الصرف العربي الدولي
ARAB INTERNATIONAL BANK

ANNUAL REPORT 2020

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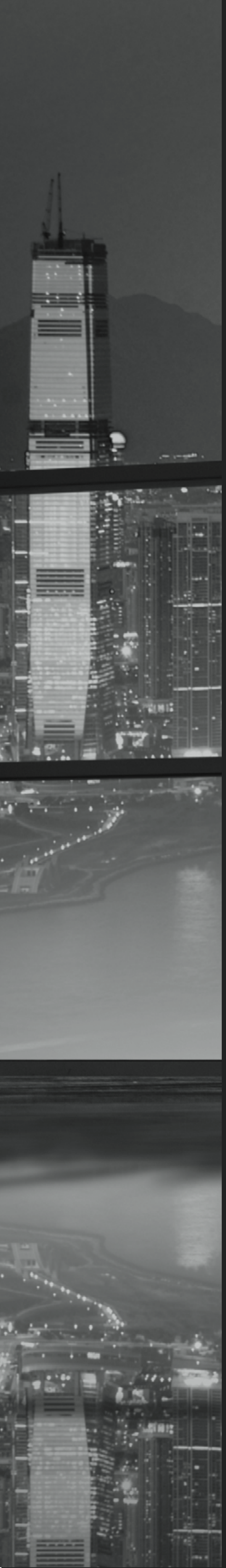


First
General View

A Letter from The Chairman

Dear Esteemed Shareholders,

On behalf of the members of the Board of Directors of Arab International Bank, and on my own behalf, I am extremely honored to present to you the separate and consolidated financial statements of the Bank through the annual report for the year 2020. In spite of the outbreak of Novel Coronavirus Disease (COVID-19) that is still having a heavy and negative impact all over the world, the financial statements of the Arab International Bank had proved that we were able to achieve the appropriate achievements to move forward towards reaching the strategic vision that maintains the position of the Arab International Bank as one of the most deeply rooted banks in the Egyptian banking sector.

It is worth noting that, we are constantly working to achieve excellence, keep moving forward to establish strong and outstanding relations with a large number of potential clients, in addition to maintaining our remarkable relations with those we already have as our current clients by relying on our branches, services, and products while keeping in mind taking all the necessary precautionary measures to assure the safety of our clients and employees. As the employees of Arab International Bank are qualified to provide the required banking services at the highest level, they always strive to achieve progress and provide better performance. In addition, they are always keen to treat all customers with care and in a distinctive way.

The following is a summary of the most important indicators of our Bank's performance during the financial year ended as at December 31, 2020, in addition to the most prominent economic events and developments on the global and domestic levels in 2020.

The separate and consolidated financial statements of the Bank had been prepared and presented in accordance with the rules and instructions of the Central Bank of Egypt.

The net profit reached US$18.6 million in 2020 compared to US$ 61.4 million in 2019 in addition, the customers' deposits increased by 6.4% to reach US$ 4.031 billion in 2020 compared to US$ 3.786 billion in 2019, and the coverage rate of the Expected Credit Loss (ECL) provision of the loans portfolio reached 31.26 % in 2020 compared to 30.81 % in the previous year. The Bank's capital adequacy ratio calculated on a Banking Group basis according to the instructions of The Central Bank of Egypt equals 21.38 % while the minimum limit required according to The Central Bank of Egypt is 12.50 % including the capital conservation buffer as at 31 December 2020.

No dividends were distributed to shareholders this year to support the decision of The Central Bank of Egypt to the effect of maintaining the integrity of the monetary and banking system, and hedge against any events that may arise during the coming period, the matter that proves the thorough compliance of the Arab International Bank with the implementation of local and international standards.

Arab International Bank
Annual Report 2020

A brief look at the economy in Egypt, which is the host country:

Despite the repercussions of the Covid-19 pandemic on most of the world's economies since the beginning of 2020, the Egyptian economy has remarkably succeeded to prove steadfastness in the face of the pandemic, by achieving the second largest economic growth rate on the level of emerging economies, with a growth rate of 3.6% according to the estimates of the International Monetary Fund.

The Egyptian State managed to deal positively with the global repercussions of Covid-19 pandemic. In this regard, Standard & Poor's affirmed Egypt's credit rating at (B) with a stable outlook in November 2020, maintaining the same level since May 2018. Meanwhile, the declaration of the report of Fitch Ratings Inc. stated that Egypt's credit rating is affirmed and kept it at (B+) with a stable outlook in July 2020, maintaining the same level since March 2019.

The Global Economy Developments:

The outbreak of Covid-19 pandemic resulted in an unprecedented contraction of the global economy in modern history, as countries tended to impose a total or partial ban on the movement of individuals, which affected the sectors of tourism, civil aviation, trade, manufacturing industries and other economic sectors, and therefore the global GDP declined by 3.5% according to the estimates of the International Monetary Fund, while job losses worldwide reached about 255 million full-time jobs, which represents a decrease of 8.8 % in global working hours compared to the levels recorded at the end of 2019 based on estimates of the International Labor Organization. With the availability of vaccines against the virus by the end of 2020, hopes for a gradual recovery of the global economy are to be revived during 2021 and 2022, recording an estimated growth rate of 4.5 and 3.8%, respectively.

Despite the slowdown in the global economy this year due to the spread of the Covid-19 pandemic, we are proud of the Arab International Bank and its ability to maintain its position by following the precautionary measures and instructions issued by the Central Bank of Egypt to prevent Covid-19, as the Bank has been carrying out the following measures, that included but not limited to: Rotation of employees in the Bank Headquarters and work according to the principle of "working from home" through the use of technological means, increasing ATM machines, providing gloves and sanitizing tools for branch workers and employees, especially those who are handling banknotes, displaying awareness videos on the screens of branches and the Bank Headquarters and presenting frequently asked questions and answers, replacing fingerprint time attendance system by an employee identification card system, stop printing marketing brochures for products and only advertise them through social media channels and send text messages, cancel and postpone internal training for students, reduce holding meetings and activate the "virtual meetings" feature via video conference for top management and employees as well.

Finally, I would like to express my sincere feelings of gratitude and appreciation to the members of the Board of Directors for their wise leadership and to the Bank's employees for their continuous efforts, and we will always continue to maintain our efforts to achieve excellence through cooperation, commitment and transparency in all our dealings.

Hisham Ramez Abdel Hafez

Chairman of The Board of Directors
&
Managing Director

Bank's Background

The Arab International Bank was established in 1974 by virtue of an international treaty concluded by the governments of the Arab Republic of Egypt, Libya, Sultanate of Oman, the State of Qatar and the United Arab Emirates. The legal domicile of the Bank is located in Cairo, Egypt. The purpose of this Bank is to carry out all the banking, financial and commercial activities related to the projects of economic development and foreign trade, especially for the interest of the member states, other countries and the Arab countries. The mentioned activities include but are not limited to:

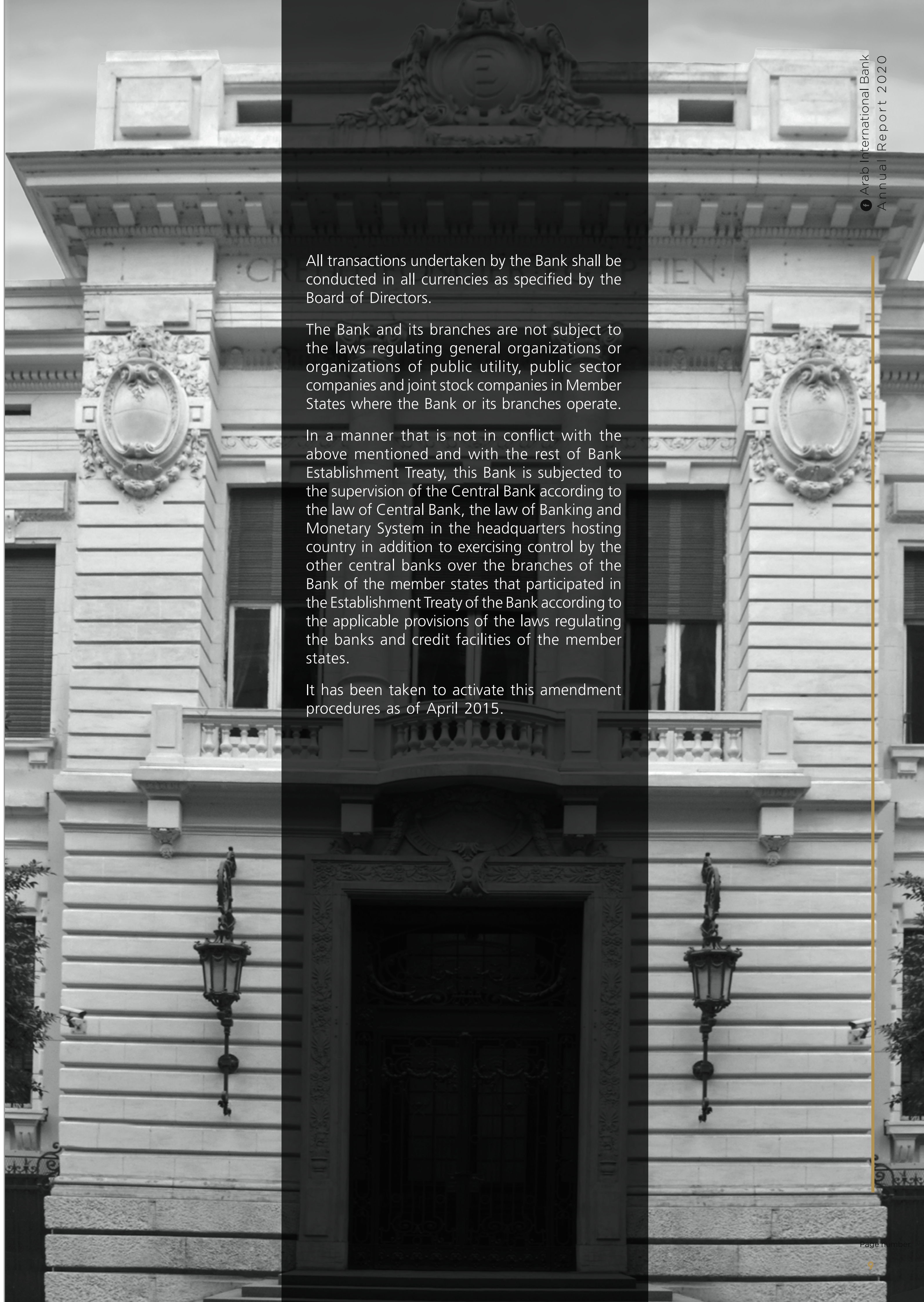
Accepting time deposits or call deposits and opening accounts for the governments of the Arab countries, non-Arab countries, the organizations, institutions, banks, companies and individuals from the Arab countries and non-Arab countries.

Financing the foreign trade operations of the Arab countries through providing credit facilities for the importers, granting finance to the exporters and providing insurance or securing the facilities required for such operations.

Organizing the participation in the projects and investment programs that are related to the economic development particularly those of common nature among a number of the Arab countries.

Providing long- and medium-term loans for the purposes of development.

Establishing or acquiring companies or participating in any manner with the banks, Arab and foreign companies practicing similar activities and assisting the Bank in achieving its purposes in the Arab or foreign countries. Within the framework of the endeavors exerted by the Bank to expand its activities and the establishment of new branches in addition to providing all the services to its customers in a manner according to which the Bank can carry out transactions in all currencies including the Egyptian Pound along with maintaining all the privileges granted by virtue of the Bank Establishment Treaty whether to the shareholders or the bank customers dealing with it, as the Extraordinary General Assembly meeting of the Arab International Bank held on March 22,2012 approved the amendment of some articles of the Bank Establishment Treaty and its statutes, the following are the most significant amendments of which:



All transactions undertaken by the Bank shall be conducted in all currencies as specified by the Board of Directors.

The Bank and its branches are not subject to the laws regulating general organizations or organizations of public utility, public sector companies and joint stock companies in Member States where the Bank or its branches operate.

In a manner that is not in conflict with the above mentioned and with the rest of Bank Establishment Treaty, this Bank is subjected to the supervision of the Central Bank according to the law of Central Bank, the law of Banking and Monetary System in the headquarters hosting country in addition to exercising control by the other central banks over the branches of the Bank of the member states that participated in the Establishment Treaty of the Bank according to the applicable provisions of the laws regulating the banks and credit facilities of the member states.

It has been taken to activate this amendment procedures as of April 2015.

Members The shareholders

1 — **% 38.760**
Central Bank of Egypt (on behalf of Arab Republic of Egypt)

2 — **% 38.760**
Libyan Foreign Bank (on behalf of Libya)

3 — **% 12.503**
Abu Dhabi Investment Authority

% 100 Total

4 — **% 4.984**
Qatar Holding Company (on behalf of Qatar State)

5 — **% 2.503**
International Capital Trading Co.(LLC)

6 — **% 2.490**
Oman Investment Authority (on behalf of Sultanate of Oman)

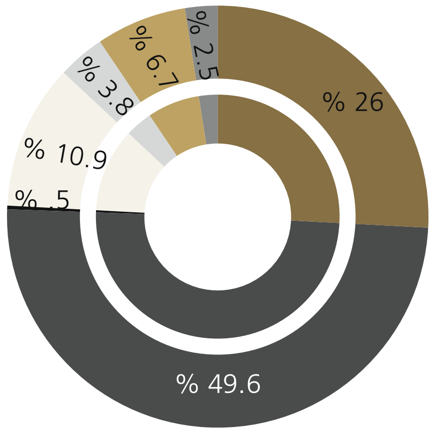
Members of the Board of Directors

Members of the Board of Directors	
Mr. Hisham Ramez Abdel Hafez	Chairman of the Board of Directors & Managing Director
Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Dr. Mostafa Kamal Madboly	Member of the Board of Directors
Mr. Rami Ahmed Aboulnaga	Member of the Board of Directors
Mr. Mohamed Hesham Abdelhamid Abomousa	Member of the Board of Directors
Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Essam Elddin Salem Allag	Member of the Board of Directors
Mr. Hamad Rashed Al Noeimy	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors
Mr. Mohamed Khalfan Al Dhaheri	Member of the Board of Directors

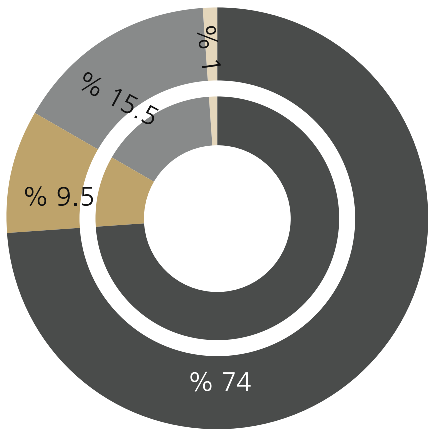
The most significant financial information & indications

	2020	2019
		(US$ Thousands)
Income Statement Items		
Total operating income	80 990	124 729
Total operating expenses	(58 748)	(54 676)
Profit before provisions	22 242	70 054
Net profit	18 634	61 429
		(US$ millions)
Financial Position Items		
Total Assets	5 441	5 360
Cash & Placement with banks	1 412	1 632
Net loans and advances	595	608
Treasury bills	2 697	2 357
Investments at fair value through other comprehensive income	27	30
Financial investments at amortized cost	208	237
Investments in subsidiaries & associates	365	361
Customers' deposits	4 031	3 787
Shareholders' equity	843	838
Ratio (%)	%	%
Assets Quality		
Total assets growth rate	1.51	13.32
Loans provision to gross loans	31.26	30.81
Loans provision to non-performing loans	93.03	95.3
Capital Adequacy		
Total equity growth rate	0.56	-4.35
Total equity to total assets	15.5	15.64
Liquidity		
Net loans to total deposits	13.09	13.59
Net loans to total customers' deposits	14.76	16.06
Total customers' deposits to total deposits	88.65	84.64
Liquid assets to total assets ratio	69.9	67.91
Profitability		
Operating income on average assets*	0.28	0.4
Return to average equity*	1.80	2.36
Return to paid in capital*	2.52	3.37

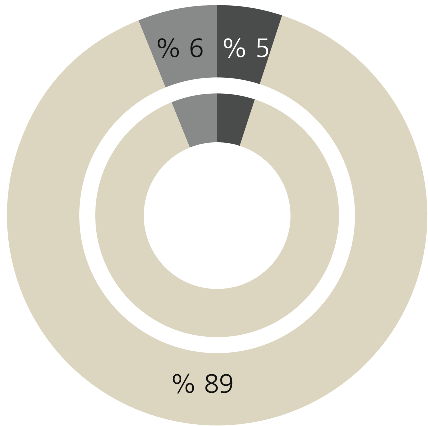
* Excluding the amount of US$ 3.5 million as at 31-12-2020 and the amount of US$ 41.2 million as at 31-12-2019 representing associates impairment reversal (Non-recurring transaction)



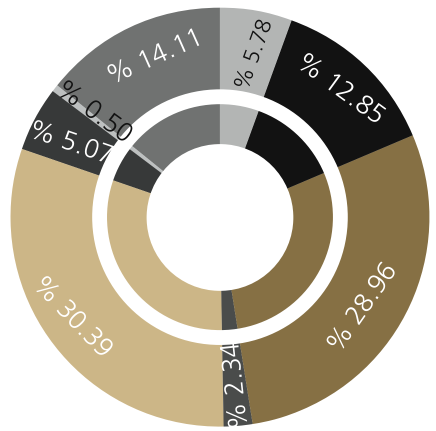
Assets Breakdown	31-Dec-2020	%
Cash & Cash at Banks	1 411 830	26 %
Treasury Bills	2 696 623	49.6 %
Investments at fair value through OCI	26 530	0.5 %
Loans & Advances	595 029	10.9 %
Investments at amortized cost	208 322	3.8 %
Investments in Associates	364 981	6.7 %
Others	137 200	2.5 %
	5 440 515	100



Resources Breakdown	31-Dec-2020	%
Customers Deposits	4 030 604	74 %
Banks deposits	515 825	9.5 %
Shareholders' Equity	843 179	15.5 %
Others	50 907	1 %
	5 440 515	100

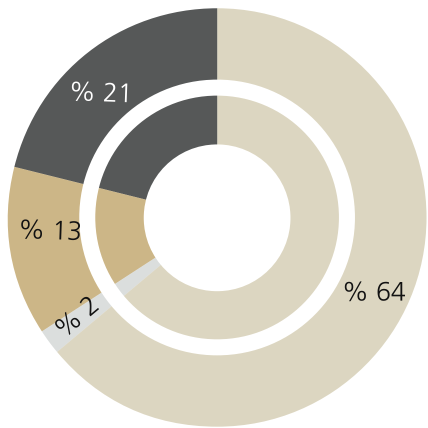


Gross Loans and Advances by Type	31-Dec-2020	%
Customers	42 540	5 %
Corporate Finance	773 024	89 %
Banks	50 000	6 %
	865 564	
Provisions	270 535	100

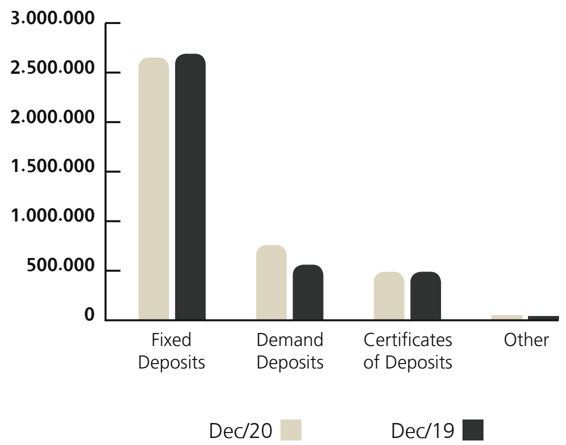


Distribution of Net Loans According to Sectors	31-Dec-2020	%
Financials	50 040	5.78 %
Industrial	111 239	12.85 %
Petroleum & Gas	250 662	28.96 %
Commercial	20 225	2.34 %
Tourism	263 041	30.39 %
Electricity	43 890	5.07 %
Construction	4 301	0.50 %
Others	122 166	14.11 %
Total	**865 564**	100

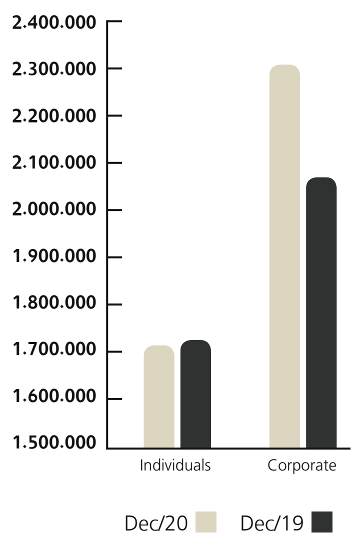
Associates by Sectors	31-Dec-2020	%
Financial institutions	234 461	64 %
Tourism	6 800	2 %
Commercials & Industrial	48 000	13 %
Technology & Education	75 720	21 %
Total	**364 981**	100

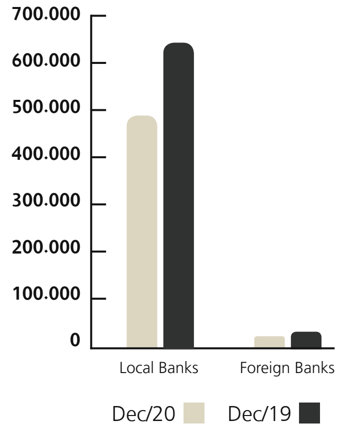


Customers Deposits	Dec /20	Dec /19
Fixed Deposits	2 644 569	2 656 674
Demand Deposits	756 861	594 150
Certificates of Deposits	570 898	490 488
Other	58 276	45 333
Total	**4 030 604**	**3 786 645**

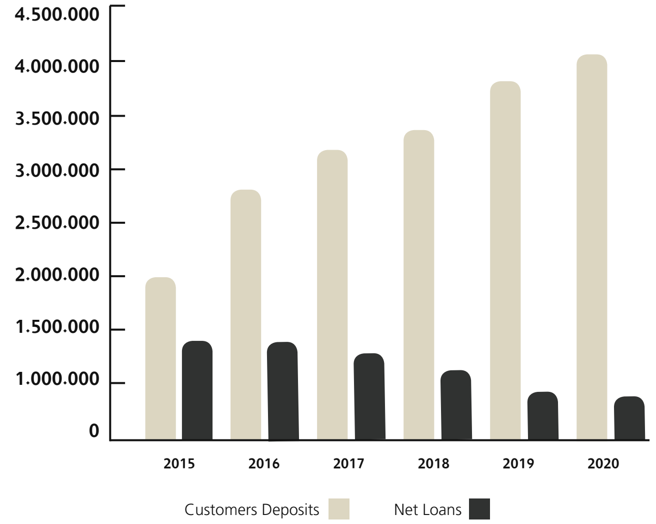


Distribution of Customers Deposits by Client Type	Dec /20	Dec /19
Individuals	1 705 824	1 724 839
Corporate	2 324 780	2 061 806
Total	**4 030 604**	**3 786 645**

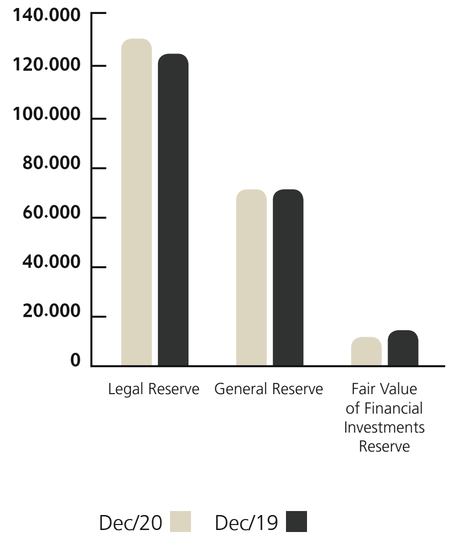




Distribution of Interbanks Deposits by Region	Dec /20	Dec /19
Local Banks	496 187	657 775
Foreign Banks	19 638	29 658
Total	**515 825**	**687 433**

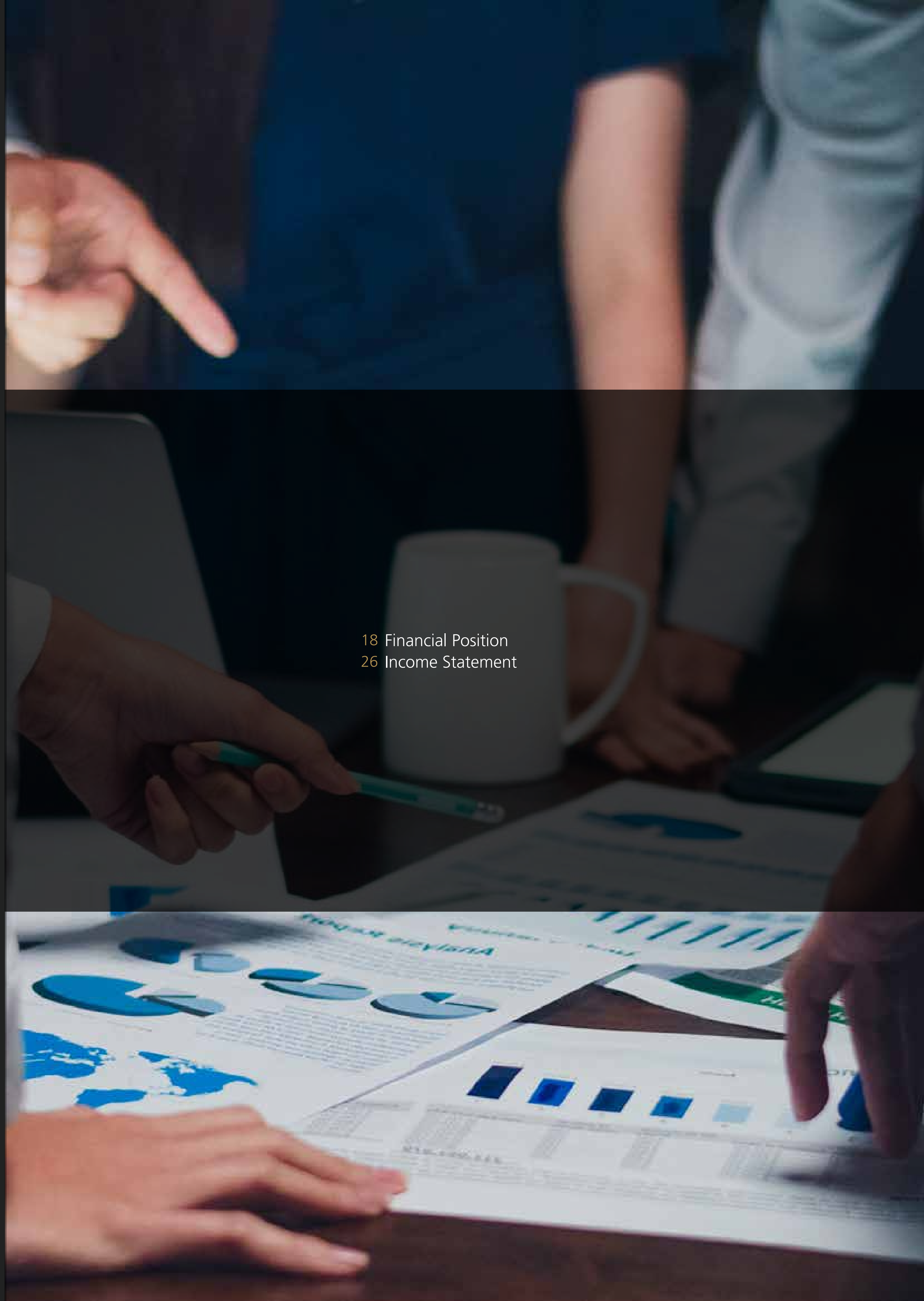


Net Loans Versus Customers Deposits	Customers Deposits	Net Loans
2015	1 943 896	1 438 551
2016	2 803 912	1 340 876
2017	3 112 873	1 228 470
2018	3 317 048	1 061 472
2019	3 786 645	608 167
2020	4 030 604	595 029



Reserves Distribution	Dec / 20	Dec / 19
Legal Reserve	132 785	126 642
General Reserve	73 582	73 582
Fair Value of Financial Investments Reserve	12 710	16 497
Total	**219 077**	**216 721**

Second Board of Directors’ Report



Board Of Directors' Report
On The Activities Of The Bank During The Year 2020

Introduction

These financial statements of the Bank were prepared in accordance with rules issued on 16 December 2008 by the Central Bank of Egypt with respect to the preparation and presentation of the financial statements of banks in addition to the instructions of preparation and presentation of the financial statements of banks issued on 26 February 2019 by the Central Bank of Egypt with respect to the requirements of IFRS (9) "Financial Instruments".

The said separate and consolidated financial statements were audited by external auditors in accordance with the rules and instructions mentioned above and they issued an unqualified opinion (a clean opinion report) to the effect that the financial statements present fairly, in all material respects, the financial position of Arab International Bank as at December 31, 2020, its financial performance and its cash flows for the year then ended.

The Board of Directors of the Arab International Bank is honored to introduce the results of the Bank's activities and its performance according to the financial statements for the year ended as at December 31, 2020:

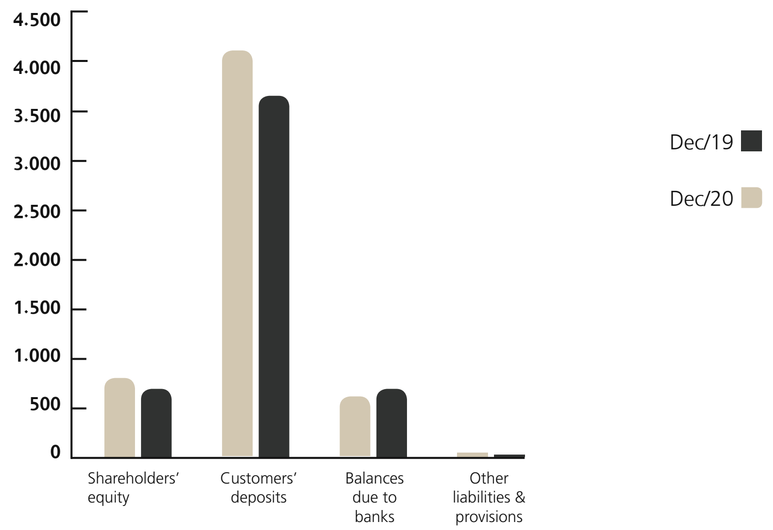
First: Financial Position:

1- Liabilities and owners' equity:

The total amount of liabilities and owners' equity as at December 31, 2020 amounted to US$ 5 441 million corresponding to US$ 5 360 million as at December 31, 2019 with an increase of US$ 81 million as showed in the following table:

Per Million US$

Resources	31-Dec-20		31-Dec-19		Change (-)/+	
	Value	%	Value	%	Value	%
Shareholders' equity	843	15.5	838	15.6	5	1
Customers' deposits	4 031	74.1	3 787	70.7	244	6
Balances due to banks	516	9.5	687	12.8	(171)	(25)
Other liabilities & provisions	51	0.9	48	0.9	3	6
Total	**5 441**	**100**	**5 360**	**100**	**81**	**2**



A- Shareholders' Equity

The total shareholders' equity as at December 31, 2020 amounted to US$ 844 million corresponding to US$ 838 million, as at December 31, 2019 with an increase amounting to US$ 6 million. Hereunder, is an analysis of the shareholder's equity items as at December 31, 2020 & December 31, 2019:

Per Million US$

Item	31-Dec-2020	31-Dec-2019	Change (-)/ +	
			Value	%
Paid- in capital	600	600	-	-
Legal reserve	133	126	7	6
General reserve	74	74	-	-
Financial investments fair value reserve through other comprehensive income	13	16	(3)	(19)
Retained earnings including net profit for the year	24	22	2	9
Total	**844**	**838**	**6**	**1**

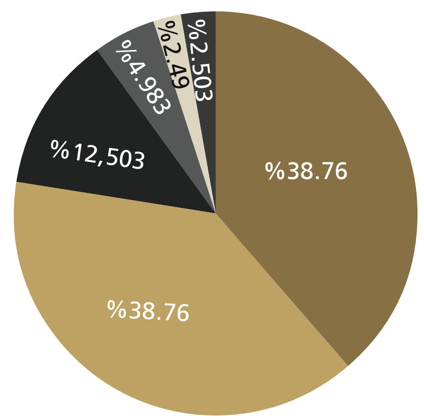
A/1 Capital

The Ordinary General Assembly meeting of the Bank was held on May 14, 2009 and approved increasing the issued capital from US$ 300 million to US$ 600 million through the issuance of 15 thousand ordinary shares, the value of each is US$ 20 thousand and they were entirely subscribed in. On November 3, 2009, the amount of US$ 150 million of the said increase was called up and paid on November 23, 2009.

On March 6, 2016, the Board of Directors of the Bank resolved to call up the second portion of capital that represents the last one of the issued capital increase portion whose value amounted to US$ 150 million and it was paid as at June 30, 2016 and thus the issued and paid in capital amounted to US$ 600 million as at December 31, 2020 distributed over 30 000 ordinary shares, the value of each is US$ 20 thousand.

The issued & paid in capital is as follows:

	No. of shares	Value of issued shares (per thousand US$)	%
Arab Republic of Egypt	11 628	232 560	38.76
State of Libya	11 628	232 560	38.76
Abu Dhabi Investment Authority	3 751	75 020	12.503
State of Qatar	1 495	29 900	4.983
Sultanate of Oman – Oman Investment Authority	747	14 940	2.49
International Capital Trading Company	751	15 020	2.503
Total	**30 000**	**600 000**	**100**



The capital adequacy ratio reached 21.40 % as of December 31, 2020 (as a banking group) after the provisional exemption granted to banks by the Central Bank of Egypt from calculating the risks of concentration of the credit portfolio with the largest 50 clients and related parties, while the minimum requirements of the Central Bank of Egypt, including the conservation buffer until that date is 12.5%.

A/2 Financial investments fair value reserve through other comprehensive income

Financial investments fair value reserve through other comprehensive income is represented in the profits gained from revaluation of outstanding financial investments through other comprehensive income amounting to US$ 12.7 million as at December 31, 2020 against the amount of US$ 16.5 million as of December 31, 2019, with a decrease of US$ 3.8 million due to a decrease in the reserve of equity instruments at fair value through other comprehensive income by US$ 2.7 million as a result of selling investment funds' documents and a decrease in the reserve of treasury bills at fair value through other comprehensive income with an amount of US$ 1.1 million as a result of a decrease in the valuation differences at fair value thereof for the year 2019.

A/3 Retained Earnings

The retained earnings including the net profit of the year as at December 31, 2020 amounted to US$ 24.1 million corresponding to US$ 21.7 million as at December 31, 2019.

B- Deposits

B/1 Customers' Deposits & Certificates of Deposits

The customers' deposits & certificates of deposits as at December 31, 2020 amounted to US$ 4 031 million corresponding to US$ 3 787 million as at December 31, 2019 with an increase of US$ 244 million at a rate of increase of 6.4 % as the increase rate in financial organizations and institutions deposits reached 37.2 % while the increase in the certificates of deposits reached 16.4 % however the rate of retail deposits decreased with the rate of 3.9 %.

The interest paid in return for customers' deposits as at 31 December 2020 amounted to US$ 258 million corresponding to US$ 271 million as at 31 December 2019 at an average interest rate that reached 11.4 % for the Egyptian pound and 2.6 % for foreign currencies during the current financial year while corresponding to 13.8 % for the Egyptian pound and 2.9 % for foreign currencies during the comparative year.

B/2 Placements from Banks

The Placements from Banks as at December 31, 2020 amounted to US$ 516 million corresponding to US 687 million as at December 31, 2019 with a decrease amounting to US$ 171 million at a rate of decrease of 24.9 % when compared to last year.

The interest paid on Placements from Banks as at December 31, 2020 amounted to US$ 43 million at an average interest rate that amounted to 10.9 % for the Egyptian pound and 0.5 % for foreign currencies corresponding to US$ 32 million as at December 31, 2019 at an average interest rate of 14.9 % for the Egyptian pound and 1.1 % for foreign currencies.

C- Other Liabilities

The Total amount of other liabilities as at December 31, 2020 amounted to US$ 45 million corresponding to US$ 43 million at an increase amounted to US$ 2 million. The said increase is attributed to an amount of US$ 2.3 million that represented the increase in the balances of the employee's alternative pension scheme (end of service compensation) and an increase of US$ 0.1 in the other credit balances against a decrease in interests due to customers amounting to US$ 0.4 million.

D- Other Provisions

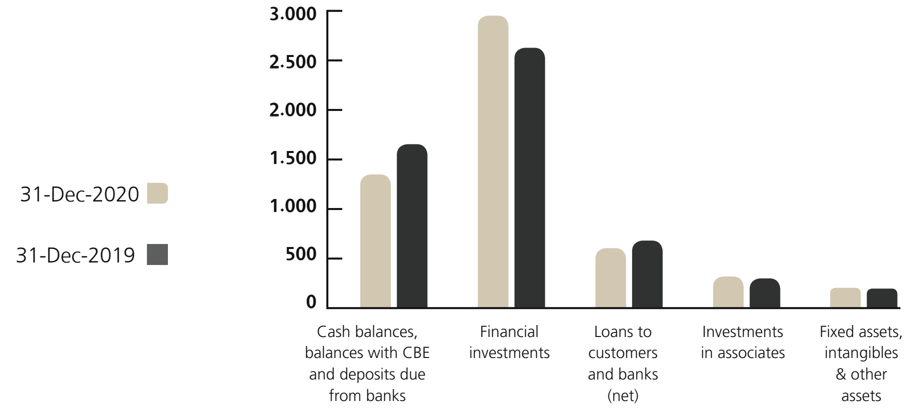
The total other provisions as at December 31, 2020 amounted to US$ 5.7 million corresponding to the amount of US$ 3.9 million as at December 31, 2019 With an increase of US$ 1.8 million represented in supporting the provision of commitments and facilities by US$ 1.1 million, in addition to supporting the provision of contingent liabilities with an amount of US$ 0.7 million.

2- Assets

The total Assets as at December 31, 2020 amounted to US$ 5 441 million corresponding to US$ 5 360 million as at December 31, 2019 at an increase amounted to US$ 81 million as follows:

Per Million US$

Description	31-Dec-2020		31-Dec-2019		Change(-)/ +	
	Value	%	Value	%	Value	%
Cash balances, balances with CBE and deposits due from banks	1 412	26.0	1 632	30.4	(220)	(13)
Financial investments	2 932	53.9	2 624	49.0	308	12
Loans to customers and banks (net)	595	10.9	608	11.3	(13)	(2)
Investments in associates	365	6.7	362	6.8	3	1
Fixed assets, intangibles & other assets	137	2.5	134	2.5	3	2
Total	**5 441**	**100**	**5 360**	**100**	**81**	**2**



A- Cash Balances, Balances with the Central Bank of Egypt & Deposits Due from Banks

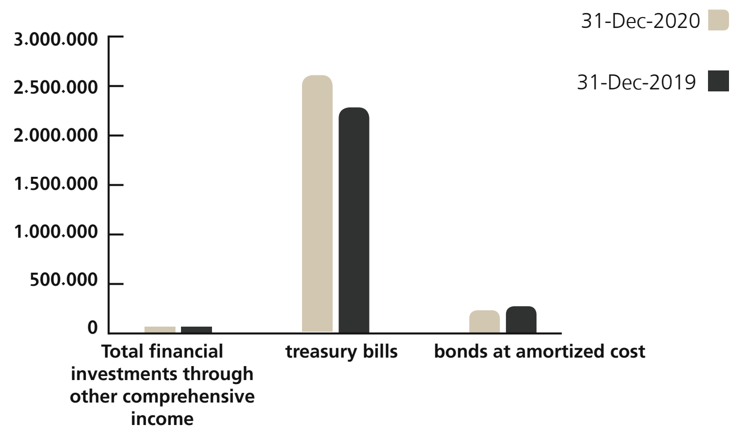
Cash Balances, Balances with the Central Bank of Egypt & Deposits Due From Banks as at December 31, 2020 amounted to US$ 1 412 million corresponding to US$ 1 632 million as at December 31, 2019 with a decrease of US$ 220 million at a decrease rate of 13.5 % (A decrease in local banks' deposits with an amount of US$ 254 million, a decrease in local banks' current accounts with an amount of US$ 2 million, a decrease in foreign banks' current accounts with an amount of US$ 12 million, and a decrease in balances with the Central Bank within the statutory reserve percentage in Egyptian pound, equivalent to US$ 43 million, while having an increase in external banks' deposits amounting to US$ 89 million and a cash increase that amounted to US$ 2 million). The percentage of the said balances as at December 31, 2020 amounted to 35 % of the volume of customers' deposits corresponding to 43 % as at December 31, 2019.

B- Financial Investments

The balances of financial investments at fair value through other comprehensive income, financial investments at amortized cost and treasury bills as at December 31, 2020 amounted to US$ 2 932 million corresponding to US$ 2 624 million as at December 31, 2019 with an increase of US$ 308 million. The value of such investments represents 54 % of the total assets as at December 31, 2020 corresponding to 49 % as at December 31, 2019. The following represents the components of the said investments as at December 31, 2020/ 2019:

Per Thousand US$

Description	Percentage of participation	31 December 2020	31 December 2019	Change (-)/ + Value	%
Financial Investments through other comprehensive income					
Equity instruments at fair value through other comprehensive income					
Arab International Company for Hotels and Tourism (AICHT)	17.60	16 400	16 400	-	-
Société D'Etudes Et Dev. Tunisia	10.00	-	791	(791)	(100)
Arab Financial Services – Bahrain (AFS CO)	2.30	176	704	(528)	(75)
International Co. for Multi Investments	10.80	230	384	(154)	(40)
Arab Trade Financing Program - ATFP	0.11	860	860	-	-
Arab Banking Corporation - Bahrain (Bank ABC)	-	227	356	(129)	(36)
Egyptian Banks Takaful Insurance Co. (for property and liability insurance)	9.50	5 933	5 933	-	-
The Egyptian Credit Bureau "I-Score"	3.60	2 592	2 592	-	-
The Society for Worldwide Interbank Financial Telecommunication (SWIFT)		27	24	3	13
Total equity instruments of participation percentage less than 20%		**26 445**	**28 044**	**(1 599)**	**(6)**
Mutual funds & investment managers		86	2 203	(2 118)	(96)
Total financial investments through other comprehensive income		**26 530**	**30 247**	**(3 717)**	**(12)**
Treasury bills at amortized cost		1 087 981	823 327	264 654	32
Treasury bills at fair value through other comprehensive income		1 608 643	1 533 184	75 459	5
Total treasury bills		**2 696 624**	**2 356 511**	**340 113**	**14**
Bonds at amortized cost		208 322	237 126	(28 804)	(12)
Total bonds at amortized cost		**208 322**	**237 126**	**(28 804)**	**(12)**
Total financial investments		**2 931 476**	**2 623 884**	**307 592**	**12**



The financial investments through other comprehensive income are valuated at their fair value and the differences of valuations are recorded in equity under the item of revaluation differences of financial investments through other comprehensive income.

C- Loans to Customers and Banks (Net):

The net loans and advances portfolio after deducting the specified and general impairment provisions that amounted to US$ 595 million as at December 31, 2020 corresponding to US$ 608 million as at December 31, 2019 with a decrease amounting to US$ 13 million.
Hereunder are the portfolio components as at December 31, 2020/ 2019:

Per Thousand US$

Description	31 December 2020	31 December 2019	Change (-)/ + Value	%
Loans granted to financial institutions (subordinated loan)	50 000	60 000	(10 000)	(17)
Loans to corporates & firms	931 445	907 332	24 113	3
Personal loans	42 671	37 956	4 715	12
Total portfolio amount	**1 024 116**	**1 005 288**	**18 828**	**2**
Less:				
Suspense interests & commissions	(158 552)	(126 263)	(32 289)	26
Impairment provision	(269 663)	(270 353)	690	(0.26)
Loans to financial institutions provision (subordinated loan)	(873)	(505)	(368)	73
Total provisions, suspense interests & commissions	**(429 088)**	**(397 121)**	**(31 967)**	**8**
Net	**595 028**	**608 167**	**(13 139)**	**(2)**

The non-performing loans portfolio (stage 3) after disposing the suspense interests, amounted to US$ 291 million on December 31, 2020, corresponding to US$ 284 million during the previous year. The coverage ratio of loans and advances impairment provisions to the total credit portfolio (excluding the suspense interests) was 31.26 % on December 31, 2020 corresponding to 30.81 % on December 31, 2019 while the coverage ratio of the defaulting loans impairment provision (stage 3) to the net defaulting loans portfolio was 65.85 % on December 31, 2020 corresponding to 66 % on December 31, 2019.

The total amount of the interest income pertaining to the credit portfolio amounted to US$ 36 million on December 31, 2020 corresponding to US$ 58 million on December 31, 2019 at an average interest rate of 13.3 for the Egyptian pound and 4.2 % for foreign currencies on December 31, 2020 corresponding to 17.1 % for the Egyptian pound and 5.9 % for foreign currencies as at December 31, 2019.

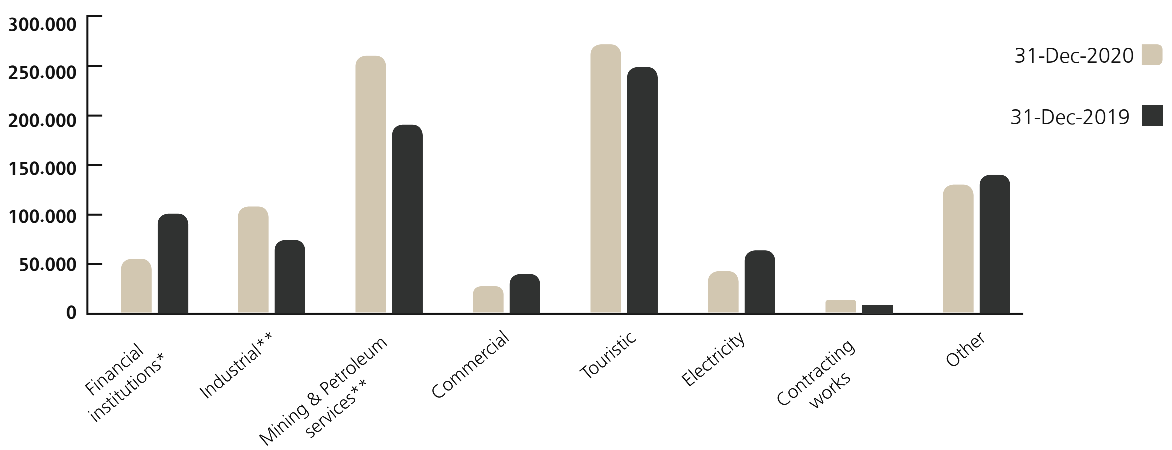
The classification of the loans and advances according to the sectors is as follows (before deducting the impairment provision):

Per Thousand US$

Sector	31 December 2020	31 December 2019	Change (-)/ +	
			Value	%
Financial institutions*	50 040	102 851	(52 811)	(51)
Industrial**	111 239	75 223	36 016	48
Mining & Petroleum services**	250 662	192 252	58 410	30
Commercial	20 225	42 162	(21 937)	(52)
Touristic	263 041	249 438	13 603	5
Electricity	43 890	70 925	(27 035)	(38)
Contracting works	4 301	2 158	2 143	99
Other	122 166	144 016	(21 850)	(15)
Total	**865 564**	**879 025**	**(13 461)**	**(2)**

*The decrease is represented in the settlement of a portion of the subordinated loan granted to SAIB Bank that amounted to US$ 10 million, and the reclassification of some companies.

**The increase is represented in reclassification of some companies and granting new loans.



D- Investments in Subsidiaries & Associates:

The volume of the direct participations in the capital of the subsidiary and associate companies on December 31, 2020 reached the amount of US$ 365 million corresponding to US$ 361.5 million on December 31, 2019 with an increase of US$ 3.5 million. The following is an analytical statement of such participations:

Per Thousand US$

Description	Business Activity	Participation Percentage	31-Dec-2020	31-Dec-2019	Change (-)/ +	
					Value	%
Investments in Subsidiaries & Associates Participation Percentage 20% and More						
A-Subsidiaries						
Société Arabe Internationale de Banque (SAIB) *	Banking	50.438	79 815	79 815		
International Finance Arab Company, Luxembourg (CAFI) (Under liquidation)**	Financial Institutions	89	5 108	5 108		
B-Associates						
World Trade Center Company (WTC)	Housing – Administrative	50	48 000	48 000		
Suez Canal Bank	Banking	42	149 538	149 538		
Suez Canal Company for Technology***	Educational Institutions	24	75 720	72 195	3 525	5
International Company for Tourist Investments (ICTI)	Housing – Hotels	20	6 800	6 800		
Total Investments in Subsidiaries and Associates			**364 981**	**361 456**	**3 525**	**1**

* The participation percentage of the Arab International Bank (AIB) in the Societe Arabe International de Banque (SAIB) is represented in the direct and indirect participation therein.

The Board of Directors of the Central Bank of Egypt approved in its session held on May, 19, 2020, to increase the percentage of direct participation of the Arab International Bank in Societe Arabe International de Banque (SAIB) to become 50.438% instead of 46.075% by transferring its indirect participation in Societe Arabe International de Banque (SAIB) which is represented in its participation in the share capital of Compagnie Arab De Financement International « CAFI » of approximately 89 %, that subsequently leads to participating in around 4.9% in Societe Arabe International de Banque (SAIB), hence, the Bank's participation in Societe Arabe International de Banque (SAIB) turned out to be a direct participation therein.

** The Extraordinary General Assembly of CAFI Company decided on 16/11/2020 to liquidate the Company, and a liquidator was appointed for the Company.

*** The increase is due to the reverse of impairment that was previously deducted as a result of an increase in the valuation of fair value of the company with an amount of the cost of acquisition as a maximum limit.

E- Intangible Assets:

The net intangible assets after depreciation that amounted to US$ 1 200 thousand as at December 31, 2020, are represented in computer software corresponding to US$ 2 197 thousand as at December 31, 2019.

F- Other Assets:

On 31 December 2020, the other assets amounted to US$ 72 million corresponding to US$ 67.2 million on December 31, 2019 with an increase of US$ 4.8 million. The said increase is represented in an increase in advance payments under the account of fixed assets purchase with the amount of US$ 10.8 million, an increase in tax under settlement for bonds with the amount of US$ 4.3 million, an increase in prepaid payments under the account of employees share in dividends appropriation with the amount of US$ 0.5 million and an increase in other debit balances with the amount of US$ 0.5 million against a decrease in accrued revenues with the amount of US$ 7.4 million in addition to a decrease in prepaid expenses with the amount of US$ 2.1 million and a decrease in the Bank's share in profits under settlement of associates with the amount of US$ 1.8 million.

G- Fixed Assets:

The net value of the fixed assets after depreciation as at December 31, 2020 reached the amount of US$ 64 million corresponding to US$ 65.3 million as at December 31, 2019 with a decrease that amounted to US$ 1.3 million.

H- Contingent Liabilities and Commitments:

The net total amount of contingent liabilities and commitments after deducting the cash collaterals as at December 31, 2020 reached US $ 66.7 million corresponding to US$ 60.0 million as at December 31, 2019, whose statement is as follows:

Per Thousand US$

Item	31-Dec 2020	31-Dec 2019	Change (-) / + Amount	%
Documentary Credit & Letters of Guarantee				
Documentary credit	3 411	3 425	(14)	(0.41)
Letters of guarantee	46 820	50 571	(3 751)	(7)
Total (A)	**50 231**	**53 996**	**(3 765)**	**(7)**
Commitments of loans to corporate	3 850	5 155	(1 503)	(25)
Money market papers for facilities to suppliers	12 602	849	11 753	1 384
Total (B)	**16 452**	**6 004**	**11 753**	**196**
Total (A +B)	**66 683**	**60 000**	**7 988**	**13**

The total contingent liabilities provision that represents an obligation on the part of the Bank as at December 31, 2020 amounted to US$ 3.6 million corresponding to US$ 2.9 million as at December 31, 2019. (The net revenues gained from fees and commissions of documentary credit & letters of guarantee as at December 31, 2020 amounted to US$ 1.7 million corresponding to US$ 2.5 million as at December 31, 2019).

Second: Income Statement:

The Bank achieved net profits this year that amounted to US$ 18.6 million as at December 31, 2020 corresponding to US$ 61.4 million as at December 31, 2019.

The following is a detailed statement of the items of revenues and expenses as at December 31, 2020 & 2019:

Per Thousand US$

Description	31-Dec-2020	31-Dec-2019	Change (-) / + Value	%
Operating income	379 192	385 493	(6 301)	(2)
Operating expenses	(301 704)	(303 255)	1 551	(1)
Total operating income	**77 488**	**82 238**	**(4 750)**	**(6)**
Administrative & general expenses	(61 402)	(57 381)	(4 021)	7
Net profits before provisions	**16 086**	**24 857**	**(8 771)**	**(35)**
Charge / reverse of impairment in associates	3 524	41 209	(37 685)	(91)
Charge of impairment for credit losses	(976)	(4 637)	3 661	(79)
Net profit	**18 634**	**61 429**	**(42 795)**	**(70)**

1- Revenues:

The Bank achieved total operating income as at December 31, 2020 that amounted to US$ 379 million corresponding to US$ 385 million as at December 31, 2019 according to the following:

Per Thousand US$

Description	31-Dec-20		31-Dec-19		Change (-) / +	
	Value	%	Value	%	Value	%
Interest income & similar revenues	369 129	97.3	383 597	99.5	(14 468)	(4)
Net income from fees & commissions	4 808	1.3	8 715	2.3	(3 907)	(45)
Dividends	2 178	0.6	5 308	1.4	(3 130)	(59)
Net trading income	1 433	0.4	1 285	0.3	148	12
Financial investments profits (losses)	2 388	0.6	(12 902)	(3.3)	15 290	(119)
Other operating income (expenses)	(744)	(0.2)	(510)	(0.1)	(234)	46
Total	**379 192**	**100**	**385 493**	**100**	**(6 301)**	**(2)**

A- Interest Income from loans & Similar Revenues

The interest income from loans and similar revenues that represent 97.4 % of the total revenues as at December 31, 2020 compared to 99.5 % as at December 31, 2019.

The following is a detailed statement of the collected interests as at December 31, 2020/2019:

Per Thousand US$

Description	31-Dec-20		31-Dec-19		Change (-) / +	
	Value	%	Value	%	Value	%
From cash balances and deposits with banks	8 309	2	23 926	6	(15 617)	(65)
From loans to customers & banks	35 534	10	58 253	15	(22 719)	(39)
From investments portfolio	325 286	88	301 418	79	23 868	8
Total	**369 129**	**100**	**383 597**	**100**	**(14 468)**	**(4)**

A- The decline this year due to the decrease in the average rate of return on deposits with banks in foreign currencies, in addition to the decrease in the average balances of deposits with banks in foreign currencies.

B- The decrease this year due to the decrease in the average balances of loans and advances in foreign currencies, in addition to the decrease in the average rate of return on loans and advances in foreign currencies.

C- The increase this year due to the increase in the average balances of treasury bills and bonds in foreign currencies, in addition to the increase in the average rate of return of treasury bills and bonds in foreign currencies. There is also an increase in the average balances of treasury bills and bonds in Egyptian pound, while having a decrease in the average rate of return of treasury bills and bonds denominated in the Egyptian pound and thus, the outcome of which, led to an increase in the proceeds collected in the Egyptian pound.

B- Net Income from Fees & Commissions

The net income from fees & commissions amounted to US$ 4 808 thousand as at December 31, 2020 corresponding to US$ 8 715 thousand as at December 31, 2019 whose details are as follows:

Per Thousand US$

Description	31-Dec-2020	31-Dec-2019	Change (-) / +	
			Value	%
Fees & commissions revenues	4 944	8 823	(3 879)	(44)
Fees & commissions expenses	(136)	(108)	(28)	26
Total	**4 808**	**8 715**	**(3 907)**	**(45)**

C- Dividends Income

The dividends income amounted to US$ 2.2 million as at December 31, 2020 compared to US$ 5.3 million as at December 31, 2019.

The following is a detailed statement of the items of dividends:

Per Thousand US$

Description	31-Dec-2020		31-Dec-2019		Change (-) / +	
	Value	%	Value	%	Value	%
Subsidiaries & associates	2 088	96	4 972	94	(2 884)	(58)
Equity instruments at fair value through other comprehensive income	90	4	336	6	(246)	(73)
Total	**2 178**	**100**	**5 308**	**100**	**(3 130)**	**(59)**

D- Net Trading Income

The net trading income as at December 31, 2020 amounted to US$ 1 433 thousand compared to US$ 1 285 thousand on December 31, 2019 and the following table presents a detailed description of the net trading income:

Per Thousand US$

Description	31-Dec-20		31-Dec-19		Change (-) / +	
	Value	%	Value	%	Value	%
Profits from foreign exchange transactions	1 433	100	1 285	100	148	12
Total	**1 433**	**100**	**1 285**	**100**	**148**	**12**

E- Financial investments profits (losses)

The financial investments profits amounted to US$ 2.4 million as at December 31, 2020 compared to US$ 12.9 million in negative as at December 31, 2019 and the following table presents a detailed description of the financial investments profits (losses) as at December 31, 2020 / 2019:

Per Thousand US$

Description	31-Dec-20		31-Dec-19		Change (-) / +	
	Value	%	Value	%	Value	%
Gains from the sale of financial investments through other comprehensive income	1 432	60	30	-	1 402	4 673
Impairment of associates	-	-	(12 000)	93	12 000	100
Reverse / (Charge) of equity instruments through other comprehensive income	956	40	(932)	7	1 888	203
Total	**2 388**	**100**	**(12 902)**	**100**	**15 290**	**119**

* Forming a discretionary provision for impairment in 2019 equivalent to more than 40% of the Bank's participation in the issued capital of the World Trade Center Company (WTC), which amounts to 50 % in accordance with the requirements of the Central Bank of Egypt.

F- Other Operating Income (Expenses)

The other operating income (expenses) amounted to US$ 0.7 million in negative as at December 31, 2020 compared to US$ 0.5 million in negative as at December 31, 2019 and the following table presents a detailed description of the other operating income (expenses):

Per Thousand US$

Description	31-Dec-2020	31-Dec-2019	Change (-) / +	
			Value	%
Gains (losses) from revaluation of assets & liabilities balances other than trading or the originally classified at fair value through profit & loss	(70)	564	(634)	(112)
Other income	638	1 669	(1 031)	(62)
Other provisions charge / reverse	26	(1 282)	1 308	102
Other expenses	(1 338)	(1 461)	123	(8)
Net other operating income (expenses)	**(744)**	**(510)**	**(234)**	**46**

1- Expenses:

A- Interests Expenses:

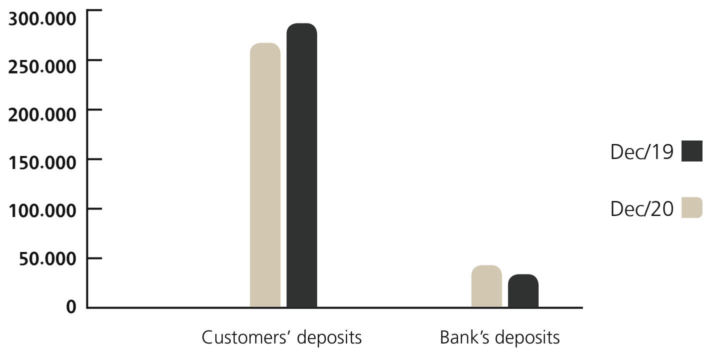
The interests' expenses as at December 31, 2020 amounted to US$ 301.7 million compared to US$ 303.3 million on December 31, 2019 and the following table presents a detailed description of the paid interests:

Per Thousand US$

Paid interests	31-Dec-20		31-Dec-19		Change (-) / +	
	Value	%	Value	%	Value	%
Customers' deposits (A)	258 254	86	270 924	89	(12 670)	(5)
Bank's deposits (B)	43 450	14	32 331	11	11 119	34
Total	**301 704**	**100**	**303 255**	**100**	**(1 551)**	**(1)**

A- The decline this year due to the decrease in the average balances of customers' deposits in foreign currencies, in addition to the decrease in the average rate of return on customers' deposits in foreign currencies, the matter that led to a decrease in the returns paid in the foreign currencies on various kinds of customers' deposits. There is also an increase in the average balances of customers' deposits while having a decrease in the average rate of return on customers' deposits in the Egyptian pound, the result of which, led to a decrease in the returns paid in Egyptian pound.

B- The increase this year due to the increase in the average balances of deposits due from banks in the Egyptian pound, and thus, the outcome of which, led to an increase in returns paid to banks in Egyptian pound.



B- Administrative and General Expenses:

The administrative and general expenses as at December 31, 2020 reached the amount of US$ 61.4 million corresponding to US$ 57.4 million as at December 31, 2019 with an increase of US$ 4 million at an increase rate of 7 % as follows:

Per Thousand US$

Description	31-Dec-20		31-Dec-19		Change (-) / +	
	Value	%	Value	%	Value	%
Salaries, wages and their equivalents	46 972	76	44 217	77	2 755	6
Other administrative expenses	14 430	24	13 164	23	1 266	10
Total	**61 402**	**100**	**57 381**	**100**	**4 021**	**7**

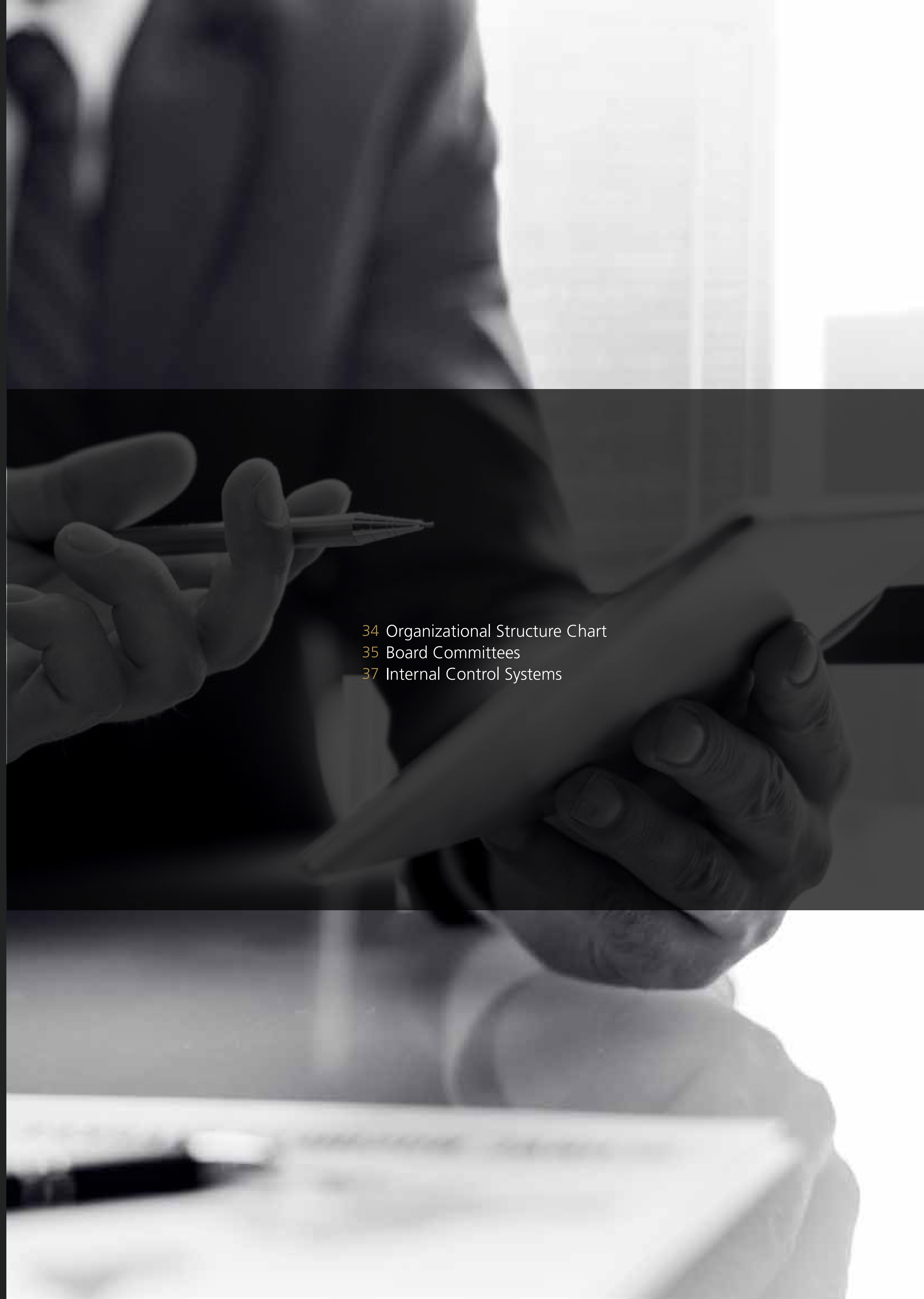
C- Credit Loss Impairment Charge

The credit loss impairment charge during the year 2020 with an amount of US$ 0.98 million compared to US$ 4.63 million during the year 2019, was charged to the income statement and the table hereunder presents their description as follows:

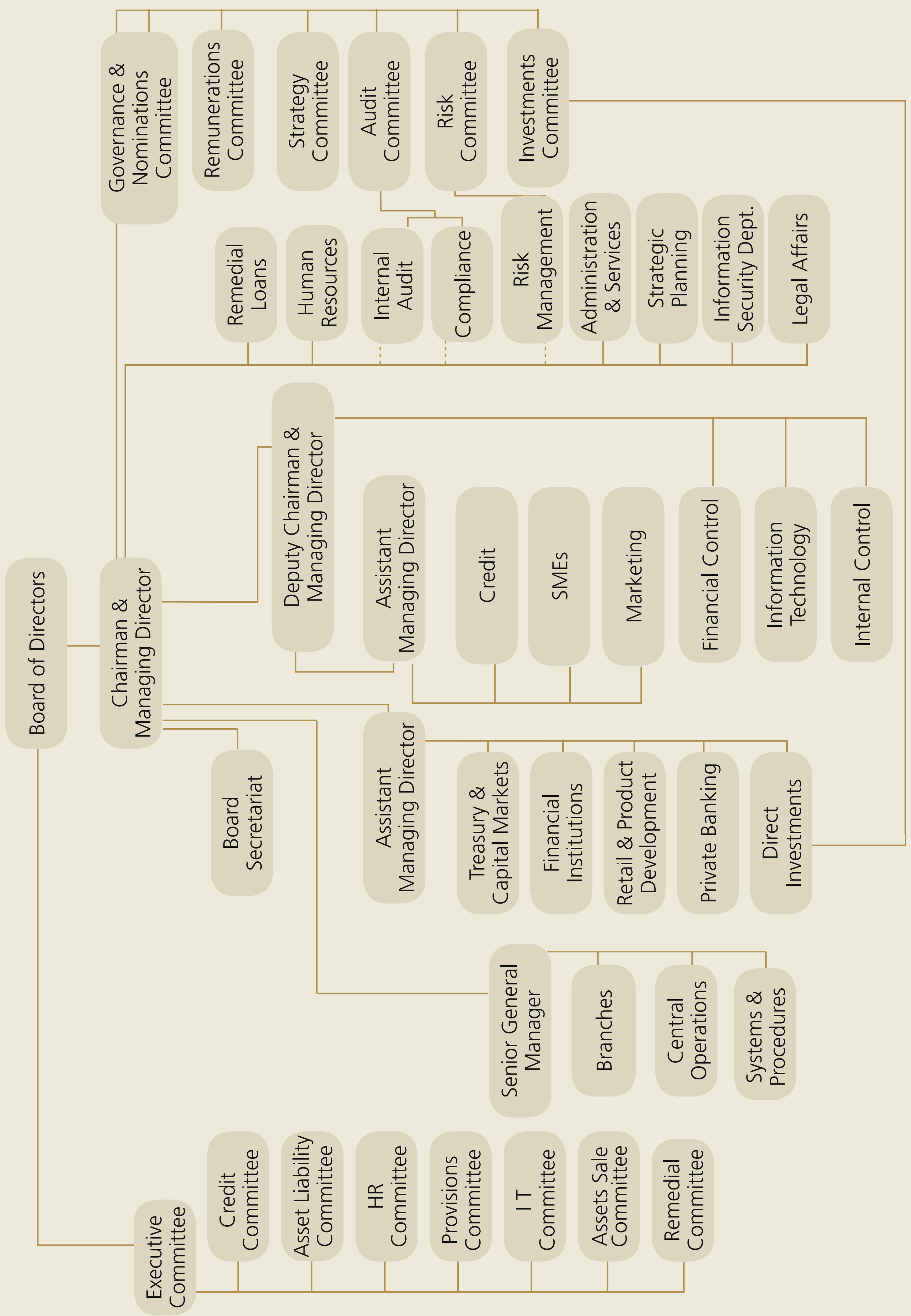
Per Thousand US$

Description	31-Dec-2020	31-Dec-2019	Change (-) / +	
			Value	%
Loans to customers	910	(6 203)	7 113	(115)
Loans to Banks	(368)	148	(516)	349
Deposits due from banks	(47)	1 534	(1 581)	103
Treasury bills	(236)	74	(310)	419
Equity instruments at amortized cost	(1 235)	(190)	(1 045)	550
Total	**(976)**	**(4 637)**	**3 661**	**(79)**

Third
Governance



Organizational Structure



Board Committees

The Risk Committee:

Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Mr. Mohamed Abdelhamid Abomousa	Member of the Board of Directors - Committee Head
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Mohamed Khalfan Al Dhaheri	Member of the Board of Directors
Mr. Essam Elddin Salem Allag	Member of the Board of Directors

Investment Committee:

Mr. Hisham Ramez Abdel Hafez	Chairman of the Board of Directors & Managing Director - Committee Head
Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Dr. Mostafa Kamal Madboly	Member of the Board of Directors
Mr. Rami Ahmed Aboulnaga	Member of the Board of Directors
Mr. Mohamed Khalfan Al Dhaheri	Member of the Board of Directors

Audit Committee:

Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors - Committee Head
Mr. Rami Ahmed Aboulnaga	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors

The Remunerations Committee:

Mr. Ali Salem El Hebry	Member of the Board of Directors - Committee Head
Mr. Rami Ahmed Aboulnaga	Member of the Board of Directors
Mr. Mohamed Abdelhamid Abomousa	Member of the Board of Directors

Board Committees

Governance and Nominations Committee:

Mr. Ali Salem El Hebry	Member of the Board of Directors - Committee Head
Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors

Strategy Committee:

Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Mohamed Abdelhamid Abomousa	Member of the Board of Directors
Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors

During the year 2020, the development and update of the governance framework was carried out in line with our commitment to implement the controls and instructions issued by the Central Bank of Egypt in addition to the best international practices of governance, as such scope of development and update comprises the establishment of the fundamental pillars of governance and its practices that include the assessment of the performance of the Board of Directors and its affiliated committees in a manner that serves our goal in obtaining an integrated governance system that enhances the effectiveness of the supervisory and regulatory role on the level of the Bank.

Emphasis has been also given to achieving more transparency and integrity, strengthening the means of combating financial crimes, and increasing awareness of the risks that the Bank may face. Therefore, the Bank's governance strategy provides, in-depth, insights on expanding the scope of governance practices on the level of the Bank and its branches, that would add value to the Bank's business operations and contributes to enhancing its ability to manage risks and achieve effective control over the financial reports on the level of the Bank.

Regulatory Environment

The Arab International Bank has an effective internal control system that requires segregation of duties assigned to the internal control officers, in a manner that leads to work independently and provides them with direct communication channels with the Board of Directors and Senior Management.

Internal control is governed by set of policies and procedures in accordance with the best international practices in this regard. The reports and operating results of the departments related to the internal control system of the Bank, are used to support the Board of Directors in verifying the effectiveness of those systems and the soundness of the operations carried out by the Bank, in addition to its financial performance.

When laying down the organizational structure of the Bank, the departments related to internal control system must make sure that the competencies and authorities are defined and the segregation of responsibilities and duties for all the employees of the Bank are in place.

Internal Audit Department

The Arab International Bank has developed the Internal Audit Charter in accordance with the internal control regulations issued by the Central Bank of Egypt in 2014 and as per the Attribute Standard 1000 "Purpose, Authority and Responsibility" issued by the Institute of Internal Auditors (IIA), which is in conformity with the internal audit assignment and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics), while the Head of Internal Audit periodically reviews the Internal Audit Charter and present it to the Senior Management, Internal Audit Committee and the Board of Directors for approval as often as necessary and every three years at maximum.

The Bank's Internal Audit Department ensures the adequacy and effectiveness of the internal control procedures in order to ensure the safety of operational processes and risk management in the Bank. The Head of Internal Audit reports to the Board of Directors and Senior Management through the Audit Committee of the Bank when there are any observations or suggestions aim to improve the efficiency of the Bank's internal control systems, along with the necessity to disclose the functions, competencies and responsibilities of the Bank's Internal Audit Department, provided that they are documented in writing.

Risk Management

The Board of Directors of the Bank applies comprehensive governance controls to implement its policies towards the management of risks that the Bank may be exposed to through the practice of its various activities and lays down an effective vision to manage the banking risks within a framework of an atmosphere attributed by high standards of integrity.

The policies and risk management systems were established in order to assure that the nature of risks the Bank is exposed to, does not conflict with its strategic vision, while taking into consideration that the evaluation of the Bank's activities is based on balancing between the income and the risks related to achieving it, hence the priority of utilizing the resources and investments of the Bank is determined according to the impact of the risks relevant thereto.

In addition, the work systems of the Bank are constantly implemented and updated according to the regulatory instructions to keep up with the most recent developments of the risk management systems and whenever the work system of the Risk Management Department requires.

The general framework of risk management is based on awareness of all the employees of the importance of implementing all their responsibilities efficiently and reporting any breaches or barriers that hinder the implementation of the Bank's policies.

The said framework is based on an organized approach that is comprised of four phases as follows:

1. Risk Identification.
2. Risk Measurement.
3. Risk Monitoring Limitation.
4. Risk Control and Reporting.

The financial risks that the Bank may be exposed to are as follows:

1. Credit risk
2. Operational risk
3. Market risk
4. Credit concentration risk
5. Governance risk
6. Reputation risk
7. Strategy risk
8. Business risk

Compliance Department

It is a department of a multidimensional function and in charge of verifying that the departments and branches of the Bank comply with all laws, legislations, procedures and instructions issued by local regulatory authorities as well as the recommendations issued by international authorities in the field of banking. The Compliance Department is technically affiliated to the Audit Committee while being administratively affiliated to the Chairman of the Board of Directors.

Whereas, the banking compliance has been recently attributed by wide attention on the part of the international community as it has turned out to be a tool to protect against the risks of violating laws either on the level of the applicable internal laws or the external ones and the regulatory control measures as well. As a result, the Board of Directors of Arab International Bank updated and adopted a Compliance Policy dated 15/12/2019 and gave its approval of the organizational structure for the Compliance Department on 6/3/2016 and has been working on updating it to include new job titles in conformity with years of experience of the employees affiliated to the Compliance Department, and the structure includes the following units:

- Anti-money laundry and terrorism financing
- Customers Risk
- External Relations
- Regulatory Relations
- The Bank also established Customers Rights Protection Unit and adopted its policy on 15/12/2019.

Governance Department

Governance Department is responsible for ensuring the implementation of the governance instructions issued by the Central Bank of Egypt and those issued by the Bank competent authority in addition to making sure that the application of international best practices in terms of governance are in place, and making sure of the existence of regulations, rules, procedures and policies according to which, the Bank is managed with a rational policy in accordance with a specific structure that maintains all rights and distributes responsibilities among the participating parties, the Board of Directors and the shareholders.

External Auditor

The Arab International Bank is keen to have an independent auditor who is not affiliated to, or influenced by the Bank, the members of its Board of Directors , not a shareholder or an experienced member of its board while taking into consideration that he must be appointed by virtue of a resolution made by the General Assembly and his annual fees are determined thereby, in addition to making sure that the auditor has no contract to perform any additional works for the Bank unless the approval of the Audit Committee is given in this regard and provided that this work is not one of the works that is subject to review, assessment or expressing his opinion when auditing the accounts of the Bank.

The Bank's Board of Directors also plays a prominent role in emphasizing the importance of direct communication between the external auditors and the Bank's Audit Committee in addition to the importance of sending reports directly to it.

Pursuant to Article 49 of the Bank's Articles of Association, the auditor has the right, at any time, to examine all the Bank's books, records, and documents and to request the necessary data, explanations and clarifications in order to perform his assignment. The auditor also has the right to verify the existence of the Bank's assets and liabilities, and the Board of Directors should facilitate and enable him to carry out the aforementioned tasks, and in case the auditor is not able to perform his assignment accordingly, the auditor must prove this matter in a report submitted to the Board of Directors and present it to the General Assembly on its first meeting if the Board of Directors did not facilitate and enable him to carry out the aforementioned.

fourth

Financial Statements

A: Separate Financial Statements

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Auditors' Report

To The Shareholders of Arab International Bank

Report on the Separate Financial Statements

We have audited the accompanying separate Financial statements of Arab International Bank (the "Bank"), which comprise the separate statement of financial position as at 31 December 2020 and the related separate statements of income, changes in equity', and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the rules, pertaining to the preparation and presentation of the banks' financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws. Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error: management's responsibility also includes selecting and applying appropriate accounting policies: and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

Opinion

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

Report on Legal and Other Regulatory Requirements

During the financial year ended December 31, 2020 no – substantial - contraventions for the Central Bank, banking sector law No. 194 of 2020 that have significant effect on these financial statements were noted, taking into account the Compliance period which was prescribed by the law.

The Bank maintains proper financial records, which include all that is required by the law and the Bank's statutes, and the accompanying separate financial statements are in agreement therewith.

The financial information included in the Board of Directors' report is in agreement with the Bank's accounting records, within the limits that such information recorded therein.

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants
10

BDO Khaled & Co.
BDO
Public Accountants & Advisors

Hatem Montasser	Ahmed Maher Tahoun
Financial Regulatory Authority No. 225	Central Bank of Egypt Register No. 518
Central Bank of Egypt Register No. 521	Accountants and Auditors Register No. 16937
KPMG Hazem Hassan	
KPMG Hazem Hassan	BDO Khaled & Co.
Public Accountants & Consultants	Public Accountants & Advisers

Cairo, 9 May 2021

Separate Balance Sheet

For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
Assets			
Cash and due from Central Bank	(16)	331 211	372 044
Due from banks	(17)	1 080 619	1 259 461
Treasury bills	(18),(21)	2 696 623	2 356 511
Loans and facilities to banks	(19)	49 127	59 495
Loans and facilities to customers	(20)	545 902	548 672
Financial investments			
- At fair value through other comprehensive income	(21)	26 530	30 247
- At amortized cost	(21)	208 322	237 126
Investments in associates & subsidiaries	(22)	364 981	361 456
Intangible assets	(23)	1 200	2 197
Other assets	(24)	71 961	67 166
Fixed assets	(25)	64 039	65 295
Total assets		**5 440 515**	**5 359 670**
Liabilities & Equity			
Liabilities			
Due to Banks	(26)	515 825	687 433
Customers' deposits	(27)	4 030 604	3 786 645
Other liabilities	(28)	45 127	43 199
Other provisions	(29)	5 780	3 935
Total liabilities		**4 597 336**	**4 521 212**
Equity			
Paid-up & issued capital	(30)	600 000	600 000
Reserves	(30)	219 077	216 721
Net profit for the year & retained earnings	(30)	24 102	21 737
Total equity		**843 179**	**838 458**
Total liabilities and equity		**5 440 515**	**5 359 670**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.
- Audit report attached

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman & Managing Director

Hisham Ramez
Chairman & Managing Director

Separate Statement Of Income

For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
Interest from loans and similar income	(6)	369 129	383 597
Interest on deposits and similar expenses	(6)	(301 704)	(303 255)
Net Interest Income		**67 425**	**80 342**
Fees and commissions income	(7)	4 944	8 823
Fees and commissions expenses	(7)	(136)	(108)
Net Income from Fees and commissions		**4 808**	**8 715**
Net Income from revenues, Fees and Commissions		**72 233**	**89 057**
Dividends income	(8)	2 178	5 308
Net trading income	(9)	1 433	1 285
profit (losses)from financial investments	(10)	2 388	(12 902)
Credit impairment / charged	(13)	(976)	(4 637)
Impairment reverse of investments in associates		3 524	41 209
Administrative expenses	(11)	(61 402)	(57 381)
Other operating revenues (expenses)	(12)	(744)	(510)
Net Profit For The Year		**18 634**	**61 429**
Earning per share (US$/Share)	**(14)**	**226.80**	**1689.83**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman & Managing Director

Hisham Ramez
Chairman & Managing Director

Separate Statement Of Other Comprehensive Income For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	31-12-2020	31-12-2019
Net profit for the year	**18 634**	**61 429**
Items that will not be reclassified in the Profit or Loss:		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	(2 678)	5 561
Items that will be reclassified in the Profit or Loss:		
Net change in fair value of investments measured at Fair value through other comprehensive income (treasury bills)	(1 109)	5 534
Total items of other comprehensive income for the year	**(3 787)**	**11 095**
Total other comprehensive income for the year	**14 847**	**72 524**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Separate Statement Of Changes In Shareholder's Equity For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Paid in Capital	Legal reserve	General reserve	Fair value reserve	(IFRS 9) Risk reserve	General Risk	Retained earnings	Total
31 December, 2019								
Balance as at 1 January 2019	600 000	122 680	73 582	716	26 429	-	53 229	876 636
Transferred to general risk reserve	-	-	-	-	(26 429)	26 429	-	-
Changes resulted from the initial implementa-tion of (IFRS9)	-	-	-	4 686	-	(26 429)	(78 548)	(100 291)
Adjusted balance as at 1 January, 2019	**600 000**	**122 680**	**73 582**	**5 402**	**-**	**-**	**(25 319)**	**776 345**
Transferred to legal reserve	-	3 962	-	-	-	-	-	3 962
Dividends distributions for 2018	-	-	-	-	-	-	(14 373)	(14 373)
Net change in other comprehensive income items	-	-	-	11 095	-	-	-	11 095
Net profit of the year	-	-	-	-	-	-	61 429	61 429
Balance as at 31 December, 2019	**600 000**	**126 642**	**73 582**	**16 497**	**-**	**-**	**21 737**	**838 458**
31 December, 2020								
Balance as at 1 January 2020	600 000	126 642	73 582	16 497	-	-	21 737	838 458
Transferred to legal reserve	-	6 143	-	-	-	-	(6 143)	-
Dividends distributions for 2019	-	-	-	-	-	-	(10 733)	(10 733)
Adjustments of mutual funds.	-	-	-	-	-	-	607	607
Net change in other comprehensive income items	-	-	-	(3 787)	-	-	-	(3 787)
Net profit of the year	-	-	-	-	-	-	18 634	18 634
Balance as at 31 December, 2020	**600 000**	**132 785**	**73 582**	**12 710**	**-**	**-**	**24 102**	**843 179**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Separate Statement Of Cash Flows

For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
Cash flows from operating activities			
Net Profit for the year		18 634	61 429
Adjustments to reconcile net profit to net cash provided from operating activities			
Fixed assets depreciation	(25)	3 333	3 147
Software amortization	(23)	1 139	1 484
Impairment / charged for credit losses	(13)	976	4 637
Other provisions reverse / charged	(12)	(26)	1 282
Exchange differences of other provisions	(29)	23	(48)
Amortization of discount and issue premium	(21)	3 748	623
Reverse of impairment of associates		(3 524)	(41 209)
Payable from written off debts		(59)	4
Profit From financial investments Through other comprehensive income		(1 432)	11 970
Impairment of financial investments through other comprehensive income		(956)	932
Foreign currency differences of investments at amortized cost	(21)	(1 209)	(16 594)
impairment charge/ reverse (assets reverted to the bank)		75	(815)
Dividends income	(8)	(2 178)	(5 308)
Operating profits before changes in assets & liabilities provided from operating activities		**18 544**	**21 534**
Net change in assets & liabilities			
Due from Banks		104 176	(210 310)
Treasury bills more than three months		(340 507)	(596 967)
Loans and facilities to customers and banks		13 739	349 071
Other assets		(4 871)	(3 924)
Due to Banks		(171 608)	191 518
Customers' deposits		243 959	469 597
Other liabilities		3 775	7 133
Net cash flows provided from operating activities (1)		**(132 793)**	**227 652**
Cash flows from Investing Activities			
Payments for fixed assets purchasing and branches preparations	(25)	(2 077)	(18 033)
Payments for intangible assets purchasing	(23)	(142)	(3 019)
Proceeds / Payments from financial investments through other comprehensive income		2 761	-
Proceeds / payments from financial investments at amortized cost		25 307	(19 558)
Dividends received		2 178	1 560
Net cash flows (used in) provided from investing activities(2)		**28 027**	**(39 050)**
Cash flow from Financing Activities			
Dividends paid		(10 733)	(10 410)
Net cash flows (used in) investing activities (3)		**(10 733)**	**(10 410)**
Net decrease/increase cash & cash equivalents during the year (1)+(2)+(3)		(115 499)	178 192
Cash & cash equivalents at the beginning of the year		1 221 955	1 043 763
Cash & cash equivalents at the end of the year		**1 106 456**	**1 221 955**
Cash & cash equivalents are represented as:			
Cash and due from the Central Bank	(16)	331 211	372 044
Due from Banks	(17)	1 080 619	1 259 461
Treasury bills	(18)	2 696 623	2 356 511
Due from the Central Bank other than the required reserve ratio	(16)	(305 374)	(348 053)
Due from Banks with maturities more than three months		-	(61 497)
Treasury bills with maturity more than three months	(18)	(2 696 623)	(2 356 511)
Cash & cash equivalents at the end of the year	**(31)**	**1 106 456**	**1 221 955**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Separate Statement Of Proposed Dividends

For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
Net profit for the year (as per income statement)		**18 634**	**61 429**
Add : Retained earnings (losses)	(C-30)	5 468	(39 692)*
		24 102	**21 737**
To be distributed as follows :			
(%10) Legal Reserve		1 863	6 143
Shareholders' dividends (primary share doesn't exceed %5 of the nominal value of the share)		-	-
Board of Directors remunerations		345	345
Employees' profit share		11 268	10 389
The Banking System Support and Development Fund	**	186	-
Retained earnings at the end of the year		10 440	4 860
Total		**24 102**	**21 737**

Adjusted with changes resulted from the initial implementation of IFRS 9 starting from 2019*

**1% of net profit available for distribution

Arab International Bank
Annual Report 2020

Notes to The Separate Financial Statements

For The Year Ended December 31, 2020

(All amounts in notes are presented in thousand US$ unless otherwise is stated).

1- Background

Arab International Bank was established in 1974 by virtue of an International Treaty. The head office of ("The Bank") is located at 35 Abdel Khalek Tharwat Street, Cairo, Egypt and the Bank carries out its business activities through its network of branches in the Arab Republic of Egypt that is composed of 20 branches. By virtue of the Treaty, the Bank enjoys certain privileges and immunities in the territories of the Member States (shareholders). The following are examples of the most prominent privileges and immunities based on the Establishment Treaty and the resolution taken by the Bank General Assembly meeting that was held on 22 March 2012 and become effective as of 14 April 2015:

- The laws regulating the exercise of control over the public institutions, public interest entities, public sector companies and the joint stock companies of the Members States in which the Arab International Bank or its branches carry out business activities are not applicable to the Bank or its branches.
- Immunity from all forms of nationalization, seizure or sequestration of the shares of shareholders or their deposits with the Bank.
- The Bank's documents, records and files are inviolable and immune from judicial, administrative or accounting control and inspection rules and laws.
- Confidentiality of customers' accounts with the Bank are not subject to judicial or administrative attachment orders prior to final judgment issuance.
- Exemption from charges, stamps or taxes of any kind on its funds, profits, dividends and all its various activities and transactions.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax, stamp or duty, which may be imposed on its customers.
- In this respect the Bank practices its activities in a manner that is not in conflict with the aforementioned and the rest of the articles included in Establishment Treaty and in this context:

  • The Bank is subjected to the oversight of the Central Bank of Egypt according to the provisions of the applicable law of the Central Bank of Egypt and the law of Banking and Monetary System of the hosting state, in addition, the Bank branches in the other Member States are subjected to the oversight of their own Central Banks in accordance with the provisions of laws governing their Banks and credit facilities.

  • All the transactions of the Bank are carried out in all currencies determined by the Board of Directors The necessary actions have been taken to activate these amendments starting from 1, April, 2015.

The number of persons employed by the Bank as of December 31, 2020 was 1 137 employees and workers, compared with 1 101 as of December 31, 2019.

These financial statements for the financial year ended at 31 December 2020 were approved by the Board of Directors as at 6 May 2021.

2- Summary of Significant Accounting Policies Applied

The following are the significant accounting policies adopted in the preparation of these separate financial statements, these policies have been consistently applied to all the years presented, unless otherwise stated.

A- Basis of separate financial statements preparation

- These separate financial statements are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008, in addition to the instructions of preparation and presentation of the financial statements of banks issued on 26 February 2019 by the Central Bank of Egypt in accordance with the requirements of IFRS (9) "Financial Instruments"
- The consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008 and the amendments thereof issued on 26 February 2019. The subsidiary companies are entirely included in the consolidated financial statements by using the full consolidation method 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 consolidated financial statements can be obtained from the Bank management. In addition, the investments in subsidiary and associate companies are presented in the separate financial statements of the Bank and their accounting treatment is made at cost less impairment losses.
- The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on December 31, 2020 to get complete information on the Bank's financial position, income statement, cash flows and change in shareholders' equity.

B- Accounting for investments in subsidiaries and associates

Investments in subsidiaries and associates are presented in the attached separate financial statements using the cost method, which represents the Bank's direct share in ownership and not according to the business results and the net assets of the investees.

(B/1) Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) in which the bank exercises direct or indirect control over its financial and operating policies and usually has an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

(B/2) Investments in associates

Associates are companies in which the Bank has, directly or indirectly, significant influence, but does not reach the extent of control, and usually the Bank owns from 20% to 50% of the voting rights.

Accounting for acquisition of subsidiary companies by the Bank is carried out according to the purchase method. The recognition of acquisition of companies by the Bank is measured at fair value or the value of assets given by the Bank in return for the purchase of companies and / or issued equity instruments and / or any other costs incurred by the Bank and / or any liabilities accepted by the Bank on behalf of the acquired company on the date of the asset exchange in addition to any costs directly attributed to the acquisition process. In business combination where the control transition over the entity is achieved in stages, and business combination is achieved through more than one transaction, then every transaction of such transactions is separately dealt with on the basis of the acquisition consideration and fair value information at the date of each transition until the date when such control is achieved.The net assets including the acquired determinable contingent liabilities are measured at fair value on the date of acquisition regardless of the existence of any minority interest. If the increase in acquisition cost is above the fair value of the Bank's share in net assets, such acquisition cost shall be considered as goodwill and if the acquisition cost is less than the fair value of aforementioned net assets, then the difference is directly recorded in the income statement under the item of other operating revenues (expenses). Accounting for the subsidiaries and associates is recorded in the separate financial statements according to the cost method. According to which, investments are recorded at acquisition cost including any goodwill less any impairment loss in value. The dividends are recorded in the income statement upon the approval of such profits appropriations and the recognition of the Bank's right to collect its share in such dividends.

C- Segment reporting

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

D- Functional currency, presentation, transactions and balances in foreign currencies

The financial statements of the Bank are presented in US Dollar while transactions are recorded in the books during the year according to the currency in which the transactions were carried out. For the purposes of presenting the financial statements of the Bank in US Dollar, all assets and liabilities of monetary nature and recorded at the end of the reporting period in various currencies (other than the Egyptian Pound) are translated into US Dollar based on the prevailing exchange rates on that date- as for the balances in the Egyptian Pound, they are translated into US Dollar based on the official exchange rates declared by the Central Bank of Egypt.

Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following items:

* Net trading income from assets and liabilities classified as held for trading.
* Other operating revenues (expenses) as for the remaining items.
* Items of other comprehensive income in equity as for investments in equity instruments and fair value through other comprehensive income (FVOCI).

Changes in the fair value of financial instruments of monetary nature that are denominated in foreign currencies and classified as debt instruments at fair value through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement under the item of "Interest on loans and similar income" whereas Differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in other comprehensive income items of equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

Valuation differences arising from the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total valuation differences of fair value changes arising from the measurement of equity instruments classified as fair value through profit or loss are recognized in the income statement, while total valuation differences of fair value changes arising from the measurement of equity instruments at fair value through other comprehensive income (FVOCI) are recognized among the items of other comprehensive income in equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

E- Treasury bills

Treasury bills are recorded upon purchase at nominal value. The issuance discount that represents nonaccrual income of the treasury bills is recorded under other liabilities. The treasury bills are presented in the balance sheet less nonaccrual income that is measured at amortized cost using the effective interest rate, while treasury bills held to collect the contractual cash flows and sales are measured at fair value through other comprehensive income (FVOCI).

F- Financial assets

The Bank classifies its financial assets within the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss. In general, the classification is based on the business model according to which the financial assets and their contractual cash flows are managed.

(F/1) Financial assets at amortized cost:

The financial asset is retained in the business model of financial assets held for collecting contractual cash flows The purpose of the business model is holding the financial asset to collect contractual cash flows represented in the principal amount of investment and returns.Sale is an exceptional contingent event with respect to the purpose of this business model according to the conditions stipulated in the Standard and represented in:

- Existence of deterioration in the creditworthiness of the issuer of the financial instrument.
- Lowest sales in terms of turnover and value.
- The Bank makes clear and reliable documentation of the justifications for each sale transaction and the extent of its compliance with the requirements of the Standard.

(F/2) Financial assets at fair value through other comprehensive income (FVOCI):

Business model of financial assets held to collect contractual cash flows and sales. Both the collection of contractual cash flows and sales are complementary to the objective of the business model. High sales in terms of turnover and value when compared to the business model retained for the collection of contractual cash flows.

(F/3) Financial assets at fair value through profit or loss:

The financial asset is retained among other business models that include trading, management of financial assets at fair value, maximizing cash flows by selling. The objective of the business model is not to retain the financial asset for the collection of contractual cash flows or retain cash flows for the collection of contractual cash flows and sales.Collecting contractual cash flows is a contingent event for the business model objective.

The characteristics of the business model are represented in the following:

- Structuring a group of activities designed to extract defined outputs.
- A business model that represents a complete framework of defined activity (inputs – activities – outputs).
- The single business model may include sub-business models.

G- Off setting financial instruments:

Financial assets and liabilities can be offset when, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle on a net basis, or to receive the asset and settle the liability simultaneously.Treasury bills, repos and reverse repos agreements are netted, and presented on the balance sheet under the item treasury bills and other government notes.

H- Interest income and expense

- Interest income and expense related to the financial instruments are recognized under the item of loans interest income and similar income or deposits interest expense and similar charges using the effective interest method for all the financial instruments charged with interest.
- The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the related instrument.

The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period when appropriate to reach the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties of the contract that is considered part of the effective interest rate and the transaction costs shall include any other premiums or discounts.

Loans interest income is recorded based on the accrual basis. The Bank ceases recognition of interest income of the nonperforming or impaired loans or debts (Stage 3) in the income statement and they are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

- When collected and after recovery of all arrears for consumer loans, mortgage loans for personal housing, and small loans for economic activities.
- As for the loans granted to institutions, the cash basis of accounting is to be applied also where the interest income that is subsequently calculated according to the terms of the loan scheduling contract, they are recognized when 25% of the loan installments are paid with a regular performing period of at least one year. In case the customer keeps paying the installments on regular performing basis, the calculated interest income of the outstanding loans balance shall be recorded in revenues (interest income from regular scheduling balance) without the suspense interest before scheduling that is not recorded in revenues unless the entire loan balance is paid in full in the balance sheet prior to scheduling.

I- Fees and commissions income:

Fees and commissions related to loan or facility – measured at amortized cost - are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts (Stage 3) are suspended and carried off balance sheet in statistical records and are recognized under income according to the cash basis when interest income is recognized. As for fees and commissions, which represent a complementary part of the financial asset effective rate they are recognized as adjustment to the effective interest rate.

Commitment fees of loans are deferred when there is probability that these loans will be used by the customer, as commitment fees represent compensation for the continuing interference to acquire the financial instrument. Subsequently, they are recognized as adjustments to the effective interest rate of the loan. If the commitment period passes without issuing the loan by the Bank, commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured at fair value are recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan are recognized as income when the marketing is completed, and the loan is fully used or the Bank did not keep any share of the syndicated loan, or kept a share of effective interest rate that is available for the other participants.

Fees and commissions arising from negotiation or participating in a negotiation to the favor of a third party as in share acquisition arrangements, purchase of other financial instruments or purchase or sale of entities are recognized in the income statement when the defined transaction is completed. Fees and commissions related to management advisory and other services are recognized as income, usually on a time-appropriation basis over the financial period of rendering the service. The fees of financial planning and safe custody services provided over a long period of time are recognized over the period in which the service is provided.

J- Dividend income

Dividends are recognized in the income statement when the Bank's right to receive those dividends is established.

K- Impairment of financial assets

The Bank reviews all its financial assets except for the financial assets measured at fair value through profit or loss to estimate the extent of impairment existence in value as indicated below.

The financial assets are classified on the date of the financial statements within three stages as follows:

- The first stage: includes the financial assets where there has been no significant increase in credit risk loss since initial recognition date where the expected credit risk is calculated for 12 months.
- The second stage: includes the financial assets where there has been significant increase in credit risk loss since initial recognition or the date of recognizing their functions where the expected credit risk is calculated over the lifetime of the asset.
- The third stage: the financial assets where there has been impairment in their value which requires calculating their expected credit risk over the lifetime of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The credit loss and the impairment loss in value related to the financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and the credit risk shall be continuously monitored by the credit risk department of the Bank.
- If there is significant increase in credit risk since initial recognition, the financial instrument is to be transferred to the second stage as it shall not be considered as impaired financial instrument yet in this stage.
- In case of indicators of impairment in the value of the financial instrument, it shall be transferred to the third stage.
- The financial assets established or acquired by the Bank and include a higher rate of credit risk than the rates of the Bank for low risk financial assets at initial recognition, shall be directly classified in the second stage. Accordingly, their credit loss shall be measured based on the expected credit risk over the lifetime of the asset.

K/1 Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative factors related to default have been met.

K/2 Quantitative criteria

Quantitative criteria are applied when the probability of default (PD) increases over the remaining lifetime of the instrument starting from the date of the balance sheet, compared to the residual Lifetime PD expected at initial recognition according to the structure of credit risk levels accepted by the Bank.

K/3 Qualitative criteria:

For banking retail loans, small and micro finance enterprise

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

- The borrower requests to change short-term payment to long -term payment as a result of negative effects related to the cash flows of the borrower.
- Extending the grace period of payment upon a request provided by the borrower.
- Previous reiterated arrears within the last [12] months.
- Adverse future economic changes which affects the borrower's future cash flows.

Loans granted to institutions and medium enterprises

If the borrower is on the watchlist and/or the instrument meets one or more of the following events:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loan
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower

Payment default

Loans and facilities granted to institutions, medium, small and micro finance enterprises and retail banking are included in the second stage if the default period exceeds (60) days at most and less than (90) days, while taking into consideration that this period (60 days) shall be reduced at a rate of (10) days per annum to become (30) days during (3) years from the date of implementation (2019) and therefore, it will be included in the second stage if the default period is (50) days at most and is less than (90) days during the year 2020.

Upgrade and transfer between the three categories – (stage 1, 2 and 3)

Upgrade and transfer from the second stage to the first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all elements of quantitative and qualitative criteria of the first stage have been met and the entire arrears of the financial asset and interests are paid in addition to the lapse of three months of regular payment and satisfying the conditions of the first stage.

Upgrade and transfer from the third stage to the second stage:

The financial asset shall not be transferred from the third stage to the second stage unless all following conditions are met:

- All quantitative and qualitative elements of the second stage are met.
- Paying 25% of the financial asset due balances including due suspense interests.
- Regular payment for a period of at least 12 months.

L- Investment Property

Investment property is represented in lands and buildings owned by the Bank for obtaining rental income or capital increase and subsequently it does not include the real estate assets in which the Bank practices its business activity or the assets ownership reverted to the Bank in settlement of debts. The initial recognition of the investment property is carried out at cost and includes the transaction cost. The accounting of the investment property is implemented in the same manner applied to the accounting of the fixed assets.

M- Intangible assets (computers software)

The expenses related to the development or maintenance of computers are recognized as an expense charged to income statement when incurred and it is recognized as an intangible asset with respect to the expenses directly related to specific software under the control of the Bank when it is expected to generate economic benefits thereof that exceeds its cost for more than one year.

The direct expenses include the cost of employees working in the software development team in addition to a reasonable share of the general expenses relevant thereto.

The expenses that lead to the increase or expansion in the performance of the computers software when compared with the original specifications thereof is recognized as development cost and it is added to the original software cost.

The computers software cost recognized as an asset is amortized over the years expected to benefit from them provided that they shall not exceed three years.

N- Fixed assets

They represent land and buildings related to head office, branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes all costs directly related to the acquisition of fixed assets items.

Subsequent costs are recognized as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be reliably measured. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred.

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

Buildings	50 years
Furniture	10 years
Computers	5 years
Fixtures and fittings	10 years
Tools & equipment	10 years
Means of transport	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. Gains or losses on disposals are determined by comparing net proceeds with asset carrying amount. These gains and losses are included in other operating income (expenses) in the income statement.

O- Other assets

This item includes the other assets that are not classified as defined assets in the balance sheet where accrued revenues, prepaid expenses, advance payments under the account of fixed assets purchase, deferred balance of the first day losses that is not amortized yet, current assets and noncurrent assets that their ownership reverted to the bank in settlement of debts (after deduction of the impairment loss provision), deposits and imprests, gold bullions, commemorative coins, debit suspense accounts and balances that are not classified under any defined asset, are examples of which.

Most of the elements of other assets are measured at cost. If there is an objective evidence for impairment loss in the value of the said assets, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, which ever higher.

The book value of the asset is directly reduced, and the loss is recognized in the income statement under the item of other operating revenues (expenses). If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.

With reference to the asset's ownership reverted to the bank in settlement of debts, the following has to be taken into consideration:

In accordance with the provisions of Article No. (87) of the Central Bank Law and the law of Banking and Monetary System issued by virtue of law No. 194 of the year 2020, it is prohibited for banks to deal in movables or real estate whether by purchasing, selling or exchange, except for the real estate allocated for running the business of the Bank, used for entertainment purposes of the employees of the Bank, movables or real estate reverted to the bank in settlement of debts due from third parties when the recognition thereof started from the date of conveyance of ownership (the date of debt reduction) and such real state is included in assets reverted to the bank in settlement of debts, provided that the Bank shall dispose thereof according to the following:

- Within one year from the date of conveyance of ownership with respect to movables.
- Within five years from the date of conveyance of ownership with respect to real estate.
- The Board of Directors of the Central Bank of Egypt may approve the extension of the period whenever the circumstances deem necessary, in addition, the Board of Directors of the Central Bank of Egypt has the right to exempt some banks from such restriction based on the banks' nature of activity.
- The assets reverted to the bank in settlement of debts are recorded at the value in which the said assets reverted to the Bank and represented in the value of debts which the Bank's management decided to assign in return for such assets. If there is an objective evidence for impairment loss in the value of the said assets in the subsequent date of conveyance of ownership, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, whichever higher. The book value of the asset is reduced through the impairment account and the loss value is recognized in the income statement under the item of other operating revenues (expenses).

  If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.
- In the light of the nature of the movables or real estate which their ownership reverted to the Bank pursuant to the provisions of the aforementioned article, the movables or real estate are classified in accordance with the plan of the Bank, the nature of expected benefits thereof among the fixed assets, investment property, shares, bonds or other assets available for sale, as the case may be. Accordingly, the bases relevant to the measurement of fixed assets, investment property, shares or bonds are applied to the assets reverted to the Bank in settlement of debts and classified under any item of these items. As for the other assets, that are not included in any of these classifications and considered as other assets available for sale, they are measured at cost or fair value defined by the accredited experts of the Bank - less the selling costs – whichever is lower. The differences resulting from the valuation of these assets are recognized in the income statement under the item of other operating revenues (expenses) provided that such assets are to be disposed of within the period prescribed by virtue of law.
- If the said assets are not disposed of, within the period prescribed by virtue of law in accordance with the provisions of Article No. (87) of Law No. 194 of 2020, the banking risk reserve is to be supported by the equivalent of 10% of the value of the said assets on annual basis. The net revenues and expenses of assets reverted to the bank in settlement of debts during the period of their acquisition by the Bank are recorded in the income statement under the item of other operating revenues (expenses).

P- The impairment of non-financial assets

The financial assets that have no specific useful life are not depreciated – except for the goodwill – and their impairment is examined on annual basis. The impairment of assets that had been depreciated are to be considered whenever there are events or changes in the circumstances indicating that the book value may not be redeemable.

The impairment loss is to be recognized and the asset value shall be reduced with the amount by which the book value of the asset has been increased above the redeemable value. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher.

For assessing the impairment, the asset is to be attached to the smallest possible cash-generating unit. The nonfinancial assets that have impairment are to be reviewed to examine whether there is reverse of impairment to the income statement or not on the date of preparing every financial statement.

Q- Lease Contracts

All lease contracts concluded with the Bank are operating lease contracts.

Q/1 Lessee

The payments settled under the account of operating lease less any discounts obtained from the lessor under the item of expenses are recognized in the income statement based on the straight-line method over the term of contract.

Q/2 Lessor

The assets leased out on operating lease basis that are included in the fixed assets in the balance sheet and depreciated over the expected useful life of the asset using the same manner applied to the similar assets. The rent income is recorded less any discounts granted to the lessee based on the straight-line method over the term of contract.

R- Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition. Cash and cash equivalents include balances due from the Central Banks other than the mandatory reserve, balances with banks, treasury bills and other government notes.

S- 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 the Bank resources will be required to settle these obligations and their amount can be reliably estimated. Where there is a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in this group is minimal.Provisions no longer required totally or partially are reversed in other operating income (expense).Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from balance sheet date using the appropriate rate in accordance with the terms of settlement which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is to be calculated unless it has a significant effect, then it shall be calculated using the present value.

T- Employees' Benefits:

- Employees Share in Profits:

The Bank pays a percentage of cash profits expected to be distributed as the employees share in profits and recognizes that share as part of the dividends appropriation in equity and as liabilities when approved by the shareholders general assembly of the Bank and no liabilities shall be recorded in the undistributed employees share in profits.

- Employees' Pension Fund & End of Service Compensations

The Bank adopted special benefits plan until 17/4/2008. The Bank's contributory defined pension plan covers the permanent employees' pensions and other end of service benefits. The Bank's contribution to this fund is computed at a certain percentage of the employees' annual salaries, in addition to amounts required to the fund as decided by the Actuary to continue providing its services and maintain the minimum return on its invested funds. As for the employees appointed in the Bank after 17/4/2008, the Bank adopted special benefit plan with respect to the end of service compensation only without pensions and the Bank participates in such compensations by a percentage of the employees' wages who are working under the umbrella of this benefit plan on annual basis.

U- Dividends

Dividends are recognized and deducted from equity in the period when approval thereof is declared by the Shareholders General Assembly. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association of the Bank.

V- Comparative figures

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

3- Financial Risk Management

The Bank, as a result of the activities it exercises, is exposed to various financial risks; acceptance of risks is a basis in the financial activities. Some risks or group of risks are analyzed, assessed and managed together. The Bank objective is to balance between the risk and return and to reduce the possible negative effects on the Bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been set to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated information systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in markets, products and services and the best updated applications. Risks are managed by the Risk Management Department in the light of the policies approved by the Board of Directors. Risk Management Department identify, assess, and cover financial risks in close cooperation with other operating units in the Bank. Within framework of the principles of governance and the sound Banking practices related to Banking risks management, the board of directors provides an integrated supervisory structure of higher committees originated therefrom. The Risk Management Department is in charge of the regular review of risk management and the control environment in an independent manner.

A- Credit risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its obligations. Credit risk is considered the most significant risk for the Bank; therefore, the management is conservative and prudent in managing this risk exposure. Credit risks results mainly from lending activities that result in loans and facilities and from investment activities which results in including such debt instruments in the Bank's assets. Credit risk is also included in off balance sheet financial instruments, such as loan commitments. Managing and monitoring process of credit risk is represented in credit risk management team of the Risk Management Department that provide reports presented to the Board of Directors, Top Management and Heads of operating units on regular basis.

A/1 Credit risk measurement

- **Loans and facilities to Banks and customers.**

  To measure credit risk on the loans and facilities to Banks and customers, the Bank considers the following three components:

- Probability of default by the client or third parties to fulfill its contractual obligations.
- The current position and its probable future development from which the Bank conclude the balance exposed to risk. (Exposure at default)
- Loss given default

The daily management of the Bank's activities involves measures of credit risk based on the Expected Loss Model required by the Basel Committee on Banking Supervision. Those operational measures could be inconsistent with the impairment loss burden according to EAS 26, which adopts the realized losses model and not the expected losses (Note A / 3) on the date of the financial statements.

- The Bank assesses the default risk for each customer using internal evaluation methods to determine the rating for the different customers' categories. These methods were internally improved taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating. The customers are classified into four ratings. Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk. The customer's rating and the rating process are reviewed and improved when necessary.

  The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The Position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans , the position is the nominal value, for commitments, the Bank includes all actual withdrawals in addition to any other expected withdrawals till the date of the late payment if any.

The expected loss or specific loss represent the Bank's expectation of loss as of the date when the settlement is due, which is loan loss percentage that certainly differs according to the type of debtor, priority of claim, the availability of guarantees and any other means of credit cover.

- Debt instruments, treasury bills and other bills

For debt instruments and bills, the Bank is using the external classifications such as Standard & Poor's or equivalent institutions to manage credit risk, in case such ratings are not available, methods similar to those applied to credit customers are used. Investments in securities and treasury bills are regarded as a way to get better credit quality at the same time provides a source available to meet finance requirements.

A/2 Limiting and avoiding risks policies

The Bank manages limits and controls credit risk concentrations on the levels of borrowers, groups, industries and countries.The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to every single borrower, or groups of borrowers, and on the levels of economic activities and geographic segments. Such risks are monitored on regular basis and subjected to annual or more frequent reviews, whenever necessary. The Board of Directors reviews on quarterly basis the levels of credit risk on the levels of the borrower, group of borrowers, product and industry segments and country credit concentration.The lines of credit are divided for any borrower including Banks, into sub limits based on amounts in and off-balance sheet, the daily limit risk on trading items such as forward foreign exchange contracts where the actual amounts are compared with the limit every day. Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits where appropriate.

The following are other controls used by the Bank to limit the credit risk.

Collaterals

The Bank use different methods to limit its credit risk. One of these methods is accepting collaterals against loans and facilities granted by the Bank. The Bank implements guidelines for collaterals to be accepted. The major types of collateral against loans and facilities are:

- Real estate mortgage
- Business assets mortgage such as machines and goods.
- Financial instruments mortgage such as debt and equity instruments.

The long-term finance and loans to corporate entities are generally guaranteed while individual credit facilities are unsecured. In addition, to minimize the credit loss, the Bank will seek additional collaterals from all the concerned parties as soon as impairment indicators are noticed for a loan or facility.

The Bank determines the type of collaterals held by the Bank as security for financial assets other than loans and facilities according to the nature of the instrument, generally, debt securities and treasury bills are unsecured, except for Asset-Backed Securities and similar instruments secured by a financial instrument portfolio.

Credit-related commitments

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit are of the same credit risks as loans, documentary and commercial letters of credit – which are issued by the Bank on behalf of the customer by which authorizing a third party to draw within a certain limit in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan. Credit related commitments represent the unused portion of credit limit of loans, guarantees or letters of credit. With respect to credit risk related to credit commitments, the Bank is exposed to probable loss of amount equal to the total unused limit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are usually of high credit risk than short-term commitments.

A/3 Impairment and provisioning policies

The policies of the Bank requires determining three stages to classify the financial assets measured at amortized cost, loan commitments, financial guarantees and debt instruments at fair value through other comprehensive income based on the changes of credit quality since the initial recognition and measurement of impairment loss (expected credit loss) in value related to these instruments as follows:The financial asset that is not impaired at initial recognition is classified in the first stage and the credit risk shall be continuously monitored by the Credit Risk Department of the Bank.In case there is a significant increase in credit risk since initial recognition, the financial asset is to be transferred to the second stage and it shall not be considered as impaired financial asset in this stage (the expected credit loss over lifetime under lack of impairment in credit value).In case of indicators of impairment in the value of the financial asset, it shall be transferred to the third stage. The indicators used by the Bank to determine whether there are objective evidences indicating the following:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower .
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loan.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

The impairment loss provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, most of the impairment provision comes from the last two ratings of classification. The table below shows the relative distribution percentage of in-balance sheet items relating to loans, facilities and the related impairment for each category of the internal rating of the Bank:

	31/12/2020		31/12/2019	
Ratings of The Bank	**Loans &Facilities**	**Impairment provision**	**Loans & facilities**	**Impairment Provision**
	%	%	%	%
Performing loans	2,17	0,02	3.53	0.22
Regular watching	28,70	10,54	34.50	14.17
Watch list	34,50	24,53	29.22	22.19
Non-performing loans	34,63	64,91	32.75	63.42
Total	**100**	**100**	**100**	**100**

The internal evaluation instruments help the management to determine whether there are objective evidences of impairment according to the Egyptian Accounting Standard No. 47 and based on the following indicators specified by the Bank:

- Severe financial insolvency encountered by the borrower or the debtor.
- Violation of loan agreement such as default of payment.
- Expecting the Bankruptcy of the borrower, entering into liquidation case or restructuring the finance granted to him.
- Deterioration in the competitive status of the borrower.
- Granting concessions or privileges to the borrower due to economic, legal or financial insolvency encountered by the borrower which may not be given by the Bank in normal circumstances.
- Impairment of guarantee value.
- Deterioration of the creditworthiness.

The policies adopted by the Bank require reviewing all the financial assets exceeding specific relative significance at least once a year or more when the circumstances necessitate to do so.

The impairment charge shall be determined on the accounts that are evaluated on case by case basis through the evaluation of the loss realized on the date of the balance sheet. Such policies are expected to be implemented on all accounts attributed by relative significance on case by case basis. The evaluation usually includes the outstanding guarantee that embraces the reassurance of the implementation on the guarantee and expected collections from the said accounts. The impairment losses provision is formed based on a group of assets of similar kind using the historical empirical experience available, personal judgment and statistical methods.

A/4 Banking general risk measurement model

In addition to the four categories of the Bank's internal credit rating indicated in Note (A/1), management classifies loans and advances based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending heavily on information related to the customer, his activities, financial position and commitment to the payment schedules.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case of having required increment in impairment losses provision according to the rules of the Central Bank of Egypt that exceeds the amount required by using the expected credit loss, the General Banking Risk Reserve shall be set aside in equity and deducted from the retained earnings with an amount equivalent to such increment. The said reserve shall be amended on regular basis as an increase or decrease in a manner that is always equivalent to the amount of increase when comparing the two provisions. The said reserve shall not be distributable.

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The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the CBE assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating indications	Provision percentage required %	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	1	Performing loans
2	Moderate risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Appropriate risk	2	1	Performing loans
5	Acceptable risk	2	1	Performing loans
6	Marginally Acceptable risk	3	2	Regular watching
7	Watch list	5	3	Watch list
8	Substandard	20	4	Non-performing loans
9	Doubtful	50	4	Non-performing loans
10	Bad debt	100	4	Non-performing loans

A/5 Maximum limits for credit risk before collaterals

Balance sheet items exposed to credit risks	**31/12/2020**	**31/12/2019**
Treasury bills and government notes	2 904 945	2 593 637
Due from Banks	1 080 619	1 259 461
Loans to Banks	49 127	59 495
Loans and facilities to customers:		
Retail loans:		
Debit current accounts	81	79
Credit cards	1 627	1 797
Personal loans	40 490	36 057
Corporate loans:		
Debit current accounts	4 459	1 673
Syndicated loans	161 294	157 748
Direct loans	337 951	351 318
Other assets	6 717	15 949
Total	**4 587 310**	**4 477 214**
Off-balance sheet items exposed to credit risk		
Letters of credit	3 411	3 425
Letters of guarantee	46 820	50 571
Companies loans commitments	3 850	5 155
Money Market papers for facilities to suppliers	12 602	849
Total	**66 683**	**60 000**

- The above table represents the Bank maximum exposure to credit risk on December 31, 2020 – December 31, 2019 before taking into consideration any held collaterals. For assets recognized in the balance sheet, the exposures set out above are based on total carrying amounts as reported in the balance sheet.As shown above 12.97 % of the total maximum exposure is derived from loans and facilities to Banks and customers as at December 31, 2020, compared to 13.52% as at December 31, 2019.
- Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and facilities portfolio and debt instruments based on the following:
- On December 31, 2020, 38.22% of the loans and facilities portfolio to Banks and customers are concentrated in the top two grades of the internal credit risk rating system compared to 42.27% on December 31, 2019.
- On December 31, 2020, 56.74 of loans and facilities portfolio to Banks and customers are neither past due nor impaired compared to 61.34% on December 31, 2019.
- Loans and facilities assessed individually amounted to US$ 330 280 thousand on December 31, 2020 compared to US$ 330 556 thousand on December 31, 2019.
- The Bank has implemented more prudent processes when granting loans and facilities during the financial year ended on December 31, 2020.
- On December 31, 2020 and on December 31, 2019, 100% of the investments in debt instruments and treasury bills represent debt instruments on the part of the Egyptian Government.

The following tables indicates information about the financial asset's quality during the financial period:

		31/12/2020		
Due from banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	629 188	66 460	-	695 648
Regular watching	3 057	381 733	-	384 790
Watch list	-	-	-	-
Non-performing loans	773	-	-	773
	633 018	448 193	-	1 081 211
Less impairment loss provision	(13)	(579)	-	(592)
Book value	**633 005**	**447 614**	**-**	**1 080 619**

		31/12/2019		
Due from banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	1 259 983	-	-	1 259 983
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	1 259 983	-	-	1 259 983
Less impairment loss provision	(522)	-	-	(522)
Book value	**1 259 461**	**-**	**-**	**1 259 461**

		31/12/2020		
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	1 089 908	-	-	1 089 908
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	1 089 908	-	-	1 089 908
Less impairment loss provision	(1 927)	-	-	(1 927)
Book value	**1 087 981**	**-**	**-**	**1 087 981**

		31/12/2019		
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	824 999	-	-	824 999
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	824 999	-	-	824 999
Less impairment loss provision	(1 672)	-	-	(1 672)
Book value	**823 327**	**-**	**-**	**823 327**

		31/12/2020		
Loans and credit facilities to individuals	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	42 160	41	-	42 201
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	339	339
	42 160	41	339	42 540
Less impairment loss provision	(3)	-	(339)	(342)
Book value	**42 157**	**41**	**-**	**42 198**

		31/12/2019		
Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	14 062	-	-	14 062
Regular watching	23 412	-	145	23 557
Watch list	-	-	-	-
Non-performing loans	-	-	337	337
	37 474	-	482	37 956
Less impairment loss provision	(1)	-	(22)	(23)
Book value	**37 473**	**-**	**460**	**37 933**

		31/12/2020		
Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	16 747	-	-	16 747
Regular watching	82 864	138 986	-	221 850
Watch list	-	204 486	62 199	266 685
Non-performing loans	-	-	267 742	267 742
	99 611	343 472	329 941	773 024
Less impairment loss provision	(2 632)	(75 522)	(191 166)	(269 320)
Book value	**96 979**	**267 950**	**138 775**	**503 704**

		31/12/2019		
Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	14 629	250	-	14 879
Regular watching	90 893	168 137	-	259 030
Watch list	-	177 085	62 230	239 315
Non-performing loans	-	-	267 844	267 844
	105 522	345 472	330 074	781 068
Less impairment loss provision	(3 955)	(78 416)	(187 958)	(270 329)
Book value	**101 567**	**267 056**	**142 116**	**510 739**

		31/12/2020		
Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	210 313	-	-	210 313
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	210 313	-	-	210 313
Less impairment loss provision	(1 991)	-	-	(1 991)
Book value	**208 322**	**-**	**-**	**208 322**

		31/12/2019		
Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	237 882	-	-	237 882
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	237 882	-	-	237 882
Less impairment loss provision	(756)	-	-	(756)
Book value	**237 126**	**-**	**-**	**237 126**

The following tables indicates changes in expected credit loss (ECL) between the beginning and end of the period due to these results:

		31/12/2020		
Due from Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	522	-	-	522
Net impairment charge	(509)	556	-	47
Written off during the year	-	-	-	-
Foreign exchange differences	-	23	-	23
Balance at the end of the year	**13**	**579**	**-**	**592**

Due from Banks	First stage 12 months	31/12/2019 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2019	2 082	-	-	2 082
Net impairment charge	(1 534)	-	-	(1 534)
Written off during the year	-	-	-	-
Foreign exchange differences	(26)	-	-	(26)
Balance at the end of the year	**522**	**-**	**-**	**522**

Treasury bills	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	1 672	-	-	1 672
Net impairment charge	236	-	-	236
Written off during the year	-	-	-	-
Foreign exchange differences	19	-	-	19
Balance at the end of the year	**1 927**	**-**	**-**	**1 927**

Treasury bills	First stage 12 months	31/12/2019 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2019	1 759	-	-	1 759
Net impairment charge	(74)	-	-	(74)
Written off during the year	-	-	-	-
Foreign exchange differences	(13)	-	-	(13)
Balance at the end of the year	**1 672**	**-**	**-**	**1 672**

Loans and credit facilities to Banks	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	505	-	-	505
Net impairment charge	368	-	-	368
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**873**	**-**	**-**	**873**

Loans and credit facilities to Banks	First stage 12 months	31/12/2019 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2019	653	-	-	653
Net impairment charge	(148)	-	-	(148)
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**505**	**-**	**-**	**505**

Loans and credit facilities to individuals	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	1	-	22	23
Net impairment charge during the year	2	-	317	319
Written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**3**	**-**	**339**	**342**

Loans and credit facilities to individuals	First stage 12 months	31/12/2019 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2019	1	-	30	31
Net impairment charge during the year	-	-	(8)	(8)
Written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**1**	**-**	**22**	**23**

Loans & credit facilities to corporate	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	3 955	78 416	187 958	270 329
Net impairment charge	(1 337)	(3 163)	3 271	(1 229)
Proceeds from loans previously written off	-	58	-	58
Written off during the year	-	-	(483)	(483)
Foreign exchange differences	14	211	420	645
Balance at the end of the year	**2 632**	**75 522**	**191 166**	**269 320**

Loans & credit facilities to corporate	First stage 12 months	31/12/2019 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2019	8 426	77 821	184 459	270 706
Net impairment charge	(4 577)	(105)	10 893	6 211
Proceeds from loans previously written off	-	-	4	4
Written off during the year	-	-	(7 836)	(7 836)
Foreign exchange differences	106	700	438	1 244
Balance at the end of the year	**3 955**	**78 416**	**187 958**	**270 329**

		31/12/2020		
Debt instruments at amortized cost	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2020	756	-	-	756
Net impairment charge	1 235	-	-	1 235
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**1 991**	**-**	**-**	**1 991**
		31/12/2019		
Debt instruments at amortized cost	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2019	566	-	-	566
Net impairment charge	190	-	-	190
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**756**	**-**	**-**	**756**

A/6 Loans and facilities

The Bank implemented the instructions of the Central Bank of Egypt issued on March 22, 2020 regarding the postponement of customers' credit dues without additional delay interests or fines applicable due to the postponement of payment, as a part of the precautionary measures taken by the Central Bank to confront the effects of Novel Coronavirus Disease (COVID-19).

It is to be taken into account that, in case the customer, does not wish to benefit from the postponement of settlement of the credit dues or incur any additional cost resulting therefrom, his request will be complied with, in accordance with the above-mentioned instructions of the Central Bank of Egypt.

The following table indicates the distribution of Loans and facilities balances based on credit rating:

	31/12/2020		31/12/2019	
	Loans & facilities to customers	**Loans & facilities to Banks**	**Loans & facilities to customers**	**Loans & facilities to Banks**
Neither past due nor impaired	441 085	50 000	479 227	60 000
Past due but not impaired	44 199	-	9 241	-
Impaired	330 280	-	330 556	-
Total	**815 564**	**50 000**	**819 024**	**60 000**
Less: Impairment loss provision	(269 662)	(873)	(270 352)	(505)
Net	**545 902**	**49 127**	**548 672**	**59 495**

Total impairment provision for loans and facilities reached US$ 269 662 thousand at the end of the current financial period compared to US$ 270 352 thousand at the end of the comparative year that included US$ 191 505 thousand that represents loans impairment provision of loans individually valued (the third stage)compared to US$ 187 980 thousand at the end of the comparative year. The rest of the loans portfolio which amounted to US$ 78 157 thousand represent the loans impairment provision formed for the first and second stage of the credit portfolio compared to US$ 82 372 thousand at the end of the comparative year.

Loans and facilities neither past due nor impaired:

The credit quality for the loans and facilities portfolio (neither past due nor impaired) valued upon the internal valuation used by the Bank.

Loans and facilities to customers

	Individuals			
31/12/2020	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
1.Performing loans	81	1 534	40 493	42 108
2.Regular watching	-	-	-	-
3.Watch list	-	-	-	-
Total	**81**	**1 534**	**40 493**	**42 108**

	Corporate			
31/12/2020	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
1.Performing loans	-	12 653	4 094	16 747
2.Regular watching	3 277	127 125	47 342	177 744
3.Watch list	112	95 527	108 847	204 486
Total	**3 389**	**235 305**	**160 283**	**398 977**

The Non-performing loans category secured by cash guarantees were no considered as impaired after taking into consideration that such guarantees can be collected.

Loans and facilities to customers

	Individuals			
31/12/2019	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
1.Performing loans	-	-	14 062	14 062
2.Regular watching	28	1 788	21 594	23 410
3.Watch list	-	-	-	-
Total	**28**	**1 788**	**35 656**	**37 472**

	Corporate			
31/12/2019	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
1.Performing loans	-	9 763	5 116	14 879
2.Regular watching	430	158 606	90 755	249 791
3.Watch list	-	107 890	69 195	177 085
Total	**430**	**276 259**	**165 066**	**441 755**

The Non-performing loans category secured by cash guarantees were not considered as impaired after taking into consideration that such guarantees can be collected.

Past due loans and facilities but not impaired

They are loans and facilities having past due but not considered impaired, unless there is information to the contrary. The loans and facilities to customers having past due and not subject to impairment are represented in the following:

	Individuals			
31/12/2020	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
Past due up to 30 days	-	93	-	93
Past due more than 30 to 60 days	-	1	-	1
Past due more than 60 to 90 days	-	-	-	-
Total	**-**	**94**	**-**	**94**

	Corporate			
31/12/2020	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
Past due up to 30 days	1	28	-	29
Past due more than 30 to 60 days	-	34 785	-	34 785
Past due more than 60 to 90 days	1	9 290	-	9 291
Past due more than 90 days	-	-	-	-
Total	**2**	**44 103**	**-**	**44 105**

Past due loans and facilities represent the amounts that entirely or partially fall due and were not paid on the dates contractually agreed upon and they include past due amounts for periods exceeds one day.

Accordingly, the amounts presented in the Note represent the total balance of the loan or facility and not only the past due portion while the rest of the loans balances and other facilities granted to the customer are not included as long as the customer has not been entirely or partially in default.

On the date of initial recognition for the loans & facilities, the presented collaterals fair value is estimated if any - as per the valuation methods usually used in valuation of similar assets provided that they shall not be recognized in the financial statement of the Bank as they do not represent assets of the Bank on that date. In subsequent periods, the fair value of such collaterals will be adjusted as per the price or the market prices of the similar assets.

Loans and facilities individually subject to impairment

Loans and facilities to customers

The balance of Loans and facilities individually subject to impairment (the third stage) at the end of the current financial period before taking into consideration cash flows from guarantees amounted to US$ 330 280 thousand compared to US$ 330 556 thousand at the end of the comparative year. The following tables include a breakdown of the total loans and facilities individually subject to impairment and the fair value of collaterals taken into consideration when provisions are calculated.

	Individuals			
31/12/2020	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
Loans individually subject to impairment	63	-	276	339
Fair value of collaterals	-	-	-	-

	Corporate			
31/12/2020	**Debit current accounts**	**Direct loans**	**Syndicated loans and facilities**	**Total**
Loans individually subject to impairment	4 358	279 086	46 497	329 941
Fair value of collaterals	-	33 757	5 715	39 472

	Individuals			
31/12/2019	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
Loans individually subject to impairment	55	6	421	482
Fair value of collaterals	-	-	-	-

	Corporate			
31/12/2019	**Debit current accounts**	**Direct loans**	**Syndicated loans and facilities**	**Total**
Loans individually subject to impairment	2 976	280 554	46 544	330 074
Fair value of collaterals	-	41 326	5 000	46 326

Restructured loans and facilities

Restructuring activities include extending periods of payment arrangements, implementing compulsory management programs, amending and deferring settlement of payments. The policies of implementing the restructuring depend on indicators or criteria which indicate that there is a high probability of continued payment, based on the personal judgment of the management. These policies are subject to continuous review. Restructuring of long-term loans is commonly applied, especially to customers' financing loans. The renegotiated loans amounted to US$ 64 964 thousand, compared to US$ 5 007 thousand at the end of the comparative year.

	31/12/2020	31/12/2019
Loans & Facilities to Customers		
Institutions		
- Debit current accounts	2 000	2 157
- Direct loans	62 964	2 850
Total	**64 964**	**5 007**

A/7 Debt instruments, treasury bills and other government notes

The table below shows an analysis of debt instruments, treasury bills and other government notes (before deducting any impairment allowances) according to the rating agency of Standard & Poor's or its equivalent at the end of the financial year.

	Rating	31/12/2020	31/12/2019
Egyptian treasury bills			
At fair value through other comprehensive income	B	1 608 642	1 533 184
At amortized cost	B	1 089 908	824 999
Egyptian treasury bonds			
At amortized cost	B	210 313	237 882
Total		**2 908 863**	**2 596 065**

A/8 Acquisition of Collaterals

- The Bank has not acquired assets based on the acquisition of collaterals during the current financial year.
- The assets acquired by the Bank are classified under the item of other assets in the balance sheet and these assets are to be sold whenever applicable.

A/9 Concentration of financial assets risks exposed to credit risk

The following table represents an analysis of the most significant credit risk limits of the Bank at book value and their distribution according to the geographical sectors at the end of the current financial year. When we prepared this table, we distributed the risks over the geographical sectors based on the areas related to the customers of the Bank.

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	Greater Cairo	Alexandria	Port Said	Sharm EL Sheikh	Total
Treasury bills & other government notes	2 908 863	-	-	-	2 908 863
Loans & facilities to Banks	50 000	-	-	-	50 000
Loans and facilities to customers:					
- Loans to individuals:					
- Debit current accounts	143	1	-	-	144
- Credit cards	1 510	97	17	3	1 627
- Personal loans	35 620	4 304	346	499	40 769
- Loans to Corporate:					
- Debit current accounts	7 749	-	-	-	7 749
- Direct loans	550 760	7 735	-	-	558 495
- Syndicated loans	206 780	-	-	-	206 780
Total as at 31 December 2020	**3 761 425**	**12 137**	**363**	**502**	**3 774 427**
Total as at 31 December 2019	**3 467 591**	**6 674**	**676**	**148**	**3 475 089**

- Activity Sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value distributed according to the business activity practiced by the customers of the Bank.

	Financial Institutions	Industrial Institutions	Commercial	Mining &Petroleum Services	Real Estate Activities	Government Sector	Other Activities	Total
Treasury bills & other government notes	-	-	-	-	-	2 908 863	-	2 908 863
Loans & facilities to Banks	50 000	-	-	-	-	-	-	50 000
Loans and facilities to customers:								
- Loans to individuals:								
- Debit current accounts	-	-	-	-	-	-	144	144
- Credit cards	-	-	-	-	-	-	1 627	1 627
- Personal loans	-	-	-	-	-	-	40 769	40 769
- Loans to Corporate:								
- Debit current accounts	-	2 595	155	162	1	-	4 836	7 749
- Direct loans	40	108 644	20 070	144 189	1 794	43 890	239 868	558 495
- Syndicated loans	-	-	-	106 311	2 506	-	97 963	206 780
Total as of 31 December 2020	**50 040**	**111 239**	**20 225**	**250 662**	**4 301**	**2 952 753**	**385 207**	**3 774 427**
Total as of 31 December 2019	**102 851**	**75 223**	**42 162**	**192 252**	**2 158**	**2 666 990**	**393 453**	**3 475 089**

B- Market risk

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

The market risk management resulting from trading and non-trading portfolios is concentrated in the risk department of the Bank and they are followed up by two separate teams. Interim reports on market risk are presented to the Board of Directors, Assets and Liabilities Committee (ALCO) and the heads of business activity units on regular basis.

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

B/1 Market risk measurement techniques

As part of market risk management the Bank undertakes various hedging strategies and enters into swaps to match the interest rate risk associated with the the debt instruments and fixed-rate long-term loans if the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below.

- Value at Risk (VaR)

The Bank applies a 'value at risk' methodology (VaR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios on separate basis and they are daily monitored by the Market Risk Management Department in the Bank. Value at Risk (VaR) is a statistic expectation of the current portfolio potential losses resulting from the adverse movements of the market and the maximum loss that may be incurred by the Bank based on using a specific confidence coefficient (98%). Subsequently, there is a statistical probability at a ratio of (2%) that the effective loss is higher than the expected Value at Risk (VaR). VaR model assumes a defined holding period of (ten days) before closing the open positions. It also assumes that the market movements during the defined holding period of (ten days) shall follow the same market movements model which occurred during the previous ten days. The Bank estimates the previous movements based on the data of the last five years. The Bank also applies such historic changes of ratios, prices and indicators in a direct manner on the current positions - this method is known as historic simulation. The effective outputs are regularly monitored to measure the soundness of assumptions and coefficients used to measure Value at Risk (VaR). However, applying such method does not overcome the loss of such limits in case of having greater movements in the market.

- Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios.The stress testing carried out by the Risk Management Department of the Bank include, risk factor stresstesting where sharp movements are applied to each risk category and test of emerging market stress, asemerging market portfolios are subject to sharp movements; and subject to special stress test including possible stress events to specific positions or regions - for example the stress outcome to a region due to applying a free foreign currency exchange rate. The results of the stress testing are reviewed by the Top Management and the Board of Directors

Summary of value exposed to risk

Total value exposed to risk according to each risk category:

	31/12/2020			31/12/2019		
	Average	Higher	Lesser	Average	Higher	Lesser
Foreign Exchange Risk	134	659	7	46	242	1
Interest Rate Risk	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent
Equity Risk	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent

B/2 Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors set aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis. The following table summarizes the Bank exposure to foreign exchange volatility risk at the end of the financial year.

The table also includes the carrying amounts of the financial instruments in their currencies as follows:

31/12/2020	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	12 986	5 885	1 378	310 734	228	331 211
Due from Banks	943 984	65 888	65 876	151	4 720	1 080 619
Treasury bills	375 474	83 480	-	2 237 669	-	2 696 623
Loans and facilities to customers	453 848	11 679	34	80 341	-	545 902
Loans and facilities to banks	49 127	-	-	-	-	49 127
Financial investments:						
- Available for sale at fair value through other comprehensive income	26 530	-	-	-	-	26 530
- At amortized cost	154 880	-	-	53 442	-	208 322
Investments in subsidiaries and associates	139 723	-	-	225 258	-	364 981
Other assets	18 465	61	22	53 412	1	71 961
Total financial assets	**2 175 017**	**166 993**	**67 310**	**2 961 007**	**4 949**	**5 375 276**
Financial liabilities						
Due to Banks	107 257	30 518	5 646	371 682	722	515 825
Customers deposits & certificates of deposits	1 490 313	135 463	61 595	2 339 150	4 083	4 030 604
Other liabilities	27 332	321	32	17 437	5	45 127
Total financial liabilities	**1 624 902**	**166 302**	**67 273**	**2 728 269**	**4 810**	**4 591 556**
Net financial position	**550 115**	**691**	**37**	**232 738**	**139**	**783 720**

31/12/2019	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	13 513	4 482	1 466	352 378	205	372 044
Due from Banks	1 092 422	98 648	65 328	100	2 963	1 259 461
Treasury bills	385 781	76 490	-	1 894 240	-	2 356 511
Loans and facilities to customers	493 119	12 807	33	42 713	-	548 672
Loans and facilities to banks	59 495	-	-	-	-	59 495
Financial investments:						
- Available for sale at fair value through other comprehensive income	30 247	-	-	-	-	30 247
- At amortized cost	100 990	-	-	136 136	-	237 126
Investments in subsidiaries and associates	139 723	-	-	221 733	-	361 456
Other assets	23 548	70	74	43 474	-	67 166
Total financial assets	**2 338 838**	**192 497**	**66 901**	**2 690 774**	**3 168**	**5 292 178**
Financial liabilities						
Due to Banks	177 369	52 901	4 572	451 704	887	687 433
Customers deposits & certificates of deposits	1 587 832	130 746	61 910	2 004 023	2 134	3 786 645
Other liabilities	27 189	293	51	15 661	5	43 199
Total financial liabilities	**1 792 390**	**183 940**	**66 533**	**2 471 388**	**3 026**	**4 517 277**
Net financial position	**546 448**	**8 557**	**368**	**219 386**	**142**	**774 901**

B/3 Interest rate risk

The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates. The interest rate risk is the cash flow interest rate risk that is represented in the fluctuation of the future cash flows of a financial instrument due to the changes in market interest rates of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but the profit may decrease if unexpected movements arise. The Board of Directors of the Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken by the Bank, the matter that is monitored on daily basis by the Bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risk fluctuation. It includes the financial instruments at carrying amounts categorized based on re-pricing or maturity dates, whichever earlier.

31/12/2020	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial Asset						
Cash and balances with the Central Bank	331 211	-	-	-	-	**331 211**
Due from Banks	576 853	503 766	-	-	-	**1 080 619**
Treasury bills & government notes	358 292	791 343	1 546 988	-	-	**2 696 623**
Loans and facilities to customers	97 456	144 506	114 723	27 180	162 037	**545 902**
Loans and facilities to banks	-	-	-	49 127	-	**49 127**
Financial investments:						
- Financial investments at fair value through other comprehensive income	-	-	-	313	26 217	**26 530**
- At amortized cost	-	-	-	194 765	13 557	**208 322**
Investments in subsidiaries and associates	-	-	-	-	364 981	**364 981**
Other assets	-	-	71 961	-	-	**71 961**
Total financial assets	**1 363 812**	**1 439 615**	**1 733 672**	**271 385**	**566 792**	**5 375 276**
Financial liabilities						
Due to Banks	464 405	-	50 000	1 420	-	**515 825**
Customers› deposits & certificates of deposits	2 461 085	540 443	316 191	712 885	-	**4 030 604**
Other financial liabilities	-	-	45 127	-	-	**45 127**
Total financial liabilities	**2 925 490**	**540 443**	**411 318**	**714 305**	**-**	**4 591 556**
Interest re-pricing gap	**(1 561 678)**	**899 172**	**1 322 354**	**(442 920)**	**566 792**	**783 720**

31/12/2019	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Total
Total financial assets	**1 196 430**	**1 496 489**	**1 929 189**	**200 768**	**469 302**	**5 292 178**
Total financial liabilities	**2 878 767**	**302 018**	**544 391**	**792 101**	**-**	**4 517 277**
Interest re-pricing gap	**(1 682 337)**	**1 194 471**	**1 384 798**	**(591 333)**	**462 302**	**774 901**

C- Liquidity risk

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

Liquidity risk management

The Bank's liquidity management control process is carried out by the Department of Risk Management that includes the following:

* Daily funding is managed by monitoring future cash flows to ensure that all requirements can be met when due, this includes availability of liquidity as they fall due or when lent to customers. To ensure that the Bank achieves this objective, the Bank maintains an active presence in global money markets.
* The Bank maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flows.
* Monitoring liquidity ratios in relation with internal requirements of the Bank and the requirements of the Central Bank of Egypt.
* Managing loans concentration and making a statement of their dues.

For control and report preparation purposes, the cash flows of the day, week and next month are measured and expected as they represent the main period for liquidity management and the starting point to calculate these expectations to analyze the contractual dues of the financial liabilities and the expected dates of the financial assets' collections.

The Department of Assets and Liabilities Management monitors the mismatch between medium term assets, the level and nature of unused loans commitments, debit current accounts utilizations, and the effect of contingent liabilities such as letters of guarantee and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by a separate team from the Department of Risk Management of the Bank to maintain a wide diversification by currency, geography, sources, products and terms.

Non-derivative cash flows

The following table represents the cash flows paid by the Bank based on the non-derivative financial liabilities method that are distributed over the remaining period of the contractual dues on the date of the balance sheet. The amounts included in the table represent undiscounted contractual cash flows while the Bank manages the liquidity risk based on the expected undiscounted cash flows not the contractual ones.

31/12/2020	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial liabilities						
Due to banks	464 405	-	50 000	1 420	-	515 825
Customers deposits & Certificates of deposits	2 461 085	540 443	316 191	712 885	-	4 030 604
Other financial liabilities	-	-	45 127	-	-	45 127
Total financial liabilities based on the contractual maturity date	**2 925 490**	**540 443**	**411 318**	**714 305**	**-**	**4 591 556**
Total financial assets based on the contractual maturity date	**1 363 812**	**1 439 615**	**1 733 672**	**271 385**	**566 792**	**5 375 276**

31/12/2019	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Total
Total financial liabilities based on the contractual maturity date	**2 878 767**	**302 018**	**544 391**	**792 101**	**-**	**4 517 277**
Total financial assets based on the contractual maturity date	**1 196 430**	**1 496 489**	**1 929 189**	**200 768**	**469 302**	**5 292 178**

Assets available to meet all liabilities and cover loan commitments include cash, balances with the Central Bank of Egypt, balances due from banks, treasury bills and other government notes in addition to loans and facilities to banks and customers. Maturity term of a percentage of loans granted to customers that fall due within one year is extended through the normal course of business of the Bank.Moreover, some debt instruments, treasury bills and other government notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through the sale of financial securities, and finding other financing sources.

D- Operating risk:

The definition of operating risk comprises "the risk of a change in value caused by the fact that actual direct losses and / or indirect losses incurred due to inadequacy or failure of internal processes, systems, human factor or external events including legal risk or any operating events that impact negatively on the reputation of the Bank, the continuity of the business as a going concern and / or the market value of the Bank."

The Framework of the Operating Risk Department

The operating risk department is considered as a significant part that supports the various activities of the Bank with respect to its role in identifying and assessing the relevant risks and the required controls to prevent and mitigate the operating losses in addition to participating in enhancing the competency and efficiency of utilizing the various resources of the Bank.

The policy of the operating risk department aims at laying out a general framework to consolidate its efficiency and providing support to the governance system through enlightenment and spreading the risk culture among all employees, providing complete awareness of the targets of the operating risk department, how to classify risks, the difference between the operating risk and the other kinds of risks, the duties and responsibilities of management and supervision, the methods and approaches used inside the Bank for determination, measurement, reporting and follow up to limit and mitigate the operating risks.

The Operating Risk Department is concentrating its attention on the spreading of risk culture and the awareness of the importance of identifying, reviewing, examining policies, procedures and work systems, making researches to enhance systems and their security methods, the efficiency of oversight controls to prevent and mitigate the operating risks. Meanwhile, the Operating Risk Department is taking the lead in cooperation with all the departments of the Bank to identify indications that give early warning concerning the events that may expose the Bank to any sort of possible risks.The operating risk department started working on establishing operating events database along with their classification that is in conformity with the standards laid out by "Basel II" Accords and the classification of operating risks stated therein. The data collection process relies on the internal operating events reports in addition to all relevant external events. The said data is used in analyzing and monitoring the root causes of the operating risks, the frequency of events, evaluating the corrective measures and the controls adopted by the Bank to prevent and mitigate the operating risks.

E- Fair value of financial assets and liabilities

Financial instruments not measured at fair value

The table below summarizes the current value and fair value for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value:

	31/12/2020		31/12/2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Due from banks	1 080 619	1 080 619	1 259 461	1 259 461
Loans and facilities to Banks	49 127	49 127	59 495	59 495
Loans and facilities to customers	545 902	Nonexistent	548 672	Nonexistent
Financial investments:				
At fair value through other comprehensive income (unquoted)	26 216	Nonexistent	21 220	27 689
At amortized cost	208 322	Nonexistent	237 126	237 935
Financial liabilities:				
Due to banks	515 825	515 825	687 433	495 915
Customers deposits	4 030 604	Nonexistent	3 786 645	Nonexistent

Loans and facilities to customers:

Loans and facilities to customers are presented as net amount after deducting the provision of impairment losses.

Debt instruments at amortized cost:

The fair value of the debt instruments "Egyptian treasury bonds" is determined at amortized cost as per Bloomberg prices declared at the end of the financial period.

Customers' deposits and due to other banks:

Represent the estimated fair value of demand deposits that includes the deposits of non-bearing interest for the amount paid on demand.

It was not practically possible to measure the fair value of the remaining items of the financial assets at the end of the financial year.

F- Capital management

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

- Compliance with the legal requirements of capital in The Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of activity. Capital adequacy and its uses are reviewed on a monthly basis according to the regulatory authority's requirements (CBE) by the Bank's management through models based on the instructions of Basel committee for banking control, these data are submitted to CBE on quarterly basis.

CBE requires the following from the Bank:

- Maintaining L.E 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between risk-weighted elements of capital and elements of assets, and contingent liabilities that are credit risk, market risk and operating risk weighted including a percentage of 12,50% as a conservation buffer.

The numerator in capital adequacy comprises the following two tiers:

Tier 1:

It is the core capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks) if any, retained earnings and reserves resulting from profit appropriations less any goodwill previously recognized, and any carried forward losses.

Tier 2:

It is the supplementary capital (Tier 2 Capital) that is comprised of the equivalent of the general risk provision which is formed based on the Obligor Risk Rating and Provisioning Rules issued by the Central Bank of Egypt in a manner that does not exceed 1.25% of the total risk-weighted assets and contingent liabilities, subordinated loans / deposits of more than five-year-maturity period (while amortizing 20% of their value in each year of the last five years of their maturity period) in addition to 45% of the increase resulting from the difference between the fair value and the carrying value of both financial investments available for sale and investments held to maturity date in addition to investments in subsidiaries and associates.

When calculating the total numerator of the capital adequacy ratio it should be taken into consideration that the supplementary capital does not exceed in any way the core capital and that subordinated loans (deposits) do not exceed half of the core capital.Assets are risk-weighted differently classified according to the nature of each asset of the debtor to reflect the credit risk associated with it and taking the cash collaterals into consideration. In addition, the same treatment is used for off-balance amounts after adjustments to reflect the contingent nature and the potential loss of those amounts. The Bank has been in compliance with the local capital requirements.The following table summarizes the components of the core and supplementary capital in addition to the capital adequacy percentages as at 31 December 2020.

	31/12/2020	31/12/2019
Core capital (Tier One) - IFRS9		
Paid up capital	600 000	600 000
Reserves	227 784	219 192
Retained earnings	76 077	37 686
General risk reserve	-	-
Total balance of items of the accumulated other comprehensive income after regulatory amendments	(87 147)	(95 391)
Quarterly interim profits	31 231	40 478
Minority interest / Non-controlling interest	183 734	164 413
Difference between nominal value and current value of subordinated loans (deposit)	854	854
Total Core capital	**1 032 533**	**967 232**
Less:		
Investments In Financial Institutions:		
Amount exceeding 10% of the issued capital of the company for each separate investment (shares)	(79 740)	(63 819)
Amount exceeding 10% of the fund assets for each separate investment (mutual funds)	(2 110)	(3 665)
Intangible assets	(2 894)	(4 419)
Disregarded elements:		
Reserve balance of fair value for investments available for sale (if negative)	-	-
Reserve for foreign currencies translation differences (if negative)	-	-
Total Tier 1 Capital	**947 789**	**895 329**
Tier 2 Capital (core capital)		
Significant elements of required allowances for debt instruments, loans, credit facilities and contingent liabilities included in stage 1	24 831	18 321
45% of the specific reserve	31	31
Total Tier 2 Capital	**24 862**	**18 352**
Total capital base (1)	**972 651**	**913 681**
Risk-weighted assets & contingent liabilities		
Credit risk for items in & off-balance sheet	3 960 093	4 598 513
Market risk – foreign exchange rates	250 746	331 339
Operating risk	339 166	362 732
Total Risk-weighted assets & contingent liabilities (2)	**4 550 005**	**5 292 584**
Capital adequacy ratio (1) / (2)	**21.38 %**	**17.26 %**

*Capital Adequacy Ratio was prepared for the balances of the consolidated financial statements of the Bank in compliance with the instructions of the Central Bank of Egypt issued on 24 December 2012.

The following table summarizes the financial leverage ratio

	31/12/2020	31/12/2019
Tier 1 Capital after disposals (1)	**947 788**	**895 329**
Cash and Due from Central Bank	920 475	1 255 728
Balances due from Banks	1 477 077	1 332 992
Loans and credit facilities to banks	10 331	24 109
Treasury bills & other government notes	3 349 063	2 841 175
Financial assets at fair value through other comprehensive income	544 414	525 482
Financial assets at amortized cost	848 786	1 106 565
Investments in subsidiaries & associates	211 319	187 259
Loans & credit facilities granted to customers	2 238 482	2 017 057
Fixed assets (after deducting impairment loss provision and accumulated depreciation)	93 844	99 067
Other assets	148 940	145 240
The amount of exposure deducted (after disposing the first tier of the capital base)	(406 499)	(293 378)
Total banks' exposure of items in the balance sheet after deducting the disposals of the first tier	**9 436 232**	**9 241 296**
Letters of credit - imports	10 887	287
Letters of credit - exports	6 089	633
Letters of guarantee	81 325	5 829
Letters of guarantee upon other Banks' request or by their warranty	11 910	824
Accepted bills	28 991	5 130
Rediscounted bills	-	-
Total contingent liabilities	**139 202**	**12 703**
Total commitments	**28 708**	**8 248**
Total off- balance sheet exposure	**167 910**	**20 951**
Total in & off- balance sheet exposure (2)	**9 604 142**	**9 262 247**
Financial leverage ratio (1/2)	**9.87 %**	**9.67 %**

4- Significant accounting estimates and assumptions

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities that shall be disclosed during the next financial year. Estimates and assumptions are continually evaluated based on historical experience and other factors including the expectations of future events that are believed to be reasonable in the light of available circumstances & information.

The implementation of the financial policies disclosed in Note No. (3) requires that management uses judgements, estimates and assumptions with respect to the carrying value of some assets and liabilities that other sources cannot provide. The said estimates and accompanied assumptions are based on historical experience in addition to other relevant factors. However, the actual results may differ from such estimates.

The assumptions and estimates are reviewed on regular basis and recognition of change in accounting estimates shall take place either in the period in which the change is occurring, in case its effect is confined to such period only, or in the period in which the change is occurring and the future periods, if the change in accounting estimates affects both of current period and the subsequent periods.

The following is a summary of the most prominent assumptions related the future and the sources of unconfirmed information at the end of the financial period that are attributed by high risk leading to a significant amendment introduced to the fair value of assets and liabilities during the following financial period.

4/1 Impairment losses for loans and facilities (expected credit loss)

The Bank reviews the portfolio of loans and facilities on quarterly basis at least. The Bank uses personal judgment in determining whether it is necessary to recognize impairment charge in the income statement, to identify if there are reliable evidences indicating a decline that can be measured in the expected future cash flows from loan portfolio before identifying any decline on the level of each separate loan in the portfolio. These evidences include data indicating negative changes in borrowers' portfolio ability to repay the Bank, or local or economic circumstances related to default in the assets of the Bank. On rescheduling future cash flows, the management uses the previous experience with respect to assets loss of similar credit risk to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The method and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on the management experience.

4/2 Financial derivatives fair value

The fair value of financial derivatives that are not quoted in active markets are determined by using valuation techniques. When these valuation techniques are used (such as pricing models), they shall be examined and periodically reviewed by qualified personnel who are independent from the entity which prepared them. All models are certified after trial and before they are used to ensure that the results reflect reliable data and prices which can be compared with those of the market. The said models use the data taken from the market only, whenever it is possible to be practically obtained. However, some factors such as credit risk related to the Bank, counterparty, volatilities and correlations require that the management uses its personal judgement. Changes in assumptions of these factors may affect the disclosed fair value of the financial instruments.

4/3 Debt instruments at amortized cost

The Bank classifies non-derivative financial assets with fixed determinable payments or fixed maturity as debt instruments at amortized cost included in "the business model of financial assets held to collect contractual cash flows".

In case the Bank ceases to classify debt instruments as debt instruments at amortized cost included in the portfolio, the carrying value of this type of investments will be increased at the end of the current financial period with the amount of US$ 16 224 thousand to reach its fair value in return for recognition thereof in the fair value reserve of other comprehensive income statement.

5- Segment Analysis

A- Segment analysis of business activities as at 31 December 2020

31/12/2020

Revenues and expenses according to economic activity	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenue of business segment activity	19 897	20 230	331 702	8 272	6 756	386 857
Expenses of business segment activity	(52 927)	(2 149)	-	(247 828)	(453)	(303 357)
Segment operating income	**33 030**	**18 081**	**331 702**	**(239 556)**	**6 303**	**83 500**
Unclassified expenses						(64 866)
Profit for the year						**18 634**
Assets and liabilities of the segment activity						
Segment activity assets	1 460 130	322 551	3 583 719	42 671	-	5 409 071
Unclassified assets						31 444
Total assets						**5 440 515**
Segment activity liabilities	2 801 731	39 137	-	1 707 679	-	4 548 547
Unclassified liabilities						891 968
Total liabilities						**5 440 515**

Comparative year as at 31 December 2019

Revenues and expenses according to economic activity	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenue of business segment activity	58 908	23 444	305 185	9 249	49 401	446 187
Expenses of business segment activity	(42 832)	(862)	-	(269 648)	-	(313 342)
Segment operating income	**16 076**	**22 582**	**305 185**	**(260 399)**	**49 401**	**132 845**
Unclassified expenses						(71 416)
Profit for the year						**61 429**

Comparative year as at 31 December 2019

Assets and liabilities of the segment activity						
Segment activity assets	1 831 594	220 268	3 266 572	38 074	-	5 356 508
Unclassified assets						3 162
Total assets						**5 359 670**
Segment activity liabilities	2 711 482	40 514	-	1 724 517	-	4 476 513
Unclassified liabilities						883 157
Total liabilities						**5 359 670**

B- Geographical Segments Analysis

31/12/2020

Revenues &expenses according to the geographical segments	Greater Cairo	Alexandria	Port said	Sharm EL Sheikh	Total
- Geographical segments revenues	382 977	909	154	54	**384 094**
- Geographical segments expenses	(353 482)	(9 218)	(2 030)	(730)	**(365 460)**
Segment operating income	29 495	(8 309)	(1 876)	(676)	**18 634**
Profit (loss) for the year	29 495	(8 309)	(1 876)	(676)	**18 634**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	5 421 012	16 277	1 382	1 844	5 440 515
Total assets	**5 421 012**	**16 277**	**1 382**	**1 844**	**5 440 515**
Geographical segments liabilities	5 235 053	165 855	36 466	3 141	5 440 515
Total liabilities	**5 235 053**	**165 855**	**36 466**	**3 141**	**5 440 515**

31/12/2019

Revenues &expenses according to the geographical segments	Greater Cairo	Alexandria	Port said	Sharm EL Sheikh	Total
- Geographical segments revenues	428 518	899	119	18	429 554
- Geographical segments expenses	(356 448)	(9 034)	(1 971)	(672)	(368 125)
Segment operating income	**72 070**	**(8 135)**	**(1 852)**	**(654)**	**61 429**
Profit (loss) for the year	**72 070**	**(8 135)**	**(1 852)**	**(654)**	**61 429**

31/12/2019

Assets & liabilities according to the geographical segments					
- Geographical segments assets	5 343 139	12 923	2 742	866	5 359 670
Total assets	**5 343 139**	**12 923**	**2 742**	**866**	**5 359 670**
Geographical segments liabilities	5 156 112	165 060	34 602	3 896	5 359 670
Total liabilities	**5 156 112**	**165 060**	**34 602**	**3 896**	**5 359 670**

6- Net interest income

	31/12/2020	31/12/2019
Interest from loans and similar revenues from loans and facilities:		
- Banks	3 183	5 620
- Customers	32 351	52 633
	35 534	**58 253**
Bonds & treasury bills	325 286	301 418
Deposits with Banks	8 309	23 926
Total	**369 129**	**383 597**
Costs of Deposits and similar costs:		
Deposits and current accounts:		
- Banks	(43 450)	(32 331)
- Customers	(258 254)	(270 924)
Total	**(301 704)**	**(303 255)**
Net	**67 425**	**80 342**

7- Net income from fees and commission

	31/12/2020	31/12/2019
Fees and commission income:		
Fees and commissions related to credit	2 774	3 940
Institutions' finance services fees	1 052	3 237
Other fees	1 118	1 646
Total	**4 944**	**8 823**
Fees and commission expenses:		
Other fees paid	(136)	(108)
Net	**4 808**	**8 715**

8- Dividends income

	31/12/2020	31/12/2019
Equity instruments at fair value through other comprehensive income	90	336
Subsidiaries & associates	2 088	4 972
Total	**2 178**	**5 308**

9- Net trading income

	31/12/2020	31/12/2019
Forex gain	1 433	1 285
Total	**1 433**	**1 285**

10- Financial investments Gains/ (losses)

	31/12/2020	31/12/2019
Financial investments profits /losses through other comprehensive income	1 432	30
Impairment of associates (Note -22)	-	(12 000)
Impairment losses in equity instruments through other comprehensive income charge / reverse	956	(932)
Total	**2 388**	**(12 902)**

11- Administrative expenses

	31/12/2020	31/12/2019
Staff costs		
Wages & salaries and their equivalents	43 029	40 302
The Bank contribution in employees fund	3 943	3 915
	46 972	**44 217**
Fixed assets depreciation	3 333	3 147
Software amortization	1 139	1 484
Other administrative expenses	9 958	8 533
Total	**61 402**	**57 381**

The average monthly salary of the twenty largest bonuses and salaries earned in the bank amounted to US$ 500 075 for the year ended December 31, 2020 compared to US$ 494 238 on December 31, 2019

12- Other operating income (expenses)

	31/12/2020	31/12/2019
Gain (loss) revaluation of assets & liabilities balances other than trading or the originally classified at fair value through profit & loss	(70)	564
Other income	638	1 669
Other provisions charge / reverse	26	(1 282)
Other expenses	(1 338)	(1 461)
Total	**(744)**	**(510)**

13- Credit impairment charge / reverse

	31/12/2020	31/12/2019
Loans and facilities to customers	910	(6 203)
Loans and facilities to banks	(368)	148
Balances with banks	(47)	1 534
Treasury bills	(236)	74
Debt instruments at amortized cost	(1 235)	(190)
Total	**(976)**	**(4 637)**

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14- Earnings per share

	31/12/2020	31/12/2019
Net profit for the year	18 634	61 429
Less:		
Board of Directors remunerations	345	345
Employees share in profit	11 268	10 389
The Banking System Support and Development Fund	217	-
Net profit before distribution to the shareholders of the Bank	**6 804**	**50 695**
Issued common shares	30 000	30 000
Earnings per share (US$ /share)	**226,80**	**1 689.83**

15- Classification and measurement of financial assets & liabilities

The following table indicates total financial assets & liabilities (before deducting any impairment provisions) according to the classification of the business model:

31/12/2020	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	331 211	-	-	-	331 211
Balances with banks	1 081 211	-	-	-	1 081 211
Treasury bills	1 089 908	1 608 642	-	-	2 698 550
Loans and facilities to customers	815 564	-	-	-	815 564
Loans to banks	50 000	-	-	-	50 000
Financial investments at fair value through other comprehensive income	-	-	26 530	-	26 530
Financial investments at amortized cost	210 313	-	-	-	210 313
Financial investments at fair value through profit or loss	-	-	-	-	-
Other Financial assets	6 717	-	-	-	6 717
Total financial assets	**3 584 924**	**1 608 642**	**26 530**	**-**	**5 220 096**
Balances due to banks	515 825	-	-	-	515 825
Customers' deposits	4 030 604	-	-	-	4 030 604
Other financial liabilities	15 953	-	-	-	15 953
Total financial liabilities	**4 562 382**	**-**	**-**	**-**	**4 562 382**

31/12/2019	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	372 044	-	-	-	372 044
Balances with banks	1 259 983	-	-	-	1 259 983
Treasury bills	824 999	1 533 184	-	-	2 358 183
Loans and facilities to customers	819 024	-	-	-	819 024
Loans to banks	60 000	-	-	-	60 000
Financial investments at fair value through other comprehensive income	-	-	30 247	-	30 247
Financial investments at amortized cost	237 882	-	-	-	237 882
Financial investments at fair value through profit or loss	-	-	-	-	-
Other Financial assets	15 949	-	-	-	15 949
Total financial assets	**3 589 881**	**1 533 184**	**30 247**	**-**	**5 153 312**
Balances due to banks	687 433	-	-	-	687 433
Customers' deposits	3 876 645	-	-	-	3 876 645
Other financial liabilities	16 424	-	-	-	16 424
Total financial liabilities	**4 580 502**	**-**	**-**	**-**	**4 580 502**

16- Cash and Due from Central Bank

	31/12/2020	31/12/2019
Cash	25 837	23 991
Due from the Central Bank of Egypt (within the required reserve ratio in L.E)	305 374	348 053
Balance	**331 211**	**372 044**
Non-interest-bearing balances	331 211	372 044
Balance	**331 211**	**372 044**

17- Due from Banks

	31/12/2020	31/12/2019
Current accounts	45 778	60 188
Deposits	1 035 433	1 199 795
Total	**1 081 211**	**1 259 983**
Less: impairment loss provision	(592)	(522)
Balance	**1 080 619**	**1 259 461**
Due from the Central Bank of Egypt (other than the required reserve ratio in L.E)	172 757	178 853
Local Banks	192 962	442 596
Foreign Banks	715 492	638 534
Total	1 081 211	1 259 983
Less: impairment loss provision	(592)	(522)
Balance	**1 080 619**	**1 259 461**
Non- interest-bearing balances	11 705	191 131
Fixed interest balances	1 069 506	1 068 852
Total	**1 081 211**	**1 259 983**
Less: impairment loss provision	(592)	(522)
Balance	**1 080 619**	**1 259 461**
Current balances	1 081 211	1 259 983
Non-current balances	-	-
Total	**1 081 211**	**1 259 983**
Less: impairment loss provision	(592)	(522)
Balance	**1 080 619**	**1 259 461**

18- Treasury bills & other government notes

	31/12/2020	31/12/2019
A- At amortized cost		
270 days maturity	451 306	-
364 days maturity	655 282	841 063
Balance	**1 106 588**	**841 063**
Less: unearned interest	(16 680)	(16 064)
Total	**1 089 908**	**824 999**
Less: impairment loss provision	(1 927)	(1 672)
Net (1)	**1 087 981**	**823 327**
B - At fair value through other comprehensive income		
270 days maturity	1 017 029	59 648
364 days maturity	705 950	1 608 828
Balance	**1 722 979**	**1 668 476**
Less: unearned interest	(122 335)	(144 399)
Total	**1 600 644**	**1 524 077**
Reserve for change in Fair value	7 998	9 107
Net (2)	**1 608 642**	**1 533 184**
Net (1+2)	**2 696 623**	**2 356 511**

19- Loans and facilities to banks

	31/12/2020	31/12/2019
Subordinated loans	50 000	60 000
Less: impairment loss provision	(873)	(505)
Total	**49 127**	**59 495**
Non-current balances	49 127	59 495
Total	**49 127**	**59 495**

Loan of Société Arabe Internationale de Banque (SAIB)

- On 1 October, 2015, the Board of Directors of the Bank, approved a subordinated loan that amounted to US$ 50 million to support the tier 2 of the capital base, of Société Arabe Internationale de Banque (SAIB) (one of AIB subsidiaries) upon calculating the percentage rate of capital adequacy to maintain the percentage required by the Central Bank of Egypt.The term of this loan is five years, starting from 4 November 2015 to 3 November 2020. The total amount of the loan would be fully paid at the end of the loan term on 3 November 2020. Société Arabe Internationale de Banque (SAIB) may settle the loan on equal annual installments in a manner that does not exceed 20% of the loan amount.

- The annual interest rate of the loan which is 2.5 % (two-point five percent) above LIBOR rate is calculated over six month and the interest is paid every six months. On 4 November 2019, the amount of US$ 40 million of the subordinated loan was paid to the Arab International Bank.
- On 24 October 2016, the Board of Directors of the Bank, approved a subordinated loan that amounted to US$ 50 million to support the tier 2 of the capital base, of Société Arabe Internationale de Banque (SAIB) (one of AIB subsidiaries) upon calculating the percentage rate of capital adequacy to maintain the percentage required by the Central Bank of Egypt.
- The term of this loan is five years, starting from 2 November 2016, to 1 November 2020. The total amount of the loan will be paid in full in one payment at the end of the loan term on November 2021. Société Arabe Internationale de Banque (SAIB) may settle the loan on equal annual installments in a manner that does not exceed 20% of the loan amount.
- The annual interest rate of the loan 4 % (four percent) above LIBOR rate is calculated over six months and the interest is paid every six months.
- On 26 December 2019, an addendum to the subordinated loan contract mentioned above was signed and accordingly the term of the loan contract was extended as of 1 November 2019, for a period of five years which end on 1 November 2024 provided that the said loan must be paid in full at the end of the loan term. The annual interest rate of the loan 4 % (four percent) above LIBOR rate is calculated over six months while having the rest of the conditions stipulated in the subordinated loan referred thereto as it is without introducing any amendments.

20- Loans and facilities to customers

	31/12/2020			31/12/2019		
	Total	**Impairment loss provision**	**Net**	**Total**	**Impairment loss provision**	**Net**
Individuals						
Debit current accounts	144	(63)	81	83	(4)	79
Credit cards	1 627	-	1 627	1 797	-	1 797
Personal loans	40 769	(279)	40 490	36 076	(19)	36 057
Total (1)	**42 540**	**(342)**	**42 198**	**37 956**	**(23)**	**37 933**
Corporate including small loans for economic activities						
Debit current accounts	7 749	(3 290)	4 459	3 407	(1 734)	1 673
Direct loans	558 495	(220 544)	337 951	566 051	(214 733)	351 318
Syndicated loans and facilities	206 780	(45 486)	161 294	211 610	(53 862)	157 748
Total (2)	**773 024**	**(269 320)**	**503 704**	**781 068**	**(270 329)**	**510 739**
Total (1+2)	**815 564**	**(269 662)**	**545 902**	**819 024**	**(270 352)**	**548 672**

Provision for impairment losses

31/12/2020

	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Balance as at 1 January 2020	4	-	19	23
Net impairment charge / reverse for the year	59	-	260	319
Amounts written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**63**	**-**	**279**	**342**

	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Balance as at 1 January 2020	1 734	214 733	53 862	270 329
Net impairment charge for the year	1 556	5 592	(8 377)	(1 229)
Proceeds from loans previously written off	-	58	-	58
Amounts written off during the year	(13)	(470)	-	(483)
Foreign exchange differences	13	631	1	645
Balance at the end of the year	**3 290**	**220 544**	**45 486**	**269 320**

31/12/2019

	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Balance at the beginning of the year	**55**	**2**	**606**	**663**
Impact of changes resulting from initial implementation of IFRS 9	(52)	(2)	(578)	(632)
Adjusted balance as at 1 January 2019	3	-	28	31
Net impairment charge for the year	1	-	(9)	(8)
Amounts written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**4**	**-**	**19**	**23**

	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Balance at the beginning of the year	**529**	**148 196**	**21 868**	**170 593**
Impact of changes resulting from initial implementation of IFRS 9	112	80 118	19 883	100 113
Adjusted balance as at 1 January 2019	641	228 314	41 751	270 706
Net impairment charge for the year	1 062	(6 962)	12 111	6 211
Proceeds from loans previously written off	-	4	-	4
Amounts written off during the year	-	(7 836)	-	(7 836)
Foreign exchange differences	31	1 213	-	1 244
Balance at the end of the year	**1 734**	**214 733**	**53 862**	**270 329**

21- Financial investments

At fair value through other comprehensive income:	**31/12/2020**	**31/12/2019**
A - Debt instruments - at fair value :		
Treasury Bills	1 608 642	1 533 184
B - Equity instruments at fair value through other comprehensive income:		
Quoted	314	702
Unquoted	26 216	27 689
Mutual funds	-	1 856
At fair value through profit or loss	**26 530**	**30 247**
Total financial investments at fair value through other comprehensive income (1)	**1 635 172**	**1 563 431**
At amortized cost:		
Debt instruments:		
- Quoted	210 313	237 882
Less: impairment loss provision	(1 991)	(756)
	208 322	237 126
- Treasury Bills:		
- Treasury Bills	1 089 908	824 999
Less: impairment loss provision	(1 927)	(1 672)
	1 087 981	**823 327**
Total debt instruments at amortized cost (2)	**1 296 303**	**1 060 453**
Total financial investments (1+2)	**2 931 475**	**2 623 884**
Current balances	-	1 103 689
Noncurrent balances	2 931 475	1 520 195
Total financial investments	2 931 475	2 623 884
Fixed interest debt instruments	208 322	237 126
Total debt instruments	**208 322**	**237 126**

31-12-2020

	At fair value through other comprehensive income	At amortized cost
The following is a summary of financial investments movement during the financial year:		
Balance at the beginning of the current year	**30 247**	**237 126**
Additions	-	108 604
Amortization of Premium / issue discount	-	(3 748)
Disposals (sale / reimbursement)	(1 040)	(133 634)
Impairment in investment value	-	-
Assets of monetary nature valuation differences in foreign currency	-	1 209
Changes in fair value reserve	(2 070)	-
Transferred to retained earnings	(607)	-
Charge of impairment of financial investments at amortized cost	-	(1 235)
Balance at the end of the year	**26 530**	**208 322**

31-12-2019

	At fair value through other comprehensive income	At amortized cost
The following is a summary of financial investments movement during the comparative year:		
Balance at the beginning of the current year	**24 183**	**201 585**
Impact of changes resulting from initial implementation of IFRS 9	1 447	(566)
Additions	-	51 855
Amortization of Premium / issue discount	-	(623)
Disposals (sale / reimbursement)	(12)	(31 529)
Impairment in investment value	(932)	-
Assets of monetary nature valuation differences in foreign currency	-	16 594
Changes in fair value reserve	5 561	-
Transferred to retained earnings	-	-
Charge of impairment of financial investments at amortized cost	-	(190)
Balance at the end of the comparative year	**30 247**	**237 126**

22- Investments in subsidiaries & associates

Investments in subsidiaries & associates are represented in the following companies and institutions:

31, December 2020

First: Subsidiaries:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2020	Balance as at 31/12/2020	Share %
Societe Arab International de Banque (SAIB)(a)	4 345 861	3 995 049	431 482	20 441	A.R.E	79 815	79 815	50.438
Compagnie Arab De Financement International « CAFI »(b) under liquidation	6 458	2	23	(436)	Luxembourg	5 108	5 108	89.04
Total subsidiaries						**84 923**	**84 923**	

Second: Associates:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2020	Balance as at 31/12/2020	Share %
Suez Canal Co. For Technology (C)	102 026	6 125	21 070	19 192	A.R.E	72 195	75 720	24.08
International Company for Tourist Investments (ICIT)	95 338	10 484	3 054	(3 937)	A.R.E	6 800	6 800	20
World Trade Centre (WTC)(d)	142 988	12 913	3 564	(2 357)	A.R.E	48 000	48 000	50
Suez Canal Bank (CSB)	3 451 882	3 206 740	312 211	38 242	A.R.E	149 538	149 538	41.5
Total associates						**276 533**	**280 058**	
Total subsidiaries &associates						**361 456**	**364 981**	

A- The Board of Directors of the Central Bank of Egypt, in its session held on May 19, 2020, agreed to (increase the percentage of the Arab International Bank's share in the Bank of Societe Arabe International de Banque (SAIB) to become 50.438% instead of 46,075 %) by transferring its indirect shareholding in the Bank of Societe Arabe International de Banque (SAIB) (represented in its share in the capital of Compagnie Arab De Financement International « CAFI » by about 89%, which in turn holds a share by about 4.9 % in the Bank of Societe Arabe International de Banque - SAIB), to a direct shareholding.

B- On 16/11/2020, the Extraordinary General Assembly of Compagnie Arab De Financement International (CAFI), decided to make the financial statements issued on 30/9/2020 as a basis for liquidation, hence, a liquidator was assigned for the Company and the last financial statements available for the Company was as at 30/9/2020.

C- during the years 2016 and 2017, the book value of the Bank's share in Suez Canal Company for Technology was decreased with a total amount of US$ 41.2 million that is represented in an impairment which occurred due to the fact of having legal risk pertaining to the ownership of 6th October University that represents one of the most important investments of the Company. During that time, the existent risk of losing the investment of the Company in the university, made it necessary to form a provision with the above-mentioned amount.

As a result of the success achieved by the Board of Directors of the Suez Canal Company for Technology in regaining the main investment of the Company that is represented in 6th October University and the approval of the Ordinary General Assembly of the Company during an Extraordinary Meeting held on10/1/2019 to the effect of endorsing the agreement contract of terminating the dispute related to the University's' ownership that was signed on 6/12/2018 and by virtue of which, the Company has all therights and authorities of the owner with respect to the University. Accordingly, the aforementioned impairment amount that amounted to US$ 41.2 million, was reversed during the year 2019 because it turned out to be no longer required.

At the beginning of the year 2020, the Company was re-valuated by an external body, and the valuation resulted in the Company's market value being more than the book value. Consequently, the difference between the book value and the cost of US$ 75. 720 million was reversed during that period and the book value of the Company was equal to the acquisition cost. During the year 2020, the rest of the impairment amount that was formed in 2008 and 2009 was reversed due to the decrease in the market value at that time to contribute with an amount of US$ 3.5 million, as the recent valuation at the end of 2020 resulted in an increase in the market value over the book value and thus, the said impairment was reversed with an amount of the cost of acquisition as a maximum limit.The balances included in the last financial statements available of the Company, on November 30, 2020 were recorded and approved by the Auditor on January 14, 2021.

D- The percentage of the Bank's participation in the capital of the World Trade Center Company (WTC) is 50 %. The Bank has no control over the Company and therefore the investment in the World Trade Center (WTC) was considered as investments in associate companies.During the year 2019, a provision for impairment that amounted to US$ 12 million was formed, and the amount of the provision was equivalent to more than 40% of the issued capital of the World Trade Center Company (WTC), while taking into account that the Company's financial statements statements issued on December 31, 2019 are the last financial statements approved by the Auditor on May 4, 2020.

22- Investments in subsidiaries & associates (continued)

Investments in subsidiaries & associates are represented in the following companies and institutions:

31, December 2019

First: Subsidiaries:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2019	Balance as at 31/12/2019	Share %
Societe Arab International de Banque (SAIB)	4 469 530	4 157 792	533 931	12 391	A.R. E	79 815	79 815	50.435%
Compagnie Arab De Financement International « CAFI »	6 896	3	43	(2 616)	Luxembourg	5 108	5 108	89.04%
Total subsidiaries						**84 923**	**84 923**	

Second: Associates:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2019	Balance as at 31/12/2019	Share %
Suez Canal Co. For Technology	116 545	11 663	36 347	29 712	A.R. E	30 987	72 195	24.08%
International Company for Tourist Investments (ICIT)	97 547	8 755	15 587	8 119	A.R. E	6 800	6 800	20.00%
World Trade Centre (WTC)	145 335	12 522	2 218	662	A.R. E	60 000	48 000	50.00%
Suez Canal Bank (CSB)	3 242 612	3 036 385	355 278	33 800	A.R. E	149 538	149 538	41.50%
Total associates						**247 325**	**276 533**	
Total subsidiaries &associates						**332 248**	**361 456**	

23- Intangible Asset

	31/12/2020	31/12/2019
Computer software		
Net book value at the beginning of the year	2 197	662
Additions	142	3 019
Amortization during the year	(1 139)	(1 484)
Net book value at the end of the year	**1 200**	**2 197**
Cost	5 199	5 057
Accumulated amortization	(3 999)	(2 860)
Net book value at the end of the year	**1 200**	**2 197**

24- Other Assets

	31/12/2020	31/12/2019
Accrued revenue	6 717	15 949
Accrued dividends	677	2 438
Prepaid expenses	1 559	3 611
Prepaid amounts to employees under the account of dividends	8 808	8 313
Advance payments to purchase fixed assets	28 043	17 198
Assets reverted to the Bank in return for customers debts (after deducting the impairment)	2 074	2 149
Other	35 986	31 259
Total	**83 864**	**80 917**
Less: impairment loss provision	(11 903)	(13 751)
Net	**71 961**	**67 166**

25- Fixed assets

Description	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1/1/2020	36 228	24 268	2 401	117	2 281	65 295
Additions	-	1 705	155	-	217	2 077
Depreciation during the year	-	(2 090)	(360)	(78)	(805)	(3 333)
Net Book Value at 31/12/2020	**36 228**	**23 883**	**2 196**	**39**	**1 693**	**64 039**
Net Book Value at 31/12/2019	**36 228**	**24 268**	**2 401**	**117**	**2 281**	**65 295**

Description	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1/1/2019	29 535	15 739	1 888	201	3 046	50 409
Additions	6 693	10 398	1 100	1	275	18 467
Disposals	-	-	(263)	-	(171)	(434)
Depreciation during the year	-	(1 869)	(324)	(85)	(869)	(3 147)
Net Book Value at 31/12/2019	**36 228**	**24 268**	**2 401**	**117**	**2 281**	**65 295**

26- Due to Banks

	31/12/2020	31/12/2019
Current accounts	85 555	175 729
Deposits	430 270	511 704
Balance	**515 825**	**687 433**
Local banks	496 187	657 775
Foreign banks	19 638	29 658
Balance	**515 825**	**687 433**
Non - interest bearing balances	41 218	96 371
Interest-bearing balances	474 607	591 062
Balance	**515 825**	**687 433**
Current balance	514 405	687 433
Non – current balance	1 420	-
Balance	**515 825**	**687 433**

27- Customers deposits

	31/12/2020	31/12/2019
Demand deposits (current accounts)	240 142	245 845
Time and call deposits	2 644 569	2 656 674
Certificates of deposits	570 898	490 488
Saving deposits	516 719	348 305
Other deposits	58 276	45 333
Balance	**4 030 604**	**3 786 645**
Financial institutions deposits	2 324 780	2 061 806
Individual deposits	1 705 824	1 724 839
Balance	**4 030 604**	**3 786 645**
Non-interest-bearing balances	76 155	81 446
Fixed interest-bearing balances	3 896 269	3 611 092
Variable interest-bearing balances	58 180	94 107
Balance	**4 030 604**	**3 786 645**
Current balances	3 119 253	2 701 700
Non-current balances	911 351	1 084 945
Balance	**4 030 604**	**3 786 645**

28- Other liabilities

	31/12/2020	31/12/2019
Accrued interest	15 953	16 424
Unearned revenues	254	252
Pension fund	2 653	2 704
Employees' alternative benefit plan	13 474	11 157
Sundry credit balances	12 793	12 662
Balance	**45 127**	**43 199**

29- Other Provisions

			31 December 2020		
	Balance at the beginning of the year	Foreign exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	975	-	5	-	980
Contingent liabilities provision	2 896	13	703	-	3 612
Commitments and facilities provision	64	10	1 114	-	1 188
Total	**3 935**	**23**	**1 822**	**-**	**5 780**

		31 December 2019				
	Balance at the beginning of the year	Impact of change resulting from IFRS 9	Foreign exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	802	-	-	185	(12)	975
Contingent liabilities provision	3 108	71	38	(321)	-	2 896
Commitments and facilities provision	-	366	10	(312)	-	64
Total	**3 910**	**437**	**48**	**(448)**	**(12)**	**3 935**

30- Owners' Equity

A- Paid in Capital

The fully paid issued and paid in capital as at December 31, 2020 amounted to US$ 600 Million distributed over 30 000 common shares with the value of US$ 20 000 each.

The subscribed share capital is as follows:

	No. Of shares	%	Nominal value	Paid
Arab Republic of Egypt	11 628	38,76	232 560	232 560
Libya	11 628	38,76	232 560	232 560
Abu Dhabi Investment Authority	3 751	12,503	75 020	75 020
State of Qatar	1 495	4,984	29 900	29 900
Sultanate of Oman - Oman Investment Authority	747	2,49	14 940	14 940
International Capital Trading Co.	751	2,503	15 020	15 020
Total	**30 000**	**100**	**600 000**	**600 000**

B- Reserves

	31/12/2020	31/12/2019
Legal Reserve (Analytical Note No. B-1)	132 785	126 642
General Reserve	73 582	73 582
Fair value reserve of financial investments (Note No. B-2)	12 710	16 497
Total of reserves at the end of the year	**219 077**	**216 721**

B/1 Legal Reserve

	31/12/2020	31/12/2019
Balance at the beginning of the year	126 642	122 680
Transferred from net profit of the year	6 143	3 962
Balance at the end of the year	**132 785**	**126 642**

In compliance with the articles of associations of the Bank, the amount of 10 % of the net profit of the year is to be retained to support the legal reserve until its balance reaches the equivalent of 100 % of the paid in capital. Whenever the reserve is less than 100 %, the retention of the amount of 10 % of the net profit of the year used to support the legal reserve must be reinstated. The Ordinary General Assembly Meeting of the Bank held on 29/6/2020, approved the appropriation of 10 % for the legal reserve with an amount of US$ 6 143 thousand.

B/2 Fair value reserve of investments

	31/12/2020	31/12/2019
Balance at the beginning of the year	16 497	716
Impact of changes resulted from the initial implementation of IFRS 9	-	4 686
Net change in fair value of financial investments	(3 787)	11 095
Balance at the end of the year	12 710	16 497

C- Retained earnings

	31/12/2020	31/12/2019
Balance at the beginning of the year	21 737	53 229
Net profit of the year	18 634	61 429
Employees› share in profit	(10 388)	(10 066)
Board of Directors remunerations	(345)	(345)
Transferred to legal reserve	(6 143)	(3 962)
Adjustments of mutual funds.	607	-
Impact of implementing (IFRS9)	-	(78 548)
Balance at the end of the year	**24 102**	**21 737**

31- Cash and cash equivalent

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

	31/12/2020	31/12/2019
- Cash at hand	25 837	23 991
- Balances with Banks	1 080 619	1 197 964
Balance at the end of the year	**1 106 456**	**1 221 955**

32- Commitments and contingent liabilities

A- Legal claims

There are lawsuits filed against the Bank as at 31 December 2020 and there is a loss thereof is expected to be realized with the amount of US$ 980 thousand, hence, a provision was formed for these lawsuits amounting to US$ 980 thousand.

B- Commitments for loans, guarantees and facilities

	31/12/2020	31/12/2019
Letters of guarantee	46 820	50 571
Letters of Credit - import	3 398	1 243
Letters of Credit - export	13	2 182
Commitments for corporate loans	3 850	5 155
Money market papers for facilities to suppliers	12 602	849
Total	**66 683**	**60 000**

33- Transactions with related parties

Transactions with related parties have been conducted at arm's length in accordance with the norms and the normal course of banking rules in practice. Related parties' transactions and balances on the balance sheet date are as follows:

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A- Loans & facilities to related parties

	Subsidiaries & Associates	
	31/12/2020	**31/12/2019**
Loans and facilities to customers & banks		
Outstanding loans at the beginning of the year	64 991	104 991
Loans issued during the financial year	-	-
Loans paid during the financial year	(10 000)	(40 000)
Outstanding loans at the end of the year	**54 991**	**64 991**

B- Deposits from related parties

	Subsidiaries & Associates	
	31/12/2020	**31/12/2019**
Deposits at the beginning of the year	134 681	131 642
Deposits issued during the financial year	2 413	3 039
Deposits refunded during the financial year	(12 384)	-
Deposits at the end of the year	**124 710**	**134 681**

C- Other

	31/12/2020	31/12/2019
Balances due from Banks	776	23 496
Balances due to Banks	55 484	238 276

34- Employees' Pension fund

The Bank has a funded defined benefit contributory pension plan covering all full-time employees until 17 April 2008. The benefits provided by the plan are determined by the Board of Directors. The value of the vested benefit liability according to the plan and the adequacy of the reserve fund are annually determined by an Actuary.

On 8 December 2013, the Board of Directors of the Bank, approved the Voluntarily Early Retirement Plan based on the new conditions and benefits instead of the adopted regulations of the end of service compensation, social insurance and pension plan program through the complete withdrawal from the Bank and the Employees' Pension Fund (without pension) provided that the proposed benefits shall be granted pursuant to the insurance wage as at 31 December 2013.

Accordingly, the Bank shall finance the Employees' Pension Fund by a subordinated loan within the limit of US$ 55 million that represents the difference between the total employees' benefits amounts after being granted the additional benefits of the Voluntarily Early Retirement Plan according to the regulations thereof, and the actuarial pension reserve allocated for such age categories. The settlement of the subordinated loan occupies the second priority after the fulfillment of the Fund's obligations that are established upon the actuarial calculations while taking into consideration that the balance of the subordinated loan is included in the assets of the Fund that are allocated for the fulfillment of its obligations. The subordinated loan balance shall be reduced on monthly basis with an amount equivalent to the surplus resulting from the Voluntarily Early Retirement Plan.

The share of the year of the surplus resulting from the implementation of the Voluntarily Early Retirement Plan for the year 2017 was calculated and amounted to US$ 4 991 thousand, hence, the subordinated loan granted to the Employees' Fund was reduced by the same amount of the surplus share for the year 2017. Based on the Actuary's Report issued in 2017, the Bank postponed the payment of the last portion of the subordinated loan paid in 2017 (reverse of amounts previously paid during the year 2017) and reimbursed the amount to the pension reserve fund as of December 31, 2017 provided that the said portion of the subordinated loan shall be settled during the coming years when the pension reserve fund is capable of fulfilling the said obligation according to the directives of the Actuary Expert referred to above.

The employees' pension reserve fund on December 31, 2020 amounted to US$ 101 020 thousand corresponding to US$ 102 123 thousand as at December 31, 2019. The Actuary's Report stated that there is a surplus in the pension reserve fund amounted to US$ 167 thousand on December 31, 2020, after the completion of the realized actual investment return difference that amounted to US$ 2 653 thousand in order to reach the minimum limit that should be achieved at a rate of 7% of the total reserve fund along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand and in case the Bank approves to add the annual increment of 2020, it shall cost an amount of US$ 1 937 thousand when the resolution thereof is issued and the Bank shall bear the amount of US$ 1 771 thousand of this cost after using the aforementioned actuarial surplus that amounted to US$ 167 thousand.

Based on the Actuary' opinion, that Employees' Pension Fund has been supported by US$ 2 653 thousand that represents the investment return difference (7%) that is guaranteed by the Bank and the realized investment return (2020) referred to in the Actuary's Report, shall be deducted from the income statement of this year, along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand and adding its value to the Employees' Pension reserve fund, provided that the said portion will be settled during the following years when the pension reserve fund is quite adequate to cover such settlement according to the directives of the Actuary Expert referred to above.

35- Comparative figures

The comparative figures are reclassified whenever necessary to comply with changes in the presentation of the separate financial statements for the current year.

36- Significant events subsequent to the end of the financial year and do not require adjustments in the financial statements

- The recent outbreak of Novel Coronavirus Disease (COVID-19) is still having a heavy impact on economy and the global markets and the implications of its negative impact on various aspects that includes among several ones, the manpower, operating processes and the available liquidity in the Bank. Accordingly, the management of the Bank formed a team to develop and execute emergency plans to encounter such extraordinary circumstances. Currently, we are closely following up and exercising ongoing assessment of all the developments related to the outbreak of (COVID-19), as we shall take all the necessary actions to maintain our operating processes and more importantly, to protect our employees, customers of the Bank and all the stakeholders related with the Bank.

  In the light of our present knowledge and available information, we expect that Novel Coronavirus Disease (COVID-19) shall have no impact on the capability of the Bank to continue in business as a going concern in the foreseeable future.

- On September 15, 2020, the Central Bank and the Banking System Law No. 194 of 2020 was issued and canceled the Central Bank, the Banking System and Monetary Law promulgated by Law No. 88 of 2003. The law applies to bodies, the most important of which are the Central Bank of Egypt and the Egyptian Banking System. Those who are addressed by the provisions of the law are obliged to comply with its provisions, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period or periods not exceeding two years, provided that the Central Bank issues regulations and decisions to the effect of implementing the provisions of the law.

  The said law, also stipulated that the financial statements of the Bank should be prepared every three months in accordance with the Egyptian Accounting Standards, and a summary of the Auditor's Report on these financial statements must be attached thereto in accordance with the Egyptian Auditing Standards and the Report of the Board of Directors of the Bank.

fourth
Financial Statements

B: Consolidated Financial Statements

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Auditors' Report

To The Shareholders of Arab International Bank

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Financial statements of Arab International Bank and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the related consolidated statements of income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management' Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the rules, pertaining to the preparation and presentation of the bank's financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws. Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management's responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants
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BDO Khaled & Co.
BDO
Public Accountants & Advisors

Hatem Montasser	Ahmed Maher Tahoun
Financial Regulatory Authority No. 225	Central Bank of Egypt Register No. 518
Central Bank of Egypt Register No. 521	Accountants and Auditors Register No. 16937
KPMG Hazem Hassan	
KPMG Hazem Hassan	BDO Khaled & Co.
Public Accountants & Consultants	Public Accountants & Advisers

Cairo, 9 May 2021

Consolidated Balance Sheet As at December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
			adjusted
Assets			
Cash and due from Central Bank	(15)	635 141	755 840
Due from banks	(16)	1 476 145	1 832 092
Treasury bills & other government notes	(17)	3 347 136	2 841 175
Loans and facilities to banks	(18)	10 331	24 109
Loans and facilities to customers	(19)	2 219 631	2 017 057
Financial investments			
- At fair value through other comprehensive income	(20)	544 414	536 334
- Amortized cost	(20)	846 785	1 106 565
Investments in associates	(21)	211 319	187 259
Intangible assets	(22)	2 894	4 419
Other assets	(23)	146 046	141 475
Fixed assets	(24)	93 844	99 067
Total assets		**9 533 686**	**9 545 392**
Liabilities & Equity			
Liabilities			
Due to Banks	(25)	504 732	704 640
Customers' deposits	(26)	7 821 723	7 675 699
Other loans	(27)	51 590	62 162
Other liabilities	(28)	101 869	103 782
Other provisions	(29)	9 549	9 432
Deferred tax liability		-	364
Total liabilities		**8 489 463**	**8 556 079**
Equity			
Paid-up capital	(30 - A)	600 000	600 000
Reserves	(30 - B)	256 976	246 391
Foreign exchange translation differences		(116 103)	(123 078)
Difference between current value and nominal value of the subordinated deposit		854	854
Retained earnings	(30 - C)	118 762	95 029
Total AIB shareholder's equity		860 489	819 196
Minority interest / Non-controlling interest		183 734	170 117
Total equity		**1 044 223**	**989 313**
Total liabilities and equity		**9 533 686**	**9 545 392**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

- Audit report attached

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman & Managing Director

Hisham Ramez
Chairman & Managing Director

Consolidated Income Statement

For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
			adjusted
Interest from loans and similar income	(6)	766 066	870 086
Interest on deposits and similar expenses	(6)	(573 167)	(695 446)
Net Interest Income		**192 899**	**174 640**
Fees and commissions income	(7)	27 771	37 231
Fees and commissions expenses	(7)	(4 204)	(2 229)
Net Income from Fees and commissions		**23 567**	**35 002**
Net income from interest, fees and comissions		**216 466**	**209 642**
Dividends income	(8)	954	1 340
Net trading income	(9)	8 042	6 144
(Losses) from financial investments	(20)	4 371	1 696
Impairment charge for credit losses	(13)	(8 869)	(4 835)
Administrative expenses	(10)	(152 890)	(136 403)
Other operating (expenses) revenues	(11)	(1 301)	(1 680)
Gains from investments in associates		18 922	17 479
Profits before tax		**85 695**	**93 383**
Income tax	(12)	(32 926)	(37 923)
Profit For The Year		**52 769**	**55 460**
Minority interest / Non-controlling interest - Profits (losses)		10 084	5 219
AIB shareholders› share		42 685	50 241
Profit For The Year		**52 769**	**55 460**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman & Managing Director

Hisham Ramez
Chairman & Managing Director

Consolidated statement of Comprehensive income For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	31-12-2020	31-12-2019
		adjusted
Net profit for the year	**52 769**	**55 460**
Net change in fair value of investments at fair value through other comprehensive income	1 631	25 766
Expected credit loss for debt instruments at fair value through other comprehensive income	291	(50)
Total other comprehensive income items for the year	**1 922**	**25 716**
Total comprehensive income for the year	**54 691**	**81 176**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Consolidated Statement Of Cash Flows

For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Note No.	31-12-2020	31-12-2019
			adjusted
Cash flows from operating activities			
Net Profit for the year before taxes		85 695	93 383
Adjustments to reconcile net profit to net cash provided from operating activities			
Depreciation of fixed assets & amortization of software	(10)	12 257	12 892
Impairment charges for expected credit losses	(13)	8 869	4 835
Other provisions charge / reverse	(11)	(423)	(5 781)
Amortization of premium and issue discount of bonds	(20)	1 712	(2 615)
Proceeds/ payments from debts previously written off	(19)	(58)	4
Profits from fixed assets sale	(11)	(191)	(4 018)
Impairment of financial investments through other comprehensive income	(20)	(956)	932
Amounts used from other provisions	(29)	(1 373)	(2 236)
Translation differences (non-monetary transactions)		(21 413)	(142 529)
Profits / losses of financial investments through other comprehensive income		(3 415)	9 372
Foreign exchange translation differences (Other provisions)		23	(48)
Impairment charge/ reverse (assets reverted to the bank)		75	(815)
Revaluation differences of foreign currency translation at amortized cost		(1 209)	(16 594)
Impairment reverse in associates		-	(12 000)
Profits / losses of investments in associates		(18 922)	(17 479)
Dividends appropriations	(8)	(954)	(1 340)
Operating profits before changes in assets & liabilities (used in) provided from operating activities		**59 717**	**(84 037)**
Net change in assets & liabilities			
Due from Banks		253 951	(311 687)
Treasury bills		(503 394)	(561 459)
Loans and facilities to Banks and customers		(186 325)	288 171
Other assets		(679)	2 851
Due to Banks		(209 908)	167 254
Customers' deposits		146 020	505 209
Other liabilities		316	3 313
Income tax paid		(33 725)	(41 065)
Net cash flows (used in) provided from operating activities (1)		**(474 027)**	**(31 450)**
Cash flows from Investing Activities			
Payments for fixed & intangible assets purchasing and branches preparation		(7 717)	(26 968)
Proceeds / Payments from financial investments at amortized cost		25 307	(19 558)
Proceeds / Payments from financial investments through other comprehensive income		2 761	-
Proceeds from fixed assets sale	(11)	191	4 019
Purchase of financial investments other than financial assets at fair value through profit or loss		(69 392)	(13 237)
Proceeds from financial investments sale other than financial assets at fair value through profit or loss		323 954	401 084
Collected dividends		3 041	2 564
Net cash flows provided from investing activities (2)		**278 145**	**347 904**
Cash flows from Financing Activities			
Collected from other loans		1 243	6 602
Payments received from other loans		(22 446)	(85 760)
Dividends paid		(14 622)	(10 410)
Net cash flows (used in) provided from financing activities (3)		**(35 825)**	**(89 568)**
Net Increase (decrease) in cash & cash equivalents during the year (1)+(2)+(3)		**(231 707)**	**226 886**
Cash & cash equivalents at the beginning of the year		1 725 619	1 498 733
Cash & cash equivalents at the end of the year		**1 493 912**	**1 725 619**
Cash & cash equivalents are represented in:			
Cash and due from the Central Bank	(15)	635 141	755 840
Due from Banks		1 526 243	1 892 220
Treasury bills	(17)	3 347 135	2 842 172
Due from the Central Bank (within the required reserve ratio)		(594 717)	(712 757)
Due from Banks with maturities more than three months		(73 773)	(209 684)
Treasury bills with maturity more than three months		(3 346 117)	(2 842 172)
Cash & cash equivalents at the end of the year	**(31)**	**1 493 912**	**1 725 619**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Consolidated Statement Of Changes In Shareholder's Equity For The Financial Year Ended December 31, 2020

(All amounts are presented in thousand USD)

	Paid in Capital	Legal reserve	General risk reserve	Capital reserve	Special reserve	fair value reserve investments at fair value through OCI	General banking risk reserve	(IFRS 9) risk reserve	Foreign exchange translation differences	Reserve of the difference between current value and nominal value of subordinated deposit	Retained earnings	Minority interest	Total
Balance as of 1 January, 2019	**600 000**	**127 008**	**87 578**	**577**	**1 683**	**(10 913)**	**4 798**	**37 193**	**(129 369)**	**-**	**140 501**	**162 253**	**1 021 309**
Adjustments - Fixed assets	-	-	-	-	-	-	-	-	-	-	(716)	(704)	(1 420)
Adjustments - Other provisions	-	-	-	-	-	-	-	-	-	-	(5 651)	(5 554)	(11 205)
Adjustments of payments in advance under the account of fixed assets purchase and intangible assets	-	-	-	-	-	-	-	-	-	-	516	508	1 024
Adjustments – equity instruments at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	1 384	-	-	-	-	6 586	7 833	15 803
Transferred to general banking risk reserve	-	-	-	-	(1 614)	-	39 285	(37 193)	-	-	(478)	-	-
Impact of the initial implementation of IFRS9	-	-	-	-	-	10 847	(43 987)	-	-	-	(81 060)	(14 795)	(128 995)
Adjusted balance as at 1 January 2019	**600 000**	**127 008**	**87 578**	**577**	**69**	**1 318**	**96**	**-**	**(129 369)**	**-**	**59 698**	**149 541**	**896 516**
Tramsferred to capital reserve	-	-	-	67	-	-	-	-	-	-	(67)	-	-
Transferred to legal reserve	-	3 962	-	-	-	-	-	-	-	-	(3 962)	-	-
Net change in fair value of financial investments at fair value through other comprehensive income	-	-	-	-	-	25 716	-	-	-	-	-	15 354	41 070
Foreign exchange translation differences	-	-	-	-	-	-	-	-	6 291	-	-	-	6 291
Adjustment of lease value for finance lease cancelled contracts	-	-	-	-	-	-	-	-	-	-	210	-	210
Adjustments of Takaful contribution differences	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Adjustments of previous years' tax	-	-	-	-	-	-	-	-	-	-	38	-	38
Difference between Current value and nominal value of subordinated deposit	-	-	-	-	-	-	-	-	-	854	-	-	854
Adjustments of profits for the year 2018	-	-	-	-	-	-	-	-	-	-	(718)	3	(715)
Dividends distributions for the year 2018	-	-	-	-	-	-	-	-	-	-	(10 410)	-	(10 410)
Net profit of the year	-	-	-	-	-	-	-	-	-	-	50 241	5 219	55 460
Balance as at 31,December 2019	**600 000**	**130 970**	**87 578**	**644**	**69**	**27 034**	**96**	**-**	**(123 078)**	**854**	**95 029**	**170 117**	**989 313**
Balance as of 1 January, 2020	**600 000**	**130 970**	**87 578**	**644**	**69**	**27 034**	**96**	**-**	**(123 078)**	**854**	**95 029**	**170 117**	**989 313**
Transferred to capital reserve	-	-	-	2 027	-	-	-	-	-	-	(2 027)	-	-
Transferred to legal reserve	-	6 565	-	-	-	-	-	-	-	-	(6 565)	-	-
Net change in fair value of investments at fair value through other comprehensive income	-	-	-	-	-	1 922	-	-	-	-	-	5 448	7 370
Gains from selling equity instruments at fair value through other comprehensive income (FVOCI).	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to general banking risk reserve	-	-	-	-	-	-	71	-	-	-	(71)	-	-
Adjustments of profits for the year 2019 – difference between estimated and actual profits	-	-	-	-	-	-	-	-	-	-	1 786	-	1 786
Adjustments of mutual funds	-	-	-	-	-	-	-	-	-	-	607	-	607
Items transferred to retained earnings - gains from selling equity instruments at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	-	-	-	-	-	13	13	26
Foreign exchange translation differences	-	-	-	-	-	-	-	-	6 975	-	-	-	6 975
Dividends distributions for the year 2019	-	-	-	-	-	-	-	-	-	-	(12 695)	(1 928)	(14 623)
Net profit of the year	-	-	-	-	-	-	-	-	-	-	42 685	10 084	52 769
Balance at 31 December 2020	**600 000**	**137 535**	**87 578**	**2 671**	**69**	**28 956**	**167**	**-**	**(116 103)**	**854**	**118 762**	**183 734**	**1 044 223**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Arab International Bank
Annual Report 2020

Notes to The Consolidated Financial Statements

For The Financial Year Ended December 31, 2020

(All amounts in notes are presented in thousand US$ unless otherwise is stated).

1- Background

Arab International Bank was established in 1974 by virtue of an International Treaty.

The registered head office of the Bank is located at 35 Abdel Khalek Tharwat Street, Cairo, Egypt and the Bank carries out its business activities through its network of branches in the Arab Republic of Egypt that is composed of 20 branches. By virtue of the Treaty, the Bank enjoys certain privileges and immunities in the territories of the Member States (shareholders). The following are examples of the most prominent privileges and immunities based on the Establishment Treaty and the resolution taken by the Bank General Assembly meeting that was held on 22 March 2012 and became effective as of 14 April 2015:

- Exemption from laws regulating public institutions, public interest entities, public sector companies or joint stock companies in the Members States in which the Arab International Bank or its branches carry out business activities.
- Immunity from all forms of nationalization, seizure or sequestration of the shares of shareholders or their deposits with the Bank.
- The Bank's documents, records and files are inviolable and immune from judicial, administrative or accounting control and inspection rules and laws.
- Confidentiality of customers' accounts with the Bank are not subject to judicial or administrative attachment orders prior to final judgment issuance.
- Exemption from charges, stamps or taxes of any kind on its funds, profits, dividends and all its various activities and transactions.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax, stamp or duty, which may be imposed on its customers.
- In this respect the Bank practices its activities in a manner that is not in conflict with the aforementioned and the rest of the articles included in Establishment Treaty and in this context:
  - The Bank is subjected to the oversight of the Central Bank of Egypt according to the provisions of the applicable law of the Central Bank of Egypt and the law of Banking and Monetary System of the hosting state, in addition, the Bank branches in the other Member States are subjected to the oversight of their own Central Banks in accordance with the provisions of laws governing their Banks and credit facilities.
  - All the transactions of the Bank are carried out in all currencies determined by the Board of Directors.

The necessary actions have been taken to activate these amendments starting from April 1, 2015.

The financial statements for the financial year ended December 31, 2020 were approved by the Board of Directors as at May 6, 2021.

2- Summary of Significant Accounting Policies Applied

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

A- Basis of Consolidated financial statements preparation

These consolidated financial statements are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008, in addition to the instructions of preparation and presentation of the financial statements of banks in accordance with the requirements of IFRS 9 "financial instruments" issued by the Central Bank of Egypt on 26 February 2019. These consolidated financial statements are prepared in compliance with the provisions of the relevant local laws.

B- Basis of consolidation

B/1 Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) which the bank exercises direct or indirect control over its financial and operating policies and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

Upon consolidation, transaction, balances and unrealized profits resulting from Intra-group transactions shall be excluded and the unrealized losses shall be excluded unless there is an evidence of impairment in the value of the transferred asset. The accounting policies of subsidiaries are changed whenever necessary to ensure the implementation of unified accounting policies within the companies of the group.

Accounting for acquisition of subsidiary companies by the Bank is carried out according to the purchase method. The recognition of acquisition cost incurred the Bank is measured at fair value or the value of assets given by the Bank in return for the purchase of companies and / or issued equity instruments and / or any other liabilities incurred by the Bank and / or any liabilities accepted by the Bank on behalf of the acquired company on the date of the asset exchange in addition to any costs directly attributed to the acquisition process. The net assets including the acquired determinable contingent liabilities are measured at fair value on the date of acquisition regardless of the existence of any minority interest / noncontrolling interest. If the increase in acquisition cost is above the fair value of the Bank's share in net assets, it shall be considered as goodwill.

And if the acquisition cost is less than the fair value of aforementioned net assets, the difference is directly recorded in the income statement under the item of other operating revenues (expenses).

Due to the fact that the Bank is exercising control over its subsidiaries, the full consolidation method is the adopted basis of preparing the consolidated financial statements of the purposes related to the Bank. The group financial statements are represented in the financial statements as follows:

The Bank owns 89.043% of the share capital of Compagnie Arab De Financement International « CAFI » and the Bank's direct participation in Societe Arabe International de Banque (SAIB) is 46.075% and the indirect participation through Compagnie Arab De Financement International « CAFI » is 4.36% of the share capital of (SAIB). Accordingly, the Bank's total direct and indirect participation amounted to 50.435%.

The Board of Directors of the Central Bank of Egypt approved in its session held on May 19, 2020, to increase the percentage of participation of the Arab International Bank in Societe Arabe International de Banque (SAIB) to become 50.438% instead of 46.075% by transferring its indirect participation in Societe Arabe International de Banque (SAIB) that is represented in its participation in the share capital of Compagnie Arab De Financement International « CAFI » of approximately 89 %, that leads to participating in around 4.9% in Societe Arabe International de Banque (SAIB) and as a result, the Bank's participation in Societe Arabe International de Banque (SAIB) turned out to be a direct participation therein.

Thus, the control is achieved through the Bank's ability to control the financial and operating policies of the investee companies in order to obtain benefits from their activities.

The bases of consolidation include the following:

- Excluding all the balances and transaction exchanged between the Bank and the company in addition to the unrealized profits resulting therefrom.
- The rights of the noncontrolling interest is represented in the other shareholders' equity who have no control in subsidiaries.

Transactions with Minority Interest / Noncontrolling Interest:

- The Group considers the transactions with minority interest / noncontrolling interest as transactions with third parties outside the Group. The profits or losses resulting from sale to minority interest/ noncontrolling interest are recognized in the income statement. The purchase transactions of minority interest / noncontrolling interest result in a goodwill that represents the difference between the amount paid in return for the acquired shares and the book value of the subsidiary's net assets.

- If the share of the minority interest / noncontrolling interest in carried forward losses of a subsidiary is more than its equity in that subsidiary, such increase of share in carried forward losses shall be charged to the equity of the parent company except for the losses where the minority interest / noncontrolling interest has an obligation to incur on the condition of establishing additional investments to cover the losses. In case the subsidiary realizes profits in the future, such profits shall be added to the equity of the parent company to the extent of covering the losses previously incurred by majority interest on behalf of minority interest / noncontrolling interest.

B/2 Investments in associates

Associates are companies in which the Bank has, directly or indirectly, significant influence, but it does not reach the extent of control, and usually the Bank owns from 20% to 50% of the voting rights. Accounting for the associates is recorded first in the consolidated financial statements according to the cost method and then according to the equity method when subsequent to the date of initial recognition. Accordingly, investments of the Bank in associates are recorded at acquisition cost including any goodwill less any impairment loss in value that was determined at acquisition.

The share of the Bank in associates' profits and losses resulting after acquisition is recorded in the income statement. The share of the Bank in the movement occurring in associates' equity prior to acquisition is recognized in equity. The book value of the associate is adjusted in accordance with the accumulated movement subsequent to acquisition. If the Bank's share in associate's losses is equivalent to or more than its participation in the associate, including any unsecured debit balances, the Bank shall not record any other losses unless the Bank has a commitment to do so or incurred payments on behalf of the associate.

The unrealized profits from transactions with associates are excluded within the limits of the Bank's share in associates. The unrealized losses are excluded provided that the transaction provides an evidence of impairment in value of the exchanged asset. The accounting policies of subsidiaries are changed whenever necessary to ensure that the Bank is implementing a unified accounting policies.

The profits and losses resulting from a change in the ownership structure of associates are recognized in the income statement.

C- Segment reporting

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

D- Functional currency, presentation, transactions and balances inforeign currencies

The financial statements of the Bank are presented in US Dollar pursuant to the stipulations of the law of establishing the Bank and its articles of association, while transactions are recorded in the books during the year according to the currency in which the transactions were carried out. For the purposes of presenting the financial statements of the Bank in US Dollar, all assets and liabilities of monetary nature and recorded at the end of the reporting period in various currencies (other than the Egyptian Pound) are translated into US Dollar based on the prevailing exchange rates on that date- as for the balances in the Egyptian Pound, they are translated into US Dollar based on the official exchange rates declared by the Central Bank of Egypt. Foreign exchange gains and losses resulting from settlement and translation of such transactions and their differences are recognized in the income statement and reported under the following items:

* Net trading income from assets and liabilities classified as held for trading.
* Other operating revenues (expenses) from the remaining items.
* Items of other comprehensive income in equity for investments in equity instruments at fair value through other comprehensive income.

Changes in the fair value of financial instruments of monetary nature that are denominated in foreign currencies and classified as debt instruments at fair value through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement under the item of "Interest on loans and similar income" whereas Differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in other comprehensive income items of equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

Valuation differences arising from the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total valuation differences of fair value changes arising from the measurement of equity instruments classified as fair value through profit or loss are recognized in the income statement, while total valuation differences of fair value changes arising from the measurement of equity instruments at fair value through other comprehensive income (FVOCI) are recognized among the items of other comprehensive income in equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

E- Treasury bills

Treasury bills are recorded upon purchase at nominal value. The issuance discount that represents nonaccrual income of the treasury bills is recorded under other liabilities. The treasury bills are presented in the balance sheet less nonaccrual income that is measured at amortized cost using the effective interest rate. The treasury bills held to collect the contractual cash flows and sale are measured at fair value through other comprehensive income.

F- Financial assets

The Bank classifies its financial assets within the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss. In general, the classification is based on the business model according to which the financial assets and their contractual cash flows are managed.

F/5/1 Financial assets at amortized cost:

The financial asset is retained in the business model of financial assets held for collecting contractual cash flows.

The purpose of the business model is holding the financial asset to collect contractual cash flows represented in the principal amount of investment and returns.

Sale is an exceptional contingent event with respect to the purpose of this business model according to the conditions stipulated in the Standard and represented in:

- Existence of deterioration in the creditworthiness of the issuer of the financial instrument.
- Lowest sales in terms of turnover and value.
- The Bank makes clear and reliable documentation of the justifications for each sale transaction and the extent of its compliance with the requirements of the Standard.

F/5/2 Financial assets at fair value through other comprehensive income (FVOCI):

Business model of financial assets held to collect contractual cash flows and sales.

Both the collection of contractual cash flows and sales are complementary to the objective of the business model.

High sales in terms of turnover and value when compared to the business model retained for the collection of contractual cash flows.

F/5/3 Financial assets at fair value through profit or loss:

The financial asset is retained among other business models that include trading, management of financial assets at fair value, maximizing cash flows by selling.

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

Collecting contractual cash flows is a contingent event for the business model objective.

The characteristics of the business model are represented in the following:

- Structuring a group of activities designed to extract defined outputs.
- A business model that represents a complete framework of defined activity (inputs – activities – outputs).
- The single business model may include sub-business models.

G- Off setting financial instruments:

Financial assets and liabilities can be offset when, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle on a net basis, or to receive the asset and settle the liability simultaneously.

Treasury bills, repos and reverse repos agreements are netted, and presented on the balance sheet under the item of treasury bills and other government notes.

H- Interest income and expense

Interest income and expense related to the financial instruments are recognized under the item of "loans interest income and similar income" or "deposits interest expense and similar charges" using the effective interest method for all the financial instruments charged with interest, except for the instruments classified as held for trading assets or financial assets originally classified at fair value through profits and losses where their interests are recorded in changes in their fair value.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the related instrument. The effective interest rate is the rate that discounts estimated future cash flows payments or receipts over the expected life of the financial instrument or, a shorter period when appropriate to reach the precise net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties of the contract that is considered part of the effective interest rate and the transaction costs shall include any other premiums or discounts.

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

- When collected and after recovery of all arrears for consumer loans, mortgage loans for personal housing, and small loans for economic activities.
- As for the loans granted to institutions, the cash basis of accounting is to be applied also where the interest income that is subsequently calculated according to the terms of the loan scheduling contract, they are recognized when 25% of the loan installments are paid with a regular performing period of at least one year and in case the customer keeps paying the installments on regular performing basis, the calculated interest income of the outstanding loans balance shall be recorded in revenues (interest income from regular scheduling balance) without the suspense interest before scheduling that is not recorded in revenues unless the entire loan balance is paid in full in the balance sheet prior to scheduling.

I -Fees and commissions income:

Fees and commissions related to loan or facility are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts (Stage 3) – are measured at amortized cost and they are suspended and carried off balance sheet in statistical records and recognized under income according to the cash basis, when interest income is recognized in accordance with note (G) above. As for fees and commissions, which represent a complementary part of the financial asset effective rate are recognized as adjustment to the effective interest rate.

Commitment fees of loans are deferred as revenue when there is probability that these loans will be used by the customer, as commitment fees obtained by the Bank, represent compensation for the continuing interference to acquire the financial instrument. Subsequently, they are recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan by the Bank, the commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured at fair value are recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan are recognized as income when the marketing is completed, and the loan is fully used, or the Bank did not keep any share of the syndicated loan or kept a share of effective interest rate that is available for the other participants.

Fees and commissions arising from negotiation or participating in a negotiation to the favor of a third party as in share acquisition arrangements, purchase of securities or purchase or sale of entities are recognized as income when the transaction is completed. Fees and commissions related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis over the financial period. The fees of financial planning and safe custody services provided over a long period of time are recognized over the year in which the service is provided.

J- Dividend income

Dividends are recognized in the income statement when the right to receive those dividends is established.

K-Impairment of financial assets

The Group reviews all its financial assets except for the financial assets measured at fair value through profit or loss to estimate the extent of impairment existence in value as indicated below.

The financial assets are classified on the date of the financial statements within three stages as follows:

- The first stage: includes the financial assets where there has been no significant increase in credit risk loss since initial recognition date where the expected credit risk is calculated for 12 months.
- The second stage: includes the financial assets where there has been significant increase in credit risk loss since initial recognition or the date of recognizing their functions where the expected credit risk is calculated over the lifetime of the asset.

The third stage: the financial assets where there has been impairment in their value that requires calculating their expected credit risk over the lifetime of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The credit loss and the impairment loss in value related to the financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and the credit risk shall be continuously monitored by the credit risk department of the Bank.
- If there is a significant increase in credit risk since initial recognition, the financial instrument is to be transferred to the second stage as it shall not be considered as impaired financial instrument yet, in this stage.
- In case of indicators of impairment in the value of the financial instrument, it shall be transferred to the third stage.
- The financial assets established or acquired by the Bank and include a higher rate of credit risk than the rates of the Bank for low risk financial assets at initial recognition, shall be directly classified in the second stage. Accordingly, their credit loss shall be measured based on the expected credit risk over the lifetime of the asset.

Significant increase in credit risk (SICR):

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative factors related to default have been met.

Quantitative criteria:

Quantitative criteria are applied when the probability of default (PD) increases over the remaining lifetime of the instrument starting from the date of the balance sheet, compared to the residual Lifetime PD expected at initial recognition according to the structure of credit risk levels accepted by the Bank.

Qualitative criteria:

For banking retail loans, small and micro finance enterprise

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

- The borrower requests to change short-term payment to long-term payment as a result of negative effects related to the cash flows of the borrower.
- Extending the grace period of payment upon a request provided by the borrower.
- Previous reiterated arrears within the last [12] months.
- Adverse future economic changes which affects the borrower's future cash flows.

Loans granted to institutions and medium enterprises

If the borrower is on the watchlist and/or the instrument meets one or more of the following events:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loans
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower

Payment default

Loans and facilities granted to institutions, medium, small and micro finance enterprises and retail banking are included in the second stage if the default period exceeds (60) days at most and less than (90) days, while taking into consideration that this period (60 days) shall be reduced at a rate of (10) days per annum to become (30) days during (3) years from the date of implementation (2019). Subsequently, it will be included in the second stage if the default period is (50) days at most and less than (90) days during the year 2020.

Upgrade and transfer from the second stage to the first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all elements of quantitative and qualitative criteria of the first stage have been met and the entire arrears of the financial asset and interests are paid in addition to the lapse of three months of regular payment and satisfying the conditions of the first stage.

Upgrade and transfer from the third stage to the second stage:

The financial asset shall not be transferred from the third stage to the second stage unless all following conditions are met:

- All quantitative and qualitative elements of the second stage are met.
- Paying 25% of the financial asset due balances including due suspense interests.
- Regular payment for a period of at least 12 months.

L- Investment Property

Investment property is represented in lands and buildings owned by the Bank for obtaining rental income or capital increase and subsequently it does not include the real estate assets in which the Group practices its business activity or the assets ownership reverted to the bank in settlement of debts. The initial recognition of the investment property is carried out at cost and includes the transaction cost. The accounting of the investment property is implemented in the same manner applied to the accounting of the fixed assets.

M- Intangible assets (Computers software)

The expenses related to the development or maintenance of computers are recognized as an expense charged to income statement when incurred and it is recognized as an intangible asset with respect to the expenses directly related to specific software under the control of the Group when it is expected to generate economic benefits thereof that exceeds its cost for more than one year.

The direct expenses include the cost of employees working in the software development team in addition to a reasonable share of the general expenses relevant thereto.

The expenses that lead to the increase or expansion in the performance of computers software when compared with the original specifications thereof is recognized as development cost and it is added to the original software cost.

The computers software cost recognized as an asset is amortized over the years expected to benefit from them provided that they shall not exceed three years.

N- Fixed assets

They represent land and buildings related to head office, branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes all costs directly related to the acquisition of fixed assets items.

Subsequent costs are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred.

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

Buildings	from 20 to 50 years
Furniture	from 5 to 10 years
Computers	5 years
Fixtures and fittings	from 5 to 10 years
Tools & equipment	from 5 to 10 years
Means of transport	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to depreciation are reviewed to determine the impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. Gains and losses on disposals are determined by comparing net proceeds with asset carrying amount. These gains and losses are included in other operating income (expenses) in the income statement.

O- Other assets

This item includes the other assets that are not classified as defined assets in the balance sheet where accrued revenues, prepaid expenses, advance payments under the account of fixed assets purchase, deferred balance of the first day losses that is not amortized yet, current assets and noncurrent assets that their ownership reverted to the bank in settlement of debts (after deduction of impairment loss provision), deposits and imprests, gold bullions, commemorative coins, debit suspense accounts and balances that are not classified under any defined asset, are examples of which.

Most of the elements of other assets are measured at cost. If there is an objective evidence for impairment loss in the value of the said assets, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, which ever higher.

The book value of the asset is directly reduced, and the loss is recognized in the income statement under the item of "Other operating revenues (expenses)". If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.

With reference to the asset's ownership reverted to the bank in settlement of debts, the following has to be taken into consideration:

In accordance with the provisions of Article No. (87) of the Central Bank Law and the law of Banking and Monetary System of the hosting state No. (194) for the year 2020, it is prohibited for banks to deal in movables or real estate whether by purchasing, selling or exchange, except for the real estate allocated for running the business of the Group, used for entertainment purposes of the employees of the Bank, movables or real estate reverted to the Group in settlement of debts due from third parties when the recognition thereof started from the date of conveyance of ownership (the date of debt reduction) and such real state is included in assets reverted to the Group in settlement of debts, provided that the Group shall dispose thereof according to the following:

- Within one year from the date of conveyance of ownership with respect to movables.
- Within five years from the date of conveyance of ownership with respect to real estate.

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The Board of Directors of the Central Bank of Egypt may approve the extension of the period whenever the circumstances deem necessary, in addition, the Board of Directors of the Central Bank of Egypt has the right to exempt some banks from such restriction based on the banks' nature of activity.

- The assets reverted to the Bank in settlement of debts are recorded at the value in which the said assets reverted to the Bank and represented in the value of debts which the Group's Management decided to assign in return for such assets. If there is an objective evidence for impairment loss in the value of the said assets in the subsequent date of conveyance of ownership, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, whichever higher. The book value of the asset is reduced through the impairment account and the loss value is recognized in the income statement under the item of "other operating revenues (expenses)". If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.
- In the light of the nature of the movables or real estate which their ownership reverted to the bank pursuant to the provisions of the aforementioned article, the movables or real estate are classified in accordance with the plan of the Bank, the nature of expected benefits thereof among the fixed assets, investment property, shares, bonds or other assets available for sale, as the case may be. Accordingly, the bases relevant to the measurement of fixed assets, investment property, shares or bonds are applied to the assets reverted to the bank in settlement of debts and classified under any item of these items.
- As for the other assets, that are not included in any of these classifications and considered as other assets available for sale, they are measured at cost or fair value defined by the accredited experts of the Bank-less the selling costs –whichever is lower. The differences resulting from the valuation of these assets are recognized in the income statement under the item of other operating revenues (expenses) provided that such assets are to be disposed of within the period prescribed by virtue of law.

If the said assets are not disposed of, within the period prescribed by virtue of law in accordance with the provisions of Article No. (87) of Law No. 194 of 2020, the banking risk reserve is to be supported by the equivalent of 10% of the value of the said assets on annual basis. The net revenues and expenses of assets reverted to the bank in settlement of debts during the period of their acquisition by the Bank are recorded in the income statement under the item of "Other operating revenues (expenses)".

P- The impairment of non-financial assets

The financial assets that have no specific useful life are not depreciated – except for the goodwill – and their impairment is examined on annual basis. The impairment of assets that had been depreciated are to be considered whenever there are events or changes in the circumstances indicating that the book value may not be redeemable.

The impairment loss is to be recognized and the asset value shall be reduced with the amount by which the book value of the asset has been increased above the redeemable value. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. For assessing the impairment, the asset is to be attached to the smallest possible cash-generating unit. The nonfinancial assets that have impairment are to be reviewed to examine whether there is reverse of impairment to the income statement or not on the date of preparing every financial statement.

Q- Lease Contracts

All lease contracts concluded with the Group are operating lease contracts.

Q/1 Lessee

The payments settled under the account of operating lease less any discounts obtained from the lessor under the item of expenses are recognized in the income statement based on the straight-line method over the term of contract.

Q/2 Lessor

The assets leased out on operating lease basis that are included in the fixed assets in the balance sheet and depreciated over the expected useful life of the asset using the same manner applied to the similar assets. The rent income is recorded less any discounts granted to the lessee based on the straight-line method over the term of contract.

R- Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Banks other than the mandatory reserve, balances with banks, treasury bills and other government notes.

S- 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 of the Group will be required to settle the obligation and the amount has been reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in this group is minimal.

Provisions no longer required totally or partially are reversed in other operating income (expense).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from balance sheet date using an appropriate rate in accordance with the terms of settlement which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is to be calculated unless it has a significant effect, then it shall be calculated using the present value.

T- Employees' Benefits:

Employees Share in Profits:

The Bank pays a percentage of cash profits expected to be distributed as the employees share in profits and recognizes that share as part of the dividends appropriation in equity and as liabilities when approved by the shareholders general assembly of the Bank and no liabilities shall be recorded in the undistributed employees share in profits.

Employees' Pension Fund & End of Service Compensations

The Bank adopted special benefits plan until 17/4/2008. The Bank's contributory defined pension plan covers the permanent employees' pensions and other end of service benefits. The Bank's contribution to this fund is computed at a certain percentage of the employees' annual salaries, in addition to amounts required to the fund as decided by the Actuary to continue providing its services and maintain the minimum return on its invested funds. As for the employees appointed in the Bank after 17/4/2008, the Bank adopted special benefit plan with respect to the end of service compensation only without pensions and the Bank participates in such compensations by a percentage of the employees' wages who are working under the umbrella of this benefit plan on annual basis.

U- Dividends

Dividends are recognized and deducted from equity in the period when approval thereof is declared by the Shareholders General Assembly. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association.

3- Financial Risk Management

The Bank, as a result of the activities it exercises, is exposed to various financial risks; acceptance of risks is a basis in the financial activities. Some risks or group of risks are analyzed, evaluated and managed together. The Bank objective is to balance between the risk and return and to reduce the possible negative effects on the Bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been set to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated information systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in markets, products and services and the best updated applications.

Risks are managed by the Risk Management Department in the light of the policies approved by the Board of Directors. Risk Management Department identify, assess, and cover financial risks in close cooperation with other operating units in the Bank. Within framework of the principles of governance and the sound banking practices related to banking risks management, the Board of Directors provides an integrated supervisory structure of higher committees originated therefrom. The Risk Management Department is in charge of the regular review of risk management and the control environment in an independent manner.

A- Credit risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its contractual obligations. Credit risk is considered the most significant risk for the Bank; therefore, the management is conservative and prudent in managing this risk exposure. Credit risks results mainly from lending activities that result in loans and facilities and from investment activities which consequently results in including such debt instruments in the Bank's assets. Credit risk is also included in off balance sheet financial instruments, such as loan commitments. Managing and monitoring process of credit risk is represented in credit risk department reports presented to the Board of Directors, Top Management and Heads of operating units on regular basis.

A/1 Credit risk measurement

Loans and facilities to Banks and customers

To measure credit risk on the loans and facilities to Banks and customers, the Bank considers the following three components:

- Probability of default by the client or third parties to fulfill its contractual obligations.
- The current position and its future development from which the Bank concludes the balance exposed to risk. (Exposure at default).
- Loss given default risk.

The daily management of the Group's activities involves measures of credit risk based on the Expected Loss Model required by the Basel Committee on Banking Supervision. Those operational measures could be inconsistent with the impairment loss burden according to EAS 26, which adopts the realized losses model and not the expected losses (Note A - 3/1)) on the date of the financial statements.

The Bank evaluates the default risk for each customer using internal evaluation methods to determine the credit rating for the different customers' categories. These methods were internally improved and developed taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating. The customers of the Bank are classified into four credit ratings. Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk. The customer's rating and the rating process are reviewed and improved whenever necessary.

The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The Position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans, where the position is the book value and for commitments, the Bank includes all actual withdrawals in addition to any other expected withdrawals till the date of the late payment if any.

The expected losses or specific losses represent the Bank's expectation of loss as of the date when the settlement is due, which is loan loss percentage that differs according to the type of debtor, claim priority , the availability of guarantees or any other means of credit cover.

Debt instruments, treasury bills and other bills

For debt instruments and bills, the Bank is using the external classifications such as Standard & Poor's or equivalent to manage credit risk, in case such ratings are not available, methods similar to those applied to credit customers are used. Investments in securities and treasury bills are regarded as a way to get better credit quality and at the same time provides a source available to meet finance requirements.

A/2 Limiting and avoiding risks policies

The Bank manages limits and controls credit risk concentrations on the levels of borrowers, groups, industries and countries.

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to every single borrower, or groups of borrowers, and on the levels of economic activities and geographic segments. Such risks are monitored on regular basis and subjected to annual or more frequent reviews, whenever necessary. The Board of Directors reviews on quarterly basis the levels of credit risk on the levels of the borrower, group of borrowers, product, segment and country.

The lines of credit are divided for any borrower including Banks, into sub limits based on amounts in and off-balance sheet, the daily limit risk on trading items such as forward foreign exchange contracts where the actual amounts are compared with the limit every day.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits whenever appropriate.

The following are other controls to limit the credit risk.

Collaterals

The Bank uses different methods to limit its credit risk. One of these methods is accepting collaterals against loans and facilities granted by the Bank. The Bank implements guidelines for certain categories of collaterals to be accepted. The major types of collateral against loans and facilities are:

- Real estate mortgage
- Business assets mortgage such as machines and goods.
- Financial instruments mortgage such as debt and equity instruments.

The long-term finance and loans to corporate entities are generally guaranteed while individual credit facilities are unsecured. In order to minimize the credit loss to the least, the Bank will seek additional collaterals from all the concerned parties as soon as impairment indicators are noticed for a loan or facility.

The Bank determines the type of collaterals held as a security for financial assets other than loans and facilities according to the nature of the instrument. In general, the debt securities and treasury bills are unsecured, except for Asset-Backed Securities and similar instruments secured by a financial instrument portfolio.

Credit-related commitments

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and Standby Letters of Credit contracts are of the same credit risks as loans. Documentary and Commercial Letters of Credit – which are issued by the Bank on behalf of the customer by which authorizing a third party to withdraw amounts within a certain limit from the Bank in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan. Credit related commitments represent the unused portion of credit limit of loans, guarantees or letters of credit.

The Bank is exposed to probable loss of amount equal to the total unused limit with respect to credit risk resulting from commitments related to granting the credit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are usually of high credit risk than short-term commitments.

A/3 Impairment and provisioning policies (Measurement of Expected Credit Losses)

The policies of the Bank require determining three stages to classify the financial assets measured at amortized cost, loan commitments, financial guarantees and debt instruments at fair value through other comprehensive income based on the changes of credit quality since the initial recognition and measurement of impairment loss (expected credit loss) in value related to these instruments as follows:

The financial asset that is not impaired at initial recognition is to be classified in the first stage and the credit risk shall be continuously monitored by the Credit Risk Department of the Bank.

In case there is a significant increase in credit risk since initial recognition, the financial asset is to be transferred to the second stage and it shall not be considered as impaired financial asset in this stage (the expected credit loss over lifetime under lack of impairment in credit value).

In case there are indicators of impairment in the value of the financial asset, it shall be transferred to the third stage.

The indicators that shall be used by the Bank to determine whether there are objective evidences shall be based on indicating the following:

- Significant increase of interest of the financial asset as a result of increase in credit risk.
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates.
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower.
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in providing services for the creditors/ trade loans.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

The impairment loss provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, most of the impairment provision comes from the last two ratings of classification. The table below shows the relative distribution percentage of in-balance sheet items relating to loans, facilities and the related impairment for each category of the internal rating of the Bank:

Ratings of The Bank	31/12/2020 Loans & facilities to customers and banks	31/12/2019 Loans & facilities to customers and banks
	%	%
Performing loans	48.61	50.69
Regular watching	26.67	25.06
Watch list	8.73	7.67
Non-performing loans	15.99	16.58
Total	**100**	**100**

The internal evaluation instruments help the management to determine whether there are objective evidences of impairment according to the Egyptian Accounting Standard No. (47) and based on the following indicators as specified by the Bank:

- Severe financial insolvency encountered by the borrower or the debtor.
- Violation of loan agreement such as default of payment.
- Expecting the Bankruptcy of the borrower, entering into liquidation case or restructuring the finance granted to him.
- Deterioration in the competitive status of the borrower.
- Granting concessions or privileges to the borrower due to economic, legal or financial insolvency encountered by the borrower which may not be given by the Bank in normal circumstances.
- Impairment of guarantee value.
- Deterioration of the creditworthiness.

The policies adopted by the Bank require reviewing all the financial assets exceeding specific relative significance at least once a year or more when the circumstances necessitate to do so. The impairment charge shall be determined on the accounts that are evaluated on case by case basis through the evaluation of the loss realized on the date of the balance sheet. Such policies are expected to be implemented on all accounts attributed by relative significance on case by case basis. The evaluation usually includes the outstanding guarantee that embraces the reassurance of the implementation on the guarantee and expected collections from the said accounts. The impairment losses provision is formed based on a group of assets of similar kind using the historical empirical experience available, professional judgment and statistical methods.

A/4 Banking general risk measurement model

In addition to the four categories of the Bank's internal credit rating indicated in note (A - 3/1), management classifies loans and advances based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending heavily on information related to the customer, his activities, financial position and commitment to the payment schedules.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit based on the rates determined by CBE. In case of having required increment in impairment losses provision according to the rules of the Central Bank of Egypt that exceeds the amount required for the purposes of preparing the financial statements in accordance with the Egyptian Accounting Standards, the General Banking Risk Reserve shall be set aside in the equity and deducted from the retained earnings with an amount equivalent to such increment. The said reserve shall be adjusted on regular basis as an increase or decrease in a manner that is always equivalent to the amount of increase when comparing the two provisions. The said reserve shall not be distributable.

The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the CBE assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating Indications	Provision Percentage Required %	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	1	Performing loans
2	Moderate risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Appropriate risk	2	1	Performing loans
5	Acceptable risk	2	1	Performing loans
6	Marginally Acceptable risk	3	2	Regular watching
7	Watch list	5	3	Watch list
8	Substandard	20	4	Non-performing loans
9	Doubtful	50	4	Non-performing loans
10	Bad debt	100	4	Non-performing loans

A/5 Maximum limits for credit risk before collaterals:

	31/12/2020	31/12/2019
Balance sheet items exposed to credit risks		
Due from Banks	1 476 145	1 832 092
Treasury bills and other government notes	3 555 457	3 078 301
Loans & facilities to banks (net)	10 331	24 109
Loans & facilities to customers (net)	2 219 631	2 017 057
Financial investments: (net)		
- Debt instruments	1 127 106	1 355 183
Other assets	61 395	81 542
Total	**8 450 065**	**8 388 284**
Off-balance sheet items exposed to credit risk		
Letters of credit	84 882	75 790
Letters of guarantee	190 939	219 873
Loans commitments & irrevocable other liabilities related to credit	8 868	25 089
Money market papers for facilities to suppliers	12 602	849
Total	**297 291**	**321 601**

The above table represents the maximum exposure to credit risk on December 31, 2020 – December 31, 2019 before taking into account any held collateral. As for the items of the balance sheet, the amounts of exposures set out above are based on net carrying amounts as reported in the balance sheet. As shown above 26.39 % of the total maximum exposure is derived from loans and facilities to Banks and customers as at December 31, 2020, compared to 24.33 % as at December 31, 2019 while investments in debt instruments represent 13.34 % as at December 31, 2020, compared to 16.16 % as at December 31, 2019.

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

- On December 31, 2020, 72.99 % of the loans and facilities portfolio to banks & customers are concentrated in the top two grades of the internal credit risk rating system compared to 74.97 % on December 31, 2019.
- On December 31, 2020, 84.58 % of loans and facilities portfolio to banks & customers are considered to be neither past due nor impaired compared to 83.88 % on December 31, 2019.
- Loans and facilities assessed individually are valued at US$ 398 899 thousand on December 31, 2020 compared to US$ 388 131 thousand on December 31, 2019.
- The Bank has implemented more prudent processes when granting loans and facilities during the financial year ended on December 31, 2020.
- On December 31, 2020 and on December 31, 2019, more than 99.5 % of the investments in debt instruments and treasury bills represent debt instruments of the Egyptian Government.

The following table indicates information about the financial asset's quality during the financial period:

	31/12/2020			
Due from banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	1 024 117	67 285	-	1 091 402
Regular watching	3 057	381 733	-	384 790
Watch list	773	-	-	773
	1 027 947	**449 018**	**-**	**1 476 965**
Less: impairment loss provision	(112)	(708)	-	(820)
Book value	**1 027 835**	**448 310**	**-**	**1 476 145**

				31/12/2020
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	1 091 596	-	-	1 091 596
	1 091 596	**-**	**-**	**1 091 596**
Less: impairment loss provision	(1 927)	-	-	(1 927)
Book value	**1 089 669**	**-**	**-**	**1 089 669**

	31/12/2020			
Loans and credit facilities to individuals	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	82 578	317	362	83 257
Regular watching	342 722	1 207	2 013	345 942
Watch list	4 039	724	3 190	7 953
	429 339	**2 248**	**5 565**	**437 152**
Less: impairment loss provision	(5 201)	(302)	(2 692)	(8 195)
Less: suspense interest	-	-	(134)	(134)
Less: Undue interest	(16 727)	(190)	(425)	(17 342)
Book value	**407 411**	**1 756**	**2 314**	**411 481**

	31/12/2020			
Loans & credit facilities to corporate	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	1 124 974	9 591	4 283	1 138 848
Regular watching	197 631	191 325	707	389 663
Watch list	-	217 356	64 344	281 700
Non-performing loans	-	-	328 747	328 747
	1 322 605	**418 272**	**398 081**	**2 138 958**
Less impairment loss provision	(13 650)	(77 565)	(236 630)	(327 845)
Less: unearned discount of discounted commercial papers	(304)	-	-	(304)
Less: suspense interest	-	-	(2 093)	(2 093)
Less: Undue interest	(542)	-	(24)	(566)
Book value	**1 308 109**	**340 707**	**159 334**	**1 808 150**

	31/12/2020			
Debt instruments at amortized cost	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	848 786	-	-	848 786
	848 786	**-**	**-**	**848 786**
Less impairment loss provision	(2 001)	-	-	(2 001)
Book value	**846 785**	**-**	**-**	**846 785**

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A/6 Loans and facilities

Loans and facilities status based on credit rating are summarized as follows:

	31/12/2020		31/12/2019	
	Loans & facilities		Loans & facilities	
	to customers	to banks	to customers	to banks
Neither past due nor impaired *	2 096 474	10 785	1 953 031	25 974
Past due but not impaired	80 737	-	27 094	-
Past due but impaired	396 672	-	385 588	-
Total	**2 573 883**	**10 785**	**2 365 713**	**25 974**
Less: impairment loss provision **	(336 040)	(43)	(326 496)	(211)
Prepaid interest	(17 908)	-	(21 804)	-
Unearned discount of discounted commercial papers	(304)	(411)	(356)	(1 654)
Net	**2 219 631**	**10 331**	**2 017 057**	**24 109**

* Loans and facilities neither past due nor impaired

The credit quality for the loans and facilities portfolio (neither past due nor impaired) valued upon the internal valuation used by the Bank.

** Impairment loss burden for loans and facilities to customers reached US$ 336 040 thousand on December 31, 2020 compared to US$ 326 496 thousand on December 31, 2019. Note No. (19) includes additional information with respect to the impairment loss provision for loans and facilities to customers.

Loans and facilities status based on internal credit rating are summarized as at 31 December 2020 as follows:

Neither past due nor impaired

	Individuals				Corporate				
31/12/2020	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total loans and facilities to individuals & corporate
1- Performing loans	81	1 534	40 493	38 027	347 234	189 293	596 477	5	1 213 144
2- Regular watching	105 752	6 077	209 138	3 668	19 732	191 436	129 691	-	665 494
3- Watch list	-	-	-	-	12 981	95 527	109 328	-	217 836
Total	**105 833**	**7 611**	**249 631**	**41 695**	**379 947**	**476 256**	**835 496**	**5**	**2 096 474**

	Individuals				Corporate				
31/12/2019	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total loans and facilities to individuals & corporate
1- Performing loans	-	-	14 062	35 970	248 093	204 550	684 059	50	1 186 784
2- Regular watching	50 606	6 996	128 989	4 507	78 405	179 656	137 535	-	586 694
3- Watch list	-	-	-	-	487	108 894	70 172	-	179 553
Total	**50 606**	**6 996**	**143 051**	**40 477**	**326 985**	**493 100**	**891 766**	**50**	**1 953 031**

The non-performing secured loans are not considered subject to impairment as their collaterals are collectable.

- Past due loans and facilities and not impaired

They are loans and facilities having past due up to 90 days and not considered impaired, unless there is information to the contrary.

Upon the initial recognition of the loans & facilities, the collaterals fair value is valued as per the valuation benchmark usually used in valuation of similar assets. In the subsequent periods, the fair value will be adjusted as per the market value or the prices of the similar assets.

- Loans and facilities individually subject to impairment

Loans and facilities to customers

The balance of loans and facilities individually subject to impairment before taking into consideration cash flows from guarantees, amounted to US$ 398 899 thousand on December. 31, 2020 compared to US$ 388 131 thousand as of December. 31, 2019.

The breakdown of the total loans and facilities individually subject to impairment including the fair value of collaterals obtained by the Bank in return for such loans are as follows:

31/12/2020	Individuals	Corporate	Total
Individual loans subject to impairment	7 953	390 946	**398 899**
Fair value of collaterals	174	48 607	**48 781**

31/12/2019	Individuals	Corporate	Total
Individual loans subject to impairment	3 071	385 060	388 131

There are not any restructured significant loans.

- Past due loans and facilities and not impaired

They are loans and facilities having past due and not considered impaired, unless there is information to the contrary. Past due loans and facilities and not impaired are represented in the following:

	Individuals				
31/12/2020	**Debit current accounts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Past due up to 30 days	-	1 029	16 509	2 690	**20 228**
Past due more than 30 to 60 days	-	1	2 576	319	**2 896**
Past due more than 60 to 90 days	-	-	1 047	260	**1 307**
Total	-	**1 030**	**20 132**	**3 269**	**24 431**

	Corporate			
31/12/2020	**Debit current accounts**	**Direct loans**	**Other loans**	**Total**
Past due up to 30 days	900	545	1 446	**2 891**
Past due more than 30 to 60 days	670	34 861	36	**35 567**
Past due more than 60 to 90 days	4 630	10 636	2 582	**17 848**
Total	**6 200**	**46 042**	**4 064**	**56 306**

	Individuals				
31/12/2019	**Debit current accounts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Past due up to 30 days	-	226	5 105	2 394	**7 725**
Past due more than 30 to 60 days	-	-	959	190	**1 149**
Past due more than 60 to 90 days	-	-	1 660	190	**1 850**
Total	-	**226**	7 724	**2 774**	**10 724**

	Corporate			
31/12/2019	**Debit current accounts**	**Direct loans**	**Other loans**	**Total**
Past due up to 30 days	194	3 630	878	**4 702**
Past due more than 30 to 60 days	-	7 313	-	**7 313**
Past due more than 60 to 90 days	302	3 267	786	**4 355**
Total	**496**	**14 210**	**1 664**	**16 370**

Past due loans and facilities represent the amounts that entirely or partially fall due and were not paid on the dates contractually agreed upon and they include past due amounts for periods exceeds one day.

Accordingly, the amounts presented in the Note represent the total balance of the loan or facility and not only the past due portion while the rest of the loans balances and other facilities granted to the customer are not included as long as the customer has not been entirely or partially in default.

On the date of initial recognition for the loans & facilities, the presented collaterals fair value is estimated – if any - as per the valuation methods usually used in valuation of similar assets provided that they shall not be recognized in the financial statements of the Bank as they do not represent assets of the Bank on that date. In subsequent periods, the fair value of such collaterals will be adjusted as per the price or the market prices of similar assets.

A/7 Debt instruments, treasury bills and other government notes

The table below shows an analysis of debt instruments, treasury bills and other government notes according to the rating agencies based on the rating of Standard & Poor's or its equivalent at the end of the financial year:

31/12/2020	Treasury bills & other government notes	Investments in securities	Total
From (AA-) to (AA+)	-	8 685	**8 685**
From (A -) to (A+)	-	31	**31**
Less than (A-)	3 555 149	1 118 390	**4 673 539**
	3 555 149	**1 127 106**	**4 682 255**

31/12/2019	Treasury bills & other government notes	Investments in securities	Total
From (AA-) to (AA+)	-	11 216	**11 216**
From (A -) to (A+)	-	147	**147**
Less than (A-)	3 078 301	1 343 820	**4 422 121**
	3 078 301	**1 355 183**	**4 433 484**

A/8 Acquisition of Collaterals

The Group has not acquired assets based on the acquisition of collaterals during the current financial year.

The assets acquired are classified under the item of other assets in the balance sheet and these assets are to be sold whenever applicable.

A/9 Concentration of financial assets risks exposed to credit risk

Geographical sectors

The following table represents an analysis of the most significant credit risk limits of the Group at book value and their distribution according to the geographical sectors at the end of the current financial year. When we prepared this table, we distributed the risks over the geographical sectors based on the areas related to the customers of the Group.

	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other	Total
Treasury bills & other government notes	3 579 778	-	-	-	3 579 778
Loans & facilities to Banks	-	-	-	10 785	10 785
Loans and facilities to customers:	2 281 897	259 775	18 319	16 119	2 576 110
Financial investments:					
- Debt instruments	1 127 115	-	-	-	1 127 115
Total as at 31 December 2020	**6 988 790**	**259 775**	**18 319**	**26 904**	**7 293 788**
Total as at 31 December 2019	**6 596 884**	**196 280**	**13 342**	**35 154**	**6 841 660**

Business Sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value distributed according to the business activity practiced by the customers of the Bank.

	Financial Institutions	Industrial Institutions	Commercial	Real Estate Activities	Government Sector	Other Activities	Total
Treasury bills & other government notes	-	-	-	-	3 579 778	-	3 579 778
Loans & facilities to banks	10 785	-	-	-	-	-	10 785
Loans and facilities to customers:							
Loans to individuals:							
- Debit current accounts	-	-	-	-	-	105 962	105 962
- Credit cards	-	-	-	-	-	9 011	9 011
- Personal loans	-	-	-	-	-	276 304	276 304
-Real estate loans	-	-	-	-	-	45 876	45 876
Loans to Corporate:							
- Debit current accounts	26 161	207 456	90 148	151	-	83 245	407 161
- Direct loans	48 694	150 058	52 596	13 633	43 890	494 573	803 444
- Syndicated loans	-	77 900	2 559	4 475	-	828 400	913 334
- Other loans	5	1 480	-	10 802	-	2 731	15 018
Financial investments:							
Debt instruments	8 715	-	-	-	1 118 400	-	1 127 115
Total as of 31 December 2020	**94 360**	**436 894**	**145 303**	**29 061**	**4 742 068**	**1 846 102**	**7 293 788**
Total as of 31 December 2019	**153 405**	**350 660**	**185 676**	**19 994**	**4 506 993**	**1 624 932**	**6 841 660**

B- Market risk

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

The market risk management resulting from trading and non-trading portfolios is concentrated in the Risk Department of the bank and they are followed up by two separate teams. Interim reports on market risk are presented to the Board of Directors, Assets & Liabilities Committee (ALCO) and the heads of business activity units on regular basis.

Trading portfolios include transactions where the Bank deals directly with clients or with the market; while the non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions and corporate.

B/1 Market risk measurement techniques

As part of market risk management, the Bank undertakes various hedging strategies and enters into interest rate swaps contracts to match the interest rate risk associated with the debt instruments and the fixed-rate long-term loans if the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below:

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Value at Risk (VaR)

The Bank applies a 'value at risk' methodology (VaR) for trading and non-trading portfolios to estimate the market risk of the outstanding positions and the maximum expected loss based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios on separate basis and they are daily monitored by the Market Risk Management Department in the Bank. Value at Risk (VaR) is a statistic expectation of the current portfolio potential losses resulting from the adverse movements of the market and the maximum loss that may be incurred by the Bank based on using a specific confidence coefficient (98%). Subsequently, there is a statistical probability at a ratio of (2%) that the effective loss is higher than the expected Value at Risk (VaR). VaR model assumes a defined holding period of (ten days) before closing the open positions. It also assumes that the market movements during the defined holding period of (ten days) shall follow the same market movements model which occurred during the previous ten days. The Bank estimates the previous movements based on the data of the last five years. The Bank also applies such historic changes of ratios, prices and indicators in a direct manner on the current positions - this method is known as historic simulation. The effective outputs are regularly monitored to measure the soundness of assumptions and coefficients used to measure Value at Risk (VaR). However, applying such method does not overcome the loss of such limits in case of having greater movements in the market.

Stress Testing

Stress testing provides an indicator of the expected loss that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios.

The stress testing carried out by the Risk Management Department of the Bank includes: risk factor stress testing where sharp movements are applied to each risk category and test of emerging market stress, as emerging market are subject to sharp movements; and subject to special stress test including possible stress events affecting specific positions or regions - for example the stress outcome to a region applying a free currency rate. The results of the stress testing are reviewed by the Top Management and the Board of Directors.

Value at Risk (VaR) Summary

Total value at risk by risk type:

	The financial year ended 31 December 2020			The financial year ended 31 December 2019		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	148	694	7	76	366	5
Interest rate risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent
Equity Risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent

Trading portfolio Value at Risk by risk type:

	The financial year ended 31 December 2020			The financial year ended 31 December 2019		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	14	35	-	30	124	4
Interest rate risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent
Equity Risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent

Non trading portfolio Value at Risk by risk type:

	The financial year ended 31 December 2020			The financial year ended 31 December 2019		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	134	659	7	46	242	1
Interest rate risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent
Equity Risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent

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(B/2) Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors set aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis.

31 December 2020	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	15 836	6 838	1 477	610 498	492	635 141
Due from Banks	1 073 552	66 615	71 026	259 148	5 804	1 476 145
Treasury bills	707 833	164 065	-	2 475 238	-	3 347 136
Loans and facilities to customers	943 766	12 681	34	1 263 150	-	2 219 631
Loans and facilities to banks	10 331	-	-	-	-	10 331
Financial investments:						
- At fair value through other comprehensive income	211 155	-	-	333 259	-	544 414
- At amortized cost	164 021	-	-	682 764	-	846 785
Investments in associates	82 039	-	-	129 280	-	211 319
Other assets	29 686	63	22	116 274	1	146 046
Total financial assets	**3 238 219**	**250 262**	**72 559**	**5 869 611**	**6 297**	**9 436 948**
Financial liabilities						
Due to Banks	82 548	44 130	5 646	371 686	722	504 732
Customers deposits & certificates of deposits	2 283 051	205 328	66 847	5 261 148	5 349	7 821 723
Other loans	28 000	-	-	23 590	-	51 590
Other liabilities	33 033	488	36	68 291	21	101 869
Total financial liabilities	**2 426 632**	**249 946**	**72 529**	**5 724 715**	**6 092**	**8 479 914**
Net financial position	**811 587**	**316**	**30**	**144 896**	**205**	**957 034**

31 December 2019	USD	Euro	GBP	L.E	Other	Total
Total financial assets	**3 452 452**	**275 726**	**73 469**	**5 623 598**	**5 155**	**9 430 400**
Total financial liabilities	**2 698 927**	**268 671**	**73 373**	**5 500 455**	**4 857**	**8 546 283**
Net financial position	**753 525**	**7 055**	**96**	**123 143**	**298**	**884 117**

B/3 Interest rate risk

The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates. The interest rate risk is the cash flow interest rate risk that is represented in the fluctuation of the future cash flows of a financial instrument due to the changes in market interest rates of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but the profit may decrease if unexpected movements arise. The Board of Directors of the Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken by the Bank, the matter that is monitored on daily basis by the Bank's Risk Management Department.

31 December 2020	Up to 1 month	More than 1 month to 3 Months	More than 3 months to 12 Months	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Financial Asset							
Cash and balances with the Central Bank	331 211	-	-	-	-	303 930	635 141
Due from Banks	859 852	616 293	-	-	-	-	1 476 145
Treasury bills & government notes	407 113	963 886	1 976 137	-	-	-	3 347 136
Loans and facilities to customers	566 829	460 321	294 612	451 405	446 464	-	2 219 631
Loans and facilities to banks	-	-	10 331	-	-	-	10 331
Financial investments:							
- At fair value through other comprehensive income	-	-	53 431	301 706	160 036	29 241	544 414
- At amortized cost	-	9 140	269 190	554 898	13 557	-	846 785
Investments in subsidiaries & associates	-	-	-	-	211 319	-	211 319
Other financial assets	-	-	71 961	-	-	74 085	146 046
Total financial assets	**2 165 005**	**2 049 640**	**2 675 662**	**1 308 009**	**831 376**	**407 256**	**9 436 948**
Financial liabilities							
Due to Banks	503 312	-	-	1 420	-	-	504 732
Customer's deposits & certificates of deposits	4 175 987	1 266 551	703 293	1 353 165	6 274	316 453	7 821 723
Other loans	1 325	857	4 278	23 203	21 927	-	51 590
Other liabilities	-	-	45 127	-	-	56 742	101 869
Total financial liabilities	**4 680 624**	**1 267 408**	**752 698**	**1 377 788**	**28 201**	**373 195**	**8 479 914**
Interest re-pricing gap	**(2 515 619)**	**782 232**	**1 922 964**	**(69 779)**	**803 175**	**34 061**	**957 034**

31 December 2019	Up to 1 month	More than 1 month to 3 Months	More than 3 months to 12 Months	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Total financial assets	**2 564 824**	**1 793 646**	**2 662 654**	**1 237 389**	**703 239**	**468 648**	**9 430 400**
Total financial liabilities	**5 006 722**	**702 704**	**806 608**	**1 619 333**	**31 543**	**379 373**	**8 546 283**
Interest re-pricing gap	**(2 441 898)**	**1 090 942**	**1 856 046**	**(381 944)**	**671 696**	**89 275**	**884 117**

C- Liquidity risk

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

Liquidity risk management

The liquidity risk management control process carried out by the Department of Risk Management of the Bank includes:

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

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

The Department of Assets and Liabilities Management monitors the mismatch between medium term assets, the level and nature of unused loans commitments, debit current accounts utilizations extent, and the effect of contingent liabilities such as letters of guarantee and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by a separate team from the Department of Risk Management of the Bank to maintain a wide diversification of currencies, geographical sectors, sources, products and terms.

D- Operating risk:

The definition of operating risk comprises "the risk of a change in value caused by the fact that actual direct losses and / or indirect losses incurred due to inadequacy or failure of internal processes, systems, human factor or external events including legal risk or any operating events that impact negatively on the reputation of the Bank, the continuity of the business as a going concern and / or the market value of the Bank."

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The Framework of the Operating Risk Department

The Operating Risk Department is considered as a significant part that supports the various activities of the Bank with respect to its role in identifying and assessing the relevant risks and the required controls to prevent and mitigate the operating losses in addition to participating in enhancing the competency and efficiency of utilizing the various resources of the Bank.

The policy of the Operating Risk Department aims at laying out a general framework to consolidate its efficiency and providing support to the governance system through enlightenment and spreading the risk culture among all employees, providing complete awareness of the targets of the Operating Risk Department, how to classify risks, the difference between the operating risk and the other kinds of risks, the duties and responsibilities of management and supervision, the methods and approaches used inside the Bank in determination, measurement, reporting and follow up to limit and mitigate the operating risks.

The Operating Risk Department is concentrating its attention on the spreading of risk culture and the awareness of the importance of identifying, reviewing, examining policies, procedures and work systems, making researches to enhance systems and their security methods, the efficiency of the oversight controls to prevent and mitigate the operating risks.

Meanwhile, the Operating Risk Department is taking the lead in cooperation with all the departments of the Bank to identify indications that give early warning concerning the events that may expose the Bank to any sort of possible risks.

The Operating Risk Department has started working on establishing operating events database along with their classification that is in conformity with the standards laid out by "Basel II" Accords and the classification of operating risks stated therein. The data collection process relies on the internal operating events reports in addition to all relevant external events. The said data are used in analyzing and monitoring the root causes of the operating risks, the frequency of events, evaluating the corrective measures and the controls adopted by the Bank to prevent and mitigate the operating risks.

E- Fair value of financial assets and liabilities

The table below summarizes the current value and fair value for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value:

	31 December 2020		31 December 2019	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Due from banks	1 476 145	1 476 145	1 832 092	1 832 092
Loans and facilities to Banks	10 331	10 331	24 109	24 109
Loans and facilities to customers:	2 219 673	Not identified	2 017 057	Not identified
Financial investments:				
- At fair value through other comprehensive income (unquoted)	46 502	Not identified	30 710	37 179
- At amortized cost	846 785	Not identified	1 106 565	1 107 949
Financial liabilities				
Due to banks	504 732	504 732	704 640	513 122
Customers' deposits	7 821 723	Not identified	7 675 699	Not identified

Loans and facilities to customers:

Loans and facilities to customers are presented as net amount after deducting the provision of impairment loss.

Debt instruments at amortized cost:

The fair value of the debt instruments "Egyptian treasury bonds" as per Bloomberg prices declared at the end of the financial period.

Customers' deposits and due to other banks:

Represent the estimated fair value of demand deposits that includes the deposits of non-bearing interest for the amount paid on demand.

F- Capital management

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

- Compliance with the legal requirements of capital in The Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth.
- Capital adequacy and capital uses are reviewed on a monthly basis according to the regulatory authority's requirements (CBE) by the Bank's management through models based on Basel Committee for Banking Control instructions and these data are submitted to CBE on quarterly basis.

CBE requires the following from the Bank:

- Maintaining L.E 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between risk-weighted elements of capital and elements of assets, and contingent liabilities that are credit risk, market risk and operating risk weighted including a percentage of 12.50% as a conservation buffer.

The numerator in capital adequacy comprises the following two tiers:

Tier 1:

It is the primary capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks) if any, retained earnings and reserves resulting from profit appropriations less any goodwill previously recognized, and any carried forward losses.

Tier 2:

It is the supplementary capital (Tier 2 Capital) that is comprised of the equivalent of the general risk provision which is formed based on the Obligor Risk Rating and Provisioning Rules issued by the Central Bank of Egypt in a manner that does not exceed 1.25% of the total risk-weighted assets and contingent liabilities, subordinated loans / deposits of more than five-year-maturity period (while amortizing 20% of their value in each year of the last five years of their maturity period) in addition to 45% of the increase resulting from the difference between the fair value and the carrying value of both financial investments available for sale and held to maturity date as well as investments in subsidiaries and associates.

When calculating the total numerator of the capital adequacy ratio, it should be taken into consideration that the supplementary capital does not exceed in any way the primary capital and that subordinated loans (deposits) do not exceed half of the primary capital.

Assets are risk-weighted differently classified according to the nature of each asset of the debtor to reflect the credit risk associated with it and taking the cash collaterals into consideration. In addition, the same treatment is used for off-balance amounts after adjustments to reflect the contingent nature and the potential loss of those amounts. The Bank has been in compliance with the local capital requirements. The following table summarizes the components of the primary and supplementary capital in addition to the capital adequacy percentages as at 31 December 2020.

	31/12/2020	31/12/2019
Tier 1 Capital (primary capital)		
Paid up capital	600 000	600 000
Reserves	227 784	219 192
Retained earnings	76 077	37 686
General risk reserve	-	-
Total balance of items of the accumulated other comprehensive income after regulatory amendments	(87 147)	(95 391)
Quarterly interim profits	31 231	40 478
Minority interest / Non-controlling interest	183 734	164 413
Difference between nominal value and current value of subordinated loans (deposit)	854	854
Total Primary Capital	**1 032 533**	**967 232**
Less:		
Investments in financial institutions:		
Amount exceeding 10% of the issued capital of the company for each separate investment (shares)	(79 740)	(63 819)
Amount exceeding 10% of the fund assets for each separate investment (mutual funds)	(2 110)	(3 665)
Intangible assets	(2 894)	(4 419)
Disregarded elements:		
Reserve balance of fair value for investments available for sale (if negative)	-	-
Reserve for foreign currencies translation differences (if negative)	-	-
Total Tier 1 Capital	**947 789**	**895 329**
Tier 2 Capital (primary capital)		
Significant elements of required allowances for debt instruments, loans, credit facilities and contingent liabilities included in stage 1	24 831	18 321
45% of the specific reserve	31	31
Total Tier 2 Capital	**24 862**	**18 352**
Total Capital Base (1)	**972 651**	**913 681**
Risk-weighted assets & contingent liabilities		
Credit risk of included in and off-balance sheet items	3 960 093	4 598 513
Market risk - exchange rates	250 746	331 339
Operating risk	339 166	362 732
Total risk-weighted assets & contingent liabilities (2)	**4 550 005**	**5 292 584**
Capital adequacy ratio (1) / (2)	**% 21.38**	**% 17.26**

* Capital Adequacy Ratio was prepared for the balances of the consolidated financial statements of the Bank in compliance with the instructions of the Central Bank of Egypt issued on 24 December 2012.

The following table summarizes the financial leverage ratio:

	31/12/2020	31/12/2019
Tier 1 Capital after disposals (1)	**947 788**	**895 329**
Cash and Due from Central Bank	920 475	1 255 728
Balances due from Banks	1 477 077	1 332 992
Loans and credit facilities to banks	10 331	24 109
Treasury bills & other government notes	3 349 063	2 841 175
Financial assets at fair value through other comprehensive income	544 414	525 482
Financial assets at amortized cost	848 786	1 106 565
Investments in subsidiaries & associates	211 319	187 259
Loans & credit facilities granted to customers	2 238 482	2 017 057
Fixed assets (after deducting impairment loss provision and accumulated depreciation)	93 844	99 067
Other assets	148 940	145 240
The amount of exposure deducted (after disposing the first tier of the capital base)	(406 499)	(293 378)
Total banks' exposure of items in the balance sheet after deducting the disposals of the first tier	**9 436 232**	**9 241 296**
Letters of credit - imports	10 887	287
Letters of credit - exports	6 089	633
Letters of guarantee	81 325	5 829
Letters of guarantee upon other Banks' request or by their warranty	11 910	824
Accepted bills	28 991	5 130
Rediscounted bills	-	-
Total contingent liabilities	**139 202**	**12 703**
Total commitments	**28 708**	**8 248**
Total off- balance sheet exposure	**167 910**	**20 951**
Total balance sheet & off- balance sheet exposure (2)	**9 604 142**	**9 262 247**
Financial leverage ratio (1/2)	**% 9.87**	**% 9.67**

4- Significant accounting estimates and assumptions

The implementation of the financial policies disclosed in Note No. (3) requires that management uses judgements, estimates and assumptions with respect to the carrying value of some assets and liabilities that other sources cannot provide. The said estimates and accompanied assumptions are based on historical experience in addition to other relevant factors. However, the actual results may differ from such estimates.

The assumptions and estimates are reviewed on regular basis and recognition of change in accounting estimates shall take place either in the period in which the change is occurring, in case its effect is confined to such period only, or in the period in which the change is occurring and the future periods, if the change in accounting estimates affects both of current period and the subsequent periods.

The following is a summary of the most prominent assumptions related the future and the sources of unconfirmed information at the end of the financial period that are attributed by high risk leading to a significant amendment introduced to the fair value of assets and liabilities during the following financial period.

(4/1) Impairment losses for loans and facilities (expected credit loss)

The Bank reviews the portfolio of loans and facilities on quarterly basis at least. The Bank uses personal judgment in determining whether it is necessary to recognize impairment charge in the income statement, to identify if there are reliable evidences indicating a decline that can be measured in the expected future cash flows from loan portfolio before identifying any decline on the level of each separate loan in the portfolio. These evidences include data indicating negative changes in borrowers' portfolio ability to repay the Bank, or local or economic circumstances related to default in the assets of the Bank. On rescheduling future cash flows, the management uses the previous experience with respect to assets loss of similar credit risk to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The method and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on the management experience.

(4/2) Financial derivatives fair value

The fair value of financial derivatives that are not quoted in active markets are determined by using valuation techniques. When these valuation techniques are used (such as pricing models), they shall be examined and periodically reviewed by qualified personnel who are independent from the entity which prepared them. All models are certified after trial and before they are used to ensure that the results reflect reliable data and prices which can be compared with those of the market. The said models use the data taken from the market only, whenever it is possible to be practically obtained. However, some factors such as credit risk related to the Bank, counterparty, volatilities and correlations require that the management uses its personal judgement. Changes in assumptions of these factors may affect the disclosed fair value of the financial instruments.

(4/3) Debt instruments at amortized cost

The Bank classifies non-derivative financial assets with fixed determinable payments or fixed maturity as debt instruments at amortized cost included in "the business model of financial assets held to collect contractual cash flows".

In case the Bank ceases to classify debt instruments as debt instruments at amortized cost included in the portfolio, the carrying value of this type of investments, will be consequently increased at the end of the current financial period with the amount of US$ 22 001 thousand to reach its fair value in return for recognition thereof in the fair value reserve of other comprehensive income statement.

Segment Analysis

A- Segment analysis of business activities

31 December 2020	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenues and expenses according to economic activity						
Revenue of business segment activity	118 410	114 133	541 479	40 677	47 798	862 497
Expenses of business segment activity	(151 622)	(52 272)	(12 116)	(375 218)	(120 708)	(711 936)
Segment operating income	**(33 212)**	**61 861**	**529 363**	**(334 541)**	**(72 910)**	**150 561**
Unclassified expenses						(64 866)
Profit for the year before taxes						**85 695**
Taxes						(32 926)
Profit for the year						**52 769**
Assets and liabilities of the segment activity						
Segment activity assets	3 306 058	1 121 372	4 548 095	421 914	-	9 397 439
Unclassified assets						136 247
Total assets						9 533 686
Segment activity liabilities	4 273 402	990 733	-	3 117 226	-	8 381 361
Unclassified liabilities						951 281
Total liabilities						9 332 642

B - Geographical Segments analysis

31 December 2020	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Other	Total
Revenues &expenses according to the geographical segments					
- Geographical segments revenues	831 494	23 979	2 041	2 219	859 733
- Geographical segments expenses	(706 147)	(52 263)	(2 923)	(12 705)	(774 038)
Segment operating income	**125 347**	**(28 284)**	**(882)**	**(10 486)**	**85 695**
Profit for the year before taxes					**85 695**
Taxes					(32 926)
Profit for the year					**52 769**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	9 236 595	226 115	17 241	53 735	9 533 686
Total assets	**9 236 595**	**226 115**	**17 241**	**53 735**	**9 533 686**
Geographical segments liabilities	8 861 424	371 474	16 465	83 279	9 332 642
Total liabilities	**8 861 424**	**371 474**	**16 465**	**83 279**	**9 332 642**

6- Net interest income

Interest from loans and similar revenues:	31/12/2020	31/12/2019
Loans and facilities:		
- To banks	2 304	4 697
- To customers	198 517	247 106
	200 821	**251 803**
Bonds & treasury bills	518 215	527 681
Deposits with Banks	47 030	90 602
Total	766 066	870 086

Cost of Deposits and similar costs from:	31/12/2020	31/12/2019
Deposits and current accounts:		
- To banks	(42 314)	(32 793)
- To customers	(526 070)	(660 481)
- Other loans	(4 783)	(2 172)
Total	**(573 167)**	**(695 446)**
Net	**192 899**	**174 640**

7- Net fees and commission income

Fees and commission income:	31/12/2020	31/12/2019
Fees and commissions related to credit	21 149	28 194
Institution's finance services fees	1 052	3 237
Custody and bookkeeping activities fees	265	126
Other fees	5 305	5 674
Total	**27 771**	**37 231**
Fees and commission expenses:		
Other fees paid	(4 204)	(2 229)
Net	**23 567**	**35 002**

8-Dividends income

	31/12/2020	31/12/2019
Equity instruments at fair value through other comprehensive income	953	1 338
Mutual fund certificates	1	2
Total	**954**	**1 340**

9- Net trading income

	31/12/2020	31/12/2019
Forex gain	7 169	6 144
Debt instruments at fair value through profit or loss	873	-
Total	**8 042**	**6 144**

10- Administrative expenses

	31/12/2020	31/12/2019
Staff costs		
Wages & salaries and their equivalents	96 539	88 037
The Bank contribution in employees fund	3 943	3 915
Social insurance	1 444	1 086
	101 926	**93 038**
Amortization & depreciation	12 257	12 892
Other administrative expenses	38 707	30 473
Total	**152 890**	**136 403**

11- Other operating income (expenses)

	31/12/2020	31/12/2019
Profits (Losses) of revaluation of assets & liabilities other than for trading or originally classified at fair value through profit or loss	(70)	564
Finance lease*	(465)	(340)
Operating lease	(644)	(362)
Other provisions reverse (charges)	423	5 781
Gains from fixed assets sale	191	4 018
Other expenses / income	(736)	(11 341)
Total	**(1 301)**	**(1 680)**

* Finance lease expenses are represented in cars installments by virtue of finance lease contracts concluded with the International Company for Leasing S.A.E – Incolease.

12- Income tax

	31/12/2020	31/12/2019
Current tax *	(33 339)	(38 535)
Deferred tax	413	612
Balance	**(32 926)**	**(37 923)**

* The current tax is represented in the amount of due tax imposed on the income of treasury bonds and dividends appropriation of contributions for the financial period then ended of SAIB Bank, in addition to other taxes of CAFI Company.

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13- Credit losses impairment charge

	31/12/2020	31/12/2019
Loans & facilities to customers	(8 586)	(10 372)
Loans & facilities to banks	159	667
Due from banks	(8)	2 436
Treasury bills	759	2 657
Debt instruments at amortized cost	(1 193)	(223)
Total	**(8 869)**	**(4 835)**

14- Classification and measurement of financial assets & liabilities

The following table indicates total financial assets & liabilities (before deducting any impairment provisions) according to the classification of the business model:

31 December 2020	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	635 141	-	-	-	635 141
Balances with banks	1 476 965	-	-	-	1 476 965
Treasury bills	1 108 294	2 392 187	-	-	3 500 481
Loans and facilities to customers	2 576 110	-	-	-	2 576 110
Loans to banks	10 785	-	-	-	10 785
Financial investments at fair value through other comprehensive income	-	-	544 414	-	544 414
Financial investments at amortized cost	848 786	-	-	-	848 786
Other Financial assets	61 395	-	-	-	61 395
Total financial assets	**6 717 476**	**2 392 187**	**544 414**	-	**9 654 077**
Balances due to banks	504 732	-	-	-	504 732
Customers' deposits	7 821 723	-	-	-	7 821 723
Other financial liabilities	39 049	-	-	-	39 049
Total financial liabilities	**8 365 504**	-	-	-	**8 365 504**

31 December 2019	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	755 840	-	-	-	755 840
Balances with banks	1 832 880	-	-	-	1 832 880
Treasury bills	1 129 543	1 876 127	-	-	3 005 670
Loans and facilities to customers	2 368 255	-	-	-	2 368 255
Loans to banks	25 974	-	-	-	25 974
Financial investments at fair value through other comprehensive income	-	-	536 334	-	536 334
Financial investments at amortized cost	1 107 373	-	-	-	1 107 373
Other Financial assets	81 541	-	-	-	81 541
Total financial assets	**7 301 406**	**1 876 127**	**536 334**	-	**9 713 867**
Balances due to banks	704 640	-	-	-	704 640
Customers' deposits	7 675 699	-	-	-	7 675 699
Other financial liabilities	44 596	-	-	-	44 596
Total financial liabilities	**8 424 935**	-	-	-	**8 424 935**

15- Cash and Due from Central Bank

	31/12/2020	31/12/2019
Cash	40 424	43 083
Due from Central Bank (within the mandatory reserve percentage in L.E)	594 717	712 757
Balance	**635 141**	**755 840**
Non-interest-bearing balances	**635 141**	**755 840**

16- Due from Banks

	31/12/2020	31/12/2019
Current accounts	49 893	70 303
Deposits	1 427 072	1 762 577
Total	**1 476 965**	**1 832 880**
Less: impairment loss provision	(820)	(788)
Balance	**1 476 145**	**1 832 092**
Due from central Bank (other than the mandatory reserve percentage in L.E)	285 334	499 888
Local Banks	451 246	671 797
Foreign Banks	740 385	661 195
Total	**1 476 965**	**1 832 880**
Less: impairment loss provision	(820)	(788)
Balance	**1 476 145**	**1 832 092**
Non- interest-bearing balances *	13 400	274 557
Variable interest balances	29 116	10 926
Fixed interest balances	1 434 449	1 547 397
Total	**1 476 965**	**1 832 880**
Less: impairment loss provision	(820)	(788)
Balance	**1 476 145**	**1 832 092**
Current balances	1 476 965	1 832 880
Non-current balances	-	-
Total	**1 476 965**	**1 832 880**
Less: impairment loss provision	(820)	(788)
Balance	**1 476 145**	**1 832 092**

* On 1 April 2019, the Central Bank of Egypt sent a notification to the effect of obligating the Société Arabe Internationale de Banque (SAIB) to place non-bearing -interest cash deposit at the Central Bank of Egypt as a result of granting credit facilities within the framework of the Central Bank of Egypt Initiative, at a reduced interest rate of 5% to small enterprises of high creditworthiness or companies affiliated to big entities provided that the deposit shall take place starting from the first of April 2019. Meanwhile, it is to be taken into consideration that such facilities were granted in previous years as shown in the tables below:

The financial portion in million L. E	Term of deposit with the Central Bank of Egypt
25.0	4 months
0.5	6 months
1 318.0	One year
32.8	One year and half

Analysis of due from banks impairment loss provision

	31/12/2020	31/12/2019
Balance at the beginning of the year	**788**	**3 250**
Net impairment charge	9	(2 436)
Foreign exchange differences	23	(26)
Balance at the end of the year	**820**	**788**

Analysis of the provision of impairment loss for due to banks categorized into stages

	31/12/2020	31/12/2019
Stage 1 ECL over 12 months	112	650
Stage 2 ECL over lifetime	708	138
Total	**820**	**788**

17- Treasury bills & other government notes

	31/12/2020	31/12/2019
A – Treasury bills at amortized cost		
270 days maturity	451 306	-
273 days maturity	-	2 871
356 days maturity	-	1 309
357 days maturity	-	3 821
364 days maturity	656 988	1 121 542
Total	**1 108 294**	**1 129 543**
Less: unearned interest	(16 698)	(20 817)
Less: impairment loss provision	(1 927)	(2 669)
Net (1)	**1 089 669**	**1 106 057**
B – Treasury bills at fair value through other comprehensive income		
91 days maturity	1 044	-
182 days maturity	33 486	-
243 days maturity	19 069	-
266 days maturity	19 069	-
270 days maturity	1 017 029	59 648
273 days maturity	31 782	-
278 days maturity	8 263	-
289 days maturity	9 535	-
293 days maturity	2 241	-
306 days maturity	12 713	-
315 days maturity	30 193	-
357 days maturity	54 346	-
364 days maturity	1 153 417	1 816 479
Total	**2 392 187**	**1 876 127**
Less: unearned interest	(143 027)	(150 116)
Reserve of change in fair value	8 307	9 107
Net (2)	**2 257 467**	**1 735 118**
Net (1+2)	**3 347 136**	**2 841 175**

Analysis of the provision of impairment loss for treasury bills at amortized cost

	31/12/2020	31/12/2019
Balance at the beginning of the year	**2 669**	**5 348**
Net impairment charge	(759)	(2 657)
Foreign exchange differences	17	(22)
Balance at the end of the year	**1 927**	**2 669**

Analysis of the provision of impairment loss for Treasury Bills at amortized cost categorized into stages

	31/12/2020	31/12/2019
Stage 1 ECL over 12 months	1 927	2 669
Total	**1 927**	**2 669**

18- Loans and facilities to banks

	31/12/2020	31/12/2019
Discounted commercial papers	10 785	25 974
Less:		
Unearned discount of discounted commercial papers	(411)	(1 654)
Impairment loss provision	(43)	(211)
Total	**10 331**	**24 109**

19- Loans and facilities to customers

Individuals	31/12/2020	31/12/2019
Personal loans	276 304	152 753
Debit current accounts	105 961	50 694
Credit cards	9 011	7 259
Real estate loans	45 876	44 220
Total (1)	**437 152**	**254 926**
Corporate loans including small loans granted to economic activities:		
Direct loans	803 443	789 257
Syndicated loans	913 335	967 446
Debit current accounts	407 162	345 545
Other loans	15 018	11 081
Total (2)	**2 138 958**	**2 113 329**
Total loans and facilities to customers (1+2)	**2 576 110**	**2 368 255**
Less: Impairment loss provisions	**(336 040)**	**(326 496)**
Less: Unearned discount of discounted commercial papers	**(304)**	**(356)**
Less: Suspense interest	**(2 227)**	**(2 542)**
Less: Prepaid interest	**(17 908)**	**(21 804)**
Net	**2 219 631**	**2 017 057**

Provision for impairment losses

The Provision for impairment losses movement analysis for loans and facilities to customers is as follows:

	31/12/2020	31/12/2019
Balance at the beginning of the year	**326 496**	**320 137**
Impairment charge during the year	8 587	9 869
Foreign exchange differences	1 477	4 339
Debts written off	(623)	(7 934)
Proceeds from loans previously written off	58	4
Amounts reimbursed during the year	45	81
Balance at the end of the year	**336 040**	**326 496**

Analysis of the provision of impairment loss for loans and facilities to customers categorized into stages

31/12/2020	Stage 1 ECL over 12 months	Stage 2 ECL over lifetime	Stage 3 ECL over lifetime	Total
Individuals	5 201	302	2 692	8 195
Corporate	13 650	77 565	236 630	327 845
Total	**18 851**	**77 867**	**239 322**	**336 040**

31/12/2019	Stage 1 ECL over 12 months	Stage 2 ECL over lifetime	Stage 3 ECL over lifetime	Total
Individuals	2 572	57	2 111	4 740
Corporate	10 479	83 820	227 457	321 756
Total	**13 051**	**83 877**	**229 568**	**326 496**

20- Financial investments

	31/12/2020	31/12/2019
1 - Financial investments at fair value through other comprehensive income		
A - Debt instruments - at fair value		
- Debt instruments – quoted in the market	488 643	485 744
B - Equity instruments at fair value through other comprehensive income		
- Quoted	7 017	8 473
- Unquoted	45 659	37 178
- Mutual funds	3 095	4 939
Total financial investments at fair value through other comprehensive income (1)	**544 414**	**536 334**
2 - Financial investments at amortized cost		
A - Debt instruments:		
- Quoted	848 786	1 107 373
Less: Impairment loss provision	**(2 001)**	**(808)**
Total financial investments at amortized cost (2)	**846 785**	**1 106 565**
Total financial investments (1+2)	**1 391 199**	**1 642 899**
- Current balances	787 074	792 919
- Noncurrent balances	604 125	849 980
Total financial investments	**1 391 199**	**1 642 899**
Fixed interest debt instruments	1 335 428	1 592 309
Variable interest debt instruments	-	-
	1 335 428	**1 592 309**

Analysis of financial investments impairment loss provision at amortized cost:

	31/12/2020	31/12/2019
Balance at the beginning of the year	**808**	**585**
Net impairment charge	1 193	223
Foreign exchange differences	-	-
Balance at the end of the year	**2 001**	**808**

Analysis of the provision of impairment loss for financial investments at amortized cost categorized into stages

	31/12/2020	31/12/2019
Stage 1 ECL over 12 months	2 001	808
Total	**2 001**	**808**

Gains (Losses) of financial investments:

	31/12/2020	31/12/2019
Profits from the sale of financial investments at fair value through other comprehensive income	1 923	2 471
Reverse / (Charge) of equity instruments through other comprehensive income	956	(932)
Impairment loss reverse (charge) of financial assets at fair value through other comprehensive income	(577)	100
Profits from the sale of treasury bills	2 069	57
Balance	**4 371**	**1 696**

31 December 2020	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance as at 1 January 2020 / as previously issued	**525 482**	**1 106 565**	**1 632 047**
Adjustments – Equity instruments at fair value through other comprehensive income (FVOCI)	10 852	-	10 852
Balance as at 1 January 2020 after amendment	**536 334**	**1 106 565**	**1 642 899**
Additions	69 392	108 604	177 996
Disposals	(75 928)	(380 751)	(456 679)
Amortized issue premium / issuance discount for the year	768	(2 480)	(1 712)
Translation differences for assets of monetary nature in foreign currency	6 421	16 040	22 461
Change in fair value	8 034	-	8 034
Transferred to retained earnings	(607)	-	(607)
Impairment (charge) of financial investments at amortized cost	-	(1 193)	(1 193)
Balance as at 31 December 2020	**544 414**	**846 785**	**1 391 199**
31 December 2019	**Financial investments at fair value through other comprehensive income**	**Financial investments at amortized cost**	**Total**
Balance as at 1 January 2019 / as previously issued	**159 407**	**1 623 279**	**1 782 686**
Adjustments – Equity instruments at fair value through other comprehensive income	11 487	4 316	15 803
Impacts of changes resulting from the initial implementation of IFRS9	496 988	(491 116)	5 872
Balance after the impacts of the initial implementation of IFRS 9	667 882	1 136 479	1 804 361
Additions	5 638	60 366	66 004
Disposals	(222 230)	(207 923)	(430 153)
Impairment in investment value	(932)	-	(932)
Amortized issue premium / issuance discount for the year	843	1 772	2 615
Translation differences for assets of monetary nature in foreign currency	48 499	116 094	164 593
Change in fair value	36 634	-	36 634
Impairment (charge) of financial investments at amortized cost	-	(223)	(223)
Balance as at 31 December 2019	**536 334**	**1 106 565**	**1 642 899**

21- Investments in associates

The investment in associates are represented in the following companies and institutions:

31 December 2020

Name of Company	Assets	Liabilities (without equity)	Revenues	Net Profits (losses)	Country of company's premises	Balance as at 31/12/2019	Balance as at 31/12/2020	Share %
Suez Canal Co. For Technology ***	102 026	6 125	21 070	19 192	A.R. E	21 119	28 728	24.08%
International Company for Tourist Investments (ICTI)	96 059	10 332	1 717	(3 064)	A.R. E	17 434	16 972	20%
World Trade Centre (WTC)*	144 151	12 518	2 748	(799)	A.R. E	66 342	65 039	50%
Suez Canal Bank (CSB)	3 187 806	2 959 931	240 611	22 628	A.R. E	82 310	100 551	41.50%
Cairo National Company for Brokerage and Securities	498	410	68	(43)	A.R. E	54	29	32%
Cairo Factoring Company **	-	-	-	-	A.R. E	-	-	40%
Total of associates						**187 259**	**211 319**	

31 December 2019

Name of Company	Assets	Liabilities (without equity)	Revenues	Net Profits (losses)	Country of company's premises	Balance as at 31/12/2018	Balance as at 31/12/2019	Share %
Suez Canal Co. For Technology ***	116 545	11 663	36 347	29 712	A.R. E	16 491	21 119	24.08%
International Company for Tourist Investments (ICTI)	97 547	8 755	15 587	8 119	A.R. E	17 897	17 434	20%
World Trade Centre (WTC)*	145 335	12 522	2 218	662	A.R. E	66 276	66 342	50%
Suez Canal Bank (CSB)	3 242 612	3 036 385	355 278	33 800	A.R. E	66 868	82 310	41.50%
Cairo National Company for Brokerage and Securities	253	86	87	(50)	A.R. E	62	54	32%
Cairo Factoring Company **	4 027	4 442	675	(999)	A.R. E	101	-	40%
Total of associates						**167 695**	**187 259**	

*The Bank participation in the capital of the World Trade Centre (WTC) Company amounted to 50% and the Bank does not have control over the Company, hence, the investment in the World Trade Centre (WTC) is considered as an investment in associates. In addition, an impairment provision was formed with an amount of US$ 12 million in return for an amount exceeding 40 % of the Bank's participation in the issued capital of the Company that was recorded in the separate financial statements issued as at 31/12/2019. The financial statements of the Company as at 31 December 2019, are to be taken into consideration as the last financial statements approved by the Auditor on 4 may, 2020.

**As a result of implementing the equity method, the carrying value of the participation of Société Arabe Internationale de Banque (SAIB) in the capital of Cairo Factoring Company that amounted to 40% at a cost of EGP 4 million, reflected the losses of the Company which exceeded the total equity of the Company as of 31 December 2018 and the continuity of such losses till the last approved balance sheet statement of the Company as at 30 June 2020.

***The balances were recorded as per the latest financial statements available of the Company as at 30 November 2020 and approved by the Auditor on 14 January 2021.

22- Intangible Assets

	31/12/2020	31/12/2019
Net book value at the beginning of the year	**4 419**	**3 424**
Additions	416	3 444
Amortization for the year	(2 151)	(2 449)
Adjustments	210	-
Net book value at the end of the year	**2 894**	**4 419**

23- Other Assets

	31/12/2020	31/12/2019
Accrued revenue	61 395	81 541
Accrued dividends	677	2 438
Prepaid expenses	7 136	4 333
Prepaid amounts to employees under the account of dividends	8 808	8 313
Advance payments to purchase fixed assets	36 986	23 933
Assets reverted to the Bank in return for customers debts (after deducting the impairment)	2 406	2 481
Deposits and imprests	473	352
Other (after deducting of impairment)	28 165	18 084
Total	**146 046**	**141 475**

24- Fixed Assets

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2019	**29 944**	**39 147**	**10 801**	**204**	**9 303**	**89 399**
Additions	6 693	10 398	2 242	1	1 210	**20 544**
Disposals	-	(110)	(263)	-	(171)	**(544)**
Depreciation cost as at 31 December 2019	-	(3 440)	(3 819)	(86)	(3 097)	**(10 442)**
Adjustments - Depreciation cost for the year 2019	-	110	-	-	-	**110**
Net Book Value as at 31 December 2019	**36 637**	**46 105**	**8 961**	**119**	**7 245**	**99 067**
Additions	-	2 046	2 597	5	445	**5 093**
Adjustments –cost of assets transferred to intangible assets	-	-	-	-	(236)	**(236)**
Depreciation during the year	-	(3 682)	(3 681)	(80)	(2 663)	**(10 106)**
Accumulated depreciation of disposals	-	-	-	-	26	**26**
Net book value as at 31 December 2020	**36 637**	**44 469**	**7 877**	**44**	**4 817**	**93 844**

25- Due to Banks

	31/12/2020	31/12/2019
Current Accounts	91 638	186 443
Deposits	413 094	518 197
Balance	**504 732**	**704 640**
Local Banks	449 688	661 827
Foreign Banks	55 044	42 813
Balance	**504 732**	**704 640**
Non - interest bearing balances	47 297	107 084
Fixed interest bearing balances	457 435	597 556
Balance	**504 732**	**704 640**
Current balance	503 312	704 640
Non – current balance	1 420	-
Total	**504 732**	**704 640**

26- Customers deposits

	31/12/2020	31/12/2019
Demand deposits (current accounts)	752 058	876 785
Time and call deposits	4 565 103	4 491 953
Certificates of deposits	1 569 983	1 499 137
Saving deposits	676 974	527 922
Other deposits	257 605	279 902
Balance	**7 821 723**	**7 675 699**
Financial Institutions deposits	4 706 424	4 363 562
Individuals' deposits	3 115 299	3 312 137
Balance	**7 821 723**	**7 675 699**
Non-interest-bearing balances	392 608	400 236
Fixed interest-bearing balances	6 280 235	5 355 634
Variable interest-bearing balances	1 148 880	1 919 829
Balance	**7 821 723**	**7 675 699**
Current balances	6 213 793	3 743 898
Non-current balances	1 607 930	3 931 801
Balance	**7 821 723**	**7 675 699**

27- Other loans

	31/12/2020	31/12/2019
Social Fund for Development loan - development of small enterprises (new & existing)	1 528	5 860
Agricultural development loan – (the leading bank / CIB)	638	3 174
(CBE) Mortgage finance initiative to low income individuals	13 961	13 972
Arab Fund for Economic and Social Development loan	28 000	30 000
Performing MEs financing initiative to fund new machinery, equipment and production lines for industrial and agricultural purposes (CBE)	7 463	9 156
Total other loans	**51 590**	**62 162**

28- Other liabilities

	31/12/2020	31/12/2019
Accrued interest	39 049	44 596
Unearned revenues	2 800	3 082
Employees' fund	2 653	2 704
Alternative employees benefit plan	13 474	11 157
E-payment System	8 709	5 442
Accrued expenses	4 015	2 369
Dividends payable	25	24
Other credit balances	31 144	34 408
Balance	**101 869**	**103 782**

29- Other Provisions

	31/12/2020				
	Beginning of the year balance	Exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	5 389	19	20	(1 373)	**4 055**
Contingent liabilities provision	3 979	36	291	-	**4 306**
Commitments and facilities provision	64	10	1 114	-	**1 188**
Total	**9 432**	**65**	**1 425**	**(1 373)**	**9 549**

	31/12/2019				
	Beginning of the year balance	Exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	14 844	202	(7 421)	(2 236)	**5 389**
Contingent liabilities provision	3 696	62	221	-	**3 979**
Commitments and facilities provision	366	10	(312)	-	**64**
Total	**18 906**	**274**	**(7 512)**	**(2 236)**	**9 432**

30- Owners' Equity

A- Paid in Capital

The fully paid, issued and paid in capital of the Bank is US$ 600 million as at 31 December 2020 distributed over 30,000 common shares whose value is US$ 20 000 each.

The issued and subscribed share capital is as follows:

	No. Of shares	%	Nominal value	Paid
Arab Republic of Egypt	11 628	38.76	232 560	232 560
Libya	11 628	38.76	232 560	232 560
Abu Dhabi Investment Authority	3 751	12.503	75 020	75 020
State of Qatar	1 495	4.984	29 900	29 900
Sultanate of Oman - Oman Investment Authority	747	2.49	14 940	14 940
International Capital Trading Co.	751	2.503	15 020	15 020
Total	**30 000**	**100**	**600 000**	**600 000**

B- Reserves

	31/12/2020	31/12/2019
Legal Reserve (Analytical Note No. B-1)	137 535	130 970
General Reserve	87 578	87 578
Capital reserve	2 671	644
Special reserve	69	69
Fair value reserve - financial investments – at fair value through other comprehensive income (Analytical Note No. B-2)	28 956	27 034
General banking reserve (Analytical Note No. B-3)	167	96
Total of reserves at the end of the year	**256 976**	**246 391**

(B/1) Legal Reserve

	31/12/2020	31/12/2019
Balance at the beginning of the year	130 970	127 008
Transferred from the profit of the year	6 565	3 962
Balance at the end of the year	**137 535**	**130 970**

(B/2) Fair value reserve of financial investments at fair value through other comprehensive income

	31/12/2020	31/12/2019
Balance at the beginning of the year	**27 034**	**(10 913)**
Net change in fair value of investments at fair value through other comprehensive income	1 922	27 100
Impact of changes resulting from initial implementation of IFRS 9 on ECL	-	10 847
Balance at the end of the year	**28 956**	**27 034**

B/3 General banking risk reserve

	31/12/2020	31/12/2019
Balance at the beginning of the year	**96**	**4 798**
Transferred to general banking reserve	71	39 285
Impact of changes resulting from initial implementation of IFRS 9 on ECL	-	(43 987)
Balance at the end of the year	**167**	**96**

C- Retained earnings

	31/12/2020	31/12/2019
Balance at the beginning of the year	**95 029**	**140 501**
Net profit of the year	42 685	50 241
Dividends appropriations	(12 695)	(10 410)
Transferred to legal reserve	(6 565)	(3 962)
Transferred to capital reserve	(2 027)	(67)
Transferred to banking risk reserve	(71)	(478)
Adjustments of retained earnings	2 393	(264)
Profits from the sale of equity instruments at fair value through other comprehensive income	13	-
Impact of implementing (IFRS9)	-	(81 060)
Balance at the end of the year	**118 762**	**95 029**

31- Cash and cash equivalents

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

	31/12/2020	31/12/2019
Cash at hand & due balances from the Central Bank of Egypt	40 424	43 083
Balances with Banks	1 452 470	1 682 536
Treasury bills	1 018	-
End of year balance	**1 493 912**	**1 725 619**

32- Contingent Liabilities & Commitments

	31/12/2020	31/12/2019
Letters of guarantee	190 939	219 873
Letters of Credit - import	54 437	23 316
Letters of Credit - export	30 445	52 474
Money market papers for facilities to suppliers	12 602	849
Commitments for corporate loans	168 599	1 175 479
Accepted and endorsed bills of exchange	16 389	82 625
Total	**473 411**	**1 554 616**

33- Related parties' transactions

Transactions with related parties have been conducted by the Group, at arm's length in accordance with the norms and the normal course of banking rules in practice. Related parties' transactions and balances on the balance sheet date are as follows:

	Associates	
	31/12/2020	**31/12/2019**
Loans & facilities to customers and banks	16 024	16 875
Customers' deposits	262 468	296 626
Due from banks	1 729	153 306
Due to banks	5 488	195 532
Other balances	169	328

34- Investment Funds - financial investments at fair value through other comprehensive income

SAIB Fund 1 - accumulated income fund:

- SAIB Fund 1 is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Prime Investments Asset Management Company (S.A.E.)
- The Bank has established Fund 1 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (133) dated 28 February 1996 at a nominal value of L.E 500 per certificate. On 13 March 2007, the Capital Market Authority approved splitting the value of the certificate at a percentage of 1:5 and thus the nominal value of the certificate became L.E 100 instead of L.E 500, accordingly, article No. (6) of the prospectus of Fund 1 was amended as at 29 March 2007.
- The number of investment certificates of this fund reached 90 096 certificates and their nominal value amounted to US$ 572 689. The Bank allocated 73 075 certificates with a nominal value of US$ 464 496 to carry out the activity of the fund.
- The redemption value of the certificate the financial position date amounted to L.E 180.69 that represents the equivalent of US$ 11.49

SAIB Fund 2 - accumulated income fund with recurring revenue and bonus certificates:

- SAIB Fund 2 is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Prime Investments Asset Management Company (S.A.E.)
- The Bank has established Fund 2 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (178) dated 4 September 1997 at a nominal value of L.E 100 per certificate. On 6 March 2018, the Financial Regulatory Authority approved splitting the value of the certificate at a percentage of 1:5 and thus the nominal value of the certificate became L.E 20 instead of L.E 100
- The number of investment certificates of this fund reached 150 166 certificates and their nominal value amounted to US$ 190 904. The Bank allocated 101 175 certificates with a nominal value of US$ 128 622 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 120.99 that represents the equivalent of US$ 7.69

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SAIB Fund 3 - El Rabah Fund - fund with recurring revenue:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by EFG Hermes Asset Management instead of Prime Investments Asset Management Company (S.A.E.) due to the termination of the management contract as at 4 November 2013.
- The Bank has established Fund 3 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (248) dated 31 December 1998 at a nominal value of L.E 100 per certificate.
- The name of the fund was changed into El Rabah Fund based on the approval of the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) dated 22 April 2007.
- The number of investment certificates of this fund reached 177 237 certificates and their nominal value amounted to US$ 1 126 595. The Bank allocated 50 000 certificates with a nominal value of US$ 317 822 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 202.82 that represents the equivalent of US$ 12.89

SAIB Fund 4 - Sanabil Islamic Fund - accumulated income fund with recurring revenue:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and as of 21 December 2011, the fund turned out to be managed by HC Securities & Investment instead of Prime Investments Asset Management Company (S.A.E.), due to the termination of the management contract as at 20 December 2011.
- The fund management mission has been assigned to CI Asset Management in place of HC Securities and Investment Company as of 1 January 2020.
- The Bank has established Sanabil Islamic Fund based on the provisions of the Islamic law (sharia) in cooperation with Abu Dhabi Islamic Bank (ADIB) –Egypt (formerly The National Bank for Development –NBD) by virtue of the license issued by the Capital Market Authority No. (377) dated 20 December 2006 at a nominal value of L.E 100 per certificate.
- The number of investment certificates of this fund reached 164 134 certificates and their nominal value amounted to US$ 1 043 306. The Bank allocated 25 000 certificates with a nominal value of US$ 158 911 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 116.14 that represents the equivalent of US$ 7.38

SAIB Fund 5 - Youmy Fund - accumulated daily income fund:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Beltone Asset Management Company for investment funds management.
- The Bank has established the daily cash fund (Youmy Fund) by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (691) dated 4 June 2014 at a nominal value of L.E 10 per certificate.
- The number of investment certificates of this fund reached 3 211 927 certificates and their nominal value amounted to US$ 2 041 639. The Bank allocated 500 000 certificates with a nominal value of US$ 317 822 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 20.41 that represents the equivalent of US$ 1.30

35- Employees' Pension fund

- The Bank has a funded defined benefit contributory pension plan covering all full-time employees until 17 April 2008. The benefits provided by the plan are determined by the Board of Directors. The value of the vested benefit liability according to the plan and the adequacy of the reserve are annually determined by an Actuary.
- On 8 December 2013, the Board of Directors of the Bank, approved the Voluntarily Early Retirement Plan based on the new conditions and benefits instead of the adopted regulations of the end of service compensation, social insurance and pension plan program through the complete withdrawal from the Bank and the Employees' Pension Fund (without pension) provided that the proposed benefits shall be granted pursuant to the insurance wage as at 31 December 2013.
- In addition, the Bank shall finance the Employees' Pension Fund by a subordinated loan within the limit of US$ 55 million that represents the difference between the total employees' benefits amounts after being granted the additional benefits of the Voluntarily Early Retirement according to the regulations and the actuarial pension reserve allocated for such age categories. The settlement of the subordinated loan occupies the second priority after the fulfillment of the Fund's obligations that are established upon the actuarial calculations while taking into consideration that the balance of the subordinated loan is included in the assets of the Fund that are allocated for the fulfillment of its obligations. The subordinated loan balance shall be reduced on monthly basis with an amount equivalent to the surplus resulting from the Voluntarily Early Retirement Plan.
- The share of the year of the surplus resulting from the implementation of the Voluntarily Early Retirement Plan as at 31 December 2017 was calculated and amounted to US$ 4 991 thousand, hence, the subordinated loan granted to the Employees' Pension Fund was reduced by the same amount of the surplus share for the year 2017. Based on the Actuary's Report issued in 2017, the Bank postponed the payment of the last portion of the subordinated loan paid in 2017 (reverse of amounts previously paid during the year 2017) and reimbursed the amount to the pension reserve fund as of December 31, 2017 provided that the said portion of the subordinated loan shall be settled during the coming years when the pension reserve fund is capable of fulfilling the said obligation as recommended by the actuary.

- The balance of the employees' pension reserve fund on December 31, 2020 amounted to US$ 101 020 thousand corresponding to US$ 102 123 thousand as at December 31, 2019. The Actuary's Report stated that there is a surplus amounting to US$ 167 thousand in the pension reserve fund on December 31, 2020, after the completion of the realized actual investment return difference that amounted to US$ 2 653 thousand in order to reach the minimum limit that should be achieved at a rate of 7 % of the total reserve fund along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand and in case the Bank approves to add the annual increment of 2020 that shall cost an amount of US$ 1 937 thousand when the resolution thereof is issued, the Bank shall bear the amount of US$ 1 771 thousand of its cost after using the aforementioned actuarial surplus that amounted to US$ 167 thousand.Based on the Actuary' opinion, that Employees' Pension Fund has been supported by US$ 2 653 thousand that represents the investment return difference (7%) that is guaranteed by the Bank and the realized investment return (2020) referred to in the Actuary's Report in addition to the amount of US$ 42 thousand being the cost of adding the annual increment of 2019 and deducted from the income statement of this year, along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand and adding its value to the Employees' Pension reserve fund provided that the said portion will be settled during the following years when the pension reserve fund is quite adequate to cover such settlement according to the directives of the Actuary Expert referred to above.

36- Comparative figures

Some comparative figures were adjusted as at 31 December 2019 to be in agreement with the comparative figures of the financial statements as at 31 December 2020 in accordance with the Egyptian Accounting Standards, the rules for preparation and presentation of banks' financial statements and the basis for recognition and measurement approved by the Central Bank of Egypt issued on December 16, 2018 and amended by the instructions issued on February 26, 2019 concerning the preparation of financial statements for banks in accordance with the requirements of the International Financial Reporting Standard No. IFRS 9 Financial Instruments" to adjust the impact of foreign currencies translation on the following items:

- Financial investments in equity instruments at fair value through other comprehensive income.
- Other assets - advance payments under the account of the purchase of fixed assets and intangible assets in addition to the measurement of the fair value of financial investments in equity instruments.
- The following is a statement of the impact of the adjustments on the comparative figures:

	Balances as at 31/12/2019 as previously issued	Re-evaluation	Adjustments - Impairment losses	Foreign exchange translation differences	Adjusted balances as at 31/12/2019
Item					
Financial investments at fair value through other comprehensive income	525 482	(1 296)	(3 663)	15 811	536 334
Other assets	140 821	-	-	654	141 475
Reserves	247 044	(653)	-	-	246 391
Retained earnings including net profit for the year	88 574	-	(1 848)	8 303	95 029

Income statement for the financial year from 1-1-2019 to 31-12-2019	Balances as at 31/12/2019 as previously issued	Adjustments - Foreign exchange translation differences	Adjusted balances as at 31/12/2019
Item			
Net trading income	7 427	(1 283)	6 144
Net profit for the year	56 743	(1 283)	55 460

37- Significant events subsequent to the end of the financial year and do not require adjustments in the financial statements

The recent outbreak of Novel Coronavirus Disease (COVID-19) is still having a heavy impact on economy and the global markets and the implications of its negative impact on various aspects that includes among several ones, the manpower, operating processes and the available liquidity in the Bank. Accordingly, the management of the Bank formed a team to develop and execute emergency plans to encounter such extraordinary circumstances. Currently, we are closely following up and exercising ongoing assessment of all the developments related to the outbreak of (COVID-19). As we shall take all the necessary actions to maintain our operating processes and more importantly, to protect our employees, customers of the Bank and all the stakeholders related with the Bank.

In the light of our present knowledge and available information, we expect that Novel Coronavirus Disease (COVID-19) shall have no impact on the capability of the Bank to continue in business as a going concern in the foreseeable future.

On September 15, 2020, the Central Bank and the Banking System Law No. 194 of 2020, which canceled the Central Bank, the Banking System and Monetary Law issued by virtue of Law No. 88 of 2003, was issued on September 15, 2020.

The law applies to bodies, the most important of which are the Central Bank of Egypt and the Egyptian banking system. Those who are addressed by the provisions of the law are obliged to comply with its provisions, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period or periods not exceeding two years, provided that the Central Bank issues the regulations and decisions relevant to implementing the provisions of the law.

The said law, also stipulated that the financial statements of the Bank should be prepared every three months in accordance with the Egyptian Accounting Standards, and a summary of the Auditor's Report on these financial statements must be attached thereto in accordance with the Egyptian Auditing Standards and the Report of the Board of Directors of the Bank.

Fifth
Interconnection with the Bank

Addresses of the Bank Branches

Head Office:
35 Abd El-Khalik Tharwat, Cairo, Arab Republic of Egypt.
Swift Code: ARIBEGCX 001
Email: cairobranch@aib.com.eg

Cairo Governorate:

Cairo Main branch:
35 Abd El-Khalik Tharwat, Cairo, Arab Republic of Egypt.
Fax: 23938179 - 23938743
Telephone: 23970286 - 23970241
Swift Code: ARIBEGCX 007
Email: cairobranch@aib.com.eg

Zamalek Branch:
55 Mohammed Mazhar st, Zamalek, Cairo, Arab Republic of Egypt.
Fax: 27369615
Telephone: 27369616 – 27369617
Swift Code: ARIBEGCX 017
Email: zamalekbranch@aib.com.eg

Heliopolis Branch:
95 A El Merghany Street, Heliopolis, Cairo, Arab Republic of Egypt.
Fax: 22900261 - 24173524 - 22902491
Telephone: 22902069 – 22907592
Swift Code: ARIBEGCX 005
Email: heliopolesbranch@aib.com.eg

Nasr City Branch:
77 B Nasr Road, Nasr City, Cairo,Arab Republic of Egypt.
Fax: 24034904
Telephone: 22605914 – 22606359
Swift Code: ARIBEGCX 004
Email: nasrcitybranch@aib.com.eg

Maadi Branch:
2 Amr street off El Nasr street, El Maadi, Cairo, Arab Republic of Egypt.
Fax: 25178353
Telephone: 25178355 – 25178356
Swift Code: ARIBEGCX 011
Email: maadibranch@aib.com.eg

Abo Dawood Branch:
21 Abu Dawood Elzahry st., Nasr City, Cairo, Arab Republic of Egypt.
Fax: 22715890
Telephone: 22715900 – 22715880
Swift Code: ARIBEGCX 019
Email: AbouDawoodELZahery@aib.com.eg

Ammar Ibn Yasser Branch:
2 Mostafa Mokhtar St., off Ammar Ibn Yasser St., Heliopolis, Cairo, Arab Republic of Egypt.
Fax: 26227429
Telephone: 26227432- 26227433 - 26227431
Swift Code: ARIBEGCX 014
Email: ammarbranch@aib.com.eg

Downtown Mall Branch:
Downtown Mall 5th settlement, S4 building, Cairo, Arab Republic of Egypt.
Fax: 23146396
Telephone: 23146398 - 23146399
Swift Code: ARIBEGCX 020
Email: DownTownBranch@aib.com.eg

Stella Branch:
Stella Compound, first settlement, 9 Mohamed Naguib Axis, next to The Waterway, Cairo, Arab Republic of Egypt.
Fax: 25308129
Telephone: 25308127 - 25308128
Swift Code: ARIBEGCX 013
Email: stellabranch@aib.com.eg

Giza Governorate:

El Tahrir Branch:
5 Weisa Wasef Street, El Riyadh Tower, Giza, Arab Republic of Egypt.
Fax: 35695541 - 35695542
Telephone: 35695525
Swift Code: ARIBEGCX 003
Email: tahrirbranch@aib.com.eg

Mohandessin Branch:
60 Gueziret El Arab Street, Giza, Arab Republic of Egypt.
Fax: 33039651
Telephone: 33029652 - 33037247
Swift Code: ARIBEGCX 008
Email: mohandessinbranch@aib.com.eg

Addresses of the Bank Branches

El-Sheikh Zayed Branch:
Americana Plaza Mall, First Floor, El-Sheikh Zayed, Giza, Arab Republic of Egypt.
Fax: 38517124
Telephone: 38517127 – 38517126
Swift Code: ARIBEGCX 010
Email: zayedbranch@aib.com.eg

6 Oct University Branch:
6 October City, Central Axis, Part 1/1 Mall Building, Second Floor, Giza, Arab Republic of Egypt.
Fax: 38350554
Telephone: 38362148
Swift Code: ARIBEGCX 009
Email: 6octuniversitybranch@aib.com.eg

Sodic Branch:
SODIC Compound, The Strip Mall (8H), Sheikh Zayed, Cairo, Arab Republic of Egypt.
Fax: 38863715
Telephone: 38863704
Swift Code: ARIBEGCX 021
Email: sodicbranch@aib.com.eg

Alexandria Governorate:

Alexandria Branch:
2 El-Horeya Rd, Al Mesallah Sharq, Qesm Al Attarin, Alexandria, Arab Republic of Egypt.
Fax: (03)4873230 - 4870328
Telephone: (03) 4843006 - 4869681 - 4876014
Swift Code: ARIBEGCX 002
Email: alexandriabranch@aib.com.eg

Kafr Abdo Branch:
26 Ismailia Street, Kafr Abdo, Alexandria, Arab Republic of Egypt.
Fax: (03) 5464676
Telephone: (03) 5463898 - 5465991
Swift Code: ARIBEGCX 015
Email: Kafrabdobranch@aib.com.eg

Smouha Branch:
9 Fawzy Moaz Street, Continental Tower, Smouha, Alexandria, Arab Republic of Egypt.Fax: (03) 4272846
Telephone: (03) 4273087 - 4272917
Swift Code: ARIBEGCX 016
Email: smouhabranch@aib.com.eg

Port Said Governorate:

Port Said Branch:
23 July & Salah El Din Street, Port Said, Arab Republic of Egypt.
Fax: (066) 3225908
Telephone: (066) 3202139 – 3227623
Swift Code: ARIBEGCX 006
Email: portsaidbranch@aib.com.eg

South Sinai Governorate:

Sharm El-Sheikh Branch:
Rixos Hotel and Resort Gate, Sharm El-Sheikh, Arab Republic of Egypt.
Fax: (069)3710827
Telephone: (069) 93710828
Swift Code: ARIBEGCX 012
Email: sharmbranch@aib.com.eg

Dakahlia Governorate:

Mansoura Branch:
205 Al Goumhoureya street, Nile View Tower, Al Mansoura, Arab Republic of Egypt.
Fax: (050) 2325271
Telephone: (050) 2306703 - 2310630
Swift Code: ARIBEGCX 018
Email: mansourabranch@aib.com.eg

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