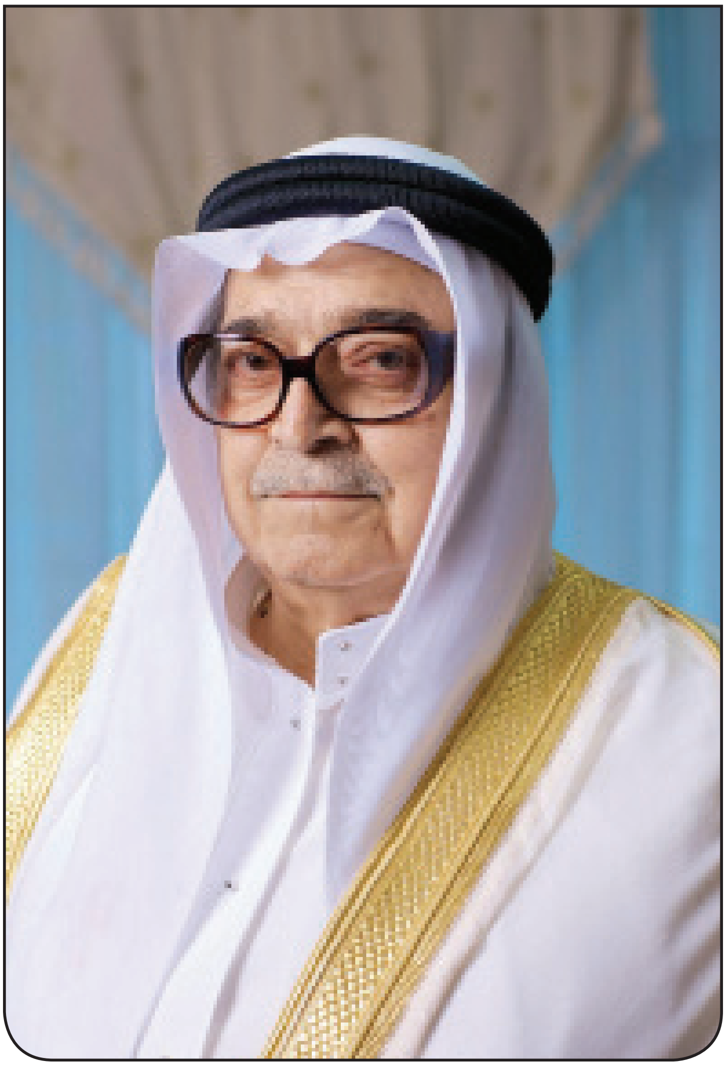
Al Baraka Bank Egypt S.A.E.

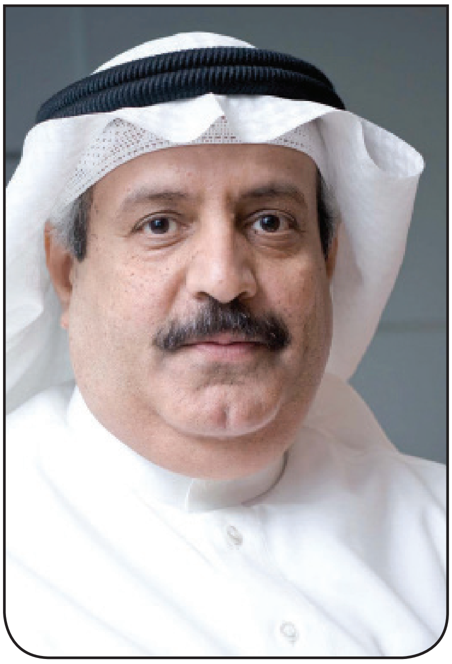
Annual Report 2019

Your Partner Bank

alBaraka

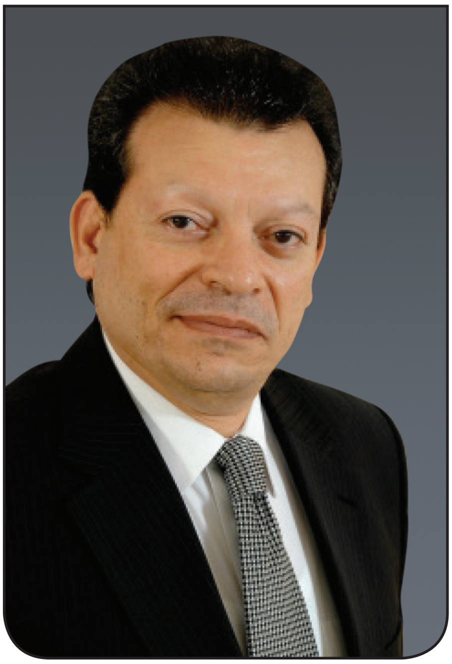


His Excellency
Shaikh
Saleh Abdullah Kamel
Chairman
Al Baraka Banking Group



HIS EXCELLENCY
Mr. **Adnan Ahmed Yousif**
President & Chief Executive
Al Baraka Banking Group

HIS EXCELLENCY
Mr. **Ibrahim Fayez Al-Shamsi**
Chairman
Al Baraka Bank Egypt



HIS EXCELLENCY
Mr. **Ashraf Ahmed El Ghamrawy**
Vice Chairman & Chief Executive
Al Baraka Bank Egypt

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INTRODUCTION

Al Baraka Bank Egypt, S.A.E. started to practice its different businesses and activities pursuant to the provisions of the tolerant Islamic Shari'a since almost thirty years, and was able as a pioneer Islamic institution throughout such years to impose itself strongly in the banking market in Egypt in view of the integrated system of solutions and Islamic developed services and products that it provides. The message of our Bank is represented in accompanying our partners on the road of success by the renewable and innovated banking solutions that it provides via an integrated work team that complies with respecting the principles of the tolerant Islamic Shari'a that guarantees the due ethical practices in commercial and financial transactions.

In this concern it is worth mentioning that Al Baraka Bank Egypt always launches new and developed financing programs for banking retail transactions that satisfy the requirements of the different brackets of the community, that are unprecedented in the Egyptian banking market; all of which conform to Islamic Shari'a, among which is financing medical treatment (surgeries), participation in clubs, foreign education, private universities, touristic voyages, and equipping medical clinics , as well as strongly involved in financing small and medium enterprises, in cooperation with the Small & Medium Enterprise Development Agency & the World Bank, using the "Risk-Sharing System" and also with the Islamic Development Bank in Saudi Arabia and participating in syndicated finances with the leading domestic and international Banks in financing huge and strategic projects of economic benefit.

Moreover, the Bank launches an integrated system of saving pools in the Egyptian pound and foreign currencies (deposits – certificates – sukuk) that satisfy the requirements of wide sectors of transactors with regards to the term and the periodicity of paying the return. The Bank has issued the first Islamic credit card in the Egyptian market (Al Baraka Card) in addition to providing several other banking services. Our Bank provides direct finance to the different economic activities to companies and institutions with high credit worthiness and rating. It also participates in syndicated finances for large economically feasible projects that provide numerous employment opportunities via murabaha and mudaraba transactions (that directly contributes to supporting the Egyptian economy). The Bank has several contributions to companies such as the Egyptian Saudi Insurance House, the Egyptian Company for the Shopping Centers Development, Al-Tawfiq Leasing Company, and the Egyptian Takaful (Property and Liability) Company ...etc.

The Bank has never neglected its social role as a leading Islamic Foundation. It has always responded towards the Society needs, the Bank is providing an appropriate volume of new employment opportunities within the framework of the finance & investment operations provided by the Bank, whether individually or through syndicated loans and finances. The bank in general is interested to provide support and particularly to hospitals and medical centers covering all health services. Subsidizing and financing educational foundations and all fields related to education in Egypt, as well as subsidizing the free-of-charge treatment units, "Tahya Misr" Fund, developing slums, within the initiatives launched by the Federation of Egyptian Banks

It is worth mentioning that our Bank by the Grace of Allah Almighty during 2019 was able to achieve net profits amounting to approximately EGP 1054 million for our Bank to be able to distribute dividends amounting to EGP 463.9

million among shareholders with percentage 30% of the Bank's issued and paid up capital. The general reserve was also supported by the amount of EGP 300 million for consolidating the Bank's financial position and facing the increasing growth in our Bank's business and maintaining a developing level of capital adequacy ratio. The total balance sheet at 31 December 2019 amounted to EGP 72.7 billion at growth rate 16% approximately to the previous year. This reflects the trust in the bank on part of the transactors in the market, the positive development in the volume of its activities, the growth of its activities and business results.

It is worth mentioning that our Bank continued its success in maintaining the quality of its assets via keeping a high rate of coverage for bad debts. The total revenues as at 31 December 2019 amounted to a sum of EGP 8580.7 million against EGP 7340.5 million during 2018 at a rate of growth of approximately 17%; the matter that evidences the success of the strategy of the Bank to verify its profit position and the presence of a wide base of customers that increase from one year to another in depositing and investing; consequently, raising its market share. The customers total saving pools reached EGP 64.4 billion as at 31 December 2019, at the rate of growth of 18% above the previous year. In this concern Our Bank seeks to maintain its customers' base and develop it through its savings pools system which is updated and developed on perpetual basis , as the Bank has lately offered a new savings pool, namely the "Variable monthly deposits" with a competitive return rate, This pool has created very good results.

Our bank has won many awards in year 2019.

- The Golden Europe Award for Quality & Commercial Prestige
- The Golden Europe Award for Quality & Business Prestige By Association Otherways Management & Consulting
- International Diamond Prize for Excellence in Quality 2019 From European Society for Quality Research
- The Arab Banks Awards & Commendations of Excellence 2019 From World Union of Arab Bankers
- Best Islamic Bank in Egypt for the year 2019 From The Banking Executive Magazine

The Bank practices its business from its headquarters in the Fifth Settlement Area in New Cairo which was equipped with the latest techniques; the matter that is considered a quantum and civilized leap to the Bank, and via its branches that currently amount to 32 that are distributed over major Egyptian cities & governorates, in addition to our foreign currency exchange offices. Recently necessary actions are being taken to prepare a new branch in East Alexandria to become fifth Branch in Alexandria Governorate, the second capital of Egypt. Thus The Islamic International Rating Agency (IIRA) has granted our Bank credit rating at the international scale B-/B and at the national scale A (eg)/A1 (eg)with stable outlook.

Al Baraka Bank Egypt is considered one of the tributaries of Al Baraka Banking Group (ABG) whose headquarters are located in Bahrain. The group is considered among the pioneers in the Islamic banking business at the level of the world, where it provides its distinct banking services to approximately one billion individuals to the countries in which it operates, where the authorized capital of the group amounts to USD 2.5 billion. The Group has a wide geographic spread represented in subsidiary banking units and representation offices in three continents in seventeen countries and manages approximately 700 branches.

SHAREHOLDERS

As at 31 December 2019

Shareholders	Nationality	%
Al Baraka Banking Group	Bahrain	73.68
Misr Life Insurance Company	Egypt	5.25
Misr Insurance Company	Egypt	4.50
Others (Individuals)	Egypt	4.34
Dallah Company for Real Estate Investment	Egypt	3.81
Private Sector	Foreigners	3.80
Change Global Frontier Markets LP	USA	1.26
Mohsen Badr Ali Khalaf Allah	Egypt	1.15
King Abdullah University of Science and Technology	Saudi Arabia	1.04
Others (Private Sector)	Egypt	0.79
Others (Individuals)	Foreigners	0.38

REPORT OF THE BOARD OF DIRECTORS

ATTACHED TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING AS AT 31 DECEMBER, 2019

(Prepared in compliance with the provisions of Article "40" of the Registration Regulations"

Company's Name **Al Baraka Bank Egypt S.A.E.**

Profile

Company's Objectives	The Company's objectives are conducting all banking, financial and commercial services and operations which commercial banks are authorized to carry out, in compliance with Law number 43 for the year 1974, amended, Law number 163 for the year 1957 amended, Law number 120 for the year 1975 and such other Egyptian Laws regulating banking business in Egyptian Pound and foreign currencies, whether for its own behalf, for third party's account or in participation therewith; performing commercial business which commercial banks are authorized to assume & meeting all needs of development projects In general, the Company assumes all banking, commercial, financial and investment business allowed to be practiced by commercial banks and in all cases it is conditioned that the Company's practice of its activity should not be usurious and should be carried out in compliance with the principles of the graceful Islamic Shari'a.		
Company's Duration	25 years ending on 28/4/2030	**Date of registration at the Stock Exchange**	25/12/1984
Governing Law	Law number 8 for the year 1997	**Nominal value per share**	7 Egyptian pounds
Last authorized capital	2 billion Egyptian pounds	**Last issued capital**	LE 1 546 447 231
Last paid up capital	LE 1 546 447 231	**Number & date of registration in the commercial register**	131593 on February 18, 2019

Investor Relations

Contact Person name	Dina Mahmoud El Hariry		
Head Office Address	Plot 29 Road 90, Al Baraka Bank Building, City Center, First Sector, Fifth Settlement-New Cairo, Egypt		
Telephone numbers	28103600-28103500	**Fax Numbers**	28103501/2/3
Website	www.Al Baraka-bank.com.eg		
E-mail	financial@Al Baraka-bank.com.eg		

Auditors

Auditor's name	Mr. Mohamed Mortada Abdel Hamid - BDO Office - Khaled & Partners		
Date of appointment	March 3, 2018		
Number of registration at the Authority	157	**Date of registration at the Authority**	December 7, 2006

Auditor's name	Mr. Hossam Eldin Abdel Wahab Ahmed Ismail - "KPMG" Office - Hazem Hassan & Partners		
Date of appointment	March 3, 2018		
Number of registration at the Authority	380	**Date of registration at the Authority**	February 8, 2017

Shareholders’ Structure and Percentage of Ownership of the Board Members

Holders of 5% or more of the Company’s shares	Number of shares on the date of preparing the financial statements	Percentage %
Al Baraka Banking Group	162778129	73.6816%
Misr Life Insurance Company	11608592	5.2546%
Total	**174386721**	**78.9362%**

Board Members Ownership of the Company’s Shares	Number of shares on the date of preparing the financial statements	Percentage %
Al Baraka Banking Group	162778129	73.6816%
Misr Life Insurance Company	11608592	5.2546%
Misr Insurance Company	9951497	4.5045%
Mr. Ashraf Ahmed Moustafa El Ghamrawy	3086	0.0014%
Dr. Rokaya Riad Ismail	2257	0.0010%
Mr. Ismail Saleh Abdel Fattah	12220	0.0055%
Mr. Samy Fathy Mohamed Abdul Gawad	1220	0.0006%
Total of the Board Members Ownership	**184357001**	**83.4492%**

Treasury Shares kept by the Company, as per their purchase date	Number of shares as per last disclosure	Percentage %
Nil	Nil	Nil

BOARD OF DIRECTORS

Last Formation of the Board of Directors

Name	Post	Quarter Represented	Capacity
Mr. Ibrahim Fayez Al-Shamsi	Chairman	Al Baraka Banking Group	Non-Executive
Mr. Ashraf Ahmed Moustafa El-Ghamrawy	Vice Chairman & Chief Executive	Shareholders	Executive
Mr. Abd El-Latif Abd El-Hafiz Ali El-Kaib	Member	Al Baraka Banking Group	Non-Executive
Dr. Rokaya Riad Ismail	Member	Shareholders	Executive
Mr. Mohamed Abdullah Nour Eldin	Member	Al Baraka Banking Group	Non-Executive
Mr. Ismail Saleh Abd El-Fattah	Member	Shareholders	Non-Executive
Mr. Hamad Abdullah Al-Oqab	Member	Al Baraka Banking Group	Non-Executive
Mr. Samy Fathy Mohamed Abdul Gawad	Member	Shareholders	Executive
Mr. Ahmed Moustafa Abd El-Hamid Representative of (Misr Insurance Company)	Member	Shareholders	Non-Executive
Misr Life Insurance Company *	Member	Shareholders	Non-Executive
Mrs. Nevine Essam Eldin Gamea	Member	Al Baraka Banking Group	Non-Executive
Mr. Mohamed Ibrahim Gaafar	Member	Independent of experts	Non-Executive

* The agenda is dispatched to the Company’s chairman of the Board until appointing its representative

Meetings of the Board of Directors

The Board of Directors convened eight times during the year.

Changes having occurred to the Board formation during the year

- On February 18, 2019, the Central Bank of Egypt approved the appointment of Mrs. Nevine Essam Eldin Gamea as Non-executive Member, Representative of "Al Baraka Banking Group, at the Bank's Board of Directors.
- On February 18, 2019, the membership of Mr. Mohamed Nasser Salem Abu Hamour at the Bank's Board of Directors was terminated.
- On May 15, 2019, the Central Bank of Egypt approved the appointment of Mr. Mohamed Ibrahim Gaafar as Non-executive Member of experts at the Bank's Board of Directors.

Audit Committee

Last Formation of the Audit Committee

Mr. Mohamed Ibrahim Gaafar	Member of the Board of Directors	President
Mr. Mohamed Abdullah Nour Eldin	Member of the Board of Directors	Member
Mrs. Nevine Essam Eldin Gamea	Member of the Board of Directors	Member
Representative of (Misr Life Insurance Company)	Member of the Board of Directors	Member

Committee Competences and the Tasks Assigned to it

Committee Objectives

Assisting the Board of Directors in assuming its supervisory responsibilities, supervise the internal control process and reviewing the financial data decided to be submitted before the Bank's shareholders and investors.

Committee Tasks and Competences

- Direct supervision on the Internal Auditing & Inspection Sector and assessment of their performance. This comprises ratification of the auditing programs, the annual work plans, the periodic reporting system, the type of reports and the administrative levels before which they are submitted and directing to the major risks facing the bank, taking into consideration its entire commitment to the International professional practice standards of the Internal auditing process.
- Recommendation with regard to the two auditors' appointment, the fixation of their fees, considering their resignation or discharge, in compliance with the provisions of Law and the Central Auditing Organization Regulating Law.
- Suggesting the auditors' assignment to perform services to the bank other than auditing the financial statements and also regarding the fees estimated for such services, without prejudice to their independence requisites.
- Discussing such issues which the Committee deems important to discuss with the internal inspector manager & the compliance responsible at the Bank and also with the two auditors and the officials in charge as well as

all issues which any of these officials find necessary to discuss with the Committee.

- Studying the annual financial statements before submitting them for ratification by the Board of Directors.
- Peruse the annual financial statements before publishing thereof and ascertaining their conformity to the data of financial statements and the publishing rules issued by the Central Bank.
- Coordination between internal and external auditing tasks and ascertaining the absence of any obstacles hindering communication between the internal inspector manager and the two auditors on the one hand and each of the Board of Directors and the Audit Committee on the other hand.
- Reviewing the annual internal audit plan and ratifying thereof.
- Reviewing the reports prepared by the Internal Auditing & Inspection Sector including those related to the extent of adequacy& efficiency of the internal control systems at the Bank and the extent of compliance thereto, as well as following up the recommendations of the sector and the extent of the Bank's management response thereto.
- Reviewing the reports prepared by the Compliance Responsible at the bank, particularly with regard to the infringement of the enforceable regulations and the Bank's bylaws as well as the regulatory instructions issued by the Central Bank.
- Studying the obstacles facing the internal auditing process or the tasks of the Compliance Responsible and propose the methods of tackling thereof.
- Reviewing the report of the Internal Auditing & Inspection Sector at the Bank with regard to the extent of availability of qualified personnel for this department and the extent of qualifying the Compliance Responsible at the bank and their training levels.
- Ascertainment that the Bank's Executive Management has reviewed the values of the collaterals submitted by customers against the finance and credit facilities offered to them periodically and determination of the procedures that should be adopted to face any decrease in these values and reporting them to the Bank's Board of Directors to decide them.
- Reviewing the measures adopted by the Bank's Management regarding compliance to the supervisory standards and regulations laid down by the Central Bank and ascertaining the Management's adoption of rectifying procedures in cases of inconveniences.
- Ascertaining that the Bank has constituted a supervisory system and has adopted executive measures against money laundering transactions.
- Studying the remarks of the Central Bank stated in its inspection reports and its remarks on the Bank's financial statements and reporting them to the Board of Directors, attached by the committee recommendations.
- Studying the auditors' remarks stated in their reports on the Bank's financial statements and their other reports dispatched to the Bank's Management through the year and reporting them to the Board of Directors, attached by the committee recommendations.
- Studying the adopted accounting policies and the changes ensuing upon applying new accounting standards.
- Examining and reviewing the periodic administrative reports submitted to the various levels of management, the systems adopted upon their preparations and the timing of their presentation.
- Examining the procedures adopted for preparing & reviewing the following:

  - Prospectuses, initial public and private offering

  - Budgets including cash flows statements and estimated income statement.
- Ascertaining the preparation of a report by the independent financial advisor for submission to the Board of Directors about transactions with related parties, before the ratification of such transactions.
- The Board of Directors should reply to the Committee recommendations within 15 days to the notification date, by means of serving notice by the Committee President to the Stock Exchange and the Authority, briefing them on the report, the proposals and recommendations it contained and the reply of the Board of Directors thereto.

Committee Meetings

- The Committee convenes on quarterly basis at least and its sessions are attended by the Bank's two Auditors, by virtue of an invitation to be served to them by the Committee President or at the request of any of the Auditors. The Committee may seek the assistance of whoever it deems appropriate. The Committee President shall submit the minutes of its meetings and its recommendations before the Bank Board of Directors so as to adopt the measures it may deem appropriate.
- The Committee sessions are attended by the internal inspection manager & the compliance officer at the Bank, in addition to any of the other board members or executive managers at the Bank which the Committee finds appropriate to invite, without having countable votes.
- The Head of the Internal Auditing & Inspection Sector shall assume the post of the committee secretary. The Committee shall have to prepare an annual report on its work and recommendations, to be submitted before the Bank's Board of Directors.

Performance of the Committee during the Year

Times of holding the Audit Committee	Six sessions during 2019
Have the committee reports been submitted before the Company's Board of Directors?	Yes, they have been submitted before the Board.
Have such reports comprised significant remarks that should be tackled?	There are no substantial remarks. They are merely remarks concerning executive and procedural aspects. The Committee issues its recommendations which execution follow-up results are reported to the Committee.
Has the Board of Directors tackled such substantial remarks?	There are no significant remarks constituting a risk to the bank's assets, as also reflected by the reports of the external auditing quarters. The Board of Directors admired the Committee performance in this regard.

Data concerning the Company's Personnel

Average number of the Bank Personnel during the year	958 employees
Average basic salary of the employee during the year	9329 pound/employee monthly

Rewarding and Incentives System for the Bank's Employees & Managers

The Bank adopts a quarterly incentives systems, linked to targets & objectives achievement.

Total available shares according to the employees and managers rewarding and incentives system	Nil
Total rewarding and incentive shares granted to employees and managers during the year	Nil
Number of the employees and managers, beneficiaries of the rewarding and incentives system	Nil
Total rewarding and incentive shares granted to employees and managers since the system enforcement	Nil
Names and capacities of every individual having acquired 5% or more of the total available shares (or 1% of the company's capital) pursuant to the System	Nil

Infringements and Procedures pertaining to the Capital Market Law and the Registration Regulations

As a result of surpassing the time limit set for the accomplishment of the procedures of the capital increase registration, for reasons beyond the Bank's will, a financial liability in the amount of 10 thousand Egyptian Pounds has been imposed on the Bank.

The Bank's Contribution to Society Development & Environment Protection during the Year:

The Bank has never neglected its social role as a leading Islamic Foundation. It has always responded and reacted towards the Society's financial needs since it performs its business based on the ethics derived from the graceful Islamic Shari'a, taking into consideration to apply the best professional standards ever, in a way enabling it to comply to the principle of sharing the realized gains with its society partners. The "Social Responsibility Committee" at the Bank has acknowledged and adopted the objectives of "Al Baraka Banking Group" – the Principal Investor – and has set a plan to operate within its framework, endeavoring to realize the following:

- Providing appropriate volume of new employment opportunities within the framework of the finance & investment operations provided by Our Bank, whether individually or through syndicated loans and finances.
- Providing subsidy in general, and particularly to hospitals and medical centers covering all fields of health services.
- Subsidizing and financing educational foundations and all fields related to education in Egypt.
- Subsidizing the free-of-charge-treatment units, "Tahya Misr" Fund, developing slums, within the framework of the initiatives launched by the Federation of Egyptian Banks

Statement of Transactions with Related Parties:

Al Baraka Banking Group - Bahrain the Principal Shareholder at the Bank – owns 73% of the ordinary shares. The remaining percentage, of 27%, is owned by other shareholders.

Several transactions have been concluded with related parties through the Bank's ordinary course of business.

Hereunder are balances and proceeds of transactions with the Top Management members, the subsidiaries and sister companies:

(A) Deposits by Related Parties

	Members of the Top Management and Close Family Members		Subsidiaries and Sister Companies	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	EGP	EGP	EGP	EGP
Dues to customers				
Balance as at January 1st	928 704 982	792 794 679	50 000 000	--
Deposits executed during the year	1 998 000	472 784 430	165 910 092	--
Deposits recovered during the year	(526 493 105)	(336 874 127)	(15 095 603)	--
End of Year Balance	404 209 877	928 704 982	200 814 489	--
Cost of deposits during the year	33 307 681	41 130 242	16 951 188	--

(B) Other Finances – Subordinated Finance by the Principal Investor

On March 16, 2008, an agreement (Investment Mudaraba Deposit Contract) has been concluded with Al Baraka Banking Group – the Principal Shareholder at the Bank – to support the Bank's subordinated capital in an amount of 20 million US Dollars, having fallen due on 31 March 2013.

On March 31, 2013, Al Baraka Banking Group deposited the amount of 20 million US Dollars, through an offset between the values of the old and the new contracts, as an (Investment mudaraba deposit), in order to support the Bank's subordinated capital. The maturity date of this deposit is on 30 June 2018 and its profits are calculated according to the return rates applied on the Bank's depositors in US Dollars over five years. Their return are paid annually after relinquishing 10% of the Bank's share as the "mudareb". Al Baraka Banking Group is not entitled to withdraw this deposit unless with the approval of the Central Bank of Egypt. On October 20, 2015, the deposit maturity date has been extended so as to fall due on June 20, 2021. On June 7, 2017, the deposit maturity date has been extended once more to fall due on June 30, 2025.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at January 1st	358 272 000	354 554 000
Foreign exchange valuation differences	(37 442 000)	3 718 000
End of year balance	320 830 000	358 272 000

(C) Other Finances – Other Shareholders

On February 5, 2017, an (Investment Mudaraba Deposit Contract) has been concluded with Misr Insurance Company (one of the largest shareholders of our Bank) to support the Bank's subordinated capital in the amount of 25 million US Dollars. The contract's enforceability started as of February 23, 2017 for seven years. The deposit bears return of 6.75% approximately, paid on quarterly basis.

On July 2, 2017, another contract has been concluded with Misr Insurance Company (Investment Mudaraba Deposit Contract) to support the Bank's subordinated capital in the amount of 20 million US Dollars, for eight years. The deposit bears return of 6.25% approximately, paid on quarterly basis.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at January 1st	806 112 000	797 746 500
Foreign exchange valuation differences	(84 244 500)	8 365 500
Closing Balance	721 867 500	806 112 000

(D) Other Transactions

On August 27, 2019, the Bank sold the old premises of its head office, located at Mohi Eldin Abu El Ezz Street, to Misr Insurance Company (a shareholder at the Bank), in return for a net realizable value of 124.2 million pounds, resulting in a profit of 71 million pounds approximately.

Honorable Shareholders

Allah's peace and blessings upon you.....

On behalf of the Board of Directors and myself, I have the honour to submit before you the annual report on the performance of Al Baraka Bank Egypt S.A.E. – for the financial year ending as at December 31, 2019. In this regard, I'd like to refer to the fact that, thanks to Almighty God, and to the sincere efforts of its Executive Staff, the successful strategy of the Board of Directors and the continuous follow up of the committees branching thereof, Our Bank was able to increase its market share. It has managed to develop its customers' deposits at 18% to the previous year, so that their value has become 64.4 billion Egyptian pounds. Likewise, the "Murabaha" transactions, investment operations and financial investments achieved a growth of 16% to the previous year, so as to become 63.9 billion pounds approximately, despite the selective policy adopted by our Bank regarding its customers and although some sectors are still inactive. The total balance sheet also increased to be 72.7 billion pounds at a growth rate of 16% to the previous year. The Bank achieved net profits for the year 2019 in the amount of 1053.8 million pounds approximately, against 1003.6 million pounds for the year 2018, at a growth percentage of 5%. This enabled the Bank to prepare the proposed profit dividends draft, to be submitted before your respectful Assembly in the amount of 463.9 million pounds, to distribute a rate of 30% of the Bank's issued and paid up capital over the shareholders, taking into account that the profits proposed to be distributed shall all be as follows, (pursuant to the approval of your respectful Assembly and the Central Bank of Egypt);

- 20% of the issued and paid-up capital in the form of bonus shares, to be used for the Bank's capital increase (within the minimum set for the capitals of Egyptian Banks, amounting to five billion pounds, during a three-year reconciliation period, pursuant to the Central Bank's new law)
- 10% of the issued and paid-up capital in the form of cash distributions

According to the proposed dividends draft, the general reserve shall be subsidized in the amount of 300 million pounds, for consolidating the Bank's financial position, facing the increasing growth of its business and maintaining a developing level of Capital Adequacy Ratio.

This report tackles the most important proceeds achieved by your Bank during the financial year of 2019, reflecting the positive efforts exerted by both of the Board of Directors and the Bank's Executive Management.

Most Important Indicators of the Balance Sheet

As at 31 December 2019

Total Balance Sheet

The total amount revealed by the Balance Sheet as at December 31, 2019 is 72.7 billion Egyptian pounds at a growth rate of 16% approximately to the previous year. This reflects the customers' trust in the Bank, the positive development of the volume of its business, the growth of its activities and the increase of its market share.

Murabaha Transactions, Investment Operations & Financial Investments

The value of Murabaha transaction, Investment Operations & Financial Investments as at December 31, 2019 amounted to 63.9 billion Egyptian pounds against 55 billion Egyptian pounds by the end of the previous year, at a growth rate of 16% approximately, in a way reflecting the Bank's strategy, its executive plans and its continuous vigorous heading towards investments, basically with its customers of high creditworthiness, taking into consideration to maintain the necessary liquidity percentages decided by the Central Bank of Egypt.

Fixed & Intangible Assets

The balances of fixed & intangible assets as at 31 December 2019 amounted to 527.6 million Egyptian pounds, against 407.7 million Egyptian pounds as at 31 December, 2018, with an increase of 119.9 million Egyptian pounds, resulting of the following:

- The addition of fixed assets in the amount of 207.4 million pounds, most of which is represented in the value of the Bank's new premises and its fittings
- The amounts disbursed on the information technology and the automatic systems, of 14.4 million pounds
- The exclusion of (53.2) million pounds, representing the book value of the old premises, located at Mohei El din Abu El Ezz Street, transferred during 2019 to real estate investments. It has actually been sold during the year, realizing profits in the amount of 71 million pounds approximately
- The depreciation of fixed and intangible assets during the year in the amount of (48.7) million Egyptian Pounds

Customers' Deposits

The total of customers' saving pools amounted to 64.4 billion Egyptian pounds as at December 31, 2019, at a growth rate of 18% to the previous year. Our Bank seeks not only to maintain its customers' base but also to develop it through its savings pools system which is updated and developed on perpetual basis, as the Bank has lately offered a new savings pool, namely the "Variable monthly deposits" with a competitive return rate. This pool is a short-term one, so as to conform to the market's current circumstances and the continuous changes in the return rates at the Egyptian Banking Sector. This pools has realized quite good results. Such pools represent a challenge to our Bank, in the light of the pools with fixed and high return rates issued by the Public Sector Banks and other several investment banks, having no customers' base.

Business Results of the Financial Year

Ending as at 31 December, 2019

Under the strategy adopted by our Bank, emerging with the assumption of its current executive management, the enormous positive efforts exerted and their success in implementing the strategies and polices laid down by the Board of Director and its plans aiming at keeping on the growth of activity and business volume so as to increase the Bank's market share and the working on the diversity of its profit positions and not to confine it to the investment revenues, and targeting at maximizing commissions and other revenues and providing more banking services in addition to expansion in retail finance operations, as well as financing small and medium enterprises, in cooperation with the Small & Medium Enterprises Development Agency & the World Bank, using the "Risk-Sharing System" and also with the Islamic Development Bank and participating in syndicated finances with the leading domestic and international banks in financing huge and strategic projects of economic benefit, our Bank was capable by the grace of Allah Almighty to achieve net profits during the year 2019 in the amount of 1053.8 million pounds approximately, against 1003.6 million pounds during the previous year, with a growth rate of 5%. This enabled our Bank to prepare the proposed dividends draft, in the amount of 463.9 million pounds, to distribute a percentage of 30% of the Bank's issued and paid up capital over the shareholders, taking into account that the profits proposed to be distributed shall all be as follows, (pursuant to the approval of your respectful Assembly and the Central Bank of Egypt);

- 20% of the issued and paid-up capital in the form of bonus shares, to be used for the Bank's capital increase (within the minimum set for the capitals of Egyptian Banks, amounting to five billion pounds, during a three-year reconciliation period, pursuant to the Central Bank's new law)
- 10% of the issued and paid-up capital in the form of cash distributions

According to the (proposed dividends draft), the general reserve shall be subsidized in the amount of 300 million pounds, for consolidating the Bank's financial position, facing the increasing growth of its business and maintaining a developing level of Capital Adequacy Ratio.

Total Revenues

The total revenues as at December 31, 2019 amounted to 8580.7 million pounds, against 7340.5 million Egyptian pounds during 2018, with an increase of 1240.2 million pounds, at a growth rate of 17% approximately, evidencing the success of the Bank's strategy to verify its profit positions.

Expenses

1- Returns Expenses

The value of returns expenses for the year 2019 amounted to 6232.3 million pounds, against 5075.1 million pounds for the year 2018. This is due to the increase in customers' deposits during 2019 and the increase of the returns rates on the savings pools at the Egyptian Banking Sector in general. This has urged our bank to issue new savings pools with competitive return rates.

(2) Administrative Expenses

The administrative expenses as at December 31, 2019 amounted to 570 million Egyptian pounds, taking into consideration the health insurance "symbiotic contribution", resulting in additional charges incurred by our Bank, with all the negative impact in this regard, in addition to the increase of the real estate tax imposed on the Bank's assets due to the increase of the value of the assets owned by the Bank. Besides, the cost of the production elements is continuously increasing as a result of abrogating the subsidy on fuel & electricity and the increase of the water-consumption costs, in addition to the cost of security, guarding, maintenance services and others.

Net Profit

Our Bank achieved a net profit during the year 2019 in the amount of 1053.8 million pounds, against 1003.6 million pounds during the previous year, at a growth rate of 5%. This enabled our Bank to prepare the proposed dividends draft, in the amount of 463.9 million pounds, to distribute a percentage of 30% of the Bank's issued and paid up capital over the shareholders, taking into account that the profits proposed to be distributed shall be as follows, (pursuant to the approval of your respectful Assembly and the Central Bank of Egypt);

- 20% of the issued and paid-up capital in the form of bonus shares, to be used for the Bank's capital increase (within the minimum set for the capitals of Egyptian Banks, amounting to five billion pounds, during a three-year reconciliation period, pursuant to the Central Bank's new law)
- 10% of the issued and paid-up capital in the form of cash distributions

According to the (proposed dividends draft), the general reserve shall be subsidized in the amount of 300 million pounds, for consolidating the Bank's financial position, facing the increasing growth of its business and maintaining a developing level of Capital Adequacy Ratio.

Growth Rates Achieved during the Financial Year 2019

Item	Annual growth rates during 2019
Total assets	16%
Customers' deposits	18%
Total investments	16%
Total shareholders' equity	19%
Net profit	5%
Capital Adequacy Ratio	17.4%

It is noteworthy that the Bank succeeded in maintaining the quality of its assets through preserving a high hedge rate for the non-performing debts – taking into consideration the collaterals kept by the Bank – in spite of the state of stagnation and deceleration at some of the business sectors.

The Bank's Social Responsibility

The Bank has never neglected its social role as a leading Islamic Foundation. It has always responded and reacted towards the Society's financial needs since it performs its business based on the ethics derived from the graceful Islamic Shari'a, taking into consideration to apply the best professional standards ever, in a way enabling it to realize the principle of sharing the realized gains with its society partners. The "Social Responsibility Committee" at the Bank has acknowledged and adopted the objectives determined by "Al Baraka Banking Group" – the Principal Investor – and has set a plan to operate within its framework, endeavoring to realize the following:

- Providing an appropriate volume of new employment opportunities within the framework of the finance & investment operations provided by Our Bank, whether individually or through syndicated loans and finances.
- Providing subsidy, and particularly to hospitals and medical centers covering all health services.
- Subsidizing and financing educational foundations and all fields related to education in Egypt.
- Subsidizing the free-of-charge treatment units, "Tahya Misr" Fund, developing slums, within the initiatives launched by the Federation of Egyptian Banks

Training & Optimum Employment of Human Resources

The human element is considered the most important asset of our Bank. Therefore, the Bank adopts several measures and procedures for supporting its human resources & enhancing their efficiency. The absolute priority of the Bank's Executive Management is to train the Bank's employees of all vocational grades and enlighten them about the Shari'a restrictions governing banking transactions, train them on the up-to-date systems and technology and the advanced banking industry. Personnel are also trained on applying the best professional standards and practices of the highest possible skills. Meanwhile, the Bank's administrative, professional and financial structure is developed and modified all the time in order to create a strong and substantial second-row leaders, capable of assuming responsibility efficiently in the coming phase, with maintaining low employees turnover rate in order to preserve the Bank's experienced staff and mitigate the probabilities of their leakage out of the Bank.

During the financial year 2019, a new system has been laid down, linking between the personnel annual promotion and their capability to pass vocational tests, personal interviews or obtaining certified banking certificates and passing certain training hours. The cost of training during 2019 amounted to 7 million pounds approximately. Ninety eight training programs have been held, attended by 1914 trainees (taking into consideration that a trainer may attend more than one program). Sixty five employees attended specialized studies in the fields of business administration, banking business fundamentals, specialized credit certificates, chartered accountants certificates, further to the computer and English training courses.

It is noteworthy to refer to the fact that it is planned that the training cost during 2020 is estimated in ten million pounds approximately, to maintain the personnel enhancement through specialized training courses, obtaining certified vocational certificates on all banking fields and for more efficient utilization of computer and mastering the English language.

Future Overview on Our Bank's Strategies during the year 2020

The Bank's strategies during the coming year concentrate on maintaining the renovation, activation and updating of the principal aspects adopted by the Bank in this regard, in conformity to the "coming five-year ratified strategy" of the Bank, through the implementation of effective, real, short & medium-term plans, pursuant to the instructions and directions of the Central Bank of Egypt & Al Baraka Banking Group – the Principal Investor. Hereunder is a display of such aspects:

Financial Strategies

- Realizing satisfactory level of profitability and return on equity
- Multiplicity of profit positions
- Maintaining the increase of the Bank's paid up capital & consolidating the shareholders' equity of the Bank so as to enhance its financial position
- More improvement of assets quality

Strategies for Maximizing the Market Share

- Enlargement of the Customers' Investments' Portfolio
- Products & savings pools innovation and providing best services
- Carefully studied geographical widespread
- Keeping on promotional & advertising campaigns
- Customer Service Improvement

Strategies of Technology, Digitalization & Procedural Policies Subsidy

- Keeping on the technological & digitalization evolution plan
- Risks & Governance Policies and compliance with international standards
- Work Procedures and Centralizations

Strategies of Optimum Utilization of Human Resources, Training & Social Responsibility

- Optimum Utilization of Human Resources & training
- Maximizing the Bank's Role in the Field of Social Responsibility

Finally, we are looking forward to the near future, praying to God to protect our precious Country, Egypt, hoping that things will settle down, conditions will get better and the economy will retrieve its strength and recover so as to be able to achieve high growth rates, God willing. We have faith in our Foundation Al Baraka Bank Egypt and we are sure that it is capable of achieving its targets for the coming phase, being supported by Al Baraka Banking Group – the Principal Investor – the Board of Directors and the Committees branching thereof, with the efforts of its sincere executive staff, to keep on our Bank's progress and for going ahead.

May Allah guide us and you to prosperity and success by His will.
Allah's peace and blessings upon you all.

Ibrahim Al-Shamsi

Chairman

Board of Directors

The Board of Directors is set up of a group of members who are qualified for their posts from among individual acquiring various potentials, skills and experiences. They are fully aware, knowledgeable and understandable of the tasks of the Board of Directors, the committees in which they participate and the supervisory and legal environment surrounding the Bank.

The Board of Directors pays special attention to control and apply the rules of governance. It issues several decisions that guarantee the compliance with the requirements of governance in all aspects of work at the Bank. It also endeavors to propagate and consolidate the culture of governance, whether among its members or among all staff of the Bank.

The Board of Directors endorses and follows up the implementation of strategies and policies that determine the current and future targets and govern the work of the main activities at the Bank within the framework of the accurate specification of the trend of risks and their acceptable levels pursuant the business circumstances and environment surrounding the Bank and within the framework of specified procedures to determine, measure and control the different risks pursuant to the activities of the targeted sectors; together with endorsing the limits, competencies and exceptions accepted for each type of them.

The Board of Directors assumes its specified and endorsed competencies directly either by itself and/or via the authorizations issued to the committees branching off it. It follows up continuously their work and ensures their effectiveness

The Members of Board of Directors

Mr. Ibrahim Fayez Al Shamsi

Chairman

Mr. Ibrahim is a highly regarded senior banker with over five decades of banking and financial services experience. Holds a Bachelor's Degree in Economics 1974 and several international training courses in Public Finance and Management / Regional Program of the United Nations. As well as in the evaluation and management of public projects from The Institute for International Development – World Bank Washington DC in the United States and The International Advanced Management program at the Center for International Management Education - Geneva.

In addition of being the non-executive Chairman of Al Baraka Bank Egypt, His Excellency is currently the Head of the Audit and Governance Committee and a member of the Board of Directors of Al Baraka Banking Group in Bahrain. As well as a member of the Board of Directors of Al Baraka Bank Syria and al Baraka Turk Participation Bank- Turkey

As for previous experience, (for example but not all) His Excellency has served as Executive Chairman of Emirates Islamic Bank – Dubai, Board member of Emirates Fund Limited, Jersey and Board member of Dubai Islamic Bank – Dubai, Head of Al Mazaya and Board members Affairs Committee Al Baraka Banking Group - Bahrain, As well as a member of the Board of Directors of Arab Fund For Economic And Social Development- Kuwait, member of the Board of Directors of Europe Arab Bank, Luxembourg. Chairman of the Board of Directors of the UAE- Bangladesh Investment Company Limited (UBINCO) Member of the Board of the Emirates Industrial Bank, Abu Dhabi …Vice Chairman of the Board of Directors of Société Arabe des Engrais Phosphatés Tunisia … Member of the Board of Directors of the Austria Center Vienna… Assistant General Manager- Abu Dhabi Fund for Arab Economic Development… Manager of Financial Affairs, Ministry of Infrastructure Development, UAE.

Mr. Ashraf Ahmed Moustafa El-Ghamrawy

Vice Chairman and Chief Executive

Experience: 42 years

Mr. Ashraf El-Ghamrawy is the Vice Chairman and Chief Executive Officer of Al Baraka Bank Egypt since 2010. He has over 42 years' experience in the Banking and Financial Sector, starting as a chartered Accountant in 1977 until joining the Banking Sector in 1979. Hence, occupying various senior management positions till his appointment as the CEO and Managing Director of Al Baraka Bank Egypt in 2003 the then-Egyptian Saudi Finance Bank. By that time the number of branches were 10 with total budget of LE3.3 billion.

Under his management, Mr. El Ghamrawy set Al Baraka Bank Egypt as an Islamic Financial Institution in the forefront of the Egyptian banking sector. As a subsidiary of Al Baraka Banking Group, the pioneer of Islamic banking in the region, the number of branches expanded reaching 32 in addition to 2 Exchange Offices in Giza, and Hurghada. By 2019, the Total Budget reached 72.5 billion EGP, and the Net Profit exceeded 1.07 billion EGP.

Awards:

- The Gold Medal of Merit for his leadership in the Arab region from the Academy of Excellence in December 2014.
- The Islamic Finance Awards from IFN in March 2018
- The Best Practice Award from The European society For Quality Research in May 2018.
- The Arabian Eagle Award as a Leading Banking Figure from Tatweej Academy in 2018.
- Otherways Management & Consulting Paris - France:

* The Global Award for Perfection Quality & Ideal Performance in July, 2017.
* The International Achievement Award for Quality and Business Excellence in September 2018.
* The Golden Europe Award for Quality & Commercial Prestige in 2019.

- The International Diamond Prize for Excellence in Quality from European Society for Quality Research (ESQR) in 2019.
- The Best Islamic Bank in Egypt for 2019 from World Union of Arab Bankers in 2019.

Positions:

- Member of the Board of Directors and the Executive Committee of Al Baraka Islamic Bank, Kingdom of Bahrain.
- Board member of the Egyptian Company for the establishment and management of commercial centers.
- Member of the Board of Trustees and Treasurer of the Egyptian Zakat Foundation.
- Board Member & Chairman of Board Credit Committee of Al-Tawfiq Leasing Company (A.T Lease).
- Board Member & Chairman of the Audit Committee at the Egyptian Takaful Insurance- Properties.
- Chairman of Employee's Insurance Funds of Al Baraka Bank Egypt.

Memberships:

- Member of the International Union of Arab Bankers.
- Member of the American Chamber of Commerce in Cairo.

Mr. Hamad Abdullah Aloqab

Board Member (Non-Executive)

An executive financial expert with 26 years of experience in the financial field (banks, regulatory bodies and financial sector), with a track record of excellence in finance, management, auditing and corporate governance.

Currently, Mr. Hamad is the chief executive - Head of Financial Management at Al Baraka Banking Group - Bahrain, He was member of the Board of Directors of Jordan Islamic Bank - Al Baraka Turk participation Bank- Banque Al Baraka d'Algerie- Also he is Chief of Accounting criterion in the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Mr. Hamad holds a bachelor's degree in accounting from the University of Bahrain in 1993 in addition to educational and professional qualifications, including CPA accredited from Michigan, United States of America in 1996, and is accredited by AICPA and CIMA (since August 2012).

He worked in many financial institutions in the Arab world: Central Bank of Bahrain - Bahrain, Senior Manager - Internal Audit of Ithmaar Bank 2002-2005.He represented Al Baraka Banking Group in Board of some units and professional organizations. Reviewing and maintaining Al Baraka Banking Group accounting policies to assure its compliance with the changes in the criterion of the Accounting and Auditing Organization for Islamic Financial Institutions and with the International Criterion of the financial reports reflecting such changes in the best banking practices.

Mr. Abd El-Latif Abd El-Hafiz Ali Al-Kaib

Board Member (Non-Executive)

Bachelor of Accounting and Business Administration 1964 (University of Benghazi).

A member of the Board of Directors of the United Bank for Commerce and Investment (Tripoli Libya) , Chairman of the Board of Directors and Executive Committee Banca UBAE SpA (Rome – Italy) , Chairman of the Board of Directors of Sahara Bank (Tripoli Libya) 2007-2011. Managing Director of Arab International Bank (Cairo – Egypt) 1977-1991, formerly member of the Board of Directors of the Banco Arabe Espanol (Madrid – Spain).

Dr. Rokaya Riad Ismail

Board Member (Executive)

She holds Bachelor of Law, Cairo University, doctorate in public law in addition to the post-graduate diploma in public law and administrative sciences .Occupied the position of Member of the Board of Directors of several companies - member of Union Internationale des Avocats and certified International Arbitrator. Participates as a lecturer in specialized institutes as well as local and international seminars and has many studies and researches. Dr. Rokaya occupies the position of legal adviser for the Federation of Egyptian Banks (part-time) as well as a legal adviser to the Bank and supervising the Legal Sector.

Mr. Samy Fathy Abdul Gawad

Deputy CEO and Board Member (Executive)

Bachelor of Commerce - Accounting Division - Ain Shams University in 1981 and a postgraduate diploma "Banking Studies" from Ain Shams University in 1987, plus many professional certificates including:

Professional diploma in financial markets and investment portfolios as well as professional diploma in accounting and auditing, both from The Arab Academy for Banking and Financial Sciences in cooperation with the American Institute of Banking, in addition to many training programs from local, regional and international institutions, for example: "Certificate of effective board member" from the IFC in collaboration with the Egyptian Banking Institute and the Global Business for Efficient Manager from the Academic Union - London.

Mr. Samy Fathy has more than 37 years of banking experience in various banking fields: treasury, strategic planning, financial investments, corporate finance, banking operations management, business development, credit lines.

He also supervised: Financial Affairs Sector - Administrative, Engineering and Security Affairs Sector - Human Resources and Training Sector - Information Systems and IT Sector - Branches & Centralization Sector- Foreign Operations Sector - General Department of Financial Audit.

He represented the bank in many meetings and conferences inside and outside Egypt. He is currently the Deputy Chief executive and Board Member of Al Baraka Bank Egypt. He is also a member and president of several committees at the Bank: Executive Management Committee, Assets and Liabilities Management Committee, Credit Limits for Local and Foreign Banks Committee - The Financing Plan for Emergency Response Committee - The bank's employees' Fund Board committee, Debt Review and Provision Formation Committee, Social Responsibility Management Committee and IT Top Polices Committee. Personnel Affairs Committee, Approving lists of consultants and experts in addition to the Board of Directors Committees Top Management Committee, the Branches and Social Responsibility Committee, the Governance and Nominations Committee, the Salaries and Remuneration Committee. Mr. Samy also approves the recommendations of number of committees formed in the bank such as the banking services prices committee - monitoring insurance business - updating bank's website ... etc.

He also oversaw some of the major projects in the Bank, such as the implementation of IFRS 9, the application of the current Core banking system Equation (2011) and the implementation of the new Core banking system (application of 1/3/2020).

Mrs. Nevine Essam El-Din Gamea

Board Member (non-executive)

A prestigious development banker who has more than 30 years of experience in the fields of banking and financial development services and holds a Bachelor of Commerce in accounting department from Cairo University in 1984, in addition to many different training programs.

Ms. Nevine Gamea began her career in the credit sector of the National Bank for Development and then moved to work in the credit sector at Alwatany Bank of Egypt (National Bank of Kuwait currently), and then established a specialized department of retail banking in the bank, In January 2005 joined to work in the Social Fund for Development, in view of her experience in the establishment of credit policies, she worked on the development of mechanisms and methods of financing and contributed to the preparation of the first credit policy for financing small and micro-enterprises in the Social Fund for Development in April 2005.

Following the decision to establish the small and medium enterprise Development Agency to replace the Social Fund for Development and the integration of some other entities, Mrs. Nevine Gamea was selected as the first CEO of Micro, Small, and Medium Enterprise Development Agency. Mrs. Nevine Gamea is also a member of the board of directors of some institutions such as Takaful insurance company (property and liabilities), Reefy for Micro Finance, Ayadi Co., and the Economic Committee of the National Council for Women, the Industrial Modernization Council.

The presidential Decree No. (655) of 2019 appointing Mrs. Nevine as Minister of Trade and Industry was published in the Official Gazette, number (51)R on December 22, 2019,

Mr. Ahmed Moustafa Abdel Hamid Moustafa

Board Member (non-executive)

He holds a Bachelor of information, Faculty of Media, Cairo University in 1990, Diploma in Public Relations, Cairo University in 1986, CIP certificate and ACII certificate both from the Chartered Insurance Institute , London, in addition to many courses in various fields with local and international institutions, in addition to receiving Rifik – Chartered Insurance Institute in London.

Mr. Ahmed Moustafa Abdel Hamid worked in all areas of investment, evaluation, governance, anti-money laundering, fraud and corruption.

He represented Misr Insurance Company at many external conferences and seminars in many areas including investment, insurance, governance and risk management.

He is currently the head of investment sector at Misr Insurance Company.

Mr. Mohamed Abdullah Nour El-Din

Board Member (non-executive)

Holds Bachelor in business Administration from University Of Bahrain 1985, He worked in several Banks and Financial institutions in Kingdom Of Bahrain, Held many Positions in these Institutions most notably: Advisor to the CEO- Arcapita Bank , Bahrain (2008/2011), Board member in Tadhamon Capital- Bahrain, Board member in Itqan Capital, Jeddah, Chairman of Newbury Investment, Bahrain.

Mr. Ismail Saleh Abdel Fattah

Board Member (non-executive)

A prominent bank figure with deep experience in many banking fields, lead to his position as a board member and executive manager with strategic vision in the areas of credit, assets and liabilities management, and executive banking. He owns about 58 years of banking experience in all of its fields, which he started with the National Bank of Egypt – Egypt for 18 years and for 40 years at National Bank of Egypt – London.

He is currently General Manager and board member of the National Bank of Egypt's management Committee – London from 1998 to the present.

Mr. Mohamed Ibrahim Gaafar

Board Member (non-executive)

He has 35 years of experience in the field of auditing and inspection, and consulting services (mergers and acquisitions, internal inspection of entities, public offering, ...) in many regions of the world (UK, Egypt, Gulf Cooperation Council states, and Africa continent: Nigeria, Kenya, Ivory Coast, Morocco (in several areas including banking - building and construction - energy - and natural resources in addition to retail)

Mr. Mohamed Ibrahim Gaafar holds a BA in Commerce from Cairo University in 1974 and CPA in 1978.

He is a certified accountant (CPA) in the United States of America since 1987, and a partner of the Egyptian Society of Accountants and Auditors.

Top executive management

The Board of Directors always endeavors to keep attracting a unique group of members of the top management for the Bank that enjoys distinct experiences, high potentials and future vision for practicing good management and leadership for the staff of the Bank; together with determining the methods and means of communication via appropriate opened channels to achieve the required harmony between the top management of the Bank and the Board of Directors and its committees in the manner that achieves to the Board the constant supervision and the follow up of the work of the executive management at the Bank.

This is achieved by an organization chart with specific responsibilities that guarantee the presence of an effective system for internal control of all banking transactions continuously, based on segregating the tasks and avoiding conflict of interests.

The top management of the Bank applies strategies and policies that are ratified by the Board of Directors and ensures their activation. Its submits proposals for their development or amendment and implements the required steps and procedures to determine, measure, follow up, control and reduce risks and their minimizing methods.

Credit rating

Al Baraka Egypt Bank is rated B-/B on an international scale and A(eg)/A1(eg) on a national scale with stable outlook by Islamic International Rating Agency (January 2020).

Governance & Compliance

Our Bank has complied and concurred with the instructions of governance starting from Feb. 2011 in the wake of the ratification of our Bank to the institutional system guide and the rules of good governance. The Bank continued applying the rules and standards of governance in the manner mentioned in the Governance Guide (Supervisory Instructions) which was endorsed in Aug. 2012 which agrees with the instructions of the Central Bank of Egypt. It also complied with the best international practices in the field of internal control systems and anchored the concept of governance at the banking sector issued by the Central Bank of Egypt in Sept. 2014 which included (Risk management Position, Internal Audit Position and The Role of The Legal department in the Internal Audit Framework).

The Board of Directors adopted several decisions pertaining to the aspects of applying governance, whether related to the Board itself or the committees branching off it, including determining the tasks, duties and responsibilities that guarantee the harmony of the administrative structure of the Bank and the correlated relationships among the Board, its committees, the executive management and the other parties pursuant to the rules of governance that regulate such relationships within the framework of the general strategy of the Bank that determines the targets, the means of achieving them and following up their implementation on part of the executive management and ensuring the effectiveness of the internal control systems and risk management in the manner that guarantees that the activity of the Bank is conducted in a safe and sound approach within the framework of complying with the laws and guidelines in force and applying the principles of disclosure and transparency.

The Board evaluates its performance as a whole and at the level of each member of the Board separately, including the evaluation of the performance of the committees branching off it.

Major shareholder of the Bank - Al Baraka Banking Group

Al Baraka Banking Group is a Bahraini joint-stock company licensed as an Islamic Wholesale Bank by the Central Bank of Bahrain. It is listed on Bahrain Stock-Exchange and on Dubai NASDAQ Stock-Exchange. Al Baraka Banking Group is considered among the pioneers in the Islamic banking business at the level of the world, as it provides its distinctive banking services to approximately one billion persons in the countries wherein it operates. The Group has earned a credit rating BB+ (long term) / B (short term) by Standard & Poor's. Al Baraka banks provide their banking and financial products and services pursuant to the principles of the provisions of the magnanimous Islamic Shari'a in the fields of retail banking, trade and investment in addition to treasury services.

Performance Evaluation

Coping with the approved policy of governance ratified for our Bank, our Bank has taken official procedures with the objective of enabling the Board of Directors to officially evaluate its performance as a whole, its members as individuals and the committees branching off it pursuant to authenticated models.

Disclosure and Transparency

The bank applies the principle of disclosure and transparency in all its businesses within the framework of complying with the governance instructions, the rules issued by supervisory entities and the requirements of banking standards by providing the data and information that it is authorized to publish via the different mass media on the webpage of the official website of the Bank (www.Al Baraka- bank.com.eg) in a full manner that agrees with the requirements of Al Baraka Banking Group (main investor of the Bank) in the manner that guarantees giving access to all visitors and concerned persons to all what relates to conformity, compliance and anti-money laundering and combating the finance of terrorism to the competent entities. They also include an overview of the compliance of our Bank with the Foreign Account Tax Compliance Act (FATCA) of America.

Conflict of Interests

The Board of Directors endorses policies related to the management of any conflict of interests and applies them to the Board of Directors, the executive management, the staff and direct or indirect related entities.

The annual financial report of the Bank shows a detailed explanation of any transactions that could represent conflict of interests. Any transactions that could represent conflict of interests whether with regards to the members of the Board of Directors, the executive management, the staff of the Bank and other related entities are put forward and endorsed by the Board of Directors.

Preserving rights of Shareholders

The Board of Directors adopts the policy of opening communication channels with the shareholders within the framework of learning of the opinions of major shareholders with regards to the performance of the Bank. This is carried out via the meetings of the General Assembly of the Bank's shareholders that are held annually to encourage their effective participation in such meetings. Shareholders are provided with sufficient information at the right time with regards to the date, venue and the agenda of the assembly, and they are given the opportunity and are enabled to address their questions, whether oral or written within the framework of the compliance with Corporate Law no. 159/1981.

Social responsibility

Al Baraka Bank of Egypt has a pioneering role in achieving and activating the concept of social responsibility since 2012 as social responsibility is one of the determinants of the strategy of the Bank in order to reach the best practices at the local and regional level, where the bank is working to create a renaissance and development in the fields of life In the Egyptian society by promoting the values and principles of tolerant Islamic Sharia in dealing and strengthening the bonds of cooperation and cohesion, which encourage attention to the environment and society.

This is done through the application of Al Baraka social Responsibility program in accordance with an approved policy and regulation, and our bank has tools to achieve the objectives of Al Baraka Social Responsibility program annually (e.g. the objectives of Al Baraka Social Responsibility Program 2016-2020) through the Social Management Committee (Internal), the Committee of branches, Zakat and social responsibility emanating from the Board of directors and in coordination with the social Responsibility Committee of Al Baraka Banking Group as a whole.

Spreading the culture of governance at our Bank

Our Bank endeavors to spread the culture of governance and encourage the top management, all employees as well as the customers of the Bank to apply the practices of governance. Such rules are established via the training courses that the employees at the Bank obtain from specialized training entities with the aim to spread the culture and raise the knowledge of all employees of the principles and applications of good governance through ambitious plans to lay the rules of governance and the constant intensification of the training courses in this field for all employees at the Bank and the top management; the matter that will have a good turnout for the comprehension and the good application of such rules.

Compliance with applying conformity &compliance policies

Since 2008 our bank has laid down policies for conformity and compliance aiming to document the tasks and responsibilities correlated to them. Such policy is updated periodically based on the principles mentioned in the legislation, laws, decisions and instructions issued by the supervisory authorities, in addition to the policies and procedures of the Bank and the trends of Al Baraka Banking Group, the main investor of the Bank that influence the transactions implemented at the Bank in the manner that conforms to the banking customs, international rules and the principles of corporate governance and the compliance of the ethical standards and the practices of good business together with complying with transparency in the manner that maintains the highest amount of good reputation to our Bank. What consolidates such policies is that all employees at the Bank are responsible and are committed to the rules, procedures and responsibilities of conformity and compliance in all their work and they are shared in doing so by all managers including the top management of the Bank.

A periodic quarterly report is submitted on the activity of conformity and compliance to the Audit Committee branching off the Board of Directors after furnishing the Vice-Chairman of the Board of Directors and the CEO with a copy of it at the same time to take the required rectifying procedures (if need may be), together with putting it forward before the Audit Committee in its first following meeting in the manner that guarantees the following:

- The implementation of the transactions of the Bank via an integrated framework of internal and external instructions, the compliance with the banking rules (such as the rules of Know Your Customer "KYC"), controlling the money laundering and combating the finance of terrorism operations as well as international trends such as the Foreign Account Tax Compliance Act (FATCA) for Americans.
- Notifying the Compliance Chief/Officer with the default of any manager or employee in his duties towards the process of complying with the laws and regulations.

Islamic Shari'a Operating risks

Our Bank, Al Baraka Bank Egypt practices all banking services and transactions, businesses and investments authorized to commercial banks on a non-usurious basis in the manner that agrees with the provisions and principles of the magnanimous Islamic Shari'a under the laws that regulate the foregoing.

Our bank belongs to Al Baraka Banking Group (main investors of the bank) considering it one of its units, where the group represents one of the biggest banking entities in the world that complies with applying the provisions and principles of the Islamic Shari'a in all its transactions.

This is consolidated by the fact that the organization chart of the Bank includes the Shari'a Supervisory Board that reports directly to the Board of Directors. It comprises three individuals from among the biggest scientists specialized in Islamic financial transactions and Shari'a well known for their sound Islamic opinion and profound knowledge of the transactions jurisprudence. The Board studies and scrutinizes the models of practical contracts and agreements, the procedural and technical evidences and the models used in the activities of the Bank, as well as any new products from the Islamic Shari'a aspect.It issues decisions, recommendation and opinions that form to the Islamic Shari'a "Fatwa" in their final form. Its decisions are considered binding.

The Board through the endorsed mechanism inspects and audits the transactions of the Bank and audits and inspects the revenues of the Bank and their sources through the quarterly financial positions before their endorsement. It submits reports through its periodic meetings, in addition to its annual independent report on the compliance extent of the Bank with all requirements of the Islamic Shari'a which it publishes within the annual financial report of the Bank.

In deepening this role, the Bank has appointed an internal Islamic Shari'a auditor that follows up and implements all Religious opinions, "Fatwa" provisions and recommendations issued by the Shari'a Supervisory Board pays field visits to all branches of the Bank to ensure the compliance with the foregoing in the daily businesses that the Bank performs, explains and draws the points of view of the Islamic Shari'a visions and the problems of application closer to each other. He puts forward the reports before the Shari'a Supervisory Board and the top management of the Bank. He has the authority to direct the competent entities to rectify the detected faults that do not conform to the Islamic Shari'a that could be corrected immediately.

The Board of Directors Committees

The Board of Directors issues its decisions on establishing and forming committees branching off it as stipulated by the supervisory instructions of governance, in addition to the other committees that branch off it which contribute to managing and controlling the bank's activities and sectors; together with correlating the formation of the committees and their competencies to the experiences of their members with regards to the financial, banking, economic and legal aspects pursuant to the competencies issued to such committees.

The committees branching off the Board of Directors practice their responsibilities and duties within the framework of the competencies, powers and authorizations issued to them by the Board of Directors which agree with the requirements of governance by adopting the latest and best banking methods in following up and controlling the banking businesses entrusted to them. The formation of the committees and convening number of times also agrees with the requirements of governance and the Laws and guidelines in force.

1. Governance & Nominations Committee

The committee comprises of four non-executive members of the Board of Directors. It is basically concerned, in addition to the other tasks, with the periodic evaluation of the governance system at the Bank, the proposal of the appropriate changes in the ratified governance policies, the submittal of proposals, the periodic supervision of the governance policies and practices in addition to ensuring the compliance of the Bank with the optimum practice standards, the local laws and legislation, the supervisory instructions and the directives of Al Baraka Banking Group in this concern as well as all what relates to nominating the independent members of the Board of Directors, the appointment or renewal of the membership or the dismissal of one of the members of the Board of Directors.

2. Executive Committee

The committee is set up pursuant to what is mentioned in Article no. 82 of law no. 88/2003 from 7 members and is chaired by the Vice-Chairman of the Board of Directors and the CEO. It is particularly competent, pursuant to what is mentioned in Article no. 29 of the Executive Regulations of the same law in addition to the other competencies entrusted to it by the Board of Directors, to study and make decisions in connection with the financing and the facilities that the Bank grants within the framework of the competencies granted by the Board of Directors, express the opinion with regards to the customers' internal credit rating reports and express the opinion with regards to the organization chart and the job structure at the Bank.

3. Audit Committee

The committee is set up pursuant to what is mentioned in Article no. 82 of Law no. 88/2003 from three non-executive members. Its competencies, pursuant to what is mentioned in Article no. 27 of the Executive Regulations of the same law, is represented mainly in assisting the Board of Directors in managing its supervisory responsibilities, verifying the independence of the internal audit at the Bank as well as the Bank's external auditors, evaluating the integrity of the financial data of the Bank and guaranteeing the compliance of the Bank with effective internal audit procedures in addition to the other competencies entrusted to it by the Board of Directors. Its meetings are attended by the Head of the Internal Audit and Follow up Sectors at the bank.

4. Risk Committee

The committee is set up from there members. Its meetings are attended by the Head of the Risk Sectors at the Bank. The committee is competent to follow up the compliance extent with the strategies and policies endorsed for the Bank, submits proposals in their concern and in particular what relates to the strategies of the capital, management of the credit risks, the liquidity risks, the market risks , operational risk and the compliance and reputation risks. It lays down and implements a framework for the Risk and Control Departments at the Bank, follow up their work and evaluate the effects of such risks on achieving the targets of the Bank; together with guaranteeing the application of effective work policies, systems and evidences to manage all types of risks that the Bank faces and ensuring the effectiveness and efficiency of the Risk Department at the Bank with regards to determining, monitoring, measuring, following-up, controlling and reducing, minimizing the Bank's overall exposures to risks.

5. Payrolls Committee

The committee is set up from three non-executive members of the Board of Directors (in addition to the CEO of the Bank). The committee is chaired by an independent non-executive member. It is competent to ensure the independent supervision of all elements of the payrolls and the other incentives structure agreed upon in addition to determining the remunerations of the senior executives at the Bank, submitting its proposals with regards to the remunerations of the members of the Board of Directors, together with its concern with the supervisory jobs at the Bank (Risk Department — Compliance Department — Internal Audit) so that their variable salaries would reflect the performance level of the Bank and the risks to which it was exposed, and in general audit, develop and update the nominations and remunerations' policies at the Bank with the objective of evaluating them, measuring the extent of their appropriateness with other institutions and ensuring the ability of the Bank to attract and maintain the best elements.

The succession plan at the Bank which covers the labor turnover risk and which aim to provide a second and third row of leaders acquiring the potential and the efficiency to run the business in an effective way in case a job is vacated from its original occupant has been endorsed.

6. Credit Committee

The Committee verifies that the handling of the executive management of the Bank to the credit risks conforms to the decisions of the Board of Directors of the Bank in connection with the degrees of the accepted risk appetite, the minimum levels of credit rating and the utilization and financing policies at the Bank.

It verifies and ensures that the executive management of the Bank adopts the appropriate procedure to identify — and determine — the problems existing in the utilization and investment portfolio at an early stage in order to take the required rectifiable procedures and to form the sufficient volume of provision to face the utilization and investment losses and the preservation of this provision.

The Committee also decides whether or not the systems of controlling the utilization and investment risks are carried out according to what is required in the manner that guarantees the compliance with the laws, instructions and systems correlated to credit.

The Committee also evaluates the credit applications (pursuant to the powers granted to it by the Board) and evaluates the credit risks in all other business activities such as trading in securities, transactions of the foreign market exchange and borrowing by the collateral of shares .

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

7. Branches, Zakat Fund and Social Responsibility Committee

The committee's responsibilities with respect to the branches operations:

- This Committee is entrusted with the process of purchasing, fitting, preparing and renovating branches, ratifying the spending of the amounts prescribed in the items of the ratified budget as well as the special and/or determined approvals issued by the Board of Directors for establishing, fitting and renovating branches, Foreign currencies exchange outlets and service offices. The preparation of the required studies on the foregoing for opening new branches, Foreign exchange outlets , and offices, including required budgets and cost estimation along with their recommendation to the Board of Directors for examination and ratification.

- The Committee also reviews the tenders and mutual practices' policies at the Bank in the manner that guarantees verifying that the Bank adopts the best approaches with regards to tenders' procedures in the manner that also guarantees the compliance with all laws and the regulations of the Bank during looking into such tenders.

The committee's responsibilities with respect to The Social Responsibility:

- The general targets of the Committee is represented in submitting recommendations to the Board of Directors with regards to any and all issues that arise from the program of Al Baraka Bank Egypt for social responsibility in addition to taking along other relevant issues. Moreover, the targets of the Committee includes as well guaranteeing that Al Baraka Bank Egypt's social responsibility program would be a pioneer in the social responsibility in its vision and strategy.

The committee's responsibilities with respect to The Zakat Fund:

- The main task of the Zakat Fund Committee is to look into spending the Zakat due on the Financial results of the Bank's activity achievement in its legal outlets pursuant to what is determined in the work system ratified for the Fund and in light of what is ratified and approved by the Islamic Shari'a advisor of Al Baraka Bank Egypt.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

8. Top Management Committee

The Top Management Committee branching off the Board of Directors (Board Committee) represents the highest administrative authority after the Board of Directors. It is the main entity in charge of the detailed audits of the operating activities and information. The committee practices its work within the framework of the competencies and authorities prescribed for it by the Board of Directors. It acts on behalf of the Board and delegates by its powers in cases of necessity, hastiness and the difficult convening of the Board in full for any reason. This Committee is chaired by the Chairman of the Board of Directors and its formation includes the majority of members of the Board of Directors; consequently, its decisions acquire the force of the decisions of the Board of Directors by the majority.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

9. Shari'a Supervisory Board

The Shari'a Supervisory Board of Al Baraka Bank Egypt is an independent body comprising scientists specialized in the Islamic Shari'a and the transactions jurisprudence. It is entrusted with directing the activities of the Bank, controlling and supervising them to ensure that they comply — in all fields of business, services and products — with the principles and provisions of the Islamic Shari'a.

10. Internal Shari'a Audit

An independent unit that reports directly to the Shari'a Supervisory Board from the technical aspect. It comprises one person or more entrusted with the task and responsibility of inspecting, rectifying and ensuring the compliance extent of the Bank with the Islamic Shari'a application in its transactions pursuant to the decisions and Religious opinions "Fatwa" of the Shari'a Supervisory Board.

The Board directs the internal Shari'a auditor to assume auditing and controlling the compliance with the decisions issued by the Shari'a Supervisory Board and the requirements of the compliance with the Islamic Shari'a at the Bank upon carrying out, processing transactions and the immediate amendment, correction of any deficiency aspects that does not comply with Islamic Shari'a. It prepares a bi-annual report on the results of the foregoing to be tabled before the Board, together with furnishing the Audit Committee branching off the Board of Directors with a summary of this report.

11. Members of the Top Executive Management of the Bank

NAME	Title
Mr. Samy Fathy Mohamed Abdul- Gawad	Deputy CEO and Board Member
Mr. Hazem Mohamed Moustafa	In Charge of Financing Sectors
Mr. Mahmoud Mohamed Saad Maher	In Charge of Legal Affairs Sector
Mr. Khaled Sahry Ahmed El-Ammary	Head of Risk Sectors
Mr. Khaled Mohamed Mohamed Gad	Chief Information Officer
Mr. Osama Mohamed Effat El-Semary	Senior Deputy Head sector of Human Resources Sector
Mrs. Dina Mahmoud El-Hariry	General Manager Financial Affairs Sector
Mr. Radwan Ibrahim Abo El-Azem Radwan	First Deputy Head sector of Inspection and Internal Auditing
Mr. Ehab Farid Necola	Senior General Manager of Foreign Operation Sector
Mr. Abdul Maqsood Allam Attia El-Bery	In Charge of debts' collection, adjustment and statistic sector
Mr. Emad Mohamed Shalaby Mohamed	Senior General Manager of General Department for Compliance
Mr. Sherif Salah Abd El-Salam	In Charge of Financial Institutions Division

Report of the Shari'a Supervisory Board

31 December 2019

To The Shareholders of Al Baraka Bank Egypt

Allah's peace and blessings upon you all

Pursuant to Article (29) of the Articles of Association of the Bank, the Shari'a Supervisory Board hereby submits its following report to the shareholders of Al Baraka Bank Egypt.

We have monitored the principles used and the contracts related to the dealings and the applications that the Bank has launched during and until the end of December 2019. Our monitoring was carried out to ensure that the Bank has complied with the provisions and principles of the Islamic Shari'a as well as the specific Fatwas, decisions and recommendations that we have issued.

We have carried out our monitoring that included documentation bases and the procedures adopted by the Bank on basis of testing each kind of transaction.

It is the responsibility of the management to ensure that the Bank operates pursuant to the provisions and principles of the Islamic Shari'a. Our responsibility is confined in expressing an independent opinion pursuant to our monitoring to the Bank's transactions and in preparing a report to you.

We have planned and implemented our monitoring in order to obtain all information and interpretations that we have considered necessary to provide us with sufficient evidences to give reasonable confirmation that the bank did not violate the provisions and principles of the Islamic Shari'a

We believe that

A. The contracts, transactions and dealings that the Bank concluded during the year ended 31 December 2019 were carried out pursuant to the provisions and principles of the Islamic Shari'a.

B. That the distribution of profits agrees with the basis that was accredited and that the dividends distributed among the holders of equity and the owners of investment accounts were paid according to the contracts concluded with them.

C. In view of the fact that the Articles of Association compels the Bank to pay the Zakah, it was calculated and paid in its legitimate outlets.

We pray to Allah Almighty to guide us to victory and prosperity.

Allah's peace and blessing upon you.

Dr. Abdul Sattar Abu Ghudah	Dr. Ahmed Mohiyeldin	Dr. Mohamed Naguib Awadeen	Dr. Hassanein A.Monem Hassanein
Chairman Shari'a Supervisory Board	Deputy Chairman Shari'a Supervisory Board	Member Shari'a Supervisory Board	Member Shari'a Supervisory Board

1/2/2020

Arab Republic of Egypt

Separate Financial Statements

for the year ended 31 December 2019
& Auditors' Report

Auditors' Report

Messrs/ Shareholders of Al Baraka Bank Egypt

An Egyptian Joint-Stock Company

Report on the Separate Financial Statements

We have audited the attached separate financial statements of Al Baraka Bank Egypt, an "Egyptian Joint-Stock Company", represented in the separate financial position as at 31 December 2019 as well as the separate income, comprehensive income, cash flows and change in equity statements for the financial year ending as at that date as well as a summary of the important accounting policies and such other notes.

Responsibility of the Management for the Separate Financial Statements

The preparation of these separate financial statements is the responsibility of the Bank's management since the management is responsible for the preparation and presentation of the separate financial statements fairly & clearly according to the principles of banks' financial statements preparation and presentation, the recognition and assessment bases ratified by the Board of Directors of the Central Bank of Egypt on December 16, 2008 amended by instructions issued in 26 February 2019 and in the light of related Egyptian laws and regulations. The management's responsibility also includes designing, implementing and maintaining an internal control relevant to the preparation and presentation of the separate financial statements fairly and clearly, free from any important and effective misstatements whether resulting from fraud or error. Such responsibility also comprises the selection of the appropriate accounting policies, the implementation thereof and preparing the accounting estimates appropriate to circumstances.

Responsibility of the Auditor

Our own responsibility is confined to express our opinion on these separate financial statements in the light of our auditing thereof. Our auditing process has been carried out according to the Egyptian Auditing Standards and in the light of the Egyptian Laws in force. These Standards require commitment to the requirements of professional conduct & planning and performing auditing so as to obtain an adequate assurance that the financial statements are free from any significant and effective errors.

The auditing works comprise carrying out certain procedures in order to obtain auditing evidences concerning the values and disclosures in the separate financial statements. The selected procedures depend on the professional judgement of the Auditor. This comprises an evaluation of the risks of important & effective misstatements in the separate financial statements, whether resulting from fraud or error. Upon the assessment of these risks, the auditor puts into his consideration the internal control relative to the Bank's preparation of the separate financial statements and the fair and clear presentation thereof in order to design the auditing procedures appropriate to circumstances, not for the purpose of expressing opinion on the efficiency of the internal control at the Bank. The auditing process also comprises an assessment of the extent of appropriateness of the accounting policies & the important accounting estimates prepared by the Management as well as the soundness of the separate financial statements presentation.

We are of the opinion that the auditing evidences which we obtained are sufficient and adequate and are deemed an appropriate basis for expressing our opinion on the separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above clearly & fairly express in all their important aspects the separate financial position of Al Baraka Bank Egypt – an Egyptian Joint-Stock Company – as at 31 December 2019, its financial performance & its separate cash flows for the financial year ending as at that date, according to the rules governing the preparation and presentation of banks' financial statements, the bases of recognition & measurement ratified by the Board of Directors of the Central Bank of Egypt on December 16, 2008 amended by instructions issued in 26 February 2019 and in the light of the Egyptian laws and regulations related to the preparation of the separate financial statements.

Report on the other legal & organizational requirements

No infringement has been found to be made by the Bank during the financial year ending as at 31 December, 2019 of any of the provisions of the Law of the Central Bank of Egypt, the Banking & Monetary System number 88 for the year 2003.

The Bank keeps regular financial accounts including all that should be established therein according to the stipulation of the law and the Bank's articles of association. The separate financial statements have been found conformable to what is stated in these accounts.

The financial data stated in the report of the Board of Directors – prepared according to the requirements of Law no. 159/1981 & its executive regulations and amendments are conformable to what is stated in the Bank's registers, within the limits with which such data are stated therein.

Auditors

Mohamed Mortada Abdel-Hamid	Hossam Eldin Abdel-Wahab Ahmed
Recorded at the "Egyptian Financial Supervisory Authority' number 157	Recorded at the "Egyptian Financial Supervisory Authority" number (380)
BDO - Khaled & Partners	KPMG Hazem Hassan
	Chartered Accountants & Consultants

Cairo on: 20 February 2020

SEPARATE BALANCE SHEET

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note No.	31 December2019 EGP	31 December2018 EGP
Assets			
Cash & balances with the Central Bank of Egypt	(15)	**6 430 167 430**	4 816 057 164
Balances with banks	(16)	**23 585 450 072**	14 931 219 867
Governmental Securities	(17)	**7 109 476 036**	10 477 659 419
Investment operations with banks	(18)	**2 293 669 207**	3 481 593 377
Murabaha, Mudaraba & Musharaka to customers	(19)	**16 793 497 768**	15 746 156 160
Financial investments			
At fair value through profits & losses	(20)	**28 789 228**	24 650 796
At fair value through the comprehensive income	(20)	**149 831 380**	68 544 095
At amortized cost	(20)	**14 031 173 222**	11 124 941 625
Financial investments in subsidiaries & sister companies	(21)	**196 000 000**	49 000 000
Intangible assets	(22)	**9 694 169**	7 000 882
Other assets	(23)	**1 418 965 064**	1 255 240 177
Fixed Assets	(25)	**517 860 919**	400 706 933
Real estate investments	(26)	**134 438 997**	138 478 314
Total assets		**72 699 013 492**	62 521 248 809
Liabilities and Equity			
Liabilities			
Balances due to banks	(27)	**1 269 616 878**	1 496 931 709
Customers' Deposits	(28)	**64 368 141 211**	54 535 400 868
Other Financing	(29)	**1 053 505 907**	1 178 893 561
Other liabilities	(30)	**1 709 650 735**	1 583 815 362
Other provisions	(31)	**78 101 670**	86 654 656
Current income tax liabilities		**145 825 539**	205 494 722
Deferred tax liabilities	(24)	**2 551 164**	2 402 066
Total liabilities		**68 627 393 104**	59 089 592 944
Equity			
Issued & paid up capital	(32)	**1 546 447 231**	1 266 541 549
Set aside on account of the capital increase	(32)	**---**	139 319 572
Reserves	(33)	**1 335 320 752**	903 349 111
Retained earnings	(34)	**1 189 852 405**	1 122 445 633
Total Equity		**4 071 620 388**	3 431 655 865
Total liabilities & equity		**72 699 013 492**	62 521 248 809

Ashraf Ahmed El-Ghamrawy

Vice-Chairman & Chief Executive

Ibrahim Fayez Al-Shamsi

Chairman

- The attached notes from (1) to (39) are an integral part of the financial statements.
- Auditors' Report is attached·

SEPARATE INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note	31 December2019	31 December2018
	No.	EGP	EGP
Return of Murabaha, Mudaraba & Musharaka and similar revenues	(6)	8 111 793 861	6 960 115 487
Cost of deposits and similar costs	(6)	(6 232 257 263)	(5 075 115 729)
Net income of return		**1 879 536 598**	1 884 999 758
Fees and commissions income	(7)	288 120 871	287 977 397
Fees and commissions expenses	(7)	(16 113 072)	(16 552 541)
Net income of fees and commissions		**272 007 799**	271 424 856
Dividends Income	(8)	7 893 357	6 346 405
Net trading income	(9)	95 268 855	73 391 038
Financial investments gains	(20)	98 920	12 696 137
Differences of evaluating financial assets at the fair value through profits & losses	(20)	(861 568)	-----
(Burden) of expected credit loss impairment	(12)	(247 025 105)	(337 476 443)
Administrative expenses	(10)	(569 991 977)	(485 496 465)
Subsidy of the "Zakah & Charity Donations Funds"		(10 859 464)	(10 777 940)
Other operating revenues (expenses)	(11)	77 484 267	(597 236)
Year profits before income tax		**1 503 551 682**	**1 414 510 110**
Income Tax (expenses)	(13)	(449 714 097)	(410 872 605)
Net year profits		1 053 837 585	1 003 637 505
Earnings per share	(14)	**4.11**	3.95

Ashraf Ahmed El-Ghamrawy

Vice-Chairman & Chief Executive

Ibrahim Fayez Al-Shamsi

Chairman

- The attached notes from (1) to (39) are an integral part of the financial statements.

SEPARATE COMPREHENSIVE INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	31 December2019	31 December2018
	EGP	EGP
Net Profit of the year	1 053 837 585	1 003 637 505
Items of the other comprehensive income, which are not to be reclassified in the Income Statement		
Net change in the fair value of financial assets at the fair value through comprehensive income	(11 097 711)	17 811 076
Total items of the other comprehensive income	**(11 097 711)**	**17 811 076**
Total comprehensive income of the year	**1 042 739 874**	1 021 448 581

- The attached notes from (1) to (39) are an integral part of the financial statements.

SEPARATE CASH FLOWS STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note No.	31 December2019 EGP	31 December2018 EGP
Cash flows of operating activities			
Net year profits before income tax		**1 503 551 682**	1 414 510 110
Adjustments to reconcile net profits with cash flows of operating activities:			
Fixed assets depreciation, real estate investments & amortization	(22/25/26)	52 858 198	36 456 170
Bonds premium/discount amortization	(20)	(1 960 993)	(12 491 863)
Assets impairment burden	(12)	247 025 105	337 476 443
Other provisions burden	(11)	(30 503 315)	3 208 189
Differences of reevaluating other provisions in foreign currencies	(31)	(1 295 554)	63 081
(Gains) of selling financial investments	(20)	(98 920)	(12 696 137)
Differences of evaluating financial assets at the fair value through profits and losses	(20)	861 568	---
Differences of reevaluating financial investments in foreign currencies	(20)	292 330 127	(18 364 074)
Gains of selling fixed assets	(11)	---	(1 817 115)
Gains of selling real estate investments		(70 909 725)	---
Dividends income	(8)	(7 893 357)	(6 346 405)
Used part of other provisions	(31)	(36 148 944)	(210 460)
Differences of evaluating subordinated finances	(29/B&C)	(121 686 500)	12 083 500
Operating profits before changes in assets and liabilities of operating activities		**1 826 129 372**	1 751 871 439
Net decrease (increase) in assets & liabilities			
Balances with central banks within the limit of the required reserve ratio	(15)	(1 694 444 079)	(555 793 880)
Balances with banks of more than three-month term		---	--
Governmental securities of more than three-month term	(17)	3 338 218 831	(4 459 530 004)
Investment operations with banks	(18)	1 181 694 096	(324 474 677)
Murabaha, Musharaka & Mudaraba for customers	(19)	(1 310 203 605)	(2 345 916 047)
Other Assets	(23)	(331 150 089)	(237 321 787)
Balances due to banks	(27)	(227 314 831)	890 563 305
Customers' Deposits	(28)	9 832 740 343	10 365 688 787
Other Liabilities	(30)	125 835 373	113 082 819
Payments of current income tax		(509 234 182)	(341 551 451)
Net cash flows ensuing of operating activities		**12 232 271 229**	4 856 618 504

	Note	31 December 2019	31 December 2018
	No.	EGP	EGP
Cash flows of investment activities			
(Payments) for purchasing fixed assets, branches preparation and fitting& intangible assets	(22/25)	(42 799 227)	(20 369 627)
Payments for purchasing real estate investments	(26)	(147 010)	--
Collections of selling fixed assets		--	1 909 103
Collections of selling real estate investments		124 150 000	---
Collections of recovering financial investments other than financial assets for trading	(20)	653 862 020	2 637 746 387
(Purchases) of financial investments other than financial assets for trading	(20)	(3 976 826 435)	(2 820 015 092)
(Payments) of financial investments in subsidiaries & sister companies	(21)	(147 000 000)	(49 000 000)
Distributions of realized profits	(8)	7 893 357	6 346 405
Net cash flows (used in) ensuing of investment activities		**(3 380 867 295)**	(243 382 824)
Cash flows of financing activities			
Collections of long-term restricted finances	(29/A)	12 500 000	-
(Payments) of long-term restricted finances	(29/A)	(16 201 154)	(10 457 710)
Paid Dividends	(34)	(272 649 114)	(222 517 439)
Net cash flows (used in) financing activities		**(276 350 268)**	(232 975 149)
Net increase in cash and cash equivalents		8 575 053 666	4 380 260 531
Opening balance of cash and cash equivalents		15 465 377 310	11 085 116 779
Closing balance of cash & cash equivalents		**24 040 430 976**	15 465 377 310
Cash & cash equivalents are represented in the following:			
Cash & balances with the Central Bank		6 430 167 430	4 816 057 164
Balances with banks		23 586 607 346	14 931 219 867
Governmental Securities		7 139 440 588	10 477 659 419
Balances with central banks within the limits of the required reserve ratio		(5 976 343 800)	(4 281 899 721)
More than three-month-term balances with banks		----	--
More than three-month-term governmental securities		(7 139 440 588)	(10 477 659 419)
Cash & cash equivalents	**(35)**	**24 040 430 976**	**15 465 377 310**

Non-cash Transactions

For purposes of preparing the cash flows statement, the change in the item of "Murabaha, Musharaka & Mudaraba" to customers has been reconciled in a value equal to the change in the item of the assets devolving to the bank (included in the item of "Other Assets"), in an amount of LE 12 027 517, currency evaluation differences in the amount of LE 36 389 297, written off debts in the amount of LE 264 301 as well as recovered amounts of previous written off debts in the amount of LE 261 777. The influence of transferring the amount of LE 178 960 192 of other assets to the item of (Fixed Assets) has been eliminated.

- The attached notes from (1) to (39) are an integral part of the financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note No.	Paid-up Capital	Set aside on account of capital increase	Reserves	Retained earnings	Total
		EGP	EGP	EGP	EGP	EGP
Balances as at January 1, 2018		1 266 541 549	---	548 250 618	817 932 556	2 632 724 723
Net change in the items of other comprehensive income		---	---	17 811 076	---	17 811 076
Net year profit		---	---	---	1 003 637 505	1 003 637 505
Total income of the year		1 266 541 549	---	566 061 694	1 821 570 061	3 654 173 304
Distributions of previous year profits (Personnel share, remuneration of the Board Members & shareholders in cash)		---	---	---	(222 517 439)	(222 517 439)
Dividends to shareholders used in increasing the capital, of the profits of 2017		---	139 319 572	---	(139 319 572)	---
Transferred to the risk reserve according to the IFRS number (9)		---	---	237 165 510	(237 165 510)	---
Transferred to the legal reserve		---	---	72 402 350	(72 402 350)	---
Transferred to the general reserve		---	---	42 834 490	(42 834 490)	---
Transferred to the capital reserve		---	---	1 234 930	(1 234 930)	---
Transferred to the general banking risks reserve		---	---	(16 349 863)	16 349 863	---
Balances as at 31 December 2018		**1 266 541 549**	**139 319 572**	**903 349 111**	**1 122 445 633**	**3 431 655 865**

	Note No.	Paid-up Capital	Set aside on account of capital increase	Reserves	Retained earnings	Total
	No.	EGP	EGP	EGP	EGP	EGP
Balances as at January 1, 2019		1 266 541 549	139 319 572	903 349 111	1 122 445 633	3 431 655 865
Starting balance settlements due to applying the IFRS number (9)		---	---	(128 929 802)	(1 196 435)	(130 126 237)
Balances as at 1 January 2019 after settlements		1 266 541 549	139 319 572	774 419 309	1 121 249 198	3 301 529 628
Net change in the items of the other comprehensive income	(33/F)	--	--	(11 097 711)	---	(11 097 711)
Net year profits		---	---	---	1 053 837 585	1 053 837 585
Total income of the year		1 266 541 549	139 319 572	763 321 598	2 175 086 783	4 344 269 502
Distributions of previous year profits (Personnel share & remuneration of the Board Members and shareholders "cash")	(34)	---	---	---	(272 649 114)	(272 649 114)
Dividends to shareholders used in increasing the capital, of the profits of 2017		139 319 572	(139 319 572)	---	---	---
Dividends to shareholders used in increasing the capital, of the profits of 2018	(34)	140 586 110	---	---	(140 586 110)	---
Transferred to the risk reserve according to the IFRS number (9)	(33/L/34)	---	---	50 000 000	(50 000 000)	---
Transferred to the legal reserve	(33/B/34)	---	---	100 182 039	(100 182 039)	---
Transferred to the general reserve	(33/C/34)	---	---	420 000 000	(420 000 000)	---
Transferred to the capital reserve	(33/D/34)	---	---	1 817 115	(1 817 115)	---
Balances as at 31 December 2019		**1 546 447 231**	**---**	**1 335 320 752**	**1 189 852 405**	**4 071 620 388**

- The accompanying notes from (1) to (39) are an integral part of these financial statements.

PROPOSED PROFIT DISTRIBUTION STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	31 December2019	31 December2018
	EGP	EGP
Net year profits according to the Income Statement	**1 053 837 585**	1 003 637 505
Transferred (to)the capital reserve	**---**	(1 817 115)
	1 053 837 585	1 001 820 390
Transferred (to) the general banking risks reserve	**---**	16 349 863
Reserve of the IFRS 9	**---**	(50 000 000)
Items transferred to retained earnings	**(1 196 435)**	---
Net distributable profits of the year	**1 052 641 150**	968 170 253
Added: Opening balance of retained earnings	**137 211 255**	102 458 265
Total	**1 189 852 405**	1 070 628 518
Distributed as follows:		
Legal Reserve	**105 383 759**	100 182 039
General Reserve	**300 000 000**	420 000 000
Shareholders' dividends – first quota – bonus shares	**77 322 364**	63 327 075
Personnel quota	**126 000 000**	112 063 000
Remuneration of the Board Members	**20 000 000**	20 000 000
Shareholders' dividends – second quota – bonus shares	**231 967 092**	77 259 035
Shareholders' dividends – second quota – cash	**154 644 728**	140 586 114
Closing retained earnings	**174 534 462**	137 211 255
Total	**1 189 852 405**	1 070 628 518

- The attached notes from (1) to (39) are an integral part of the financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

(1) Profile:

(Al Ahram Bank) – an Egyptian Joint-Stock Company – has been incorporated as a commercial bank on March 19, 1980, under Law 43 for the year 1974 and its amendments, replaced by the Investment Law.

Pursuant to the resolution of the Extraordinary General Meeting held on September 21, 1988, the Bank's name was amended to become (The Egyptian Saudi Finance Bank). On April 30, 2009, the Bank's Extraordinary General Meeting decided to change its name to (Al Baraka Bank Egypt). The Bank renders all corporation and retail banking services and investment pursuant to the provisions of the Islamic Shari'a in the Arab Republic of Egypt, through 32 branches. It hires 968 employees on the date of preparing the balance sheet. Its head office is located at El Teseen Southern Street, the Central Area, First Sector, the Fifth Settlement, New Cairo. It is recorded in the Egyptian Stock Exchange.

The Bank doesn't deal in financial derivatives, futures contracts or loans, pursuant to the nature of its Islamic business conduct. This applies to any of these terms wherever mentioned in the footnotes complementary to the financial statements.

The Bank's Board of Directors ratified the issuance of the financial statements for the financial year ending as at December 31, 2019, at its session held on February 20, 2020.

(2) Summary of the Accounting Policies

Hereunder is a statement of the most important accounting policies adopted upon preparing these financial statements. Such policies have been steadily adopted all over the reported years, unless otherwise is disclosed.

(A) Bases of Separate Financial Statements Preparations:

The separate financial statements are prepared pursuant to the Egyptian Accounting Standards issued during 2006 and their amendments, according to the instructions of the Central Bank of Egypt, ratified by its Board of Directors on December 16, 2008, conformable to the standards referred to, without prejudice to the stipulation of the final instructions issued by the Central Bank of Egypt on February 26, 2019, concerning the implementation the IFRS (9) (Financial Instruments: Classification & Measurement).

These financial statements of the Bank have been prepared according to the provisions of the related domestic laws.

(B) Changes in the Accounting Policies:

As of January 1, 2019, the Bank has applied the instructions of the Central Bank of Egypt issued on February 26, 2019, concerning the preparation of Banks' financial statements according to the requirements of the International Financial Reporting Standards. Hereunder is a brief account of the main changes having occurred to the accounting policies as a result of applying these instructions:

Classification of Financial Assets & Liabilities:

Upon initial recognition, the financial assets are classified as: financial assets at amortized cost, at the fair value through the comprehensive income or at the fair value through profits and losses.

Financial assets are classified according to the "Business Model" through which these financial assets and their contractual cash flows are managed.

The financial asset is measured at the amortized cost, if fulfilling the two following conditions and if not measured at the fair value through profits & losses:

- When the asset is retained within a business model aiming at keeping assets for the collection of contractual cash flows &
- When the contractual terms of the financial assets result in cash flows on certain dates that are solely payments of the principal and interest on the outstanding principal amount,

The debt instruments are measured at the fair value through the other comprehensive income if fulfilling the two following conditions, and if not classified at the fair value through profits & losses:

- If the asset is retained within a business model which target shall be deemed realized through the collection of contractual cash flows and sale of financial assets &
- When the contractual terms of the financial assets result in cash flows on certain dates that are solely payments of the principal and interest on the outstanding principal amount,

Upon initial recognition of the investment in shares which are not held for trading, the Bank may irrevocably decide to measure the subsequent changes in the fair value among the items of the other comprehensive income. This decision is made for each investment independently.

All other financial assets are considered as classified at the fair value through profits and losses.

Besides, the Bank may, upon initial recognition, irrevocably decide to measure a financial asset - that fulfills the requirements of measurement at the amortized cost or the fair value through the other comprehensive income – at the fair value through profits of losses, if this results in eliminating or largely extenuating accounting noncompliance that may otherwise result.

Business Model Evaluation

The Bank evaluates the business model in which it retains the asset all over the portfolio, since this optimally reflects the method of the business management and reporting information to the Management. The considered pieces of information comprise:

The portfolio proclaimed targets & policies, the mechanism of these policies practically, and in particular to figure out whether the Management's strategy concentrates on earning the contractual interests revenues or comparing the duration of financial assets with that of financial liabilities, for financing these assets or the realization of cash flows through selling assets

The method of evaluating the portfolio performance and reporting this to the Bank Management

The risks that influence the performance of the business model and the financial assets kept in the model as well as the manner of managing such risks

The number of transactions, the volume and timing of sales at previous periods, the reasons of such sales and the expectations regarding the sales activity in future – However the information pertaining to the sales activities are not independently considered, but as a part of a comprehensive evaluation of the manner of realizing the Bank's announced target of managing financial assets and the manner of realizing cash flows

The financial assets held for trading, or which performance is evaluated on basis of the fair value, are measured at the fair value through profits and losses, since they are held neither for collecting contractual cash flows solely nor for collecting contractual cash flows with the sale of financial assets.

Evaluation whether the contractual cash flows are merely payments of the principal amount & interest:

For purposes of this evaluation, the principal amount is defined as the fair value of the financial asset upon initial recognition and the interest is defined as the material counter-value of the time value of money, the credit risks pertaining to the outstanding principal amount during a specific period, the other main risks and costs pertaining to lending as well as the profit margin.

Upon evaluating whether the contractual cash flows are solely payments of the principal and interest on the outstanding principal amount, the Bank takes into account the instrument contractual terms. This comprises the evaluation of whether the financial asset contains contractual terms that may change the time and amount of the contractual cash flows, since in this way this term shall not be considered as fulfilled.

Decrease of the Financial Assets Value

The "International Financial Reporting Standard – IFRS – 9" replaces the "Incurred Loss" Model stipulated in the Egyptian Accounting Standard number "26" by the "Expected Credit Loss – ECL" Model. According to IFRS-9, credit losses are recognized earlier if compared to what is adopted by the Egyptian Accounting Standard "26".

The Bank applies a three-stage methodology for measuring the expected credit loss for the financial assets reported at the amortized cost and the debt instruments classified at the fair value through the items of the other comprehensive income. Assets move among the following three stages, based on the change in the credit quality, compared to the moment of their initial recognition:

First Stage: The financial assets which haven't witnessed significant increase in credit risks since initial recognition, for which the expected credit loss is calculated over a 12-month period

Second Stage: The financial assets which have witnessed significant increase in credit risks since initial recognition, without any objective evidence to the impairment of their value, for which the expected credit loss is calculated all over the asset useful life and the financial assets revenues continues to be calculated according to the asset total book value

Third stage: The financial assets having witnessed impairment in value according to the indicators determined in the instructions of the Central Bank of Egypt, which expected credit loss should be calculated over the asset useful life, on basis of the difference between the financial asset book value and the current value of the expected future cash flows

Date of initial application of the "IFRS-9"

According to the final instructions issued by the Central Bank of Egypt, concerning the application of the "IFRS-9", each of the "special reserve – credit", the "banking risks reserve – credit" and the "IFRS-9 risk reserve" have been merged in one reserve named: "the general risk reserve", in the amount of LE 345 052 291.

The opening balances of the impairment loss provisions, calculated according to the instructions in force up to December 31, 2018, have been amended to conform to the balances calculated according to the IFRS-9, by means of discounting the amount of LE 130 126 237 of the balance of the general risk reserve, in implementation to the instructions of the Central Bank of Egypt in this concern.

The following table demonstrates the financial assets and liabilities at the net value, according to the instructions of the Central Bank of Egypt issued on December 16, 2008 and the IFRS-9, according to the instructions of the Central Bank of Egypt issued on February 26, 2019:

Financial assets	Measurement category according to the instructions of the CBE on Dec. 16, 2008	Measurement category according to the instructions of the CBE on Feb. 26, 2019	Book value according to the instructions of the CBE on Dec. 16, 2008	Impact of applying the IFRS-9		Book value of financial instruments according to IFRS-9
				Reclassification	Re-measurement	
Governmental securities	Amortized cost	Amortized cost	10 477 659 419		(7 631 758)	10 470 027 661
Investment with banks	Amortized cost	Amortized cost	3 481 593 377		(3 208 483)	3 478 384 894
Murabaha, Mudaraba & Musharaka for customers	Amortized cost	Amortized cost	15 746 156 160		(50 051 214)	15 696 104 946
Financial investments – equity instruments	Available for sale	Fair value through the comprehensive income statement	68 544 095			68 544 095
Financial investments – debt instruments	Held to maturity	Amortized cost	11 124 941 625		(9 472 077)	11 115 469 548
Financial investments – investment funds documents	Held to maturity	Fair value through profits and losses	24 650 796	5 959		24 656 755

(C)Subsidiaries & Sister Companies

C/1 Subsidiaries:

They are the companies (including the Special Purpose Entities/SPEs), which the Bank has, directly or indirectly, the capability of controlling their financial and operating policies. Usually, the Bank holds an equity exceeding one half of the voting rights, taking into account the existence and influence of the future voting rights that can be practiced or transferred at present upon assessing whether the Bank is capable of having control on the Company.

C/2 Sister companies

Sister Companies are the entities on which the Bank has, directly or indirectly, influential power but not to the extent of entire control and usually the Bank maintains an equity ranging from 20% to 50% of the voting rights.

The Bank's acquisition of these companies is accounted for using the "Purchase Method". The cost of acquisition is measured at the fair value or the consideration offered by the bank, whether assets for purchase &/or issued owners' equity instruments &/or liabilities incurred by the bank &/or liabilities which it accepts on behalf of the acquired company, on the exchange date, added to which are any costs directly related to the acquisition process. The net assets, including the potential acquired liabilities, liable to be determined, are measured at the fair value on the acquisition date, regardless of any rights of minorities. The increase of the acquisition cost to the fair value of the Bank's share in this net value is considered "goodwill", while if this cost of acquisition falls below the fair value of the net value referred to, the difference shall directly be reported in the Income Statement under the item of [Other Operating revenues (expenses)].

Subsidiaries and sister companies are accounted for in the separate financial statements of the Bank using the cost method. According to this method, investments are established at the acquisition cost, including goodwill, less any losses of impairment in value. Profit distributions are reported in the Income Statement upon their ratification and attesting the Bank's entitlement to collect them.

D- Sector Reports

The "activity sector" is a group of assets and the operations carried out for providing products or services having common risks and benefits distinguished from those related to other activity sectors. The "geographical sector " indicates providing products or services within a certain economic environment having its own risks and benefits which differ from those related to the geographical sectors operating at a different economic environment.

E- Foreign Currencies Translation

E-1 Functional & presentation currencies

The items included in the financial statements of the Bank's foreign branches are measured using the currency of the economic environment where the foreign branch practices its business (Functional Currency).

The Bank's financial statements are displayed in Egyptian Pounds, which represents both the functional and presentation currencies of the Bank.

E-2 Transactions & balances in foreign currencies

The Bank keeps its accounts in Egyptian Pounds. The transactions in other currencies during the financial year are established on basis of the exchange rates prevailing upon the transaction implementation. The balances of cash assets and liabilities in other currencies are reevaluated by the end of the financial year on basis of the exchange rates prevailing on that date. The profits & losses ensuing of the settlement of these transactions are recognized in the Income Statement and the reevaluation differences are recognized in the following items:

- Net trading income or the net income of the financial instruments classified upon their institution at the fair value through profits or losses for the assets/liabilities held for trading or those classified upon institution at the fair value through profits or losses, per each type

- Other operating revenues (expenses) for the remaining items

The changes in the fair value of the cash financial instruments in foreign currencies, classified as "Available-for-Sale" Investments (debt instruments) are analyzed either as evaluation differences resulting of the changes in the instrument amortized cost, differences resulting of changing the prevailing exchange rates and differences resulting of the change of the instrument fair value.

The evaluation differences related to the changes of the amortized cost are recognized in the Income Statement under the item of "Murabaha, Musharaka & Mudaraba Return" and similar revenues, while the differences related to the change of the exchange rates are recognized under the item of "Other Operating Revenues (Expenses)". The differences of the change in the fair value are recognized among "shareholders' equity" (fair value reserve/financial investments Available for Sale).

The non-cash items evaluation differences comprise the gains and losses ensuing of the change in the fair value such as the equity instruments held at the fair value through profits and losses. The evaluation differences resulting of the equity instruments classified as "Available-for-Sale Financial Investments" are recognized in the "fair value reserve" under Shareholders' Equity.

E-3 Foreign branches

The work proceeds and financial position of foreign branches are translated to the presentation currency (if none of them is operating in a rapidly inflating economy), which functional currency is different from the Bank's presentation currency, as follows:

- The assets and liabilities in every displayed balance sheet of the foreign branch is translated using the closing rate on the date of that balance sheet.
- The revenues and expenses in every displayed income statement are translated using the average exchange rate, unless this average doesn't represent a reasonable approximation of the accumulated effect of the rates prevailing on the transaction dates. In this case, the revenues and expenses are translated using the exchange rates prevailing upon the transactions' dates.

The ensuing currency differences are recognized in an independent item (foreign currencies translation differences) under the "Shareholders' Equity". Likewise, the currency differences resulting of evaluating the net investment in foreign branches, the loans and the financial instruments in foreign currency allocated for hedging this investment are also carried forward to the "Shareholders' Equity" under the same item. These differences are recognized in the Income Statement upon writing off the foreign branch, under the Item of (Other Operating Revenues "Expenses").

F- Financial Assets

(F/1) Applied accounting policies up to December 31, 2018

The Bank classifies financial assets in the following groups: Financial assets classified at the fair value through profits & losses, facilities, debts, financial investments held-to-maturity & "available-for-sale" financial investments. The Management classifies investments upon their initial recognition.

(F/1/1) Financial assets classified at the fair value through profits & losses:

- This group comprises financial assets held for trading and the assets classified upon their institution at the fair value through profits & losses.
- The financial instrument is classified as held for trading if acquired and if its value is basically incurred for the purpose of selling thereof on short-term or else if it represents a part of a certain financial instruments portfolio managed as a whole and in case of an evidence to recent actual transactions indicating the obtainment of gains on the short term. Derivatives are classified as held for trading, unless allocated as hedging instruments.

(F/1/2) Facilities & debts

They represent non-derivative financial assets having a fixed value, or a value liable to be determined, and which are not traded in an active market, except for:

- The assets which the Bank intends to sell immediately or on short term, which in this case are classified among the assets held for trading
- The assets which the Bank classifies as available for sale upon initial recognition
- The assets which the Bank shall not be basically able to recover the value of its original investment for reasons other than the deterioration of the credit capacity.

(F/1/3)"Held-to-maturity" financial investments

The "Held-to-Maturity" Financial Investments represent non-derivative financial assets of a fixed value, or a value liable to be determined, and a fixed maturity date and which the Bank Management intends to and is capable of holding up to their maturity date. The whole group is reclassified as "available-for-sale" if the Bank sells a significant amount of the financial assets held-to-maturity, except in cases of necessity.

(F/1/4)"Available for sale" financial investments

The "Available for Sale" Financial Investments represent non-derivative financial assets intended to be held for an indefinite period. They may be sold in response to the need of liquidity or the changes in the return or exchange rates or shares.

The following measures are adopted regarding financial assets:

- The regular purchase and sale operations of financial assets are recognized on the trading date, which is the date on which the Bank undertakes to purchase or sell the asset. This applies to the assets classified at the fair value through profits and losses, the "Held-to-Maturity" Financial Investments and the "Available for Sale" Financial Investments.
- The financial assets which are not classified upon their institution at the fair value through profits and losses are initially recognized at the fair value, added to which are the transaction costs. The financial assets classified upon their institution at the fair value through profits and losses are classified at the fair value only, with charging the costs of the transaction to the Income Statement, under the Item of "Net Trading Income".
- Financial assets are written off upon the termination of the validity of the contractual right to obtain cash flows of the financial asset or when the Bank transfers most of the risks and benefits related to ownership to any third party. Liabilities are written off upon their termination, whether by disposal or abrogation thereof or in case of the termination of their contractual duration.
- Each of the financial investments available for sale & the financial assets classified at the fair value through profits and losses shall be subsequently measured at the fair value, while the facilities, debts and investments held-to-maturity shall be measured at the amortized cost.
- On the one hand, the gains and losses ensuing of the changes in the fair value of the "financial assets classified at the fair value through profits and losses" shall be recognized in the Income Statement in the year during which they occur, on the other hand the gains and losses ensuing of the changes in the "fair value of financial investments available for sale" shall be directly recognized under the "Shareholders' Equity", until writing off the asset or the impairment of its value, at which point the accumulated gains and losses previously recognized under "shareholders' equity" shall then be recognized in the (Income Statement).
- The return calculated using the amortized cost method & the profits & losses of foreign currencies of the cash assets classified as available for sale are recognized in the Income Statement, and so are the profit distributions ensuing of the equity instruments classified as available for sale, when the Bank becomes entitled to collect them.

- The fair value of the investments which prices are proclaimed at active markets shall be determined on basis of the bid prices. However, in case there is no active market for the financial asset or in case of the unavailability of bid prices, the Bank shall determine the fair value using one of the evaluation methods. This includes using recent neutral transactions or analyzing the discounted cash flows, using the "Option Pricing Models" or the other evaluation methods prevailing among the traders at the market. If the Bank fails to evaluate the fair value of the equity instruments classified as available for sale, their value shall be measured at the cost price after discounting any impairment in value.

- The Bank reclassifies the financial asset classified among the group of (Financial Instruments Available for Sale), defined as debts (Bonds), by transferring thereof from the group of financial instruments available for sale to the group of the financial assets held-to-maturity, when the Bank intends to and is capable of maintaining these financial assets in the near future or up to maturity. Reclassification is made at the fair value on that date and any gains or losses pertaining to these assets, previously recognized under shareholders' equity, shall be handled as follows:

– In case of the reclassified financial asset having a fixed maturity date, the gains & losses shall be depreciated over the remaining lifespan of the held-to-maturity investment, using the real return method. Any difference between the value on basis of the depreciated cost and the value on basis of the maturity date shall be depreciated over the remaining lifespan of the financial asset, using the real return method. In case of subsequent impairment of the financial asset value, any previously recognized gains or losses shall be directly recognized among the shareholders' equity in profits & losses.

– In case of the financial asset having no fixed maturity date, the profits or losses shall remain among the Shareholders' equity until selling the asset or disposing thereof, after which they shall be recognized in the (profit & loss account). In case of subsequent impairment of the financial asset value, any previously recognized gains or losses shall be directly recognized among the Shareholders' equity.

- If the Bank amends its estimates of payments or receivables, reconciliation of the book value of the financial asset (or the group of financial assets) shall be made so as to reflect the real cash flows and the amended estimates, so that the book value shall be recalculated by calculating the current value of the future cash flows estimated at the real return rate of the financial instrument. This reconciliation shall be recognized as revenue or expense in the Profit & Loss Account.

- In all cases, if the Bank reclassifies a financial asset as referred to above, and if it later increases its estimates of the future cash receipts as a result of the increase of what may be recovered of these cash receipts, the influence of this increase shall be recognized as reconciliation of the real return rate as of the date of the estimate change and not as reconciliation of the book balance of the asset on the date of the estimate change.

(F/2)Accounting policies applied as of January 1, 2019

Financial Assets Classification

Financial assets are classified into three main categories:

- Financial assets at the amortized cost
- Financial assets at the fair value through the comprehensive income
- Financial assets at the fair value through profits & losses

This classification generally relies on the business model through which the financial assets are managed, and which determine the characteristics of their contractual cash flows.

Main Characteristics of the Business Models

Business model	Financial asset	Main Characteristics
Business model of the financial assets held for collecting contractual cash flows	Financial assets at the amortized cost	The business model target is to maintain financial assets for collecting contractual cash flows, represented in the investment principal amount and returns Sale is an exceptional incidental event, according to the terms stipulated in the Standard, at the least sales volume in terms of frequency and value
Business model of the financial assets held for collecting contractual cash flows and sale	Financial assets at the fair value through the comprehensive income	Each of the collection of the contractual cash flows – represented in the investment principal amount & returns – and sale are integrated to realize the model target High sales in terms of frequency and value, in comparison to the business model retained for collecting contractual cash flows
Other business models (trading)	Financial assets at the fair value through profits & losses	The business model target is not maintaining the financial asset for collecting contractual cash flows or for collecting contractual cash flows or sale Collection of the contractual cash flows is an incidental event for this mode. Assets are managed through this model on basis of the fair value through profits & losses

Decrease of the Financial Assets Value

The "International Financial Reporting Standard – IFRS – 9" replaces the "Incurred Loss" Model stipulated in the Egyptian Accounting Standard number "26" by the "Expected Credit Loss – ECL" Model. According to IFRS-9, credit losses are recognized earlier if compared to what is adopted by the Egyptian Accounting Standard "26".

The Bank applies a three-stage methodology for measuring the expected credit loss for the financial assets reported at the amortized cost and the debt instruments classified at the fair value through the items of the other comprehensive income. Assets move among the following three stages, based on the change in the credit quality, compared to the moment of their initial recognition:

First Stage: The financial assets which haven't witnessed significant increase in credit risks since initial recognition, for which the expected credit loss is calculated over a 12-month period

Second Stage: The financial assets which have witnessed significant increase in credit risks since initial recognition, without any objective evidence to the impairment of their value, for which the expected credit loss is calculated all over the asset useful life and the financial assets revenues continues to be calculated according to the asset total book value

Third stage: The financial assets having witnessed impairment in value according to the indicators determined in the instructions of the Central Bank of Egypt, which expected credit loss should be calculated over the asset useful life, on basis of the difference between the financial asset book value and the current value of the expected future cash flows.

Measurement of Expected Credit Loss

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

The low-risk financial instrument is classified upon initial recognition under the First Stage. The credit risks are perpetually monitored by the Risk Management Department at the Bank.

In case of significant increase in the credit risk since initial recognition, the financial instrument is then transferred to the Second Stage in order not to be considered as impaired at that stage.

In case of indicators to impairment in the financial instrument value, it is then transferred to the Third Stage.

The financial assets acquired by the Bank, having a higher rate of credit risks to the rates acknowledged by the Bank for the low-risk financial assets, are directly classified upon initial recognition in the second stage. Consequently, the expected credit losses pertaining to them are measured on basis of the expected credit losses over the asset useful life.

Significant Increase in Credit Risks

The Bank assumes that the financial instrument has witnessed significant increase in the credit risk, taking into consideration related available & supporting information, including the future information available without incurring unnecessary costs or efforts, upon the realization of one or more of the following quantitative and qualitative criteria and the factors pertaining to payment suspension

Quantitative Criteria

Upon the increase of the probability of default throughout the remaining useful life of the financial instrument as of the date of the financial position preparation, compared to the probability of default throughout the remaining useful life expected upon initial recognition, according to the risk structure acknowledged by the Bank.

Qualitative Criteria

First: Loans of retail banking, small and micro enterprises

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

The borrower's submission of an application, requesting to transfer short-term payment to a long-term one, as a result of negative influences pertaining the borrower's cash flows

Extending the payment grace period at the borrower's request

Prior repeated delays during the previous twelve months

Negative future economic changes affecting the borrower's future cash flows

Second: Loans for corporates and medium enterprises

If the borrower is on the follow-up statement&/or if the financial instrument has faced one or more of the following events:

- Significant increase of the rate of return on the financial asset as a result of the increase of credit risks
- Essential negative changes in the activity and the financial or economic circumstances under which the borrower works
- Request of rescheduling as a result of difficulties facing the borrower
- Essential negative changes in the actual or expected results or cash flows
- Negative future economic changes affecting the borrower's future cash flows
- Early indicators to the cash flows/liquidity problems such as the delay in the creditors' service/commercial loans
- Abrogation of one of the direct facilities by the Bank due to the increase of the credit risks of the borrower

The Bank carries out this evaluation periodically all over the portfolio for all financial assets for individuals, entities, small, medium and micro enterprises and also regarding the financial assets of the entities classified in the follow-up statement for the purpose of monitoring their credit risks. Likewise, this evaluation is periodically carried out for the counter-party. The criteria used for determining the significant increase in the credit risk is periodically monitored by the Credit Risks Department.

Third: Suspension of Payment regarding the Retail Banking Customers, the Small and Micro Enterprises:

In all cases, the payment suspension criterion is applied as a significant increase in the credit risk if the borrower's behavior reveals regular delay in payment to the grace period, in spite of his non-classification among impaired financial assets.

Fourth: Suspension of Payment regarding the corporates and Medium Enterprises Loan Customers:

In all cases, the payment suspension criterion is applied as a significant increase in the credit risk if the borrower delays the settlement of his contractual undertakings for sixty days to the maturity date.

Default and the Credit-Impaired Assets

The financial asset is considered as credit-impaired in value in case of the fulfillment of one or more of the following criteria:

Specific Criteria of the corporates Loan Customers, the Banking Retail Customers, the Medium, Small & Micro Enterprises

- When the Borrower fails to fulfill one or more of the following criteria, indicating that he faces significant financial difficulties
- The death or disability of the borrower
- The borrower's insolvency
- Rescheduling as a result of the deterioration of the borrower's credit capacity
- Non-commitment to the financial undertakings – the absence of an active market for the financial asset or one of the financial instruments of the borrower due to financial difficulties
- Granting the borrower privileges as a result of financial difficulties facing him, that wouldn't have been granted to him under normal circumstance
- The probability of the borrower's bankruptcy or rescheduling due to financial difficulties
- If the borrower's financial assets are purchased with a large discount, reflecting the incurred credit losses

The above-stated criteria are applied on all the financial instruments held by the Bank, which conform to the default definition used for the purposes of managing internal credit risks. The default definition is applied consistently with the probability of default model of the assets exposed to the risk of loss when the default occurs, upon calculating all expected losses of the Bank.

Quantitative Criteria of the corporates Loan Customers, the Banking Retail Customers, the Medium, Small & Micro Enterprises

Regarding the banking retail customers, the small and micro enterprises, in all cases when the borrower delays the payment of his contractual installments for more than thirty days, he is considered in default.

Regarding the corporates and medium enterprises, in all cases when the borrower delays the payment of his contractual installments for more than ninety days, he is considered in default.

Promotion among Stages

Promotion from the Second to the First Stage:

The financial asset should not be transferred from the second to the first stage unless after fulfilling all quantitative & qualitative elements of the first stage and payment of all delays including the principal amount and returns.

Promotion from the Third to the Second Stage:

The financial asset should not be transferred from the third to the second stage unless after fulfilling the following terms:

1. Fulfilling all quantitative and qualitative elements of the second stage
2. Payment of 25% of the due balances, including the set aside due return as the case may be
3. Punctuality of payment for 12 months at least

Period of recognition of the financial asset within the second stage

In all cases, the period of recognizing (classifying) the financial asset in the second stage should not exceed nine months to the date of being transferred to this stage.

Calculation of the Loss Given Default

Upon calculating the LGD of the balances held by banks in Egypt and abroad, a maximum of 0.45% recovery rate is applied.

As for the value of the collaterals used upon calculating the LGD, the rules of preparation and presentation of banks' financial statements, the bases of recognition and measurement issued by the Central Bank of Egypt on December 26, 2008 should be complied with, taking the following into consideration:

Upon calculating the LGD of the financial assets classified in the first stage, only the cash collaterals and their equivalents, which can be easily transferred into cash on short-term (three months or less) without any change (loss) in their value as a result of the credit risks, are accepted.

Upon calculating the LGD of the financial assets classified in the second or third stages, only the collaterals conformable to the rules issued by the Central Bank of Egypt on May 24, 2005 concerning the basis of evaluating credit worthiness of customers and formation of provisions are accepted. The collaterals value shall be settled according to the rules of preparation and presentation of banks financial statements, basis of recognition and measurement issued by the Central Bank on December 16, 2008.

Financial Instruments Measurement & Classification

The debt and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to the business model		
	Amortized cost	Through the comprehensive income	Through profits or losses
Equity instruments	Not applicable	Option for once only upon initial recognition and is irrevocable	The basic transaction of equity instruments
Debt instruments	Business model of the assets held for collecting contractual cash flows	Business model of the assets held for collecting contractual cash flows and sale	Business model of the assets held for trading

The equity instruments classified among the "financial assets at the fair value through the other comprehensive income" are classified at the fair value. All credit or debit differences, whether or not significant or extended, are inserted among the other comprehensive income elements for each instrument independently, under the item of (Differences of change of the fair value of the financial assets at the fair value through the other comprehensive income). However in case of the sale or writing off of the instrument, the related differences are directly transferred to the retained earnings. The Bank measures all the financial assets recognized at the amortized cost using the real return method.

Reclassification

The financial assets classified at the amortized cost are not reclassified under any other item, unless in the following cases:

- Deterioration of the debtor's credit capacity

- If the reclassification or sale doesn't result in any significant changes to the future cash flows of the financial assets

Regarding the financial assets classified at the fair value through profits and losses, they shall not be reclassified in all cases.

In all cases, financial assets are only reclassified when the Bank changes the business model, which only occurs in extraordinary cases.

G- Clearing Between Financial Instruments

Clearing shall be made between financial assets & liabilities in case of an enforceable legal right to perform clearing between the recognized amounts and in case of the intention to perform reconciliation on basis of the net amounts or to receive the asset and settle the liability at the same time. The items of the treasury bills purchase agreements with the commitment to resell and the treasury bills sale agreements with the commitment to repurchase, on basis of the net value, shall be reported in the balance sheet under the item of "Government Securities"

H- Return Revenues & Expenses

The maturity principle is adopted upon reporting the "Murabaha" return. The value of this return is reported in advance and is charged to the "Murabaha" Account. This return is proportionally distributed over the period of "Murabaha" all over the year, as of the date of paying funds up to the settlement date. The unrealized part of the "Murabaha" returns shall be reported by the end of the year under the Item of "Credit Balances and Other Liabilities" under the "Liabilities" in the Balance Sheet, being a deferred revenue. It shall be discounted of the total of "Murabaha" in the balance sheet. Reporting the "Murabaha" return under the item of "Revenues" shall be suspended when the recovery of the value of these returns or the principal "Murabaha" is uncertain.

I- Fees & Commissions Revenues

The fees due for the service of Murabaha, Musharaka & Mudaraba are recognized among revenues upon providing the service. Recognition of the fees and commissions revenues pertaining to irregular or impaired Murabaha, Musharaka & Mudaraba and debts shall be suspended, as they shall be recorded in subsidiary books off the financial statements. They shall be recognized among revenues according to the cash basis upon recognizing the return revenues as stated under Footnote (G-2). As for the fees representing a complementary part of the real return of the financial asset in general, they are handled as an amendment to the real return rate.

The commitment fees due on Murabaha, Musharaka & Mudaraba shall be postponed in case of the probability of withdrawing these Murabaha, Musharaka & Mudaraba, since the commitment fees collected by the Bank are considered as a compensation for the perpetual interference to acquire the financial instrument. They are recognized by means of amending the real return rate on the (Murabaha, Musharaka & Mudaraba).In case of the termination of the commitment period without issuing the (Murabaha, Musharaka & Mudaraba) by the Bank, the fees shall be recognized among revenues upon the termination of the commitment enforceability.

The fees pertaining to the debt instruments, measured at the fair value, shall be recognized among revenues upon initial recognition. The fees of promoting joint (Murabaha, Musharaka & Mudaraba) shall be recognized among revenues upon accomplishment of promotion, when the Bank doesn't keep any part of the (Murabaha, Musharaka & Mudaraba) or if it keeps a part having the same real return rate available to other participants.

The fees and commissions ensuing of negotiation or participation in negotiation on a transaction in favor of a third party, such as arranging the purchase of shares or other financial instruments, acquisition or sale of entities, shall be recognized in the Income Statement upon accomplishment of the concerned transaction. The fees of administrative consultations and other services are usually recognized on basis of proportional time distribution over the period of service provision. The fees of financial planning management and custody services provided on long terms are recognized over the year during which the service is provided.

J- Profit Distribution Revenues

Dividends are recognized in the Income Statement upon the issuance of the right of collecting them.

K- Real Estate Investments

The real estate investments are represented in the lands and buildings owned by the Bank for the purpose of obtaining rental revenues or capital increase. Accordingly, they don't include the real estate assets through which the Bank practices its business or those which devolved to it against payment of debts. The real estate investments shall be accounted for the same way applied on fixed assets.

L- Intangible Assets

L-1 Goodwill

The goodwill is represented in the increase in the acquisition cost to the fair value of the Bank's share in the net assets, including the probable acquired liabilities, liable to be determined, of the subsidiary or sister company on the acquisition date in the Bank's separate financial statements. The extent of the goodwill impairment is considered annually. The larger of the goodwill depreciation value at the rate of 20% annually or the impairment of its value shall be debited to the Income Statement. The goodwill of subsidiaries and sister companies represents an element upon determining the gains and losses of selling such companies.

The goodwill is distributed on the cash generating units for purposes of examining impairment. The cash generating units are represented in the Bank's principal sectors.

L-2 Computer programs

The expenses related to software development or maintenance are recognized as an expense in the Income Statement upon incurring thereof. The expenses directly related to specific programs, under the Bank control, which are expected to generate economic benefits with a cost exceeding one year, shall be recognized as intangible asset. The direct expenses comprise the cost of the personnel of the programs development team in addition to an appropriate share of the related general expenses.

The expenses leading to the enhancement and expansion of the computer programs performance to their original specifications shall be recognized as development cost and shall be added to the programs original cost.

The cost of computer programs recognized as an asset shall be depreciated over the period during which it is expected to be benefited of, with a maximum of three years.

L-3 Other intangible assets

This is represented in intangible assets other than the goodwill and computer programs (as for instance trademarks, licenses and lease contracts benefits)

The other intangible assets are established at the cost of their acquisition and are depreciated using the fixed installment method or on basis of the economic benefits expected to be realized, over the estimated useful lives thereof. As for the assets having no specific production lifetime, they are not depreciated. However, the impairment in their value is considered annually and the impairment value – if any – is charged to the Income Statement.

M- Fixed Assets

The lands and buildings are basically represented in the premises of the head office, branches and offices. All fixed assets are reported at the historical cost less depreciation and impairment losses. The historical cost comprises the expenses directly related to the acquisition of the fixed assets items.

The subsequent expenses are recognized among the book value of the outstanding asset or as an independent asset, as appropriate, when it is probable that future economic benefits related to the asset inflows to the Bank and when it is possible to determine this cost reliably. The maintenance and repair expenses shall be recognized during the year when they are incurred among (Other Operating Expenses).

Lands are not depreciated and the depreciation of other fixed assets shall be calculated using the fixed installment method for distributing cost so as to reach the salvage value over the useful lives, as follows:

Buildings and constructions	20 years
Refurbishments of leased properties	As per the asset type – (4-20 years)
Office furniture and safes	4 years
Means of transportation	4 years
Computers/Integrated automatic systems	2 years
Fittings and installations	20 years

The salvage value and the useful lives of fixed assets are reviewed on the date of preparing each balance sheet and amended when necessary. The depreciated assets are reviewed for the purpose of determining impairment upon the occurrence of events or changes in circumstances indicating that the book value may not be recovered. If the book value exceeds the recovery value it shall be immediately reduced to be equal to that value.

The recovery value represents the higher of the net realizable value of the asset or its utilization value. The profits and losses of written-off fixed assets shall be determined by means of comparing net receivables to the book value. Profits (losses) shall be reported under the item of "Other Operating Revenues (Expenses)" in the Income Statement.

N- Impairment of Nonfinancial Assets

Except for the goodwill, the assets having no fixed useful life are not depreciated. Their impairment is tested annually. Impairment of the depreciated assets is studied upon the occurrence of events or changes in circumstances indicating that the book value may not be recovered.

The impairment loss is recognized and the asset value is decreased in the amount representing the difference between the asset book value and its recovery value. The recovery value represents the net realizable value of the asset or its utilization value, whichever is higher. For purposes of estimating impairment, the asset is attached to the least possible cash generating unit. The nonfinancial assets revealing impairment shall be reviewed to find out whether impairment is reversed to the Income Statement on the date of preparing each balance sheet. The decrease in the assets value shall be reversed to the extent where the asset book value doesn't exceed its recoverable value which shall be determined after discounting depreciation, unless the losses of decrease in the assets value is recognized.

O- Leases

The finance lease is accounted for pursuant to Law number 95/1995 regulating finance lease, if the contract authorizes the lessee to purchase the asset on a fixed date and against a fixed value and if the contract duration represents at least 75% of the useful life expected for the asset, or if the current value of the total lease payments represents at least 90% of the asset value. Other lease contracts are considered "Operating Lease Contracts".

O/1 Leasing

Regarding finance lease contracts, the lease cost, including the maintenance cost of the leased assets, is recognized under "Expenses" in the Income Statement for the year when they occur. If the Bank decides to exercise the right of purchasing leased assets, the cost of the purchase right is capitalized as a fixed asset and is depreciated over the remaining expected useful life of the asset, the same way adopted with similar assets.

Payments on account of operating lease are recognized, less any discounts acquired from the Lessor, under "Expenses" in the Income Statement, using the fixed installment method over the contract duration.

O/2 Letting

Regarding the finance lease assets, they are reported in the balance sheet among fixed assets, and are depreciated over the expected useful life of the asset using the same way adopted with similar assets. The lease revenues are recognized on basis of the rate of return on the lease contract, in addition to an amount equal to the year depreciation cost. The difference between the revenue of the lease recognized in the Income Statement and the total accounts of finance lease customers is carried forward in the balance sheet until the lapse of the lease contract duration, where it is used for performing a clearing with the net book value of the leased asset. The maintenance and insurance expenses are charged to the Income Statement upon their occurrence, to the extent that the lessee is not charged therewith.

When there is objective evidence that the Bank won't be able to collect all the balances of finance lease debtors, they shall be reduced to the value expected to be recovered.

As for the operating lease assets, they are reported among fixed assets in the balance sheet and are depreciated over the expected useful life of the asset, the same way applied on similar assets. The lease revenue is reported less any discounts granted to the lessee, using the fixed installment method over the contract duration.

P- Cash & Cash Equivalents

For purposes of the cash flows statement preparation, the Item of "cash and cash equivalents" includes the balances which maturity doesn't exceed three months to the acquisition date. It includes cash, balances with the Central Bank outside the framework of required reserve ratio, balances with banks& government securities.

Q- Other Provisions

The provision of the restructuring costs and legal claims is recognized when there is a current legal obligation resulting of past events, which may probably require the use of the Bank's resources for settling such obligations, with the possibility of reaching a reliable assessment of the value of this obligation.

In case of similar obligations, the outgoing cash flow that can be used in settlement should be determined, taking into consideration this group of obligations. The provision shall be recognized even in case of a very slight probability of having an outgoing cash flow for an item of this group.

The provisions which are no longer required, totally or partially, shall be reversed under the Item of "Other Operating Revenues (Expenses)".

The current value of the payments estimated to be made for the settlement of the obligations, having a one-year value date as of the date of reporting, is measured using a rate appropriate to the obligation settlement term – without being influenced by the prevailing tax rate – which reflects the time value of money. If this value date is less than a year, the obligation estimated value shall be calculated at the current value, unless having substantial influence.

R- Financial Collaterals Contracts

The financial collaterals contracts are the contracts issued by the Bank as a guarantee to the (Murabaha, Musharaka & Mudaraba) or debit current accounts submitted to its customers by other quarters. The Bank is required to make certain settlements to compensate the beneficiary for a loss which he has incurred due to the debtor's nonpayment upon maturity of settlement as per the conditions of the debt instrument. Such financial collaterals are submitted to banks, financial institutions and other quarters on behalf of the Bank customers.

The fair value, which may reflect the collateral charges, is initially recognized in the financial statements on the date of granting the collateral. Subsequently, the Bank's obligation under the collateral is measured on basis of the initial measurement amount, less the calculated depreciation for recognizing the collateral charges in the Income Statement using the fixed installment method all over the collateral useful life, or the best estimate of the payments required for settling any financial obligation resulting of the financial collateral on the reporting date, whichever is higher. These estimates are determined pursuant to the experience gained of similar transactions or historical losses, confirmed by the Management judgement.

Any increase in the obligations resulting of the financial collateral is recognized in the Income Statement, under the Item of "Other Operating Revenues (Expenses)".

S- Income Taxes

The Income Tax on the year gains or losses includes each of the year tax & the deferred tax. It is recognized in the Income Statement, except for the Income Tax pertaining to shareholders' equity items, which is directly recognized in the shareholders' equity.

The Income Tax is recognized on basis of the net taxable profit using the tax rates prevailing on the date of reporting, in addition to the tax settlements of previous years.

The deferred taxes ensuing of temporary time differences between the book value of assets and liabilities on accounting bases and their tax-based amount is recognized. The deferred tax is determined using the method expected to realize or reconcile the assets and liabilities values using the tax rates prevailing on the reporting date.

The Bank's deferred tax assets are recognized when there is a strong probability to achieve taxable profits in future, through which this asset may be benefited of. The value of the deferred tax assets shall be discounted with the value of the part which is not expected to achieve the tax benefit throughout the following years. However, in case of the increase of the expected tax benefit, the deferred tax asset shall be increased within the limits of the part previously discounted thereof.

T- Borrowing:

The facilities obtained by the Bank are initially recognized at the fair value, less the cost of the facility acquisition and is subsequently measured at the depreciated cost. The difference between the net receivables and the payment value shall be charged to the Income Statement over the borrowing duration, using the real return method.

U- Capital:

U/1 Cost of capital

The issuance expenses directly related to the issuance of new shares or shares against an entity acquisition or else options issuance are displayed, being discounted of the shareholders' equity, at the net collections after taxation.

U/2 Dividends

Dividends are reported, being discounted of the shareholders' equity, for the year during which the Shareholders' General Assembly ratifies such distributions. Dividends include the personnel share in profits and the Board of Directors' remuneration stipulated in the Articles of Association & the Law.

U/3 Treasury shares

If the Bank purchases capital shares, the purchase amount shall be discounted of the total shareholders' equity, as this represents treasury shares cost until they are abrogated. In case of selling these shares or reissuing them at a subsequent period, all collected amounts shall be credited to the shareholders' equity.

V- Custody activities

The Bank doesn't practice custody activities. However, in case of practicing such an activity, resulting in the ownership or management of third party's assets, the assets and the ensuing profits shall be written off the Bank's financial statements, since they are not among the Bank's assets.

W- Comparison Figures

The comparison figures of the financial assets and liabilities elements are reclassified so as to conform to the presentation of the financial statements for the current period, witnessing initial application of the IFRS -9, and are not re-measured pursuant to the instructions of the Central Bank of Egypt issued on February 26, 2019.

3- Financial Risk Management

The Bank is exposed to various financial risks resulting of the activities it practices, since risk tolerance is the basis of financial business. Some or a group of risks are collectively analyzed, assessed and managed and therefore the Bank aims at realizing equilibrium between risk and return and at extenuating the probable negative effects on its financial performance. The most significant types of risks are the risk of credit, the market risk, the liquidity risk and such other operating risks. The market risk includes each of the foreign currencies exchange risk, the return rates risk and the risks of other rates.

Risk management policies have been laid down so as to determine, analyze, mitigate and control risks, monitor them and comply with such limits through reliable methods and updated information systems. The Bank periodically reviews risk management policies and systems and amend them so as to reflect changes at markets, products and services as well as the best up-to-date applications.

Risks are managed by the (Risk Management Sector) in the light of the policies ratified by the Board of Directors. The (Risk Management Sector) determines, assesses and hedges financial risks, with the cooperation of the various operating units at the Bank. The Board of Directors provides the (Risk Management Sector) with written risk management regulations, in addition to the written policies hedging certain risk areas such as the credit risk, the foreign currencies exchange risk, the return rates risk, the use of financial derivative and non-derivative instruments. Besides, the (Risk Management Sector) is responsible for carrying out periodic review of risk management and the supervisory environment independently.

A- Credit Risk

The Bank is exposed to the credit risk which results of any party's failure to fulfill his undertakings. The credit risk is considered the most significant to the Bank, therefore the Management carefully works on managing thereof. The credit risk is basically represented in the lending activities, resulting in (Murabaha, Musharaka & Mudaraba), as well as the investment activities resulting in having debt instruments among the Bank's assets.

There is also credit risk related to the financial instruments off the balance sheet, such as the commitments of (Murabaha, Musharaka & Mudaraba). The processes of credit risk management and control are mainly carried out by the (Credit Risk Management Team) at the (Risk Sector) which periodically reports to the Board of Directors, the Top Management and the Head of the Activity Units.

A/1 Credit risk measurement

Murabaha, Mudaraba & Musharaka to Customers

In order to measure the credit risk pertaining to (Murabaha, Musharaka & Mudaraba) to banks and customers, the Bank considers three factors:

- The (Probability of Default) by the customer or the third party to fulfill his contractual obligations
- The current status and future probable development of which the Bank can deduce (Exposure at Default)
- The (Loss given default)

The Bank's daily management tasks include these measurements of credit risks reflecting expected loss (The Expected Loss Model), required by Basel Committee on Banking Supervision. Operating Standards may contradict with the impairment charges according to the Egyptian Accounting Standard number 26 which relies on the losses incurred on the reporting date (Incurred Loss Model) and not the (Expected Loss Model) "Footnote number 3/A".

The Bank assesses the (Probability of Default) of each customer, using internal assessment methods so as to classify creditworthiness of the customers' various categories. These assessment methods have been developed internally, taking into consideration statistical analysis together with the personal judgement of the officials in charge with credit risk management so as to realize the appropriate creditworthiness classification. The Bank customers have been divided into four categories in terms of creditworthiness. The creditworthiness structure used by the Bank, as shown in the following table, reflects the probability of default for each category, basically meaning that the credit positions transfer among the creditworthiness categories pursuant to the change in the (probability of default) assessment. The assessment methods are reviewed and developed whenever necessary. The Bank periodically assesses the credit rating methods and the extent of their capability to predict cases of default.

The Bank's internal credit rating categories:

Rating	Rating indication
1	Performing debts
2	Regular watching
3	Watch list
4	Non performing debts

The position exposed to default relies on the amounts which the Bank expects to be outstanding upon the default occurrence. For instance, in cases of (Murabaha, Musharaka & Mudaraba), this position is the nominal value while in case of commitments, the Bank enlists all actually withdrawn amounts in addition to such other amounts which it expects to be withdrawn up to the date of default, if any.

The given or acute loss represents the Bank's expectation of the extent of loss upon claiming the debt in case of default. This is expressed by the ratio of loss to debt. This inevitably differs as per the type of debtor, claim priority and the availability of collaterals or other methods for hedging credit.

Debt Instruments, Treasury Bills & Other Bills

Regarding debt instruments and bills, the Bank uses external ratings for managing credit risk, such as (Standard & Poor's) Rating and such similar ratings. If such ratings are not available, methods similar to those applied on the credit customers are also used. Investments in securities and governmental notes are regarded as a method for acquiring a better credit quality and at the same time provide an available source for fulfilling the finance requirements.

A/2 Risk mitigation & avoidance policies

The Bank manages, mitigates and controls credit risk concentration over debtors, groups, industries and countries. It sets acceptable credit risk levels and acceptable limits for each borrower, group of borrowers, economic activities and geographical sectors. Such risks are perpetually controlled and are subject to annual or repeated review whenever necessary. Limits of credit risks are quarterly ratified by the Board of Directors for the borrower/group of borrowers, producer, sector and the State.

The credit limits of any borrower, including banks, are subdivided comprising all amounts reported or off the balance sheet and the daily risk limit pertaining to trading items such as the deferred foreign exchange contracts. Real amounts are daily compared to these limits. The credit risks are also managed through periodic analysis of the capability of borrowers and potential borrowers to settle their liabilities and through amending the lending limits whenever appropriate.

Stated hereunder are some risk mitigation methods:

Collaterals:

The Bank lays down several policies and restrictions to mitigate credit risks, including obtaining collaterals against offered funds. The Bank also sets guiding rules to certain categories of acceptable collaterals. The principal types of (Murabaha, Musharaka & Mudaraba) collaterals include:

Real estate mortgage

Mortgage of the business assets such as machines and commodities

Mortgage of financial instruments such as the equity& debt instruments

Most probably the long-term finance and the loans for companies are guaranteed while the credit facilities granted to individuals are without collateral. In order to minimize credit losses, the Bank seeks the obtainment of additional collaterals from the parties concerned immediately upon the revelation of indicators to the impairment of any "Murabaha, Musharaka & Mudaraba" or Facilities.

The collaterals taken as a guarantee to assets other than "Murabaha, Musharaka & Mudaraba" are determined pro rata the instrument nature and usually the debt instruments and treasury bills are without collaterals, except for the groups of (Asset-Backed Securities) and similar instruments which are guaranteed by a "financial instruments portfolio".

The risk of settlement arises in the situations when settlement is effected in cash or through equity instruments, other financial securities or against the expectation to acquire cash, equity instruments or other financial securities. Daily settlement limits shall be laid down for each of the other parties so as to hedge the cumulative settlement risks ensuing of the Bank's transactions on any day.

Master Netting Arrangements

The Bank mitigates credit risks via entering into "Master Netting Arrangements" with the parties representing a significant volume of transactions. The (Master Netting Arrangements) don't generally result in performing netting between the assets and liabilities reported in the balance sheet, since such settlement is usually carried out on collective basis. However, the credit risk accompanying the contracts in favour of the Bank is mitigated through the Master Netting Arrangements, since in case of default, all amounts shall be settled with the other party via performing netting. The extent of the Bank's exposure to the credit risk resulting of the derivative instruments subject to the Master Netting Arrangements may change on short terms since it is influenced by every transaction subject to these arrangements.

Commitments Pertaining to Credit

The main purpose of commitments pertaining to credit is to ascertain the availability of funds to the customer on demand. The (Guarantees & Standby Letters of Credit) have the same credit risk pertaining to "Murabaha, Musharaka & Mudaraba". The (Documentary & Commercial Letters of Credit) issued by the Bank on behalf of the Customer to grant a third party the right of withdrawing from the Bank within certain amounts and by virtue of specific provisions and terms are probably guaranteed by the shipped commodities and consequently bear a less degree of risk than the direct "Murabaha, Musharaka & Mudaraba".

The credit-granting commitments represent the unused part of the limit allowed for granting "Murabaha, Musharaka & Mudaraba", collaterals or documentary credits. The Bank is exposed to a probable loss in an amount equal to the total unused commitments regarding the credit risk ensuing of credit-granting commitments. However, the probable loss is actually less than the unused commitments, since most of the credit-granting commitments represent probable liabilities for customers having certain credit specifications. The Bank monitors the period of credit commitments up to the maturity date, since the long-term commitments usually bear a higher degree of credit risk if compared to short-term commitments.

A/3 Provisions & impairment policies

The internal assessment systems previously stated in footnote (1/A) largely concentrate on planning credit quality, as of the date of establishing the lending and investment activities. Without prejudice to the foregoing, only the impairment losses having occurred on the date of reporting are recognized for the purpose of preparing financial reports, based on objective evidences indicating impairment, as shall be stated in this footnote. Due to the variation of the adopted methods, the credit losses reported in the financial statements are usually less than the loss estimated using the (expected loss model) used on the reporting date, according to the regulations of the Central Bank of Egypt.

The impairment loss provision reported in the balance sheet is derived of the four internal ratings. The following table shows the percentage of the items reported in the balance sheet pertaining to "Murabaha, Musharaka & Mudaraba" and the impairment related to them for each of the Bank's internal ratings:

31 December, 2019				EGP
The Bank's Ratings	**Murabaha, Musharaka & Mudaraba to Customers**	**%**	**Impairment loss provision**	**%**
Performing debts	14 998 781 354	76.9%	9 553 980	0.6%
Regular watching	2 976 849 846	15.3%	520 013 572	35.2%
Watch list	102 640 133	0.5%	6 609 444	0.4%
Non-performing debts	1 423 266 366	7.3%	943 167 449	63.8%
	19 501 537 699	**100%**	**1 479 344 445**	**100%**

31 December, 2018				EGP
The Bank's Ratings	**Murabaha, Musharaka & Mudaraba to Customers**	**%**	**Impairment loss provision**	**%**
Performing debts	14 809 784 474	81.5%	103 750 159	8.2%
Regular watching	1 773 615 569	9.8%	263 375 627	20.8%
Watch list	808 318 478	4.4%	265 443 704	21.0%
Non-performing debts	782 248 397	4.3%	632 332 296	50.0%
	18 173 966 918	**100%**	**1 264 901 786**	**100%**

The internal assessment methods help the management to detect any objective evidences indicating impairment, pursuant to the Egyptian Accounting Standard number 26, based on the following indicators fixed by the Bank:

- Significant financial difficulties facing the borrower or debtor
- Violation of the terms of the "Murabaha, Musharaka & Mudaraba"agreement, such as nonpayment
- Expecting the borrower's bankruptcy or his involvement in a liquidation lawsuit or else rescheduling the finance granted to him
- Deterioration of the competitive situation of the borrower
- If the Bank grants the borrower exceptional privileges or terms which it doesn't usually agree to grant in normal cases, due to economic or legal reasons related to financial difficulties facing him
- Impairment of the collateral value
- Deterioration of his creditworthiness

The Bank policies require reviewing all the financial assets exceeding certain proportional importance, at least on annual intervals or more, when necessary. The burden of impairment on the accounts, assessed on individual basis, is determined by means of assessing the loss incurred on the reporting date, for each case independently, which is to be applied on all proportionally significant accounts individually. Assessment usually comprises the outstanding guarantee, including the reassurance of using the guarantee and the collections expected of these accounts.

The impairment loss provision is formed of a group of homogenous assets using available historical experience, personal judgement and statistical methods.

A/4 The general banking risk measurement model

Further to the four credit rating categories stated in footnote number (A/1), the Management makes classifications in the form of more detailed subgroups in conformity with the requirements of the Central Bank of Egypt. The assets exposed to credit risks are classified in these groups according to more detailed rules and conditions, largely relying on the information about the customer, his business, financial position and his regularity in payment.

The Bank calculates the provisions required for the impairment of the assets exposed to credit risk, including the credit commitments, based on percentages fixed by the Central Bank of Egypt. If the impairment loss provision required according to the regulations of the Central Bank of Egypt exceeds the one required for the purposes of preparing financial statements according to the Egyptian Accounting Standards, the general banking risk reserve shall be set aside among shareholders' equity items, by discounting this increase from the retained earnings. This reserve is periodically modified, by increase or decrease so as to always remain equal to the difference between the two provisions. This reserve shall always be non-distributable. Footnote number (33/A) shows the movement on the account of the general banking risk reserve throughout the financial year.

Hereunder is a statement of the entities credit ratings according to the internal assessment bases, compared to the assessment bases of the Central Bank of Egypt and the percentages of the provisions required for the impairment of the assets exposed to credit risk:

Rating of the Central Bank of Egypt	Rating indicators	Percentage of the required provision %	Internal Rating	Internal rating indicators
1	Low risks	Zero	1	Performing debts
2	Moderate risks	1%	1	Performing debts
3	Satisfactory risks	1%	1	Performing debts
4	Suitable risks	2%	1	Performing debts
5	Acceptable risks	2%	1	Performing debts
6	Marginally acceptable risks	3%	2	Regular follow up
7	Watch list	5%	3	Special follow up
8	Sub standard	20%	4	Non-performing debts
9	Doubtful debts	50%	4	Non-performing debts
10	Bad debts	100%	4	Non-performing debts

A/5 Maximum credit risk before collaterals

	31 December 2019	31 December 2018
	EGP	EGP
Balance sheet Items exposed to the credit risk (Net value)		
Governmental securities	7 109 476 036	10 477 659 419
Financial assets for trading		
Debt instruments	---	--
Investment Operations with banks	2 293 669 207	3 481 593 377
(Murabaha, Mudaraba & Musharaka) for customers		
Individuals:		
Debit current accounts	---	--
Credit cards	23 227 357	18 776 812
Personal Murabaha, Musharaka & Mudaraba	1 087 238 424	1 023 328 237
Real Estate Murabaha, Musharaka & Mudaraba	317 073 864	314 510 583
Corporates		
Debit current accounts	--	--
Direct Murabaha, Musharaka & Mudaraba	12 330 587 281	11 340 405 157
Joint Murabaha, Musharaka & Mudaraba	3 018 563 904	3 033 727 158
Other Murabaha, Musharaka & Mudaraba	16 806 938	15 408 213
Financial investments:		
Debt instruments	14 031 173 222	11 124 941 625
Total	**40 227 816 233**	**40 830 350 581**

Off balance sheet items exposed to the credit risk (Net Value)		
Acceptances	384 752 816	231 860 014
Letters of guarantee	1 460 462 906	1 613 088 269
Documentary credits	268 464 908	404 442 356
Total	**2 113 680 630**	**2 249 390 639**

The above table represents maximum exposure as at the reporting date, without taking any collateral into consideration. Regarding the balance sheet items, the reported amounts rely on the net book value displayed in the balance sheet.

As stated in the table above, 42% of the maximum exposed to the risk of credit result of (Murabaha, Mudaraba & Musharaka) to customers, against 39% as at 31/12/2018, while the investments in debt instruments represent 35% against 27% as at 31/12/2018.

The Management trusts its capability to retain control and maintain the minimum credit risk resulting of each of the portfolios of Murabaha, Mudaraba & Musharaka and debt instruments, as follows:

- 92% of the portfolio of (Murabaha, Mudaraba & Musharaka) is rated at the two highest degrees of internal rating, against 91% as at 31/12/2018.
- 90% of the portfolio of (Murabaha, Mudaraba & Musharaka) has no delays or impairment indicators, against 94% as at 31/12/2018.
- The (Murabaha, Mudaraba & Musharaka) having been individually assessed amount to 1 423 266 366 Egyptian Pounds against 782 248 397Egyptian Pounds as at 31 December 2018. Less than 66% thereof showed impairment, against 81% as at 31/12/2018.

All investments in debt instruments & governmental securities represent debt instruments of the Egyptian Government.

The following table reveals information about the financial assets quality:

Balances with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	23 586 607 346	---	---	23 586 607 346
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	23 586 607 346	---	---	23 586 607 346
Less: impairment loss provision	(1 157 274)	---	---	(1 157 274)
Book value	**23 585 450 072**	**---**	**---**	**23 585 450 072**

Government securities	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	7 139 440 588	---	---	7 139 440 588
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	7 139 440 588	---	---	7 139 440 588
Less: impairment loss provision	(29 964 552)	---	---	(29 964 552)
Book value	**7 109 476 036**	**---**	**---**	**7 109 476 036**

Investments with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	444 682 569	1 855 216 712	---	2 299 899 281
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	444 682 569	1 855 216 712	---	2 299 899 281
Less: impairment loss provision	(33 299)	(6 196 775)	---	(6 230 074)
Book value	**444 649 270**	**1 849 019 937**	**---**	**2 293 669 207**

Murabaha, Mudarabah & Musharaka to customers (individuals)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	677 478 086	5 515 931		682 994 017
Regular watching	732 369 037	36 283 102		768 652 139
Watch list	---	---		---
Non-performing debts	---	---	32 979 087	32 979 087
	1 409 847 123	41 799 033	32 979 087	1 484 625 243
Less: impairment loss provision	(9 650 428)	(25 288 297)	(22 146 873)	(57 085 598)
Book value	**1 400 196 695**	**16 510 736**	**10 832 214**	**1 427 539 645**

Murabaha, Mudarabah & Musharaka to customers (Corporates)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	10 719 604 465	2 244 215 905	---	12 963 820 370
Regular watching	376 791 476	1 966 821 079	---	2 343 612 555
Watch list	---	142 557 808	---	142 557 808
Non-performing debts	---	---	1 338 226 237	1 338 226 237
	11 096 395 941	4 353 594 792	1 338 226 237	16 788 216 970
Less: impairment loss provision	(21 588 133)	(479 650 138)	(921 020 576)	(1 422 258 847)
Book value	**11 074 807 808**	**3 873 944 654**	**417 205 661**	**15 365 958 123**

Debt instruments at the fair value through the comprehensive income	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	94 977 619	---	---	94 977 619
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	94 977 619	---	---	94 977 619
Less: impairment loss provision	(883 815)	---	---	(883 815)
Book value	**94 093 804**	**---**	**---**	**94 093 804**

Debt instruments at amortized cost	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	14 059 367 015	---	---	14 059 367 015
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	14 059 367 015	---	---	14 059 367 015
Less: impairment loss provision	(28 193 793)	---	---	(28 193 793)
Book value	**14 031 173 222**	**---**	**---**	**14 031 173 222**

The following table reveals the changes in the provision of Expected Credit Losses “ECL” during the year:

Balances with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	----	----	----	---
Net impairment burden during the year	1 157 274	---	---	1 157 274
Closing balance	**1 157 274**	**---**	**---**	**1 157 274**

Government securities	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	7 631 758	---	---	7 631 758
Net impairment burden during the year	22 332 794	---	---	22 332 794
Closing balance	**29 964 552**	**---**	**---**	**29 964 552**

Investment with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	3 208 483	---		3 208 483
Net impairment burden during the year	(3 175 184)	6 196 775		3 021 591
Closing balance	**33 299**	**6 196 775**	**---**	**6 230 074**

Murabaha, Mudaraba & Musharaka to customers (individuals)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	13 676 460	35 866 580	14 539 005	64 082 045
Net impairment burden during the year	(4 026 032)	(10 578 283)	7 860 739	(6 743 576)
Written off amounts	---	---	(264 301)	(264 301)
Recovered amounts	---	---	11 430	11 430
Foreign currency evaluation differences	---	---	---	---
Closing balance	**9 650 428**	**25 288 297**	**22 146 873**	**57 085 598**

Murabaha, Mudaraba & Musharaka to customers (Corporates)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	35 104 616	590 764 501	625 001 838	1 250 870 955
Transferred to the first stage	976 262	(976 262)	---	---
Transferred to the second stage	(2 417 537)	2 417 537	---	---
Transferred to the third stage	---	(269 588 543)	269 588 543	---
Net impairment burden during the year	(12 075 208)	157 032 905	62 569 145	207 526 842
Written off amounts	---	---	---	---
Recovered amounts	---	---	250 347	250 347
Foreign currency evaluation differences	---	---	(36 389 297)	(36 389 297)
Closing balance	**21 588 133**	**479 650 138**	**921 020 576**	**1 422 258 847**

Debt instruments at the fair value through the comprehensive income	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	--	--	--	--
Net impairment burden during the year	883 815	---	---	883 815
Closing balance	**883 815**	**--**	**--**	**883 815**

Debt instruments at amortized cost	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	9 472 077	--	--	9 472 077
Net impairment burden during the year	18 721 716	--	--	18 721 716
Closing balance	**28 193 793**	**--**	**--**	**28 193 793**

A/6 Murabaha, mudaraba & musharaka transactions

- Hereunder is the position of murabaha, mudaraba & musharaka in terms of credit worthiness:

		31 December 2019
Bank's Rating	**Murabaha, Mudaraba & Musharaka to customers**	**Investment Operations with banks**
	EGP	**EGP**
With no delays or impairment	17 584 145 333	2 299 899 281
With delays but not subject to impairment	494 126 000	---
Subject to impairment	1 423 266 366	---
Total	**19 501 537 699**	**2 299 899 281**
Less		
Returns under settlement	(1 228 695 486)	---
Impairment loss provision	(1 479 344 445)	(6 230 074)
Net	**16 793 497 768**	**2 293 669 207**

		31 December 2018
Bank's Rating	**Murabaha, Mudaraba & Musharaka to customers**	**Investment operations with banks**
	EGP	**EGP**
With no delays or impairment	17 081 754 521	3 481 593 377
With delays but not subject to impairment	309 964 000	---
Subject to impairment	782 248 397	---
Total	**18 173 966 918**	**3 481 593 377**
Less		
Returns under settlement	(1 162 908 972)	---
Impairment loss provision	(1 264 901 786)	---
Net	**15 746 156 160**	**3 481 593 377**

- The total burden of impairment of (Murabaha, Mudaraba & Musharaka) amounts to 1 479 344 445 Egyptian Pounds against 1 264 901 786 Egyptian Pounds as at 31/12/2018, of which the amount of 943 167 449 Egyptian Pounds, against 632 332 295Egyptian Pounds as at 31/12/2018, representing impairment of individual (Murabaha, Mudaraba & Musharaka). The remaining, in the amount of 536 176 996 Egyptian Pounds, represents impairment burden on group basis of the credit portfolio.

"Murabaha, mudaraba & musharaka" bearing no delays & not subject-matter of impairment

- The credit quality of the portfolio of (Murabaha, Mudaraba & Musharaka) with no delays and not subject-matter of impairment shall be rated by means of referring to the internal rating used by the Bank.

"Murabaha, Mudaraba & Musharaka" to Customers & Banks (At net value)

31 December 2019	Retail			Corporate				EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total Murabaha, Mudaraba & Musharaka to customers	Investment operations with banks
Performing	14 029 622	455 394 110	316 505 329	10 416 077 408	3 018 563 904	---	14 220 570 373	2 293 669 207
Regular watching	8 957 571	621 820 799	---	1 403 870 315	---	16 806 938	2 051 455 623	---
Watch list	---	---	---	93 433 883	---	---	93 433 883	---
Non-performing	240 164	10 023 515	568 535	417 205 675	---	---	428 037 889	---
Total	**23 227 357**	**1 087 238 424**	**317 073 864**	**12 330 587 281**	**3 018 563 904**	**16 806 938**	**16 793 497 768**	**2 293 669 207**

The guaranteed (Murabaha, Mudaraba & Musharaka) haven't been considered as subject-matter of impairment, regarding the "non-performing category, taking into consideration the eligibility of such collaterals for collection.

31 December 2018	Retail			Corporate				EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total Murabaha, Mudaraba & Musharaka to customers	Investment operations with banks
Performing	10 765 711	348 082 101	311 251 490	10 178 524 959	3 033 727 158	--	13 882 351 419	3 481 593 377
Regular watching	7 614 333	655 001 437	---	546 271 827	--	14 445 898	1 223 333 495	--
Watch list	--	--	--	509 807 136	--	--	509 807 136	--
Non-performing	396 768	20 244 699	3 259 093	105 801 235	--	962 315	130 664 110	--
Total	**18 776 812**	**1 023 328 237**	**314 510 583**	**11 340 405 157**	**3 033 727 158**	**15 408 213**	**15 746 156 160**	**3 481 593 377**

Murabaha, Mudaraba & Musharaka bearing delays but not subject-matter of impairment

These are the "Murabaha, Mudaraba & Musharaka" bearing delays up to 90 days but are not subject to impairment, unless other information attesting the contrary is available. The "Murabaha" to customers bearing delays but not subject to impairment & the fair value of the related collaterals are represented in the following:

31 December 2019	Individuals			EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	--	47 873 000	---	47 873 000
Delays more than 30 days up to 60 days	--	--	--	--
Delays more than 60 days up to 90 days	--	--	--	--
Total	--	47 873 000	---	47 873 000
Collaterals fair value	**--**	**13 648 000**	**---**	**13 648 000**

31 December 2019	Corporate			EGP
	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	137 596 000	---	---	137 596 000
Delays more than 30 days up to 60 days	307 763 000	---	---	307 763 000
Delays more than 60 days up to 90 days	894 000	---	---	894 000
Total	446 253 000	---	---	446 253 000
Collaterals fair value	**380 069 000**	**---**	**---**	**380 069 000**

Upon initial recognition of "Murabaha, Mudaraba & Musharaka", the collaterals fair value shall be evaluated using the assessment methods usually adopted with similar assets, and at subsequent periods the fair value shall be updated according to the market prices or the similar assets prices.

31 December 2018	Individuals			EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	--	13 094 000	17 000	13 111 000
Delays more than 30 days up to 60 days	--	3 919 000	97 000	4 016 000
Delays more than 60 days up to 90 days	--	--	--	--
Total	--	17 013 000	114 000	17 127 000
Collaterals fair value	**--**	**4 067 000**	**17 000**	**4 084 000**

31 December 2018	Corporate			EGP
	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	278 724 000	--	--	278 724 000
Delays more than 30 days up to 60 days	13 293 000	--	61 000	13 354 000
Delays more than 60 days up to 90 days	759 000	--	--	759 000
Total	292 776 000	--	61 000	292 837 000
Collaterals fair value	**140 775 000**	**--**	**48 000**	**140 823 000**

murabaha, mudaraba & musharaka to customers, subject to impairment individually

- The balance of "Murabaha, Mudaraba & Musharaka", individually subject to impairment, before taking into consideration the cash flows of collaterals, amounts to 1 423 266 366 Egyptian Pounds, against 782 248 397 Egyptian Pounds as at 31/12/2018.
- Hereunder is an analysis of the total value of the "Murabaha, Mudaraba & Musharaka"subject to impairment individually, including the fair value of the collaterals obtained by the Bank in return:

EGP	31 December 2019		31 December 2018	
	Murabaha, Mudaraba & Musharaka, individually subject to impairment	Fair value of collaterals	Murabaha, Mudaraba & Musharaka, individually subject to impairment	Fair value of collaterals
Individuals				
Debit current accounts	--	--	--	--
Credit cards	435 534	--	404 000	--
Personal Murabaha, Mudaraba & Musharaka	33 989 599		25 435 194	--
Real estate Murabaha, Mudaraba & Musharaka	6 062 494	---	4 241 615	--
Corporates				
Debit current accounts	--	--	--	--
Direct Murabaha, Mudaraba & Musharaka	887 037 214	908 169 988	520 407 151	387 657 922
Joint Murabaha, Mudaraba & Musharaka	493 012 314	---	230 481 163	--
Other Murabaha, Mudaraba & Musharaka	2 729 211	---	1 279 274	--
Total	**1 423 266 366**	**908 169 988**	**782 248 397**	**387 657 922**

A/7 Debt instruments and other government securities

The following table represents the analysis of the debt instruments and governmental securities according to the rating agencies, pursuant to Standard & Poor's Rating and its equivalent.

31 December 2019				EGP
	Governmental securities	Trading Securities	Investments in Securities	Total
AAA	---	---	---	---
AA- to AA+	---	---	---	---
A- to A+	---	---	---	---
B	7 512 533 950	---	14 154 344 634	21 666 878 584
Unrated	---	---	---	---
Total	**7 512 533 950**	**---**	**14 154 344 634**	**21 666 878 584**

A/8 Acquisition of collaterals

- During the current period, the Bank obtained assets by means of acquiring some collaterals as follows:

Asset's Nature	Book Value (EGP)
Units	21 200 000

- The acquired assets are classified in the balance sheet under the item of other assets. Such assets are sold whenever practical.

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

Geographical segments

- The following table represents the analysis of the most important limits of the credit risk of the Bank in the book value, distributed according to the geographical segments as at the end of the current year. Upon preparing this table, risks have been distributed on the geographical sectors according to the areas related to the Bank customers:

31 December 2019	Arab Republic of Egypt						EGP
	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total	The Arab Gulf Countries	Other Countries	Total
Governmental securities	7 512 533 950	---	---	7 512 533 950	---	---	7 512 533 950
Financial assets for trading:							
Debt instruments	---	---	---	---	---	---	---
Investments with banks	846 147 480	---	---	846 147 480	810 487 651	643 264 150	2 299 899 281
Murabaha, Mudaraba & Musharaka to customers:							
Individuals:							
Debit current accounts	---	---	---	---	---	---	---
Credit cards	19 388 549	4 109 167	---	23 497 716	---	---	23 497 716
Personal Murabaha, Mudaraba & Musharaka	1 196 272 979	189 623 029	---	1 385 896 008	---	---	1 385 896 008
Real estate Murabaha, Mudaraba & Musharaka	295 849 380	107 253 887	---	403 103 267	---	---	403 103 267
Corporates:							
Debit current accounts	---	---	---	---	---	---	---
Direct Murabaha, Mudaraba & Musharaka	11 609 283 529	2 440 982 306	---	14 050 265 835	----	---	14 050 265 835
Joint Murabaha, Mudaraba & Musharaka	3 618 005 994	---	---	3 618 005 994	---	---	3 618 005 994
Other Murabaha, Mudaraba & Musharaka	10 707 105	10 061 774	---	20 768 879	---	---	20 768 879
Financial investments							
Debt instruments –at fair value	94 977 619	---	---	94 977 619	---	---	94 977 619
Debt instruments – amortized cost	14 059 367 015	---	---	14 059 367 015	---	---	14 059 367 015
Total	**39 262 533 600**	**2 752 030 163**	**—**	**42 014 563 763**	**810 487 651**	**643 264 150**	**43 468 315 564**
31 December 2018	**39 580 137 647**	**2 730 833 041**	**—**	**42 310 970 688**	**818 005 792**	**700 421 760**	**43 829 398 240**

Continued: A/9 – Activity sectors

- The following table represents the most important limits of the credit risk of the bank at the book value, distributed according to the business carried out by the Bank Customers.

31 December 2019								EGP
	Financial institutions	Industrial Institutions	Real estate activity	Wholesale and retail trading	Governmental sector	Other activities	Individuals	Total
Government securities	--	--	--	--	7 512 533 950	--	--	7 512 533 950
Financial assets for trading:								
Debt instruments	--	--	--	--	--	--	--	--
Investments with banks	2 299 899 281	--	--	--	--	--	--	2 299 899 281
(Murabaha, Mudaraba & Musharaka) to customers:								
Individuals:								
Debit current accounts							--	--
Credit cards							23 497 716	23 497 716
Personal Murabaha, Mudaraba & Musharaka							1 385 896 008	1 385 896 008
Real estate Murabaha, Mudaraba & Musharaka							403 103 267	403 103 267
corporates								
Debit current accounts	--	--	--	--	--	--	--	--
Direct Murabaha, Mudaraba & Musharaka	136 499 675	5 777 636 182	140 764 353	3 525 150 255	334 477 916	4 135 737 454	---	14 050 265 835
Joint Murabaha, Mudaraba & Musharaka	---	963 656 606	---	115 401 942	2 174 362 440	364 585 006	---	3 618 005 994
Other Murabaha, Mudaraba & Musharaka	---	---	---	---	---	20 768 879	---	20 768 879
Financial investments								
Debt instruments – at fair value	--	---	---	---	94 977 619	---	---	94 977 619
Debt instruments – amortized cost	--	---	---	---	14 059 367 015	---	---	14 059 367 015
Total	**2 436 398 956**	**6 741 292 788**	**140 764 353**	**3 640 552 197**	**24 175 718 940**	**4 521 091 339**	**1 812 496 991**	**43 468 315 564**
31 December 2018	**3 553 735 593**	**6 979 542 223**	**123 327 632**	**3 268 972 051**	**24 510 676 161**	**3 714 194 140**	**1 678 950 440**	**43 829 398 240**

B- The Market Risk

- The Bank is exposed to the market risks, represented in the fluctuation of the fair value or the future cash flows ensuing of the change in the market prices. The market risk results of the open positions of the return rate, currency and the equity products, since each of them is exposed to the general and special market movements and the changes in the level of sensitivity to the market rates such as the return rates, the exchange rates and the prices of the equity instruments. The Bank classifies the extent of its exposure to the market risk into trading or non-trading portfolios.
- The trading portfolios include the positions ensuing of the Bank's direct transaction with customers or the market, while the non-trading portfolios are basically originated from managing the return rates of the assets and liabilities pertaining to the retail transactions. These portfolios include the risks of foreign currencies exchange and the equity instruments resulting of the investments held to maturity and the available for sale investments.

B/1 Methods of measuring the market risk

- Hereunder are the most important measurement methods used for controlling the market risks:

Value at Risk

- The Bank applies the method of "Value at Risk" both for the trading and non-trading portfolios in order to estimate the market risks of the outstanding positions and the maximum expected loss, based on a number of assumptions of the variable changes of the market circumstances. The Board of Directors sets limits to the (value at risk) acceptable by the Bank for both the trading and non-trading portfolios independently.

- The (Value at Risk) is a statistical expectation of the probable loss of the current portfolio resulting of the market reverse movements. It expresses the maximum value that the Bank may lose, yet through using a fixed confidence coefficient (98%). Accordingly, there is a (2%) statistical probability that the real loss is larger than the expected (value at risk). The (Value at Risk Model) assumes having fixed retention period (ten days) before closing the opened positions, with assuming that during this retention period, the market movement shall be the same as it was during the prior ten days. The Bank estimates the prior movement pursuant to the data of the previous five years and applies these historical changes in rates, prices and indicators directly to the current positions, and this is known to be the "Historical Simulation Method". Actual outputs are monitored on regular basis to measure the soundness of the assumptions and factors used for calculating the (Value at Risk).
- Adoption of this method doesn't however guarantee that the loss won't surpass these limits in case of larger market movements.
- Whereas the (value at risk) is considered a principal part of the system adopted by the Bank for controlling the market risk, the Board of Directors annually sets the limits of the (value at risk) of each trading and non-trading operation and divide them on the activity units. The real values at risk are compared to the limits laid down by the Bank.
- The quality of the (Value at Risk Model) is perpetually reviewed through testing the results of the value at risk of the trading portfolio and reporting the test results to the Top Management and the Board of Directors.

Stress Testing

- The "Stress Testing" gives an indicator to the volume of expected loss which may result of intense reverse circumstances. The stress testing is appropriately designed for the activity, using stereotype analyses of specific scenarios. The stress testing carried out by the (Risk Management) at the Bank comprises (risk factors stress testing), by means of applying a group of intense movements on each category of risk. It also comprises (developing markets stress testing), as these developing markets are exposed to intense movements and special stress testing including probable incidents influencing certain positions or areas, as for instance the consequences of liberating a certain currency at a certain area. The Top Management & the Board of Directors review the results of stress testing.

B/2 Summary of the (Value at Risk)

- Total value at risk as per the risk type

EGP

	31 December 2019			31 December 2018		
	Average	Higher	Less	Average	Higher	Less
Exchange rate risk	10 651 000	59 210 570	5 200 090	9 383 820	36 061 000	5 902 000
Return rate risk	--	--	--	--	--	--
Total value at risk	**10 651 000**	**59 210 570**	**5 200 090**	9 383 820	36 061 000	5 902 000

- Total value at risk of the trading portfolio according to the type of risk

EGP

	31 December 2019			31 December 2018		
	Average	Higher	Less	Average	Higher	Less
Exchange rates risk	--	--	--	--	--	--
Return rate risk	--	--	--	--	--	--
Total value at risk	**--**	**--**	**--**	--	--	--

- Total value at risk of the non-trading portfolio according to the type of risk

	31 December 2019			31 December 2018		EGP
	Average	Higher	Less	Average	Higher	Less
Exchange rate risk	10 651 000	59 210 570	5 200 090	9 383 820	36 061 000	5 902 000
Return rate risk	--	--	--	--	--	--
Total value at risk	**10 651 000**	**59 210 570**	**5 200 090**	9 383 820	36 061 000	5 902 000

The Bank isn't exposed to the return rate risk as it distributes variable return on its customers as per the quarterly achieved revenues and returns.

The increase in the value at risk, particularly the return rate, is linked to the increase of the return rate sensitivity at the world financial markets.

The three previous results of the value at risk have been calculated independently for the concerned positions and the markets' historical movements. The total value at risk of the trading and non-trading portfolios doesn't represent the Bank's value at risk due to the relationship between the types of risk and the types of portfolios and the subsequent variable influences.

B/3 Risk of fluctuation of foreign currencies exchange rates

- The Bank is exposed to the risk of fluctuation of the foreign currencies exchange rates on the financial position and cash flows. The board of directors has set limits for foreign currencies at the total value for each position by the end of the day and also during the day as they are instantly monitored. The following table briefs the extent of the Bank's exposure to the risk of foreign currencies exchange rates fluctuation by the end of the reported period. The table reveals the book value of the financial instruments distributed on the currencies thereof:

						Equivalent in EGP
31 December 2019	**Egyptian Pounds**	**US Dollars**	**European Euro**	**Sterling Pounds**	**Other Currencies**	**Total**
Financial Assets						
Cash & balances with the Central Bank of Egypt	6 231 395 657	135 440 702	50 678 630	3 893 055	8 759 386	6 430 167 430
Balances with banks	22 291 915 233	1 026 527 668	24 763 207	12 147 423	231 253 815	23 586 607 346
Government securities	4 651 100 000	2 534 557 000	326 876 950	--	--	7 512 533 950
Financial assets at the fair value through profits & losses	28 789 228	--	--	--	--	28 789 228
Investments with banks	--	2 218 539 450	--	36 051 730	45 308 101	2 299 899 281
Murabaha, Mudaraba & Musharaka for customers	16 887 184 512	2 535 355 784	78 997 403	--	--	19 501 537 699
Financial Investments						
Financial assets at the fair value through comprehensive income	43 665 704	--	94 977 619	--	12 071 872	150 715 195
Financial assets at amortized cost	10 341 477 690	3 374 692 897	343 196 428	--	--	14 059 367 015
Total financial assets	**60 475 528 024**	**11 825 113 501**	**919 490 237**	**52 092 208**	**297 393 174**	**73 569 617 144**
Financial Liabilities						
Balances due to banks	218 709 015	754 436 535	295 598 569	--	872 759	1 269 616 878
Deposits to customers	54 029 490 527	9 651 106 669	553 793 745	54 038 569	79 711 701	64 368 141 211
Other finances	10 808 407	1 042 697 500	--	--	--	1 053 505 907
Total financial liabilities	**54 259 007 949**	**11 448 240 704**	**849 392 314**	**54 038 569**	**80 584 460**	**66 691 263 996**
Net financial position	**6 216 520 075**	**376 872 797**	**70 097 923**	**(1 946 361)**	**216 808 714**	**6 878 353 148**
31 December 2018						
Total Financial Assets	48 970 841 241	13 516 260 063	964 043 627	48 038 752	170 686 479	63 669 870 162
Total financial liabilities	42 940 294 408	13 160 305 710	902 639 673	46 294 330	161 692 017	57 211 226 138
Net financial position	**6 030 546 833**	**355 954 353**	**61 403 954**	**1 744 422**	**8 994 462**	**6 458 644 024**

B/4 return rate risk

- The Bank is exposed to the influences of fluctuations in the levels of the return rates prevailing at the market, which is the risk of cash flows of the return rate, represented in the fluctuation of the future cash flows of the financial instrument due to the changes in the instrument return rate, and the risk of the fair value of the return rate which is the risk of fluctuation of the financial instrument value due to the change in the return rates at the market. The return margin may increase due to these changes. Yet, profits may decrease in case of the occurrence of unexpected movements. The Board of Directors sets limits to the level of differences in re-pricing the return which the Bank may retain. The following table briefs the extent of the Bank's exposure to the risk of return rate fluctuation. It includes the book value of the financial instruments distributed on basis of the earlier of the re-pricing or maturity dates.

EGP

31 December, 2019	Up to one month	More than a month to three months	More than three months to one year	More than a year up to five years	More than five years	Without return	Total
Financial Assets							
Cash & balances with the Central Bank of Egypt	--	--	--	--	--	6 430 167 430	6 430 167 430
Balances with banks	10 255 000 000	11 826 527 668	1 200 000 000	--	--	305 079 678	23 586 607 346
Government securities	--	1 333 653 850	6 178 880 100	--	--	--	7 512 533 950
Financial assets at the fair value through profits & losses	--	--	--	--	--	28 789 228	28 789 228
Investments with banks	1 191 094 260	964 431 521	144 373 500	--	--	--	2 299 899 281
Murabaha, Mudaraba & Musharaka for customers	9 408 947 772	1 494 647 541	4 004 954 413	3 482 621 480	1 110 366 493	--	19 501 537 699
Financial Investments							
Financial assets at the fair value through comprehensive income	--	--	--	--	94 977 619	55 737 576	150 715 195
Financial assets at amortized cost	--	194 923 259	1 471 683 576	8 261 422 496	4 131 337 684	--	14 059 367 015
Total financial assets	**20 855 042 032**	**15 814 183 839**	**12 999 891 589**	**11 744 043 976**	**5 336 681 796**	**6 819 773 912**	**73 569 617 144**
Financial Liabilities							
Balances due to banks	1 034 155 778	--	180 595 000	--	--	54 866 100	1 269 616 878
Deposits to customers	24 167 198 322	34 521 866 650	--	--	--	5 679 076 239	64 368 141 211
Other finances	--	10 808 407	--	--	1 042 697 500	--	1 053 505 907
Total financial liabilities	**25 201 354 100**	**34 532 675 057**	**180 595 000**	**--**	**1 042 697 500**	**5 733 942 339**	**66 691 263 996**
Re-pricing Gap	**(4 346 312 068)**	**(18 718 491 218)**	**12 819 296 589**	**11 744 043 976**	**4 293 984 296**	**1 085 831 573**	**6 878 353 148**
31 December, 2018							
Total Financial Assets	23 335 047 473	6 214 650 836	13 523 183 886	10 417 658 934	4 409 103 057	5 770 225 976	63 669 870 162
Total financial liabilities	25 024 102 802	23 962 758 886	--	--	1 164 384 000	7 059 980 450	57 211 226 138
Re-pricing Gap	**(1 689 055 329)**	**(17 748 108 050)**	**13 523 183 886**	**10 417 658 934**	**3 244 719 057**	**(1 289 754 474)**	**6 458 644 024**

C- Risk of Liquidity

The risk of liquidity is the risk of the Bank's exposure to difficulties in fulfilling its commitments related to its financial liabilities upon maturity and redeeming the withdrawn amounts. This may result in the failure to fulfill the liabilities pertaining to payment to depositors and the lending commitments.

Management of Liquidity Risks

The liquidity risk management operations, adopted by the (Liquidity Risks Department) at the Bank, comprise the following:

- Management of daily finance through controlling the future cash flows to ascertain the possibility of fulfilling all requirements. This includes redeeming money upon maturity or upon lending to customers. The Bank exists at the global stock markets to assure the realization of this target.
- Maintaining a portfolio of highly marketable assets that can be easily liquidated for facing any unexpected disturbances in the cash flows
- Monitoring liquidity percentages in comparison to the Bank's internal requirements and those of the Central Bank of Egypt.
- Managing concentrations and stating facilities maturities

For purposes of control and reporting, the cash flows of the following day, week and month, which are the principal periods for managing liquidity, are measured and forecasted. The starting point of these forecasts is represented in analyzing contractual maturities of the financial liabilities and the dates of expected collections of the financial assets.

The (Liquidity Risk Department) also controls inconsistency between the medium-term assets, the level and type of the unused part of the commitments of (Murabaha, Musharaka & Mudaraba), the extent of utilizing the facilities of the debit current accounts and the influence of contingent liabilities such as letters of guarantee and documentary credits.

Finance Methodology

The liquidity sources are reviewed by an independent team at the (Liquidity Risk Department) at the Bank for providing ample diversity of currencies, geographical areas, resources, products and terms.

Non-Derivative Cash Flows:

The following table represents the cash flows paid by the Bank using the non-derivative financial liabilities method, distributed on basis of the remaining period of contractual maturities on the date of reporting. The amounts displayed in the table represent the undiscounted contractual cash flows, while the Bank manages the risk of liquidity on basis of the expected undiscounted cash flows and not the contractual ones.

31 December, 2019						EGP
	Up to one month	More than a month to three months	More than three months to one year	More than a year up to five years	More than five years	Total
Financial Liabilities						
Balances due to banks	1 089 021 878	--	180 595 00	--	--	1 269 616 878
Deposits to customers	16 670 989 204	9 014 577 585	17 840 790 821	11 312 204 551	9 529 579 050	64 368 141 211
Other finances	--	--	--	10 808 407	1 042 697 500	1 053 505 907
Total financial liabilities	**17 760 011 082**	**9 014 577 585**	**18 021 385 821**	**11 323 012 958**	**10 572 276 550**	**66 691 263 996**
Total financial assets	**35 673 312 355**	**14 592 732 911**	**11 621 476 825**	**10 542 939 332**	**1 139 155 721**	**73 569 617 144**

31 December 2018						EGP
	Up to one month	More than a month to three months	More than three months to one year	More than a year up to five years	More than five years	Total
Financial Liabilities						
Balances due to banks	1 405 932 887	90 998 822	--	--	--	1 496 931 709
Deposits to customers	14 123 336 434	7 777 977 199	15 361 527 438	9 353 589 977	7 918 969 820	54 535 400 868
Other finances	--	--	--	14 509 561	1 164 384 000	1 178 893 561
Total financial liabilities	**15 529 269 321**	**7 868 976 021**	**15 361 527 438**	**9 368 099 538**	**9 083 353 820**	**57 211 226 138**
Total financial assets	**30 655 993 149**	**6 648 381 593**	**16 484 479 031**	**8 598 456 616**	**1 282 559 773**	**63 669 870 162**

The available assets for facing all liabilities and for hedging the commitments related to (Murabaha, Musharaka & Mudaraba) include cash, balances with central banks, balances with banks, government securities, Murabaha, Musharaka & Mudaraba to banks and customers. The term of a percentage of the (Murabaha, Musharaka & Mudaraba) to customers, falling due within a year, is extended during the ordinary course of the Bank business. Besides, some debt instruments and government securities are mortgaged to guarantee liabilities. The Bank is capable of facing the net unexpected cash flows through selling securities and creating other sources of finance.

Off Balance Sheet Items (Total amounts)

31 December 2019				**EGP**
	Not more than 1 year	**More than 1 year& less than 5 years**	**More than 5 years**	**Total**
Acceptances	459 940 967	--	--	459 940 967
Letters of guarantee	2 685 660 020	242 105 060	2 803 993	6 930 569 073
Import letters of credit	633 634 144	--	--	633 634 144
Export letters of credit	95 878 388	--	--	95 878 388
Capital commitments	28 180 419	--	--	28 180 419
Total	**3 903 293 938**	**242 105 060**	**2 803 993**	**4 148 202 991**

31 December 2018				**EGP**
	Not more than 1 year	**More than 1 year& less than 5 years**	**More than 5 years**	**Total**
Acceptances	276 645 181	--	--	276 645 181
Letters of guarantee	2 784 934 567	251 791 867	1 008 761	3 037 735 195
Import letters of credit	753 076 615	--	--	753 076 615
Export letters of credit	--	--	--	--
Capital commitments	25 187 932	--	--	25 187 932
Total	**3 839 844 295**	**251 791 867**	**1 008 761**	**4 092 644 923**

In the light of the strategy of the Central Bank of Egypt for applying the best international practices in the field of banking supervision, and in particular "Basel Committee" requirements, the Central Bank issued instructions concerning the liquidity risks management, including the liquidity coverage ratio "LCR" and the net stable financing ratio.

First: The LCR – Liquidity Coverage Ratio

(With a minimum of 70% for the year 2016, 80% for 2017, 90% for 2018 and 100% for 2019)

The liquidity coverage ratio consists of:

	EGP'000	**EGP'000**
	31 December 2019	**31 December 2018**
Numerator ratio: High quality liquidated assets	23 552 504	24 846 466
Denominator ratio: Net cash outflows during 30 days	6 016 056	1 999 558
Liquidity Coverage Ratio LCR	**391.5%**	**1242.6%**

Second: The Net Stable Financing Ratio NSFR (With a minimum of 100%)

The net stable Financing ratio consists of:

	EGP'000	**EGP'000**
	31 December 2019	**31 December 2018**
Numerator ratio: value of available stable financing	48 223 898	43 314 003
Denominator ratio: value of required stable financing	13 636 970	14 475 877
Net stable financing ratio NSFR	**353.6%**	**299.2%**

D- Fair Value of Financial Assets & Liabilities

D/1 Financial Instruments measured at the Fair Value using assessment methods

- None of the financial assets and liabilities have been assessed using the assessment methods during the financial period ending as at the date of reporting.

D/2 Financial Instruments not measured at the Fair Value

- The following table briefs the current and fair values of the financial assets and liabilities which have not been reported in the Bank's balance sheet at the fair value:

EGP

	Book Value		Fair Value	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Financial Assets				
Balances with banks	**23 585 450 072**	14 931 219 867	**23 973 368 950**	15 126 763 513
Investments with banks	**2 293 669 207**	3 481 593 377	**2 307 101 944**	3 501 133 567
Murabaha, Mudarabah & Musharaka to customers				
Individuals	**1 427 539 645**	1 356 615 632	**1 427 539 645**	1 356 615 632
Corporates	**15 365 958 123**	14 389 540 528	**15 365 958 123**	14 389 540 528
Financial Investments				
At amortized cost	**14 031 173 222**	11 124 941 625	**14 647 117 583**	10 775 040 175
Financial Liabilities				
Balances due to banks	**1 269 616 878**	1 496 931 709	**1 272 091 282**	1 507 058 193
Customers' deposits	**64 368 141 211**	54 535 400 868	**65 510 769 200**	55 605 181 791
Other finances	**1 053 505 907**	1 178 893 561	**1 075 264 465**	1 200 397 143

Balances with banks

The value of deposits and overnight deposits of variable return represents the current value thereof. The expected fair value of the deposits bearing variable return is estimated pursuant to the discounted cash flows using the return rate prevailing at the financial markets for debts with similar credit risks and value date.

Investment with Banks

The "Investment with Banks" is represented in facilities other than deposits with banks. The expected fair value of the investment with banks represents the discounted value of future cash flows expected to be collected. The cash flows are discounted using the return rate prevailing at the market so as to determine the fair value.

Murabaha, Musharaka & Mudarabah for Customers

Represents the net "Murabaha, Musharaka & Mudaraba" after discounting the impairment losses provision - The expected fair value of "Murabaha, Musharaka & Mudaraba" to customers represents the discounted value of the future cash flows expected to be collected. The cash flows are discounted using the return rate prevailing at the market for determining the fair value.

Investments in Securities

In the previous table, the investments in securities comprise only the return -earning assets held to maturity, as the assets available for sale are evaluated at the fair value, except for the equity instruments which the Bank can't reliably assess their value. The fair value of the financial assets held to maturity is determined according to the market rates or those obtained from brokers. If such data is not available, the fair value is assessed using the financial market rates for the traded securities having similar credit characteristics, value dates and rates.

Dues to other Banks & Customers

The fair value estimated for the deposits having indefinite value dates, including non- return -bearing deposits, represents the amount to be paid on demand.

The fair value of the deposits bearing fixed return and other finances which are not traded in active markets is determined according to the discounted cash flows, using the return rate on the new debts having similar value dates.

E- Capital Management

The Bank's goals upon capital management, comprising elements other than the shareholders' equity reported in the balance sheet, are represented in the following:

- Compliance to the capital legal requirements in the Arab Republic of Egypt& in the Countries where the Bank branches operate
- Sustainability of the Bank's business and enabling it to continue generating the shareholders and customers revenue
- Maintaining a strong capital base supporting growth of its activity

The capital adequacy ratio and utilizations are daily reviewed by the Bank Management pursuant to the requirements of the regulatory authority (The Central Bank of Egypt in the Arab Republic of Egypt), through models relying on the guidelines of (Basel Committee on Banking Supervision). The required particulars are prepared and submitted to the Central Bank of Egypt on quarterly basis.

The Central Bank of Egypt requires that the Bank:

- Retains the amount of 500 million Egyptian Pounds as a minimum issued and paid up capital
- Retains a certain ratio between the capital elements and the risk-weighted assets and contingent liabilities, equal to or exceeding 10%

The Bank branches operating abroad are subject to the supervisory regulations organizing banking business in the countries where they conduct their business.

The numerator of the capital adequacy ratio consists of the two following tiers:

Tier 1: Tier 1 consists of two parts: The core capital & the additional core capital.

Tier 2: The subordinated capital, consisting of:

- 45% of the value of the reserve of positive foreign currencies translation differences
- 45% of the value of the special reserve
- 45% of the increase in the fair value to the book value of financial investments (if positive)
- 45% of the balance of the reserve of the fair value of the "Available-for-sale" financial investments
- 45% of the increase in the fair value to the book value of the held-to-maturity financial investments
- 45% of the increase in the fair value to the book value of the financial investments in sister companies & subsidiaries
- Loans (subordinated deposits, with depreciating 20% of their value over each of the last five years of their terms)
- Reserve of the impairment losses of regular loans, facilities and contingent liabilities of a maximum of 1.25% of the credit risks of risk-weighted regular assets and contingent liabilities

The denominator of the "capital adequacy ratio" consists of the following:

- Credit risks
- Market risks
- Operating risks

The risk-weighted assets range from zero to 200%, classified according to the nature of the debtor of each asset so as to reflect the related credit risks, taking cash collaterals into consideration. The off-balance sheet amounts shall be handled the same way, after carrying out modifications so as to reflect the contingent nature and the given losses concerning these amounts. The Bank has always been committed to all local capital requirements. The following table briefs the calculation of the capital adequacy ratio according to "Basel Committee" requirements by the end of the financial period:

	31 December 2019	31 December 2018
Capital	**EGP '000**	**EGP '000**
Tier 1		
Sustained Core Capital		
Issued & Paid up capital	1 546 447	1 405 862
Reserves	982 356	460 358
General risks reserve	214 926	---
Reserve of the IFRS9 Risks	---	237 166
Retained earnings	888 012	849 790
Total Core Capital	**3 631 741**	**2 953 182**
Additional Core Capital	--	--
Differences of nominal value to current value of subordinated finance	--	--
Total deductions of the sustained core capital	(191 916)	(59 521)
Total of Tier 1 after deductions	**3 439 825**	**2 893 661**
Tier 2		
45% of the special reserve value	--	--
45% of the increase of fair value to book value of financial investments	--	18 963
subordinated finances by the Principal Investor/ subordinated deposits	1 042 698	1 164 384
Impairment losses provision for regular contingent liabilities, facilities & loans	91 842	287 700
Total of Tier 2	**1 134 540**	**1 471 047**
Total capital	**4 574 365**	**4 364 708**
Total credit, market & operating risk-weighted contingent liabilities and assets	26 221 846	27 413 232
Capital adequacy ratio (%)	**17.44%**	**15.92%**

The "capital adequacy ratio" has been added pursuant to the instructions dispatched to the Central Bank of Egypt.

Within the framework of its endeavor to apply the best international practices in the field of banking supervisory regulations, the Central Bank of Egypt issued its instructions for the measurement of the adequacy of "Tier 1" of the capital base, in comparison to the total risk-weighted assets (the financial leverage), committing banks to the minimum ratio of 3% on quarterly basis, as follows:

- As a guiding ratio as of the end of September 2015 up to 2017
- As a mandatory ratio as of 2018

The financial leverage numerator & denominator consist of the following:

Numerator's components:

The ratio numerator consists of "Tier 1" of the capital (after deductions) used in the numerator of the currently applied "capital adequacy ratio" pursuant to the instructions of the Central Bank of Egypt.

Denominator's components:

The ratio denominator consists of all the Bank's reported and off balance sheet assets, called "The Bank's Exposures", comprising the total of:

- Exposure of the "balance sheet" items after deducting some of the written off items of the first tier of the capital base
- Exposures resulting of the derivatives contracts
- Exposures resulting of securitization
- Off-balance sheet exposures

	31 December 2019	31 December 2018
	EGP'000	EGP'000
First: Ratio Numerator		
Total Core Capital	**3 439 825**	**2 893 661**
Second: Ratio Denominator		
Total reported exposure	68 929 023	62 463 675
Total off balance sheet exposure	2 547 582	2 213 819
Total on & off balance sheet exposure	**71 476 605**	**64 677 494**
Financial leverage ratio (%)	**4.81%**	**4.47%**

4- Important Accounting Estimates & Assumptions:

The Bank uses estimates and assumptions that influence the assets and liabilities amounts, which are disclosed during the following financial years. The estimates and assumptions are perpetually evaluated on basis of historical experience and such other factors, including the future events expectations thought to be reasonable in the light of available circumstances and information.

A- Impairment Losses of "Murabaha, Musharaka & Mudaraba" (Expected losses):

The Bank reviews the "Murabaha, Musharaka & Mudaraba" portfolio to evaluate impairment on quarterly basis as a minimum. It depends on personal judgement upon deciding whether or not the impairment burden is to be reported in the Income Statement, so as to realize if there is any reliable information indicating a measurable decrease in the expected future cash flows of the "Murabaha, Musharaka & Mudaraba" portfolio, before recognizing the decrease over each "Murabaha, Musharakah & Mudarabah" in this portfolio. Evidences may comprise the existence of any particulars indicating any negative change in the ability of the borrowers' portfolio to settle the Bank's entitlements, or any local or economic circumstances related to default in the bank's assets. Upon scheduling the future cash flows, the Management uses estimates based on its previous experiences regarding the losses of assets having similar credit risk characteristics to those included in the portfolio. The manner and assumptions used for estimating every amount and the timing of the future cash flows are regularly reviewed so as to extenuate any differences between estimated and real loss based on experience.

B- Debt Instruments at Amortized Cost

The non-derivative financial assets, having fixed payments and value dates, or which are liable to be determined, are classified as debt instruments at the amortized cost, within the business model of the financial assets retained for collecting contractual cash flows.

If the investments classification as debt instruments at the amortized cost is suspended, the book value shall be increased in the amount of 615 944 361, so as to reach the fair value, by means of reporting a contra entry in the "fair value reserve" in the comprehensive income statement.

C- Income Taxes

On the occasion of issuing the Income Tax Law number 91/2005 and its Executive Regulations, the income tax on the net taxable profits shall be calculated according to the tax return issued in compliance with the Law, using the tax rates prevailing upon preparing the financial statements, to be charged to the Income Statement.

(5) Sector Reports

A- Sector Analysis of Activities

The sector activity comprises the operating processes and the assets used for providing banking services and managing the risks pertaining to them as well as the return on this activity which may differ from other activities. The operating sector analysis of banking business comprises:

- The Bank's Head Office
- Cairo Governorate Branches
- Giza Governorate Branches
- Alexandria Governorate Branches
- Other Governorates Branches

31 December 2019						EGP
	Bank Head Office	Cairo Governorate Branches	Giza Governorate Branches	Alexandria Governorate Branches	Other Governorates Branches	Total
Revenues & expenses according to sector activity						
Sector activity revenues	6 111 407 116	5 121 409 266	1 406 772 214	767 799 692	769 072 891	14 176 461 179
Sector activity expenses	(6 344 698 423)	(4 145 847 349)	(1 021 423 941)	(558 632 072)	(602 307 712)	(12 672 909 497)
Profit before taxation	(233 291 307)	975 561 917	385 348 273	209 167 620	166 765 179	1 503 551 682
Tax	(449 714 097)	--	--	--	--	(449 714 097)
Profit after taxation	**(683 005 404)**	**975 561 917**	**385 348 273**	**209 167 620**	**166 765 179**	**1 053 837 585**
Assets & liabilities according to the sector activity						
Total assets of sector activity	5 307 128 367	43 504 421 435	11 609 047 875	6 252 306 157	6 026 109 658	72 699 013 492
Total liabilities of sector activity	1 235 507 979	43 504 421 435	11 609 047 875	6 252 306 157	6 026 109 658	68 627 393 104
Other items of the sector activity						
Capital expenses	42 799 227					
Depreciation	52 858 198					
(Burden) of credit losses impairment	(247 025 105)					

31 December 2018						EGP
	Head office	Cairo Governorate Branches	Giza Governorate Branches	Alexandria Governorate Branches	Other Governorates Branches	Total
Revenues & expenses according to sector activity						
Sector activity revenues	4 940 570 359	4 395 961 019	1 386 070 695	599 526 667	730 115 822	12 052 244 562
Sector activity expenses	(5 409 925 841)	(3 371 979 708)	(954 361 919)	(410 002 004)	(491 464 980)	(10 637 734 452)
Profit before taxation	(469 355 482)	1 023 981 311	431 708 776	189 524 663	238 650 842	1 414 510 110
Tax	(410 872 605)	--	--	--	--	(410 872 605)
Profit after taxation	**(880 228 087)**	**1 023 981 311**	**431 708 776**	**189 524 663**	**238 650 842**	**1 003 637 505**
Assets & liabilities according to the sector activity						
Total assets of sector activity	4 301 806 087	36 312 061 424	11 554 681 236	4 959 242 005	5 393 458 057	62 521 248 809
Total liabilities of sector activity	870 150 222	36 312 061 424	11 554 681 236	4 959 242 005	5 393 458 057	59 089 592 944
Other items of the sector activity						
Capital expenses	20 369 627					
Depreciation	36 456 170					
(Burden) of credit losses impairment	(337 476 443)					

(5) Sector Reports

(A) Geographical Sectors Analysis

31 December 2019				EGP
	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total
Revenues & expenses according to geographical sectors				
Geographical sectors revenues	13 056 017 013	1 120 444 166	--	14 176 461 179
Geographical sectors expenses	(11 840 459 383)	(832 450 114)	---	(12 672 909 497)
Profit before taxation	1 215 557 630	287 994 052	---	1 503 551 682
Tax	(449 714 097)	---	---	(449 714 097)
Profit after taxation	**765 843 533**	**287 994 052**	**--**	**1 053 837 585**
Assets & liabilities according to geographical sectors				
Total geographical sectors assets	63 745 145 315	8 953 868 177	--	72 699 013 492
Total geographical sectors liabilities	59 673 524 927	8 953 868 177	---	68 627 393 104
Other items of geographical sectors				
Capital expenses	42 799 227			
Depreciation	52 858 198			
(Burden) of credit losses impairment	(247 025 105)			

31 December 2018				EGP
	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total
Revenues & expenses according to geographical sectors				
Geographical sectors revenues	11 093 269 742	958 974 820	--	12 052 244 562
Geographical sectors expenses	(9 987 232 646)	(650 501 806)	--	(10 637 734 452)
Profit before taxation	1 106 037 096	308 473 014	--	1 414 510 110
Tax	(410 872 605)	--	--	(410 872 605)
Profit after taxation	**695 164 491**	**308 473 014**	**--**	**1 003 637 505**
Assets & liabilities according to geographical sectors				
Total geographical sectors assets	55 110 514 807	7 410 734 002	--	62 521 248 809
Total geographical sectors liabilities	51 678 858 942	7 410 734 002	--	59 089 592 944
Other items of geographical sectors				
Capital expenses	20 369 627			
Depreciation	36 456 170			
(Burden) of credit losses impairment	(337 476 443)			

(6) Net Return Income

	31 December 2019	31 December 2018
	EGP	EGP
Return on "Murabaha, Musharaka, Mudaraba & such similar revenues of murabaha, mudaraba & musharaka:		
To banks	3 058 467 791	2 274 417 524
To customers	2 529 477 220	2 404 893 759
	5 587 945 011	4 679 311 283
Government securities	833 951 242	837 903 619
Investments in debt instruments at amortized cost	1 689 897 608	1 442 900 585
	8 111 793 861	6 960 115 487
Cost of deposits and similar costs of deposits & current accounts:		
To banks	(52 786 381)	(78 075 775)
To customers	(6 114 138 771)	(4 930 143 655)
	(6 166 925 152)	(5 008 219 430)
Other Finances	(65 332 111)	(66 896 299)
	(6 232 257 263)	(5 075 115 729)
Net	**1 879 536 598**	**1 884 999 758**

The Bank keeps debt instruments to cover the percentage of liquidity of customers' balances according to the requirements of the competent authorities, and we usually recommend depositors to take this into consideration with regard to the returns of such instruments, taking into account that the "purification percentage" of the returns of such instruments is 21%

(7) Net Fees & Commissions Income

	31 December 2019	31 December 2018
	EGP	EGP
Fees and commissions revenues		
Fees & commissions pertaining to credit	**128 985 552**	126 270 253
Fees of corporates financing services	**22 676**	326 726
Custody fees	**795 887**	525 696
Other fees	**158 316 756**	160 854 722
	288 120 871	287 977 397
Fees & Commissions Expenses		
Other paid up fees	**(16 113 072)**	(16 552 541)
	(16 113 072)	(16 552 541)
Net	**272 007 799**	**271 424 856**

(8) Dividend Income

	31 December 2019	31 December 2018
	EGP	EGP
Equity instruments at the fair value through the comprehensive income	**7 774 139**	5 548 671
Investment Funds Documents	**119 218**	797 734
	7 893 357	**6 346 405**

(9) Net Trading Income

	31 December 2019	31 December 2018
Foreign Currencies Operations	EGP	EGP
Profits of dealing in foreign currencies	**95 268 855**	73 391 038
Total	**95 268 855**	**73 391 038**

(10) Administrative Expenses

	31 December 2019	31 December 2018
	EGP	EGP
Personnel costs		
Wages & salaries	**(250 016 824)**	(231 453 374)
Social Insurance	**(9 933 892)**	(7 798 266)
	(259 950 716)	(239 251 640)
Other administrative expenses	**(310 041 261)**	(246 244 825)
	(569 991 977)	**(485 496 465)**

The monthly average of the net salaries, remunerations and monthly profits received by the top twenty personnel at the Bank jointly during 2019, after taxes and insurance deductions, amounts to 2 378 942 Egyptian Pounds, against 1 939 233 Egyptian Pounds during 2018.

(11) Other Operating Revenues (Expenses)

	31 December 2019	31 December 2018
	EGP	EGP
(Losses) of evaluation of the balances of cash assets and liabilities in foreign currencies, other than those held for trading or those classified upon institution at the fair value through profits & losses	**(21 068 027)**	110 340
Profits of selling fixed assets	**--**	1 817 115
(Burden) of operating lease	**(4 198 151)**	(3 336 201)
(Burden) other provisions – lawsuits & taxes	**(3 118 349)**	(1 970 117)
Reversal (burden) of other provisions– contingent liabilities	**33 621 664**	(1 238 072)
Others*	**72 247 130**	4 019 699
	77 484 267	**(597 236)**

* During the financial year ending as at December 31, 2019, the item "Others" includes the amount of 70.9 million pounds, representing the profits of selling the building owned by the Bank at 60 Mohei Eldin Abu El Ezz Street.

(12) (Burden) of Expected Credit Loss Impairment

	31 December 2019	31 December 2018
	EGP	EGP
"Murabaha, Musharaka & Mudaraba" for Customers	**(200 783 266)**	(335 693 134)
Reserve of customers' foreign deposits with the Central Bank of Egypt	**(1 157 274)**	--
Government securities	**(22 332 794)**	--
Investment with banks	**(3 021 591)**	--
Financial assets at the fair value through the comprehensive income – treasury Bonds	**(883 815)**	--
Financial assets at amortized cost – treasury Bonds	**(18 721 716)**	--
Accrued revenues	**(124 649)**	--
"Held-to-Maturity" Financial Investments – investment funds documents	**----**	(1 783 309)
	(247 025 105)	(337 476 443)

(13) Income Tax (Expenses)

	31 December 2019	31 December 2018
	EGP	EGP
Current taxes	**(449 564 999)**	(411 538 476)
Deferred taxes	**(149 098)**	665 871
	(449 714 097)	(410 872 605)

(14) Earnings Per Share

	31 December 2019	31 December 2018
	EGP	EGP
Net Profit distributable on the Bank's shareholders	**907 837 585**	871 574 505
Weighted average of the number of shares	**220 921 033**	220 921 033
	4.11	3.95

(15) Cash & Balances with the Central Bank of Egypt

	31 December 2019	31 December 2018
	EGP	EGP
Cash	453 823 630	534 157 443
Balances with the Central Bank of Egypt within the limits of mandatory reserve ratio	5 976 343 800	4 281 899 721
	6 430 167 430	4 816 057 164
Balances without return	6 430 167 430	4 816 057 164
	6 430 167 430	4 816 057 164

(16) Balances with Banks

	31 December 2019	31 December 2018
	EGP	EGP
Current accounts	**305 079 678**	860 973 921
Deposits	**23 281 527 668**	14 070 245 946
Less: provision of expected credit losses	**(1 157 274)**	--
	23 585 450 072	14 931 219 867
Central Bank of Egypt, other than the mandatory reserve ratio	**23 280 370 394**	14 070 245 946
Local banks	**81 595 992**	99 620 530
Foreign banks	**223 483 686**	761 353 391
	23 585 450 072	14 931 219 867
Balances without return	**305 079 678**	860 973 921
Return-bearing balances	**23 280 370 394**	14 070 245 946
	23 585 450 072	14 931 219 867
Current balances	**23 585 450 072**	14 931 219 867
	23 585 450 072	14 931 219 867
Provision of Expected Credit Losses		
Opening balance	**--**	--
Settlements of opening balance	**--**	--
Opening balance after settlements	**--**	--
Impairment burden during the year	**1 157 274**	--
Closing balance	**1 157 274**	--

(17) Government Securities

	31 December 2019	31 December 2018
	EGP	EGP
Treasury bills due 91-day	**--**	--
Treasury bills due 182-day	**--**	300 000 000
Treasury bills due 273-day	**1 400 000 000**	3 200 000 000
Treasury bills due 364-day	**3 251 100 000**	4 200 000 000
US$ treasury bills due 364-day	**2 534 557 000**	2 896 629 120
European Euro treasury bills due 364-day	**326 876 950**	452 267 200
	7 512 533 950	11 048 896 320
Returns haven't yet fallen due	**(373 093 362)**	(571 236 901)
Less: Provision of expected credit losses	**(29 964 552)**	--
	7 109 476 036	10 477 659 419

The Bank keeps debt instruments to cover the percentage of liquidity of customers' balances according to the requirements of the competent authorities, and we usually recommend depositors to take this into consideration with regard to the returns of such instruments, taking into account that the "purification percentage" of the returns of such instruments is 21%.

Provision of Expected Credit Losses (ECL)

	31 December 2019	31 December 2018
	EGP	EGP
Opening balance	--	--
Settlements of opening balance	7 631 758	--
Opening balance after settlements	7 631 758	--
Impairment burden during the year	22 332 794	--
Closing balance	29 964 552	--

(18) Investments with Banks*

	31 December 2019	31 December 2018
	EGP	EGP
Investments with banks	2 299 899 281	3 481 593 377
Less: Provision of expected credit losses	(6 230 074)	---
	2 293 669 207	3 481 593 377
Current Balances	2 293 669 207	3 452 931 617
Non-current Balances	--	28 661 760
	2 293 669 207	3 481 593 377

Provision of Expected Credit Losses (ECL)

	31 December 2019	31 December 2018
	EGP	EGP
Opening balance	--	--
Settlements of opening balance	3 208 483	--
Opening balance after settlements	3 208 483	--
Impairment burden during the year	3 021 591	--
Closing balance	6 230 074	--

* Representing "commodity murabaha" with local and correspondent banks in foreign currencies.Including the amount of 157 206 700 Egyptian Pounds, representing investment operations with (Al Baraka Banking Group) – the Principal Shareholder at the Bank – (against 175 553 280 Egyptian Pounds as at 31 December 2018). The returns of these operations during the year amounted to 3 767 382 Egyptian Pounds (against 3 263 938 Egyptian Pounds during the previous year).

19) "Murabaha, Mudaraba & Musharaka" to Customers

	31 December 2019	31 December 2018
Individuals	**EGP**	**EGP**
Debit current accounts	--	--
Credit cards	23 497 716	18 922 789
Personal "Murabaha, Musharaka & Mudaraba"	1 385 896 008	1 289 798 046
Real estate "Murabaha, Musharaka & Mudaraba"	403 103 267	370 229 605
Total (1)	1 812 496 991	**1 678 950 440**
Corporates		
Debit current accounts	--	--
Direct "Murabaha, Musharaka & Mudaraba"	14 050 265 835	13 025 975 038
Joint "Murabaha, Musharaka & Mudaraba"	3 618 005 994	3 450 661 151
Other "Murabaha, Musharaka & Mudaraba"	20 768 879	18 380 289
Total (2)	**17 689 040 708**	**16 495 016 478**
Total "Murabaha, Musharaka & Mudaraba" to customers (1+2)	19 501 537 699	18 173 966 918
Less: Outstanding returns	(1 228 695 486)	(1 162 908 972)
Less: Expected credit loss provision	(1 479 344 445)	(1 264 901 786)
Net	16 793 497 768	**15 746 156 160**
Current balances	10 566 775 296	10 178 524 959
Non-current balances	6 226 722 472	5 567 631 201
	16 793 497 768	**15 746 156 160**

Expected Credit Loss Provision ECL

Analysis of the movement of the impairment loss provision of the "Murabaha, Musharaka & Mudaraba" to customers, per the type of each of them:

31 December 2019			**Individuals**		**EGP**
	Debit current accounts	**Credit cards**	**Personal "Murabaha, Musharaka & Mudaraba"**	**Real estate "Murabaha, Musharaka & Mudaraba"**	**Total**
Balance as at 1 January 2019	**--**	**145 977**	**12 632 726**	**2 883 200**	**15 661 903**
Opening balance settlements	--	114 159	21 994 686	26 311 297	48 420 142
Balance as at Jan. 1, 2019 after settlements	--	260 136	34 627 412	29 194 497	64 082 045
Impairment (reversal) burden	--	102 661	(5 410 395)	(1 435 842)	(6 743 576)
Written off amounts	--	(103 868)	(136 134)	(24 299)	(264 301)
Recovered amounts	--	11 430	--	--	11 430
Balance as at 31 December 2019 (A)	**--**	**270 359**	**29 080 883**	**27 734 356**	**57 085 598**

31 December 2019			Corporates		EGP
	Debit current accounts	Direct "Murabaha, Musharaka & Mudaraba"	Joint "Murabaha, Musharaka & Mudaraba"	Other "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2019	--	900 431 399	347 077 207	1 731 277	1 249 239 883
Opening balance settlements	--	95 301 762	(93 191 644)	(479 046)	1 631 072
Balance as at Jan. 1, 2019 after settlements	**--**	**995 733 161**	**253 885 563**	**1 252 231**	**1 250 870 955**
Impairment burden	--	134 086 603	71 931 579	1 508 660	207 526 842
Written off amounts	--	--	--	--	--
Recovered amounts	--	250 347	--	--	250 347
Differences of foreign currency evaluation	--	(33 478 153)	(2 911 144)	--	(36 389 297)
Balance as at 31 December 2019 (B)	**--**	**1 096 591 958**	**322 905 998**	**2 760 891**	**1 422 258 847**
Total of individuals & corporates (A)+ (B)					**1 479 344 445**

31 December 2018			Individuals		EGP
	Debit current accounts	Credit cards	Personal "Murabaha, Musharaka & Mudaraba"	Real estate "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2018	**--**	**136 284**	**14 981 827**	**5 545 953**	**20 664 064**
Impairment burden	--	(31 438)	(1 795 351)	(2 662 753)	(4 489 542)
Written off amounts	--	--	(553 750)	--	(553 750)
Recovered amounts	--	41 131	--	--	41 131
Balance as at 31 December 2018 (A)	**--**	**145 977**	**12 632 726**	**2 883 200**	**15 661 903**

31 December 2018			Corporates		EGP
	Debit current accounts	Direct "Murabaha, Musharaka & Mudaraba"	Joint "Murabaha, Musharaka & Mudaraba"	Other "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2018	**--**	**671 634 033**	**433 273 119**	**1 400 575**	**1 106 307 727**
Impairment (Reversal) burden	--	286 435 613	53 416 361	330 702	340 182 676
Written off amounts	--	(61 543 255)	(140 800 076)	--	(202 343 331)
Recovered amounts	--	3 223 418	--	--	3 223 418
Differences of foreign currency evaluation	--	681 590	1 187 803	--	1 869 393
Balance as at 31 December 2018 (B)	**--**	**900 431 399**	**347 077 207**	**1 731 277**	**1 249 239 883**
Total individuals & corporates (A) + (B)					**1 264 901 786**

(20) Financial Investments

	31 December 2019	31 December 2018
	EGP	EGP
Financial assets at the fair value through profits & losses		
Opening balance – investment funds documents	24 650 796	26 434 105
Additions during the year – "Al Barakat" Fund	5 000 000	--
Evaluation differences during the year	(861 568)	(1 783 309)
Closing balance – Investment Funds Documents	**28 789 228**	**24 650 796**
Financial assets at the fair value through comprehensive income		
Equity instruments – at the fair value		
Quoted	35 800 260	48 606 779
Unquoted	19 937 316	19 937 316
Debt instruments – at the fair value	94 977 619	--
Less: Expected credit loss provision	(883 815)	--
Total financial assets at the fair value through comprehensive income	**149 831 380**	**68 544 095**
Provision of Expected Credit Loss ECL – financial assets at amortized cost		
Opening balance	--	--
Impairment burden during the year	883 815	--
Closing balance	**883 815**	**--**
Financial assets at amortized cost		
Debt instruments at the amortized cost		
Quoted	13 853 822 497	10 886 210 793
Unquoted	205 544 518	238 730 832
Less: Provision of expected credit loss	(28 193 793)	--
Total financial assets at the amortized cost	**14 031 173 222**	**11 124 941 625**
Expected credit loss provision ECL – financial assets at amortized cost		
Opening balance	--	--
Opening balance settlements	9 472 077	--
Opening balance after settlements	9 472 077	--
Impairment burden during the year	18 721 716	--
Closing balance	**28 193 793**	**--**
Current balances	665 505 431	677 416 746
Non-current balances	13 515 499 171	10 516 068 974
	14 181 004 602	**11 193 485 720**
Fixed-return debt instruments	14 031 173 222	11 124 941 625
Variable-return debt instruments	--	--
	14 031 173 222	**11 124 941 625**

The Bank keeps debt instruments to cover the percentage of liquidity of customers' balances according to the requirements of the competent authorities, and we usually recommend depositors to take this into consideration with regard to the returns of such instruments, taking into account that the "purification percentage" of the returns of such instruments is 21%.

31 December 2019	Financial assets at the fair value through comprehensive income	Financial assets at amortized cost	Total
	EGP	EGP	EGP
Balance as at 1/1/2019	68 544 095	11 149 592 421	11 218 136 516
Transferred to financial assets at the fair value through profits & losses	--	(24 650 796)	(24 650 796)
Opening impairment loss provision	--	(9 472 077)	(9 472 077)
Balance after settlements	**68 544 095**	**11 115 469 548**	**11 184 013 643**
Additions during the year	93 268 811	3 878 557 624	3 971 826 435
Written off during the year	--	(653 763 100)	(653 763 100)
Differences of evaluating cash assets in foreign currencies	--	(292 330 127)	(292 330 127)
Amortization of issuance premium & discount	--	1 960 993	1 960 993
Profits of change in the fair value	(11 097 711)	--	(11 097 711)
(Burden) Impairment loss provision	(883 815)	(18 721 716)	(19 605 531)
Balance as at 31 December 2019	**149 831 380**	**14 031 173 222**	**14 181 004 602**

31 December 2018	Available for sale financial investments	Held-to-maturity financial investment	Total
	EGP	EGP	EGP
Balance as at 1/1/2018	**55 783 269**	**10 920 504 701**	**10 976 287 970**
Additions during the year	--	2 820 015 092	2 820 015 092
Written off during the year	(5 050 250)	(2 620 000 000)	(2 625 050 250)
Differences of evaluating cash assets in foreign currencies	--	18 364 074	18 364 074
Amortization of issuance premium & discount	--	12 491 863	12 491 863
Profits of change in the fair value	17 811 076	--	17 811 076
Reversal of impairment loss provision	--	(1 783 309)	(1 783 309)
Balance as at 31 December 2018	**68 544 095**	**11 149 592 421**	**11 218 136 516**

Profits of Financial Investments

	31 December 2019	31 December 2018
	EGP	EGP
Profits of selling financial assets at the fair value through comprehensive income	98 920	12 696 137
	98 920	**12 696 137**

(21) Financial Investments in Subsidiaries & Sister Companies

	31 December 2019	31 December 2018
	EGP	EGP
Al Baraka Company for Financial Investments	**196 000 000**	**49 000 000**
	196 000 000	**49 000 000**

During the financial year ending as at 31/12/2018, the Bank incorporated (Al Baraka Company for Financial Investments), (annotated in the commercial register on October 17, 2018), with an authorized capital of 200 million Egyptian pounds. The subscription percentage of the Bank in the Company's capital is 98%.

(22) Intangible Assets

	31 December 2019	31 December 2018
Computer Programs	EGP	EGP
Opening net book value	7 000 882	8 156 233
Additions	14 372 112	7 394 667
Depreciation during the year	(11 678 825)	(8 550 018)
Closing net book value	**9 694 169**	**7 000 882**

(23) Other Assets

	31 December 2019	31 December 2018
	EGP	EGP
Accrued revenues	**1 095 775 177**	842 189 223
Less: Provision of expected credit loss	**(492 527)**	---
Net accrued revenues	**1 095 282 650**	842 189 223
Prepaid expenses	**9 291 128**	6 867 259
Payments on account of purchasing & fitting new branches	**95 787 376**	228 919 802
Assets which ownership devolved against debts fulfillment (After discounting impairment)	**149 150 786**	137 123 269
Deposits and custody	**7 535 701**	5 252 562
Others	**61 917 423**	34 888 062
	1 418 965 064	1 255 240 177

Provision of Expected Credit Losses – Accrued Revenues

Opening balance	--	--
Settlements of opening balance	367 878	--
Opening balance after settlements	367 878	--
Impairment burden during the year	124 649	--
Closing balance	**492 527**	**--**

(24) Deferred Income Taxes

The deferred income tax has been fully calculated on the deferred tax differences according to the "liabilities method".

The deferred tax assets ensuing of the carried forward tax losses are not recognized unless in case of probable future tax profits through which the carried forward tax losses can be benefited of.

An offset between the deferred tax assets and liabilities is to be carried out in case of a legal justification for carrying out an offset between the current tax on assets against the current tax on liabilities and also when the deferred income tax is affiliated to the same tax department.

Balances of Deferred Tax Assets & Liabilities

31 December 2019	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2019
	EGP	EGP	EGP
Fixed Assets	--	(6 118 535)	(6 118 535)
Provisions (other than the impairment loss provision)	3 567 371	--	3 567 371
	3 567 371	**(6 118 535)**	**(2 551 164)**

31 December 2018	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2018
	EGP	EGP	EGP
Fixed Assets	--	(5 965 071)	(5 965 071)
Provisions (other than the impairment loss provision)	3 563 005	--	3 563 005
	3 563 005	**(5 965 071)**	**(2 402 066)**

Movement of Deferred Tax Assets & Liabilities

31 December 2019	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2019
	EGP	EGP	EGP
Balance as at 1 January 2019	3 563 005	(5 965 071)	(2 402 066)
Additions during the year	4 366	(153 464)	(149 098)
Disposal during the year	--	--	--
Balance as at 31 December 2019	**3 567 371**	**(6 118 535)**	**(2 551 164)**

31 December 2018	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2018
	EGP	EGP	EGP
Balance as at 1 January 2018	3 135 731	(6 203 668)	(3 067 937)
Additions during the year	427 274	--	427 274
Disposal during the year	--	238 597	238 597
Balance as at 31 December 2018	**3 563 005**	**(5 965 071)**	**(2 402 066)**

(25) Fixed Assets

	Lands & buildings	Improvements on leased assets	Machines & Equipment	Others	Total
	EGP	EGP	EGP	EGP	EGP
Balance as at 1/1/2018					
Cost	411 182 703	4 895 364	24 583 965	179 180 394	619 842 426
Accumulated depreciation	(83 356 542)	(1 499 406)	(20 330 386)	(98 925 979)	(204 112 313)
Net book value	327 826 161	3 395 958	4 253 579	80 254 415	415 730 113
Additions	2 651 553	--	3 260 559	7 062 848	12 974 960
Exclusions	(188 617)	--	--	(2 263 415)	(2 452 032)
Depreciation cost	(15 127 236)	(116 124)	(2 268 854)	(10 393 938)	(27 906 152)
Accumulated depreciation exclusions	96 649	--	--	2 263 395	2 360 044
Net book value as at 31/12/2018	**315 258 510**	**3 279 834**	**5 245 284**	**76 923 305**	**400 706 933**
Balance as at 1/1/2019					
Cost	413 645 639	4 895 364	27 844 524	183 979 827	630 365 354
Accumulated depreciation	(98 387 129)	(1 615 530)	(22 599 240)	(107 056 522)	(229 658 421)
Net book value	315 258 510	3 279 834	5 245 284	76 923 305	400 706 933
Additions	65 120 857	--	5 355 201	136 911 249	207 387 307
Exclusions	(62 262 581)		(97 630)	(11 794 511)	(74 154 722)
Depreciation cost	(17 032 879)	(116 124)	(2 865 496)	(16 978 547)	(36 993 046)
Accumulated depreciation exclusions	13 275 634	--	97 625	7 541 188	20 914 447
Net book value as at 31/12/2019	**314 359 541**	**3 163 710**	**7 734 984**	**192 602 684**	**517 860 919**
Balance as at 31/12/2019					
Cost	416 503 915	4 895 364	33 102 095	309 096 565	763 597 939
Accumulated depreciation	(102 144 374)	(1 731 654)	(25 367 111)	(116 493 881)	(245 737 020)
Net book value	**314 359 541**	**3 163 710**	**7 734 984**	**192 602 684**	**517 860 919**

(26) Real Estate Investments

	31 December 2019	31 December 2018
	EGP	EGP
Opening balance	139 523 977	--
Additions	53 387 278	139 523 977
Exclusions	(53 240 268)	--
Closing cost	139 670 987	139 523 977
Opening accumulated depreciation	(1 045 663)	--
Cost of depreciation	(4 186 327)	(1 045 663)
Closing accumulated depreciation	(5 231 990)	(1 045 663)
Net	**134 438 997**	**138 478 314**

(27) Balances due to Banks

	31 December 2019	31 December 2018
	EGP	EGP
Current accounts	54 866 100	353 186 480
Deposits	1 214 750 778	1 143 745 229
	1 269 616 878	**1 496 931 709**
Local banks	469 421 515	429 506 513
Foreign banks	800 195 363	1 067 425 196
	1 269 616 878	**1 496 931 709**
Balances without returns	54 866 100	353 186 480
return-bearing balances	1 214 750 778	1 143 745 229
	1 269 616 878	1 496 931 709
Current balances	1 269 616 878	1 496 931 709
	1 269 616 878	**1 496 931 709**

(28) Customers' Deposits

	31 December 2019	31 December 2018
	EGP	EGP
Demand deposits	4 533 046 958	5 392 010 225
Time and notice deposits	31 030 770 379	26 355 507 282
Certificates of deposit and saving	19 268 951 590	14 975 480 309
Savings deposits	8 389 343 002	6 497 619 307
Other deposits	1 146 029 282	1 314 783 745
	64 368 141 211	**54 535 400 868**
Corporate deposits	30 798 885 690	30 957 611 633
Individuals deposits	33 569 255 521	23 577 789 235
	64 368 141 211	**54 535 400 868**
Balances without return	4 066 362 419	4 932 319 575
Balances with variable return	60 301 778 792	49 603 081 293
	64 368 141 211	**54 535 400 868**
Current balances	42 288 017 670	40 302 016 461
Non-current balances	22 080 123 541	14 233 384 407
	64 368 141 211	**54 535 400 868**

(29) Other Finances

(A) Long-Term Restricted Finances

This item is represented in the "Musharaka" Contract concluded by and between the Bank & the Social Fund for Development with a capital of 200 million pounds (amended to be 100 million pounds only) to finance small enterprises with financing formulas conformable to the Islamic Shari'a. The contract is implemented on four equal payments each of 50 million pounds, 50% by each of the contract parties, over six years, starting as of the date of the transfer of the first payment by the Fund to the Bank on February 28, 2013. On July 4, 2016 the Bank concluded a new contract with the Social Fund for Development in the amount of 100 million pounds for financing small enterprises by financing formulas conformable to the Islamic Shari'a. The contract is implemented on four equal payments each of 25 million pounds, 50% by each of the contract parties, over six years, starting as of the date of the transfer of the first payment by the Fund to the Bank on August 28, 2016.

The "Musharaka" profits (resulted from financing operations) shall be equally distributed over the Bank and the Social Fund for Development, after deducting a percentage of that return in favour of the Bank in its capacity as the Fund Manager.

The Bank undertakes to settle a return equal to the return rate applied by the Bank on deposits (3 months) for the least credit balance to the unused balance of the Fund's share in the "Musharaka" capital.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	**14 509 561**	24 967 271
Additions during the year	**12 500 000**	--
Settlements during the year	**(16 201 154)**	(10 457 710)
Closing balance	**10 808 407**	14 509 561

(B) Subordinated Finance by the Principal Investor

On March 16, 2008, an "Investment Mudaraba Deposit Contract" has been concluded with (Al Baraka Banking Group) – the Principal Shareholder at the Bank – to support the Bank's subordinated capital in an amount of 20 million US Dollars, this deposit having fallen due on March 31, 2013.

On March 31, 2013, (Al Baraka Banking Group) deposited the amount of 20 million US Dollars, through an offset between the values of the old and the new contracts, as an (investment mudaraba deposit), in order to support the Bank's subordinated capital. The maturity date of this deposit is on 30/6/2018 and its profits are calculated according to the return rates applied on the Bank's depositors in US Dollars over five years. The returns are paid annually after relinquishing 10% of the Bank's share as Mudarib.

(Al Baraka Banking Group) is not entitled to withdraw this deposit unless with the approval of the Central Bank of Egypt. On October 20, 2015, the deposit maturity date has been extended so as to fall due on June 20, 2021. On June 7, 2017, the deposit maturity date has been extended once more to fall due on June 30, 2025.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	**358 272 000**	354 554 000
Differences of foreign currencies evaluation	**(37 442 000)**	3 718 000
Closing balance	**320 830 000**	358 272 000

(C) Subordinated Finance by the Other Shareholders

On February 5, 2017, an (Investment Mudaraba Deposit Contract) has been concluded with (Misr Insurance Company) (one of the largest shareholders of our Bank) to support the Bank's subordinated capital in the amount of 25 million US Dollars. The contract's enforceability started as of February 23, 2017 for seven years. The deposit bears a return of 6.75% approximately, paid on quarterly basis.

On July 2, 2017, another agreement has been concluded with Misr Insurance Company (Investment Mudaraba Deposit Contract) to support the Bank's subordinated capital in the amount of 20 million US Dollars, over eight years. The deposit bears return of 6.25% approximately, paid on quarterly basis.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	**806 112 000**	797 746 500
Additions during the year	**--**	--
Differences of foreign currencies evaluation	**(84 244 500)**	8 365 500
Closing balance	**721 867 500**	**806 112 000**
Total other finances (A+B+C)	**1 053 505 907**	**1 178 893 561**

(30) Other Liabilities

	31 December 2019	31 December 2018
	EGP	EGP
Accrued returns	1 216 860 951	1 101 438 220
Advance revenues	63 047 349	64 631 675
Accrued expenses	84 993 041	69 818 367
Sundry credit balances	344 749 394	347 927 100
	1 709 650 735	**1 583 815 362**

(31) Other Provisions

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	86 654 656	83 593 846
Settlement of opening balance	59 394 827	--
Balance as at 1 January after settlement	146 049 483	83 593 846
Charged to the Income Statement – lawsuits & taxes	3 118 349	1 970 117
Charged (reverse) to the Income Statement – contingent liabilities	(33 621 664)	1 238 072
Used during the year	(36 148 944)	(210 460)
Differences of foreign currencies evaluation	(1 295 554)	63 081
Closing balance	**78 101 670**	**86 654 656**

The balances of other provisions are represented in the following:

	31 December 2019	31 December 2018
	EGP	EGP
Contingent liabilities provisions	56 810 782	32 333 173
Provision of probable claims & lawsuits	4 268 343	4 248 938
Tax provision	5 435 907	38 485 907
Provision of assets devolved to the bank, formed before 2010	11 586 638	11 586 638
	78 101 670	**86 654 656**

(32) Capital

The authorized capital amounts to 2 billion Egyptian Pounds and the issued & paid-up capital amounts to 1 405 861 121 Egyptian Pounds as at the reporting date, the nominal value per share being 7 Egyptian Pounds, all issued shares being settled in full.

31 December 2019	Number of shares	Ordinary shares	Total
	EGP	EGP	EGP
Balance as at 1/1/2019	180 934 507	1 266 541 549	1 266 541 549
Part of the shareholder's dividends of the profits of 2017	19 902 796	139 319 572	139 319 572
Part of the shareholder's dividends of the profits of 2018	20 083 730	140 586 110	140 586 110
Balance as at 31/12/2019	220 921 033	1 546 447 231	1 546 447 231

31 December 2018	Number of shares	Ordinary shares	Total
	EGP	**EGP**	**EGP**
Balance as at January 1, 2018	180 934 507	1 266 541 549	1 266 541 549
Balance as at December 31, 2018	180 934 507	1 266 541 549	1 266 541 549

(33) Reserves

	31 December 2019	31 December 2018
Reserves are represented in:	**EGP**	**EGP**
General banking risks reserve	118 565 786	134 043 805
Legal reserve	343 282 281	243 100 242
General reserve	629 834 490	209 834 490
Capital reserve	9 239 000	7 421 885
Special reserve	---	41 212 327
Reserve of the risks of the IFRS9	---	237 165 510
General risks reserve	214 926 054	---
Reserve of the fair value – "Available-for-sale" financial investments	19 473 141	30 570 852
	1 335 320 752	**903 349 111**

(A) General Banking Risks Reserve

The instructions of the Central Bank of Egypt stipulate the necessity of constituting a general banking risks reserve to face unpredicted risks. No distributions are to be made of this reserve unless after obtaining the approval of the Central Bank of Egypt. According to the final instructions issued by the Central Bank of Egypt in February 2019, concerning the application of the IFRS9, the general banking risks reserve – credit has been transferred to the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	**EGP**
Balance as at 1 January	134 043 805	150 393 668
Opening balance settlement – transferred to the general risks reserve	(15 478 019)	--
	118 565 786	150 393 668
Transferred (to) from retained earings	--	(16 349 863)
Closing balance	**118 565 786**	**134 043 805**

(B) Legal Reserve

Pursuant to the Bank's Articles of Association, 10% of the year net profits is set aside for feeding a non-distributable reserve, until its balance becomes 100% of the capital.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	243 100 242	170 697 892
Transferred from retained earning	100 182 039	72 402 350
Closing balance	**343 282 281**	**243 100 242**

(C) General Reserve

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	209 834 490	167 000 000
Transferred from retained earning	420 000 000	42 834 490
Closing balance	**629 834 490**	**209 834 490**

(D) Capital Reserve

It is supported by the profits ensuing of selling the fixed assets owned by the Bank, for the purpose of consolidating the Bank's financial position.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	7 421 885	6 186 955
Transferred from retained earnings	1 817 115	1 234 930
Closing balance	**9 239 000**	**7 421 885**

E- Special Reserve

In implementation to the regulations of banks' financial statements preparation & presentation, as well as the recognition and measurement rules ratified by the Board of Directors of the Central Bank of Egypt, at its session held on December 16, 2008, the "Special Reserve" is represented in the influence of change in accounting treatments. According to the final instructions issued by the Central Bank of Egypt in February 2019, concerning the application of the IFRS9, the special reserve – credit has been transferred to the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	41 212 327	41 212 327
Opening balance settlements – transferred to the general risks reserve	(42 408 762)	--
Opening balance settlements – transferred to the retained earnings	1 196 435	--
Closing balance	**--**	**41 212 327**

(F) Reserve of the Risks of "IFRS9" – (International Financial Reporting Standard number 9)

In implementation to the instructions of the Central Bank of Egypt, issued on January 28, 2018, a reserve has been formed for the risks of the (International Financial Reporting Standard 9) "IFRS9", at 1% of the total risk-weighted credit risks as at 31/12/2017. According to the final instructions issued by the Central Bank of Egypt on February 26, 2019, concerning the application of the IFRS9, the reserve balance has been transferred to the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	237 165 510	--
Settlement of opening balance – transferred to the general risks reserve	(287 165 510)	--
Balance as at 1 January after settlements	(50 000 000)	--
Transferred from retained earning	50 000 000	237 165 510
Closing balance	**--**	**237 165 510**

(G) General Risks Reserve

According to the final instructions issued by the Central Bank of Egypt concerning the application of the IFRS9, the special reserve – credit, the banking risks reserve-credit and the IFRS9 reserve have been merged in one reserve in the name of the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	--	--
Transferred from the special reserve	42 408 762	--
Transferred from the banking risks reserve	15 478 019	--
Transferred from the reserve of IFRS9	287 165 510	--
Less: Settlements of opening balances of the expected credit loss provision	(130 126 237)	--
Closing balance	**214 926 054**	**--**

(H) Fair Value Reserve – Financial Assets at the Fair Value Through the Comprehensive Income

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	30 570 852	12 759 776
Net profit of change in the fair value	(11 097 711)	17 811 076
Loss transferred to the Income Statement resulting of impairment	--	--
Closing balance	**19 473 141**	**30 570 852**

(34) Retained Earnings

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at January 1	1 122 445 633	817 932 556
Opening balance settlements – transferred from the special reserve	(1 196 435)	--
	1 121 249 198	817 932 556
Distributions of the previous year profits		
(Personnel share, Board Members remuneration & Shareholders cash distributions)	(272 649 114)	(222 517 439)
Transferred (to) the legal reserve	(100 182 039)	(72 402 350)
Transferred (to) the general reserve	(420 000 000)	(1 234 930)
Transferred (to) the capital reserve	(1 817 115)	(42 834 490)
Transferred (to) the reserve of the IFRS9	(50 000 000)	(237 165 510)
Distributions to shareholders, used for capital increase	(140 586 110)	(139 319 572)
Net profit of year	1 053 837 585	1 003 637 505
Transferred from (to) the banking risks reserve	--	16 349 863
Closing balance	**1 189 852 405**	**1 122 445 633**

(35) Cash & Cash Equivalents

For purposes of the Cash Flows Statement presentation, the item of "Cash & Cash Equivalents" includes the following balances, which maturity dates don't exceed three months to the acquisition date.

	31 December 2019	31 December 2018
	EGP	EGP
Cash & balances with the Central Bank	453 823 630	534 157 443
Balances with banks	23 586 607 346	14 931 219 867
Governmental securities	---	--
	24 040 430 976	**15 465 377 310**

(36) Contingent Liabilities & Commitments

(A) Judicial Claims

Several lawsuits have been filed versus the Bank and accordingly a provision has been formed for this purpose on December 31, 2019, in the amount of 4 268 343Egyptian Pounds, against 4 248 938 Egyptian Pounds as at December 31, 2018.

(B) Capital Commitments

	31 December 2019	31 December 2018
	EGP	EGP
Capital commitments represented in contracts for purchasing fixed assets and branch fittings	28 180 419	25 187 932
Capital commitments represented in financial investments	---	--
	28 180 419	**25 187 932**

(C) Commitments for Finance, Guarantees & Facilities (Net Value)

The Bank's commitments related to finance, guarantees and facilities are represented in the following:

	31 December 2019	31 December 2018
	EGP	EGP
Acceptances	384 752 816	231 860 014
Letters of guarantee	1 460 462 906	1 613 088 269
Documentary credits	268 464 908	404 442 356
	2 113 680 630	**2 249 390 639**

(37) Tax Position of the Bank

Stock Companies Taxes

- No commitments are due on the Bank since starting transaction up to 31/12/2004, as all dues have been settled.
- The years 2005/2006 have been examined, revealing tax losses.
- The years from 2007 up to 2018 haven't been yet examined, taking into consideration that the tax returns for these years have been submitted to the Tax Administration on the due dates, revealing no commitment on the Bank.

Income Taxes

- Regarding the period from starting operating up to December 31, 2017, examination has been accomplished and the final settlement has been made. The Bank settled the due tax differences.
- The years 2018 & 2019 haven't been examined, taking into consideration that taxes are paid on monthly basis.

Proportional Stamp-Duty Taxes:

- The Bank branches have been examined up to 31/7/2006, revealing no due commitments.
- The Bank has been examined from 1/8/2006 up to 31/3/2013, revealing no commitment as all dues have been settled.
- The period from 1/4/2013 up to 31/12/2018 hasn't yet been examined.

(38) Transactions with Related Parties

(Al Baraka Banking Group) (Bahrain) – the Principal Shareholder at the Bank – owns 73% of the ordinary shares, while the remaining 27% is owned by other shareholders. Several transactions have been entered in with related parties through the Bank's normal course of business.

Hereunder is a statement of the balances and results of transactions with the members of the Top Management, subsidiaries & sister companies:

(A) Deposits by Related Parties

	Members of the Top Management & Close Family Members		Subsidiaries & Sister Companies	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	EGP	EGP	EGP	EGP
Due to customers				
Balance as at 1 January	928 704 982	792 794 679	50 000 000	--
Deposits executed during the year	1 998 000	472 784 430	165 910 092	--
Deposits recovered during the year	(526 493 105)	(336 874 127)	(15 095 603)	--
Closing balance	**404 209 877**	**928 704 982**	**200 814 489**	**--**
Cost of deposits during the year	**33 307 681**	**41 130 242**	**16 951 188**	**--**

(B) Other Financing – Subordinated Finance by the Principal Investor:

On March 16, 2008, an "Investment Mudaraba Deposit Contract" has been concluded with (Al Baraka Banking Group) – the Principal Shareholder at the Bank – to support the Bank's supplementary capital in an amount of 20 million US Dollars, this deposit having fallen due on 31 March 2013.

On 31 March, 2013, (Al Baraka Banking Group) deposited the amount of 20 million US Dollars, through an offset between the values of the old and the new contracts, as an (investment mudaraba deposit), in order to support the Bank's subordinated capital. The maturity date of this deposit is on 30/6/2018 and its profits are calculated according to the return rates applied on the Bank's depositors in US Dollars over five years. Its return is paid annually after relinquishing 10% of the Bank's share as mudarib. (Al Baraka Banking Group) is not entitled to withdraw this deposit unless with the approval of the Central Bank of Egypt. On 20 October 2015, the deposit maturity date has been extended so as to fall due on 20 June 2021. On 7 June 2017, the deposit maturity date has been extended once more to fall due on 30 June, 2025.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	358 272 000	354 554 000
Differences of foreign currencies evaluation	(37 442 000)	3 718 000
Closing balance	**(320 830 000**	**358 272 000**

(C) Other Finances – Other Shareholders:

On 5 February 2017, an (Investment Mudaraba Deposit Contract) has been concluded with (Misr Insurance Company) (one of the largest shareholders of our Bank) to support the Bank's subordinated capital in the amount of 25 million US Dollars. The contract's enforceability started as of 23 February 2017 for seven years. The deposit bears return of 6.75% approximately, paid on quarterly basis.

On 2 July 2017, another contract has been concluded with Misr Insurance Company (Investment Mudaraba Deposit Contract) to support the Bank's subordinated capital in the amount of 20 million US Dollars, for eight years. The deposit bears return of 6.25% approximately, paid on quarterly basis.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	806 112 000	797 746 500
Differences of foreign currencies evaluation	(84 244 500)	8 365 500
Closing balance	**721 867 500**	**806 112 000**

(D) Benefits of the Board of Directors & Top Management:

	31 December 2019	31 December 2018
	EGP	EGP
Salaries and short-term benefits during the year	33 801 503	22 720 696
	33 801 503	22 720 696

(E) Other Transactions:

On August 27, 2019, the Bank sold the head office previous premises located at Mohei Eldin Abu El Ezz Street to (Misr Insurance Company) (one of the Bank's shareholders) in return for a net realizable value of 124.2 million Egyptian Pounds, achieving sale profits of 71 million pounds approximately.

(39) Mutual Funds

31 December 2019	Fund of Al Baraka Bank Egypt (Al Baraka)	National Bank of Egypt & Al Baraka Bank Egypt Fund (Bashayer)	Al Baraka Bank Egypt Fund (Al Motawazen)	Fund of Al Baraka Bank Egypt "Al Barakat"
Establishment date	30 March 2006	31 March 2009	10 May 2010	24 June 2019
License	Number 246 issued by the Capital Market General Authority	Number 432 issued by the Capital Market General Authority	Number 580 issued by the Egyptian Financial Supervisory Authority	Number 778 issued by the Egyptian Financial Supervisory Authority
Fund Manager	**Hermes Funds Management Company**	**The National Funds Management Company**	**Al Tawfik Company for Portfolio Management**	**Hermes Funds Management Company**
Total number of the fund documents "Wathika"	295 120	1 444 457	173 825	2 216 410
Nominal value of the total number of the fund documents in LE	29 512 000	144 445 700	17 382 500	221 641 000
Recoverable value of the total number of the fund documents in LE	30 999 405	102 628 670	16 113 578	229 221 122
Bank's share of the Fund documents (Wathika)	147 630	45 403	52 700	50 000
Nominal value of the Bank's share of the Fund documents (LE)	14 763 000	4 540 300	5 270 000	5 000 000
Recoverable value of the Bank's share of the Fund documents (LE)	15 507 055	3 225 883	4 885 290	5 171 000
Fees and commissions reported under the item of "Fees & Commissions Revenues" – Other Fees – in the Income Statement (LE)	233 377	251 407	83 215	261 705
Revenues of the Bank's contribution to the Fund, reported under "dividends" in the (Income Statement) (LE)	73 815	45 403	--	--

Consolidated Financial Statements

for the year ended 31 December 2019
& Auditors' Report

Auditors' Report

Messrs/ Shareholders of Al Baraka Bank Egypt
Egyptian Joint-Stock Company

Report on the Consolidated Financial Statements

We have audited the attached consolidated financial statements of Al Baraka Bank Egypt, an "Egyptian Joint-Stock Company", and its subsidiaries (Group) represented in the consolidated financial position as at 31 December 2019 as well as the consolidated income, comprehensive Income, cash flows and change in equity statements for the financial year ending as at that date as well as a summary of the important accounting policies and such other clarifications.

Responsibility of the Management for the Consolidated Financial Statements

The preparation of these consolidated financial statements is the responsibility of the Bank's management since the management is responsible for the preparation and presentation of the consolidated financial statements fairly & clearly according to the principles of banks' financial statements preparation and presentation, the recognition and assessment bases ratified by the Board of Directors of the Central Bank of Egypt on December 16, 2008 amended by instructions issued in 26 February 2019 and in the light of related Egyptian laws and regulations . The management's responsibility also includes designing, implementing and maintaining an internal control relevant to the preparation and presentation of the consolidated financial statements fairly and clearly, free from any important and effective misstatements whether resulting from fraud or error. Such responsibility also comprises the selection of the appropriate accounting policies, the implementation thereof and preparing the accounting estimates appropriate to circumstances.

Responsibility of the Auditor

Our own responsibility is confined to express our opinion on these consolidated financial statements in the light of our auditing thereof. Our auditing process has been carried out according to the Egyptian Auditing Standards and in the light of the Egyptian Laws in force. These Standards require commitment to the requirements of professional conduct & planning and performing auditing so as to obtain an adequate assurance that the consolidated financial statements are free from any significant and effective errors.

The auditing works comprise carrying out certain procedures in order to obtain auditing evidences concerning the values and disclosures in the consolidated financial statements. The selected procedures depend on the professional judgement of the Auditor. This comprises an evaluation of the risks of important & effective misstatements in the consolidated financial statements, whether resulting from fraud or error. Upon the assessment of these risks, the auditor puts into his consideration the internal control relative to the Bank's preparation of the consolidated financial statements and the fair and clear presentation thereof in order to design the auditing procedures appropriate to circumstances, not for the purpose of expressing opinion on the efficiency of the internal control at the Bank. The auditing process also comprises an assessment of the extent of appropriateness of the accounting policies & the important accounting estimates prepared by the Management as well as the soundness of the consolidated financial statements presentation.

We are of the opinion that the auditing evidences which we obtained are sufficient and adequate and are deemed an appropriate basis for expressing our opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above clearly & fairly express in all their important aspects the consolidated financial position of Al Baraka Bank Egypt – an Egyptian Joint-Stock Company and its subsidiaries (Group) as at 31 December 2019, its financial performance & its consolidated cash flows for the financial year ending as at that date, according to the rules governing the preparation and presentation of banks' financial statements, the bases of recognition & measurement ratified by the Board of Directors of the Central Bank of Egypt on December 16, 2008 amended by instructions issued in 26 February 2019 and in the light of the Egyptian laws and regulations related to the preparation of the consolidated financial statements.

Auditors

Mohamed Mortada Abdel-Hamid	Hossam Eldin Abdel-Wahab Ahmed
Recorded at the "Egyptian Financial Supervisory Authority' number 157	Recorded at the "Egyptian Financial Supervisory Authority" number (380)
BDO - Khaled & Partners	KPMG Hazem Hassan
	Chartered Accountants & Consultants

Cairo on: 20 February 2020

CONSOLIDATED BALANCE SHEET

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note No.	31 December2019 EGP	31 December2018 EGP
Assets			
Cash & balances with the Central Bank of Egypt	(15)	**6 430 167 430**	4 816 057 164
Balances with banks	(16)	**23 585 450 072**	14 931 219 867
Governmental Securities	(17)	**7 109 476 036**	10 477 659 419
Investment operations with banks	(18)	**2 293 669 207**	3 481 593 377
"Murabaha, Mudaraba & Musharaka" to customers	(19)	**16 793 497 768**	15 746 156 160
Financial Investments			
At fair value through profits & losses	(20)	**43 888 548**	24 650 796
At fair value through the comprehensive income	(20)	**149 831 380**	68 544 095
At amortized cost	(20)	**14 031 173 222**	11 124 941 625
Intangible assets	(21)	**9 694 169**	7 000 882
Other assets	(22)	**1 418 965 064**	1 255 240 177
Fixed Assets	(24)	**517 860 919**	400 706 933
Real estate investments	(25)	**134 438 997**	138 478 314
Total Assets		**72 518 112 812**	62 472 248 809
Liabilities & Equity			
Liabilities			
Balances due to banks	(26)	**1 269 616 878**	1 496 931 709
Customers' Deposits	(27)	**64 167 326 722**	54 485 400 868
Other Financing	(28)	**1 053 505 907**	1 178 893 561
Other liabilities	(29)	**1 708 609 639**	1 583 815 362
Other provisions	(30)	**78 101 670**	86 654 656
Current income tax liabilities		**145 825 539**	205 494 722
Deferred tax liabilities	(23)	**2 551 164**	2 402 066
Total liabilities		**68 425 537 519**	59 039 592 944
Equity			
Issued & paid up capital	(31)	**1 546 447 231**	1 266 541 549
Set aside on account of the capital increase	(31)	**---**	139 319 572
Reserves	(32)	**1 335 320 752**	903 349 111
Retained earnings	(33)	**1 206 468 212**	1 122 445 633
Total equity attributable to the Bank's shareholders		**4 088 236 195**	3 431 655 865
Non-controlling interest		**4 339 098**	1 000 000
Total Equity		**4 092 575 293**	3 432 655 865
Total liabilities & equity		**72 518 112 812**	62 472 248 809

Ashraf Ahmed El-Ghamrawy
Vice-Chairman & Chief Executive

Ibrahim Fayez Al-Shamsi
Chairman

- The attached footnotes from (1) to (38) are an integral part of the financial statements.
- Auditor's report is attached.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note No.	31 December2019 EGP	31 December2018 EGP
Return of "Murabaha, Mudaraba & Musharaka" and similar revenues	(6)	8 111 793 861	6 960 115 487
Cost of deposits and similar costs	(6)	(6 215 306 075)	(5 075 115 729)
Net income of return		**1 896 487 786**	1 884 999 758
Fees and commissions income	(7)	288 120 871	287 977 397
Fees and commissions expenses	(7)	(16 113 072)	(16 552 541)
Net income of fees and commissions		**272 007 799**	271 424 856
Dividends income	(8)	7 893 357	6 346 405
Net trading income	(9)	95 268 855	73 391 038
Financial investments gains	(20)	98 920	12 696 137
Differences of evaluating financial assets at the fair value through profits & losses	(20)	(467 453)	---
(Burden) of expected credit loss impairment	(12)	(247 025 105)	(337 476 443)
Administrative expenses	(10)	(570 382 375)	(485 496 465)
Subsidy of the "Zakah & Charity Donations Fund"		(10 859 464)	(10 777 940)
Other operating revenues (expenses)	(11)	77 484 267	(597 236)
Year profits before income tax		**1 520 506 587**	**1 414 510 110**
Income Tax (expenses)	(13)	(449 714 097)	(410 872 605)
Net year profits		1 070 792 490	1 003 637 505
Attributable to			
The share of the Bank shareholders		1 070 453 392	1 003 637 505
The share of the non-controlling interest		339 098	---
Net year profits		1 070 792 490	1 003 637 505
Earnings per share	(14)	**4.11**	3.95

Ashraf Ahmed El-Ghamrawy

Vice-Chairman & Chief Executive

Ibrahim Fayez Al-Shamsi

Chairman

• The attached footnotes from (1) to (38) are an integral part of the financial statements.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	31 December2019	31 December2018
	EGP	EGP
Net Profit of the year	1 070 792 490	1 003 637 505
Items of the Other comprehensive income, which are not to be reclassified in the Income Statment		
Net change in the fair value of financial assets at the fair value through comprehensive income	**(11 097 711)**	17 811 076
Total items of the other comprehensive income	(11 097 711)	17 811 076
Total comprehensive income of the year	1 059 694 779	1 021 448 581
Attributable to		
The share of the Bank's shareholders	1 059 355 681	1 021 448 581
The share of the non-controlling interest	339 098	--
Total comprehensive income of the year	**1 059 694 779**	1 021 448 581

- The attached footnotes from (1) to (38) are an integral part of the financial statements.

CONSOLIDATED CASH FLOWS STATEMENT

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note No.	31 December2019 EGP	31 December2018 EGP
Cash flows of operating activities			
Net year profits before income tax		**1 520 506 587**	1 414 510 110
Adjustment to reconcile net profits with cash flows of operating activities:			
Fixed assets depreciation, real estate investments & amortization	(21/24/25)	52 858 198	36 456 170
Bonds premium/discount amortization	(20)	(1 960 993)	(12 491 863)
Assets impairment burden	(12)	247 025 105	337 476 443
Other provisions burden	(11)	(30 503 315)	3 208 189
Differences of reevaluating other provisions in foreign currencies	(30)	(1 295 554)	63 081
(Gains) of selling financial investments	(20)	(98 920)	(12 696 137)
Differences of evaluating financial assets at the fair value through profits and losses	(20)	467 453	---
Differences of reevaluating financial investments in foreign currencies	(20)	292 330 127	(18 364 074)
Gains of selling fixed assets	(11)	---	(1 817 115)
Gains of selling real estate investments		(70 909 725)	---
Dividends income	(8)	(7 893 357)	(6 346 405)
Used part of other provisions	(30)	(36 148 944)	(210 460)
Differences of evaluating subordinated finances	(28/B&C)	(121 686 500)	12 083 500
Operating profits before changes in assets and liabilities of operating activities		**1 842 690 162**	1 751 871 439
Net decrease (increase) in assets & liabilities			
Balances with central banks within the limit of the "required reserve ratio"	(15)	(1 694 444 079)	(555 793 880)
Balances with banks of more than three-month term		---	--
Governmental securities of more than three-month term	(17)	3 338 218 831	(4 459 530 004)
Investment operations with banks	(18)	1 181 694 096	(324 474 677)
"Murabaha, Musharaka & Mudaraba" for customers	(19)	(1 310 203 605)	(2 345 916 047)
Other Assets	(22)	(331 150 089)	(237 321 787)
Balances due to banks	(26)	(227 314 831)	890 563 305
Customers' Deposits	(27)	9 684 925 854	10 316 688 787
Other Liabilities	(29)	124 794 277	113 082 819
Payments of current income tax		(509 234 182)	(341 551 451)
Net cash flows ensuing of operating activities		**12 099 976 434**	4 807 618 504

	Note	31 December 2019	31 December 2018
	No.	EGP	EGP
Cash flows of investment activities			
(Payments) for purchasing fixed assets, branches preparation and fitting & intangible assets	(21/24)	(42 799 227)	(20 369 627)
Payments for purchasing real estate investments	(25)	(147 010)	--
Collections of selling fixed assets		--	1 909 103
Collections of selling real estate investments		124 150 000	---
Collections of recovering financial investments other than financial assets for trading	(20)	653 862 020	2 637 746 387
(Purchases) of financial investments other than financial assets for trading	(20)	(3 991 531 640)	(2 820 015 092)
Distributions of collected profits	(8)	7 893 357	6 346 405
Net cash flows (used in) ensuing of investment activities		**(3 248 572 500)**	(194 382 824)
Cash flows of financing activities			
Collections of long-term restricted finances	(28/A)	12 500 000	----
(Payments) of long-term restricted finances	(28/A)	(16 201 154)	(10 457 710)
Paid Dividends	(33)	(272 649 114)	(222 517 439)
Net cash flows (used in) financing activities		**(276 350 268)**	(232 975 149)
Net increase in cash and cash equivalents		8 575 053 666	4 380 260 531
Opening balance of cash and cash equivalents		15 465 377 310	11 085 116 779
Closing balance of cash & cash equivalents		**24 040 430 976**	15 465 377 310
Cash & cash equivalents are represented in the following:			
Cash & balances with the Central Bank		6 430 167 430	4 816 057 164
Balances with banks		23 586 607 346	14 931 219 867
Governmental Securities		7 139 440 588	10 477 659 419
Balances with central banks within the limits of the required reserve ratio		(5 976 343 800)	(4 281 899 721)
More than three-month-term balances with banks		----	--
More than three-month-term governmental securities		(7 139 440 588)	(10 477 659 419)
Cash & cash equivalents	**(34)**	**24 040 430 976**	**15 465 377 310**

Non-Cash Transactions

For purposes of preparing the cash flows statement, the change in the item of "Murabaha, Musharaka & Mudaraba" to customers has been reconciled in a value equal to the change in the item of the assets devolving to the bank (included in the item of "Other Assets"), in an amount of LE 12 027 517, currency evaluation differences in the amount of LE 36 389 297, written off debts in the amount of LE 264 301 as well as recovered amounts of previous written off debts in the amount of LE 261 777. The influence of transferring the amount of LE 178 960 192 of other assets to the item of (Fixed Assets) has been eliminated.

- The attached footnotes from (1) to (38) are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

	Note no.	Paid-up capital	Set aside on account of capital increase	Reserves	Retained earnings	Bank's shareholders equity	Non-controlling interests	Total
		EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balances as at January 1, 2018		1 266 541 549	---	548 250 618	817 932 556	2 632 724 723	--	2 632 724 723
Net change in the items of other comprehensive income		---	---	17 811 076	---	17 811 076	--	17 811 076
Net year profits		---	---	---	1 003 637 505	1 003 637 505	--	1 003 637 505
Total income of the year		1 266 541 549	---	566 061 694	1 821 570 061	3 654 173 304	--	3 654 173 304
Non-controlling Interest		--	--	--	--	--	1 000 000	1 000 000
Distributions of previous year profits (Personnel share, remuneration of the Board Members & shareholders in cash)		---	---	---	(222 517 439)	(222 517 439)	--	(222 517 439)
Dividends to shareholders used in increasing the capital, of the profits of 2017		---	139 319 572	---	(139 319 572)	--	--	---
Transferred to the risk reserve according to the IFRS9		---	---	237 165 510	(237 165 510)	--	--	---
Transferred to the legal reserve		---	---	72 402 350	(72 402 350)	--	--	---
Transferred to the general reserve		---	---	42 834 490	(42 834 490)	--	--	---
Transferred to the capital reserve		---	---	1 234 930	(1 234 930)	--	--	---
Transferred to the general banking risks reserve		---	---	(16 349 863)	16 349 863	--	--	---
Balances as at 31 December 2018		**1 266 541 549**	**139 319 572**	**903 349 111**	**1 122 445 633**	**3 431 655 865**	**1 000 000**	**3 432 655 865**

	Note no.	Paid-up capital	Set aside on account of capital increase	Reserves	Retained earnings	Bank's shareholders equity	Non-controlling interests	Total
	No.	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balances as at January 1, 2019		1 266 541 549	139 319 572	903 349 111	1 122 445 633	3 431 655 865	1 000 000	3 432 655 865
Starting balance settlement due to applying the IFRS number (9)		---	---	(128 929 802)	(1 196 435)	(130 126 237)	--	(130 126 237)
Balances as at 1 January 2019 after settlements		1 266 541 549	139 319 572	774 419 309	1 121 249 198	3 301 529 628	1 000 000	3 302 529 628
Net change in the items of the other comprehensive income	(33/F)	--	--	(11 097 711)	---	(11 097 711)	--	(11 097 711)
Net year profit		---	---	---	1 070 453 392	1 070 453 392	339 098	1 070 792 490
Total income of the year		1 266 541 549	139 319 572	763 321 598	2 191 702 590	4 360 885 309	1 339 098	4 362 224 407
Non-controlling Interest		--	--	--	--	--	3 000 000	3 000 000
Distributions of previous year profits (Personnel share & remuneration of the Board Members and shareholders)	(33)	---	---	---	(272 649 114)	(272 649 114)	---	(272 649 114)
Dividends to shareholders used in increasing the capital, of the profits of 2017		139 319 572	(139 319 572)	---	---	---	---	---
Dividends to shareholders used in increasing the capital, of the profits of 2018	(33)	140 586 110	---	---	(140 586 110)	---	---	---
Transferred to the risk reserve according to the IFRS9	(33/L/ 34)	---	---	50 000 000	(50 000 000)	---	---	---
Transferred to the legal reserve	(33/B/34)	---	---	100 182 039	(100 182 039)	---	---	---
Transferred to the general reserve	(33/C/34)	---	---	420 000 000	(420 000 000)	---	---	---
Transferred to the capital reserve	(33/D/34)	---	---	1 817 115	(1 817 115)	---	---	---
Balances as at 31 December 2019		**1 546 447 231**	**---**	**1 335 320 752**	**1 206 468 212**	**4 088 236 195**	**4 339 098**	**4 092 575 293**

- The accompanying notes from (1) to (39) are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

(1) Profile:

(Al Ahram Bank) – an Egyptian Joint-Stock Company – has been incorporated as a commercial bank on March 19, 1980, under Law 43 for the year 1974 and its amendments, replaced by the Investment Law.

Pursuant to the resolution of the Extraordinary General Meeting held on September 21, 1988, the Bank's name was amended to become (The Egyptian Saudi Finance Bank). On April 30, 2009, the Bank's Extraordinary General Meeting decided to change its name to (Al Baraka Bank Egypt). The Bank renders all corporation and retail banking services and investment pursuant to the provisions of the Islamic Shari'a in the Arab Republic of Egypt, through 32 branches. It hires 968 employees on the date of preparing the balance sheet. Its head office is located at El Teseen Southern Street, the Central Area, First Sector, the Fifth Settlement, New Cairo. It is recorded in the Egyptian Stock Exchange.

The Bank doesn't deal in financial derivatives, futures contracts or loans, pursuant to the nature of its Islamic business conduct. This applies to any of these terms wherever mentioned in the footnotes complementary to the financial statements.

The Bank's Board of Directors ratified the issuance of the financial statements for the financial year ending as at December 31, 2019, at its session held on February 20, 2020.

(2) Summary of the Accounting Policies

Hereunder is a statement of the most important accounting policies adopted upon preparing these financial statements. Such policies have been steadily adopted all over the reported years, unless otherwise is disclosed.

(A) Bases of Consolidated Financial Statements Preparations

The consolidated financial statements are prepared pursuant to the Egyptian Accounting Standards issued during 2006 and their amendments, according to the instructions of the Central Bank of Egypt, ratified by its Board of Directors on December 16, 2008, conformable to the standards referred to, without prejudice to the stipulation of the final instructions issued by the Central Bank of Egypt on February 26, 2019, concerning the implementation the IFRS (9) (Financial Instruments: Classification & Measurement).

These financial statements of the Bank have been prepared according to the provisions of the related domestic laws.

(B) Changes in the Accounting Policies

As of January 1, 2019, the Bank has applied the instructions of the Central Bank of Egypt issued on February 26, 2019, concerning the preparation of Banks' financial statements according to the requirements of the International Financial Reporting Standards. Hereunder is a brief account of the main changes having occurred to the accounting policies as a result of applying these instructions:

Classification of Financial Assets & Liabilities

Upon initial recognition, the financial assets are classified as: financial assets at amortized cost, at the fair value through the comprehensive income or at the fair value through profits and losses.

Financial assets are classified according to the "Business Model" through which these financial assets and their contractual cash flows are managed.

The financial asset is measured at the amortized cost, if fulfilling the two following conditions and if not measured at the fair value through profits & losses:

- When the asset is retained within a business model aiming at keeping assets for the collection of contractual cash flows &
- When the contractual terms of the financial assets result in cash flows on certain dates that are solely payments of the principal and interest on the outstanding principal amount,

The debt instruments are measured at the fair value through the other comprehensive income if fulfilling the two following conditions, and if not classified at the fair value through profits & losses:

- If the asset is retained within a business model which target shall be deemed realized through the collection of contractual cash flows and sale of financial assets &
- When the contractual terms of the financial assets result in cash flows on certain dates that are solely payments of the principal and interest on the outstanding principal amount,

Upon initial recognition of the investment in shares which are not held for trading, the Bank may irrevocably decide to measure the subsequent changes in the fair value among the items of the other comprehensive income. This decision is made for each investment independently.

All other financial assets are considered as classified at the fair value through profits and losses.

Besides, the Bank may, upon initial recognition, irrevocably decide to measure a financial asset - that fulfills the requirements of measurement at the amortized cost or the fair value through the other comprehensive income – at the fair value through profits of losses, if this results in eliminating or largely extenuating accounting noncompliance that may otherwise result.

Business Model Evaluation

The Bank evaluates the business model in which it retains the asset all over the portfolio, since this optimally reflects the method of the business management and reporting information to the Management. The considered pieces of information comprise:

The portfolio proclaimed targets & policies, the mechanism of these policies practically, and in particular to figure out whether the Management's strategy concentrates on earning the contractual interests revenues or comparing the duration of financial assets with that of financial liabilities, for financing these assets or the realization of cash flows through selling assets

The method of evaluating the portfolio performance and reporting this to the Bank Management

The risks that influence the performance of the business model and the financial assets kept in the model as well as the manner of managing such risks

The number of transactions, the volume and timing of sales at previous periods, the reasons of such sales and the expectations regarding the sales activity in future – However the information pertaining to the sales activities are not independently considered, but as a part of a comprehensive evaluation of the manner of realizing the Bank's announced target of managing financial assets and the manner of realizing cash flows

The financial assets held for trading, or which performance is evaluated on basis of the fair value, are measured at the fair value through profits and losses, since they are held neither for collecting contractual cash flows solely nor for collecting contractual cash flows with the sale of financial assets.

Evaluation whether the contractual cash flows are merely payments of the principal amount & interest:

For purposes of this evaluation, the principal amount is defined as the fair value of the financial asset upon initial recognition and the interest is defined as the material counter-value of the time value of money, the credit risks pertaining to the outstanding principal amount during a specific period, the other main risks and costs pertaining to lending as well as the profit margin.

Upon evaluating whether the contractual cash flows are solely payments of the principal and interest on the outstanding principal amount, the Bank takes into account the instrument contractual terms. This comprises the evaluation of whether the financial asset contains contractual terms that may change the time and amount of the contractual cash flows, since in this way this term shall not be considered as fulfilled.

Decrease of the Financial Assets Value

The "International Financial Reporting Standard – IFRS – 9" replaces the "Incurred Loss" Model stipulated in the Egyptian Accounting Standard number "26" by the "Expected Credit Loss – ECL" Model. According to IFRS-9, credit losses are recognized earlier if compared to what is adopted by the Egyptian Accounting Standard "26".

The Bank applies a three-stage methodology for measuring the expected credit loss for the financial assets reported at the amortized cost and the debt instruments classified at the fair value through the items of the other comprehensive income. Assets move among the following three stages, based on the change in the credit quality, compared to the moment of their initial recognition:

First Stage: The financial assets which haven't witnessed significant increase in credit risks since initial recognition, for which the expected credit loss is calculated over a 12-month period

Second Stage: The financial assets which have witnessed significant increase in credit risks since initial recognition, without any objective evidence to the impairment of their value, for which the expected credit loss is calculated all over the asset useful life and the financial assets revenues continues to be calculated according to the asset total book value

Third stage: The financial assets having witnessed impairment in value according to the indicators determined in the instructions of the Central Bank of Egypt, which expected credit loss should be calculated over the asset useful life, on basis of the difference between the financial asset book value and the current value of the expected future cash flows

Date of initial application of the "IFRS-9"

According to the final instructions issued by the Central Bank of Egypt, concerning the application of the "IFRS-9", each of the "special reserve – credit", the "banking risks reserve – credit" and the "IFRS-9 risk reserve" have been merged in one reserve named: "the general risk reserve", in the amount of LE 345 052 291.

The opening balances of the impairment loss provisions, calculated according to the instructions in force up to December 31, 2018, have been amended to conform to the balances calculated according to the IFRS-9, by means of discounting the amount of LE 130 126 237 of the balance of the general risk reserve, in implementation to the instructions of the Central Bank of Egypt in this concern.

The following table demonstrates the financial assets and liabilities at the net value, according to the instructions of the Central Bank of Egypt issued on December 16, 2008 and the IFRS-9, according to the instructions of the Central Bank of Egypt issued on February 26, 2019:

Financial assets	Measurement category according to the instructions of the CBE on Dec. 16, 2008	Measurement category according to the instructions of the CBE on Feb. 26, 2019	Book value according to the instructions of the CBE on Dec. 16, 2008	Impact of applying the IFRS-9		Book value of financial instruments according to IFRS-9
				Reclassification	Re-measurement	
Governmental securities	Amortized cost	Amortized cost	10 477 659 419		(7 631 758)	10 470 027 661
Investment with banks	Amortized cost	Amortized cost	3 481 593 377		(3 208 483)	3 478 384 894
Murabaha, Mudaraba & Musharaka for customers	Amortized cost	Amortized cost	15 746 156 160		(50 051 214)	15 696 104 946
Financial investments – equity instruments	Available for sale	Fair value through the comprehensive income statement	68 544 095			68 544 095
Financial investments – debt instruments	Held to maturity	Amortized cost	11 124 941 625		(9 472 077)	11 115 469 548
Financial investments – investment funds documents	Held to maturity	Fair value through profits and losses	24 650 796	5 959		24 656 755

(C) Basis of Consolidation

The consolidated financial statements represent the financial statements of the Group, comprising the Bank (the mother entity) and all other entities subject to its control (subsidiaries). Acquisition of subsidiaries is accounted for, using the purchase method.

Subsidiaries

They are the companies (including the Special Purpose Entities/SPEs), which the Bank has, directly or indirectly, the capability of controlling their financial and operating policies. Usually, the Bank holds an equity exceeding one half of the voting rights, taking into account the existence and influence of the future voting rights that can be practiced or transferred at present upon assessing whether the Bank is capable of having control on the Company.

During the financial year ending as at December 31, 2018, the Bank incorporated "Al Baraka Company for Financial Investments", annotated in the commercial register on October 17, 2018, with a capital amounting to 200 million Egyptian Pounds. The percentage of the Bank's participation to the capital of this company is 98%.

Transactions excluded upon calculating consolidated statements

Upon preparing the consolidated financial statements, the balances, revenues and expenses resulting of the transactions among the Group companies are excluded (except for the gains and losses of foreign currencies exchange). Unrealized losses are excluded the same way of handling unrealized gains, only to the extent that won't lead to a decrease in value.

Lapse of Controlling Interest

Upon the lapse of the controlling interest, the Group derecognizes the assets and liabilities of subsidiaries, the non-controlling interests and such other components of the shareholders' equity of this company. Any surplus or deficit resulting of the lapse of the controlling interest shall be recognized in the Income Statement. If the Group maintains any participation in the subsidiary, such subscription shall be measured at the fair value upon date of the lapse of the controlling interest. It shall be subsequently accounted for as a company invested in, using the shareholders' equity method or according to the accounting policy adopted by the Group regarding financial instruments, based on the maintained controlling level.

Non-Controlling Interests

The non-controlling interests consist of the value of these interests upon time of initial consolidation, in addition to the share of the holders of non-controlling interests in the changes that occur to the shareholders' equity since the consolidation date. However, if the share of the non-controlling interests in the losses of subsidiaries exceeds the book value of these interests, this excess shall be charged to the equity of the Group shareholders, unless this contradicts with any contracts binding to the holders of the non-controlling interests, obliging them to incur such losses.

(D) Sister Companies

Sister Companies are the entities on which the Bank has, directly or indirectly, influential power but not to the extent of entire control and usually the Bank maintains an equity ranging from 20% to 50% of the voting rights.

Sister Companies are accounted for in the Bank's financial statements using the cost method. According to this method, investments are established at the acquisition cost, including goodwill, less any losses of impairment in value. Profit distributions are reported in the Income Statement upon their ratification and attesting the Bank's entitlement to collect them.

E- Sector Reports

The "activity sector" is a group of assets and the operations carried out for providing products or services having common risks and benefits distinguished from those related to other activity sectors. The "geographical sector" indicates providing products or services within a certain economic environment having its own risks and benefits which differ from those related to the geographical sectors operating at a different economic environment.

F- Foreign Currencies Translation

F-1 Functional & presentation currencies

The items included in the financial statements of the Bank's foreign branches are measured using the currency of the economic environment where the foreign branch practices its business (Functional Currency).

The Bank's financial statements are displayed in Egyptian Pounds, which represents both the functional and presentation currencies of the Bank.

F-2 Transactions & balances in foreign currencies

The Bank keeps its accounts in Egyptian Pounds. The transactions in other currencies during the financial year are established on basis of the exchange rates prevailing upon the transaction implementation. The balances of cash assets and liabilities in other currencies are reevaluated by the end of the financial year on basis of the exchange rates prevailing on that date. The profits & losses ensuing of the settlement of these transactions are recognized in the Income Statement and the reevaluation differences are recognized in the following items:

- Net trading income or the net income of the financial instruments classified upon their institution at the fair value through profits or losses for the assets/liabilities held for trading or those classified upon institution at the fair value through profits or losses, per each type
- Other operating revenues (expenses) for the remaining items

The changes in the fair value of the cash financial instruments in foreign currencies, classified as "Available-for-Sale" Investments (debt instruments) are analyzed either as evaluation differences resulting of the changes in the instrument amortized cost, differences resulting of changing the prevailing exchange rates and differences resulting of the change of the instrument fair value.

The evaluation differences related to the changes of the amortized cost are recognized in the Income Statement under the item of "Murabaha, Musharaka & Mudaraba Return" and similar revenues, while the differences related to the change of the exchange rates are recognized under the item of "Other Operating Revenues (Expenses)". The differences of the change in the fair value are recognized among "shareholders' Equity" (Fair Value Reserve/Financial Investments Available for Sale).

The non-cash items evaluation differences comprise the gains and losses ensuing of the change in the fair value such as the shareholders' equity instruments held at the fair value through profits and losses. The evaluation differences resulting of the shareholders' equity instruments classified as "Available-for-Sale Financial Investments" are recognized in the "fair value reserve" under shareholders' equity.

F-3 Foreign branches

The work proceeds and financial position of foreign branches are translated to the presentation currency (if none of them is operating in a rapidly inflating economy), which functional currency is different from the Bank's presentation currency, as follows:

- The assets and liabilities in every displayed balance sheet of the foreign branch is translated using the closing rate on the date of that balance sheet.

- The revenues and expenses in every displayed income statement are translated using the average exchange rate, unless this average doesn't represent a reasonable approximation of the accumulated effect of the rates prevailing on the transaction dates. In this case, the revenues and expenses are translated using the exchange rates prevailing upon the transactions' dates.

The ensuing currency differences are recognized in an independent item (foreign currencies translation differences) under the "Shareholders' Equity". Likewise, the currency differences resulting of evaluating the net investment in foreign branches, the loans and the financial instruments in foreign currency allocated for hedging this investment are also carried forward to the "Shareholders' Equity" under the same item. These differences are recognized in the Income Statement upon writing off the foreign branch, under the Item of (Other Operating Revenues "Expenses").

G- Financial Assets

(G/1) Applied accounting policies up to December 31, 2018

The Bank classifies financial assets in the following groups: Financial assets classified at the fair value through profits & losses, facilities, debts, financial investments held-to-maturity & "available-for-sale" financial investments. The Management classifies investments upon their initial recognition.

(G/1/1) Financial assets classified at the fair value through profits & losses

- This group comprises financial assets held for trading and the assets classified upon their institution at the fair value through profits & losses.
- The financial instrument is classified as held for trading if acquired and if its value is basically incurred for the purpose of selling thereof on short-term or else if it represents a part of a certain financial instruments portfolio managed as a whole and in case of an evidence to recent actual transactions indicating the obtainment of gains on the short term. Derivatives are classified as held for trading, unless allocated as hedging instruments.

(G/1/2) Facilities & debts

They represent non-derivative financial assets having a fixed value, or a value liable to be determined, and which are not traded in an active market, except for:

- The assets which the Bank intends to sell immediately or on short term, which in this case are classified among the assets held for trading
- The assets which the Bank classifies as available for sale upon initial recognition
- The assets which the Bank shall not be basically able to recover the value of its original investment for reasons other than the deterioration of the credit capacity.

(G/1/3) "Held-to-maturity" financial investments

The "Held-to-Maturity" Financial Investments represent non-derivative financial assets of a fixed value, or a value liable to be determined, and a fixed maturity date and which the Bank Management intends to and is capable of holding up to their maturity date. The whole group is reclassified as "available-for-sale" if the Bank sells a significant amount of the financial assets held-to-maturity, except in cases of necessity.

(G/1/4) "Available for sale" financial investments

The "Available for Sale" Financial Investments represent non-derivative financial assets intended to be held for an indefinite period. They may be sold in response to the need of liquidity or the changes in the return or exchange rates or shares.

The following measures are adopted regarding financial assets:

- The regular purchase and sale operations of financial assets are recognized on the trading date, which is the date on which the Bank undertakes to purchase or sell the asset. This applies to the assets classified at the fair value through profits and losses, the "Held-to-Maturity" Financial Investments and the "Available for Sale" Financial Investments.

- The financial assets which are not classified upon their institution at the fair value through profits and losses are initially recognized at the fair value, added to which are the transaction costs. The financial assets classified upon their institution at the fair value through profits and losses are classified at the fair value only, with charging the costs of the transaction to the Income Statement, under the Item of "Net Trading Income".

- Financial assets are written off upon the termination of the validity of the contractual right to obtain cash flows of the financial asset or when the Bank transfers most of the risks and benefits related to ownership to any third party. Liabilities are written off upon their termination, whether by disposal or abrogation thereof or in case of the termination of their contractual duration.

- Each of the financial investments available for sale & the financial assets classified at the fair value through profits and losses shall be subsequently measured at the fair value, while the facilities, debts and investments held-to-maturity shall be measured at the amortized cost.

- On the one hand, the gains and losses ensuing of the changes in the fair value of the "financial assets classified at the fair value through profits and losses" shall be recognized in the Income Statement in the year during which they occur, on the other hand the gains and losses ensuing of the changes in the "fair value of financial investments available for sale" shall be directly recognized under the "Shareholders' Equity", until writing off the asset or the impairment of its value, at which point the accumulated gains and losses previously recognized under "Shareholders' Equity" shall then be recognized in the (Income Statement).

- The return calculated using the amortized cost method & the profits & losses of foreign currencies of the cash assets classified as available for sale are recognized in the Income Statement, and so are the profit distributions ensuing of the equity instruments classified as available for sale, when the Bank becomes entitled to collect them.

- The fair value of the investments which prices are proclaimed at active markets shall be determined on basis of the bid prices. However, in case there is no active market for the financial asset or in case of the unavailability of bid prices, the Bank shall determine the fair value using one of the evaluation methods. This includes using recent neutral transactions or analyzing the discounted cash flows, using the "Option Pricing Models" or the other evaluation methods prevailing among the traders at the market. If the Bank fails to evaluate the fair value of the equity' instruments classified as available for sale, their value shall be measured at the cost price after discounting any impairment in value.

- The Bank reclassifies the financial asset classified among the group of (Financial Instruments Available for Sale), defined as debts (bonds), by transferring thereof from the group of financial instruments available for sale to the group of the financial assets held-to-maturity, when the Bank intends to and is capable of maintaining these financial assets in the near future or up to maturity. Reclassification is made at the fair value on that date and any gains or losses pertaining to these assets, previously recognized under Shareholders' Equity, shall be handled as follows:

- In case of the reclassified financial asset having a fixed maturity date, the gains & losses shall be depreciated over the remaining lifespan of the held-to-maturity investment, using the real return method. Any difference between the value on basis of the depreciated cost and the value on basis of the maturity date shall be depreciated over the remaining lifespan of the financial asset, using the real return method. In case of subsequent impairment of the financial asset value, any previously recognized gains or losses shall be directly recognized among the owners' equity in profits & losses.

- In case of the financial asset having no fixed maturity date, the profits or losses shall remain among the shareholders' equity until selling the asset or disposing thereof, after which they shall be recognized in the (profit & loss account). In case of subsequent impairment of the financial asset value, any previously recognized gains or losses shall be directly recognized among the shareholders' equity.

- If the Bank amends its estimates of payments or receivables, reconciliation of the book value of the financial asset (or the group of financial assets) shall be made so as to reflect the real cash flows and the amended estimates, so that the book value shall be recalculated by calculating the current value of the future cash flows estimated at the real return rate of the financial instrument. This reconciliation shall be recognized as revenue or expense in the Profit & Loss Account.
- In all cases, if the Bank reclassifies a financial asset as referred to above, and if it later increases its estimates of the future cash receipts as a result of the increase of what may be recovered of these cash receipts, the influence of this increase shall be recognized as reconciliation of the real return rate as of the date of the estimate change and not as reconciliation of the book balance of the asset on the date of the estimate change.

(G/2)Accounting policies applied as of January 1, 2019

Financial Assets Classification

Financial assets are classified into three main categories:

1. Financial assets at the amortized cost
2. Financial assets at the fair value through the comprehensive income
3. Financial assets at the fair value through profits & losses

This classification generally relies on the business model through which the financial assets are managed, and which determine the characteristics of their contractual cash flows.

Main Characteristics of the Business Models

Business model	Financial asset	Main Characteristics
Business model of the financial assets held for collecting contractual cash flows	Financial assets at the amortized cost	The business model target is to maintain financial assets for collecting contractual cash flows, represented in the investment principal amount and returns. Sale is an exceptional incidental event, according to the terms stipulated in the Standard, at the least sales volume in terms of frequency and value
Business model of the financial assets held for collecting contractual cash flows and sale	Financial assets at the fair value through the comprehensive income	Each of the collection of the contractual cash flows – represented in the investment principal amount & returns – and sale are integrated to realize the model target High sales in terms of frequency and value, in comparison to the business model retained for collecting contractual cash flows
Other business models (trading)	Financial assets at the fair value through profits & losses	The business model target is not maintaining the financial asset for collecting contractual cash flows or for collecting contractual cash flows or sale Collection of the contractual cash flows is an incidental event for this mode. Assets are managed through this model on basis of the fair value through profits & losses

Decrease of the Financial Assets Value

The "International Financial Reporting Standard – IFRS – 9" replaces the "Incurred Loss" Model stipulated in the Egyptian Accounting Standard number "26" by the "Expected Credit Loss – ECL" Model. According to IFRS-9, credit losses are recognized earlier if compared to what is adopted by the Egyptian Accounting Standard "26".

The Bank applies a three-stage methodology for measuring the expected credit loss for the financial assets reported at the amortized cost and the debt instruments classified at the fair value through the items of the other comprehensive income. Assets move among the following three stages, based on the change in the credit quality, compared to the moment of their initial recognition:

First Stage: The financial assets which haven't witnessed significant increase in credit risks since initial recognition, for which the expected credit loss is calculated over a 12-month period

Second Stage: The financial assets which have witnessed significant increase in credit risks since initial recognition, without any objective evidence to the impairment of their value, for which the expected credit loss is calculated all over the asset useful life and the financial assets revenues continues to be calculated according to the asset total book value

Third stage: The financial assets having witnessed impairment in value according to the indicators determined in the instructions of the Central Bank of Egypt, which expected credit loss should be calculated over the asset useful life, on basis of the difference between the financial asset book value and the current value of the expected future cash flows

Measurement of Expected Credit Loss

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

The low-risk financial instrument is classified upon initial recognition under the First Stage. The credit risks are perpetually monitored by the Risk Management Department at the Bank.

In case of significant increase in the credit risk since initial recognition, the financial instrument is then transferred to the Second Stage in order not to be considered as impaired at that stage.

In case of indicators to impairment in the financial instrument value, it is then transferred to the Third Stage.

The financial assets acquired by the Bank, having a higher rate of credit risks to the rates acknowledged by the Bank for the low-risk financial assets, are directly classified upon initial recognition in the second stage. Consequently, the expected credit losses pertaining to them are measured on basis of the expected credit losses over the asset useful life.

Significant Increase in Credit Risks

The Bank assumes that the financial instrument has witnessed significant increase in the credit risk, taking into consideration related available & supporting information, including the future information available without incurring unnecessary costs or efforts, upon the realization of one or more of the following quantitative and qualitative criteria and the factors pertaining to payment suspension:

Quantitative Criteria

Upon the increase of the probability of default throughout the remaining useful life of the financial instrument as of the date of the financial position preparation, compared to the probability of default throughout the remaining useful life expected upon initial recognition, according to the risk structure acknowledged by the Bank.

Qualitative Criteria

First: Loans of retail banking, small and micro enterprises

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

The borrower's submission of an application, requesting to transfer short-term payment to a long-term one, as a result of negative influences pertaining the borrower's cash flows

Extending the payment grace period at the borrower's request

Prior repeated delays during the previous twelve months

Negative future economic changes affecting the borrower's future cash flows

Second: Loans for corporates and medium enterprises

If the borrower is on the follow-up statement &/or if the financial instrument has faced one or more of the following events:

Significant increase of the rate of return on the financial asset as a result of the increase of credit risks

Essential negative changes in the activity and the financial or economic circumstances under which the borrower works

Request of rescheduling as a result of difficulties facing the borrower

Essential negative changes in the actual or expected results or cash flows

Negative future economic changes affecting the borrower's future cash flows

Early indicators to the cash flows/liquidity problems such as the delay in the creditors' service/commercial loans

Abrogation of one of the direct facilities by the Bank due to the increase of the credit risks of the borrower

The Bank carries out this evaluation periodically all over the portfolio for all financial assets for individuals, entities, small, medium and micro enterprises and also regarding the financial assets of the entities classified in the follow-up statement for the purpose of monitoring their credit risks. Likewise, this evaluation is periodically carried out for the counter-party. The criteria used for determining the significant increase in the credit risk is periodically monitored by the Credit Risks Department.

Third: Suspension of Payment regarding the Retail Banking Customers, the Small and Micro Enterprises:

In all cases, the payment suspension criterion is applied as a significant increase in the credit risk if the borrower's behaviour reveals regular delay in payment to the grace period, in spite of his non-classification among impaired financial assets.

Fourth: Suspension of Payment regarding the corporates and Medium Enterprises Loan Customers

In all cases, the payment suspension criterion is applied as a significant increase in the credit risk if the borrower delays the settlement of his contractual undertakings for sixty days to the maturity date.

Default and the Credit-Impaired Assets

The financial asset is considered as credit-impaired in value in case of the fulfillment of one or more of the following criteria:

Specific Criteria of the Entities Loan Customers, the Banking Retail Customers, the Medium, Small & Micro Enterprises

When the Borrower fails to fulfill one or more of the following criteria, indicating that he faces significant financial difficulties

The death or disability of the borrower

The borrower's insolvency

Rescheduling as a result of the deterioration of the borrower's credit capacity

Non-commitment to the finantcial undertakings – the absence of an active market for the financial asset or one of the financial instruments of the borrower due to financial difficulties

Granting the borrower privileges as a result of financial difficulties facing him, that wouldn't have been granted to him under normal circumstance

The probability of the borrower's bankruptcy or rescheduling due to financial difficulties

If the borrower's financial assets are purchased with a large discount, reflecting the incurred credit losses

The above-stated criteria are applied on all the financial instruments held by the Bank, which conform to the default definition used for the purposes of managing internal credit risks. The default definition is applied consistently with the probability of default model of the assets exposed to the risk of loss when the default occurs, upon calculating all expected losses of the Bank.

Quantitative Criteria of the Entities Loan Customers, the Banking Retail Customers, the Medium, Small & Micro Enterprises

Regarding the banking retail customers, the small and micro enterprises, in all cases when the borrower delays the payment of his contractual installments for more than thirty days, he is considered in default.

Regarding the entities and medium enterprises, in all cases when the borrower delays the payment of his contractual installments for more than ninety days, he is considered in default.

Promotion among Stages

Promotion from the Second to the First Stage:

The financial asset should not be transferred from the second to the first stage unless after fulfilling all quantitative & qualitative elements of the first stage and payment of all delays including the principal amount and returns.

Promotion from the Third to the Second Stage:

The financial asset should not be transferred from the third to the second stage unless after fulfilling the following terms:

1. Fulfilling all quantitative and qualitative elements of the second stage

2. Payment of 25% of the due balances, including the set aside due returns as the case may be

3. Punctuality of payment for 12 months at least

Period of recognition of the financial asset within the second stage

In all cases, the period of recognizing (classifying) the financial asset in the second stage should not exceed nine months to the date of being transferred to this stage.

Calculation of the Loss Given Default

Upon calculating the LGD of the balances held by banks in Egypt and abroad, a maximum of 0.45% recovery rate is applied.

As for the value of the collaterals used upon calculating the LGD, the rules of preparation and presentation of banks' financial statements, the bases of recognition and measurement issued by the Central Bank of Egypt on December 26, 2008 should be complied with, taking the following into consideration:

Upon calculating the LGD of the financial assets classified in the first stage, only the cash collaterals and their equivalents, which can be easily transferred into cash on short-term (three months or less) without any change (loss) in their value as a result of the credit risks, are accepted.

Upon calculating the LGD of the financial assets classified in the second or third stages, only the collaterals conformable to the rules issued by the Central Bank of Egypt on May 24, 2005 concerning the basis of evaluating credit worthiness of customers and formation of provisions are accepted. The collaterals value shall be settled according to the rules of preparation and presentation of banks financial statements, basis of recognition and measurement issued by the Central Bank on December 16, 2008.

Financial Instruments Measurement & Classification

The debt and equity Instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to the business model		
	Amortized cost	Through the comprehensive income	Through profits or losses
Equity instruments	Not applicable	Option for once only upon initial recognition and is irrevocable	The basic transaction of equity instruments
Debt instruments	Business model of the assets held for collecting contractual cash flows	Business model of the assets held for collecting contractual cash flows and sale	Business model of the assets held for trading

The equity instruments classified among the "financial assets at the fair value through the other comprehensive income" are classified at the fair value. All credit or debit differences, whether or not significant or extended, are inserted among the other comprehensive income elements for each instrument independently, under the item of (Differences of change of the fair value of the financial assets at the fair value through the other comprehensive income). However in case of the sale or writing off of the instrument, the related differences are directly transferred to the retained earnings. The Bank measures all the financial assets recognized at the amortized cost using the real return method.

Reclassification

The financial assets classified at the amortized cost are not reclassified under any other item, unless in the following cases:

Deterioration of the debtor's credit capacity

If the reclassification or sale doesn't result in any significant changes to the future cash flows of the financial assets

Regarding the financial assets classified at the fair value through profits and losses, they shall not be reclassified in all cases.

In all cases, financial assets are only reclassified when the Bank changes the business model, which only occurs in extraordinary cases.

H- Clearing Between Financial Instruments

Clearing shall be made between financial assets & liabilities in case of an enforceable legal right to perform clearing between the recognized amounts and in case of the intention to perform reconciliation on basis of the net amounts or to receive the asset and settle the liability at the same time. The items of the treasury bills purchase agreements with the commitment to resell and the treasury bills sale agreements with the commitment to repurchase, on basis of the net value, shall be reported in the balance sheet under the item of "Government Securities"

I- Return Revenues & Expenses

The maturity principle is adopted upon reporting the "Murabaha" return. The value of this return is reported in advance and is charged to the "Murabaha" Account. This return is proportionally distributed over the period of "Murabaha" all over the year, as of the date of paying funds up to the settlement date. The unrealized part of the "Murabaha" returns shall be reported by the end of the year under the Item of "Credit Balances and Other Liabilities" under the "Liabilities" in the Balance Sheet, being a deferred revenue. It shall be discounted of the total of "Murabaha" in the balance sheet. Reporting the "Murabaha" return under the item of "Revenues" shall be suspended when the recovery of the value of these returns or the principal "Murabaha" is uncertain.

J- Fees & Commissions Revenues

- The fees due for the service of (Murabaha, Musharaka & Mudaraba) are recognized among revenues upon providing the service. Recognition of the fees and commissions revenues pertaining to irregular or impaired (Murabaha, Musharaka & Mudaraba) shall be suspended, as they shall be recorded in subsidiary books off the financial statements. They shall be recognized among revenues according to the cash basis upon recognizing the return revenues as stated under Footnote (G-2). As for the fees representing a complementary part of the real return of the financial asset in general, they are handled as an amendment to the real return rate.

- The commitment fees due on (Murabaha, Musharaka & Mudaraba) shall be postponed in case of the probability of withdrawing these (Murabaha, Musharaka & Mudaraba), since the commitment fees collected by the Bank are considered as a compensation for the perpetual interference to acquire the financial instrument. They are recognized by means of amending the real return rate on the (Murabaha, Musharaka & Mudaraba). In case of the termination of the commitment period without issuing the (Murabaha, Musharaka & Mudaraba) by the Bank, the fees shall be recognized among revenues upon the termination of the commitment enforceability.

- The fees pertaining to the debt instruments, measured at the fair value, shall be recognized among revenues upon initial recognition. The fees of promoting joint (Murabaha, Musharaka & Mudaraba) shall be recognized among revenues upon accomplishment of promotion, when the Bank doesn't keep any part of the (Murabaha, Musharaka & Mudaraba) or if it keeps a part having the same real return rate available to other participants.

- The fees and commissions ensuing of negotiation or participation in negotiation on a transaction in favour of a third party, such as arranging the purchase of shares or other financial instruments, acquisition or sale of entities, shall be recognized in the Income Statement upon accomplishment of the concerned transaction. The fees of administrative consultations and other services are usually recognized on basis of proportional time distribution over the period of service provision. The fees of financial planning management and custody services provided on long terms are recognized over the year during which the service is provided.

K- Profit Distribution Revenues

Dividends are recognized in the Income Statement upon the issuance of the right of collecting them.

L- Real Estate Investments

The real estate investments are represented in the lands and buildings owned by the Bank for the purpose of obtaining rental revenues or capital increase. Accordingly, they don't include the real estate assets through which the Bank practices its business or those which devolved to it against payment of debts. The real estate investments shall be accounted for the same way applied on fixed assets.

M- Intangible Assets

M-1 Goodwill

The goodwill is represented in the increase in the acquisition cost to the fair value of the Bank's share in the net assets, including the probable acquired liabilities, liable to be determined, of the subsidiary or sister company on the acquisition date in the Bank's separate financial statements. The extent of the goodwill impairment is considered annually. The larger of the goodwill depreciation value at the rate of 20% annually or the impairment of its value shall be debited to the Income Statement. The goodwill of subsidiaries and sister companies represents an element upon determining the gains and losses of selling such companies.

The goodwill is distributed on the cash generating units for purposes of examining impairment. The cash generating units are represented in the Bank's principal sectors.

M-2 Computer Programs

The expenses related to the software development or maintenance are recognized as an expense in the Income Statement upon incurring thereof. The expenses directly related to specific programs, under the Bank control, which are expected to generate economic benefits with a cost exceeding one year, shall be recognized as intangible asset. The direct expenses comprise the cost of the personnel of the programs development team in addition to an appropriate share of the related general expenses.

The expenses leading to the enhancement and expansion of the computer programs performance to their original specifications shall be recognized as development cost and shall be added to the programs original cost.

The cost of computer programs recognized as an asset shall be depreciated over the year during which it is expected to be benefited of, with a maximum of three years.

M-3 Other Intangible Assets

This is represented in intangible assets other than the goodwill and computer programs (as for instance trademarks, licenses and lease contracts benefits)

The other intangible assets are established at the cost of their acquisition and are depreciated using the fixed installment method or on basis of the economic benefits expected to be realized, over the estimated useful lives thereof. As for the assets having no specific production lifetime, they are not depreciated. However, the impairment in their value is considered annually and the impairment value – if any – is charged to the Income Statement.

N- Fixed Assets

The lands and buildings are basically represented in the premises of the head office, branches and offices. All fixed assets are reported at the historical cost less depreciation and impairment losses. The historical cost comprises the expenses directly related to the acquisition of the fixed assets items.

The subsequent expenses are recognized among the book value of the outstanding asset or as an independent asset, as appropriate, when it is probable that future economic benefits related to the asset inflows to the Bank and when it is possible to determine this cost reliably. The maintenance and repair expenses shall be recognized during the year when they are incurred among (Other Operating Expenses).

Lands are not depreciated and the depreciation of other fixed assets shall be calculated using the fixed installment method for distributing cost so as to reach the salvage value over the useful lives, as follows:

Buildings and constructions	20 years
Refurbishments of leased properties	As per the asset type – (4-20 years)
Office furniture and safes	4 years
Means of transportation	4 years
Computers/Integrated automatic systems	2 years
Fittings and installations	20 years

The salvage value and the useful lives of fixed assets are reviewed on the date of preparing each balance sheet and amended when necessary. The depreciated assets are reviewed for the purpose of determining impairment upon the occurrence of events or changes in circumstances indicating that the book value may not be recovered. If the book value exceeds the recovery value it shall be immediately reduced to be equal to that value.

The recovery value represents the higher of the net realizable value of the asset or its utilization value. The profits and losses of written-off fixed assets shall be determined by means of comparing net receivables to the book value. Profits (losses) shall be reported under the item of "Other Operating Revenues (Expenses)" in the Income Statement.

O- Impairment of Non Financial Assets

Except for the goodwill, the assets having no fixed useful life are not depreciated. Their impairment is tested annually. Impairment of the depreciated assets is studied upon the occurrence of events or changes in circumstances indicating that the book value may not be recovered.

The impairment loss is recognized and the asset value is decreased in the amount representing the difference between the asset book value and its recovery value. The recovery value represents the net realizable value of the asset or its utilization value, whichever is higher. For purposes of estimating impairment, the asset is attached to the least possible cash generating unit. The nonfinancial assets revealing impairment shall be reviewed to find out whether impairment is reversed to the Income Statement on the date of preparing each balance sheet. The decrease in the assets value shall be reversed to the extent where the asset book value doesn't exceed its recoverable value which shall be determined after discounting depreciation, unless the losses of decrease in the assets value is recognized.

P- Leases

The finance lease is accounted for pursuant to Law number 95/1995 regulating finance lease, if the contract authorizes the lessee to purchase the asset on a fixed date and against a fixed value and if the contract duration represents at least 75% of the useful life expected for the asset, or if the current value of the total lease payments represents at least 90% of the asset value. Other lease contracts are considered "Operating Lease Contracts".

P/1 Leasing

Regarding finance lease contracts, the lease cost, including the maintenance cost of the leased assets, is recognized under "Expenses" in the Income Statement for the year when they occur. If the Bank decides to exercise the right of purchasing leased assets, the cost of the purchase right is capitalized as a fixed asset and is depreciated over the remaining expected useful life of the asset, the same way adopted with similar assets.

Payments on account of operating lease are recognized, less any discounts acquired from the Lessor, under "Expenses" in the Income Statement, using the fixed installment method over the contract duration.

P/2 Letting

Regarding the finance lease assets, they are reported in the balance sheet among fixed assets, and are depreciated over the expected useful life of the asset using the same way adopted with similar assets. The lease revenues are recognized on basis of the rate of return on the lease contract, in addition to an amount equal to the year depreciation cost. The difference between the revenue of the lease recognized in the Income Statement and the total accounts of finance lease customers is carried forward in the balance sheet until the lapse of the lease contract duration, where it is used for performing a clearing with the net book value of the leased asset. The maintenance and insurance expenses are charged to the Income Statement upon their occurrence, to the extent that the lessee is not charged therewith.

When there is objective evidence that the Bank won't be able to collect all the balances of finance lease debtors, they shall be reduced to the value expected to be recovered.

As for the operating lease assets, they are reported among fixed assets in the balance sheet and are depreciated over the expected useful life of the asset, the same way applied on similar assets. The lease revenue is reported less any discounts granted to the lessee, using the fixed installment method over the contract duration.

Q- Cash & Cash Equivalents

For purposes of the cash flows statement preparation, the Item of "cash and cash equivalents" includes the balances which maturity doesn't exceed three months to the acquisition date. It includes cash, balances with the Central Bank outside the framework of required reserve ratio, balances with banks & government securities.

R- Other Provisions

The provision of the restructuring costs and legal claims is recognized when there is a current legal obligation resulting of past events, which may probably require the use of the Bank's resources for settling such obligations, with the possibility of reaching a reliable assessment of the value of this obligation.

In case of similar obligations, the outgoing cash flow that can be used in settlement should be determined, taking into consideration this group of obligations. The provision shall be recognized even in case of a very slight probability of having an outgoing cash flow for an item of this group.

The provisions which are no longer required, totally or partially, shall be reversed under the Item of "Other Operating Revenues (Expenses)".

The current value of the payments estimated to be made for the settlement of the obligations, having a one-year value date as of the date of reporting, is measured using a rate appropriate to the obligation settlement term – without being influenced by the prevailing tax rate – which reflects the time value of money. If this value date is less than a year, the obligation estimated value shall be calculated at the current value, unless having substantial influence.

S- Financial Collaterals Contracts

The financial collaterals contracts are the contracts issued by the Bank as a guarantee to the (Murabaha, Musharaka & Mudaraba) or debit current accounts submitted to its customers by other quarters. The Bank is required to make certain settlements to compensate the beneficiary for a loss which he has incurred due to the debtor's non payment upon maturity of settlement as per the conditions of the debt instrument. Such financial collaterals are submitted to banks, financial institutions and other quarters on behalf of the Bank customers.

The fair value, which may reflect the collateral charges, is initially recognized in the financial statements on the date of granting the collateral. Subsequently, the Bank's obligation under the collateral is measured on basis of the initial measurement amount, less the calculated depreciation for recognizing the collateral charges in the Income Statement using the fixed installment method all over the collateral useful life, or the best estimate of the payments required for settling any financial obligation resulting of the financial collateral on the reporting date, whichever is higher. These estimates are determined pursuant to the experience gained of similar transactions or historical losses, confirmed by the Management judgement.

Any increase in the obligations resulting of the financial collateral is recognized in the Income Statement, under the Item of "Other Operating Revenues (Expenses)".

T- Income Taxes

The Income Tax on the year gains or losses includes each of the year tax & the deferred tax. It is recognized in the Income Statement, except for the Income Tax pertaining to Shareholders' Equity items, which is directly recognized in the Shareholders' Equity.

The Income Tax is recognized on basis of the net taxable profit using the tax rates prevailing on the date of reporting, in addition to the tax settlements of previous years.

The deferred taxes ensuing of temporary time differences between the book value of assets and liabilities on accounting bases and their tax-based amount is recognized. The deferred tax is determined using the method expected to realize or reconcile the assets and liabilities values using the tax rates prevailing on the reporting date.

The Bank's deferred tax assets are recognized when there is a strong probability to achieve taxable profits in future, through which this asset may be benefited of. The value of the deferred tax assets shall be discounted with the value of the part which is not expected to achieve the tax benefit throughout the following years. However, in case of the increase of the expected tax benefit, the deferred tax asset shall be increased within the limits of the part previously discounted thereof.

U- Borrowing:

The facilities obtained by the Bank are initially recognized at the fair value, less the cost of the facility acquisition and is subsequently measured at the depreciated cost. The difference between the net receivables and the payment value shall be charged to the Income Statement over the borrowing duration, using the real return method.

V- Capital:

V/1 Cost of capital

The issuance expenses directly related to the issuance of new shares or shares against an entity acquisition or else options issuance are displayed, being discounted of the Shareholders' Equity, at the net collections after taxation.

V/2 Dividends

Dividends are reported, being discounted of the shareholders' equity, for the year during which the Shareholders' General Assembly ratifies such distributions. Dividends include the personnel share in profits and the Board of Directors' remuneration stipulated in the Articles of Association & the Law.

V/3 Treasury shares

If the Bank purchases capital shares, the purchase amount shall be discounted of the total shareholders' equity, as this represents treasury shares cost until they are abrogated. In case of selling these shares or reissuing them at a subsequent period, all collected amounts shall be credited to the Shareholders' Equity.

W- Custody Activities

The Bank doesn't practice custody activities. However, in case of practicing such an activity, resulting in the ownership or management of third party's assets, the assets and the ensuing profits shall be written off the Bank's financial statements, since they are not among the Bank's assets.

X- Comparison Figures

The comparison figures of the financial assets and liabilities elements are reclassified so as to conform to the presentation of the financial statements for the current period, witnessing initial application of the IFRS -9, and are not re-measured pursuant to the instructions of the Central Bank of Egypt issued on February 26, 2019.

3- Financial Risk Management

The Bank is exposed to various financial risks resulting of the activities it practices, since risk tolerance is the basis of financial business. Some or a group of risks are collectively analyzed, assessed and managed and therefore the Bank aims at realizing equilibrium between risk and return and at extenuating the probable negative effects on its financial performance. The most significant types of risks are the risk of credit, the market risk, the liquidity risk and such other operating risks. The market risk includes each of the foreign currencies exchange risk, the return rates risk and the risks of other rates.

Risk management policies have been laid down so as to determine, analyze, mitigate and control risks, monitor them and comply with such limits through reliable methods and updated information systems. The Bank periodically reviews risk management policies and systems and amend them so as to reflect changes at markets, products and services as well as the best up-to-date applications.

Risks are managed by the (Risk Management Sector) in the light of the policies ratified by the Board of Directors.

The (Risk Management Sector) determines, assesses and hedges financial risks, with the cooperation of the various operating units at the Bank. The Board of Directors provides the (Risk Management Sector) with written risk management regulations, in addition to the written policies hedging certain risk areas such as the credit risk, the foreign currencies exchange risk, the return rates risk, the use of financial derivative and non-derivative instruments. Besides, the (Risk Management Sector) is responsible for carrying out periodic review of risk management and the supervisory environment independently.

A- Credit Risk

The Bank is exposed to the credit risk which results of any party's failure to fulfill his undertakings. The credit risk is considered the most significant to the Bank, therefore the Management carefully works on managing thereof. The credit risk is basically represented in the lending activities, resulting in (Murabaha, Musharaka & Mudaraba), as well as the investment activities resulting in having debt instruments among the Bank's assets.

There is also credit risk related to the financial instruments off the balance sheet, such as the commitments of (Murabaha, Musharaka & Mudaraba). The processes of credit risk management and control are mainly carried out by the (Credit Risk Management Team) at the (Risk Sector) which periodically reports to the Board of Directors, the Top Management and the Head of the Activity Units.

A/1 Credit risk measurement

Murabaha, Mudaraba & Musharaka to Customers

In order to measure the credit risk pertaining to (Murabaha, Musharaka & Mudaraba) to banks and customers, the Bank considers three factors:

- The (Probability of Default) by the customer or the third party to fulfill his contractual obligations
- The current status and future probable development of which the Bank can deduce (Exposure at Default)
- The (Loss given default)

The Bank's daily management tasks include these measurements of credit risks reflecting expected loss (The Expected Loss Model), required by Basel Committee on Banking Supervision. Operating Standards may contradict with the impairment charges according to the Egyptian Accounting Standard number 26 which relies on the losses incurred on the reporting date (Incurred Loss Model) and not the (Expected Loss Model) "Footnote number 3/A".

The Bank assesses the (Probability of Default) of each customer, using internal assessment methods so as to classify creditworthiness of the customers' various categories. These assessment methods have been developed internally, taking into consideration statistical analysis together with the personal judgement of the officials in charge with credit risk management so as to realize the appropriate creditworthiness classification. The Bank customers have been divided into four categories in terms of creditworthiness. The creditworthiness structure used by the Bank, as shown in the following table, reflects the probability of default for each category, basically meaning that the credit positions transfer among the creditworthiness categories pursuant to the change in the (probability of default) assessment. The assessment methods are reviewed and developed whenever necessary. The Bank periodically assesses the credit rating methods and the extent of their capability to predict cases of default.

The Bank's internal credit rating categories:

Rating	Rating indication
1	Performing debts
2	Regular watching
3	Watch list
4	Non-performing debts

The position exposed to default relies on the amounts which the Bank expects to be outstanding upon the default occurrence. For instance, in cases of (Murabaha, Musharaka & Mudaraba), this position is the nominal value while in case of commitments, the Bank enlists all actually withdrawn amounts in addition to such other amounts which it expects to be withdrawn up to the date of default, if any.

The given or acute loss represents the Bank's expectation of the extent of loss upon claiming the debt in case of default. This is expressed by the ratio of loss to debt. This inevitably differs as per the type of debtor, claim priority and the availability of collaterals or other methods for hedging credit.

Debt Instruments, Treasury Bills & Other Bills

Regarding debt instruments and bills, the Bank uses external ratings for managing credit risk, such as (Standard & Poor's) Rating and such similar ratings. If such ratings are not available, methods similar to those applied on the credit customers are also used. Investments in securities and governmental notes are regarded as a method for acquiring a better credit quality and at the same time provide an available source for fulfilling the finance requirements.

A/2 Risk mitigation & avoidance policies

The Bank manages, mitigates and controls credit risk concentration over debtors, groups, industries and countries. It sets acceptable credit risk levels and acceptable limits for each borrower, group of borrowers, economic activities and geographical sectors. Such risks are perpetually controlled and are subject to annual or repeated review whenever necessary. Limits of credit risks are quarterly ratified by the Board of Directors for the borrower/group of borrowers, producer, sector and the State.

The credit limits of any borrower, including banks, are subdivided comprising all amounts reported or off the balance sheet and the daily risk limit pertaining to trading items such as the deferred foreign exchange contracts. Real amounts are daily compared to these limits. The credit risks are also managed through periodic analysis of the capability of borrowers and potential borrowers to settle their liabilities and through amending the lending limits whenever appropriate.

Stated hereunder are some risk mitigation methods:

Collaterals:

The Bank lays down several policies and restrictions to mitigate credit risks, including obtaining collaterals against offered funds. The Bank also sets guiding rules to certain categories of acceptable collaterals. The principal types of (Murabaha, Musharaka & Mudaraba) collaterals include:

- Real estate mortgage
- Mortgage of the business assets such as machines and commodities
- Mortgage of financial instruments such as the equity & debt instruments

Most probably the long-term finance and the loans for companies are guaranteed while the credit facilities granted to individuals are without collateral. In order to minimize credit losses, the Bank seeks the obtainment of additional collaterals from the parties concerned immediately upon the revelation of indicators to the impairment of any "Murabaha, Musharaka & Mudaraba" or Facilities.

The collaterals taken as a guarantee to assets other than "Murabaha, Musharaka & Mudaraba" are determined pro rata the instrument nature and usually the debt instruments and treasury bills are without collaterals, except for the groups of (Asset-Backed Securities) and similar instruments which are guaranteed by a "financial instruments portfolio".

The risk of settlement arises in the situations when settlement is effected in cash or through equity instruments, other financial securities or against the expectation to acquire cash, equity instruments or other financial securities. Daily settlement limits shall be laid down for each of the other parties so as to hedge the cumulative settlement risks ensuing of the Bank's transactions on any day.

Master Netting Arrangements

The Bank mitigates credit risks via entering into "Master Netting Arrangements" with the parties representing a significant volume of transactions. The (Master Netting Arrangements) don't generally result in performing netting between the assets and liabilities reported in the balance sheet, since such settlement is usually carried out on collective basis. However, the credit risk accompanying the contracts in favour of the Bank is mitigated through the Master Netting Arrangements, since in case of default, all amounts shall be settled with the other party via performing netting. The extent of the Bank's exposure to the credit risk resulting of the derivative instruments subject to the Master Netting Arrangements may change on short terms since it is influenced by every transaction subject to these arrangements.

Commitments Pertaining to Credit

The main purpose of commitments pertaining to credit is to ascertain the availability of funds to the customer on demand. The (Guarantees & Standby Letters of Credit) have the same credit risk pertaining to "Murabaha, Musharaka & Mudaraba". The (Documentary & Commercial Letters of Credit) issued by the Bank on behalf of the Customer, to grant a third party the right of withdrawing from the Bank within certain amounts and by virtue of specific provisions and terms, are probably guaranteed by the shipped commodities and consequently bear a less degree of risk than the direct "Murabaha, Musharaka & Mudaraba".

The credit-granting commitments represent the unused part of the limit allowed for granting "Murabaha, Musharaka & Mudaraba", collaterals or documentary credits. The Bank is exposed to a probable loss in an amount equal to the total unused commitments regarding the credit risk ensuing of credit-granting commitments. However, the probable loss is actually less than the unused commitments, since most of the credit-granting commitments represent probable liabilities for customers having certain credit specifications. The Bank monitors the period of credit commitments up to the maturity date, since the long-term commitments usually bear a higher degree of credit risk if compared to short-term commitments.

A/3 Provisions & impairment policies

The internal assessment systems previously stated in footnote (1/A) largely concentrate on planning credit quality, as of the date of establishing the lending and investment activities. Without prejudice to the foregoing, only the impairment losses having occurred on the date of reporting are recognized for the purpose of preparing financial reports, based on objective evidences indicating impairment, as shall be stated in this footnote. Due to the variation of the adopted methods, the credit losses reported in the financial statements are usually less than the loss estimated using the (expected loss model) used on the reporting date, according to the regulations of the Central Bank of Egypt.

The impairment loss provision reported in the balance sheet is derived of the four internal ratings. The following table shows the percentage of the items reported in the balance sheet pertaining to "Murabaha, Musharaka & Mudaraba" and the impairment related to them for each of the Bank's internal ratings:

31 December, 2019				EGP
The Bank's Ratings	Murabaha, Musharaka & Mudaraba to Customers	%	Impairment loss provision	%
Performing debts	14 998 781 354	76.9%	9 553 980	0.6%
Regular watching	2 976 849 846	15.3%	520 013 572	35.2%
Watch list	102 640 133	0.5%	6 609 444	0.4%
Non-performing debts	1 423 266 366	7.3%	943 167 449	63.8%
	19 501 537 699	**100%**	**1 479 344 445**	**100%**

31 December, 2018				EGP
The Bank's Ratings	Murabaha, Musharaka & Mudaraba to Customers	%	Impairment loss provision	%
Performing debts	14 809 784 474	81.5%	103 750 159	8.2%
Regular watching	1 773 615 569	9.8%	263 375 627	20.8%
Watch list	808 318 478	4.4%	265 443 704	21.0%
Non-performing debts	782 248 397	4.3%	632 332 296	50.0%
	18 173 966 918	**100%**	**1 264 901 786**	**100%**

The internal assessment methods help the management to detect any objective evidences indicating impairment, pursuant to the Egyptian Accounting Standard number 26, based on the following indicators fixed by the Bank:

- Significant financial difficulties facing the borrower or debtor
- Violation of the terms of the "Murabaha, Musharaka & Mudaraba" agreement, such as nonpayment
- Expecting the borrower's bankruptcy or his involvement in a receivership lawsuit or else rescheduling the finance granted to him
- Deterioration of the competitive situation of the borrower
- If the Bank grants the borrower exceptional privileges or terms which it doesn't usually agree to grant in normal cases, due to economic or legal reasons related to financial difficulties facing him
- Impairment of the collateral value
- Deterioration of his creditworthiness

The Bank policies require reviewing all the financial assets exceeding certain proportional importance, at least on annual intervals or more, when necessary. The burden of impairment on the accounts, assessed on individual basis, is determined by means of assessing the loss incurred on the reporting date, for each case independently, which is to be applied on all proportionally significant accounts individually. Assessment usually comprises the outstanding guarantee, including the reassurance of using the guarantee and the collections expected of these accounts.

The impairment loss provision is formed of a group of homogenous assets using available historical experience, personal judgement and statistical methods.

A/4 The general banking risk measurement model

Further to the four credit rating categories stated in footnote number (A/1), the Management makes classifications in the form of more detailed subgroups in conformity with the requirements of the Central Bank of Egypt. The assets exposed to credit risks are classified in these groups according to more detailed rules and conditions, largely relying on the information about the customer, his business, financial position and his regularity in payment.

The Bank calculates the provisions required for the impairment of the assets exposed to credit risk, including the credit commitments, based on percentages fixed by the Central Bank of Egypt. If the impairment loss provision required according to the regulations of the Central Bank of Egypt exceeds the one required for the purposes of preparing financial statements according to the Egyptian Accounting Standards, the general banking risk reserve shall be set aside among shareholders' equity items, by discounting this increase from the retained earnings. This reserve is periodically modified, by increase or decrease so as to always remain equal to the difference between the two provisions. This reserve shall always be non-distributable. Footnote number (33/A) shows the movement on the account of the general banking risk reserve throughout the financial year.

Hereunder is a statement of the entities credit ratings according to the internal assessment bases, compared to the assessment bases of the Central Bank of Egypt and the percentages of the provisions required for the impairment of the assets exposed to credit risk:

Rating of the Central Bank of Egypt	Rating indicators	Percentage of the required provision %	Internal Rating	Internal rating indicators
1	Low risks	Zero	1	Performing debts
2	Moderate risks	1%	1	Performing debts
3	Satisfactory risks	1%	1	Performing debts
4	Suitable risks	2%	1	Performing debts
5	Acceptable risks	2%	1	Performing debts
6	Marginally acceptable risks	3%	2	Regular follow up
7	Watch list	5%	3	Special follow up
8	Sub-standard	20%	4	Non- performing debts
9	Doubtful debts	50%	4	Non- performing debts
10	Bad debts	100%	4	Non- performing debts

A/5 Maximum credit risk before collaterals

	31 December 2019	31 December 2018
	EGP	EGP
Balance sheet Items exposed to the credit risk (Net value)		
Governmental securities	7 109 476 036	10 477 659 419
Financial assets for trading:		
Debt instruments	---	--
Investment Operations with banks	2 293 669 207	3 481 593 377
(Murabaha, Mudaraba & Musharaka) for customers		
Individuals:		
Debit current accounts	---	--
Credit cards	23 227 357	18 776 812
Personal Murabaha, Musharaka & Mudaraba	1 087 238 424	1 023 328 237
Real estate Murabaha, Musharaka & Mudaraba	317 073 864	314 510 583
Corporates		
Debit current accounts	--	--
Direct Murabaha, Musharaka & Mudaraba	12 330 587 281	11 340 405 157
Joint Murabaha, Musharaka & Mudaraba	3 018 563 904	3 033 727 158
Other Murabaha, Musharaka & Mudaraba	16 806 938	15 408 213
Financial investments:		
Debt instruments	14 031 173 222	11 124 941 625
Total	**40 227 816 233**	**40 830 350 581**

Off Balance sheet Items exposed to the credit risk (Net Value)		
Acceptances	384 752 816	231 860 014
Letters of guarantee	1 460 462 906	1 613 088 269
Documentary credits	268 464 908	404 442 356
Total	**2 113 680 630**	**2 249 390 639**

The above table represents maximum exposure as at the reporting date, without taking any collateral into consideration. Regarding the balance sheet items, the reported amounts rely on the net book value displayed in the balance sheet.

As stated in the table above, 42% of the maximum exposed to the risk of credit results of (Murabaha, Mudaraba & Musharaka) to customers, against 39% as at 31/12/2018, while the investments in debt instruments represent 35% against 27% as at 31/12/2018.

The Management trusts its capability to retain control and maintain the minimum credit risk resulting of each of the portfolios of Murabaha, Mudaraba & Musharaka and debt instruments, as follows:

- 92% of the portfolio of (Murabaha, Mudaraba & Musharaka) is rated at the two highest degrees of internal rating, against 91% as at 31/12/2018.
- 90% of the portfolio of (Murabaha, Mudaraba & Musharaka) has no delays or impairment indicators, against 94% as at 31/12/2018.
- The (Murabaha, Mudaraba & Musharaka) having been individually assessed amount to 1 423 266 366 Egyptian Pounds against 782 248 397 Egyptian Pounds as at 31 December 2018. Less than 66% thereof showed impairment, against 81% as at 31/12/2018.

All investments in debt instruments & governmental securities represent debt instruments of the Egyptian Government.

The following table reveals information about the financial assets quality:

Balances with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	23 586 607 346	---	---	23 586 607 346
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	23 586 607 346	---	---	23 586 607 346
Less: impairment loss provision	(1 157 274)	---	---	(1 157 274)
Book value	**23 585 450 072**	**---**	**---**	**23 585 450 072**

Government securities	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	7 139 440 588	---	---	7 139 440 588
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	7 139 440 588	---	---	7 139 440 588
Less: impairment loss provision	(29 964 552)	---	---	(29 964 552)
Book value	**7 109 476 036**	**---**	**---**	**7 109 476 036**

Investments with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	444 682 569	1 855 216 712	---	2 299 899 281
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	444 682 569	1 855 216 712	---	2 299 899 281
Less: impairment loss provision	(33 299)	(6 196 775)	---	(6 230 074)
Book value	**444 649 270**	**1 849 019 937**	**---**	**2 293 669 207**

Murabaha, Mudarabah & Musharaka to customers (individuals)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	677 478 086	5 515 931		682 994 017
Regular watching	732 369 037	36 283 102		768 652 139
Watch list	---	---		---
Non-performing debts	---	---	32 979 087	32 979 087
	1 409 847 123	41 799 033	32 979 087	1 484 625 243
Less: impairment loss provision	(9 650 428)	(25 288 297)	(22 146 873)	(57 085 598)
Book value	**1 400 196 695**	**16 510 736**	**10 832 214**	**1 427 539 645**

Murabaha, Mudarabah & Musharaka to customers (Corporates)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	10 719 604 465	2 244 215 905	---	12 963 820 370
Regular watching	376 791 476	1 966 821 079	---	2 343 612 555
Watch list	---	142 557 808	---	142 557 808
Non-performing debts	---	---	1 338 226 237	1 338 226 237
	11 096 395 941	4 353 594 792	1 338 226 237	16 788 216 970
Less: impairment loss provision	(21 588 133)	(479 650 138)	(921 020 576)	(1 422 258 847)
Book value	**11 074 807 808**	**3 873 944 654**	**417 205 661**	**15 365 958 123**

Debt instruments at the fair value through the comprehensive income	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	94 977 619	---	---	94 977 619
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	94 977 619	---	---	94 977 619
Less: impairment loss provision	(883 815)	---	---	(883 815)
Book value	**94 093 804**	**---**	**---**	**94 093 804**

Debt instruments at amortized cost	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit rating				
Performing debts	14 059 367 015	---	---	14 059 367 015
Regular watching	---	---	---	---
Watch list	---	---	---	---
Non-performing debts	---	---	---	---
	14 059 367 015	---	---	14 059 367 015
Less: impairment loss provision	(28 193 793)	---	---	(28 193 793)
Book value	**14 031 173 222**	**---**	**---**	**14 031 173 222**

The following table reveals the changes in the provision of Expected Credit Losses "ECL" during the year:

Balances with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	---	---	---	---
Net impairment burden during the year	1 157 274	---	---	1 157 274
Closing balance	**1 157 274**	**---**	**---**	**1 157 274**

Government securities	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	7 631 758	---	---	7 631 758
Net impairment burden during the year	22 332 794	---	---	22 332 794
Closing balance	**29 964 552**	**---**	**---**	**29 964 552**

Investment with banks	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	3 208 483	---		3 208 483
Net impairment burden during the year	(3 175 184)	6 196 775		3 021 591
Closing balance	**33 299**	**6 196 775**	**---**	**6 230 074**

Murabaha, Mudaraba & Musharaka to customers (individuals)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	13 676 460	35 866 580	14 539 005	64 082 045
Net impairment burden during the year	(4 026 032)	(10 578 283)	7 860 739	(6 743 576)
Written off amounts	---	---	(264 301)	(264 301)
Recovered amounts	---	---	11 430	11 430
Foreign currency evaluation differences	---	---	---	---
Closing balance	**9 650 428**	**25 288 297**	**22 146 873**	**57 085 598**

Murabaha, Mudaraba & Musharaka to customers (Corporates)	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	35 104 616	590 764 501	625 001 838	1 250 870 955
Transferred to the first stage	976 262	(976 262)	---	---
Transferred to the second stage	(2 417 537)	2 417 537	---	---
Transferred to the third stage	---	(269 588 543)	269 588 543	---
Net impairment burden during the year	(12 075 208)	157 032 905	62 569 145	207 526 842
Written off amounts	---	---	---	---
Recovered amounts	---	---	250 347	250 347
Foreign currency evaluation differences	---	---	(36 389 297)	(36 389 297)
Closing balance	**21 588 133**	**479 650 138**	**921 020 576**	**1 422 258 847**

Debt instruments at the fair value through the comprehensive income	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	--	--	--	--
Net impairment burden during the year	883 815	---	---	883 815
Closing balance	**883 815**	**--**	**--**	**883 815**

Debt instruments at amortized cost	First stage	Second stage	Third stage	Total
	12 months	Lifetime	Lifetime	
Credit loss provision as at Jan. 1, 2019	9 472 077	--	--	9 472 077
Net impairment burden during the year	18 721 716	--	--	18 721 716
Closing balance	**28 193 793**	**--**	**--**	**28 193 793**

A/6 Murabaha, mudaraba & musharaka

- Hereunder is the position of (Murabaha, Mudaraba & Musharaka) in terms of credit worthiness:

		31 December 2019
Bank's Rating	**Murabaha, Mudaraba & Musharaka to customers**	**Investment Operations with banks**
	EGP	EGP
With no delays or impairment	17 584 145 333	2 299 899 281
With delays but not subject to impairment	494 126 000	---
Subject to impairment	1 423 266 366	---
Total	**19 501 537 699**	**2 299 899 281**
Less		
returns under settlement	(1 228 695 486)	---
Impairment loss provision	(1 479 344 445)	(6 230 074)
Net	**16 793 497 768**	**2 293 669 207**

		31 December 2018
Bank's Rating	**Murabaha, Mudaraba & Musharaka to customers**	**Investment operations with banks**
	EGP	EGP
With no delays or impairment	17 081 754 521	3 481 593 377
With delays but not subject to impairment	309 964 000	---
Subject to impairment	782 248 397	---
Total	**18 173 966 918**	**3 481 593 377**
Less		
Returns under settlement	(1 162 908 972)	---
Impairment loss provision	(1 264 901 786)	---
Net	**15 746 156 160**	**3 481 593 377**

- The total burden of impairment of (Murabaha, Mudaraba & Musharaka) amounts to 1 479 344 445 Egyptian Pounds against 1 264 901 786 Egyptian Pounds as at 31/12/2018, of which the amount of 943 167 449 Egyptian Pounds, against 632 332 295 Egyptian Pounds as at 31/12/2018, representing impairment of individual (Murabaha, Mudaraba & Musharaka). The remaining, in the amount of 536 176 996 Egyptian Pounds, represents impairment burden on group basis of the credit portfolio.

"Murabaha, Mudaraba & Musharaka" bearing no delays & not subject-matter of impairment

- The credit quality of the portfolio of (Murabaha, Mudaraba & Musharaka) with no delays and not subject-matter of impairment shall be rated by means of referring to the internal rating used by the Bank.

"Murabaha, Mudaraba & Musharaka" to Customers & Banks (At net value)

31 December 2019	Individuals			Corporate				EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total Murabaha, Mudaraba & Musharaka to customers	Investment operations with banks
Performing	14 029 622	455 394 110	316 505 329	10 416 077 408	3 018 563 904	---	14 220 570 373	2 293 669 207
Regular watching	8 957 571	621 820 799	---	1 403 870 315	---	16 806 938	2 051 455 623	---
Watch list	---	---	---	93 433 883	---	---	93 433 883	---
Non- performing	240 164	10 023 515	568 535	417 205 675	---	---	428 037 889	---
Total	**23 227 357**	**1 087 238 424**	**317 073 864**	**12 330 587 281**	**3 018 563 904**	**16 806 938**	**16 793 497 768**	**2 293 669 207**

The guaranteed (Murabaha, Mudaraba & Musharaka) haven't been considered as subject-matter of impairment, regarding the "non-performing category, taking into consideration the eligibility of such collaterals for collection.

31 December 2018	Individuals			Corporates				EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total Murabaha, Mudaraba & Musharaka to customers	Investment operations with banks
Performing	10 765 711	348 082 101	311 251 490	10 178 524 959	3 033 727 158	--	13 882 351 419	3 481 593 377
Regular watching	7 614 333	655 001 437	---	546 271 827	--	14 445 898	1 223 333 495	--
Watch list	--	--	--	509 807 136	--	--	509 807 136	--
Non- performing	396 768	20 244 699	3 259 093	105 801 235	--	962 315	130 664 110	--
Total	**18 776 812**	**1 023 328 237**	**314 510 583**	**11 340 405 157**	**3 033 727 158**	**15 408 213**	**15 746 156 160**	**3 481 593 377**

Murabaha, Mudaraba & Musharaka bearing delays but not subject-matter of impairment

These are the "Murabaha, Mudaraba & Musharaka" bearing delays up to 90 days but are not subject to impairment, unless other information attesting the contrary is available. The "Murabaha" to customers bearing delays but not subject to impairment & the fair value of the related collaterals are represented in the following:

31 December 2019	Individuals			EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	--	47 873 000	---	47 873 000
Delays more than 30 days up to 60 days	--	--	--	--
Delays more than 60 days up to 90 days	--	--	--	--
Total	--	47 873 000	---	47 873 000
Collaterals fair value	**--**	**13 648 000**	**---**	**13 648 000**

31 December 2019	Corporate			EGP
	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	137 596 000	---	---	137 596 000
Delays more than 30 days up to 60 days	307 763 000	---	---	307 763 000
Delays more than 60 days up to 90 days	894 000	---	---	894 000
Total	446 253 000	---	---	446 253 000
Collaterals fair value	**380 069 000**	**---**	**---**	**380 069 000**

Upon initial recognition of "Murabaha, Mudaraba & Musharaka", the collaterals fair value shall be evaluated using the assessment methods usually adopted with similar assets, and at subsequent periods the fair value shall be updated according to the market prices or the similar assets prices.

31 December 2018		Individuals		EGP
	Credit Cards	Personal Murabaha, Mudaraba & Musharaka	Real estate Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	--	13 094 000	17 000	13 111 000
Delays more than 30 days up to 60 days	--	3 919 000	97 000	4 016 000
Delays more than 60 days up to 90 days	--	--	--	--
Total	--	17 013 000	114 000	17 127 000
Collaterals fair value	**--**	**4 067 000**	**17 000**	**4 084 000**

31 December 2018		Corporate		EGP
	Direct Murabaha, Mudaraba & Musharaka	Joint Murabaha, Mudaraba & Musharaka	Other Murabaha, Mudaraba & Musharaka	Total
Delays up to 30 days	278 724 000	--	--	278 724 000
Delays more than 30 days up to 60 days	13 293 000	--	61 000	13 354 000
Delays more than 60 days up to 90 days	759 000	--	--	759 000
Total	292 776 000	--	61 000	292 837 000
Collaterals fair value	**140 775 000**	**--**	**48 000**	**140 823 000**

"Murabaha, Mudaraba & Musharaka" to customers, subject to impairment individually

- The balance of "Murabaha, Mudaraba & Musharaka", individually subject to impairment, before taking into consideration the cash flows of collaterals, amounts to 1 423 266 366 Egyptian Pounds, against 782 248 397 Egyptian Pounds as at 31/12/2018.
- Hereunder is an analysis of the total value of the "Murabaha, Mudaraba & Musharaka" subject to impairment individually, including the fair value of the collaterals obtained by the Bank in return:

EGP	31 December 2019		31 December 2018	
	Murabaha, Mudaraba & Musharaka, individually subject to impairment	Fair value of collaterals	Murabaha, Mudaraba & Musharaka, individually subject to impairment	Fair value of collaterals
Individuals				
Debit current accounts	--	--	--	--
Credit cards	435 534	--	404 000	--
Personal Murabaha, Mudaraba & Musharaka	33 989 599		25 435 194	--
Real estate Murabaha, Mudaraba & Musharaka	6 062 494	---	4 241 615	--
Corporates				
Debit current accounts	--	--	--	--
Direct Murabaha, Mudaraba & Musharaka	887 037 214	908 169 988	520 407 151	387 657 922
Joint Murabaha, Mudaraba & Musharaka	493 012 314	---	230 481 163	--
Other Murabaha, Mudaraba & Musharaka	2 729 211	---	1 279 274	--
Total	**1 423 266 366**	**908 169 988**	**782 248 397**	**387 657 922**

A/7 Debt instruments & other government securities

The following table represents the analysis of the debt instruments & other government securities according to the rating agencies, pursuant to (Standard & Poor's) Rating and the alike

31 December 2019				EGP
	Governmental notes	Trading Securities	Investments in Securities	Total
AAA	--	--	--	--
AA- to +AA+	--	--	--	--
A- to A+	--	--	--	--
B	7 512 533 950	---	14 154 344 634	21 666 878 584
Unrated	---	---	---	---
Total	**7 512 533 950**	**---**	**14 154 344 634**	**21 666 878 584**

A/8 Acquisition of collaterals

- During the current period, the Bank obtained assets by means of acquiring some collaterals as follows:

Asset's Nature	Book Value (EGP)
Units	21 200 000

- The acquired assets are classified in the balance sheet under the item of other assets. Such assets are sold whenever practical.

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

Geographical segments

- The following table represents the analysis of the most important limits of the credit risk of the Bank in the book value, distributed on basis of the geographical sector as at the end of the current year. Upon preparing this table, risks have been distributed on the geographical sectors according to the areas of the Bank customers:

31 December 2019	Arab Republic of Egypt						EGP
	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total	The Arab Gulf Countries	Other Countries	Total
Government securities	7 512 533 950	---	---	7 512 533 950	---	---	7 512 533 950
Financial assets for trading:							
Debt instruments	---	---	---	---	---	---	---
Investments with banks	846 147 480	---	---	846 147 480	810 487 651	643 264 150	2 299 899 281
(Murabaha, Mudaraba & Musharaka) to customers:							
Individuals:							
Debit current accounts	---	---	---	---	---	---	---
Credit cards	19 388 549	4 109 167	---	23 497 716	---	---	23 497 716
Personal Murabaha, Mudaraba & Musharaka	1 196 272 979	189 623 029	---	1 385 896 008	---	---	1 385 896 008
Real estate Murabaha, Mudaraba & Musharaka	295 849 380	107 253 887	---	403 103 267	---	---	403 103 267
Corporates :							
Debit current accounts	---	---	---	---	---	---	---
Direct Murabaha, Mudaraba & Musharaka	11 609 283 529	2 440 982 306	---	14 050 265 835	----	---	14 050 265 835
Joint Murabaha, Mudaraba & Musharaka	3 618 005 994	---	---	3 618 005 994	---	---	3 618 005 994
Other Murabaha, Mudaraba & Musharaka	10 707 105	10 061 774	---	20 768 879	---	---	20 768 879
Financial investments							**3 618 005 994**
Debt instruments – at fair value	94 977 619	---	---	94 977 619	---	---	94 977 619
Debt instruments – amortized cost	14 059 367 015	---	---	14 059 367 015	---	---	14 059 367 015
Total	**39 262 533 600**	**2 752 030 163**	**—**	**42 014 563 763**	**810 487 651**	**643 264 150**	**43 468 315 564**
31 December 2018	**39 580 137 647**	**2 730 833 041**	**—**	**42 310 970 688**	**818 005 792**	**700 421 760**	**43 829 398 240**

Continued: A/9 – Activity sectors

- The following table represents the most important limits of the credit risk of the bank at the book value, distributed according to the business carried out by the Bank Customers.

31 December 2019								EGP
	Financial institutions	**Industrial Institutions**	**Real estate activity**	**Wholesale and retail trading**	**Governmental sector**	**Other activities**	**Individuals**	**Total**
Government securities	--	--	--	--	7 512 533 950	--	--	7 512 533 950
Financial assets for trading:								
Debt instruments	--	--	--	--	--	--	--	--
Investments with banks	2 299 899 281	--	--	--	--	--	--	2 299 899 281
(Murabaha, Mudaraba & Musharaka) to customers:								
Individuals:								
Debit current accounts							--	--
Credit cards							23 497 716	23 497 716
Personal Murabaha, Mudaraba & Musharaka							1 385 896 008	1 385 896 008
Real estate Murabaha, Mudaraba & Musharaka							403 103 267	403 103 267
corporates:								
Debit current accounts	--	--	--	--	--	--	--	--
Direct Murabaha, Mudaraba & Musharaka	136 499 675	5 777 636 182	140 764 353	3 525 150 255	334 477 916	4 135 737 454	---	14 050 265 835
Joint Murabaha, Mudaraba & Musharaka	---	963 656 606	---	115 401 942	2 174 362 440	364 585 006	---	3 618 005 994
Other Murabaha, Mudaraba & Musharaka	---	---	---	---	---	20 768 879	---	20 768 879
Financial investments								
Debt instruments – at fair value	--	---	---	---	94 977 619	---	---	94 977 619
Debt instruments – amortized cost	---	---	---	---	14 059 367 015	---	---	14 059 367 015
Total	**2 436 398 956**	**6 741 292 788**	**140 764 353**	**3 640 552 197**	**24 175 718 940**	**4 521 091 339**	**1 812 496 991**	**43 468 315 564**
31 December 2018	**3 553 735 593**	**6 979 542 223**	**123 327 632**	**3 268 972 051**	**24 510 676 161**	**3 714 194 140**	**1 678 950 440**	**43 829 398 240**

B- The Market Risk

- The Bank is exposed to the market risks, represented in the fluctuation of the fair value or the future cash flows ensuing of the change in the market prices. The market risk results of the open positions of the return rate, currency and the equity products, since each of them is exposed to the general and special market movements and the changes in the level of sensitivity to the market rates such as the return rates, the exchange rates and the prices of the equity instruments. The Bank classifies the extent of its exposure to the market risk into trading or non-trading portfolios.
- The trading portfolios include the positions ensuing of the Bank's direct transaction with customers or the market, while the non-trading portfolios are basically originated from managing the return rates of the assets and liabilities pertaining to the retail transactions. These portfolios include the risks of foreign currencies exchange and the equity instruments resulting of the investments held to maturity and the available for sale investments.

B/1 Methods of measuring the market risk

- Hereunder are the most important measurement methods used for controlling the market risks:

Value at Risk

- The Bank applies the method of "Value at Risk" both for the trading and non-trading portfolios in order to estimate the market risks of the outstanding positions and the maximum expected loss, based on a number of assumptions of the variable changes of the market circumstances. The Board of Directors sets limits to the (value at risk) acceptable by the Bank for both the trading and non-trading portfolios independently.

- The (Value at Risk) is a statistical expectation of the probable loss of the current portfolio resulting of the market reverse movements. It expresses the maximum value that the Bank may lose, yet through using a fixed confidence coefficient (98%). Accordingly, there is a (2%) statistical probability that the real loss is larger than the expected (value at risk). The (Value at Risk Model) assumes having fixed retention period (ten days) before closing the opened positions, with assuming that during this retention period, the market movement shall be the same as it was during the prior ten days. The Bank estimates the prior movement pursuant to the data of the previous five years and applies these historical changes in rates, prices and indicators directly to the current positions, and this is known to be the "Historical Simulation Method". Actual outputs are monitored on regular basis to measure the soundness of the assumptions and factors used for calculating the (Value at Risk).
- Adoption of this method doesn't however guarantee that the loss won't surpass these limits in case of larger market movements.
- Whereas the (value at risk) is considered a principal part of the system adopted by the Bank for controlling the market risk, the Board of Directors annually sets the limits of the (value at risk) of each trading and non-trading operation and divide them on the activity units. The real values at risk are compared to the limits laid down by the Bank.
- The quality of the (Value at Risk Model) is perpetually reviewed through testing the results of the value at risk of the trading portfolio and reporting the test results to the Top Management and the Board of Directors.

Stress Testing

- The "Stress Testing" gives an indicator to the volume of expected loss which may result of intense reverse circumstances. The stress testing is appropriately designed for the activity, using stereotype analyses of specific scenarios. The stress testing carried out by the (Risk Management) at the Bank comprises (risk factors stress testing), by means of applying a group of intense movements on each category of risk. It also comprises (developing markets stress testing), as these developing markets are exposed to intense movements and special stress testing including probable incidents influencing certain positions or areas, as for instance the consequences of liberating a certain currency at a certain area. The Top Management & the Board of Directors review the results of stress testing.

B/2 Summary of the (Value at Risk)

- Total value at risk as per the risk type

EGP

	31 December 2019			31 December 2018		
	Average	Higher	Less	Average	Higher	Less
Exchange rate risk	10 651 000	59 210 570	5 200 090	9 383 820	36 061 000	5 902 000
Return rate risk	--	--	--	--	--	--
Total value at risk	**10 651 000**	**59 210 570**	**5 200 090**	9 383 820	36 061 000	5 902 000

- Total value at risk of the trading portfolio according to the type of risk

EGP

	31 December 2019			31 December 2018		
	Average	Higher	Less	Average	Higher	Less
Exchange rates risk	--	--	--	--	--	--
Return rate risk	--	--	--	--	--	--
Total value at risk	**--**	**--**	**--**	--	--	--

- Total value at risk of the non-trading portfolio according to the type of risk

	31 December 2019			31 December 2018		
	Average	Higher	Less	Average	Higher	Less
Exchange rate risk	10 651 000	59 210 570	5 200 090	9 383 820	36 061 000	5 902 000
Interest rate risk	--	--	--	--	--	--
Total value at risk	**10 651 000**	**59 210 570**	**5 200 090**	9 383 820	36 061 000	5 902 000

EGP

The Bank isn't exposed to the return rate risk as it distributes variable return on its customers as per the quarterly achieved revenues and returns.
The increase in the value at risk, particularly the return rate, is linked to the increase of the return rate sensitivity at the world financial markets.
The three previous results of the value at risk have been calculated independently for the concerned positions and the markets' historical movements. The total value at risk of the trading and non-trading portfolios doesn't represent the Bank's value at risk due to the relationship between the types of risk and the types of portfolios and the subsequent variable influences.

B/3 Risk of Fluctuation of Foreign Currencies Exchange Rates

- The Bank is exposed to the risk of fluctuation of the foreign currencies exchange rates on the financial position and cash flows. The Board of Directors has set limits for foreign currencies at the total value for each position by the end of the day and also during the day as they are instantly monitored. The following table briefs the extent of the Bank's exposure to the risk of foreign currencies exchange rates fluctuation by the end of the reported period. The table reveals the book value of the financial instruments distributed on the currencies thereof:

Equivalent in EGP

31 December 2019	Egyptian Pounds	US Dollars	European Euro	Sterling Pounds	Other Currencies	Total
Financial Assets						
Cash & balances with the Central Bank of Egypt	6 231 395 657	135 440 702	50 678 630	3 893 055	8 759 386	6 430 167 430
Balances with banks	22 291 915 233	1 026 527 668	24 763 207	12 147 423	231 253 815	23 586 607 346
Government securities	4 651 100 000	2 534 557 000	326 876 950	--	--	7 512 533 950
Financial assets at the fair value through profits & losses	43 888 548	--	--	--	--	43 888 548
Investments with banks	--	2 218 539 450	--	36 051 730	45 308 101	2 299 899 281
Murabaha, Mudaraba & Musharaka for customers	16 887 184 512	2 535 355 784	78 997 403	--	--	19 501 537 699
Financial Investments						
Financial assets at the fair value through comprehensive income	43 665 704	--	94 977 619	--	12 071 872	150 715 195
Financial assets at amortized cost	10 341 477 690	3 374 692 897	343 196 428	--	--	14 059 367 015
Total financial assets	**60 490 627 344**	**11 825 113 501**	**919 490 237**	**52 092 208**	**297 393 174**	**73 584 716 464**
Financial Liabilities						
Balances due to banks	218 709 015	754 436 535	295 598 569	--	872 759	1 269 616 878
Deposits to customers	53 828 676 038	9 651 106 669	553 793 745	54 038 569	79 711 701	64 167 326 722
Other finances	10 808 407	1 042 697 500	--	--	--	1 053 505 907
Total financial liabilities	**54 058 193 460**	**11 448 240 704**	**849 392 314**	**54 038 569**	**80 584 460**	**66 490 449 507**
Net financial position	**6 432 433 884**	**376 872 797**	**70 097 923**	**(1 946 361)**	**216 808 714**	**7 094 266 957**
31 December 2018						
Total Financial Assets	48 970 841 241	13 516 260 063	964 043 627	48 038 752	170 686 479	63 669 870 162
Total financial liabilities	42 890 294 408	13 160 305 710	902 639 673	46 294 330	161 692 017	57 161 226 138
Net financial position	**6 080 546 833**	**355 954 353**	**61 403 954**	**1 744 422**	**8 994 462**	**6 508 644 024**

B/4 Return Rate Risk

- The Bank is exposed to the influences of fluctuations in the levels of the return rates prevailing at the market, which is the risk of cash flows of the return rate, represented in the fluctuation of the future cash flows of the financial instrument due to the changes in the instrument return rate, and the risk of the fair value of the return rate which is the risk of fluctuation of the financial instrument value due to the change in the return rates at the market. The return margin may increase due to these changes. Yet, profits may decrease in case of the occurrence of unexpected movements. The Board of Directors sets limits to the level of differences in re-pricing the return which the Bank may retain. The following table briefs the extent of the Bank's exposure to the risk of return rate fluctuation. It includes the book value of the financial instruments distributed on basis of the earlier of the re-pricing or maturity dates.

EGP

31 December, 2019	Up to one month	More than a month to three months	More than three months to one year	More than a year up to five years	More than five years	Without return	Total
Financial Assets							
Cash & balances with the Central Bank of Egypt	--	--	--	--	--	6 430 167 430	6 430 167 430
Balances with banks	10 255 000 000	11 826 527 668	1 200 000 000	--	--	305 079 678	23 586 607 346
Government securities	--	1 333 653 850	6 178 880 100	--	--	--	7 512 533 950
Financial assets at the fair value through profits & losses	--	--	--	--	--	43 888 548	43 888 548
Investments with banks	1 191 094 260	964 431 521	144 373 500	--	--	--	2 299 899 281
Murabaha, Mudaraba & Musharaka for customers	9 408 947 772	1 494 647 541	4 004 954 413	3 482 621 480	1 110 366 493	--	19 501 537 699
Financial Investments							
Financial assets at the fair value through comprehensive income	--	--	--	--	94 977 619	55 737 576	150 715 195
Financial assets at amortized cost	--	194 923 259	1 471 683 576	7 261 422 496	4 131 337 684	--	14 059 367 015
Total financial assets	**20 855 042 032**	**15 814 183 839**	**12 999 891 589**	**11 744 043 976**	**5 336 681 796**	**6 834 873 232**	**73 584 716 464**
Financial Liabilities							
Balances due to banks	1 034 155 778	--	180 595 000	--	--	54 866 100	1 269 616 878
Deposits to customers	23 966 383 833	34 521 866 650	--	--	--	5 679 076 239	64 167 326 722
Other finances	--	10 808 407	--	--	1 042 697 500	--	1 053 505 907
Total financial liabilities	**25 000 539 611**	**34 532 675 057**	**180 595 000**	**--**	**1 042 697 500**	**5 733 942 339**	**66 490 449 507**
Re-pricing Gap	**(4 145 497 579)**	**(18 718 491 218)**	**12 819 296 589**	**11 744 043 976**	**4 293 984 296**	**1 100 930 893**	**7 094 266 957**
31 December, 2018							
Total Financial Assets	23 335 047 473	6 214 650 836	13 523 183 886	10 417 658 934	4 409 103 057	5 770 225 976	63 669 870 162
Total financial liabilities	24 974 102 802	23 962 758 886	--	--	1 164 384 000	7 059 980 450	57 161 226 138
Re-pricing Gap	**(1 639 055 329)**	**(17 748 108 050)**	**13 523 183 886**	**10 417 658 934**	**3 244 719 057**	**(1 289 754 474)**	**6 508 644 024**

C- Risk of Liquidity

The risk of liquidity is the risk of the Bank's exposure to difficulties in fulfilling its commitments related to its financial liabilities upon maturity and redeeming the withdrawn amounts. This may result in the failure to fulfill the liabilities pertaining to payment to depositors and the lending commitments.

Management of Liquidity Risks

The liquidity risk management operations, adopted by the (Liquidity Risks Department) at the Bank, comprise the following:

- Management of daily finance through controlling the future cash flows to ascertain the possibility of fulfilling all requirements. This includes redeeming money upon maturity or upon lending to customers. The Bank exists at the global stock markets to assure the realization of this target.
- Maintaining a portfolio of highly marketable assets that can be easily liquidated for facing any unexpected disturbances in the cash flows
- Monitoring liquidity percentages in comparison to the Bank's internal requirements and those of the Central Bank of Egypt.
- Managing concentrations and stating facilities maturities

For purposes of control and reporting, the cash flows of the following day, week and month, which are the principal periods for managing liquidity, are measured and forecasted. The starting point of these forecasts is represented in analyzing contractual maturities of the financial liabilities and the dates of expected collections of the financial assets.

The (Liquidity Risk Department) also controls inconsistency between the medium-term assets, the level and type of the unused part of the commitments of (Murabaha, Musharaka & Mudaraba), the extent of utilizing the facilities of the debit current accounts and the influence of contingent liabilities such as letters of guarantee and documentary credits.

Finance Methodology

The liquidity sources are reviewed by an independent team at the (Liquidity Risk Department) at the Bank for providing ample diversity of currencies, geographical areas, resources, products and terms.

Non-Derivative Cash Flows:

The following table represents the cash flows paid by the Bank using the non-derivative financial liabilities method, distributed on basis of the remaining period of contractual maturities on the date of reporting. The amounts displayed in the table represent the undiscounted contractual cash flows, while the Bank manages the risk of liquidity on basis of the expected undiscounted cash flows and not the contractual ones.

31 December, 2019						EGP
	Up to one month	More than a month to three months	More than three months to one year	More than a year up to five years	More than five years	Total
Financial Liabilities						
Balances due to banks	1 089 021 878	--	180 595 000	--	--	1 269 616 878
Deposits to customers	16 470 174 715	9 014 577 585	17 840 790 821	11 312 204 551	9 529 579 050	64 167 326 722
Other funding	--	--	--	10 808 407	1 042 697 500	1 053 505 907
Total financial liabilities	**17 559 196 593**	**9 014 577 585**	**18 021 385 821**	**11 323 012 958**	**10 572 276 550**	**66 490 449 507**
Total financial assets	**35 673 312 355**	**14 592 732 911**	**11 621 476 825**	**10 542 939 332**	**1 154 255 041**	**73 584 716 464**

31 December 2018						EGP
	Up to one month	More than a month to three months	More than three months to one year	More than a year up to five years	More than five years	Total
Financial Liabilities						
Balances due to banks	1 405 932 887	90 998 822	--	--	--	1 496 931 709
Deposits to customers	14 073 336 434	7 777 977 199	15 361 527 438	9 353 589 977	7 918 969 820	54 485 400 868
Other funding	--	--	--	14 509 561	1 164 384 000	1 178 893 561
Total financial liabilities	**15 479 269 321**	**7 868 976 021**	**15 361 527 438**	**9 368 099 538**	**9 083 353 820**	**57 161 226 138**
Total financial assets	**30 655 993 149**	**6 648 381 593**	**16 484 479 031**	**8 598 456 616**	**1 282 559 773**	**63 669 870 162**

The available assets for facing all liabilities and for hedging the commitments related to (Murabaha, Musharaka & Mudaraba) include cash, balances with central banks, balances with banks, government securities, Murabaha, Musharaka & Mudaraba to banks and customers. The term of a percentage of the (Murabaha, Musharaka & Mudaraba) to customers, falling due within a year, is extended during the ordinary course of the Bank business. Besides, some debt instruments and government securities are mortgaged to guarantee liabilities. The Bank is capable of facing the net unexpected cash flows through selling securities and creating other sources of finance.

Off Balance Sheet Items (Total amounts)

31 December 2019				EGP
	Not more than 1 year	More than 1 year& less than 5 years	More than 5 years	Total
Acceptances	459 940 967	--	--	459 940 967
Letters of guarantee	2 685 660 020	242 105 060	2 803 993	2 930 569 073
Import letters of credit	633 634 144	--	--	633 634 144
Export letters of credit	95 878 388	--	--	95 878 388
Capital commitments	28 180 419	--	--	28 180 419
Total	**3 903 293 938**	**242 105 060**	**2 803 993**	**4 148 202 991**

31 December 2018				EGP
	Not more than 1 year	More than 1 year& less than 5 years	More than 5 years	Total
Acceptances	276 645 181	--	--	276 645 181
Letters of guarantee	2 784 934 567	251 791 867	1 008 761	3 037 735 195
Import letters of credit	753 076 615	--	--	753 076 615
Export letters of credit	--	--	--	--
Capital commitments	25 187 932	--	--	25 187 932
Total	**3 839 844 295**	**251 791 867**	**1 008 761**	**4 092 644 923**

In the light of the strategy of the Central Bank of Egypt for applying the best international practices in the field of banking supervision, and in particular "Basel Committee" requirements, the Central Bank issued instructions concerning the liquidity risks management, including the Liquidity Coverage Ratio LCR and the Net Stable financing Ratio.

First: The LCR – Liquidity Coverage Ratio

(With a minimum of 70% for the year 2016, 80% for 2017, 90% for 2018 and 100% for 2019)

The liquidity coverage ratio consists of:

	EGP'000	EGP'000
	31 December 2019	31 December 2018
Numerator ratio: High quality liquidated assets	23 552 504	24 846 466
Denominator ratio: Net cash outflows during 30 days	6 016 056	1 999 558
Liquidity Coverage Ratio LCR	**391.5%**	**1242.6%**

Second: The Net Stable Financing Ratio NSFR (With a minimum of 100%)

The net stable finances ratio consists of:

	EGP'000	EGP'000
	31 December 2019	31 December 2018
Numerator ratio: value of available stable financing	48 223 898	43 314 003
Denominator ratio: value of required stable financing	13 636 970	14 475 877
Net stable Financing ratio NSFR	**353.6%**	**299.2%**

D- Fair Value of Financial Assets & Liabilities

D/1 Financial instruments measured at the fair value using assessment methods

- None of the financial assets and liabilities have been assessed using the assessment methods during the financial period ending as at the date of reporting.

D/2 Financial instruments not measured at the fair value

- The following table briefs the current and fair values of the financial assets and liabilities which have not been reported in the Bank's balance sheet at the fair value:

EGP

	Book Value		Fair Value	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Financial Assets				
Balances with banks	**23 585 450 072**	14 931 219 867	**23 973 368 950**	15 126 763 513
Investments with banks	**2 293 669 207**	3 481 593 377	**2 307 101 944**	3 501 133 567
Murabaha, Mudarabah & Musharaka to customers				
Individuals	**1 427 539 645**	1 356 615 632	**1 427 539 645**	1 356 615 632
Corporates	**15 365 958 123**	14 389 540 528	**15 365 958 123**	14 389 540 528
Financial Investments				
At amortized cost	**14 031 173 222**	11 124 941 625	**14 647 117 583**	10 775 040 175
Financial Liabilities				
Balances due to banks	**1 269 616 878**	1 496 931 709	**1 272 091 282**	1 507 058 193
Customers' deposits	**64 167 326 722**	54 485 400 868	**65 309 954 711**	55 605 181 791
Other finances	**1 053 505 907**	1 178 893 561	**1 075 264 465**	1 200 397 143

Balances with banks

The value of deposits and overnight deposits of variable return represents the current value thereof. The expected fair value of the deposits bearing variable return is estimated pursuant to the discounted cash flows using the return rate prevailing at the financial markets for debts with similar credit risks and value date.

Investment with Banks

The "Investment with Banks" is represented in facilities other than deposits with banks. The expected fair value of the investment with banks represents the discounted value of future cash flows expected to be collected. The cash flows are discounted using the return rate prevailing at the market so as to determine the fair value.

"Murabaha, Musharaka & Mudarabah" for Customers:

Represents the net "Murabaha, Musharaka & Mudaraba" after discounting the impairment losses provision - The expected fair value of "Murabaha, Musharaka & Mudaraba" to customers represents the discounted value of the future cash flows expected to be collected. The cash flows are discounted using the return rate prevailing at the market for determining the fair value.

Investments in Securities

In the previous table, the investments in securities comprise only the return-earning assets held to maturity, as the assets available for sale are evaluated at the fair value, except for the equity instruments which the Bank can't reliably assess their value. The fair value of the financial assets held to maturity is determined according to the market rates or those obtained from brokers. If such data is not available, the fair value is assessed using the financial market rates for the traded securities having similar credit characteristics, value dates and rates.

Dues to other Banks & Customers

The fair value estimated for the deposits having indefinite value dates, including non-return-bearing deposits, represents the amount to be paid on demand.

The fair value of the deposits bearing fixed return and other finances which are not traded in active markets is determined according to the discounted cash flows, using the return rate on the new debts having similar value dates.

E- Capital Management

The Bank's goals upon capital management, comprising elements other than the shareholders' equity reported in the balance sheet, are represented in the following:

- Compliance to the capital legal requirements in the Arab Republic of Egypt & in the Countries where the Bank branches operate
- Sustainability of the Bank's business and enabling it to continue generating the shareholders and customers revenue
- Maintaining a strong capital base supporting growth of its activity

The capital adequacy ratio and utilizations are daily reviewed by the Bank Management pursuant to the requirements of the regulatory authority (The Central Bank of Egypt in the Arab Republic of Egypt), through models relying on the guidelines of (Basel Committee on Banking Supervision). The required particulars are prepared and submitted to the Central Bank of Egypt on quarterly basis.

The Central Bank of Egypt requires that the Bank:

- Retains the amount of 500 million Egyptian Pounds as a minimum issued and paid up capital
- Retains a certain ratio between the capital elements and the risk-weighted assets and contingent liabilities, equal to or exceeding 10%

The Bank branches operating abroad are subject to the supervisory regulations organizing banking business in the countries where they conduct their business.

The numerator of the capital adequacy ratio consists of the two following tiers:

Tier 1: Tier 1 consists of two parts: The core capital & the additional core capital.

Tier 2: The subordinated capital, consisting of:

- 45% of the value of the reserve of positive foreign currencies translation differences
- 45% of the value of the special reserve
- 45% of the increase in the fair value to the book value of financial investments (if positive)
- 45% of the balance of the reserve of the fair value of the "Available-for-sale" financial investments
- 45% of the increase in the fair value to the book value of the held-to-maturity financial investments
- 45% of the increase in the fair value to the book value of the financial investments in sister companies & subsidiaries
- Loans (subordinated deposits, with depreciating 20% of their value over each of the last five years of their terms)
- Reserve of the impairment losses of regular loans, facilities and contingent liabilities of a maximum of 1.25% of the credit risks of risk-weighted regular assets and contingent liabilities

The denominator of the "capital adequacy ratio" consists of the following:

- Credit risks
- Market risks
- Operating risks

The risk-weighted assets range from zero to 200%, classified according to the nature of the debtor of each asset so as to reflect the related credit risks, taking cash collaterals into consideration. The off-balance sheet amounts shall be handled the same way, after carrying out modifications so as to reflect the contingent nature and the given losses concerning these amounts. The Bank has always been committed to all local capital requirements. The following table briefs the calculation of the capital adequacy ratio according to "Basel Committee" requirements by the end of the financial period.

Capital	31 December 2019 EGP '000	31 December 2018 EGP '000
Tier 1		
Sustained Core Capital		
Issued & Paid up capital	1 546 447	1 405 862
Reserves	982 356	460 358
General risks reserve	214 926	---
Reserve of the IFRS9 Risks	---	237 166
Retained earnings	888 012	849 796
Total Core Capital	**3 631 741**	**2 953 182**
Additional Core Capital	--	--
Differences of nominal value to current value of subordinated finance	--	--
Total deductions of the sustained core capital	(191 916)	(59 521)
Total of Tier 1 after deductions	**3 439 825**	**2 893 661**
Tier 2		
45% of the special reserve value	--	--
45% of the increase of fair value to book value of financial investments	--	18 963
Subordinated finances by the Principal Investor/ Subordinated deposits	1 042 698	1 164 384
Impairment losses reserve for regular contingent liabilities, facilities & loans	91 842	287 700
Total of Tier 2	**1 134 540**	**1 471 047**
Total capital	**4 574 365**	**4 364 708**
Total credit, market & operating risk-weighted contingent liabilities and assets	26 221 846	27 413 232
Capital adequacy ratio (%)	**17.44%**	**15.92%**

The "capital adequacy ratio" has been added pursuant to the instructions dispatched to the Central Bank of Egypt.

Within the framework of its endeavor to apply the best international practices in the field of banking supervisory regulations, the Central Bank of Egypt issued its instructions for the measurement of the adequacy of "Tier 1" of the capital base, in comparison to the total risk-weighted assets (the financial leverage), committing banks to the minimum ratio of 3% on quarterly basis, as follows:

- As a guiding ratio as of the end of September 2015 up to 2017
- As a mandatory ratio as of 2018

The financial leverage numerator & denominator consist of the following:

Numerator's components:

The ratio numerator consists of "Tier 1" of the capital (after deductions) used in the numerator of the currently applied "capital adequacy ratio" pursuant to the instructions of the Central Bank of Egypt.

Denominator's components:

The ratio denominator consists of all the Bank's reported and off balance sheet assets, called "The Bank's Exposures", comprising the total of:

- Exposure of the "balance sheet" items after deducting some of the written off items of the first tier of the capital base
- Exposures resulting of the derivatives contracts
- Exposures resulting of securitization
- Off-balance sheet exposures

	31 December 2019	31 December 2018
	EGP'000	EGP'000
First: Numerator Ratio		
Total Core Capital	**3 439 825**	**2 893 661**
Second: Denominator Ratio		
Total reported exposure	68 929 023	62 463 675
Total off balance sheet exposure	2 547 582	2 213 819
Total reported & off balance sheet exposure	**71 476 605**	**64 677 494**
Financial leverage ratio (%)	**4.81%**	**4.47%**

4- Important Accounting Estimates & Assumptions

The Bank uses estimates and assumptions that influence the assets and liabilities amounts, which are disclosed during the following financial years. The estimates and assumptions are perpetually evaluated on basis of historical experience and such other factors, including the future events expectations thought to be reasonable in the light of available circumstances and information.

A- Impairment Losses of "Murabaha, Musharaka & Mudaraba" (Expected losses)

The Bank reviews the "Murabaha, Musharaka & Mudaraba" portfolio to evaluate impairment on quarterly basis as a minimum. It depends on personal judgement upon deciding whether or not the impairment burden is to be reported in the Income Statement, so as to realize if there is any reliable information indicating a measurable decrease in the expected future cash flows of the "Murabaha, Musharaka & Mudaraba" portfolio, before recognizing the decrease over each "Murabaha, Musharakah & Mudarabah" in this portfolio. Evidences may comprise the existence of any particulars indicating any negative change in the ability of the borrowers' portfolio to settle the Bank's entitlements, or any local or economic circumstances related to default in the bank's assets. Upon scheduling the future cash flows, the Management uses estimates based on its previous experiences regarding the losses of assets having similar credit risk characteristics to those included in the portfolio. The manner and assumptions used for estimating every amount and the timing of the future cash flows are regularly reviewed so as to extenuate any differences between estimated and real loss based on experience.

B- Debt Instruments at Amortized Cost

The non-derivative financial assets, having fixed payments and value dates, or which are liable to be determined, are classified as debt instruments at the amortized cost, within the business model of the financial assets retained for collecting contractual cash flows.

If the investments classification as debt instruments at the amortized cost is suspended, the book value shall be increased in the amount of 615 944 361, so as to reach the fair value, by means of reporting a contra entry in the "fair value reserve" in the comprehensive income statement.

C- Income Taxes

On the occasion of issuing the Income Tax Law number 91/2005 and its Executive Regulations, the income tax on the net taxable profits shall be calculated according to the tax return issued in compliance with the Law, using the tax rates prevailing upon preparing the financial statements, to be charged to the Income Statement.

(5) Sector Reports

A- Sector Analysis of Activities

The sector activity comprises the operating processes and the assets used for providing banking services and managing the risks pertaining to them as well as the return on this activity which may differ from other activities. The operating sector analysis of banking business comprises:

- The Bank's Head Office
- Cairo Governorate Branches
- Giza Governorate Branches
- Alexandria Governorate Branches
- Other Governorates Branches

31 December 2019						EGP
	Bank Head Office	Cairo Governorate Branches	Giza Governorate Branches	Alexandria Governorate Branches	Other Governorates Branches	Total
Revenues & expenses according to sector activity						
Sector activity revenues	6 111 801 231	5 121 409 266	1 406 772 214	767 799 692	769 072 891	14 176 855 294
Sector activity expenses	(6 328 137 633)	(4 145 847 349)	(1 021 423 941)	(558 632 072)	(602 307 712)	(12 656 348 707)
Profit before taxation	(216 336 402)	975 561 917	385 348 273	209 167 620	166 765 179	1 520 506 587
Tax	(449 714 097)	--	--	--	--	(449 714 097)
Profit after taxation	**(666 050 499)**	**975 561 917**	**385 348 273**	**209 167 620**	**166 765 179**	**1 070 792 490**
Assets & liabilities according to the sector activity						
Total assets of sector activity	5 126 227 687	43 504 421 435	11 609 047 875	6 252 306 157	6 026 109 658	72 518 112 812
Total liabilities of sector activity	1 033 652 394	43 504 421 435	11 609 047 875	6 252 306 157	6 026 109 658	68 425 537 519
Other items of the sector activity						
Capital expenses	42 799 227					
Depreciation	52 858 198					
(Burden) of credit losses impairment	(247 025 105)					

31 December 2018						EGP
	Head office	Cairo Governorate Branches	Giza Governorate Branches	Alexandria Governorate Branches	Other Governorates Branches	Total
Revenues & expenses according to sector activity						
Sector activity revenues	4 940 570 359	4 395 961 019	1 386 070 695	599 526 667	730 115 822	12 052 244 562
Sector activity expenses	(5 409 925 841)	(3 371 979 708)	(954 361 919)	(410 002 004)	(491 464 980)	(10 637 734 452)
Profit before taxation	(469 355 482)	1 023 981 311	431 708 776	189 524 663	238 650 842	1 414 510 110
Tax	(410 872 605)	--	--	--	--	(410 872 605)
Profit after taxation	**(880 228 087)**	**1 023 981 311**	**431 708 776**	**189 524 663**	**238 650 842**	**1 003 637 505**
Assets & liabilities according to the sector activity						
Total assets of sector activity	4 252 806 087	36 312 061 424	11 554 681 236	4 959 242 005	5 393 458 057	62 472 248 809
Total liabilities of sector activity	820 150 222	36 312 061 424	11 554 681 236	4 959 242 005	5 393 458 057	59 039 592 944
Other items of the sector activity						
Capital expenses	20 369 627					
Depreciation	36 456 170					
(Burden) of credit losses impairment	(337 476 443)					

(5) Sector Reports

(A) Geographical Sectors Analysis

31 December 2019				EGP
	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total
Revenues & expenses according to geographical sectors				
Geographical sectors revenues	13 056 411 128	1 120 444 166	--	14 176 855 294
Geographical sectors expenses	(11 823 898 593)	(832 450 114)	--	(12 656 348 707)
Profit before taxation	1 232 512 535	287 994 052	---	1 520 506 587
Tax	(449 714 097)	---	---	(449 714 097)
Profit after taxation	**782 798 438**	**287 994 052**	--	**1 070 792 490**
Assets & liabilities according to geographical sectors				
Total geographical sectors assets	63 564 244 635	8 953 868 177	--	72 518 112 812
Total geographical sectors liabilities	59 471 669 342	8 953 868 177	--	68 425 537 519
Other items of geographical sectors				
Capital expenses	42 799 227			
Depreciation	52 858 198			
(Burden) of credit losses impairment	(247 025 105)			

31 December 2018				EGP
	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total
Revenues & expenses according to geographical sectors				
Geographical sectors revenues	11 093 269 742	958 974 820	--	12 052 244 562
Geographical sectors expenses	(9 987 232 646)	(650 501 806)	--	(10 637 734 452)
Profit before taxation	1 106 037 096	308 473 014	--	1 414 510 110
Tax	(410 872 605)	--	--	(410 872 605)
Profit after taxation	**695 164 491**	**308 473 014**	--	**1 003 637 505**
Assets & liabilities according to geographical sectors				
Total geographical sectors assets	55 061 514 807	7 410 734 002	--	62 472 248 809
Total geographical sectors liabilities	51 628 858 942	7 410 734 002	--	59 039 592 944
Other items of geographical sectors				
Capital expenses	20 369 627			
Depreciation	36 456 170			
(Burden) of credit losses impairment	(337 476 443)			

(6) Net Return Income

	31 December 2019	31 December 2018
	EGP	EGP
Return on "Murabaha, Musharaka, Mudaraba & such similar revenues of murabaha, mudaraba & musharaka:		
To banks	3 058 467 791	2 274 417 524
To customers	2 529 477 220	2 404 893 759
	5 587 945 011	4 679 311 283
Government securities	833 951 242	837 903 619
Investments in debt instruments at amortized cost	1 689 897 608	1 442 900 585
	8 111 793 861	6 960 115 487
Cost of deposits and similar costs of deposits & current accounts:		
To banks	(52 786 381)	(78 075 775)
To customers	(6 097 187 583)	(4 930 143 655)
	(6 149 973 964)	(5 008 219 430)
Other finances	(65 332 111)	(66 896 299)
	(6 215 306 075)	(5 075 115 729)
Net	**1 896 487 786**	**1 884 999 758**

The Bank keeps debt instruments to cover the percentage of liquidity of customers' balances according to the requirements of the competent authorities, and we usually recommend depositors to take this into consideration with regard to the returns of such instruments, taking into account that the "purification percentage" of the returns of such instruments is 21%.

(7) Net Fees & Commissions Income

	31 December 2019	31 December 2018
	EGP	EGP
Fees and commissions revenues		
Fees & commissions pertaining to credit	**128 985 552**	126 270 253
Fees of corporates financing services	**22 676**	326 726
Custody fees	**795 887**	525 696
Other fees	**158 316 756**	160 854 722
	288 120 871	287 977 397
Fees & Commissions Expenses		
Other paid up fees	**(16 113 072)**	(16 552 541)
	(16 113 072)	(16 552 541)
Net	**272 007 799**	**271 424 856**

(8)Profit Distributions

	31 December 2019	31 December 2018
	EGP	EGP
Equity instruments at the fair value through the comprehensive income	**7 774 139**	5 548 671
Investment Funds Documents	**119 218**	797 734
	7 893 357	**6 346 405**

(9) Net Trading Income

	31 December 2019	31 December 2018
Foreign currency operations		
Profits of dealing in foreign currencies	**95 268 855**	73 391 038
Total	**95 268 855**	**73 391 038**

(10) Administrative Expenses

	31 December 2019	31 December 2018
	EGP	EGP
Personnel costs		
Wages & salaries	**(250 016 824)**	(231 453 374)
Social Insurance	**(9 933 892)**	(7 798 266)
	(259 950 716)	(239 251 640)
Other administrative expenses	**(310 431 659)**	(246 244 825)
	(570 382 375)	**(485 496 465)**

The monthly average of the net salaries, remunerations and monthly profits received by the top twenty personnel at the Bank jointly during 2019, after taxes and insurance deductions, amounts to 2 378 942 Egyptian Pounds, against 1 939 233 Egyptian Pounds during 2018.

(11) Other Operating Revenues (expenses)

	31 December 2019	31 December 2018
	EGP	EGP
(Losses) of evaluation of the balances of cash assets and liabilities in foreign currencies, other than those held for trading or those classified upon institution at the fair value through profits & losses	**(21 068 027)**	110 340
Profits of selling fixed assets	**--**	1 817 115
(Burden) of operating lease	**(4 198 151)**	(3 336 201)
(Burden) other provisions – lawsuits & taxes	**(3 118 349)**	(1 970 117)
Reversal (burden) of other provisions– contingent liabilities	**33 621 664**	(1 238 072)
Others*	**72 247 130**	4 019 699
	77 484 267	**(597 236)**

* During the financial year ending as at December 31, 2019, the item "Others" includes the amount of 70.9 million pounds, representing the profits of selling the building owned by the Bank at 60 Mohei Eldin Abu El Ezz Street.

(12) (Burden) of Expected Credit Loss Impairment

	31 December 2019	31 December 2018
	EGP	EGP
"Murabaha, Musharaka & Mudaraba" for Customers	**(200 783 266)**	(335 693 134)
Reserve of customers' foreign deposits with the Central Bank of Egypt	**(1 157 274)**	--
Government securities	**(22 332 794)**	--
Investment with banks	**(3 021 591)**	--
Financial assets at the fair value through the comprehensive income – treasury bonds	**(883 815)**	--
Financial assets at amortized cost – treasury bonds	**(18 721 716)**	--
Accrued revenues	**(124 649)**	--
"Held-to-Maturity" Financial Investments – investment funds documents	**----**	(1 783 309)
	(247 025 105)	(337 476 443)

(13) Income Tax (Expenses)

	31 December 2019	31 December 2018
	EGP	EGP
Current taxes	**(449 564 999)**	(411 538 476)
Deferred taxes	**(149 098)**	665 871
	(449 714 097)	(410 872 605)

(14) Earnings per share

	31 December 2019	31 December 2018
	EGP	EGP
Net Profit distributable on the Bank's shareholders	**907 837 585**	871 574 505
Weighted average of the number of shares	**220 921 033**	220 921 033
	4.11	3.95

(15) Cash & balances with the Central Bank of Egypt

	31 December 2019	31 December 2018
	EGP	EGP
Cash	453 823 630	534 157 443
Balances with the Central Bank of Egypt within the limits of required reserve ratio	5 976 343 800	4 281 899 721
	6 430 167 430	4 816 057 164
Balances without returns	6 430 167 430	4 816 057 164
	6 430 167 430	4 816 057 164

(16) Balances with Banks

	31 December 2019	31 December 2018
	EGP	EGP
Current accounts	**305 079 678**	860 973 921
Deposits	**23 281 527 668**	14 070 245 946
Less: provision of expected credit losses	**(1 157 274)**	--
	23 585 450 072	14 931 219 867
Central Bank of Egypt, other than the required reserve ratio	**23 280 370 394**	14 070 245 946
Local banks	**81 595 992**	99 620 530
Foreign banks	**223 483 686**	761 353 391
	23 585 450 072	14 931 219 867
Balances without return	**305 079 678**	860 973 921
Return -bearing balances	**23 280 370 394**	14 070 245 946
	23 585 450 072	14 931 219 867
Current balances	**23 585 450 072**	14 931 219 867
	23 585 450 072	14 931 219 867

Provision of Expected Credit Losses ECL		
Opening balance	**--**	--
Settlements of opening balance	**--**	--
Opening balance after settlements	**--**	--
Impairment burden during the year	**1 157 274**	--
Closing balance	**1 157 274**	--

(17) Government Securities

	31 December 2019	31 December 2018
	EGP	EGP
Treasury bills due 91-day	**--**	--
Treasury bills due 182-day	**--**	300 000 000
Treasury bills due 273-day	**1 400 000 000**	3 200 000 000
Treasury bills due 364-day	**3 251 100 000**	4 200 000 000
US$ treasury bills due 364-day	**2 534 557 000**	2 896 629 120
European Euro treasury bills due 364-day	**326 876 950**	452 267 200
	7 512 533 950	11 048 896 320
Returns haven't yet fallen due	**(373 093 362)**	(571 236 901)
Less: Provision of expected credit losses	**(29 964 552)**	--
	7 109 476 036	10 477 659 419

The Bank keeps debt instruments to cover the percentage of liquidity of customers' balances according to the requirements of the competent authorities, and we usually recommend depositors to take this into consideration with regard to the returns of such instruments, taking into account that the "purification percentage" of the returns of such instruments is 21%.

Provision of Expected Credit Losses (ECL)

	31 December 2019	31 December 2018
	EGP	EGP
Opening balance	--	--
Settlements of opening balance	7 631 758	--
Opening balance after settlements	7 631 758	--
Impairment burden during the year	22 332 794	--
Closing balance	29 964 552	--

(18) Investments with Banks*

	31 December 2019	31 December 2018
	EGP	EGP
Investments with banks	2 299 899 281	3 481 593 377
Less: Provision of expected credit losses	(6 230 074)	---
	2 293 669 207	3 481 593 377
Current Balances	2 293 669 207	3 452 931 617
Non-current Balances	--	28 661 760
	2 293 669 207	3 481 593 377

Provision of Expected Credit Losses (ECL)

	31 December 2019	31 December 2018
	EGP	EGP
Opening balance	--	--
Settlements of opening balance	3 208 483	--
Opening balance after settlements	3 208 483	--
Impairment burden during the year	3 021 591	--
Closing balance	6 230 074	--

* Representing “commodity murabaha” with local and correspondent banks in foreign currencies.

Including the amount of 157 206 700 Egyptian Pounds, representing investment operations with (Al Baraka Banking Group) – the Principal Shareholder at the Bank – (against 175 553 280 Egyptian Pounds as at 31 December 2018). The return of these operations during the year amounted to 3 767 382 Egyptian Pounds (against 3 263 938 Egyptian Pounds during the previous year).

(19) "Murabaha, Mudaraba & Musharaka" to Customers

	31 December 2019	31 December 2018
Individuals	EGP	EGP
Debit current accounts	--	--
Credit cards	23 497 716	18 922 789
Personal "Murabaha, Musharaka & Mudaraba"	1 385 896 008	1 289 798 046
Real estate "Murabaha, Musharaka & Mudaraba"	403 103 267	370 229 605
Total (1)	1 812 496 991	**1 678 950 440**
Corporates		
Debit current accounts	--	--
Direct "Murabaha, Musharaka & Mudaraba"	14 050 265 835	13 025 975 038
Joint "Murabaha, Musharaka & Mudaraba"	3 618 005 994	3 450 661 151
Other "Murabaha, Musharaka & Mudaraba"	20 768 879	18 380 289
Total (2)	**17 689 040 708**	**16 495 016 478**
Total "Murabaha, Musharaka & Mudaraba" to customers (1+2)	19 501 537 699	18 173 966 918
Less: Outstanding Revenues	(1 228 695 486)	(1 162 908 972)
Less: Expected credit loss provision	(1 479 344 445)	(1 264 901 786)
Net	16 793 497 768	**15 746 156 160**
Current balances	10 566 775 296	10 178 524 959
Non-current balances	6 226 722 472	5 567 631 201
	16 793 497 768	**15 746 156 160**

Expected Credit Loss Provision ECL

Analysis of the movement of the impairment loss provision of the "Murabaha, Musharaka & Mudaraba" to customers, per the type of each of them:

31 December 2019	Individuals				EGP
	Debit current accounts	Credit cards	Personal "Murabaha, Musharaka & Mudaraba"	Real estate "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2019	**--**	**145 977**	**12 632 726**	**2 883 200**	**15 661 903**
Opening balance settlements	--	114 159	21 994 686	26 311 297	48 420 142
Balance as at Jan. 1, 2019 after settlements	--	260 136	34 627 412	29 194 497	64 082 045
Impairment (reversal) burden	--	102 661	(5 410 395)	(1 435 842)	(6 743 576)
Written off amounts	--	(103 868)	(136 134)	(24 299)	(264 301)
Recovered amounts	--	11 430	--	--	11 430
Balance as at 31 December 2019 (A)	**--**	**270 359**	**29 080 883**	**27 734 356**	**57 085 598**

31 December 2019			Corporates		EGP
	Debit current accounts	Direct "Murabaha, Musharaka & Mudaraba"	Joint "Murabaha, Musharaka & Mudaraba"	Other "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2019	--	900 431 399	347 077 207	1 731 277	1 249 239 883
Opening balance settlements	--	95 301 762	(93 191 644)	(479 046)	1 631 072
Balance as at Jan. 1, 2019 after settlements	**--**	**995 733 161**	**253 885 563**	**1 252 231**	**1 250 870 955**
Impairment burden	--	134 086 603	71 931 579	1 508 660	207 526 842
Written off amounts	--	--	--	--	--
Recovered amounts	--	250 347	--	--	250 347
Differences of foreign currency evaluation	--	(33 478 153)	(2 911 144)	--	(36 389 297)
Balance as at 31 December 2019 (B)	**--**	**1 096 591 958**	**322 905 998**	**2 760 891**	**1 422 258 847**
Total of individuals & corporates (A) + (B)					**1 479 344 445**

31 December 2018			Individuals		EGP
	Debit current accounts	Credit cards	Personal "Murabaha, Musharaka & Mudaraba"	Real estate "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2018	**--**	**136 284**	**14 981 827**	**5 545 953**	**20 664 064**
Impairment burden	--	(31 438)	(1 795 351)	(2 662 753)	(4 489 542)
Written off amounts	--	--	(553 750)	--	(553 750)
Recovered amounts	--	41 131	--	--	41 131
Balance as at 31 December 2018 (A)	**--**	**145 977**	**12 632 726**	**2 883 200**	**15 661 903**

31 December 2018			Corporates		EGP
	Debit current accounts	Direct "Murabaha, Musharaka & Mudaraba"	Joint "Murabaha, Musharaka & Mudaraba"	Other "Murabaha, Musharaka & Mudaraba"	Total
Balance as at 1 January 2018	**--**	**671 634 033**	**433 273 119**	**1 400 575**	**1 106 307 727**
Impairment (Reversal) burden	--	286 435 613	53 416 361	330 702	340 182 676
Written off amounts	--	(61 543 255)	(140 800 076)	--	(202 343 331)
Recovered amounts	--	3 223 418	--	--	3 223 418
Differences of foreign currency evaluation	--	681 590	1 187 803	--	1 869 393
Balance as at 31 December 2018 (B)	**--**	**900 431 399**	**347 077 207**	**1 731 277**	**1 249 239 883**
Total individuals & corporates (A) + (B)					**1 264 901 786**

(20) Financial Investments

	31 December 2019	31 December 2018
	EGP	EGP
Financial assets at the fair value through profits & losses		
Opening balance – investment funds documents	24 650 796	26 434 105
Additions during the year – "Al Barakat" Fund	19 705 205	--
Evaluation differences during the year	(467 453)	(1 783 309)
Closing balance – Investment Funds Documents	**43 888 548**	**24 650 796**
Financial assets at the fair value through comprehensive income		
Equity instruments – at the fair value		
Quoted	35 800 260	48 606 779
Unquoted	19 937 316	19 937 316
Debt instruments – at the fair value	94 977 619	--
Less: Expected credit loss provision	(883 815)	--
Total financial assets at the fair value through comprehensive income	**149 831 380**	**68 544 095**
Provision of Expected Credit Loss ECL – financial assets at amortized cost		
Opening balance	--	--
Impairment burden during the year	883 815	--
Closing balance	**883 815**	**--**
Financial assets at amortized cost		
Debt instruments at the amortized cost		
Quoted	13 853 822 497	10 886 210 793
Unquoted	205 544 518	238 730 832
Less: Provision of expected credit loss	(28 193 793)	--
Total financial assets at the amortized cost	**14 031 173 222**	**11 124 941 625**
Expected credit loss provision ECL – financial assets at amortized cost		
Opening balance	--	--
Opening balance settlements	9 472 077	--
Opening balance after settlements	9 472 077	--
Impairment burden during the year	18 721 716	--
Closing balance	**28 193 793**	
Current balances	665 505 431	677 416 746
Non-current balances	13 515 499 171	10 516 068 974
	14 181 004 602	**11 193 485 720**
Fixed-return debt instruments	14 031 173 222	11 124 941 625
Variable-return debt instruments	--	--
	14 031 173 222	**11 124 941 625**

The Bank keeps debt instruments to cover the percentage of liquidity of customers' balances according to the requirements of the competent authorities, and we usually recommend depositors to take this into consideration with regard to the returns of such instruments, taking into account that the "purification percentage" of the returns of such instruments is 21%.

31 December 2019	Financial assets at the fair value through comprehensive income	Financial assets at amortized cost	Total
	EGP	EGP	EGP
Balance as at 1/1/2019	68 544 095	11 149 592 421	11 218 136 516
Transferred to financial assets at the fair value through profits & losses	--	(24 650 796)	(24 650 796)
Opening impairment loss provision	--	(9 472 077)	(9 472 077)
Balance after settlements	**68 544 095**	**11 115 469 548**	**11 184 013 643**
Additions during the year	93 268 811	3 878 557 624	3 971 826 435
Written off during the year	--	(653 763 100)	(653 763 100)
Differences of evaluating cash assets in foreign currencies	--	(292 330 127)	(292 330 127)
Amortization of issuance premium & discount	--	1 960 993	1 960 993
Profits of change in the fair value	(11 097 711)	--	(11 097 711)
(Burden) Impairment loss provision	(883 815)	(18 721 716)	(19 605 531)
Balance as at 31 December 2019	**149 831 380**	**14 031 173 222**	**14 181 004 602**

31 December 2018	Available for sale financial investments	Held-to-maturity financial investment	Total
	EGP	EGP	EGP
Balance as at 1/1/2018	**55 783 269**	**10 920 504 701**	**10 976 287 970**
Additions during the year	--	2 820 015 092	2 820 015 092
Written off during the year	(5 050 250)	(2 620 000 000)	(2 625 050 250)
Differences of evaluating cash assets in foreign currencies	--	18 364 074	18 364 074
Amortization of issuance premium & discount	--	12 491 863	12 491 863
Profits of change in the fair value	17 811 076	--	17 811 076
Reversal of impairment loss provision	--	(1 783 309)	(1 783 309)
Balance as at 31 December 2018	**68 544 095**	**11 149 592 421**	**11 218 136 516**

Profits of Financial Investments

	31 December 2019	31 December 2018
	EGP	EGP
Profits of selling financial assets at the fair value through comprehensive income	98 920	12 696 137
	98 920	**12 696 137**

(21) Intangible Assets

Computer Programs

	31 December 2019	31 December 2018
Computer Programs	**EGP**	**EGP**
Openning net book value	7 000 882	8 156 233
Additions	14 372 112	7 394 667
Depreciation during the year	(11 678 825)	(8 550 018)
Closing net book value	**9 694 169**	**7 000 882**

(22) Other Assets

	31 December 2019	31 December 2018
	EGP	**EGP**
Accrued revenues	**1 095 775 177**	842 189 223
Less: Provision of expected credit loss	**(492 527)**	---
Net accrued revenues	**1 095 282 650**	842 189 223
Prepaid expenses	**9 291 128**	6 867 259
Payments on account of purchasing & fitting new branches	**95 787 376**	228 919 802
Assets which ownership devolved against debts fulfillment (After discounting impairment)	**149 150 786**	137 123 269
Deposits and custody	**7 535 701**	5 252 562
Others	**61 917 423**	34 888 062
	1 418 965 064	1 255 240 177

Provision of Expected Credit Losses – Accrued Revenues

Opening balance	--	--
Settlements of opening balance	367 878	--
Opening balance after settlements	367 878	--
Impairment burden during the year	124 649	--
Closing balance	**492 527**	**--**

(23) Deferred Income Taxes:

The deferred income tax has been fully calculated on the deferred tax differences according to the "liabilities method".

The deferred tax assets ensuing of the carried forward tax losses are not recognized unless in case of probable future tax profits through which the carried forward tax losses can be benefited of.

An offset between the deferred tax assets and liabilities is to be carried out in case of a legal justification for carrying out an offset between the current tax on assets against the current tax on liabilities and also when the deferred income tax is affiliated to the same tax department.

Balances of Deferred Tax Assets & Liabilities

31 December 2019	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2019
	EGP	EGP	EGP
Fixed Assets	--	(6 118 535)	(6 118 535)
Provisions (other than the impairment loss provision)	3 567 371	--	3 567 371
	3 567 371	**(6 118 535)**	**(2 551 164)**

31 December 2018	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2018
	EGP	EGP	EGP
Fixed Assets	--	(5 965 071)	(5 965 071)
Provisions (other than the impairment loss provision)	3 563 005	--	3 563 005
	3 563 005	**(5 965 071)**	**(2 402 066)**

Movement of Deferred Tax Assets & Liabilities

31 December 2019	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2019
	EGP	EGP	EGP
Balance as at 1 January 2019	3 563 005	(5 965 071)	(2 402 066)
Additions during the year	4 366	(153 464)	(149 098)
Disposal during the year	--	--	--
Balance as at 31 December 2019	**3 567 371**	**(6 118 535)**	**(2 551 164)**

31 December 2018	Deferred Tax Assets	Deferred Tax Liabilities	31 December 2018
	EGP	EGP	EGP
Balance as at 1 January 2018	3 135 731	(6 203 668)	(3 067 937)
Additions during the year	427 274	--	427 274
Disposal during the year	--	238 597	238 597
Balance as at 31 December 2018	**3 563 005**	**(5 965 071)**	**(2 402 066)**

(24) Fixed Assets

	Lands & buildings	Improvements on leased assets	Machines & Equipment	Others	Total
	EGP	EGP	EGP	EGP	EGP
Balance as at 1/1/2018					
Cost	411 182 703	4 895 364	24 583 965	179 180 394	619 842 426
Accumulated depreciation	(83 356 542)	(1 499 406)	(20 330 386)	(98 925 979)	(204 112 313)
Net book value	327 826 161	3 395 958	4 253 579	80 254 415	415 730 113
Additions	2 651 553	--	3 260 559	7 062 848	12 974 960
Exclusions	(188 617)	--	--	(2 263 415)	(2 452 032)
Depreciation cost	(15 127 236)	(116 124)	(2 268 854)	(10 393 938)	(27 906 152)
Accumulated depreciation exclusions	96 649	--	--	2 263 395	2 360 044
Net book value as at 31 December 2018	**315 258 510**	**3 279 834**	**5 245 284**	**76 923 305**	**400 706 933**

	Lands & buildings	Improvements on leased assets	Machines & Equipment	Others	Total
	EGP	EGP	EGP	EGP	EGP
Balance as at 1/1/2019					
Cost	413 645 639	4 895 364	27 844 524	183 979 827	630 365 354
Accumulated depreciation	(98 387 129)	(1 615 530)	(22 599 240)	(107 056 527)	(229 658 421)
Net book value	315 258 510	3 279 834	5 245 284	76 923 305	400 706 933
Additions	65 120 857	--	5 355 201	136 911 249	207 387 307
Exclusions	(62 262 581)		(97 630)	(11 794 511)	(74 154 722)
Depreciation cost	(17 032 879)	(116 124)	(2 865 496)	(16 978 547)	(36 993 046)
Accumulated depreciation exclusions	13 275 634	--	97 625	7 541 188	20 914 447
Net book value as at 31/12/2019	**314 359 541**	**3 163 710**	**7 734 984**	**192 602 684**	**517 860 919**
Balance as at 31/12/2019					
Cost	416 503 915	4 895 364	33 102 095	309 096 565	763 597 939
Accumulated depreciation	(102 144 374)	(1 731 654)	(25 367 111)	(116 493 881)	(245 737 020)
Net book value	**314 359 541**	**3 163 710**	**7 734 984**	**192 602 684**	**517 860 919**

(25) Real Estate Investments

	31 December 2019	31 December 2018
	EGP	EGP
Opening balance	139 523 977	--
Additions	53 387 278	139 523 977
Exclusions	(53 240 268)	--
Closing cost	139 670 987	139 523 977
Opening accumulated depreciation	(1 045 663)	--
Cost of depreciation	(4 186 327)	(1 045 663)
Closing accumulated depreciation	(5 231 990)	(1 045 663)
Net	**134 438 997**	**138 478 314**

(26) Balances due to Banks

	31 December 2019	31 December 2018
	EGP	EGP
Current accounts	54 866 100	353 186 480
Deposits	1 214 750 778	1 143 745 229
	1 269 616 878	**1 496 931 709**
Local banks	469 421 515	429 506 513
Foreign banks	800 195 363	1 067 425 196
	1 269 616 878	**1 496 931 709**
Balances without return	54 866 100	353 186 480
Return-bearing balances	1 214 750 778	1 143 745 229
	1 269 616 878	1 496 931 709
Current balances	1 269 616 878	1 496 931 709
	1 269 616 878	**1 496 931 709**

(27) Customers' Deposits

	31 December 2019	31 December 2018
	EGP	**EGP**
Demand deposits	4 532 232 469	5 342 010 225
Time and notice deposits	30 830 770 379	26 355 507 282
Savings & deposit certificates	19 268 951 590	14 975 480 309
Savings deposits	8 389 343 002	6 497 619 307
Other deposits	1 146 029 282	1 314 783 745
	64 167 326 722	**54 485 400 868**
Corporates deposits	30 598 071 201	30 907 611 633
Individuals deposits	33 569 255 521	23 577 789 235
	64 167 326 722	**54 485 400 868**
Balances without return	4 065 547 930	4 882 319 575
Balances with variable return	60 101 778 792	49 603 081 293
	64 167 326 722	**54 485 400 868**
Current balances	42 087 203 181	40 252 016 461
Non-current balances	22 080 123 541	14 233 384 407
	64 167 326 722	**54 485 400 868**

(28) Other Finances

(A) Long-Term Restricted Finances

This item is represented in the "Musharaka" Contract concluded by and between the Bank & the Social Fund for Development with a capital of 200 million pounds (amended to be 100 million pounds only) to finance small enterprises with financing formulas conformable to the Islamic Shari'a. The contract is implemented on four equal payments each of 50 million pounds, 50% by each of the contract parties, over six years, starting as of the date of the transfer of the first payment by the Fund to the Bank on February 28, 2013. On July 4, 2016 the Bank concluded a new contract with the Social Fund for Development in the amount of 100 million pounds for financing small enterprises by financing formulas conformable to the Islamic Shari'a. The contract is implemented on four equal payments each of 25 million pounds, 50% by each of the contract parties, over six years, starting as of the date of the transfer of the first payment by the Fund to the Bank on August 28, 2016.

The "Musharaka" profits (resulted from financing operations) shall be equally distributed over the Bank and the Social Fund for Development, after deducting a percentage of that return in favour of the Bank in its capacity as the Fund Manager.

The Bank undertakes to settle a return equal to the return rate applied by the Bank on deposits (3 months) for the least credit balance to the unused balance of the Fund's share in the "Musharaka" capital.

	31 December 2019	31 December 2018
	EGP	**EGP**
Balance as at 1 January	**14 509 561**	24 967 271
Additions during the year	**12 500 000**	--
Settlements during the year	**(16 201 154)**	(10 457 710)
Closing balance	**10 808 407**	14 509 561

(B) Subordinated Finance by the Principal Investor

On March 16, 2008, an "Investment Mudaraba Deposit Contract" has been concluded with (Al Baraka Banking Group) – the Principal Shareholder at the Bank – to support the Bank's subordinated capital in an amount of 20 million US Dollars, this deposit having fallen due on March 31, 2013.

On March 31, 2013, (Al Baraka Banking Group) deposited the amount of 20 million US Dollars, through an offset between the values of the old and the new contracts, as an (investment mudaraba deposit), in order to support the Bank's subordinated capital. The maturity date of this deposit is on 30/6/2018 and its profits are calculated according to the return rates applied on the Bank's depositors in US Dollars over five years. The returns are paid annually after relinquishing 10% of the Bank's share as mudarib.

(Al Baraka Banking Group) is not entitled to withdraw this deposit unless with the approval of the Central Bank of Egypt. On October 20, 2015, the deposit maturity date has been extended so as to fall due on June 20, 2021. On June 7, 2017, the deposit maturity date has been extended once more to fall due on June 30, 2025.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	**358 272 000**	354 554 000
Differences of foreign currencies evaluation	**(37 442 000)**	3 718 000
Closing balance	**320 830 000**	358 272 000

(C) Subordinated Finance by the Other Shareholders

On February 5, 2017, an (Investment Mudaraba Deposit Contract) has been concluded with (Misr Insurance Company) (one of the largest shareholders of our Bank) to support the Bank's subordinated capital in the amount of 25 million US Dollars. The contract's enforceability started as of February 23, 2017 for seven years. The deposit bears return of 6.75% approximately, paid on quarterly basis.

On July 2, 2017, another agreement has been concluded with Misr Insurance Company (Investment Mudaraba Deposit Contract) to support the Bank's subordinated capital in the amount of 20 million US Dollars, over eight years. The deposit bears return of 6.25% approximately, paid on quarterly basis.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	**806 112 000**	797 746 500
Additions during the year	**--**	--
Differences of foreign currencies evaluation	**(84 244 500)**	8 365 500
Closing balance	**721 867 500**	**806 112 000**
Total other finances (A+B+C)	**1 053 505 907**	**1 178 893 561**

(29) Other Liabilities

	31 December 2019	31 December 2018
	EGP	EGP
Accrued returns	1 215 819 855	1 101 438 220
Advance revenues	63 047 349	64 631 675
Accrued expenses	84 993 041	69 818 367
Sundry credit balances	344 749 394	347 927 100
	1 708 609 639	**1 583 815 362**

(30) Other Provisions

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	86 654 656	83 593 846
Settlement of opening balance	59 394 827	--
Balance as at 1 January after settlement	146 049 483	83 593 846
Charged to the Income Statement – lawsuits & taxes	3 118 349	1 970 117
Charged (reverse) to the Income Statement – contingent liabilities	(33 621 664)	1 238 072
Used during the year	(36 148 944)	(210 460)
Differences of foreign currencies evaluation	(1 295 554)	63 081
Closing balance	**78 101 670**	**86 654 656**

The balances of other provisions are represented in the following:

	31 December 2019	31 December 2018
	EGP	EGP
Contingent liabilities provisions	56 810 782	32 333 173
Provision of probable claims & lawsuits	4 268 343	4 248 938
Tax provision	5 435 907	38 485 907
Provision of assets devolved to the bank, formed before 2010	11 586 638	11 586 638
	78 101 670	**86 654 656**

(31) Capital

The authorized capital amounts to 2 billion Egyptian Pounds and the issued & paid-up capital amounts to 1 405 861 121 Egyptian Pounds as at the reporting date, the nominal value per share being 7 Egyptian Pounds, all issued shares being settled in full.

31 December 2019	Number of shares	Ordinary shares	Total
	EGP	EGP	EGP
Balance as at 1/1/2019	180 934 507	1 266 541 549	1 266 541 549
Part of the shareholder's dividends of the profits of 2017	19 902 796	139 319 572	139 319 572
Part of the shareholder's dividends of the profits of 2018	20 083 730	140 586 110	140 586 110
Balance as at 31December 2019	220 921 033	1 546 447 231	1 546 447 231

31 December 2018	Number of shares	Ordinary shares	Total
	EGP	**EGP**	**EGP**
Balance as at January 1, 2018	180 934 507	1 266 541 549	1 266 541 549
Balance as at December 31, 2018	180 934 507	1 266 541 549	1 266 541 549

(32) Reserves

	31 December 2019	31 December 2018
Reserves are represented in:	EGP	EGP
General banking risks reserve	118 565 786	134 043 805
Legal reserve	343 282 281	243 100 242
General reserve	629 834 490	209 834 490
Capital reserve	9 239 000	7 421 885
Special reserve	---	41 212 327
Reserve of the risks of the IFRS9	---	237 165 510
General risks reserve	214 926 054	---
Reserve of the fair value – "Available-for-sale" financial investments	19 473 141	30 570 852
	1 335 320 752	**903 349 111**

(A) General Banking Risks Reserve

The instructions of the Central Bank of Egypt stipulate the necessity of constituting a general banking risks reserve to face unpredicted risks. No distributions are to be made of this reserve unless after obtaining the approval of the Central Bank of Egypt. According to the final instructions issued by the Central Bank of Egypt in February 2019, concerning the application of the IFRS9, the general banking risks reserve – credit has been transferred to the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	134 043 805	150 393 668
Opening balance settlement – transferred to the general risks reserve	(15 478 019)	--
	118 565 786	150 393 668
Transferred (to) of retained earnings	--	(16 349 863)
Closing balance	**118 565 786**	**134 043 805**

(B) Legal Reserve

Pursuant to the Bank's Articles of Association, 10% of the year net profits is set aside for feeding a non-distributable reserve, until its balance becomes 100% of the capital.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	243 100 242	170 697 892
Transferred from retained earnings	100 182 039	72 402 350
Closing balance	**343 282 281**	**243 100 242**

(C) General Reserve

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	209 834 490	167 000 000
Transferred from retained earnings	420 000 000	42 834 490
Closing balance	**629 834 490**	**209 834 490**

(D) Capital Reserve

It is supported by the profits ensuing of selling the fixed assets owned by the Bank, for the purpose of consolidating the Bank's financial position.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	7 421 885	6 186 955
Transferred from retained earnings	1 817 115	1 234 930
Closing balance	**9 239 000**	**7 421 885**

E- Special Reserve

In implementation to the regulations of banks' financial statements preparation & presentation, as well as the recognition and measurement rules ratified by the Board of Directors of the Central Bank of Egypt, at its session held on December 16, 2008, the "Special Reserve" is represented in the influence of change in accounting treatments. According to the final instructions issued by the Central Bank of Egypt in February 2019, concerning the application of the IFRS9, the special reserve – credit has been transferred to the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	41 212 327	41 212 327
Opening balance settlements – transferred to the general risks reserve	(42 408 762)	--
Opening balance settlements – transferred to the retained earnings	1 196 435	--
Closing balance	**--**	**41 212 327**

(F) Reserve of the Risks of "IFRS9" – (International Financial Reporting Standard number 9)

In implementation to the instructions of the Central Bank of Egypt, issued on January 28, 2018, a reserve has been formed for the risks of the (International Financial Reporting Standard 9) "IFRS9", at 1% of the total risk-weighted credit risks as at 31/12/2017. According to the final instructions issued by the Central Bank of Egypt on February 26, 2019, concerning the application of the IFRS9, the reserve balance has been transferred to the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	237 165 510	--
Settlement of opening balance – transferred to the general risks reserve	(287 165 510)	--
Balance as at 1 January after settlements	(50 000 000)	--
Transferred from retained earnings	50 000 000	237 165 510
Closing balance	**--**	**237 165 510**

(G) General Risks Reserve

According to the final instructions issued by the Central Bank of Egypt concerning the application of the IFRS9, the special reserve – credit, the banking risks reserve-credit and the IFRS9 reserve have been merged in one reserve in the name of the "General Risks Reserve".

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	--	--
Transferred from the special reserve	42 408 762	--
Transferred from the banking risks reserve	15 478 019	--
Transferred from the reserve of IFRS9	287 165 510	--
Less: Settlements of opening balances of the expected credit loss reserve	(130 126 237)	--
Closing balance	**214 926 054**	**--**

(H) Fair Value Reserve – financial assets at the fair value through the comprehensive income:

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	30 570 852	12 759 776
Net profit of change in the fair value	(11 097 711)	17 811 076
Loss transferred to the Income Statement resulting of impairment	--	--
Closing balance	**19 473 141**	**30 570 852**

(33) Retained Earnings

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at January 1	1 122 445 633	817 932 556
Opening balance settlements – transferred from the special reserve	(1 196 435)	--
	1 121 249 198	817 932 556
Distributions of the previous year profits		
(Personnel share, Board Members remuneration & Shareholders cash distributions)	(272 649 114)	(222 517 439)
Transferred (to) the legal reserve	(100 182 039)	(72 402 350)
Transferred (to) the general reserve	(420 000 000)	(1 234 930)
Transferred (to) the capital reserve	(1 817 115)	(42 834 490)
Transferred (to) the reserve of the IFRS9	(50 000 000)	(237 165 510)
Distributions to shareholders used for capital increase	(140 586 110)	(139 319 572)
Net profit of year	1 070 453 392	1 003 637 505
Transferred from (to) the banking risks reserve	--	16 349 863
Closing balance	**1 206 468 212**	**1 122 445 633**

(34) Cash & Cash Equivalents

For purposes of the Cash Flows Statement presentation, the item of "Cash & Cash Equivalents" includes the following balances, which maturity dates don't exceed three months to the acquisition date.

	31 December 2019	31 December 2018
	EGP	EGP
Cash & balances with the Central Bank	453 823 630	534 157 443
Balances with banks	23 586 607 346	14 931 219 867
Governmental securities	---	--
	24 040 430 976	**15 465 377 310**

(35) Contingent Liabilities & Commitments

(A) Judicial Claims

Several lawsuits have been filed versus the Bank and accordingly a provision has been formed for this purpose on December 31, 2019, in the amount of 4 268 343 Egyptian Pounds, against 4 248 938 Egyptian Pounds as at December 31, 2018.

(B) Capital Commitments

	31 December 2019	31 December 2018
	EGP	EGP
Capital commitments represented in contracts for purchasing fixed assets and branch fittings	28 180 419	25 187 932
Capital commitments represented in financial investments	---	--
	28 180 419	**25 187 932**

(C) Commitments for Finances, Guarantees & Facilities (Net Value)

The Bank's commitments related to finance, guarantees and facilities are represented in the following:

	31 December 2019	31 December 2018
	EGP	EGP
Acceptances	384 752 816	231 860 014
Letters of guarantee	1 460 462 906	1 613 088 269
Documentary credits	268 464 908	404 442 356
	2 113 680 630	**2 249 390 639**

(36) Tax Position of the Bank

Stock Companies Taxes

- No commitments are due on the Bank since starting transaction up to 31/12/2004, as all dues have been settled.
- The years 2005/2006 have been examined, revealing tax losses.
- The years from 2007 up to 2018 haven't been yet examined, taking into consideration that the tax returns for these years have been submitted to the Tax Administration on the due dates, revealing no commitment on the Bank.

Income Taxes

- Regarding the period from starting operating up to December 31, 2017, examination has been accomplished and the final settlement has been made. The Bank settled the due tax differences.
- The years 2018 & 2019 haven't been examined, taking into consideration that taxes are paid on monthly basis.

Proportional Stamp-Duty Taxes:

- The Bank branches have been examined up to 31/7/2006, revealing no due commitments.
- The Bank has been examined from 1/8/2006 up to 31/3/2013, revealing no commitment as all dues have been settled.
- The period from 1/4/2013 up to 31/12/2018 hasn't yet been examined.

(37) Transactions with Related Parties

Al Baraka Banking Group (Bahrain) – the Principal Shareholder at the Bank – owns 73% of the ordinary shares, while the remaining 27% is owned by other shareholders. Several transactions have been entered in with related parties through the Bank's normal course of business.

Hereunder is a statement of the balances and results of transactions with the members of the Top Management, subsidiaries & sister companies:

(A) Deposits by Related Parties

	Members of the Top Management & Close Family Members		Subsidiaries & Sister Companies	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	EGP	EGP	EGP	EGP
Due to customers				
Balance as at 1 January	928 704 982	792 794 679		--
Deposits executed during the year	1 998 000	472 784 430		--
Deposits recovered during the year	(526 493 105)	(336 874 127)		--
Closing balance	**404 209 877**	**928 704 982**		**--**
Cost of deposits during the year	**33 307 681**	**41 130 242**		**--**

(B) Other Finances – Subordinated Finance by the Principal Investor:

On March 16, 2008, an "Investment Mudaraba Deposit Contract" has been concluded with (Al Baraka Banking Group) – the Principal Shareholder at the Bank – to support the Bank's subordinated capital in an amount of 20 million US Dollars, having fallen due on 31 March 2013.

On 31 March, 2013, (Al Baraka Banking Group) deposited the amount of 20 million US Dollars, through an offset between the values of the old and the new contracts, as an (investment mudaraba deposit), in order to support the Bank's subordinated capital. The maturity date of this deposit is on 30/6/2018 and its profits are calculated according to the return rates applied on the Bank's depositors in US Dollars over five years. Its return is paid annually after relinquishing 10% of the Bank's share as mudarib. (Al Baraka Banking Group) is not entitled to withdraw this deposit unless with the approval of the Central Bank of Egypt. On 20 October 2015, the deposit maturity date has been extended so as to fall due on 20 June 2021. On 7 June 2017, the deposit maturity date has been extended once more to fall due on 30 June, 2025.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	358 272 000	354 554 000
Differences of foreign currencies evaluation	(37 442 000)	3 718 000
Closing balance	**(320 830 000**	**358 272 000**

(C) Other Finances – Other Shareholders

On 5 February 2017, an (Investment Mudaraba Deposit Contract) has been concluded with (Misr Insurance Company) (one of the largest shareholders of our Bank) to support the Bank's subordinated capital in the amount of 25 million US Dollars. The contract's enforceability started as of 23 February 2017 for seven years. The deposit bears return of 6.75% approximately, paid on quarterly basis.

On 2 July 2017, another contract has been concluded with Misr Insurance Company (Investment Mudaraba Deposit Contract) to support the Bank's subordinated capital in the amount of 20 million US Dollars, for eight years. The deposit bears return of 6.25% approximately, paid on quarterly basis.

	31 December 2019	31 December 2018
	EGP	EGP
Balance as at 1 January	806 112 000	797 746 500
Differences of foreign currencies evaluation	(84 244 500)	8 365 500
Closing balance	**721 867 500**	**806 112 000**

(D) Benefits of the Board of Directors & Top Management:

	31 December 2019	31 December 2018
	EGP	EGP
Short-term salaries & benefits during the year	33 801 503	22 720 696
	33 801 503	22 720 696

(E) Other Transactions

On August 27, 2019, the Bank sold the head office previous premises located at Mohei Eldin Abu El Ezz Street to (Misr Insurance Company) (one of the Bank's shareholders) in return for a net realizable value of 124.2 million Egyptian Pounds, achieving sale profits of 71 million pounds approximately.

(38) Mutual Funds

31 December 2019	Fund of Al Baraka Bank Egypt (Al Baraka)	National Bank of Egypt & Al Baraka Bank Egypt Fund (Bashayer)	Al Baraka Bank Egypt Fund (Al Motawazen)	Fund of Al Baraka Bank Egypt "Al Barakat"
Establishment date	30 March 2006	31 March 2009	10 May 2010	24 June 2019
License	Number 246 issued by the Capital Market General Authority	Number 432 issued by the Capital Market General Authority	Number 580 issued by the Egyptian Financial Supervisory Authority	Number 778 issued by the Egyptian Financial Supervisory Authority
Fund Manager	**Hermes Funds Management Company**	**The National Funds Management Company**	**Al Tawfik Company for Portfolio Management**	**Hermes Funds Management Company**
Total number of the fund documents "Wathika"	295 120	1 444 457	173 825	2 216 410
Nominal value of the total number of the fund documents in LE	29 512 000	144 445 700	17 382 500	221 641 000
Recoverable value of the total number of the fund documents in LE	30 999 405	102 628 670	16 113 578	229 221 122
Bank's share of the Fund documents (Wathika)	147 630	45 403	52 700	50 000
Nominal value of the Bank's share of the Fund documents (LE)	14 763 000	4 540 300	5 270 000	5 000 000
Recoverable value of the Bank's share of the Fund documents (LE)	15 507 055	3 225 883	4 885 290	20 270 320
Fees and commissions reported under the item of "Fees & Commissions Revenues" – Other Fees – in the Income Statement (LE)	233 377	251 407	83 215	261 705
Revenues of the Bank's contribution to the Fund, reported under "dividends" in the (Income Statement) (LE)	73 815	45 403	--	--

Fund of Zakah and Charity Donations

Financial Statements

For the year ended 31 December 2019

& Auditors' Report

Auditors' Report

Messrs/ Shareholders of Al Baraka Bank Egypt

We have audited the attached financial statements of Zakah Fund at Al Baraka Bank Egypt SAE, represented in the balance sheet as December 31, 2019, as well as the cash income and expenses account for the financial year ending as at that date, and a brief statement of the important accounting policies and such other clarifications. The preparation of these financial statements is the responsibility of the Fund Management, while our own responsibility is to express our opinion on these financial statements, in the light of our auditing thereof.

Our auditing process has been carried out according to the Egyptian Auditing Standards and in the light of the Egyptian Laws in force. These Standards require planning and performing auditing so as to obtain an adequate assurance that the financial statements don't include any significant and effective errors. The auditing tasks comprise carrying out experimental examination of documents and the evidences supporting the values and clarifications stated in the financial statements. They also comprise carrying out assessment of the applied accounting policies and principles and the important estimates prepared by the Management as well as the soundness of the financial statement presentation. We obtained from the Management the particulars and clarifications which we deemed necessary for auditing purposes. We are of the opinion that the auditing works which we carried out are deemed an appropriate basis for expressing our opinion on these financial statements.

The "Fund" policy is based on preparing the attached financial statements pursuant to its work regulations and bylaws, based on cash receivables and payables. According to this base, revenue is considered achieved upon collection and not upon maturity. Likewise, expenses are deemed to be incurred upon settlement and not upon maturity.

In our opinion, the attached financial statements clearly & fairly express in all their important aspects the financial position of Zakah Fund of Al Baraka Bank Egypt SAE, as at 31 December 2019, the collected revenues and paid up expenses by the Fund during the financial year ending as at that date, pursuant to the bases of cash receivables and payables, as stated under "note number 3" in the commentary notes to the Financial Statements

Auditors

Mohamed Mortada Abdel-Hamid

BDO

Recorded at the "Egyptian Financial Supervisory Authority' number 157
BDO - Khaled & Partners

Hossam Eldin Abdel-Wahab Ahmed

حـــازم حسن KPMG
محاسبون قانونيون ومستشارون

Recorded at the "Egyptian Financial Supervisory Authority" number (380)
KPMG Hazem Hassan
Chartered Accountants & Consultants

Cairo: 20 February 2020

BALANCE SHEET

For the year ended 31 December 2019

	Note No	31 December 2019 EGP	31 December 2018 EGP
Cash & Balances with the Bank:			
Investment current account		1 304 115	375 205
Limited term investment current account		100 000	139 000
Total Current Accounts		1 404 115	**514 205**
Charitable investment account with return on			
Fund (running alms)	(4)	1 623 000	1 623 000
Total		**3 027 115**	**2 137 205**
Income exceeds expenses		1 404 115	514 205
Against charitable investment		1 623 000	1 623 000
Total		**3 027 115**	**2 137 205**

Ashraf Ahmed El-Ghamrawy

Chairman
Fund of Zakah and Charity Donations

- Enclosed notes are an integral part of financial statements.
- Report of auditors enclosed.

INCOME & EXPENSES ACCOUNT

For the year ended 31 December 2019

	31 December 2019 EGP	31 December 2018 EGP
Income		
Opening balance	514 205	229 300
Zakah Collected		
Islamically due on Bank's funds for previous year	10 777 940	8 308 805
Under the Bank's zakah account for the current year	5 000 000	-
Zakah provided by individuals	70 000	40 000
Total Zakah Collected	**16 362 145**	**8 578 105**
Investment account return (current/limited term)	4 222	16 611
Returns on charitable investment accounts "running alms"	155 713	149 803
Total Income	**16 522 080**	**8 744 519**
Expenses		
Zakah Spent		
Hospitals, Foundations & Charitable Associations	(15 117 450)	(8 229 882)
Total Zakah Spent	(15 117 450)	(8 229 882)
Administrative & general expenses	(515)	(432)
Total Expenses	(15 117 965)	(8 230 314)
Excess of Income above Expenses	**1 404 115**	**514 205**

- - Enclosed notes are an integral part of financial statements.

Notes to Financial Statements

For the year ended 31 December 2019

1. Fund of Zakah and Charity Donations of Al Baraka Bank Egypt was established pursuant to the decision of the Board of Directors held on 29 April 1994 with its head office located at the head office of the Bank. The funds of the Fund and its accounts are independent of the funds of the Bank and its accounts. The resources of the Fund comprise the following:

- Zakah imposed by Islam on the funds of the Bank.
- Donations, and monetary and in-kind grants that depositors or third part from among individuals or authorities provide as approved by the Fund Management Committee.

2. The Fund complies in all cases with spending Zakah in its Shari'a outlets.

3. The monetary basis is adopted at the time of establishing the Income and Expenses of the Fund.

4. The item "against charitable Investment "as at 31 December 2018 is represented in the following:

L.E 1 623 000 value of charity deposits donated by third party to the Fund, of which the principal should not be touched, provided that its return would be spent pursuant to the system of the Bank as running alms by the knowledge of Fund of Zakah and Charity Donations at the Bank.

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