. 2018

Tax examination was done; due tax was paid.

3- Stamp Duty

Stamp Duty under Law no. 143/2006

Tax examination was done together with internal committees and due tax was paid until 2015.

2016 & 2017

Tax Examination was done, object to the claim and Internal committees ended and due tax was paid.

2018

Tax Examination was done, internal committees ended and due tax was paid

43. Important events

Due to the current uncertainty resulting from the coronavirus pandemic (COVID-19) on both the local and global sides, and the broad suspension consequently took place in many business sectors in the economic environment and the banking operations and activities as well; the bank management has accordingly set and activated the business continuity plan (BCP) and also the potential risks management procedures of business suspension as a result of such pandemic and its effects on the banking operations and the bank's financial performance.

The bank management also closely monitors the expected credit losses (ECL) of the financial instruments portfolio in order to assess the impact of this pandemic on the qualitative and quantitative factors for the purpose of identifying any additional expected significant increase in credit risk (SICR), particularly that related to the economic sectors most affected by the pandemic as per the best estimates in light of available information on past events and current conditions, and in accordance with the assumptions of the expected economic performance.

Accordingly, the bank has studied the potential effects of the current economic fluctuations in determining the amounts disclosed for the financial and non-financial assets of the bank at the end of March 2020, which represent the best assessment of management based on the information observed. However, the markets remain volatile and the amounts disclosed remain sensitive to market volatility with the possibility of forming additional provisions as a precautionary step.

The bank management has formed the necessary provisions to curb the impact of such pandemic on the loans & advances portfolio of the financial period ended as at March 31, 2020. Currently, the bank is forming any other additional provisions up to the end of the installments holiday period announced by the CBE on March 16, 2020 for all borrowers in certain categories of financial instruments until the portfolio's actual performance becomes clear or failure in repayment of installments.

The volume of the pandemic impact will depend on the expected extent and the time period at which the impact of such pandemic and impacts thereof is expected to come to an end. Possibly, this will greatly lead to a significant decline in the economic activities during the coming period until the end of this pandemic; a clear impact on the actual performance of different economic sectors; effects on the value of assets and liabilities elements and the recoverable value thereof; the business results in the bank's financial statements.

44. Opening balances

The bank restated some of the opening balances in order to be unified against banks presentation of financial statements after the implementation of IFRS9; accordingly the fair-value impact of first time application related to financial assets measured at fair value through other comprehensive income (FVOCI) was transferred to the retained earnings. The following table shows the restatement impact on the opening balance.

Description	Opening balance	Restatement	Closing balance
General Risk Reserve	168,803	(61,252)	107,551
Retained earnings	4,044,720	61,252	4,105,972

45. Translation

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