Building a Nation of Innovation

Annual Report 2019

QNB ALAHLI enjoys a blend of local experience, based on years of confidence in the Egyptian market, and the international expertise of QNB Group.

As part of QNB Group, we at QNB ALAHLI, seek to contribute to the group's aspiration to become a leading bank in MEASEA by 2020 and a global icon in 2030.

Read more about our **Strategy** on page 12

Contents

Assets
EGP 273,014 m

Net profit
EGP 8,522 m

Net Profit YOY growth
18%

Earnings Per share
EGP 7.63

Read more in our **Financial statements** section on page 44

QNB ALAHLI Chairman & Managing Director's Statement

During 2020, we will continue to provide the best and most innovative digital banking products and services to meet our customers' needs while ensuring speed of service and full compliance with safety standards.

Mr. Mohamed Osman El-Dib

> Chairman & Managing Director

On behalf of the Board of Directors, I am pleased to share with you QNB ALAHLI's annual report for 2019. Last year was an exceptional year for us, with remarkable achievements on many levels, including financial and business results that showed a robust growth and stability. The year also witnessed continuous increase in our business volume, which positively impacted our results throughout the year.

Our effective strategy, which is based on a solid foundation, was complemented by QNB ALAHLI's uninterrupted commitment to offer best-in-class banking services to our customer base. We are committed to the highest standard of governance, transparency and disclosure requirements. These guiding principles will empower us to continue our success in achieving what is in the best interest of our shareholders, customers and employees.

Exceptional Growth

QNB ALAHLI's standalone net profit increased by 20% compared to 2018 reaching a total of EGP 8.32 billion, while consolidated net profit increased by 18% compared to last year totaling EGP 8.52 billion. Non-performing loans reached 2.79% as of 31st December 2019, one of the best rates in the Egyptian banking sector. As for asset quality, QNB ALAHLI achieved remarkable results, particularly after applying IFRS standards at the beginning of 2019 in line with CBE instructions. The capital efficiency rate reached 20.65%, due to the implementation of the most efficient credit policies supported by the bank's strong investment portfolio.

These impressive results reaffirm the efficiency and reliability of QNB ALAHLI's policies and operational excellence, which helped us maintain our leading position in the banking sector with a healthy balance sheet and a strong capital base. The bank was able to build a high quality and diversified loan portfolio, and we look forward to achieving exceptional growth in loans, by carefully managing risk on all levels. In addition, the bank has the highest deposit utilization rate, with a loan-to-deposit ratio of 77%, compared to prevailing rate of the sector at just 44%. To achieve this remarkable rate, we focus on principal banking operations, while maintaining high liquidity.

Innovative Services

In 2019, QNB ALAHLI strived to offer exceptional banking experiences to customers by launching a number of initiatives focusing on digitalized services that provide easier, more convenient banking experiences and achieve the highest level of customer satisfaction by making financial technology accessible to everyone.

One of the bank's initiatives to achieve these goals was the launch of the PAYnGO app, a digital alternative to conventional payment cards and POS. The new app is a convenient and easy way for both consumers and merchants to make payments only through smart phones. The new app boosts the bank's leading position in innovative and digital services, particularly among smart phone users in the local market, giving them an opportunity to facilitate financial transactions with merchants.

QNB ALAHLI also announced the launch of the "Ma'ak online" service, as the first step in expanding internet banking, enabling new customers to open accounts online and begin their online banking experience.

The launch of these services aligns with CBE initiatives to promote electronic banking culture among Egyptian citizens and to attract new customers, particularly the younger generation, and cater to their banking needs by offering products and services that save time and effort.

Additionally, QNB ALAHLI launched the latest innovative SWIFT GPI services for international payments in cooperation with The Society for Worldwide Interbank Financial Telecommunication (SWIFT). This cooperation aims to help bank customers (both individuals and corporates) track down remittances in real time, starting from the time of issuance until the money is deposited into the beneficiary account. The initiative accelerates remittances through a network of corresponding banks and offers full transparency for every transaction, making the new service a game changer for international remittances.

Serious Initiatives

Stemming from our commitment to support and develop SMEs under the umbrella of the CBE's initiatives, as a leading Egyptian bank, QNB ALAHLI focuses extensively on this sector through our newly established department dedicated to the study of SMEs' needs and comprehensive development of the sector. The bank also established two centers that not only provide banking services to startups, but also offer tailor-made SME services, including consultancies on seed capital, initiating businesses and other SME-related topics. These ambitious programs align with QNB strategic plan to finance and support SMEs.

It is worth noting that credit facilities offered to SMEs amounted to 21% of total

QNB ALAHLI facilities in September 2019, compared to 20% dictated by CBE guidance for 2019.

To further help SMEs in Egypt, QNB ALAHLI sponsored a business incubator for furniture design at Nile University. The incubator aimed to support the innovative ideas of new designers and startups in furniture industry, while offering technical, managerial and financial assistance to new businesses, in order to unleash the full potential of the younger generation, create new growth opportunities for the Egyptian economy and new jobs for youth.

To further promote financial inclusion and support startups, QNB ALAHLI participated in many programs within the CBE's initiative dedicated to financial inclusion.

The bank also took part in the CBE's low-income mortgage finance initiative, which supports the national strategy for social development by providing low-income citizens new opportunities to purchase their own homes, accordingly, QNB ALAHLI signed a cooperation protocol with the Social Housing and Mortgage Finance Fund to offer mortgage facilities of EGP 2 billion, in addition to establishing a dedicated unit for helping provide low-income customers with mortgage finance. The protocol increased the bank's market share of mortgage finance directed to low-income individuals. It also supports the developmental role of QNB ALAHLI in providing a better quality of life for those in low-income categories.

Empowering Egyptian Women

Last year was particularly special for women's empowerment in QNB ALAHLI. The bank organized training courses and workshops for several female entrepreneurs in cooperation with the European Bank for Reconstruction and Development. The program aims to provide financial and technical support to startups led by young females including free training, advisory services, finance and banking services.

In addition, the bank launched a wide range of products and services specifically tailored for women, including a grace period for women's loans during pregnancy, free breast cancer insurance and gift saving accounts for their minor children. The bank also provided training across our branch network in all governorates, especially Delta and Upper Egypt, on how to facilitate procedures for women to obtain all banking services and financial advice for their projects whether they are partners in management or owners of these projects.

In the same context and for the first time, QNB ALAHLI organized a bazaar at our headquarters in cooperation with European Bank for Reconstruction and Development (EBRD), the European Union (EU) and the Chamber of Handicrafts to display women entrepreneurs' handicraft products, household products and accessories for the bank's employees. During the bazaar, QNB ALAHLI opened new accounts for women entrepreneurs using Ma'ak Online application, and explained how to use it including the features that save time and effort and facilitate their daily transactions, whether personal or commercial through a wide range of electronic products such as E-Banking, E-Wallet, and PAYnGO.

Signs of Excellence

Confirming the bank's success in providing the best to its customers, QNB ALAHLI won six awards this year from Global Banking and Finance magazine including Best Retail Bank - Egypt 2019, Best Corporate Bank Egypt, Best SME Bank Egypt, Best Bank for Treasury Activities Egypt, Best Trade Finance Bank Egypt, Best Digital Banking Products and Services Egypt.

For the second year in a row, the bank has earned two awards from Capital Finance International, London for the Best Retail Bank in Egypt and the Best SME Bank - Egypt in 2019. In addition, the bank won the STP Excellence Payments Award from Deutsche Bank, and an award from the European Bank for Reconstruction & Development (EBRD) for our pioneering role in financing sustainable development for the green economy. In the same context, four projects financed by the bank won awards as the best green projects implemented during 2017-2019. The bank won a total of 18 awards this year in different banking sectors.

Social Responsibility and Sustainable Development

Effective participation in community development and sustainable development is one of QNB ALAHLI's most important goals as part of our strong belief in the importance of joining efforts to create an integrated, cooperative and transcendent society for all conditions and challenges.

To consolidate the concepts of social work and sustainable development, over the past year the bank continued to participate in several initiatives and projects aimed at supporting the neediest sectors of society.

Receiving the prestigious President's Certificate of Appreciation for our support of the Tahya Misr Fund is conclusive evidence of the tangible success the bank provided by donating to the Tahya Masr Fund that contributed to the development of various projects that serve the Egyptian community.

QNB ALAHLI was one of the first institutions to support the fund from its inception in 2014, directing contributions to various projects aimed at improving life in several areas.

To support the health system, QNB ALAHLI donated to the Tahya Masr Fund as a part of the Presidential Initiative "Nour Hayat", whose medical convoys continue to conduct medical examinations of the causes of vision impairment and loss in 16 governorates as a first stage. The bank also donated a number of important medical devices to several hospitals and medical centers that provide free services to help eliminate waiting lists and to provide the best medical services to those in the neediest areas.

The bank has also paid great attention to social welfare, and we sought to donate and contribute to a number of development projects that support deprived villages and improve the living conditions of low income families in cooperation with non-governmental institutions.

QNB ALAHLI is always seeking to support and develop the education sector to build a creative generation for the future. In this context, the bank has contributed to the "Nile Entrepreneurs" initiative, under the auspices of The Central Bank of Egypt and in partnership with Nile University, by sponsoring the "creativity incubator" at the headquarters of Nile University for five years. In addition, the bank has participated in many educational projects in needy areas.

Our Future Aspirations

Competitive pressures represent a daily challenge for QNB ALAHLI. However, the efficiency of the bank's strategy, its ability to adapt to market challenges, and its commitment to providing the best services and solutions for customers allows the bank to develop work systems and seize opportunities that arise from the challenges. This is in addition to improving its wide range of services and products, investing in innovation and sustainability to serve clients better than ever, and enhancing future growth.

During 2020, we will continue to provide the best and most innovative digital banking products and services to meet our customers' needs in line with the while ensuring the maximum speed and safety procedures.

Acknowledgment

Finally, I would like to extend my sincere appreciation and gratitude to QNB ALAHLI's customers for their valuable trust. With your continuous support, we are confident that we will continue to excel and achieve sustainable value in 2020 and the coming years.

On behalf of the Board of Directors, I would like to thank all QNB ALAHLI's staff for their collective efforts which contributed to sustainable growth and helped us deliver the strong and continuous performance that fulfills our future vision and to be one of the leading banks in the Middle East, Africa, and South and East Asia by 2020, and a global bank by 2030.

Board of Directors

Mr. Mohamed Osman El-Dib
> Chairman & Managing Director

Mr. Ali Rashid AlMohannadi
> Vice Chairman Non-Executive

Ms. Heba Ali Al-Tamimi
> Non-Executive Board Member

Mr. Tarek Fayed
> Executive Board Member

Mr. Adel Ali Al-Malki
> Non-Executive Board Member

Ms. Shaikha Salem Abdulla Al-Dosari
> Non-Executive Board Member

Mr. Abdulla Nasser Salem Al-Khalifa
> Non-Executive Board Member

Strategic Report

QNB ALAHLI at a glance

QNB ALAHLI strives to employ its quality and innovative resources to support the Egyptian Economy and help its development by always expanding the financial services coverage and financial inclusion

Our Heritage

QNB ALAHLI is one of the leading financial institutions in Egypt which was established in April 1978.

The bank is ranked as the second largest private bank in Egypt.

QNB Group acquired 94.967% of QNB ALAHLI which included the full stake of Société Générale – France amounting to 77.17 % along with free float shareholders.

Retail Banking:

QNB ALAHLI has managed to capitalize on its leading position as a pioneer in developing and industrializing a world-class retail banking service, where QNB ALAHLI adopted a unique market segmentation approach to be able to structure products and solutions that meet the requirements of each segment.

SME's Banking:

QNB ALAHLI has capitalized on its trust in the power of SMEs to push growth and deliver sustained development, perhaps just as importantly manages to support its SME customers through the peaks of the economic cycle.

Awards

QNB ALAHLI pioneering role has been affirmed by winning 18 awards throughout the year 2019 from esteemed international financial institutions such as

> **Global Banking & Finance Review**

> **International Finance Magazine**

> **Capital Finance International Magazine**

> **EMEA Finance**

> **European Bank for reconstruction and development |(EBRD)**

> **The Banker**

Corporate and Investment Banking:

QNB ALAHLI provides dedicated products in corporate banking, financial advisory, project financing, structured financing, trade financing, cash management, and foreign exchange with its competitive offerings, it has managed to establish a strong bond with its various corporate clientele whether large domestic corporations, subsidiaries of multinational companies, medium caps, as well as SMEs.

Our Subsidiaries:

The Bank established a number of subsidiaries in specialized fields such as:

- **QNB ALAHLI Leasing**
- **QNB ALAHLI Life Insurance**
- **QNB ALAHLI Factoring**

Our Financial Strength

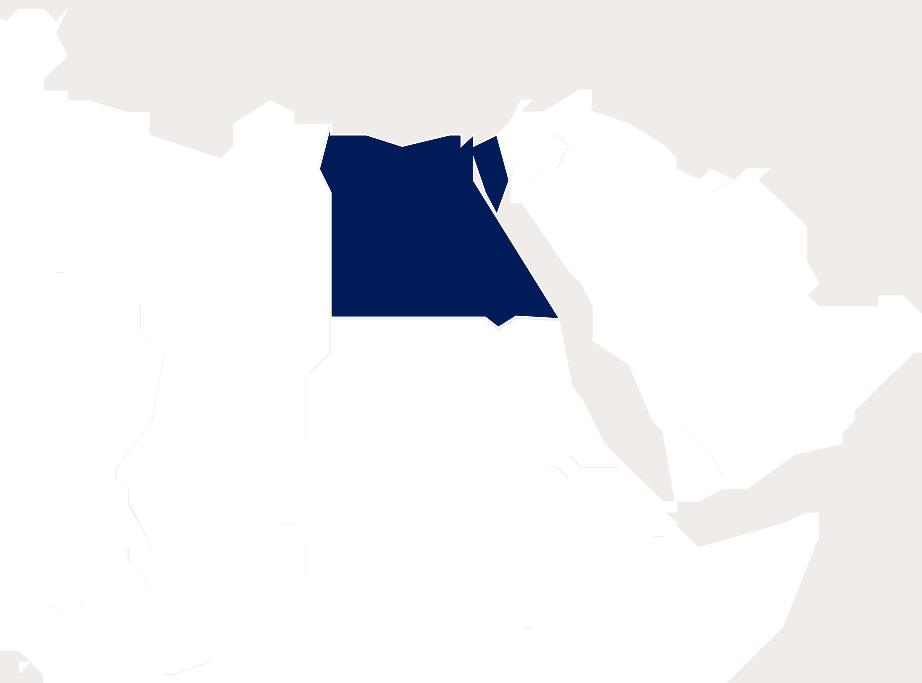
Assets
EGP 273,014 m

Net profit
EGP 8,522 m

Net Profit YOY growth
18%

Earnings Per share
EGP 7.63

CAR (Basel II)
20.65%



QNB ALAHLI is an integrated financial group as the bank is interested in supporting its subsidiaries that provide non-banking financial services which meet the needs of a wide segment of its customers

QNB ALAHLI Leasing
The company continued its outstanding performance as one of the first companies in this field and the company was able to support its position in the local market by increasing the growth of its business volume and profit rates in addition to maintaining high quality of its assets and it has ambitious plans to expand and increase the volume of its business and meet the growth of this activity.

QNB ALAHLI Life Insurance
The company maintained its advanced position in the field of life insurance and continued to increase the volume of its business steadily in addition to providing advanced and modern insurance products and services that meet the needs of the company's customers.

QNB ALAHLI Factoring
The company has maintained its market position and outstanding performance, especially with the promising sector of small and medium-sized companies, and the company continues to work to increase the volume of its business, which is balanced and through an ambitious work plan.

QNB ALAHLI has become the vehicle of choice for multilateral financiers to distribute credit amongst small businesses & companies in addition to help shape and implement women in business programs.

The Bank serves more than 1.1 million clients through 6700 banking professionals. The bank vision is to keep close to its clients through offering a wide range of products serving almost every financial need of Corporates, medium and small enterprises or individuals. To achieve this vision, our bank expands its network of branches to more than 227 branches covering all governorates.

Moreover; the bank keeps enhancing its multi-channels automated tools to reach its clients through a network that reaches more than 480 ATMs, in addition to, a dedicated call-canter available 24 hours a day, 7 days a week.

QNB ALAHLI succeeded to maintain its status as a strong player in the Egyptian market and was admirably able to achieve a remarkable growth in loans and deposits portfolios, growth of market share, increase returns, and maintaining sound asset quality and cost ratios. This has come as a result of its strategy to remain a committed business partner to its clients during all times through balanced policies to navigate through the prevailing challenges, all of which heading to remain the customers' first choice bank through excellent customer service.

QNB ALAHLI pays lots of attention to how it reaches out to its valued clients ensuring the ease and comfort with world-class professionalism, while the bank continues to selectively expand its always- expanding branch network.

As part of QNB ALAHLI Corporate Social Responsibility, it has cooperated with a number of community organizations in various initiatives and projects aimed at supporting the neediest sectors in society.

QNB ALAHLI's Strategy

Building on our continuous success, our aspiration is to become the best performing and strongest bank in Egypt

More than
227 branches

More than
490 ATMs

24/7 Call Center

Direct Banking

Digital Banking

Building on our ongoing success, we are committed to become the best performing and strongest bank in Egypt.

Our strategy for 2020 is founded on three main pillars: act on ambitious growth, achieve best-in- class profitability and enhance efficiency and control environment.

Driven by a customer-centric approach and believing in the power of Small & Medium Enterprises (SMEs), we focus our efforts to become our customers' partners in success. In 2018, QNB ALAHLI exceeded the SMEs portfolio-share target of 20% set by the Central Bank of Egypt due by end 2019.

> We diversify and continuously enhance our services in a wide variety of channels through which we interact with our clients to ensure convenience, reach and reliability.

Strategic pillar	Measured by our four key performance aspirations:
Act on Ambitious Growth	1. Size: Faster growth than market peers on assets, loans, and deposits
Achieve Best-in-Class Profitability	2. Profitability: Achieve Best-in class profitability as measured by Return on Assets & Return on Equity
	3. Strength: Maintain coverage of more than 100% on an annual basis
Enhance Efficiency & Control Environment	4. Efficiency: Most cost efficient Bank with best in class Cost/ Income ratio & Best Quality of Assets with low NPL

our aspiration is to become the best performing and strongest bank in Egypt

Strategic pillar and focus	Steps taken and achievements in 2019	2020 strategic initiatives
Act on Ambitious growth		
Significantly grow SMEs & Corporate Loans & Deposits Portfolio & tackle untapped segments to enhance ROE.	Grew SMEs share in Bank's portfolio	Grow medium and very small enterprise segments focusing on untapped segments (Education & Healthcare) and introduce FINTECH packages
	Refined SMEs sector specific offerings	Grow MVSEs Business Drivers via developing cluster lending programs & Scoring tools
	Elevated SMEs banking through 2D segmentation matrix	
Grow profitability and contribution of the Micro& Very small Enterprises.	Diversified presence in untapped geographic locations via availing new MVSEs RMs to attract new merchants across all governorates.	Offer & promote "nonfinancial services" for SMEs & MVSEs
	Monitored SMEs credit cycle to ensure efficiency and convenience to clients	Expand the Agriculture Business
		Increase POS Penetration via driving usage of POS/MPOS Machines
Actively grow Corporate business	Increased returns from existing Large Corporate clients through creating a systematic joint sales dialogue across all customers	Continue to increase Profitability from Corporate clients via enhancing ROE & wallet share
	Systematically reviewed & upgraded corporate clients where QNB ALAHLI could benefit from greater value creation	Develop pre-approved facility envelopes for large corporate
		Support Project finance Transaction to Network Customers
Increase market share via State-owned Infrastructure projects , Renewable Energy & Petroleum and Petrochemical	Enhanced risk appetite at customer and sector levels to increase wallet share	Increase Corporate and Investment Banking (CIBD) profitability via focusing on NBI, ROE & Fee generating business
	Explored new sectors which QNB ALAHLI previously undervalued	Enhance our Risk Appetite to support growth in new segments and new sectors
	Elevated Corporate Banking to align different Enterprise markets into a single stream starting from SMEs up to Large Corporates' business	Increase market share through State-owned infrastructure projects, Real-Estate Finance, PPPs, renewable energy sector and Petroleum & Petrochemical sector
		Enhance cross-selling of Insurance, Factoring & Leasing products and services to Large corporate customers
Boost Relationships with New Money Market Funds & Grow Export Business	Participated in financing international trade flow	Expand business with African countries, Turkey and China's business to/from Egypt
	Grew Export Business via setup of Export desk to attract new exporters	
Grow Strategically in African Countries , China & Turkey	Kicked of the establishment of an Egyptian Desk in Kenya in coordination with EcoBank	
Enhance First & Safwa Value Proposition & Offerings	Launched 11 QNB First Lounges service to offer a luxurious and exclusive service to QNB First Clients	Boost a Customer Centric Approach via expanding segmentation (3D segmentation matrix & tools)
		Increase market share & achieve maximum growth in profitability via increasing cross-selling & penetration rates per product
		Deepen commercial retention activities
Expand geographical presence in high potential untapped areas	Strategic expansion of our Brick–and-Mortar Model to ensure a customer-focused organization; empowered by Relationship Management & Adaptive Selling Techniques	Expand geographical presence through opening of new branches and adjusting location of current network
		Continue to expand our Cash Points coverage to optimize the service level of large cash deposits/withdrawals

Strategic pillar and focus	Steps taken and achievements in 2019	2020 strategic initiatives
Achieve Best-in-class Profitability		
Increase Customer Acquisition via leveraging on our Multi-Channel Model	Set up of a Direct Banking channel for Retail, SME, and Corporate businesses and expanded our Direct Banking reach	Increase Customer Acquisition via leveraging our Multi-Channel Model (Contact Center & Direct Banking)
Enhance customer acquisition through our new Direct Banking channel		
Spin-off call center as a separate distribution channel	Spin-off Call Center as a separate distribution channel for customer acquisition	
Implement digital transformation initiatives	Augmented digital and remote offerings within our channel mix	Remain focused on SMEs and Retail Banking leveraging on tools and technology: QR Code, e-Wallets, mVisa, etc
	Enhanced existing mobile offering which led customers to a high quality experience on the smart phones for all products and services	Develop innovative products across our global banking multichannel mix
	Integrated Internet and Mobile Banking within our distribution channels scheme	Leverage QNB ALAHLI Tools, Technology & Product Innovation to increase profitability
		Launch a new web-based customer onboarding platform
		Re-design branches to integrate electronic channels and ITMs
		Enhance Digital Value Proposition & study the introduction of ITMs/Kiosks
Enhance ATM Network	Enhanced customer experience in both physical and remote distribution channels	Continue to enhance our ATM network to offer a wider range of services
Launch our Digital Banking Business Model	Designed our Digital Banking Model	Set up the launch of a Digital Bank
Achieve 100% cooperation with QNB entities to enhance trade flows	Enhanced Digital Trade Finance Services (via TRADENET development)	
Enhance Efficiency & Control Environment		
Review and adjust risk appetite and risk framework (risk-return culture)	Enhanced Risk Appetite to support granting to new segments (specially MVSEs)	Establish Risk Awareness and revamp Operational Risk across QNB
Optimize processes through automation and efficiency increase	Enhanced Straight-Through Processes (STP) across all SMEs Segments via dedicated processing teams	Continue to enhance processing time for operational activities to deliver enhanced customer experience
	Improved productivity via enhancing operational activities processes	Continue to centralize/automate processes to increase client-facing time
	Improved processing time for top Retail, Corporate, and SME activities	Integrate a new system for Loan Origination to our Scoring Models & Workflow system
Leverage on QNB ALAHLI Tools & Product Innovations	Standardized sales tools to improve client-facing time	Continue to measure and control performance through KPIs and Scorecards to ensure Business Plan achievement
	Ensured optimum number of staff is available in branches to improve customer experience in branches	Promote branchless and cashless operating model
Monitor SLAs to enhance Customer Experience in branches	Developed SLAs across business, support and control activities in order to ensure productivity	Continue to improve waiting time in branches to improve service quality Enhance SLAs to ensure offering competitive service level
		Continue to enhance productivity and focus on the creation of customer value
Adopt Sustainability as a main driver for growth	Set up Sustainability function	Entirely integrate Sustainability within the organization. QNB ALAHLI plans to leave a positive footprint in society and its business model by focusing on creating an environmentally aware eco-system stemming from the belief that banking extends beyond financial gains and on to far more positive impacts on all its stakeholders
ESG: environmental, social, & governance framework to be integrated across all business areas	Initiate activities of strategic priorities to QNB ALAHLI	

Delivering sustainable results

Four key performance aspirations act as the building blocks to deliver our strategy

> 6,600
Employees

> 490
ATMs

> 227
Branches

> 2,000
Customer Relationship Managers

> 170
Call Center Representatives

QNB ALAHLI aspires to become the best performing bank and strongest bank in Egypt in terms of:

1. Size
We aim to deliver the fastest growth in the market. We want to grow on assets, loans, and deposits.

2. Profitability
We aspire to achieve best-in-class profitability; as measured by RoAA & RoAE.

3. Efficiency
We continuously seek to increase efficiency. Through Lean Six Sigma analysis, we aim to eliminate waste in order to render all bank procedures as efficient as possible.

We aspire to become the most efficient bank with lower cost-to-income ratio and best quality of assets with NPL.

We constantly work on reducing processing time to eliminate waste and enhance customer convenience. Average approval time for retail loans has been reduced by more than 25%. Target approval time for SME loans has been reduced by more than 80%. Using Lean Six Sigma, we improved the corporate customer experience by reducing the approval cycle time more than 50%.

4. Strength
We aim to maintain coverage of more than 100% on an annual basis.

We constantly work on reducing processing time to eliminate waste and enhance customer convenience.

We continuously seek to increase efficiency.
Through Lean Six Sigma analysis, we aim to eliminate waste in order to render all the bank's procedures as efficient as possible.

Retail Banking	Enhance value proposition for affluent market	Enrich e-banking tools	Boost sales & transaction productivity
SMEs Banking	Multiply SMEs growth with simpler lending programs	Expand the Agriculture Business	Offer non-financial services for SMEs & MVSEs
Corporate Banking	Increase share of wallet and profitability in large corporates	Focus on cross-selling and leverage deep relationships	Expand Business with China & African Countries

Creating and delivering value

Diversified, accessible and inclusive digital offering

We were delighted to be awarded:

Best SME Bank Egypt 2019

Best Trade Finance Bank Egypt 2019

Best Corporate Bank Egypt 2019

Best Digital Banking Products & Services Egypt 2019

Best Retail Bank Egypt 2019

Best Bank For Treasury Activities Egypt 2019

– Global Banking & Finance Review

Best SME Bank Egypt 2019

Best E- Banking Product - Mobile Banking Egypt 2019

– International Finance Magazine

Best SME Bank Egypt 2019

Best Retail Bank Egypt 2019

– Capital Finance International Magazine

STP Excellence Payments Award

– Deutsch Bank

Bank of the Year

– The Banker Magazine

Enhancing Digital Value Proposition:

We are keen to continuously foster our digital value proposition. Capitalizing on society's technological advancement, digital products and services are a major means to reach a wider customer base and accommodate different customer needs.

QNB ALAHLI was the first bank in Egypt to introduce the Visa Scan to Pay (previously m-Visa) service allowing customers to enjoy cashless payments and offering a B2B mobile payment service using the QR Code technology.

Expanding the QR Acceptance service and diversifying payment solutions, we have succeeded to be one of the first banks in the Egyptian market to launch QNB ALAHLI PAYnGO, a QR payment acceptance mobile application. It is a simple, fast and secure payment solution which allows merchants to accept payments from their clients through smartphones and to follow the sales and payments instantaneously, through the application.

Amidst a fast-paced society and an incessant dependency on technology, we now offer the possibility for new retail customers to open accounts electronically, through Ma'ak Online service. Requiring only one visit to any branch to open the main account, the electronic tool is the sole platform through which the customer can interact with the bank to benefit from our saving products. It allows a practical, smooth, accessible and secure customer experience.

Similarly, with more than 200,000 subscribers, our E-wallet has become an integral part of our value proposition, offering the service to customers and non-customers ensuring convenience, security and reliability. We continuously enhance and diversify the services offered though our E-wallet allowing users to perform various transactions directly using their smartphones.

We continuously seek to upgrade and enhance our Internet banking and Mobile Banking service to ensure convenience and allow our customers to execute transactions remotely. Accordingly, we have been awarded the "Best E-Banking Product - Mobile Banking in Egypt 2019" by the International Finance Magazine.

We continuously seek to upgrade and enhance our Internet banking and Mobile Banking service to ensure convenience and allow our customers to execute transactions remotely.

Creating and delivering value

Our expanding network and unrivaled services deliver real value to all our clients

We are proud to consider ourselves a bank that focuses primarily on creating meaningful value by leveraging our distinct competitive advantage in the Egyptian market.

This includes prominent returns for our stakeholders, a wide range of benefits for our customers, and the contribution we make to the Egyptian economy and our social responsibility.

We help generate, grow, and protect wealth for all our clients through our wide range of banking services that we aspire to continuously develop and enhance.

We are keen to deliver:

> The highest levels of service to our customers in the most ethical and professional manner

> Economic development and social contribution in the local communities of various regions

> Long-term sustainable returns for investors in a growing range of diversified markets

> Fulfilling careers for our highly motivated and engaged employees

Our network

Our national footprint has been expanding across the total market. We ensure to be omnipresent in every market and every segment in order to further grow our market share.

In order to deliver value, we aspire to develop our presence through various distribution channels:

> 6,600 Employees

> 490 ATMs

> 227 Branches

> 2,000 RMs

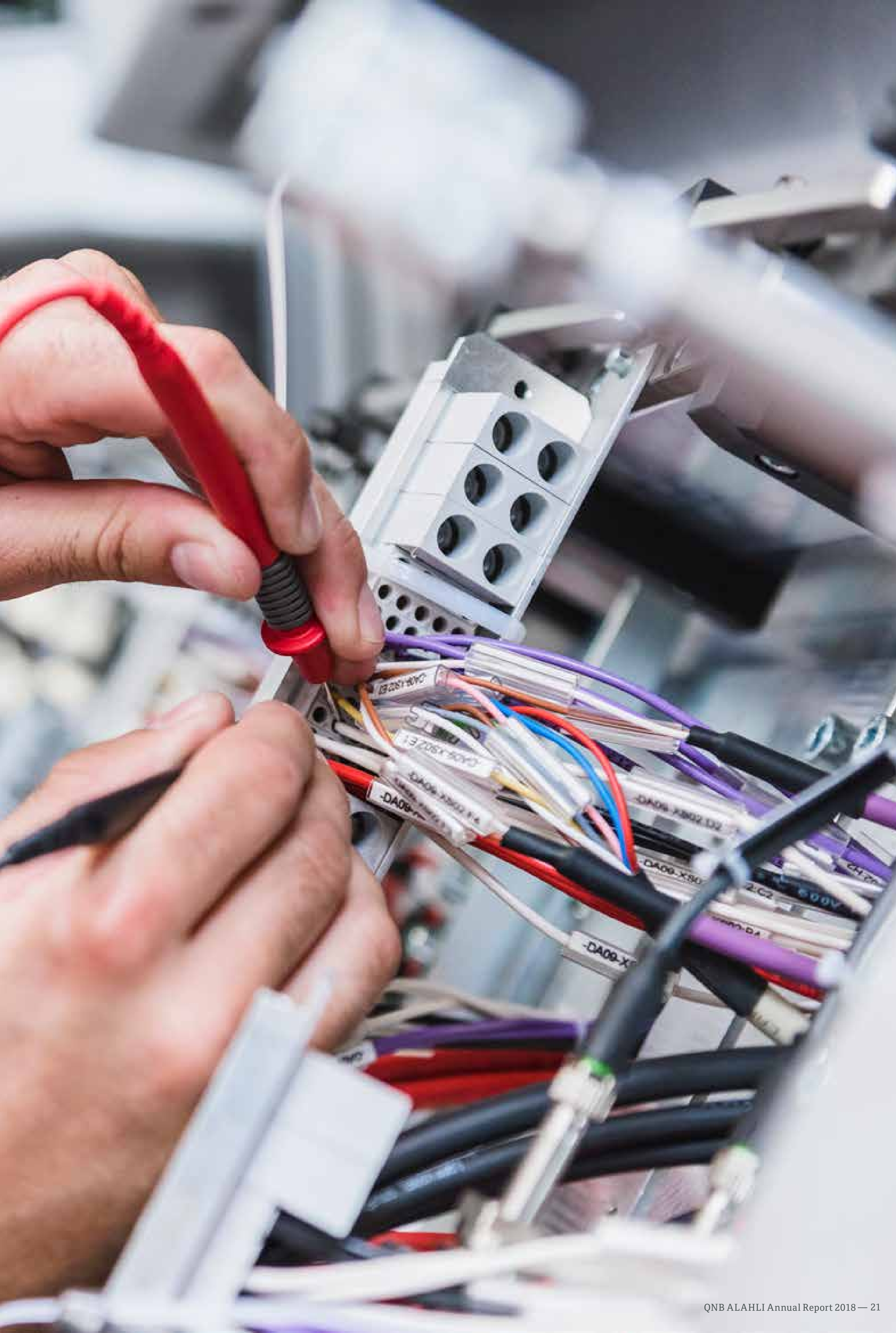
> 170 Call Center CSRs

Creating and delivering value

QNB ALAHLI Creating and delivering value

Customers	> Service quality > Multichannel presence > Innovation
Stakeholders	> Total shreholder returns > Profitability and sustained growth > Risk management
Communities	> Employer of choice > Social responsibility > Supporting sustainable development

Operational Performance



WholeSale & Commercial Banking

Thanks to our agile , adaptive and efficient model that made us serve well the growing economy

Our achievements

In recognition to our achievement in Project Finance, QNB ALAHLI won 3 awards

- > Best Syndicated loan in Africa from EMEA Finance
- > Best Agri business deal in Africa from EMEA Finance
- > Best Refinancing deal from EMEA Finance

The bank continued to serve large corporate and institutional clients offering its excellent services for this clientele base which is an important part of the Egyptian economy. We provided support and financing for these clients to cater their business growth as well as providing quality electronic banking services to facilitate their banking operations

The bank participated in financing a number of vital large projects in continuation of the bank's attention on supporting the Economy, as well as the bank's business growth

The Bank continued to pay more attention to strengthening our relationships with the multilateral and developmental financial institutions to attract foreign currency funding, as well as leverage on these institutions international expertise in emerging sectors in the Egyptian market.

Together with these institutions, the Bank launched several special financing programs, which offered competitive funding as well as free technical assistance to encourage projects with positive social & environmental impact; amongst; women empowerment, green project, new & renewable energy projects, with special focus to small & medium enterprises.

The Bank continues to strengthen the relationship with the international financial institutions to work with them in women's empowerment projects, the green economy, new & renewable energy

Retail banking

Being innovative is one of the pillars to deliver upon our Retail strategy. Innovation concerns every single one of us while becoming part of our DNA across all levels

Snapshot

22%
Growth in QNB ALAHLI Retail Loans

10%
Growth in QNB ALAHLI Retail Deposits

More than
227 Branches

More than
6,700 banking professionals

More than
1.5 Million Cards

More than
480 ATMs

More than
90 Cash Acceptance ATMs (CDMs)

What we do

QNB ALAHLI Retail banking offers a wide range of products and services driven by more than 40 years of banking experience, with an integrated, immense multichannel network.

Aiming to provide our clients with the most valuable and unique services & to cope with the growing market demands and aligning with the Central Bank of Egypt financial inclusion initiatives, we have focused on developing new products & enhancing existing ones to meet the needs of all segments of the society.

QNB AL AHLI had a strong presence in the 2019 "Financial inclusion activities", where dedicated offers, campaigns and events were conducted to spread financial literacy and attract new clients to the bank in many governorates all over Egypt, focusing especially on the untapped segments such as females, minors and senior citizens.

Premium Services

Our QNB First customers base continues to grow with ambitions and lifestyles of many of our most valued customers. Providing them with seamless, high-quality banking services is one of our core strengths.

In light of QNB ALAHLI aspiration to extend the highest quality of service to our First clients, QNB ALAHLI has launched 11 newly dedicated luxurious lounges for "QNB FIRST clients" inside our main branches, to ensure indulging QNB ALAHLI's top affluent inside "QNB FIRST lounge" during fulfilling all kinds of requests through the dedicated contact person (Relationship Manager), moreover launching of QNB FIRST Video Campaign Advertising that is promoting "QNB FIRST Lounge"

QNB ALAHLI's ultimate objective is to meet our customers' expectations in terms of service quality rendered and range of products and services offered, we constantly enhance our commercial offering and services to ensure that we will always be our clients' first bank choice and remain one of the leading banks in the Egyptian market.

Digital Growth

We believe we have a strong digital strategy, driven by the voice of our customers, which aims to differentiate us from our competitors.

Our commitment is to develop innovative digital solutions by introducing the latest disruptive digital services and products offered with the highest security levels. We have launched "Ma'ak Online" service which allows opening a bank account online with zero fees whilst enjoying higher interest rate, exclusive offers and discounts.

We believe we have a strong digital strategy, driven by the voice of our customers, which aims to differentiate us from our competitors.

Retail banking
Continued

By listening to our customers, rewarding loyalty and providing an outstanding banking experience, we are well-positioned to maintain our growth across our growing international footprint

Looking Ahead

- Accelerate toward leading market position in Egypt
- Hasten Market Share in Egypt

Our Cards
In alignment with CBE directions towards moving to a cashless society, we have enriched our cards portfolio by introducing contactless feature to all our cards, so clients can enjoy a better shopping experience in a fast & easy way.

On the other hand, QNB ALAHLI capitalized on Egypt's participation in African Cup of Nations 2019 by offering all QNB ALAHLI Visa card holders the chance to win match tickets, Players Escort Program that allowed clients or their children to attend players' training and match entrance. Thankfully, based on our clients' feedback, our involvement was a huge success.

New Offerings
On a related note, QNB ALAHLI launched the "Female Value Proposition" catering for women's different needs and expectations;

With the aim of relieving women during one of the most influential phases of their lives; the beginning of motherhood. This year, we started offering women the chance to apply for a Maternity Break Option allowing them to postpone their cash loan installments during the first 2 years from their child's birth.

Aligning with the Egyptian Government Women Empowerment Initiatives, enhancements have been applied to our depositary products to allow mothers to donate to their children without obtaining the fathers' approval.

Leveraging on Breast Cancer Awareness month, QNB ALAHLI was a pioneer in launching free Breast Cancer Insurance Coverage offering all female primary credit card holders diagnosed with breast cancer EGP25,000 as support for medical expenses.

QNB ALAHLI has tailored a pensioner's package to fit the specific needs of this age group offering increasingly competitive interest rates and unrivaled benefits for our clients over 45 years old to fully enjoy the personalized banking experience.

Moreover, QNB ALAHLI has enhanced its mortgage Facilities offerings & has actively participated in the CBE initiative for Mortgage Financing by providing low and lower income clients with residential units as part of its social responsibility to benefit the society and individual clients.

Awards

Best Retail Bank
- Capital Financial International Magazine

Best e-Banking product – Mobile Banking
- The International Finance Magazine

Best Retail Bank
- The Global Banking & Finance Review

Best Digital Banking Products & Services
- The Global Banking & Finance Review

Bank of the Year – Egypt 2019
- Banker Magazine

SMEs banking

In view of its fundamental role in achieving sustainable development, SMEs are considered a cornerstone of economic growth in Egypt, especially for their large role in creating new jobs and job opportunities.

QNB ALHLI Awards:

Repeated winner, QNB ALAHLI has again been chosen by the judging panels of various organizations as the undisputed winner several awards as follows:

Best SME Bank in Egypt

– The Capital Finance International Magazine

Best SME Bank in Egypt

– The International Finance Magazine

Best SME Bank

Best Digital Banking Products and Services

– The Global Banking and Finance Review

Our bank has devoted special attention and concern to banking services for SMEs, given the promising opportunities this sector represents for the growth of the bank's business volume, in addition to its primary role in achieving sustainable development and creating new jobs and job opportunities for a broad sector of society

QNB ALAHLI focused as a pioneer in the Egyptian market, on this important sector by establishing a dedicated business line to study the needs of SMEs and work to elevate this sector while providing the necessary consultations to increase awareness and financial education for customers in addition to the basic and simple products that contain high added values for them and their businesses.

QNB ALAHLI adopted & worked on implementing a strategic plan to develop the SME sector in concurrence with the SMEs initiative launched by the Central Bank of Egypt and the bank established two Business Development Service Centers (BDS Centers) for SMEs to provide non-financial services to this sector

This effort crowned by several successes, where the bank was able achieve and exceed the rate determined by the Central Bank of Egypt one year before (20% of SME financing portfolio), also the bank increased its market share in this promising sector with an excellent balance in terms of increasing the number of customers, the diversity of economic activities, the growth of the amount of credit granted and the deposits received, as well as maintaining a very low rate of bad debt.

QNB ALAHLI obtained QR Code acceptance license from Central Bank of Egypt, and launched PAYnGO service to be one of the first banks that launched the service. PAYnGo is considered the fastest, most secure and easiest tool to facilitate payment service for customers and merchants.

QNB ALAHLI has signed crucial cooperation protocols to reinforce the direction to support industrial and commercial institutions, mostly important are:

1. Cooperation Protocol for the New Leather Manufacturing City in Rubiky.

2. Cooperation protocol with Industrial Development Authority IDA.

3. Cooperation protocol with Damietta City for Furniture (DFC)

4. Cooperation protocol with the Federation of Egyptian Chambers of Commerce.

5. Cooperation protocol with Micro, Small and Medium Enterprises Development Agency (MSMEDA)

The bank also paid more attention to continuously strengthening its relations with international financing institutions to acquire and diversify the bank's expertise and skills to benefit from the experiences of these institutions as well as to work with them to provide financing and technical consultations to promising sectors in the Egyptian economy, on top of which are women's empowerment projects, green economy projects and new & renewable energy project, where the bank was able to implement many projects in these areas with special attention to the SMEs sector.

QNB ALAHLI adopted & worked on implementing a strategic plan to develop the SME sector

Corporate Social Responsibility

QNB ALAHLI's Corporate Social Responsibility

We are pleased to present QNB ALAHLI's social responsibility report for the year 2019, which carries many social and human achievements that accompanied the business achievements of our bank. QNB ALAHLI participated in several projects that aim to support the unprivileged sector of society, in fulfillment of its societal obligations in various fields all over Egypt.

During 2019, QNB ALAHLI continued to affirm its position as one of the largest entities in the banking sector in supporting Egyptian youth through the participation in sponsoring the World Youth Forum in Sharm El-Sheikh and Aswan 2019, to empower youth, support their ideas and finance their projects that serve the Egyptian community and the national economy.

QNB ALAHLI also supported the Fund honoring the martyrs and victims of the military, terrorist and security operations and their families, to achieve the Fund 's goals, in appreciation of their sacrifices and to support their families.

QNB ALAHLI participated also in different aspects of social responsibility activities.

As part of QNB ALAHLI Corporate Social Responsibility, it has cooperated with a number of community organizations in various initiatives and projects aimed at supporting the neediest sectors in society.

In Medical Care Field,
QNB ALAHLI pays special attention to the health care field, by donating important medical devices to hospitals that provide services free of charge to eliminate waiting lists and to provide the best medical services to the neediest segments, among these medical institutions: i.e. Sohag Cancer Center, Zayed Central Hospital, National Institute of Diabetes and Endocrinology, Pediatric Hospital at Ain Shams University Hospitals and Aghaby Charitable Foundation.

QNB ALAHLI also signed a contract to establish a fully equipped patient room in Ahl Masr Hospital that offers free treatment to trauma and burn victims in Egypt.

In addition, QNB ALAHLI supported "Egypt Health Initiative" by donating medical devices and equipment to Ibrahim Ahmed Badran Foundation that provides healthcare to marginalized communities through its medical convoys across various villages in Egypt.

In Worthwhile Social Causes:
QNB ALAHLI contributed to many development projects for improving the living conditions of poor families. QNB ALAHLI participated in the national initiative “Decent Life” in cooperation with Misr El-Kheir Foundation for the housing improvement for unprivileged families in poor villages targeted by the initiative. The projects were implemented in “Nag-Al-Haj Salam village” in Qena Governorate and in “Al-Masoudi Village” in Assiut Governorate, which desperately needed educational, health, environmental and economic services, in addition to their need for housing improvement. QNB ALAHLI also contributed to the development of “Shakshouk village” in Fayoum Governorate, in cooperation with the Orman Association.

On the other hand, QNB ALAHLI granted 45 small income-generating projects to young women in Assiut Governorate, in cooperation with Misr El-Kheir Foundation, to help women raising the economic level of their families by having permanent income and to reduce the unemployment rate. The project owners will be supported technically and administratively to achieve the best management of capital, production and marketing.

In addition, QNB ALAHLI celebrated the Orphan Day in cooperation with the Egyptian Stock Exchange by providing donation to charitable institutions that support orphans in Egypt.

QNB ALAHLI continued to sponsor the winter campaign in cooperation with Misr El Kheir Foundation, by building ceilings for houses of unsheltered people in some villages in Minya, Beheira and Beni Suef Governorates.

In Educational Field,
QNB ALAHLI pays particular attention to the educational field through participation in Nilepreneur Initiative under the auspices of the Central Bank of Egypt in partnership with the Nile University by sponsoring one of the incubators “Creative Incubators “ at Nile University over a period of five years, aiming to create awareness about the creative design industry being a competitive advantage in various projects and its importance in driving economic growth as a source of competitiveness.

In addition, QNB ALAHLI granted scholarships to outstanding students at Zewail University of Science and Technology, and participated in many educational projects in neediest areas in cooperation with NGOs, including projects to develop schools in Fayoum Governorate (Al-Tawfiqiya School, Al-Dabiki Primary School, Abu Danqash Primary School, Shakshouk Primary School and Qalhana Preparatory School) and schools in Dakahleya Governorate (Al-Matareya Secondary Technical School for Girls and Abdel-Baeth Primary School), in cooperation with Orman Association.

It is worth mentioning that QNB ALAHLI held financial literacy sessions for schools’ students to develop their financial awareness in a simple and easy way and to enhance their financial knowledge in the light of the bank’s interest in enhancing the students ‘knowledge. The bank also paid the fees in favor of students who have difficulty to pay their tuition fees due to financial hardship in Alex. University.

In addition, QNB ALAHLI participated in the development of “Bahaa El-Din Raslan Primary School” in Sharkia Governorate and “Al-Nahya Primary School” in Assiut Governorate in cooperation with Misr El Kheir Foundation.

It is worth mentioning that QNB ALAHLI will continue to perform its mission towards the Egyptian community to contribute to the individual and the community Development.

QNB ALAHLI dedicates its efforts to support and develop the educational field in order to build an educated generation for the upcoming years

Corporate Governance and Risk Management

Corporate Governance

QNB ALAHLI recognizes the need to adhere to the best practices in Corporate Governance, which is derived from the importance of implementing rational corporate governance policies and procedures.

Corporate Governance is considered by the bank as a core culture, long term vision and strategy, are applied sustainably and not only in the short term, in order to maximize the value of the bank to the shareholders, and maintain the confidence of customers and investors in addition to preserving the rights of all stakeholders, as well as the staff and customers. QNB ALAHLI always strives to maintain the highest standards of Corporate Governance and publish the results reports accurately and transparently in full compliance with all applicable laws, regulations and controls.

The bank relies in applying the rational corporate governance standards on the following main pillars:

First Pillar: General Assembly of Shareholders

The General Assembly comprises of all shareholders of the bank, in proportion to the share owned by each shareholder. All shareholders are entitled to attend the General Assembly meetings, the Bank will facilitate the attendance of shareholders to the General Assembly meetings, in compliance with bank's statutes, applicable laws and regulations organizing the procedures and deadlines for calling the General Assembly and how to manage its meetings, the General Assembly is managed in a way that allow all shareholders to express their views in light of what is regulated by the law and bank's statutes, according to the agenda of the Assembly meeting, the Bank is adequately disclosing the topics that are included in the agenda of the Assembly meetings which is accompanied with the supporting information that enable shareholders to take their decisions properly, the bank provide reply to all enquiries raised by the shareholders sent before the meeting to be included in the agenda.

The Bank discloses the decisions taken by the Assembly in addition to all the major events for all shareholders and to the public at the same time. the minutes of General Assembly meetings are published on the Bank's website, the Bank is committed to provide the Central Bank of Egypt and Financial Regulatory Authority as well as notify the Egyptian Stock Exchange with ordinary and extraordinary General Assembly decisions immediately after its conclusion at the latest before the start of the first trading session following the end of the meeting, which provides the fair disclosure for all crucial information.

The Current Shareholding Structure of QNB ALAHLI

Owners of 5% or more of the bank's capital	Number of shares as of 31/12/2019	Percentage %
Qatar National Bank	930,168,120	94.967
Total	930,168,120	94.967

The bank has investor relations officers (IRO), they are fully aware of the bank's activities and financial position as well as knowledge of decisions that may have an impact on the business results and all matters of importance and substance. They disclose the major events in accordance with the decisions of the Board of Directors and the General Assembly of shareholders, they also establish channels of communication with existing shareholders as well as prospective investors and answer any questions or concerns regarding bank's various activities.

Second Pillar : Board of Directors

Composition of the Board of Directors

In accordance with Statutes of the Bank, the Board of Directors comprises of at least five members among the shareholders, Board members are elected by the General Assembly for a period of three years, the Chairman of the Board is elected by Board members, the Board are composed of executive and non-executive members, to ensure that Board decisions are not dominated by a particular member or small group of members, the Board of Directors have at least two executive members and the majority of BOD members are non-executive, all Board members have the necessary expertise and knowledge to perform their duties effectively and efficiently to serve the Bank's business, activities, shareholders and customers.

Moreover, they have full knowledge of their control duty and their responsibility to establish rational corporate governance regulations.

The following is the composition of the Board of Directors at its current round, 2019-2022:

Sr.	Name	(Executive / Non-Executive)	Position
1	Mr. Mohamed Osman Ibrahim EL-Dib	Executive	Chairman & Managing Director
2	Mr. Ali Rashid Ali Al-Mohannadi	Non-executive	Vice Chairman
3	Ms. Heba Ali Ghaith Al-Tamimi	Non-executive	Board Member
4	Mr. Tarek Abdel Raouf Magdy Fayed	Executive	Board Member
5	Ms. Noor Mohammad Gabr Al-Naimi	Non-executive	Board Member
6	Mr. Adel Ali Mohamed Al-Malki	Non-executive	Board Member
7	Ms. Fareeda Ali Aboul-Fath Ali	Non-executive	Board Member
8	Mr. Abdullah Nasser Salem Al-Khalifa	Non-executive	Board Member
9	Mrs. Shikha Salem Abdullah Al-Dosari	Non-executive	Board Member

Duties & Responsibilities of the Board

QNB ALAHLI has Effective Board of Directors, based on the general assembly's assignment, the Board is individually and / or collectively responsible for Bank's management with the optimum methods with the objective of maximizing the value of shareholders' investments and achieve the projected business plan results, preserving the rights of customers and all stakeholders. The BOD is keen to achieve all its objectives in full compliance with the applicable laws and regulations.

Board of Directors duties and responsibilities are defined as follows:

> Ensures that the Bank's organizational structure enables the Board of Directors and top management to assume their responsibilities and facilitates effective decision-making and applying rational corporate governance, this includes a clear delineation of the principal, responsibilities and main authorities of the Board, top management and control functions

> Approve Bank's strategic objectives, policies and plans, appoint and replace members of the executive management of the bank.

> Set Bank's values and standards, ensure compliance with obligations towards shareholders and other related parties

> Ensure that Bank's compliance with legislations, the Bank's Statutes and internal regulations, the board is also responsible for protecting the Bank against illegal and inappropriate practices and activities

> One of the main authorities of the board is approving business strategies activities, verifying the quality and integrity of financial control, internal control, in addition to assuring the Bank's financial adequacy, Board members are fully aware of all the Bank activities and functions

> Carefulness to apply the rational corporate governance standards in accordance with the bank's business activities, market place and other relevant economic factors

> Establishing a legislative framework within the Bank, particularly about the organizational structure and business activities, including the methodology for allocating Human calibers to all divisions and departments

> Periodic review of arrangements and agreements with external auditors to ensure consistency with the volume and nature of the Bank's operations

> Ensure the credibility and adequacy of financial and accounting rules, including those related to the preparation of financial reports

> Present the financial reports to shareholders regarding the Bank's business and activities

> Guarantee correct procedures for disclosure and communication with shareholders, investors and all other related parties, about the Bank's strategy, financial results and significant developments

> Provide effective internal control environment to assess and mitigate risks, in addition to creating an appropriate framework for risk management

Corporate Governance
Continued

> Setting a system to report the inadequate acts inside the bank to the Board of Directors
> Formulate clear, effective and adequate rules to deal with conflict of interest
> The Board is keen to ensure that adequate and timely information is available to all members of the Board enabling them to conduct their duties effectively and efficiently

Convene of Board meetings
The Bank's Board of Directors meets at least eight times a year, BOD members may participate in BOD meetings through telephone or video conference, in this case their participation is considered an actual participation in BOD meetings and they are entitled to vote, and their votes are calculated in the quorum for the meeting and the validity of the decisions taken by the BOD. It is also permissible for the board to convene by circulation, provided that all BOD members sign the minutes of the board meeting, and it may also be held outside the bank's official premises inside or outside Egypt, on the condition that all board members or their representatives attend. During year 2019 the Board has convened eight times chaired by Mr. Chairman and Managing Director.

Reports & information submitted to the Board and its Subcommittees
In addition to reports and documents provided to the BOD prior to its meetings, Board members are provided with the sufficient information and documentation at the right time to enable them performing their duties. Moreover, committee members receive the relevant information prior to committee meetings for review and study, in order to take appropriate decisions within the various board committees.

Executive Management
While the Board of Directors undertakes absolute responsibility for Bank's governance framework, the Executive Management is responsible for day-to-day Bank activities, to insure they are being conducted effectively, securely and correctly in accordance with the Bank's internal policies, procedures and controls, within the framework of applicable laws & regulations.

Third Pillar : Committees

1- Board Committees
The Board of Directors has composed a number of committees to empower achieving its objectives optimally, such committees support and assist the BOD in the implementation of assigned responsibilities and duties, these committees were formed in accordance with Banks corporate governance regulations issued by the Central Bank of Egypt in addition to the relevant applicable laws & regulations, paying attention to the nature of the Bank's various activities. Each BOD committee comprises of at least three members, the committees submit their reports and recommendations periodically to the Board of Directors for taking the necessary decisions.

Each BOD committee has a Terms of Reference (ToR) which regulate its objective, scope of responsibilities, regularity, membership and attendance quorum. Such ToRs have been approved by the Board of Directors. Each committee reports to the Board of Directors with absolute transparency of its performed tasks, findings, conclusions and recommendations, the Board of Directors periodically follow-up the activities of committees to verify fulfilling its mandates. The Board committees may assign any of the Bank's Executive Directors or external consultants to perform specific tasks that help the committee in conducting its mandated activities.

1.1 Audit & Compliance Committee
The Committee comprises of three non-Executive Board members having adequate expertise in financial, accounting and auditing standards, the committee meetings are held at least four times a year and submit its reports to the Board of Directors, the committee is mainly responsible for reviewing the bank's financial statements and ensure the effectiveness of internal control environment, the committee follows up the performance of Internal audit and compliance departments in addition to the external auditors mandates.

1.2 Risk Committee
The Committee comprises of at least three members of the Board of Directors with a majority of non-executive members, Committee meetings are held at least twice a year and submit its report to the Board of Directors, the Committee is responsible for developing and monitoring the Bank's risk management strategy and determine hedge policies for potential risks, It also reviews procedures and overall risk management framework, the committee also define the relevant roles and responsibilities throughout the Bank.

1.3 Corporate Governance & Nomination Committee
The Committee is composed of three non-executive members having adequate expertise in governance's standard and aware of regulatory environment, the committee meets twice a year and submits its report to the Board of Directors, the committee supervises the Bank's corporate governance practices and ensures that rational governance's rules and procedures are effectively applied. The committee proposes appropriate changes in corporate governance policies, in addition to reviewing all nomination proposals for Board members or the reformation of the BOD.

1.4 Compensation & Benefits Committee
The committee is composed of three non-executive board members having adequate expertise of organizational structure and human resources issues, the committee meets at least once a year and submits its report to the Board of Directors, the committee is responsible for managing human resources activities, including setting the annual budget and reviewing the annual staff benefits and remunerations.

1.5 Executive Committee (EXCO)
Responsible for implementing the Bank's strategy and is capable of steering all the Bank's business and activities, in addition to reviewing the submitted issues by all bank's divisions and departments. The Committee is composed of executive members of the BOD and the Senior Executive Management, Committee meetings are held as needed.

2. Internal (Management) Committees

Executive Management has composed several specialized management committees to support and supervise the Bank's vast activities as follows:

2.1 Assets and Liability Management Committee (ALCO)

The committee analyzes and approves the impact of the financial environment and market changes on the Bank's financial management methods with the necessary proposals and authorize any changes in applied interest rates for several banking operations, the committee meets at least twice per each quarter (8 times per year).

2.2 Risk Review Committee

The committee focus on reviewing credit cases proposed by risk division which require revising and taking the relevant credit decisions, including allocating provisions if needed, reviews reports of the Bank credit portfolio, the Committee meets on a monthly basis.

3.2 Operational Risk Committee

The committee reviews periodically the changes in operational risk exposure, bank regulatory environment, crisis management and business continuity plan, the Committee meets semi-annually.

2.4 Recovery Committee

The committee reviews Bank's NPL portfolio status and its related provisions, reviewing recovery achievements, discussing prospects of recovery, forecasting provisions level, the committee meets on a quarterly basis.

2.5 Tariffs Committee

The committee reviews, updates and validates the Bank's unified tariff, the Committee meets semi-annually.

2.6 Communication Committee

The committee approves the strategic framework and the proposed advertising campaigns, the committee meets when required at a minimum of twice per year.

2.7 FATCA Committee

The committee ensures implementation of FATCA and compliance with relevant laws and regulations, the committee meets semi-annually.

2.8 Foreign Exchange Committee (FX)

The Committee allocate the foreign currency free market resources in compliance with the relevant rules, regulations and directives of the Central Bank of Egypt, the Committee meets on a daily basis.

2.9 New Products Committee

The Committee validates the characteristics of new products or services or significant changes to existing products and services, and make sure that all the risks have been identified, analyzed and accepted, the Committee convened when necessary.

2.10 The new branches committee

The Committee sets and implements Network Capex expansion plan, in terms of opening new branches, expansions, relocation of existing branches, major/minor renovations, rent, renewals, etc.,

The Committee meets on a monthly basis.

2.11 Credit Committees

The committee is responsible for approving credit granting decisions, it's divided into several credit sub-committees according to type and volume of the required credit facilities, the committees are convened when needed.

2.12 Quality Committee

The committee is responsible for following up the activities of total quality management and analyzing customer complaints and the actions taken to solve and reduce them, as well as studying internal and external customer satisfaction surveys and their results and recommendations of total quality management to improve the level of customer satisfaction in all the activities of the bank, and it also provides strategic guidance that guarantees excellence in the services provided to clients

2.13 Information Technology Committee

The committee is responsible for approving the strategic plans for information technology, directing and following up the implementation of those plans, as well as supervising the major initiatives / projects in this field, in addition to allocating resources and setting information technology priorities for all the bank's activities

2.14 Information Security Committee

The committee is responsible for approving any initiatives / modifications required on the information security policy, reviewing the bank's plans related to business continuity, disaster recovery and response to workplace accidents, also revising information security related events and determines if there are adequate controls to prevent their recurrence

Corporate Governance
Continued

3. Independent committee
Investment Funds Supervisory Committee (Protecting Investment Certificate holders)

It's an independent committee that is entitled to supervise all the activities of investment funds launched and sponsored by QNB ALAHLI, the committee comprises of minimum 3 members and maximum 11 members, the majority of its members must be independent, the committee meets at least four times during the year.

The duties and responsibilities of the committee have been identified by law, such as appointing the investment manager, fund admin services company, the custodian and fund's external auditors in addition to approving the financial statements of the fund, follow up the duties of the internal auditor of the investment manager, and assure that all parties fulfil their obligations.

Fourth Pillar : The Control Environment

Internal Control System
The Bank directs great importance to having an effective internal control system, that is regularly enhanced, to ensure having range of policies, rules and procedures, which are prepared by Bank's concerned department, the internal control system defines the competencies of each department or function in order to achieve a complete segregation between responsibilities and duties, the internal control system approved by the Board of Directors and is being evaluated periodically by the audit and compliance committee, submits its recommendations to the Board of Directors,

The internal control system is designed to ensure the accuracy of the implementation of the internal regulations and the instructions of Qatar National Bank Group, As well as the instructions of all concerned regulatory authorities, Ensuring the accuracy and quality of information, whether for the internal use of the Bank or its clients from outside parties and regulatory authorities, and protecting the physical assets of the Bank from the exposed risks, ratifies and record those assets at bank records, ensure the achievement of the short-term or strategic objectives plans of the bank

Internal Audit Department
The internal audit is an independent and objective activity, designed to control all activities and support to achieve its objectives, through a systematic and structured approach to assess Bank's methods and systems of internal control and risk management procedures, ensure the corporate governance rules are applied properly for all departments and operational, financial and legal activities, the Bank has an independent internal audit department, this position is managed by a full-time executive director, The Head of Internal Audit submits a quarterly report to the Audit and Compliance Committee, present the internal audit activity during that period the main findings, and follow up the implementation, and the commitment of the various sectors of the Bank's departments and scheduled the implementation

Risk Management
Based on the instructions of the Central Bank of Egypt, the risk management identifies, analyses, measures and monitors various Potential risks to recognize the reasons and how to hedge and mitigate such risks, ensure the quality and effectiveness of risk management methods at the bank, and ensuring a robust information management system including early warning indicators, in addition to ensuring the extent of acceptable risk appetite for the bank with both strategic planning and capital adequacy management, ensure that adequate capital is in line with the level of risk associated with the Bank's activities.

Compliance Department
The Bank is committed to ensure that all its activities are being conducted in compliance with applicable laws and regulations, in addition to the relevant rules and directives of the Central Bank of Egypt and the Anti-Money Laundering Unit. Accordingly, the Bank has an independent Compliance Dept. with the objective of identifying, monitoring and evaluating any risks arising from non-compliance and to support the Bank's technical judgment and permanent control of compliance risks, It also ensures compliance with the Code of Ethics and Professional Conduct by achieving the highest level of professionalism, Is an important criterion for QNB ALHLI, which is in line with QNB Group's values and principles, as well as the obligation to combat financial crimes, money laundering and terrorist financing offenses, The proper control of the principle of KYC and due diligence regarding the review of banking services and products provided through the Bank, and periodically assess and update the Bank's strategy and actions to cover risks related to these financial crimes.

Corporate Governance Department

Corporate Governance Department is targeting to establish the principles of rational Bank Corporate Governance, monitor its implementation and evaluate its effectiveness. The role of Corporate governance department is to identify and demonstrate the rational behavior for the bank's management in accordance with the best international practices of corporate governance, thus achieving a balance between the interests of all related parties (Stakeholders) in addition to ensuring the protection of shareholders' rights, to be fully aware of the significant information, voting rights and participation in the decisions regarding the fundamental changes in the Bank, which will have an impact on their investments. Moreover, to ensure full disclosure of all substantial information and fundamental events accurately, equally, transparently and on time

External Auditors

The Bank assigns external auditors who meet the conditions stipulated in the Accounting and Auditing Profession Law, Including competence, reputation and necessary expertise. Their experience, competence and abilities must be corresponding with the volume and nature of the Bank's activity. The External Auditors are appointed by the General Assembly based on the proposal of the Board of Directors and after the recommendation of the Audit and Compliance Committee. External auditors are fully independent of the Bank and its Board of Directors, they are neither shareholders nor members of the Board, and are not relative to any of Board of Directors, they also do not permanently engage in any technical, administrative or advisory tasks. External auditors are also neutral in expressing opinions, their assignment is invulnerable to the intervention of the Board of Directors. The Bank abides to the instructions of the Central Bank of Egypt concerning the rotation of external auditors, moreover, the Bank is committed to the present external auditor's report regarding its Corporate Governance activities in accordance with the applicable governance and disclosure regulations. Such report is being presented to the General Assembly of shareholders.

QNB ALAHLI recognizes the need to adhere to the best practices in Corporate Governance

Internal Audit

An independent function that provides assurance and consulting services to the BOD to evaluate and improve the effectiveness of governance, risk management, and control processes

Scope and Responsibility of the Internal Audit
Internal Audit helps the BOD and the Audit & Compliance Committee in effective discharge of their responsibilities to serve the best interests of shareholders.

Internal Audit is headed by the Chief Internal Auditor, who reports to the Audit and Compliance Committee (ACC) of the Board.

For the purpose of fulfilling its role in its professional capacity, Internal Audit is authorized to have full and unrestricted access to any of the bank's records, documentation, systems, properties and personnel, including Executive Management and the BOD.

The Internal Audit charter and policy have been enhanced to align with the Basel Committee on Banking Supervision's recommended standards and the IIA's International Standards, to keep pace with the business expansion of the bank, and to provide adequate oversight of the Bank's subsidiaries.

Scope and responsibilities of Internal Audit includes:

- Advisory services, insight, and analysis
- Audit programs and techniques
- Promoting control awareness and risk culture
- Main audit projects and priorities for the upcoming year

Professional practices and resources
Internal Audit has adopted the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) as well as Basel Committee recommendations and other leading standards.

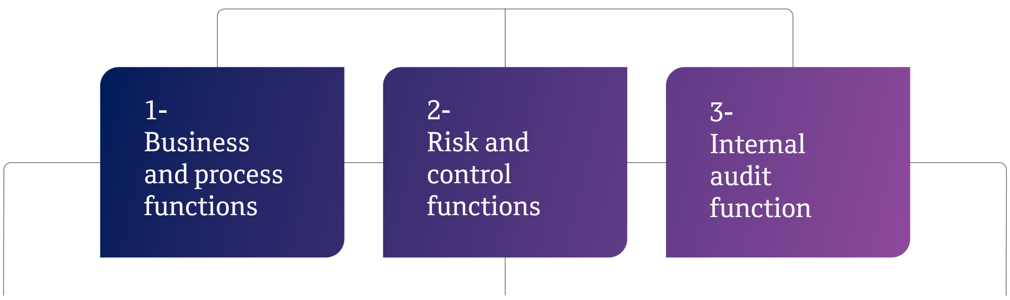
The Internal Audit team is composed of individuals with experience from leading financial institutions and audit firms. The Internal Audit team is professionally qualified; undergo continuous professional development, awareness and training.

The Internal Audit maintains a quality assurance and improvement program that covers all aspects of the internal audit activity to increase the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. Generally, the Internal Audit conforms with the IIA's International Standards and Code of Ethics, as per the results of external quality assessment.

The Internal Audit continues to develop its data analytics capability and extrapolation techniques to be able to identify systemic issues and execute efficient audits.

The Three Lines of Defense model

In line with Basel guidelines, QNB ALAHLI has adopted the "Three Lines of Defense" model.



1. Business and process functions
Responsible and accountable for identifying, assessing and controlling the risks of their activities.

2. Risk and control functions
(Risk Management, Compliance, legal, Financial and permanent controls)
Ensures that the risks in the business and process units have been appropriately identified and managed.

3. Internal audit function
Independently assesses the effectiveness of the processes created in the first and second lines of control.

Provides assurance on these processes and value-added recommendations to improve the process and promote best practice.

Internal audit universe and coverage

All activities of QNB ALAHLI's branches, departments and subsidiaries are part of the Internal audit universe. The audit universe is carefully monitored and progressively refined to consider and reflect QNB ALAHLI's business strategy, growth and emerging risks.

The annual audit plan is developed using best practice risk-based assessment of all the QNB ALAHLI's businesses and activities. This is supplemented with additional focus on regulatory requirements including Basel III capital adequacy and liquidity requirements, as well as management areas of concern and emerging risks.

The plan is continually reviewed and adjusted, as necessary through the year, in response to changes in the QNB ALAHLI's business activities, operations, systems and controls that change the risk structure of the bank.

The presentation to the ACC has been refined to focus on critical data and information that would enable effective monitoring and oversight of performance in various activities.

The oversight of subsidiaries has been refined, with focused scope and additional emphasis on the Governance, Risk Management and Internal Control structures and frameworks as part of the oversight and assessment process. This enables Internal Audit to align the governance structure and arrangements in the subsidiaries with those of the bank, thereby promoting the achievement of the QNB ALAHLI's vision and strategy.

Promoting transparency

Final audit reports incorporating audit issues, management's action plans and target dates for implementation, are issued to the Management, CEO and ACC. In addition, a quarterly report summarizing Internal audit activities and outcomes is also issued to, and discussed with, the ACC and the BOD.

Internal Audit performs timely and appropriate follow-up and valuation of all pending and closed audit issues including issues reported by the CBE and the external auditors.

Such follow-up activities are facilitated by the Audit management system. The periodical status report (Dashboard) on the follow-up activities is issued to the ACC, CEO and the divisional heads. The report also serves as an escalation to apprise the Executive Management, ACC and the BOD on the implementation status to remediate pending audit issues which are also used as part of the performance indicators for control environment. Continued focus on this has reduced the number of outstanding high priority issues.

Compliance

Independent Compliance division have been set in order to identify, monitor and evaluate any risks of non- Compliance and provide the bank with high level expertise and monitoring of Compliance risks.

QNB ALAHLI is committed to ensure that its activities are conducted in accordance with applicable banking rules, regulations, related laws and ethical and internal standards, monitoring of Compliance is considered one of major responsibility to Audit & Compliance Committee, BOD, CEO and executive management.

Compliance values:

Compliance and adherence to ethical behavior that meet high profession standards are part of QNB ALAHLI's core values which meets the value of QNB Group, by:

> Not accepting transactions or enter into relations that fall outside laws or contrary to Code of ethics.

> Involve in misleading data or information on products & services provided or not Comply with laws & regulations.

> Refusing to engage with customers or counterparties which the bank will not able to have enough information to meet due diligence

> Whistleblowing project, QNB ALAHLI's Compliance considered Whistleblowing as a top responsibility and a key element of its effective Compliance program, the whistleblowing right is granted to all QNB ALAHLI's employees which enable them to raise serious concerns when the staff believe - based on good reasons - that a situation has arisen is not compliant with the rules governing the conduct of the Banks' activities.

Whistleblowing Policy and Procedures was prepared in order to identify the definition, who could whistle, and how to report whistle in form of channels and tools as e-mails, identify phones and hotline, also govern and guarantee protection of the reporting staff and treating it in very serious and confidential way.

Combating financial crimes Know Your Customer policy and enhanced due diligence:

> New High risk /Sensitive Customers criteria added to the policy, which required Compliance Division's approval and evaluation before accepting relation.

> QNB ALAHLI's Compliance assess existing and new products from Compliance and AML/CFT risks and ongoing updated bank's strategy and procedures to cover AML & CTF risk related to such products and services.

AML/CFT transactions monitoring:
Combating Money Laundering is practiced on both Head Office level & the branches level, due to the huge volume of banking transactions done through QNB ALAHLI's branches or its electronic channels, as well as the complexity of some products, QNB ALAHLI has an efficient automated tool for monitoring customer transactions that helps to identify & analyze the unusual patterns / suspicious behaviors among the customers, in addition to other tools and reporting channels initiated for efficient risk mitigation process.

* FATCA : Foreign Account Tax Compliance Act
* AML/CFT : Anti Money Laundering and Combating the Financing of Terrorism

Sanctions and Embargos Policy:
Compliance is keen that bank cope with internationals sanctions and Embargo's to manage the risk of sanctions failure by monitoring all payments, transactions and trends linked to different jurisdictions, ongoing development and updates on sanctions and programs is one of major rules of Compliance.

Ongoing follow up to ensure proper implementation of CBE new regulations and international laws:
QNB ALAHLI's Compliance implement an efficient follow up process to ensure new regulatory requirements are communicated to relevant stakeholders, and ensure follow up completeness of action taken to implement such regulation, furthermore, QNB ALAHLI has started to implement onsite Compliance review assignments to Provide objective assurance that bank's activities are complied with the CBE regulations and Laws.

in addition to report an evaluation on such implementation to Audit & Compliance on quarterly basis.

In addition to continuous effective implementation for all FATCA requirements and enhance the proper system and applications, and Compliance conducted continuous training for all concerned and related parties.

Training strategy:
Compliance Division provides ongoing yearly various training to the bank staff to improve their AML/CFT awareness, new regulations, and whistleblowing policy, in addition to special trainings conducted for more awareness improvement in new trends in AML/CFT related issues.

Continuous enhancement for Compliance Division:

> The Corporate Governance Dept. had recently joined Compliance division which is considered a step forward to strengthen the Compliance and governance environment.

> Updating and enhancing the Compliance division as part of its continuous development, aiming for strengthening and managing Compliance function by developing its related systems, and applications.

> Professional Certification which is ongoing educational process to increase Compliance team professional and experience, by introducing and checking employees to get the professional certificates.

* FATCA : Foreign Account Tax Compliance Act
* AML/CFT : Anti Money Laundering and Combating the Financing of Terrorism

Risk Management

Risk management within QNB ALAHLI is a key focus at all levels of the Bank.

> QNB ALAHLI has a robust risk management governance structure and framework that ensures a crucial balance between risk and reward.

Risk is an integral part of our business and decision-making process. Risk management within QNB ALAHLI is a key focus at all levels of the Bank.

Risk works to identify, measure, monitor, control and manage risk at all levels and reports to senior management and the board of directors. As a result, we have a robust risk management governance structure and framework that ensures a crucial balance between risk and reward.

QNB ALAHLI's Risk Appetite statement articulates the risk culture, governance and boundaries of QNB ALAHLI.

The Risk Appetite Statement provides a framework for QNB ALAHLI's approach towards risk-taking and is reviewed, reassessed and agreed alongside the bank's strategic and financial planning process.

Our risk profile and appetite are approved by the BOD and the Risk Committee then cascaded to every division, department and employee.

QNB ALAHLI ensures regulatory compliance in line with best risk management practices.

Risk identification, monitoring and control.

The identification of principal risks is a process overseen by the Risk Division. The material risks are regularly reported to the Risk Committee (RC), together with a regular evaluation of the effectiveness of the risk-operating controls.

During 2019, Risk Division continued the efforts to build up a strong risk management framework. This framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor and mitigate and report risk in a consistent and effective manner.

> We continue to improve our frameworks for risk identification to ensure timely early-warning indicators and decision making.

We continue to improve our frameworks for risk identification to ensure timely early-warning indicators and decision making. This has resulted in effective control of the non-performing portfolio, operational risk losses, cyber and other fraud protections, preventions and exposure to market risk.

Liquidity Risk

QNB ALAHLI considers the prudent management of liquidity as essential in ensuring a sustainable and profitable business and in retaining the confidence of the financial markets as well as the Central Bank of Egypt.

Ultimate responsibility for structural liquidity management resides with the local ALCO in accordance with the pre-approved policies by the board of directors, with day-to-day management being managed by the treasury.

The risk management oversight process through representation within the ALCO provide assurance that the bank resources are sufficient in amount and diversity. This allows for the accommodation of planned and unplanned increases in funding requirements routinely without material adverse impact on earnings or on the Bank's perception in the market.

Stress testing and Internal Capital Adequacy Assessment (ICAAP)

QNB ALAHLI intends to maintain sustainable funding and liquidity across the bank in order to withstand unforeseen macroeconomic headwinds and shocks. The ICAAP process is an important component of assessing capital adequacy of the bank, as well as providing a forward-looking assessment of QNB ALAHLI's ability to operate in a more stressed economic situation. The results of this process help us to determine and plan how to position the bank in the strongest possible way. Through this, we ensure that we maintain healthy risk metrics in line with our approved risk appetite and regulatory limits.

Market Risk

Market Risk Exposures primarily relate to interest rate risk in the banking book and exchange rate risk that generally arise as a result of the Bank's day-to-day business activities. The bank manages its market risk via a comprehensive framework of limits that reflects a limited risk appetite. Oversight of market risk is delegated by the BOD to the Bank's ALCO Committee.

Risk Management
Continued

The operational risk team in QNB ALAHLI will continuously challenge the businesses to assume greater accountability through identification, measurement, assessment and control of their own risks.

QNB ALAHLI continually invests in its defenses to protect the Bank from constantly evolving and increasingly sophisticated cyber attacks

Operational Risk

Operational risk frameworks are continually being enhanced and embedded with improved business continuity infrastructure and disaster recovery sites

Data quality and reporting on key risk indicators continue to improve as the frameworks evolve.

Keep the operational risk at the lowest level through applying best practices and complying with regulatory requirements, in line with the Bank's business strategy". Promote a Bank's wide operational risk awareness and management culture, further contributing to a process efficiency and efficacy.

A transparent governance structure is established and maintained, with clear roles and responsibilities, ensuring appropriate oversight and on-going review of the Operational Risk Management Framework. Risk governance is discussed at Operational Risk Committee where all risks and actions are routinely analysed and scrutinized and day-to-day activities and issues are assigned and resolved.

We made further significant improvements to our operational risk frameworks, reflecting the growing complexity of our business as it continues to expand locally, and invested in new tools to help build awareness. Our Operational Risk tools are aligned with international standards providing better analysis of all operational risk events and risks and their potential impact on the Bank's customers, regulators and reputation. The key components of operational risk framework are RCSA, actions management and KRI's which significantly enhance our capacity and ability to capture data, giving us a deeper and more comprehensive view of our risks.

Cyber Threats

Cyber Security threats and incidents are rising worldwide. Cyber Security Risk is one of the top agenda items in executive boards across all industries.

We at QNB ALAHLI place the highest priority on data security and deploy the strongest controls and processes to maintain our systems and customer's data secured.

In 2019, QNB ALAHLI continued its strategic investment program in technologies that protect the Bank from constantly evolving sophisticated cyber attacks.

The Information Security team consist of specialist staff who are engaged in detecting, monitoring and managing cyber security incidents, and blocking ongoing attacks.

QNB ALAHLI achieved PCI-DSS certification in October 2018 and is rectified in 2019.

This achievement demonstrates QNB ALAHLI's commitment in investing and following best practices in order to protect the cardholder and customer data in its custody.

Credit Risk

We manage credit risk through a framework of models, policies and procedures that measure and facilitate the management of credit risk. We ensure a strict segregation of duties between front-line transaction originators and the Credit Risk function as reviewers and analysts. Our credit exposure limits are approved within a set credit approval and authority framework.

The bank has an integrated process covering credit initiation, rating validation, analytics, approvals, credit administration and documentation, model risk validation controls, collateral management and limits monitoring at multiple levels.

Separate Financial Statements

AUDITORS' REPORT
To the shareholders of QNB ALAHLI Bank (S.A.E)

Report on the Separate Financial Statements
We have audited the accompanying separate financial statements of QNB ALAHLI Bank (S.A.E) which comprise the separate financial position as at December 31, 2019 and the related separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of QNB ALAHLI Bank (S.A.E) as of December 31, 2019 and of its financial performance and its separate cash flows for the year then ended, in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

According to the information and explanations given to us during the financial year ended December 31, 2019 no contravention of the central bank, banking and monetary institution law No.88 of 2003 and articles of incorporation were noted.

he Bank maintains proper books of accounts, which include all that is required by law and by the statutes of the Bank, the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report which is prepared according to law no. 159 of 1981 and its executive regulations, is in agreement with the books of the Bank insofar as such information is recorded therein.

Auditors

Aziz Maher Aziz Barsoum Egyptian Financial Supervisory Authority No.(228)	Sherif Fathy El-Kilany Egyptian Financial Supervisory Authority No.(83)
KPMG Hazem Hassan **Puplic Accountants & Consultants**	Allied for Accounting and Auditing – EY **Puplic Accountants & Consultants**

Cairo; January 14, 2020.

QNB ALAHLI S.A.E
Separate Statement of Financial Position
As at 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2019	December 31, 2018
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(16)	12,012,821,372	11,750,943,263
Due from banks	(17)	6,639,128,536	10,545,594,892
Treasury bills	(18)	46,181,998,997	49,360,343,079
Loans and credit facilities to customers	(19)	154,784,013,373	138,249,356,764
Financial derivatives	(20)	83,458,859	3,796,045
Financial Investments:			
Fair value through other comprehensive income	(21)	2,463,888,129	2,269,997,110
Amortized cost	(21)	39,973,893,488	36,553,382,720
Fair value through profit or loss	(21)	61,678,473	45,383,743
Investments in subsidiaries and associates	(22)	542,109,089	292,109,089
Intangible assets	(23)	202,344,647	162,034,757
Other assets	(24)	3,462,925,342	2,957,822,205
Deferred tax assets	(31)	54,901,205	161,419,802
Property and equipment	(25)	2,457,800,483	2,236,150,168
Total assets		**268,920,961,993**	**254,588,333,637**
Liabilities and equity:			
Liabilities:			
Due to banks	(26)	16,030,665,382	12,707,779,270
Customer deposits	(27)	209,065,365,497	207,349,945,095
Financial derivatives	(20)	44,711,902	664,669
Other loans	(28)	4,574,732,377	2,586,406,412
Other liabilities	(29)	2,789,354,332	2,517,785,003
Other provisions	(30)	717,548,592	657,934,031
Current income tax payable		1,038,088,421	632,028,488
Defined benefits obligation	(32)	482,288,384	437,821,485
Total liabilities		**234,742,754,887**	**226,890,364,453**
Equity:			
Issued and paid-up capital	(33)	9,794,649,850	9,794,649,850
Reserves	(34)	15,629,509,254	10,584,464,481
Profit for the year and retained earnings	(34)	8,754,048,002	7,318,854,853
Total equity		**34,178,207,106**	**27,697,969,184**
Total liabilities and equity		**268,920,961,993**	**254,588,333,637**

Mohamed Osman El-Dib
Chairman and Managing Director

The accompanying notes from (1) to (38) are an integral part of these Separate Financial Statements.
(Auditors' report attached)

QNB ALAHLI S.A.E
Separate Income Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Note	From January 01, 2019 To December 31, 2019	From January 01, 2018 To December 31, 2018
Interest on loans and similar income	(6)	32,130,794,899	30,308,369,254
Cost of deposits and similar expense	(6)	(18,562,824,914)	(19,397,249,828)
Net interest income		**13,567,969,985**	**10,911,119,426**
Fee and commission income	(7)	2,504,801,366	2,361,269,895
Fee and commission expense	(7)	(501,919,591)	(392,329,909)
Net interest, fee and commission income		**15,570,851,760**	**12,880,059,412**
Dividend income	(8)	149,707,215	25,477,281
Net trading income	(9)	109,613,390	35,149,579
Gain on financial investments	(21)	6,631,154	63,093,304
Impairment credit losses	(12)	(688,994,875)	(519,779,960)
Administrative expenses	(10)	(3,416,271,433)	(2,905,198,826)
Other operating revenues (expenses)	(11)	(558,813,932)	(148,179,454)
Profit before income tax		**11,172,723,279**	**9,430,621,336**
Income tax expense	(13)	(2,851,192,481)	(2,513,117,420)
Net profit for the year		**8,321,530,798**	**6,917,503,916**
Earnings per share	(14)	7.63	6.34

Mohamed Osman El-Dib
Chairman and Managing Director

The accompanying notes from (1) to (38) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Separate Statement other comprehensive income
As at 31 December 2019
(All amounts are shown in Egyptian Pounds)

	From January 01, 2019 To December 31, 2019	From January 01, 2018 To December 31, 2018
Net profit for the year	8,321,530,798	6,917,503,916
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	(29,707,972)	13,182,976
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	7,415,771	10,226
Amount transferred to retained earning, net of tax	(9,368,086)	-
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	54,165,205	202,243,469
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	(12,187,171)	8,094,217
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	(29,494)	-
Total other comprehensive income items for the year, net of tax	**10,288,253**	**223,530,888**
Total comprehensive income for the year, net of tax	**8,331,819,051**	**7,141,034,804**

The accompanying notes from (1) to (38) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Separate Statement Of Changes In Equity
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Issued and Paid Up Capital	Legal Reserve	General Reserve	Special Reserve
December 31, 2018				
Balance at 1 January 2018	8,904,227,140	1,023,166,558	7,326,936,116	147,044,179
Transfer to reserves and retained earnings	-	264,581,718	2,094,574,293	-
Dividend distributions for year 2017	-	-	-	-
Transfer from general reserve to capital increase	890,422,710	-	(890,422,710)	-
Net change in other comprehensive income	-	-	-	-
Net profit for the year	-	-	-	-
Transfer from general banking risk reserve	-	-	-	-
Balance at 31 December 2018	**9,794,649,850**	**1,287,748,276**	**8,531,087,699**	**147,044,179**
December 31, 2019				
Balance at 1 January 2019	9,794,649,850	1,287,748,276	8,531,087,699	147,044,179
Transfer to general risk reserve	-	-	-	(152,225,804)
Impact of adopting IFRS 9	-	-	-	18,038,291
Restated balance at 1 January 2019	**9,794,649,850**	**1,287,748,276**	**8,531,087,699**	**12,856,666**
Transfer to reserves and retained earnings	-	345,553,468	4,886,735,548	-
Dividend distributions for year 2018	-	-	-	-
Net change in other comprehensive income	-	-	-	-
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-
Net profit for the year	-	-	-	-
Transfer from general banking risk reserve	-	-	-	-
Balance at 31 December 2019	**9,794,649,850**	**1,633,301,744**	**13,417,823,247**	**12,856,666**

The accompanying notes from (1) to (38) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Separate Statement Of Changes In Equity
For the Year Ended 31 December 2019

(All amounts are shown in Egyptian Pounds)

Capital Reserve	Fair Value Reserve	General Banking Risk Reserve	IFRS 9 Reserve	General Risk Reserve	Retained Earnings	Net Profit for the Year	Total
10,116,810	(902,709,151)	8,974,020	-	-	-	5,291,747,850	**21,809,503,522**
1,938,155	-	-	1,282,925,633	-	395,158,909	(4,039,178,708)	**-**
-	-	-	-	-	-	(1,252,569,142)	**(1,252,569,142)**
-	-	-	-	-	-	-	**-**
-	223,530,888	-	-	-	-	-	**223,530,888**
-	-	-	-	-	-	6,917,503,916	**6,917,503,916**
-	-	(6,192,028)	-	-	6,192,028	-	**-**
12,054,965	**(679,178,263)**	**2,781,992**	**1,282,925,633**	**-**	**401,350,937**	**6,917,503,916**	**27,697,969,184**
12,054,965	(679,178,263)	2,781,992	1,282,925,633	-	401,350,937	6,917,503,916	**27,697,969,184**
-	-	-	(1,282,925,633)	1,435,151,437	-	-	**-**
-	1,193,305,099	-	-	(1,413,697,514)	26,377,283	-	**(175,976,841)**
12,054,965	**514,126,836**	**2,781,992**	**-**	**21,453,923**	**427,728,220**	**6,917,503,916**	**27,521,992,343**
6,434,554	-	-	-	-	(6,192,028)	(5,232,531,542)	**-**
-	-	-	-	-	-	(1,684,972,374)	**(1,684,972,374)**
-	19,656,339	-	-	-	-	-	**19,656,339**
-	(9,368,086)	-	-	-	9,368,086	-	**-**
-	-	-	-	-	-	8,321,530,798	**8,321,530,798**
-	-	(1,612,926)		-	1,612,926	-	**-**
18,489,519	**524,415,089**	**1,169,066**	**-**	**21,453,923**	**432,517,204**	**8,321,530,798**	**34,178,207,106**

QNB ALAHLI S.A.E
Separate Statement of Cash Flows
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2019	December 31, 2018
Cash flows from operating activities			
Profit before tax		11,172,723,279	9,430,621,336
Adjusted by:			
Property and Equipment depreciation and Intangible assets amortization	(10)	287,647,893	243,819,905
Impairment credit losses	(12)	688,994,875	519,779,960
Loans written off during the year		(233,452,342)	(151,115,669)
Recovery from loans previously written off		25,455,529	44,640,892
Net formed / (reversed) other provisions		(77,765,608)	(7,673,590)
Utilized provisions other than loans provision		(9,327,850)	(70,746,666)
Translation differences of other provisions in foreign currencies		(6,533,904)	782,197
Translation differences resulting from monetary foreign currency investments		290,744,041	(32,313,544)
Amortization of premium / discount for bonds		(71,644,830)	(63,711,096)
(Gain) on sale of Property and Equipment		(2,890,011)	(6,434,554)
Dividend income	(8)	(149,707,215)	(25,477,281)
Gain on financial investments	(21)	(6,631,154)	(63,093,304)
Operating profits before changes in assets and liabilities resulting from operating activities		**11,907,612,703**	**9,819,078,586**
Net decrease / increase in assets and liabilities			
Due from banks		(1,222,941,758)	5,688,146,429
Treasury bills		1,209,675,192	(10,853,432,620)
Loans and credit facilities to customers		(18,234,810,164)	(25,647,623,651)
Financial derivatives		(35,615,581)	(8,750,974)
Financial investement recognized at fair value through profit or loss		(16,294,730)	-
Other assets		(414,267,972)	(208,108,465)
Due to banks		3,322,886,112	7,739,133,498
Customer deposits		1,715,420,402	20,673,289,931
Other liabilities		271,569,329	(134,682,651)
Defined benefits obligation		44,466,899	72,418,117
Income tax paid		(2,432,246,552)	(2,254,959,139)
Net cash flows used in / resulting from operating activities (1)		**(3,884,546,120)**	**4,884,509,061**
Cash flows from investing activities			
Acquisition of Property and Equipment and Intangible assets		(549,959,590)	(418,720,361)
Proceeds from sale of Property and Equipment		3,241,503	6,830,845
Proceeds from financial investments other than held for trading investments		4,512,851,605	4,276,409,396
Acquisition of financial investments other than held for trading investments		(6,997,299,939)	(8,775,602,764)
Acquisition of Investments in subsidiaries		(250,000,000)	-
Dividends received		49,724,215	25,477,281
Net cash flows used in investing activities (2)		**(3,231,442,206)**	**(4,885,605,603)**
Cash flows from financing activities			
Other loans		1,988,325,965	818,297,294
Dividends paid		(1,684,972,374)	(1,252,569,142)
Net cash flows resulting from / used in financing activities (3)		**303,353,591**	**(434,271,848)**
Net (decrease) in cash and cash equivalents during the Year (1+2+3)		**(6,812,634,735)**	**(435,368,390)**
Cash and cash equivalents at the beginning of the year		18,037,402,227	18,472,770,617
Cash and cash equivalents at the end of the year	**(35)**	**11,224,767,492**	**18,037,402,227**
Cash and cash equivalents at end of the year are represented in :			
Cash and due from Central Bank of Egypt	(16)	12,012,821,372	11,750,943,263
Due from banks	(17)	6,648,253,897	10,545,594,892
Treasury bills		46,196,437,796	48,133,640,018
Balances with Central Bank of Egypt (mandatory reserve)		(8,056,431,357)	(6,940,189,599)
Due from banks with maturities more than 3 months		(106,700,000)	-
Treasury bills with maturity more than 3 months		(45,469,614,216)	(45,452,586,347)
Cash and cash equivalents at end of the year		**11,224,767,492**	**18,037,402,227**

The accompanying notes from (1) to (38) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Statement of Profit Distribution Proposal
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	December 31, 2019	December 31, 2018
Net year's profits (from income statement)	8,321,530,798	6,917,503,916
Deduct/Add :		
Profits of sale fixed assets transferred to capital reserve	(2,890,011)	(6,434,554)
Change in General Banking Risk Reserve	1,612,926	6,192,028
Item transferred to retrained earrings	9,368,086	-
Distributable year's net profits	**8,329,621,799**	**6,917,261,390**
Add :		
Beginning balance of retained earnings	421,536,192	395,158,909
Total	**8,751,157,991**	**7,312,420,299**
To be distributed as follows:		
Statutory reserve	415,932,039	345,553,468
General reserve	2,665,720,403	4,886,735,548
Shareholders' Dividends *	2,154,822,966	979,464,985
Employees' profit share	832,962,180	691,726,139
Remuneration for board members	16,000,000	13,781,250
Retained earnings carried forward	2,665,720,403	395,158,909
Total	**8,751,157,991**	**7,312,420,299**

* The proposed distribution is 2 EGP per share, based on the number of shares with a nominal value 10 EGP, taking into account the free shares that had previously been decided upon at one share per ten shares from the Extraordinary General Assembly held on February 28, 2019.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

1. Background:
QNB ALAHLI "S.A.E" ("The Bank") was incorporated as an investment and commercial bank on April 13, 1978, in accordance with the provisions of the Investment Law no 43 of 1974 and its executive regulations and the amendments thereon. The Bank provides all banking services related to its activity, through its Head Office located in 5 Champlion Street - Downtown - Cairo and its 227 branches served by 6,656 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These Financial statements were approved by the Board of Directors on January 14, 2020.

2. Summary of significant accounting policies:-
2.1 Basis of preparation of the separate financial statements
These separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; and as per IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on December 31, 2019 to get complete information on the Bank's financial position, income statements, cash flows and change in shareholders equity.

The financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments".

The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions that described the changes in accounting policies in the following disclosers.

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

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

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

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

- The management's intention is to maintain the asset in the buisness model to collect contractual cash flows and;
- The contractual conditions of the financial assets will build cash flows in certain dates which are limited only on payment of principal and interest (SPPI).

Debt instruments are measured at fair value through other comprehenseve income "FVTOCI" if they are not measured at fair value through the profit or loss and if the following two conditions met:

- The management's intention is to maintain the asset in the business model to collect contractual cash flows and sell;
- This contractual conditions of financial assets will build cash flows in certain dates which are limited only on payment of principal and interest (SPPI).

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

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

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

(All amounts are shown in Egyptian Pounds)

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

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

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

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

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

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

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

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

Stage 3: Lifetime Expected Credit Loss - credit impaired
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, the lifetime expected credit loss are recognised.

According to CBE regulation on Febreuary 26, 2019, the Bank implemented the IFRS 9's requirements starting from January 01, 2019 results adjustments as follow:

	General Risk Reserve EGP	Retained Earnings EGP	Fair Value Reserve EGP
Opening balance as of January 01, 2019	1,435,151,437	401,350,937	(679,178,263)
Total reclassification and re-measurement impact	-	2,686,746	1,193,188,966
ECL impact	(1,413,697,514)	23,690,537	116,133
Total	**(1,413,697,514)**	**26,377,283**	**1,193,305,099**
Adjusted opening balance	**21,453,923**	**427,728,220**	**514,126,836**

2.3 Accounting for Investments in subsidiaries and associates
Investments in subsidiaries and associates are presented in the attached separate financial statements using the cost method which represents the bank's direct share ownership and not according to the business results and the net assets of the investees. And the consolidated financial statements provide a wider understanding for the consolidated financial position, business results and the consolidated cash flows for the bank and its subsidiaries (The Group), including the bank's share in the net assets of its associate companies.

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

2.3.2 Investments in associates
Associates are entities over which the bank exercises significant influence directly or indirectly, but without exercising control or joint control, where the bank holds 20% to 50% of voting rights in the associate.

The purchase method is used to account for the bank's purchases of subsidiaries and associates when they are initially recognized; the acquisition date is the date on which the acquirer obtains control or significant influence of acquiree "subsidiary or associate". According to the purchase method, the investments in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

In business combination achieved in stages, and business combination achieved through more than one transaction, is then dealing with every transaction of such transactions that separately on the basis of the acquisition consideration and fair value information at the date of each transition until the date where the control is achieved.

The investments in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method; investments are recognized at acquisition cost less any impairment losses in value, if any. Dividends are recognized as revenue in the separate income statement when they are declared and the bank's right to collect them has been established.

2.4 Segment reporting
An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments. A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

The Bank is divided into two main business lines, which are corporate banking and retail banking. In addition, a corporate center acts as a central funding department for the bank's core businesses. The dealing room, proprietary activity and other non-core businesses are reported under the corporate banking business line.

For the purpose of preparation of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the branches. Given that the bank does not have any entity abroad, and unless otherwise stated in a specific disclosure, all equity and debt instruments of the bank issued by foreign institutions and credit facilities granted to foreign counterparties are reported based on the location of the domestic branch where such assets are recorded.

2.5 Foreign currency translation
2.5.1 Functional and presentation currency
The separate financial statements of the bank are presented in the Egyptian pound which is the bank's functional and presentation currency.

2.5.2 Transactions and balances in foreign currencies
The Bank maintains its accounting records in Egyptian pounds. Transactions in foreign currencies during the period are translated into the Egyptian pounds using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at end of reporting period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held for trading assets and liabilities;
- Other operating revenues (expenses) from the remaining assets and liabilities;
- Investments in equity instrument recognized at fair value through other comprehensive income in equity.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as FVTOCI assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in "Interest on loans and similar income" whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the "Fair value reserve" in Other Comprehensive Income.

Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through the profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as FVTOCI are recognized directly in equity in the "Fair value revaluation reserve" in Other comprehensive income.

2.6 Financial asset
2.6.1 Financial Policies applied until December 31, 2018:
The Bank classifies its financial assets into the following categories:

Financial assets classified as at fair value through the profits or loss, loans and receivables, held to maturity financial assets, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition.

2.6.1.1 Financial assets designated at fair value through profit or loss
This category includes financial assets held for trading and financial derivatives.

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking, or it is a derivative that is not designated and effective as a hedging instrument.

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

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit or loss;
- Assets classified as available-for-sale at initial recognition;
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than credit worthiness deterioration.

2.6.1.3 Held to maturity financial assets
Held to maturity financial assets are non-derivative financial assets with fixed or determinable amount and fixed maturity dates that the bank has the positive intent and ability to hold to maturity. The bank should not classify any financial assets as held to maturity if the bank has, during the current financial period or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.

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

The following is applied in respect of all financial assets:

- Regular-way purchases and sales of financial assets classified as at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale are recognized at the settlement-date, which is the date that an asset is delivered to or by the entity.
- All financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially recognized at fair value. Transaction costs associated with those assets are recognized in the income statement.
- The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when the bank transfers the financial asset and all the risks and rewards associated with the ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.
- Available-for-sale and financial assets designated at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held to maturity investments are subsequently measured at amortized cost.
- Gains and losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets shall be recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity shall be recognized in the income statement.
- Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available-for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available-for-sale shall be recognized in the income statement when the entity's right to receive payment is established.
- The fair value of quoted investments in an active market is based on current bid prices. If there is no active market for a financial asset, it is measured at cost less of any impairment losses.

2.6.2 Financial Policies applied starting from January 01, 2019:
Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification depends on the buisness model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

2.6.2.1 Financial assets classified as amortized cost
The financial asset is retained in the business model of financial assets held to collect contractual cash flow. The objective from this business model is to collect contractual cash flow which represented in principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

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

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

2.6.2.2 Financial assets classified as fair value through profit or loss
The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale.

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

The characteristics of the business model are as follows:

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

2.7 Offsetting of financial assets and financial liabilities
Financial assets and liabilities are offset when the bank has a legally enforceable right to offset the recognized amounts and it intends to settle these amounts on a net basis, or realize the asset and settle the liability simultaneously.

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

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

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

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge);
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

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

2.8.1 Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of “Net interest income” line item in the income statement. Any ineffectiveness is recognized in profit or loss in “Net trading income”.

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

2.8.2 Cash flow hedge

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

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

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

2.8.3 Derivatives that do not qualify for hedge accounting

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

2.9 Interest income and expense

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

Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt.

- Interest income on non-performing or impaired (Stage 3) loans and receivables ceases to be recognized in profit or loss and is rather recorded off-balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

  1- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.

  2- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one year.

If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in the profit or loss except when the total balance of loan, prior to that date, is paid in full.

2.10 Fees and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue - on a cash basis - only when interest income on those loans is recognized in profit or loss, at which time, fees and commissions that are an integral part of the effective interest rate of a financial asset are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, only if the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

Fees and commissions that are earned on negotiating or participating in the negotiation of a transaction in favor of another entity, such as arrangements for the allotment of shares or another financial instrument or acquisition or sale of an enterprise on behalf of a client, are recognized as revenue when the transaction has been completed. Administrative consultations and other service fees are usually recognized as revenue on a straight-line basis over the period in which the service is rendered. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

2.11 Dividends income
Dividend income on investments in equity instruments and similar assets is recognized in the income statement when the bank's right to receive payment is established.

2.12 Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)
Financial instruments sold under repurchase agreements are not derecognized from the statement of financial position and cash receipts are shown in liability side in the statement of financial position.

2.13 Impairment of financial assets
2.13.1 Financial Policies applied until December 31, 2018:
The bank reviews all its financial assets, except those classified as at fair value through profit or loss, to assess whether an indication exists that these assets have suffered an impairment loss as described below:

2.13.1.1 Financial assets carried at amortized cost
At the end of each reporting period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following indicators to determine the existence of substantive evidence for impairment losses:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization;
- Deterioration of the competitive position of the borrower;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- Impairment in the value of collaterals;
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group.

The Bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio. For application purposes, the bank considers such period to equal one.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant ,in that field the below items will be considered:

- If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on the historical loss rates.
- Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. An asset that is individually assessed for impairment but for which an impairment loss is not recognized is included in a group of other similar assets.

If there is objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If a loan, receivable or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate(s) determined under the contract at the date on which an objective evidence for impairment of the asset has been identified.

As a practical expedient, the bank may measure impairment of a financial asset carried at amortized cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the bank's assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The Bank ensures that estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank to reduce any differences between loss estimates and actual loss experience.

2.13.1.2 Available-for-sale financial assets

At the end of each reporting period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets classified as available-for-sale has been impaired.

According to the central bank of Egypt's rules, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognized in the equity reserve shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in the profit or loss are not reversed through the profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However if, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

2.13.2 Financial Policies applied starting from January 01, 2019:

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

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

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

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

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- If there are indicators of impairment of the financial instrument, it is transferred to the third stage.
- The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

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

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

2.13.2.3 Qualitative factors
Retail loans,micro and small businesses
If the borrower encounters one or more of the following events:

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

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

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

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

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

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

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

2.13 Intangible assets
2.13.1 Goodwill
Goodwill, arising from the acquisition or legal merger of subsidiaries, represents the difference between the cost of the combination and the acquirer's interest in the fair value of the identifiable assets, liabilities and qualifying contingent liabilities of the acquiree at the acquisition date. Goodwill is annually tested for impairment and is written-down to profit or loss at an annual amortization of 20% or impairment loss, whichever is higher.

(All amounts are shown in Egyptian Pounds)

2.13.2 Software (computer programs)

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the bank and when it is probable that they will generate future economic benefits within more than one year that exceed its cost. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification.

Cost of computer software recognized as an asset shall be amortized over the period of expected benefits from three to five years except for the core IT system which is amortized over ten years.

2.14 Property and Equipment

The Bank's property and equipment include lands and buildings of the bank which basically comprise the head office premises and branch buildings. All property and equipment are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the construction or acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial period in which they are incurred.

The Bank considers the residual value of its property and equipment as insignificant and immaterial in relation to the depreciable amount; therefore, the depreciable amount of the bank's property and equipment is determined without any deduction for residual values. Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Buildings		50 years
Fixtures	Decoration & installations	10 years
	Lifts	15 years
	Electricity & Air conditioning	10 years
	Generators	30 years
	Telephone network & CCTV	10 years
	Firefighting system & Plumbing system	10 years
	Other installations	10 years
Leasehold improvements		The shortest of 10 years or contract period

Depreciation periods for property and equipment, other than buildings, depend on their useful lives which are usually estimated as specified below:

Furniture	10 years
Armored vaults	20-30 years
IT equipment	5 years
Electric appliances	5 years
Vehicles	5 years

The bank reviews the carrying amounts of its depreciable property and equipment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in the profit or loss in other operating income (expenses) in the income statement.

2.15 Impairment of non-financial assets

Non-financial assets that do not have definite useful lives, except for goodwill, are not amortized. These are annually tested for impairment. Depreciable property and equipment are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, the bank estimates the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

At the end of each year, the bank reviews non-financial assets for which an impairment loss is recognized to assess whether or not all or part of such impairment losses should be reversed through profit or loss.

2.16 Leasing

All lease contracts to which the bank is a party are treated as operating or finance leases as follows:

2.16.1 As a lessee
Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

2.16.2 As a lessor
Assets leased out under operating lease contracts are reported as part of the property and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term.

2.17 Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances due within three months from date of placement or acquisition. They include cash and balances placed with the Central Bank of Egypt (other than those required under the mandatory reserve), current accounts with banks and treasury bills, certificates of deposits and other governmental notes.

2.18 Other provisions
Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the date of separate financial statements are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the reporting date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions.

For obligations due within less than twelve months from the date of separate financial statements, provisions are calculated based on undiscounted expected cash outflows unless the time value of money is material, in which case provisions are measured at present value.

When a provision is wholly or partially no longer required, it is reversed through the profit or loss under "Other Operating Income (Expenses)" line item.

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

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

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

(I) The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and

(II) The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

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

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

2.20 Employee benefits
Post-employment benefits (defined benefit plans) and defined contribution plans:
The Bank is liable for all obligations arising from its plans for employee benefits which comply, in all material respects, with the principles set out below. Starting 1 January 2009, the bank has fully complied with the policy referred to below, and recognized any adjustments, resulting from the first full implementation of amendments to the CBE rules, directly on retained earnings.

The Bank provides several post-employment benefits to its employees, such as the medical care scheme which qualifies as a defined-benefit plan. A defined benefit plan commits the bank, either formally or constructively, to pay a certain amount or level of future benefits and therefore bears the medium- or long-term risk.

The Bank recognizes the defined benefit obligation as a liability in the statement of financial position under "obligations for post-retirement schemes" to cover the total value of such obligations. This is assessed regularly by independent actuary using the projected unit credit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the defined benefit obligation. Differences arising from changes in the actuarial assumptions and estimates are recognized in the income statement as actuarial gains or losses to the extent of the higher of the following two amounts as of the end of the previous financial period:

- 10% of the present value of the defined benefit obligation (before deducting plan assets); and
- 10% of the fair value of the plan assets.

Actuarial gains and losses that exceed the 10 percent criteria above are amortized to profit or loss over the expected average remaining working lives of the participating employees.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employee benefits plans is reported as part of general and administrative expenses (employee costs).

Defined contribution plans are pension schemes whereby the bank pays defined contributions to an independent entity. The Bank shall not be under legal or constructive obligation to pay more contributions if this entity doesn't maintain adequate assets to pay-off the employees' benefits in return for their service in the current and previous periods.

According to the defined contribution plans, the bank pays contributions to private sector pension scheme under mandatory or voluntary contractual arrangement. The Bank shall be under no additional obligation other than the contribution payments. Contributions to defined contribution retirement benefit plans are recognized as employee benefits cost when employees have rendered service entitling them to the contributions. Prepaid contributions shall be recognized as assets to the extent that these contribution payments will reduce future payments or result in cash refunds.

2.21 Income taxes
Income tax expense on the years's profit or loss represents the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.

The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax differences related to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

2.22 Borrowings
Loans obtained by the bank are initially recognized at fair value net of transaction costs incurred in connection with obtaining the loan. Borrowings are subsequently measured at amortized cost, with the difference between net proceeds and the value to be paid over the borrowing period, recognized in profit or loss using the effective interest rate method.

2.23 Capital
2.23.1 Capital issuance cost
Issued and paid up-capital (i.e. Bank's own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

2.23.2 Dividends
Dividends on equity instruments issued by the bank are recognized when the general assembly of the bank's shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

2.24 Fiduciary activities
The Bank carries out fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are not recognized in the bank's separate financial statements, as they are not assets or income of the bank.

2.25 Comparative figures
Comparative figures for financial assets and liabilities are reclassified but not re-measured to comply with the current year financial statements presentation according to CBE instruction for IFRS9 implementation dated February 26, 2019.

3. Management of financial risks

The Bank as a result of conducting its activities is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the bank aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

For example, the bank has laid down to determine and analyze the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.

Risks are managed in accordance with pre-approved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

Risk management strategy

The Bank operates in business lines, which generate a range of risks whose frequency, severity and volatility can be of different and significant magnitudes. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for bank.

Thus, the primary objectives of the bank's risk management framework are:

- To contribute to the development of the Bank in various business lines to reach an ideal level of general risk.
- To guarantee the bank's sustainability as a going concern, through the implementation of a high-quality risk management infrastructure.

In defining the bank's overall risk appetite, the bank management takes various considerations and variables into account, including:

- The relative balance between risk and reward of the bank's various activities.
- Earnings sensitivity to business, credit and economic cycles.
- The aim of achieving a well-balanced portfolio of earnings streams.

Risk management governance and risk principles

Bank's risk management governance is based on:

i) Strong managerial involvement, throughout the entire organization, starting from the Board of Directors down to operational field management teams.

ii) A tight framework of internal procedures and guidelines;

iii) Continuous supervision by business lines and support functions as well as by an independent body to monitor risks and to enforce rules and procedures.

Within the board, the Risk and Audit Committees are more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance.

Risk categories

The following are part of the risks associated with Bank's Banking activities:

a- Credit risk:
(Including country risk): represents risk of losses arising from the inability of the Bank's customers, sovereign issuers or other counterparties to meet their financial commitments.

Credit risk also includes the replacement risk linked to market transactions. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability.

b- Market risk:
Represents risk of loss resulting from changes in market prices and interest rates.

c- Operational risk:
(Including legal, compliance, accounting, environmental, reputational risks, etc.): represents risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events. Additionally, operational risks may also take the form of compliance risk, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations.

d- Structural interest and exchange rate risk:
Represents risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from changes in interest or exchange rates. Structural interest and exchange rate risk arises from banking commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).

e- Liquidity risk:
Represents the risk that bank might not be able to meet its obligations as they become due.

The Bank dedicates significant resources to constantly adapting its risk management to its activities and ensures that its risk management framework operates in full compliance with the following fundamental principles of:

- Full independence of risk assessment departments from the operating divisions; and
- Consistent approach to risk assessment and monitoring applied throughout the bank.

The Risk Division is independent from the bank's operating entities and reports directly to general management. Its role is to contribute to the development and profitability of the bank by ensuring that the risk management framework in place is both robust and effective. It employs various teams specializing in the operational management of credit and market risk.

More specifically, the Risk Division:

- Defines and approves the methods used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks; conducts a critical review of commercial strategies in high risk areas and continually seeks to improve such risk forecasting and management;
- Contributes to independent assessment by analyzing transactions implying a credit risk and by providing guidance on transactions proposed by sales managers;
- Identifying a frame for all Bank's operational risks.

The Assets and Liabilities Unit under the Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely liquidity and structural risks (resulting from interest rate, exchange rate and liquidity) as well as the bank's long term financing, management of capital requirements and equity structure.

The Internal Legal Counsel deals with compliance and legal risks.

Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the assets and liabilities management under Finance Division.

The Bank's Risk Committee is in charge of reviewing all the bank's key risk management issues and meets at least on quarterly basis. Risk Committee's monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.).

On the other hand, the Assets and Liabilities management committee (ALCO) is competent for matters relating to funding and liquidity policy making and planning.

All new products and activities or products under development must be submitted to the New Product Committee.

This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the available information and processing systems.

Operational risks, permanent control and audit (periodic) control process are supervised by the Audit and Accounts Committee that meets on a quarterly basis.

Finally, the Bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the External Auditors.

(A) CREDIT RISKS

The Bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in bank's assets as well as off balance sheet financial instruments, such as letters of credit and letters of guarantee.

(A/1) Credit risk management: organization and structure

Maintaining comprehensive and efficient management and monitoring of credit risk – which constitutes the bank's primary source of risk – is vital to preserving bank financial strength and profitability. As a result, the bank implements a tight credit risk control framework, whose cornerstone is the Credit Risk Policy and Authorities defined jointly by the Risk Division and the Business Lines, and is subject to periodic review and approval by the Board of Directors.

Within the Risk Division, persons are responsible for:

- Setting credit limits by customer, customer group or transaction type;
- Approving credit score or internal customer rating criteria;
- Monitoring and surveillance of large exposures and various credit portfolios; and
- Reviewing specific and general provisioning policies.

In addition, comprehensive portfolio analysis is performed in order to provide guidance to the General Management on the bank's overall credit risk exposure as well as reporting to Risk Committee.

The Risk Division also helps define criteria for measuring risk and defining appropriate provisioning practices.

Risk approval

Embedded in bank's credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the bank's risk strategy and risk appetite.

The risk approval process is based on four core principles:

- All transactions involving replacement risk must be pre-authorized, replacement risk is bearing a loss when a bank is forced to replace a contract in case of breaching the original party's contract (debtor risk, non-settlement or non-delivery risk and issuer risk).
- Staff assessing credit risk is fully independent from the decision-making process.
- Subject to relevant credit delegations, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management.
- All credit decisions systematically include internal obligor risk ratings, as proposed by business lines and vetted by the Risk Division and approved by concerned Credit Committee.

Risk management and audit

Changes in the quality of outstanding commitments are reviewed on a periodic basis and at least once a quarter, as part of the "sensitive names" and provisioning procedures. This review is based on analyses performed by the business divisions and the risk function. Furthermore, the Internal Audit also carries out file reviews or risk audits in the bank's branch groups and reports its findings to the General Management.

Replacement risk

Replacement risk provides the measurement of the replacement cost of a transaction in the event of default by the original counterparty and the necessity to close the ensuing position with counterparty; hence, the replacement cost is the result of the market price between the date on which the original transaction is entered into and the default date. Transactions giving rise to replacement risk include interest rate swaps and forward FX deals.

Replacement risk management

The Bank places great emphasis on carefully monitoring its replacement risk exposure in order to minimize its losses in case of default of its counterparties and counterparty limits are, therefore, assigned to all trading counterparties, irrespective of their status (bank, other financial institution, corporate and public institutions).

(A/2) Risk measurement and internal ratings

Bank rating system is based on three key pillars:

- The internal ratings models used to measure and quantify counterparty risk.
- A set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.).
- Reliance on human judgment to improve modeling results to include elements outside the scope of rating model.

Credit risk rating is supported by a set of procedures ensuring reliable, consistent and timely default and loss data detection.

Rating models are reviewed and developed when necessary. The Bank regularly evaluates performance of credit rating models and their capacity to predict default cases.

The calculations used to measure and monitor replacement risk include:

- Current Average Risk (CAR) is a calculation of the Average risk of all the future scenarios, excluding the negative scenarios, i.e., when the replacement makes a gain.
- Credit value at risk (VAR) is a calculation of the largest loss that would be incurred in 99% of cases.

Following are some risk mitigations methods:

Collaterals
The Bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The Bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for Loans and credit facilities to customers are:

- Real estate mortgage;
- Pledge on business assets like machinery and merchandise;
- Pledge in financial instruments like debt instruments and equity.

The long term financing and lending for companies are often collaterized while credit facilities for persons are not collaterized. The Bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collaterals taken to secure assets other than Loans and credit facilities are identified according to the nature of the instrument.

Debit instruments and treasury bills are often not collaterized.

Derivatives
The Bank exercise prudential strict control procedures on net open positions of derivatives. i.e. the difference between sale and purchase agreements at the level of value and duration. The amount exposed to credit risk at any time is determined at fair value of the instrument that may achieve benefit to the bank. i.e. any assets with high positive fair value which represents insignificant part of contractual imputed value used to reflect the volume of existing instruments. This credit risk is managed as part of overall lending limit granted to the customer together with the potential risk as a result of market changes.

The Bank doesn't obtain collaterals for credit risk related to such instruments except for the amounts requested by the bank as marginal deposits from other parties.

(All amounts are shown in Egyptian Pounds)

(A/3) Provisioning policy (Measurement of expected credit losses)

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

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

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

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

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

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

	December 31, 2019		December 31, 2018	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
1- Good debts	90.46%	15.81%	89.75%	13.27%
2- Normal watch-list	5.31%	11.62%	5.81%	11.96%
3- Special watch-list	1.73%	25.91%	2.23%	34.15%
4- Non performing loan	2.50%	46.66%	2.21%	40.62%
	100%	**100%**	**100%**	**100%**

(A/4) General Model for Measurements of Banking Risks:

In addition to the four categories of the bank's internal credit ratings indicated above, management classifies Loans and credit facilities based on more detailed subgroups in accordance with the CBE requirements.

Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record.

The Bank calculates the allowances required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the expected credit loss, that excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution; note (34) shows the movement (if any) on the general banking risk reserve during the financial year.

Below is a statement of credit rating for corporations as per the Bank's internal ratings compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision % According to ORR	Internal Rating	Internal Description
1	Low risk	0%	1	Good debts
2	Moderate risks	1%	1	Good debts
3	Satisfactory risks	1%	1	Good debts
4	Appropriate risks	2%	1	Good debts
5	Acceptable risks	2%	1	Good debts
6	Marginally acceptable risks	3%	2	Normal watch-list
7	Watch-list	5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing loans
9	Doubtful debts	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

(A/5) Maximum limit for credit risk before collaterals

Financial position items exposed to credit risks	December 31, 2019	December 31, 2018
Treasury bills	46,181,998,997	49,360,343,079
Loans and credit facilities to customers		
Retail loans		
Overdrafts	3,433,826,947	2,651,774,716
Credit cards	975,503,290	770,673,588
Personal loans	19,979,405,278	16,573,040,799
Real estate loans	1,743,041,205	1,350,633,464
Corporate loans		
Overdrafts	64,762,938,685	57,222,676,438
Direct loans	41,248,664,431	36,788,354,168
Syndicated Loans and facilities	19,111,959,605	20,219,672,773
Other loans	3,666,135,060	2,864,259,053
Segregated interest & unearned discount	(137,461,128)	(191,728,235)
Financial derivatives	83,458,859	3,796,045
Financial investments		
Debt instrument	41,609,730,965	38,577,910,406
Other Financial assets	2,545,652,465	2,350,424,034
Total	**245,204,854,659**	**228,541,830,328**

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

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	978,370,746	146,348,168	-	1,124,718,914
Normal watch-list	5,078,070,791	445,464,192	-	5,523,534,983
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	6,056,441,537	**591,812,360**	**-**	**6,648,253,897**
Allowance for impairment losses	(9,125,361)	-	-	(9,125,361)
Carrying amount	**6,047,316,176**	**591,812,360**	**-**	**6,639,128,536**

Treasury bills	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	-
Normal watch-list	46,196,437,796	-	-	46,196,437,796
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	46,196,437,796	**-**	**-**	**46,196,437,796**
Allowance for impairment losses	(14,438,799)	-	-	(14,438,799)
Carrying amount	**46,181,998,997**	**-**	**-**	**46,181,998,997**

Retail loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	24,484,169,185	-	-	24,484,169,185
Normal watch-list	1,385,271,936	-	-	1,385,271,936
Special watch-list	-	310,867,666	-	310,867,666
Non performing loan	-	-	383,915,910	383,915,910
	25,869,441,121	**310,867,666**	**383,915,910**	**26,564,224,697**
Allowance for impairment losses	(146,580,951)	(14,987,231)	(270,879,795)	(432,447,977)
Carrying amount	**25,722,860,170**	**295,880,435**	**113,036,115**	**26,131,776,720**

(All amounts are shown in Egyptian Pounds)

Corporate loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	121,125,081,837	1,070,390,607	-	122,195,472,444
Normal watch-list	2,396,744,678	4,822,760,827	-	7,219,505,505
Special watch-list	-	2,497,533,088	-	2,497,533,088
Non performing loan	-	-	3,669,238,188	3,669,238,188
	123,521,826,515	**8,390,684,522**	**3,669,238,188**	**135,581,749,225**
Allowance for impairment losses	(1,184,670,265)	(2,507,154,392)	(3,100,226,787)	(6,792,051,444)
Carrying amount	**122,337,156,250**	**5,883,530,130**	**569,011,401**	**128,789,697,781**

Debt instruments at fair value through other comprehensive income	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	1,635,837,477	-	-	1,635,837,477
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	1,635,837,477	**-**	**-**	**1,635,837,477**
Allowance for impairment losses	(86,639)	-	-	(86,639)
Carrying amount	**1,635,837,477**	**-**	**-**	**1,635,837,477**

Debt instruments at amortized cost	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	-
Normal watch-list	39,987,394,104	-	-	39,987,394,104
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	39,987,394,104	**-**	**-**	**39,987,394,104**
Allowance for impairment losses	(13,500,616)	-	-	(13,500,616)
Carrying amount	**39,973,893,488**	**-**	**-**	**39,973,893,488**

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

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	19,083,244	-	-	19,083,244
New financial assets purchased or issued	9,125,361	-	-	9,125,361
Financial assets have been matured or derecognised	(19,083,244)	-	-	(19,083,244)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	-
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	**9,125,361**	**-**	**-**	**9,125,361**

(All amounts are shown in Egyptian Pounds)

Treasury bills	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	30,548,616	-	-	30,548,616
New financial assets purchased or issued	14,438,799	-	-	14,438,799
Financial assets have been matured or derecognised	(30,548,616)	-	-	(30,548,616)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	-
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	**14,438,799**	**-**	**-**	**14,438,799**

Retail loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	52,573,588	2,303,028	426,697,861	481,574,477
Net impairment loss recognized during the year	94,007,363	5,288,334	10,256,089	109,551,786
Loans written-off during the year	-	-	(166,045,747)	(166,045,747)
Collections of loans previously written-off	-	7,395,869	-	7,395,869
Foreign exchange translation differences	-	-	(28,408)	(28,408)
Balance at the end of the year	**146,580,951**	**14,987,231**	**270,879,795**	**432,447,977**

Corporate loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	1,294,842,414	2,562,255,289	2,531,716,332	6,388,814,035
New financial assets purchased or issued	154,201,368	1,007,169,569	-	1,161,370,937
Financial assets have been matured or derecognised	(323,698,647)	(1,168,030,814)	-	(1,491,729,461)
Transfer to stage 1	1,085,880	(1,085,880)	-	-
Transfer to stage 2	(34,339,561)	34,339,561	-	-
Transfer to stage 3	(1,103,912)	(83,368,566)	84,472,478	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	93,682,723	187,463,359	645,139,836	926,285,918
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	(67,406,595)	(67,406,595)
Collections of loans previously written-off	-	18,059,660	-	18,059,660
Foreign exchange translation differences	-	(49,647,786)	(93,695,264)	(143,343,050)
Balance at the end of the year	**1,184,670,265**	**2,507,154,392**	**3,100,226,787**	**6,792,051,444**

(All amounts are shown in Egyptian Pounds)

Debt instruments at fair value through other comprehensive income	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	116,133	-	-	116,133
New financial assets purchased or issued	5,913	-	-	5,913
Financial assets have been matured or derecognised	(9,421)	-	-	(9,421)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	(25,986)	-	-	(25,986)
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	**86,639**	**-**	**-**	**86,639**

Debt instruments at amortized cost	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	4,619,649	-	-	4,619,649
New financial assets purchased or issued	13,500,616	-	-	13,500,616
Financial assets have been matured or derecognised	(4,619,649)	-	-	(4,619,649)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	-
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	**13,500,616**	**-**	**-**	**13,500,616**

Off balance sheet items exposed to credit risks	December 31, 2019	December 31, 2018
Financial guarantees	**357,500**	**357,500**
L/Cs	3,679,975,387	3,318,470,593
Accepted papers	3,300,687,075	2,249,112,360
L/Gs	42,590,274,614	39,879,061,700
Other contingent liabilities	367,558,187	691,158,344
Total	**49,938,852,763**	**46,138,160,497**

Commitments for credit facilities have a carrying amount of EGP 35,961,879,563 at the end of current reporting year against EGP 33,669,773,098 in the prior year.

The preceding table shows the maximum limit exposure to risks at the end of December, 2019 and December, 2018 without taking into consideration collaterals held by the bank, if any. For financial position items, amounts stated depend on the net carrying amount shown in the financial position.

The preceding table related to financial position items exposed to credit risks shows that 63% of the maximum limit exposed to credit risk at the end of current reporting year is attributable to loans and credit facilities to customers against 60% at the end of the prior year, investments in debt instruments constitute 17% against 17% at the end of the prior year and treasury bills constitute 19% against 22% at the end of the prior year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan portfolio, facilities, and debt instruments based on the following facts:

- 96% of the loans and credit facilities portfolio at the end of the current reporting year comprises loans and credit facilities classified at the top 2 categories of the internal rating against 96% at the end of the prior year.
- 96% of the loan and credit facilities portfolio at the end of the current reporting year does not have arrears or indicators of impairment against 96% at the end of the prior year.
- Loans and credit facilities that are individually assessed for impairment (Stage 3) at the end of the current reporting year have a carrying amount of EGP 4,053,154,098 . Impairment on these loans and credit facilities represents 83% of their carrying amount. Loans and credit facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of EGP 3,180,620,116 and their impairment represents 73% of such carrying amount.
- The Bank applied more prudential selection process on granting loans and credit facilities during the current reporting year ended December 31, 2019.
- 98% of investments in debt instruments and treasury bills at the end of the current reporting year comprise local sovereign debt instruments against 98% at the end of the prior year.

(All amounts are shown in Egyptian Pounds)

(A/6) Loans and credit facilities
Balances of loans and credit facilities in terms of credit risk rating are analyzed below:

	December 31, 2019		December 31, 2018	
	Loans and credit facilities to customers	Loans and credit facilities to banks	Loans and credit facilities to customers	Loans and credit facilities to banks
Neither have arrears nor impaired	155,690,924,639	-	138,449,206,947	-
Have arrears but not impaired	2,401,895,185	-	2,478,975,260	-
Impaired	4,053,154,098	-	3,180,620,116	-
Total	**162,145,973,922**	**-**	**144,108,802,323**	**-**
Less: Allowance for impairment losses	(7,224,499,421)	-	(5,667,717,324)	-
Less: Segregated interest	(5,850,387)	-	(5,985,581)	-
Less: Unearned discount	(131,610,741)	-	(185,742,654)	-
Net	**154,784,013,373**	**-**	**138,249,356,764**	**-**

Total credit allowance for loans and credit facilities at the end of the current reporting year amounted to EGP 7,224,499,421 (EGP 5,667,717,324 at the end of the prior year) of which EGP 3,371,106,582 represent impairment in stage three (EGP 2,302,499,222 at the end of the prior year) and EGP 3,853,392,839 represent impairment for stage one and stage two in the credit portfolio (EGP 3,365,218,102 at the end of the prior year).

Note (19-A) includes additional information on the allowance for impairment losses for Loans and credit facilities to customers during the current reporting year.

During the current accounting year, the loans and credit facilities portfolio increase by 13% due to the increase on lending activity.

Loans and credit facilities which do not have arrears and are not subject to impairment
The credit quality of loans and credit facilities that do not have arrears and which are not subject to impairment is assessed by reference to the bank's internal rating.

Loans and credit facilities to customers

	December 31, 2019 Retail				
Rating	**Overdrafts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Good debts	3,450,187,264	846,011,295	18,597,924,787	1,590,045,837	**24,484,169,183**
Normal watch-list	388,176	-	-	-	**388,176**
Special watch-list	123,322	-	-	-	**123,322**
Total	**3,450,698,762**	**846,011,295**	**18,597,924,787**	**1,590,045,837**	**24,484,680,681**

	Corporate				
	Overdrafts	**Direct loans**	**Syndicated Loans and facilities**	**Other loans**	**Total**
Good debts	62,745,050,872	36,918,222,424	18,732,595,710	3,652,854,319	**122,048,723,325**
Normal watch-list	3,093,093,351	3,666,076,797	408,316,057	36,895,450	**7,204,381,655**
Special watch-list	166,366,570	1,786,772,408	-	-	**1,953,138,978**
Total	**66,004,510,793**	**42,371,071,629**	**19,140,911,767**	**3,689,749,769**	**131,206,243,958**

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

	December 31, 2018 Retail				
Rating	**Overdrafts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Good debts	2,669,108,000	663,164,272	15,566,307,734	1,222,447,964	**20,121,027,970**
Normal watch-list	805,411	-	-	-	**805,411**
Special watch-list	935,556	-	-	-	**935,556**
Total	**2,670,848,967**	**663,164,272**	**15,566,307,734**	**1,222,447,964**	**20,122,768,937**

	Corporate				
	Overdrafts	**Direct loans**	**Syndicated Loans and facilities**	**Other loans**	**Total**
Good debts	54,856,380,153	32,855,509,879	18,620,116,228	2,872,390,239	**109,204,396,499**
Normal watch-list	2,795,180,186	2,997,043,043	1,524,417,649	17,913,600	**7,334,554,478**
Special watch-list	697,166,546	842,187,730	210,885,018	37,247,739	**1,787,487,033**
Total	**58,348,726,885**	**36,694,740,652**	**20,355,418,895**	**2,927,551,578**	**118,326,438,010**

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

(All amounts are shown in Egyptian Pounds)

Loans and credit facilities which have arrears but are not subject to impairment

These are loans and credit facilities with past-due installments but are not subject to impairment, unless information has otherwise indicated. Loans and credit facilities to customers which have arrears but are not subject to impairment are analyzed below:

	December 31, 2019 Retail				
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	94,226,249	1,158,825,914	131,831,597	**1,384,883,760**
More than 30 – 60 days	-	25,373,887	154,895,434	14,578,370	**194,847,691**
More than 60 – 90 days	-	8,945,942	96,720,986	10,229,727	**115,896,655**
Total	**-**	**128,546,078**	**1,410,442,334**	**156,639,694**	**1,695,628,106**

	Corporate				
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Up to 30 days	-	121,337,753	-	-	**121,337,753**
More than 30 – 60 days	-	39,038,295	-	-	**39,038,295**
More than 60 – 90 days	-	7,922,114	-	-	**7,922,114**
More than 90 days	-	-	537,968,917	-	**537,968,917**
Total	**-**	**168,298,162**	**537,968,917**	**-**	**706,267,079**

	December 31, 2018 Retail				
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	74,581,920	838,840,013	110,406,295	**1,023,828,228**
More than 30 – 60 days	-	23,237,823	101,717,189	6,423,790	**131,378,802**
More than 60 – 90 days	-	6,393,044	42,424,462	1,472,245	**50,289,751**
Total	**-**	**104,212,787**	**982,981,664**	**118,302,330**	**1,205,496,781**

	Corporate				
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Up to 30 days	-	462,473,143	-	-	**462,473,143**
More than 30 – 60 days	-	34,420,124	130,083,951	-	**164,504,075**
More than 60 – 90 days	-	76,769,329	-	-	**76,769,329**
More than 90 days	-	17,809,451	551,922,481	-	**569,731,932**
Total	**-**	**591,472,047**	**682,006,432**	**-**	**1,273,478,479**

"Past due loans and credit facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include arrears for periods more than one day.

Amounts shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining loans and credit facilities of the same customer so long default has not fully or partially occurred on those loans.

On initial recognition of loans and credit facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent periods, the fair value is updated to reflect the market price or prices for similar assets.

(All amounts are shown in Egyptian Pounds)

Loans and credit facilities which are individually impaired
Loans and credit facilities to customers

At the end of the current reporting year the carrying amount of loans and credit facilities, that are assessed to be individually impaired (Stage 3) excluding any cash flows expected to arise from the associated guarantees, amounted to EGP 4,053,154,098 against EGP 3,180,620,116 at the end of the prior year.

The following table provides a breakdown of the balance of such loans and credit facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

December 31, 2019					
Retail	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	49,384,349	20,037,400	291,449,626	23,044,535	**383,915,910**
Fair value of collaterals	-	6,985,795	86,093,496	9,801,766	**102,881,057**
Corporate	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Loans which are individually impaired	378,456,031	3,290,262,295	519,862	-	**3,669,238,188**
Fair value of collaterals	-	-	-	-	**-**

December 31, 2018					
Retail	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	38,240,587	13,394,264	293,668,479	23,981,665	**369,284,995**
Fair value of collaterals	-	3,984,326	45,812,319	10,467,283	**60,263,928**
Corporate	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Loans which are individually impaired	185,134,989	2,626,199,748	-	384	**2,811,335,121**
Fair value of collaterals	-	-	-	-	**-**

Restructured Loans and credit facilities:
The Bank applies different types of restructuring policies to its loans and credit facilities, which include extending payment terms, executing forced management programmes and applying prepayment and extension provisions to the loan. The applied restructuring policies depend on factors or criteria that indicate, in management judgment that the counterparty's continuous payment of the loan is unlikely to occur in the absence of such restructuring policies that are subject to ongoing review. Within the bank renegotiated outstanding loans relate to long-term loans made to any type of clientele (retail and corporate loans clients).

Total renegotiated loans amounted to EGP 735,628,769 at the end of the current reporting year against EGP 333,414,248 at the end of the prior year. These balances do not include any amounts whose commercial terms were renegotiated to preserve the quality of the bank's relationship with its clients, including those terms pertaining to loans interest rates and/or loans repayment years.

The Bank practice calls for most clients whose loans have been renegotiated to be maintained in the "non-performing" category, as long as the bank remains uncertain of their ability to meet their future commitments in accordance with the definition of default under Basel II.

Loans and credit facilities to customers

Corporate loans	December 31, 2019	December 31, 2018
Overdrafts	14,813,140	-
Direct loans	720,815,629	333,414,248
Total	**735,628,769**	**333,414,248**

(A/7) Debt instruments, treasury bills, and other governmental notes
The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes (excluding allowances for impairment) per last rating for Standard and Poor's and its equivalent:

	Rating	December 31, 2019	December 31, 2018
Egyptian Treasury Bills	B	46,196,437,796	49,360,343,079
Fair value through other comprehensive income			
US Treasury Bonds	+AA	1,635,837,477	2,024,527,686
Amortized cost			
Egyptian Treasury Bonds	B	39,987,394,104	36,553,382,720
Total		**87,819,669,377**	**87,938,253,485**

(A/8) Acquisition of collaterals
During the current reporting year, the Bank acquire foreclosed asset as acquisition of guarantees as following:

Nature of the asset	Book Value
Building	7,300,000

Assets acquired were classified under other Assets in the financial position. Such Assets shall be sold, if practical.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

(A/9) Concentration of risks of financial assets exposed to credit risks
(Geographical segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets including loans and credit facilities is segmented into the geographical regions of the bank's clients except for investments in foreign treasury bonds which are reported in the "other countries" category.

	Arab Republic of Egypt								
	Cairo	**East Cairo**	**Giza**	**Alex**	**Delta**	**Red Sea & Upper Egypt**	**Total**	**Other countries**	**Total**
Treasury bills	46,196,437,796	-	-	-	-	-	**46,196,437,796**	-	**46,196,437,796**
Loans and credit facilities to customers									
Retail loans									
Overdrafts	918,135,958	593,513,589	576,707,374	1,079,941,262	235,935,849	95,849,079	**3,500,083,111**	-	**3,500,083,111**
Credit cards	291,721,923	223,676,271	229,407,399	121,744,611	87,297,347	40,747,222	**994,594,773**	-	**994,594,773**
Personal loans	5,347,521,220	3,942,320,062	4,693,942,718	2,347,553,281	3,106,193,463	862,286,003	**20,299,816,747**	-	**20,299,816,747**
Real estate loans	477,547,899	460,383,136	416,642,320	106,838,182	149,090,339	159,228,190	**1,769,730,066**	-	**1,769,730,066**
Corporate loans									
Overdrafts	22,509,713,609	11,902,116,052	16,308,591,609	7,941,755,505	5,166,058,084	2,554,731,965	**66,382,966,824**	-	**66,382,966,824**
Direct loans	15,676,395,721	4,842,716,832	10,923,553,324	6,539,245,258	5,866,466,556	1,981,254,395	**45,829,632,086**	-	**45,829,632,086**
Syndicated loans and facilities	7,744,424,946	9,443,880,861	543,534,065	-	1,786,962,915	160,597,759	**19,679,400,546**	-	**19,679,400,546**
Other loans	2,072,111,577	13,477,084	1,344,291,859	14,512,197	208,461,602	36,895,450	**3,689,749,769**	-	**3,689,749,769**
Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**83,458,859**	**83,458,859**
Financial investments									
Debt instruments	39,987,394,104	-	-	-	-	-	**39,987,394,104**	1,635,837,477	**41,623,231,581**
Other financial assets	2,147,029,409	104,745,744	111,203,400	66,629,151	70,231,397	22,818,403	**2,522,657,504**	27,143,646	**2,549,801,150**
Total at the end of the current year	**143,368,434,162**	**31,526,829,631**	**35,147,874,068**	**18,218,219,447**	**16,676,697,552**	**5,914,408,466**	**250,852,463,326**	**1,746,439,982**	**252,598,903,308**
Total at the end of the comparative year	**132,564,299,816**	**31,574,544,978**	**31,143,694,338**	**16,993,413,908**	**14,681,795,663**	**5,379,098,762**	**232,336,847,465**	**2,064,428,422**	**234,401,275,887**

(Business segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank's clients operate.

	Agricultural entities	**Industrial entities**	**Trading entities**	**Service entities**	**Governmental sector**	**Foreign Governments**	**Other activities**	**Individuals**	**Total**
Treasury bills	-	-	-	-	46,196,437,796	-	**-**	-	**46,196,437,796**
Loans and credit facilities to customers									
Retail loans									
Overdrafts	-	-	-	-	-	-	**-**	3,500,083,111	**3,500,083,111**
Credit cards	-	-	-	-	-	-	**-**	994,594,773	**994,594,773**
Personal loans	-	-	-	-	-	-	**-**	20,299,816,747	**20,299,816,747**
Real estate loans	-	-	-	-	-	-	**-**	1,769,730,066	**1,769,730,066**
Corporate loans									
Overdrafts	682,736,440	29,074,991,690	11,616,918,288	25,008,320,406	-	-	**-**	-	**66,382,966,824**
Direct loans	1,242,565,221	25,786,172,740	8,204,462,825	10,596,431,300	-	-	**-**	-	**45,829,632,086**
Syndicated loans and facilities	-	17,654,043,063	315,115,477	1,710,242,006	-	-	**-**	-	**19,679,400,546**
Other loans	-	1,761,062,788	8,119,479	233,014,547	-	-	**1,687,552,955**	-	**3,689,749,769**
Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**83,458,859**	**-**	**83,458,859**
Financial investments									
Debt instruments	-	-	-	-	39,987,394,104	1,635,837,477	**-**	-	**41,623,231,581**
Other financial assets	9,117,474	351,743,286	95,397,001	177,812,642	1,764,161,388	25,771,609	**-**	125,797,750	**2,549,801,150**
Total at the end of current year	**1,934,419,135**	**74,628,013,567**	**20,240,013,070**	**37,725,820,901**	**87,947,993,288**	**1,661,609,086**	**1,771,011,814**	**26,690,022,447**	**252,598,903,308**
Total at the end of the comparative year	**1,570,116,857**	**72,028,846,613**	**15,596,480,718**	**32,797,698,909**	**87,557,062,697**	**2,060,577,895**	**991,210,654**	**21,799,281,544**	**234,401,275,887**

(All amounts are shown in Egyptian Pounds)

(B) Market Risk
Market risk is the risk of losses resulting from unfavorable changes in market parameters. It contains all trading book transactions as well as some banking book portfolios valued using the mark-to-market approach. The bank's policy on market risk transactions is "Prudent" in that:

- Products subject to "market risk" which are offered by the Bank to its customers are restricted to cash and simple financial derivatives such as interest rate swaps and foreign exchange swap and forward contracts.
- The only trading activity conducted by the Bank is over-night foreign exchange position, within a prudent limit that cannot be exceeded.
- Open positions must be centrally managed and matched.

The front-office managers assume primary responsibility in terms of risk exposure; however, management lies with an independent structure being the Market Risk Controller (MRC), within Risk Division. The main function of MRC is the ongoing analysis, independently from the trading rooms, of the positions and risks linked to the market activities of the bank and the comparison of these positions to the allowed limits. The MRC carries out the following functions:

- Daily and periodic analysis and reporting (independently from the front office) of the exposures, stress tests and risks incurred by the bank's market activities and comparison of said exposure and risks with the pre-set limits.
- Definition of the risk-measurement methods and control procedures, approval of the valuation methods used to calculate and monitor risks, including those made on a gross or nominal basis.
- Management of the approval process for limits.
- Reviewing new products or services from market risk aspect under New Product Committee to ensure that market risks are properly identified and controlled.

At the proposal of this MRC and Head of Risk Division, the board sets the levels of authorized risk by type of market activity and makes the main decisions concerning bank's market risk management.

(B/1) Methods of Measuring Market Risk and Defining Exposure Limits
As a part of managing market risk, the Bank has several hedging strategies and enters into interest rate swaps to balance the risks inherent in debt instruments and fixed rate long term loans, if the fair value option is applied. The Bank uses a lot of methods to control market risk such as stress testing "ST".

Stress testing gives indicator of the loss volume expected that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The Bank sets a maximum limit of expected losses of 10% from authorized limit according to internal bank rules.

(B/2) Stress test for foreign exchange risk
The following table provides FX position (whether short or long) for all balance sheet items and off balance sheet items.

Currency	Short/Long FX positions	FX short positions	FX long positions	Expected loss at 10%
USD	98,669,519	-	98,669,519	9,866,952
EUR	13,019,010	-	13,019,010	1,301,901
GBP	1,696,845	-	1,696,845	169,685
JPY	2,344	-	2,344	234
CHF	245,336	-	245,336	24,534
DKK	69,915	-	69,915	6,992
NOK	69,156	-	69,156	6,916
SEK	61,764	-	61,764	6,176
CAD	18,727	-	18,727	1,873
AUD	7,860	-	7,860	786
AED	91,523	-	91,523	9,152
BHD	135	-	135	14
KWD	236,115	-	236,115	23,612
QAR	(214,620)	(214,620)	-	(21,462)
SAR	106,693	-	106,693	10,669
CNY	92,777	-	92,777	9,278
EGP	(114,173,099)	(114,173,099)	-	-
Maximum expected loss at December 31, 2019				**11,417,312**
Maximum expected loss at December 31, 2018				**12,378,759**

(B/3) Foreign exchange rate volatility risk (concentration of FX risk on financial instruments)

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting year. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent

	EGP	USD	EUR	GBP	Other currencies	Total
Financial assets						
Cash and due from Central Bank of Egypt (CBE)	**10,945,749,924**	**800,416,082**	**221,549,843**	**14,852,233**	**30,253,290**	**12,012,821,372**
Due from banks	1,101,925,988	5,057,103,258	110,820,102	265,220,561	104,058,627	**6,639,128,536**
Treasury bills	41,696,148,076	4,485,850,921	-	-	-	**46,181,998,997**
Loans and credit facilities to customers	121,526,593,818	30,400,722,242	2,805,804,464	50,846,037	46,812	**154,784,013,373**
Financial derivatives	-	83,458,859	-	-	-	**83,458,859**
Financial investments						
Fair value through other comprehensive income	344,320,705	2,118,411,376	1,156,048	-	-	**2,463,888,129**
Amortized cost	39,229,472,935	744,420,553	-	-	-	**39,973,893,488**
Fair value through profit or loss	61,678,473	-	-	-	-	**61,678,473**
Other financial assets	2,485,545,983	56,152,542	3,521,973	56,924	375,043	**2,545,652,465**
Total financial assets	**217,391,435,902**	**43,746,535,833**	**3,142,852,430**	**330,975,755**	**134,733,772**	**264,746,533,692**
Financial liabilities						
Due to banks	13,923,328,156	1,912,785,513	187,491,976	7,059,706	31	**16,030,665,382**
Customer deposits	171,399,948,357	32,790,304,870	4,264,733,990	461,553,113	148,825,167	**209,065,365,497**
Financial derivatives	44,711,902	-	-	-	-	**44,711,902**
Other loans	230,475,000	4,124,629,169	219,628,208	-	-	**4,574,732,377**
Other financial liabilities	857,017,494	108,842,576	1,667,626	383,143	978	**967,911,817**
Total financial liabilities	**186,455,480,909**	**38,936,562,128**	**4,673,521,800**	**468,995,962**	**148,826,176**	**230,683,386,975**
Net financial position	**30,935,954,993**	**4,809,973,705**	**(1,530,669,370)**	**(138,020,207)**	**(14,092,404)**	**34,063,146,717**
At the end of the comparative year						
Total financial assets	**195,679,320,744**	**52,654,145,129**	**2,183,914,783**	**434,079,114**	**177,761,880**	**251,129,221,650**
Total financial liabilities	**171,765,395,400**	**45,200,237,489**	**6,288,749,248**	**531,941,138**	**190,349,087**	**223,976,672,362**
Net financial position	**23,913,925,344**	**7,453,907,640**	**(4,104,834,465)**	**(97,862,024)**	**(12,587,207)**	**27,152,549,288**

(B/4) Structural Interest Rate Risk

- Structural interest rate risk is linked to commercial activities and corporate center transactions. Structural interest rate risk arises from residual gaps (surplus or deficit) of the bank's fixed-rate positions. The general principle is to reduce structural interest rate risk to the maximum extent.
- Whenever possible, commercial operations are hedged against interest rate, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within the treasury department).
- Consequently, structural interest rate risk only results from the residual positions remaining after hedging. The absence of interest rate derivative market in Egyptian Pound makes it difficult to hedge positions in this currency.

Organization of the management of Structural Interest Rate risks

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

Assets & Liabilities Management Committee (ALCO) duties

- Decide on the limits for the sensitivity.
- Review, validate and approve any assumptions used for the identification and measurements of the respective risks.
- Review interest rate Gap and sensitivity position reported through ALMU.
- Assess, amend and approve recommendations for bringing the Gap (if any) within the previously approved limits.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on the respective exposures and the evolution of such exposures over time.
- Provide recommendations for bringing the gaps within limits.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.

(All amounts are shown in Egyptian Pounds)

Dealing Room duties
Provide frequent updates on markets movements.

Execute and Report progress of ALCO approved recommendations.

Co-ordinate with ALMU on the spontaneous hedging of special transactions according to ALCO approved policy and recommendations.

Bank's Objective of Interest Rate Risk Management
The Bank's aim is to reduce exposure to structural interest rate risk as much as possible.

Any residual interest rate risk exposure must comply with the sensitivity limits approved by the ALCO. Sensitivity is defined as the variation in the net present value of future residual fixed-rate positions for a 1% parallel increase in the yield curve. Adherence to applicable limits is closely monitored.

Measurement and monitoring of structural interest rate risks
In order to quantify the Bank's exposure to structural interest rate risks, all fixed rate assets and liabilities on future maturities are analyzed to identify any gaps.

On a quarterly basis, assets and liabilities are analyzed independently, without any prior matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (e.g. saving accounts) as well as conventional assumptions for some balance sheet items (e.g. equity).

Once the gaps have been identified for each major currency, the sensitivity is calculated as the variation of the net present value of the fixed rate position of an instantaneous parallel shift of the 1% in the yield curve of each major currency. The cumulative sensitivity for all currencies as well as for any single currency should not exceed the above mentioned limit.

The following table summarizes the extent to which the bank is exposed to the risks of fluctuations in the interest rate including the carrying amount of the financial instruments distributed on the basis of the rate prevailing in re-pricing dates or maturity dates, whichever is earlier.

At the end of the current year	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Interest free	Total
Financial assets							
Cash and due from Central Bank of Egypt (CBE)	-	-	-	-	-	12,012,821,372	**12,012,821,372**
Due from banks	2,114,440,858	3,947,636,693	-	-	-	577,050,985	**6,639,128,536**
Treasury bills	2,825,094,997	8,168,761,000	35,188,143,000	-	-	-	**46,181,998,997**
Loans and credit facilities to customers	121,292,192,373	7,007,489,000	7,896,596,000	15,719,037,000	2,868,699,000	-	**154,784,013,373**
Financial derivatives	-	-	-	-	-	83,458,859	**83,458,859**
Financial investments							
Fair value through other comprehensive income	-	96,459,477	86,376,000	513,537,000	939,465,000	828,050,652	**2,463,888,129**
Amortized cost	-	236,557,488	6,484,047,000	23,765,019,000	9,488,270,000	-	**39,973,893,488**
Fair value through profit or loss	-	-	-	-	-	61,678,473	**61,678,473**
Other financial assets	-	-	-	-	-	2,545,652,465	**2,545,652,465**
Total financial assets	**126,231,728,228**	**19,456,903,658**	**49,655,162,000**	**39,997,593,000**	**13,296,434,000**	**16,108,712,806**	**264,746,533,692**
IRS (notional amount)	**-**	**208,538,688**	**208,540,000**	**4,637,999,000**	**-**	**-**	**5,055,077,688**
Financial liabilities							
Due to banks	15,260,508,539	-	-	-	-	770,156,843	**16,030,665,382**
Customer deposits	106,639,377,300	25,138,170,000	18,599,530,000	28,090,000,000	140,518,000	30,457,770,197	**209,065,365,497**
Financial derivatives	-	-	-	-	-	44,711,902	**44,711,902**
Other loans	2,639,969,377	569,811,000	1,242,093,000	107,859,000	15,000,000	-	**4,574,732,377**
Other financial liabilities	-	-	-	-	-	967,911,817	967,911,817
Total financial liabilities	**124,539,855,216**	**25,707,981,000**	**19,841,623,000**	**28,197,859,000**	**155,518,000**	**32,240,550,759**	**230,683,386,975**
IRS (notional amount)	**5,055,077,688**	**-**	**-**	**-**	**-**	**-**	**5,055,077,688**
Re-pricing gap	**(3,363,204,676)**	**(6,042,538,654)**	**30,022,079,000**	**16,437,733,000**	**13,140,916,000**	**(16,131,837,953)**	**34,063,146,717**
At the end of the comparative year							
Total financial assets	**123,177,446,282**	**24,309,985,341**	**40,065,407,052**	**35,072,317,148**	**13,621,539,820**	**14,882,526,007**	**251,129,221,650**
(IRS (notional amount	**-**	**626,976,000**	**626,976,000**	**2,136,196,800**	**100,764,000**	**-**	**3,490,912,800**
Total financial liabilities	**109,609,466,370**	**29,602,046,201**	**25,193,291,075**	**28,439,723,350**	**190,191,798**	**30,941,953,568**	**223,976,672,362**
(IRS (notional amount	**3,490,912,800**	**-**	**-**	**-**	**-**	**-**	**3,490,912,800**
Re-pricing gap	**10,077,067,112**	**(4,665,084,860)**	**15,499,091,977**	**8,768,790,598**	**13,532,112,022**	**(16,059,427,561)**	**27,152,549,288**

(C) Liquidity Risk
Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

The bank manages this exposure through modeling of its cash flow under several scenarios.

Organization of Liquidity Risk Management
Identification and measurement of the risk is carried out by the Assets & Liabilities Management Unit (ALMU) which comes under the authority of the bank's Finance Department.

Risk assessment and corrective actions are decided by the Assets & Liabilities Management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

(All amounts are shown in Egyptian Pounds)

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room and/or the business lines. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

- Review, validate and approve any assumptions and scenarios used for the identification and measurements of the respective risks.
- Review the structured liquidity Gap reported by ALMU.
- Assess, amend and approve recommendations for funding strategy and/or the portfolio composition for the remedy of the gaps.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks' management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on the respective exposures and the evolution of such exposures over time.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.
- Co-ordinate with the various business lines for funding needs and report potential impact on the liquidity gap.
- Test and advice on the potential impact of any new product offering on the structured liquidity positions.

Dealing Room duties

- Is responsible for managing short term liquidity.
- Provide frequent updates on markets' status and alerting signals of liquidity stretches.
- Execute and Report progress of ALCO approved recommendations.
- Communicate their funding needs to ALMU for the construction of the liquidity gap.

Bank's Objective of Liquidity Risk Management

- The bank's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.
- To this end, the main principles of the bank's liquidity management are as follows:
- Management of the short-term liquidity in accordance with the regulatory framework.
- Diversification of funding sources.
- Maintenance of a portfolio of liquid assets.

Measurement and monitoring of structural liquidity risks

The bank's liquidity management framework comprises the following processes:

- Regular assessment of the bank structural liquidity profile and its development over time.
- Monitoring of the diversification of funding sources.
- Assessment of the bank's funding needs on the basis of the budget forecasts in order to plan appropriate funding solutions.

Liquidity gaps are constructed by listing the respective on and off-balance sheet-items according to the currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historic client behavior patterns (e.g. savings accounts) as well as conventional assumptions relating to certain balance sheet items (e.g. equity).

Liquidity Risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments upon maturity and refurbishing amounts withdrawn. This may results in failure in fulfilling obligations related to depositors and meeting lending commitments.

December 31, 2019

Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	16,050,840,383	-	-	-	-	**16,050,840,383**
Customer deposits	121,228,681,498	25,210,980,000	25,089,002,000	48,806,977,000	174,957,000	**220,510,597,498**
Other loans	672,599,676	580,953,797	1,726,768,157	1,660,718,770	15,000,156	**4,656,040,556**
Total financial liabilities	**137,952,121,557**	**25,791,933,797**	**26,815,770,157**	**50,467,695,770**	**189,957,156**	**241,217,478,437**

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

December 31, 2018

Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	12,734,555,689	-	-	-	-	**12,734,555,689**
Customer deposits	110,741,333,869	31,896,164,096	30,933,041,031	49,990,075,772	226,626,811	**223,787,241,579**
Other loans	322,187,872	16,437,165	452,828,123	1,887,913,450	50,700,145	**2,730,066,755**
Total financial liabilities	**123,798,077,430**	**31,912,601,261**	**31,385,869,154**	**51,877,989,222**	**277,326,956**	**239,251,864,023**

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

Assets available to meet all liabilities and cover loan commitments include cash, balances with Central Banks, due from banks, treasury bills, other governmental notes and Loans and credit facilities to banks and clients. Maturity term of percentage of loans to clients that are maturing within a year is extended in the normal course of the bank's business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

(All amounts are shown in Egyptian Pounds)

Cash flow derivatives
Derivatives settled on a gross-basis
The Bank is a party to derivative contracts that are settled on a gross-basis, in particular foreign exchange derivatives. The following table shows derivative financial liabilities that shall be settled in gross distributed over the remaining period of contractual maturities at the balance sheet date. The amounts shown in the table represent the undiscounted cash flows.

December 31, 2019

Maturities for statement of financial position items	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Held for trading derivatives						
Foreign exchange derivatives						
Cash outflows	1,473,159,499	649,907,775	1,057,615,772	-	-	**3,180,683,046**
Cash inflows	1,472,146,050	640,968,390	969,969,010	-	-	**3,083,083,450**

December 31, 2018

Maturities for statement of financial position items	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Held for trading derivatives						
Foreign exchange derivatives						
Cash outflows	4,404,926,911	824,918,732	617,325,245	-	-	**5,847,170,888**
Cash inflows	4,417,243,898	815,909,125	579,153,934	-	-	**5,812,306,957**

Cash flow for Off-balance sheet items

December 31, 2019

Maturities for off-balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Financial guarantees	357,500	-	-	**357,500**
Operating lease commitments	95,093,222	275,023,904	66,162,524	**436,279,650**
Capital commitments resulting from acquisition of property and equipment	956,533,263	-	-	**956,533,263**
Total	**1,051,983,985**	**275,023,904**	**66,162,524**	**1,393,170,413**

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	31,566,856,019	4,395,023,422	122	**35,961,879,563**

December 31, 2018

Maturities for off -balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Financial guarantees	357,500	-	-	**357,500**
Operating lease commitments	84,797,020	194,655,635	42,142,805	**321,595,460**
Capital commitments resulting from acquisition of property and equipment	373,156,102	-	-	**373,156,102**
Total	**458,310,622**	**194,655,635**	**42,142,805**	**695,109,062**

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	26,176,618,037	7,419,450,022	73,705,039	**33,669,773,098**

(D) Fair value of financial assets and liabilities and sources of fair value
(D/1) Financial instruments measured at fair value
Financial assets classified as trading financial assets at fair value with changes in fair value are measured in the statement of income under 'Net trading income'.

Debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with changes in fair value recognized in the other comprehensive income statement under "fair value reserve".

For investments in equity instruments, equity securities listed on the stock exchange are measured at fair value in accordance with quoted market prices on the date of the separate financial statements.

For non-listed shares, except for strategic investments, they are evaluated in one of the accepted techniques: discounted cash flow method multiples of value "and the inclusion of the valuation differences in other comprehensive income within the" fair value reserve "; for strategic investments, the cost or nominal value is the fair value of those investments.

(All amounts are shown in Egyptian Pounds)

The table below shows the financial assets and liabilities at fair value in the separate financial statements as of 31 December 2019 within the fair value hierarchy, based on the levels of inputs that are essential for measuring the fair value as a whole:

Level 1:
The first level inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access on the measurement date.

Level 2:
The inputs of the second level are all inputs other than quoted prices within the first level and these inputs are observable for the asset or liability, directly or indirectly.

Level 3:
The third level inputs are the unobservable inputs of the asset or liability.

Financial Assets	Level 1	Level 2	Level 3	Total
US Treasury Bonds	1,635,837,477	-	-	1,635,837,477
Funds at fair value through other comprehensive income	41,521,680	-	-	41,521,680
Funds at fair value through profit or loss	61,678,473	-	-	61,678,473
Equity Instruments	97,190,572	-	689,338,400	786,528,972
Financial derivatives	-	83,458,859	-	83,458,859

(D/2) Financial instruments not measured at fair value

The following table summarizes the carrying amount and fair value of financial assets and liabilities that are not stated in the statement of financial position at fair value:

	Carrying amount		Fair value	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Financial assets				
Due from banks	6,639,128,536	10,545,594,892	6,639,128,536	10,545,594,892
Loans and credit facilities to customers	154,784,013,373	138,249,356,764	155,343,483,471	Not Determined
Financial investments at amortized Cost				
Debt instruments	39,973,893,488	36,553,382,720	42,246,131,801	35,318,819,638
Financial liabilities:				
Due to banks	16,030,665,382	12,707,779,270	16,030,665,382	12,707,779,270
Customer deposits	209,065,365,497	207,349,945,095	207,236,575,683	Not Determined
Other loans	4,574,732,377	2,586,406,412	4,574,732,377	2,586,406,412

It was impracticable to measure the fair value for the remainder financial assets & liabilities at the end of prior year.

Due from banks:
The carrying amount of variable interest rate of placements and deposits for one day represents reasonable estimate for its fair value. Fair value expected for due to banks with free interest rate is the current value. Fair value expected for deposits bearing fixed interest rate is the current value for those deposits as it is maturity is less than one year.

Loans and credit facilities to customers:
Loans and credit facilities are stated at the statement of financial position net of allowance for impairment losses.

Debt instruments at amortized cost:
The fair value of debt instruments is determined at the cost charged on the “Egyptian Treasury Bonds” according to Reuters announced at the end of the financial year.

Customer deposits and due to other banks:
The estimated fair value for deposits of indefinite maturity, including free-interest rate deposits, represents the amount paid on demand.

(E) Capital management

For capital management purposes, the Bank’s capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank’s ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of the Bank’s operations.
- Capital adequacy and uses are reviewed by the bank’s management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE). Data is submitted and filed with the CBE on a quarterly basis. The CBE requires the Bank to comply with the following:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-up capital. The Bank’s paid-up capital amounted to EGP 9,794,649,850 at the end of the current year.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank’s assets and contingent liabilities. Minimum level of capital adequacy ratio reached 12.75% after adding capital conservation buffer and Domestic Systemically Important Banks during current year. The Bank’s capital adequacy ratio reached 20.65% at the end of the current year (December 31, 2018: 16.72%) according to Basel II.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:

- Tier 1: basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensve income.
- The interim net profit was incorporated in Tier 1 capital in accordance with the decision of Central Bank of Egypt Board of Directors held on 15 February 2017.
- Tier 2: subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), in addition to 45% from increase in fair value above the carrying amount of investments in subsidiaries and associates and 45% from special reserve.

In calculating the numerator of the capital adequacy ratio, total value of Tier 2 should not exceed total value of Tier 1. Also, total value of subordinated loans (deposits) should not exceed 50 % of Tier 1.

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, which had been issued on December 24, 2012 and in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019.

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

According to Basel II	December 31, 2019	December 31, 2018 Restated**
Tier 1 capital		
Share capital	9,794,649,850	9,794,649,850
General reserve	13,417,823,247	13,417,823,247
Legal reserve	1,633,301,744	1,633,301,744
Other reserves	18,489,519	18,489,519
Retained earnings	889,215,786	851,845,334
Interim profit	8,452,184,008	-
General risk reserve	21,453,923	1,282,925,633
Other comprehensive income	524,328,450	-
Total deductions from capital invested	(642,605,412)	(1,256,954,629)
Total tier 1 capital	**34,108,841,115**	**25,742,080,698**
Tier 2 capital		
45% from special reserve	16,761,150	8,643,920
Impairment provision for loans, debt instruments and contingent liabilities in stage one*	1,596,969,858	1,867,843,793
45 % of the increase in the fair value above the carrying amount of fair value through other comprehensve income, Debt instruments amortized cost, and investments in associates.	-	11,884,294
Total tier 2 capital	**1,613,731,008**	**1,888,372,007**
Total capital	**35,722,572,123**	**27,630,452,705**
Risk weighted assets and contingent liabilities:		
Credit Risk	152,904,242,645	149,459,663,358
Market Risk	9,060,800	12,090,730
Operational Risk	20,037,457,036	15,763,715,389
Total risk weighted assets and contingent liabilities	**172,950,760,481**	**165,235,469,477**
Capital adequacy ratio for Tier 1	**19.72%**	**15.58%**
Capital adequacy ratio	**20.65%**	**16.72%**

* Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.
** After 2018 profit distribution.
\- Based on Consolidated financial statement after the disposal of insurance activity.

(All amounts are shown in Egyptian Pounds)

Leverage financial ratio
Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 on special supervisory instructions related to leverage ratio which maintaining a minimum level of leverage ratio of 3% to be reported in quarterly basis to be obligatory ratio started from year 2018.

This ratio will be included in Basel requirement Tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.

Leverage financial ratio reflect relationship between Tier 1 for capital that is used in capital adequacy ratio (after exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements
I- The numerator elements
The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

II- The denominator elements
The denominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called “Bank exposures” which include total the following:

1- On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

2- Derivatives contracts exposures.

3- Financing Financial papers operations exposures.

4- Off-balance sheet items (weighted by credit conversion factor).

The tables below summarizes the leverage financial ratio:	December 31, 2019	"December 31, 2018 Restated*"
Tier 1 capital after exclusions	**34,108,841,115**	**25,742,080,698**
Total on-balance sheet exposures, derivatives contracts and financial papers operations.	271,343,121,990	258,478,214,484
Total exposures off-balance sheet	30,628,941,430	27,378,852,628
Total exposures on-balance sheet and off-balance sheet	**301,972,063,420**	**285,857,067,112**
Leverage financial ratio	**11.30%**	**9.01%**

* After 2018 profit distribution.
- Based on Consolidated financial statements after the disposal of insurance activity.

4- Significant accounting estimates and assumptions :
In the application of the bank’s accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Impairment of Loans and credit facilities (Expected Credit Loss)
The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.

This evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

b. Fair value of derivatives
Fair value of derivative financial instruments not quoted in an active market is determined using valuation techniques. When these techniques (such as the pricing models) are used to determine fair value, periodic tests and review are performed on them using competent independent personnel other than those responsible for the preparation of such techniques. All such models have been approved and tested prior to use to ensure that their results reflect reliable data and prices that can be compared to the market. These models use market observable data only to the extent it is practical to obtain such data, however, some areas such as credit risk related to the bank and counterparties, volatility and correlations requires management judgement. Changes in assumptions about these factors can affect the fair value of the financial instrument’s disclosure.

C. Debt instrument at amortized cost:
Non-derivative financial assets with fixed or determinable payments and maturity dates are classified as debt instruments at amortized cost “within the business model of financial assets held to collect contractual cash flows”.

If classification of investments as amortized cost – other than stakes required to be retained by the Bank in accordance with the provisions of the law – were suspended by the bank, the carrying amount of the outstanding amortized cost investements at the end of the current reporting year would have increased by EGP 2,258,737,697 to reach the fair value with a corresponding increase in the fair value through other comprehensive income.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

5-Segmentation analysis
(5/A) Segmental analysis by activity
Segment activity includes operational processes, assets used in offering banking services, management of surrounding risks and related yield. Such activity may be different from other activities. Segmentation analysis of operations according to banking activities includes:

Corporate:
This includes current account activities, deposits, overdrafts, loans, credit facilities, and financial derivatives to large, medium, and small entities.

Individual:
This includes current account activities, deposits, savings, credit cards, personal loans, and real estate loans.

Other businesses:
They include other Banking activities such as fund management.

Inter-segment activities are affected within the bank's normal course of business. Assets and liabilities of each segment include operating assets and liabilities as shown in the bank's balance sheet.

At the end of the current year

Income and expenses according to segmental activities (December 31, 2019)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	5,989,633,789	861,115,590	3,644,514,448	3,072,706,158	**13,567,969,985**
Net fee and commission income	1,311,493,567	8,273,246	627,674,351	55,440,611	**2,002,881,775**
Dividend income	-	149,707,215	-	-	**149,707,215**
Net trading income	292,490,845	-	24,639,937	(207,517,392)	**109,613,390**
Gain on financial investments	-	6,631,154	-	-	**6,631,154**
Impairment credit losses	(595,927,394)	7,258,344	(109,551,786)	9,225,961	**(688,994,875)**
Administrative expenses	(1,409,427,101)	(3,225,291)	(2,069,482,588)	65,863,547	**(3,416,271,433)**
Other operating revenues (expenses)	(116,495,031)	46,838,956	(188,049,821)	(301,108,036)	**(558,813,932)**
Profit before income tax	**5,471,768,675**	**1,076,599,214**	**1,929,744,541**	**2,694,610,849**	**11,172,723,279**
Income tax expense	(1,228,378,879)	(235,051,031)	(434,396,517)	(953,366,054)	**(2,851,192,481)**
Net profit for the current year	**4,243,389,796**	**841,548,183**	**1,495,348,024**	**1,741,244,795**	**8,321,530,798**

Assets and liabilities according to segmental activities (December 31, 2019)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	128,652,358,841	89,223,568,176	26,131,654,532	14,779,018,752	**258,786,600,301**
Unclassified assets	-	-	-	-	**10,134,361,692**
Total assets	**128,652,358,841**	**89,223,568,176**	**26,131,654,532**	**14,779,018,752**	**268,920,961,993**
Segment activity liabilities	105,239,218,805	-	103,868,062,330	20,608,194,023	**229,715,475,158**
Unclassified liabilities	-	-	-	-	**5,027,279,729**
Total liabilities	**105,239,218,805**	**-**	**103,868,062,330**	**20,608,194,023**	**234,742,754,887**

At the end of the comparative year

Income and expenses according to segmental activities (December 31, 2018)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	5,235,173,743	730,588,297	3,027,992,851	1,917,364,535	**10,911,119,426**
Net fee and commission income	1,405,704,102	9,732,149	542,836,152	10,667,583	**1,968,939,986**
Dividend income	-	25,477,281	-	-	**25,477,281**
Net trading income	251,745,403	-	15,345,295	(231,941,119)	**35,149,579**
Gain on financial investments	-	63,093,304	-	-	**63,093,304**
Impairment credit losses	(497,612,684)	-	(22,167,276)	-	**(519,779,960)**
Administrative expenses	(1,217,454,923)	(2,568,815)	(1,784,861,234)	99,686,146	**(2,905,198,826)**
Other operating revenues (expenses)	(113,270,748)	19,885,658	(159,317,897)	104,523,533	**(148,179,454)**
Profit before income tax	**5,064,284,893**	**846,207,874**	**1,619,827,891**	**1,900,300,678**	**9,430,621,336**
Income tax expense	(1,137,609,274)	(194,669,373)	(358,896,848)	(821,941,925)	**(2,513,117,420)**
Net profit for the comparative year	**3,926,675,619**	**651,538,501**	**1,260,931,043**	**1,078,358,753**	**6,917,503,916**

At the end of the comparative year

Assets and liabilities according to segmental activities (December 31, 2018)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	116,903,356,385	88,521,215,741	21,346,000,379	17,489,580,536	**244,260,153,041**
Unclassified assets	-	-	-	-	**10,328,180,596**
Total assets	**116,903,356,385**	**88,521,215,741**	**21,346,000,379**	**17,489,580,536**	**254,588,333,637**
Segment activity liabilities	112,781,703,680	-	94,582,833,342	15,280,258,424	**222,644,795,446**
Unclassified liabilities	-	-	-	-	**4,245,569,007**
Total liabilities	**112,781,703,680**	**-**	**94,582,833,342**	**15,280,258,424**	**226,890,364,453**

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019

(All amounts are shown in Egyptian Pounds)

(5/B) Segmental analysis by geographic area

At the end of the current year

Income and expenses according to geographical segments (December 31, 2019)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Net interest income	2,865,181,050	1,814,929,505	2,191,844,045	1,133,429,744	977,656,850	447,593,973	4,137,334,818	**13,567,969,985**
Net fee and commission income	480,017,125	265,187,019	408,092,468	173,627,934	172,802,867	95,767,737	407,386,625	**2,002,881,775**
Dividend income	-	-	-	-	-	-	149,707,215	**149,707,215**
Net trading income	162,836,613	34,791,887	70,779,279	38,818,590	63,553,047	10,286,016	(271,452,042)	**109,613,390**
Gain on financial investments	-	-	-	-	-	-	6,631,154	**6,631,154**
Impairment credit losses	(176,427,085)	(24,140,053)	(136,497,751)	(232,062,411)	(124,742,991)	(11,628,585)	16,504,001	**(688,994,875)**
Administrative expenses	(922,111,774)	(691,169,212)	(789,220,069)	(433,769,798)	(429,548,965)	(205,816,693)	55,365,078	**(3,416,271,433)**
Other operating revenues (expenses)	(73,291,231)	(100,064,517)	(39,695,782)	(35,839,314)	(40,824,893)	(34,127,564)	(234,970,631)	**(558,813,932)**
Profit before income tax	**2,336,204,698**	**1,299,534,629**	**1,705,302,190**	**644,204,745**	**618,895,915**	**302,074,884**	**4,266,506,218**	**11,172,723,279**
Income tax expense	(525,780,032)	(292,474,152)	(383,790,426)	(145,069,165)	(139,349,578)	(67,977,368)	(1,296,751,760)	**(2,851,192,481)**
Net profit for the current year	**1,810,424,666**	**1,007,060,477**	**1,321,511,764**	**499,135,580**	**479,546,337**	**234,097,516**	**2,969,754,458**	**8,321,530,798**

Assets and liabilities according to geographical segments (December 31, 2019)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea/ Upper Egypt	Head office	Total
Assets of geographical segments	52,355,901,294	31,523,028,761	35,052,949,910	17,702,947,372	16,056,976,028	5,763,277,378	110,208,635,398	**268,663,716,141**
Unclassified assets	-	-	-	-	-	-	-	**257,245,852**
Total assets	**52,355,901,294**	**31,523,028,761**	**35,052,949,910**	**17,702,947,372**	**16,056,976,028**	**5,763,277,378**	**110,208,635,398**	**268,920,961,993**
Liabilities of geographical segments	55,521,357,704	59,448,714,617	47,270,907,784	28,086,535,998	14,931,135,008	5,568,749,741	21,677,428,638	**232,504,829,490**
Unclassified liabilities	-	-	-	-	-	-	-	**2,237,925,397**
Total liabilities	**55,521,357,704**	**59,448,714,617**	**47,270,907,784**	**28,086,535,998**	**14,931,135,008**	**5,568,749,741**	**21,677,428,638**	**234,742,754,887**

At the end of the comparative year

Income and expenses according to geographical segments (December 31, 2018)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea/ Upper Egypt	Head office	Total
Net interest income	2,227,165,092	1,751,096,751	1,906,978,567	1,001,050,198	869,155,240	380,092,364	2,775,581,214	**10,911,119,426**
Net fee and commission income	431,792,607	330,518,780	428,984,440	171,085,818	164,215,891	86,484,609	355,857,841	**1,968,939,986**
Dividend income	-	-	-	-	-	-	25,477,281	**25,477,281**
Net trading income	143,362,285	41,185,661	66,061,490	28,023,211	62,669,166	11,658,496	(317,810,730)	**35,149,579**
Gain on financial investments	-	-	-	-	-	-	63,093,304	**63,093,304**
Impairment credit losses	(255,566,542)	(22,711,808)	90,218,736	(199,704,020)	(163,554,525)	31,538,199	-	**(519,779,960)**
Administrative expenses	(729,017,472)	(674,646,473)	(682,551,498)	(399,650,408)	(338,998,858)	(172,484,656)	92,150,539	**(2,905,198,826)**
Other operating revenues (expenses)	(55,068,893)	(64,800,846)	(75,038,793)	(33,369,797)	(35,534,997)	(8,775,808)	124,409,680	**(148,179,454)**
Profit before income tax	**1,762,667,077**	**1,360,642,065**	**1,734,652,942**	**567,435,002**	**557,951,917**	**328,513,204**	**3,118,759,129**	**9,430,621,336**
Income tax expense	(394,910,723)	(304,189,297)	(388,535,097)	(126,601,393)	(124,658,061)	(73,378,099)	(1,100,844,750)	**(2,513,117,420)**
Net profit for the comparative year	**1,367,756,354**	**1,056,452,768**	**1,346,117,845**	**440,833,609**	**433,293,856**	**255,135,105**	**2,017,914,379**	**6,917,503,916**

At the end of the comparative year

Assets and liabilities according to geographical segments (December 31, 2018)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea/ Upper Egypt	Head office	Total
Assets of geographical segments	42,583,469,901	31,799,002,865	31,193,114,939	16,739,607,743	14,421,256,129	5,312,786,892	112,215,640,609	**254,264,879,078**
Unclassified assets	-	-	-	-	-	-	-	**323,454,559**
Total assets	**42,583,469,901**	**31,799,002,865**	**31,193,114,939**	**16,739,607,743**	**14,421,256,129**	**5,312,786,892**	**112,215,640,609**	**254,588,333,637**
Liabilities of geographical segments	58,865,894,945	56,187,741,077	47,498,284,305	28,176,650,844	13,819,814,569	5,149,284,943	15,464,909,766	**225,162,580,449**
Unclassified liabilities	-	-	-	-	-	-	-	**1,727,784,004**
Total liabilities	**58,865,894,945**	**56,187,741,077**	**47,498,284,305**	**28,176,650,844**	**13,819,814,569**	**5,149,284,943**	**15,464,909,766**	**226,890,364,453**

Geographical segmental analysis is based on the locations of branches through which the bank provides its services.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

6- Net interest income	December 31, 2019	December 31, 2018
Interest from loans and similar income:		
Loans and credit facilities:		
- Customers	19,666,441,600	17,169,960,848
Total	**19,666,441,600**	**17,169,960,848**
Treasury bills and bonds	11,728,215,246	12,343,440,986
Deposits and current accounts	728,668,527	790,743,003
Net interest differential on hedging instruments (IRS contracts)	7,469,526	4,224,417
Total	**32,130,794,899**	**30,308,369,254**
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(365,100,542)	(655,266,567)
- Customers	(18,059,231,348)	(18,566,543,172)
Total	**(18,424,331,890)**	**(19,221,809,739)**
Repo arrangements	(51,471,289)	(112,500,521)
Other loans	(87,021,735)	(62,939,568)
Total	**(18,562,824,914)**	**(19,397,249,828)**
Net	**13,567,969,985**	**10,911,119,426**

7- Net fee and commission income:	December 31, 2019	December 31, 2018
Fee and commission income:		
Credit fees and commission	1,544,790,272	1,561,654,099
Custody fees	29,263,782	31,130,262
Investment commission	18,947,896	13,104,606
Other fees	911,799,416	755,380,928
Total	**2,504,801,366**	**2,361,269,895**
Fee and commission expense:		
Brokerage fees	(4,793,139)	(4,108,895)
Other fees	(497,126,452)	(388,221,014)
Total	**(501,919,591)**	**(392,329,909)**
Net	**2,002,881,775**	**1,968,939,986**

8- Dividend income	December 31, 2019	December 31, 2018
Investment funds	-	500,000
Associates and subsidiaries	100,095,303	-
Equity instruments at fair value through other comprehensive income	49,611,912	24,977,281
Total	**149,707,215**	**25,477,281**

9- Net trading income:	December 31, 2019	December 31, 2018
Forex operations:		
Foreign exchange trading gains (loss)	152,527,583	30,223,916
Changes in fair value of currency forward contracts	(31,573,995)	1,292,710
Changes in fair value of currency swap contracts	(12,473,238)	3,662,219
Changes in fair value IRS contracts	1,133,040	(29,266)
Total	**109,613,390**	**35,149,579**

10- Administrative expenses	December 31, 2019	December 31, 2018
Staff cost:		
Salaries and wages	1,439,001,901	1,207,998,864
Social insurance	103,402,629	64,212,084
Pension cost:		
Defined contribution scheme	87,676,033	77,635,829
Other retirement benefits (Defined benefit scheme)	66,879,618	93,539,843
	1,696,960,181	**1,443,386,620**
Depreciation and amortization	287,647,893	243,819,905
Other administrative expenses	1,431,663,359	1,217,992,301
Total	**3,416,271,433**	**2,905,198,826**

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

11- Other operating revenues (expenses)	December 31, 2019	December 31, 2018
Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at fair value through profit or loss at initial recognition	(382,098,408)	38,414,616
Gain on sale of property and equipment	2,890,011	6,434,554
Software cost	(158,613,330)	(137,251,892)
Operating lease rental expense	(118,264,235)	(95,811,954)
Gain on sale of foreclosed assets reverted to the bank in settlement of debts	736,748	12,404,761
Other provisions (net of reversed amounts)	77,765,608	7,673,590
Other income (expense)	18,769,674	19,956,871
Total	**(558,813,932)**	**(148,179,454)**

12- Impairment credit losses	December 31, 2019	December 31, 2018
Loans and credit facilities to customers	(705,479,180)	(519,779,960)
Due from banks	9,957,883	-
Treasury bills	16,109,817	-
Debt instruments at fair value through other comprehensive income	29,494	-
Debt instruments at amortized cost	(8,880,967)	-
Other assets	(731,922)	-
Total	**(688,994,875)**	**(519,779,960)**

13- Income tax expense	December 31, 2019	December 31, 2018
Current tax	(2,840,585,870)	(2,502,918,268)
Deferred tax	(10,606,611)	(10,199,152)
Total	**(2,851,192,481)**	**(2,513,117,420)**

Additional data on deferred tax is disclosed in note 31. Income tax expense is different from the tax that would have arisen had the statutory tax rate been applied on pre-tax accounting profit as shown below:

Profit before tax	11,172,723,279	9,430,621,336
Income tax calculated at 22.5 % tax rate	2,513,862,738	2,121,889,801
Tax impact for:		
Non-taxable income	(12,583,799)	(2,121,137)
Non-deductible expenses for tax purposes	328,961,068	372,957,149
Use of deferred tax assets	(23,267,132)	(13,964,837)
Provision and segregated interest	23,671,182	21,676,973
Tax deductible (10% on dividend income)	9,941,813	2,480,319
Effective income tax expense	**2,840,585,870**	**2,502,918,268**

Tax Position
A) QNB ALAHLI Position:
A-1) Corporate Tax
The Bank's accounts were tax-inspected and settled with respect to Tax since the beginning of activity till the end of December 31, 2010.

Years 2011 and 2012 transferred to court.

Years 2013 till 2017 have been inspected, and the due tax was paid.

Year 2018 the Bank submitted its tax return in the due date and books have not been inspected yet.

A-2) Salaries Taxes
The Bank's books have been inspected, and the due tax was paid until year 2016.

Year 2017 is under examination with the tax authority.

Year 2018 the Bank submitted its tax return in the due date and books have not been inspected yet.

A-3) Stamp duties
The Bank's books have been inspected, for all branches until July 31, 2006 and all tax was paid.

Period from August 01 ,2006 till December 31, 2017 have been inspected, and the due tax was paid.

Year 2018 the Bank submitted its tax return in the due date and books have not been inspected yet.

B) EX-MIBank Position:
B-1) Corporate tax
The Bank's accounts were tax- inspected and settled since the beginning of activity till November 30,2006.

B-2) Salaries taxes
The Bank's books have been inspected, and the due tax was paid till November 30, 2006.

B-3) Stamp duties
The Bank's books have been inspected for all branches until July 31, 2006 and all due tax was paid.

Period from August 01, 2006 till November 30, 2006 have been inspected, and the due tax was paid.

(All amounts are shown in Egyptian Pounds)

Earnings Per Share	December 31, 2019	December 31, 2018
Net Profit for the year	8,321,530,798	6,917,503,916
Remuneration for the Board Members (from the year's net profit)*	(16,000,000)	(13,781,250)
Staff profit share (from the year's net profit)*	(832,962,180)	(691,726,139)
Profit available to shareholders	**7,472,568,618**	**6,211,996,527**
Weighted average number of the shares outstanding during the year	979,464,985	979,464,985
Earning Per Share	**7.63**	**6.34**

* Estimate amount based on bank approved budget. The actual amount will be subject to the ordinary AGM approval at the end year.

15 - Classification and measurement of financial assets and financial liabilities

The following table shows the gross financial assets and financial liabilities (excluding allowances for impairment) according to the business model classification:

December 31, 2019	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial instruments at fair value through profit or loss	Total Carrying amount
Cash and due from Central Bank of Egypt (CBE)	12,012,821,372	-	-	-	12,012,821,372
Due from banks	6,648,253,897	-	-	-	6,648,253,897
Treasury bills	46,196,437,796	-	-	-	46,196,437,796
Loans and credit facilities to customers	162,145,973,922	-	-	-	162,145,973,922
Financial derivatives	-	-	-	83,458,859	83,458,859
Fair value through other comprehensive income	-	1,635,837,477	828,050,652	-	2,463,888,129
Amortized cost	39,987,394,104	-	-	-	39,987,394,104
Fair value through profit or loss	-	-	-	61,678,473	61,678,473
Other financial assets	2,549,801,150	-	-	-	2,549,801,150
Total financial assets	**269,540,682,241**	**1,635,837,477**	**828,050,652**	**145,137,332**	**272,149,707,702**
Due to banks	16,030,665,382	-	-	-	16,030,665,382
Customer deposits	209,065,365,497	-	-	-	209,065,365,497
Financial derivatives	-	-	-	44,711,902	44,711,902
Other loans	4,574,732,377	-	-	-	4,574,732,377
Other financial liabilities	967,911,817	-	-	-	967,911,817
Total financial liabilities	**230,638,675,073**	**-**	**-**	**44,711,902**	**230,683,386,975**

(All amounts are shown in Egyptian Pounds)

The following table shows the net amounts of financial assets and financial liabilities according to CBE instruction dated December 16, 2008 and IFRS 9 that was issued from CBE instructions dated February 26, 2019:

January 1, 2019	Measurement according to CBE instruction dated December 16, 2008	Measurement according to IFRS 9	Carrying amount according to CBE instruction dated December 16, 2008	Re-classification*	Re-measurement*	Total Carrying amount according to IFRS 9
				Effect of IFRS 9		
Cash and due from Central Bank of Egypt (CBE)	Loans and facilities	Amortized cost	11,750,943,263	-	-	11,750,943,263
Due from banks	Loans and facilities	Amortized cost	10,545,594,892	-	(19,083,244)	10,526,511,648
Treasury bills	Loans and facilities	Amortized cost	48,133,640,018	1,226,703,061	(30,548,616)	49,329,794,463
Loans and credit facilities to customers	Loans and facilities	Amortized cost	138,249,356,764	-	(1,202,671,188)	137,046,685,576
Financial derivatives	Fair value through profit or loss	Fair value through profit or loss	3,796,045	-	-	3,796,045
Debt instruments	Held to maturity	Amortized cost	36,553,382,720	705,575,652	(4,619,649)	37,254,338,723
Debt instruments	Available-for-sale	Fair value through other comprehensive income	2,024,527,686	-	-	2,024,527,686
Equity instruments	Available-for-sale	Fair value through other comprehensive income	230,469,424	602,618,586	-	833,088,010
Investment Funds	Available-for-sale	Fair value through profit or loss	45,383,743	-	-	45,383,743
Investment Funds	Cost	Fair value through other comprehensive income	15,000,000	23,270,655	-	38,270,655
Other financial assets	Amortized cost	Amortized cost	2,350,424,034	-	(3,416,761)	2,347,007,273
Total financial assets			**249,902,518,589**	**2,558,167,954**	**(1,260,339,458)**	**251,200,347,085**
Due to banks	Amortized cost	Amortized cost	11,481,076,209	1,226,703,061	-	12,707,779,270
Customer deposits	Amortized cost	Amortized cost	207,349,945,095	-	-	207,349,945,095
Financial derivatives	Fair value through profit or loss	Fair value through profit or loss	664,669	-	-	664,669
Other loans	Amortized cost	Amortized cost	2,586,406,412	-	-	2,586,406,412
Other financial liabilities	Amortized cost	Amortized cost	1,331,876,916	-	-	1,331,876,916
Total financial liabilities			**222,749,969,301**	**1,226,703,061**	**-**	**223,976,672,362**

* Re-measurement is related to expected credit loss adjustments, while reclassification includes adjustments to changes in measurement bases.

16- Cash and due from Central Bank of Egypt (CBE)	December 31, 2019	December 31, 2018
Cash	3,956,390,015	4,810,753,664
Balances with CBE (mandatory reserve)	8,056,431,357	6,940,189,599
Total	**12,012,821,372**	**11,750,943,263**
Interest free balances	12,012,821,372	11,750,943,263
Total	**12,012,821,372**	**11,750,943,263**

17- Due from Banks	December 31, 2019	December 31, 2018
Current accounts	706,011,352	768,244,528
Deposits	5,942,242,545	9,777,350,364
	6,648,253,897	**10,545,594,892**
Less : Allowance for impairment losses	(9,125,361)	-
Total	**6,639,128,536**	**10,545,594,892**
Balances at CBE other than those under the mandatory reserve	5,078,070,791	4,546,120,181
Local banks	445,464,192	4,798,236,933
Foreign Banks	1,124,718,914	1,201,237,778
Less : Allowance for impairment losses	(9,125,361)	-
Total	**6,639,128,536**	**10,545,594,892**
Interest free balances	577,050,985	486,509,498
Balances at floating interest rates	235,660,367	281,735,030
Balances at fixed interest rates	5,835,542,545	9,777,350,364
Less : Allowance for impairment losses	(9,125,361)	-
Total	**6,639,128,536**	**10,545,594,892**
Current balances	6,639,128,536	10,545,594,892
Total	**6,639,128,536**	**10,545,594,892**

(All amounts are shown in Egyptian Pounds)

18- Treasury bills	December 31, 2019	December 31, 2018
91 days maturity	749,050,000	2,743,975,000
182 days maturity	5,040,225,000	10,136,700,000
More than 182 days maturity	43,346,678,100	39,150,438,320
Less : Unearned interest	(2,939,515,304)	(2,670,770,241)
	46,196,437,796	**49,360,343,079**
Less : Allowance for impairment losses	(14,438,799)	-
Total	**46,181,998,997**	**49,360,343,079**

19- Loans and credit facilities to customers	December 31, 2019			December 31, 2018		
	Total	Allowance for impairment losses	Net	Total	Allowance for impairment losses	Net
Individuals						
Overdrafts	3,500,083,111	(66,256,164)	3,433,826,947	2,709,089,554	(57,314,838)	2,651,774,716
Credit cards	994,594,773	(19,091,483)	975,503,290	780,771,323	(10,097,735)	770,673,588
Personal loans	20,299,816,747	(320,411,469)	19,979,405,278	16,842,957,877	(269,917,078)	16,573,040,799
Real estate loans	1,769,730,066	(26,688,861)	1,743,041,205	1,364,731,959	(14,098,495)	1,350,633,464
Total (1)	**26,564,224,697**	**(432,447,977)**	**26,131,776,720**	**21,697,550,713**	**(351,428,146)**	**21,346,122,567**
Corporate including small loans for businesses						
Overdrafts	66,382,966,824	(1,620,028,139)	64,762,938,685	58,533,861,874	(1,311,185,436)	57,222,676,438
Direct loans	45,829,632,086	(4,580,967,655)	41,248,664,431	39,912,412,447	(3,124,058,279)	36,788,354,168
Syndicated loans and facilities	19,679,400,546	(567,440,941)	19,111,959,605	21,037,425,327	(817,752,554)	20,219,672,773
Other loans	3,689,749,769	(23,614,709)	3,666,135,060	2,927,551,962	(63,292,909)	2,864,259,053
Total (2)	**135,581,749,225**	**(6,792,051,444)**	**128,789,697,781**	**122,411,251,610**	**(5,316,289,178)**	**117,094,962,432**
Total loans and credit facilities to customers (1+2)	**162,145,973,922**	**(7,224,499,421)**	**154,921,474,501**	**144,108,802,323**	**(5,667,717,324)**	**138,441,084,999**
Less: Segregated interest			(5,850,387)			(5,985,581)
Less: Unearned discount			(131,610,741)			(185,742,654)
Net Loans and credit facilities to customers distributed as follows:			**154,784,013,373**			**138,249,356,764**
Current balances			110,591,928,373			98,948,403,004
Non-current balances			44,192,085,000			39,300,953,760
Net Loans and credit facilities to customers			**154,784,013,373**			**138,249,356,764**

(All amounts are shown in Egyptian Pounds)

19-A Allowance for impairment losses

	December 31, 2019				
Individuals	**Overdrafts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Balance at beginning of the year	57,314,838	10,097,735	269,917,078	14,098,495	351,428,146
Impact of adopting IFRS 9	30,720,193	3,513,548	91,105,836	4,806,754	130,146,331
Restated Balance at 1 January 2019	**88,035,031**	**13,611,283**	**361,022,914**	**18,905,249**	**481,574,477**
Net impairment loss recognized during the year	41,572,014	16,258,539	40,782,604	10,938,629	109,551,786
Loans written-off during the year	(63,350,881)	(10,778,339)	(88,761,510)	(3,155,017)	(166,045,747)
Collection of loans previously written-off	-	-	7,395,869	-	7,395,869
Foreign exchange translation differences	-	-	(28,408)	-	(28,408)
Balance at end of the year	**66,256,164**	**19,091,483**	**320,411,469**	**26,688,861**	**432,447,977**

Corporate	**Overdrafts**	**Direct loans**	**Syndicated loans and facilities**	**Other loans**	**Total**
Balance at beginning of the year	1,311,185,436	3,124,058,279	817,752,554	63,292,909	**5,316,289,178**
Impact of adopting IFRS 9	602,021,049	470,503,808	-	-	**1,072,524,857**
Restated Balance at 1 January 2019	**1,913,206,485**	**3,594,562,087**	**817,752,554**	**63,292,909**	**6,388,814,035**
Net impairment loss recognized during the year	(257,824,867)	1,119,986,454	(228,262,559)	(37,971,634)	**595,927,394**
Loans written-off during the year	-	(67,406,595)	-	-	**(67,406,595)**
Collection of loans previously written-off	-	18,059,660	-	-	**18,059,660**
Foreign exchange translation differences	(35,353,479)	(84,233,951)	(22,049,054)	(1,706,566)	**(143,343,050)**
Balance at end of the year	**1,620,028,139**	**4,580,967,655**	**567,440,941**	**23,614,709**	**6,792,051,444**
Total					**7,224,499,421**

	December 31, 2018				
Individuals	**Overdrafts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Balance at beginning of the year	54,581,456	15,266,943	245,775,629	14,188,349	**329,812,377**
Net impairment loss recognized during the year	2,733,382	3,420,614	16,103,134	(89,854)	**22,167,276**
Loans written-off during the year	-	(8,589,822)	(5,886,299)	-	**(14,476,121)**
Collection of loans previously written-off	-	-	13,921,793	-	**13,921,793**
Foreign exchange translation differences	-	-	2,821	-	**2,821**
Balance at end of the year	**57,314,838**	**10,097,735**	**269,917,078**	**14,098,495**	**351,428,146**

Corporate	**Overdrafts**	**Direct loans**	**Syndicated loans and facilities**	**Other loans**	**Total**
Balance at beginning of the year	1,345,030,744	2,944,824,499	543,886,745	86,723,171	**4,920,465,159**
Net impairment loss recognized during the year	(34,974,750)	282,681,419	273,409,100	(23,503,085)	**497,612,684**
Loans written-off during the year	-	(136,639,548)	-	-	**(136,639,548)**
Collection of loans previously written-off	-	30,719,099	-	-	**30,719,099**
Foreign exchange translation differences	1,129,442	2,472,810	456,709	72,823	**4,131,784**
Balance at end of the year	**1,311,185,436**	**3,124,058,279**	**817,752,554**	**63,292,909**	**5,316,289,178**
Total					**5,667,717,324**

(All amounts are shown in Egyptian Pounds)

20- Financial Derivatives

	December 31, 2019		
(A) Held for trading	**Notional amount**	**Assets**	**Liabilities**
- Forward foreign exchange contracts	2,055,051,633	-	**47,651,192**
- Swap foreign exchange contracts	1,125,631,413	-	**(2,939,290)**
Total	**3,180,683,046**	**-**	**44,711,902**
(B) Fair value hedge			
- Interest rate swap contracts	5,055,077,688	83,458,859	-
Total	**5,055,077,688**	**83,458,859**	**-**
Total	**8,235,760,734**	**83,458,859**	**44,711,902**

	December 31, 2018		
(A) Held for trading	**Notional amount**	**Assets**	**Liabilities**
- Forward foreign exchange contracts	1,729,988,870	-	**16,077,197**
- Swap foreign exchange contracts	4,117,182,018	-	**(15,412,528)**
Total	**5,847,170,888**	**-**	**664,669**
(B) Fair value hedge			
- Interest rate swap contracts	3,490,912,800	3,796,045	-
Total	**3,490,912,800**	**3,796,045**	**-**
Total	**9,338,083,688**	**3,796,045**	**664,669**

Forward exchange contracts represent commitments to purchase local and foreign currencies including the unexecuted part of regular-way transactions. Interest rate swap contracts represent commitments to swap fixed interest rate with variable interest rate where the physical exchange of funds is not required except in foreign exchange swaps. The Bank's credit risk represents the cost of potential replacement of the swaps in case other parties fail to meet their obligations. This risk is controlled on an ongoing basis in terms of fair value and percentage of contracted amounts. To control the outstanding credit risk, the Bank assesses counterparties to the contract in the same manner used in lending activities.

Fair value hedge

The Bank uses interest rate swap contracts to mitigate part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies to the extent caused by declining market interest rates.

Net fair value of hedging instruments (Interest rate swap) asset amounted to EGP 83,458,859 as of December 31, 2019 (EGP 3,796,045 in the prior year). Gain resulting from hedging instruments amounted to EGP 79,662,814 (Gain of EGP 3.796.045 in the prior year) and Loss arose from the hedged items reached EGP 78,529,774 (Loss of EGP 3.825.311 in the prior year).

21- Financial Investments

Fair value through other comprehensive income (FVTOCI)	**December 31, 2019**	**December 31, 2018**
Debt instruments at fair value:		
Listed instruments in foreign stock exchange market	1,635,837,477	2,024,527,686
Total debt instruments measured at fair value through other comprehensive income	**1,635,837,477**	**2,024,527,686**
B) Equity instruments at fair value:		
Listed instruments in Egyptian stock exchange market	97,190,572	97,190,584
Unlisted instruments in stock exchange market	689,338,400	133,278,840
Total equity instruments measured at fair value through other comprehensive income	**786,528,972**	**230,469,424**
Money market funds and balanced funds:		
Unlisted instruments in stock exchange market	41,521,680	15,000,000
Total financial investments measured at Fair value through other comprehensive income (1)	**2,463,888,129**	**2,269,997,110**
Amortized cost		
A) Debt Instruments:		
Listed instruments in stock exchange market	39,242,973,551	35,689,249,153
Unlisted instruments in stock exchange market	744,420,553	864,133,567
Less : Allowance for impairment losses	(13,500,616)	-
Total Debt instruments measured at amortized cost (2)	**39,973,893,488**	**36,553,382,720**
Fair value through profit or loss (FVTPL)		
Mutual funds:		
Unlisted instruments in stock exchange market*	61,678,473	45,383,743
Total equity instruments measured at fair value through profit or loss (3)	**61,678,473**	**45,383,743**
Total Financial investments (1+2+3)	**42,499,460,090**	**38,868,763,573**
Current balances	6,903,439,965	4,333,866,083
Non-current balances	35,596,020,125	34,534,897,490
Total financial investment	**42,499,460,090**	**38,868,763,573**
Fixed interest debt instruments	41,609,730,965	38,577,910,406
Total debt instruments	**41,609,730,965**	**38,577,910,406**

(All amounts are shown in Egyptian Pounds)

The following table analyzes the movements on financial investments during the year:

	Fair value through other comprehensive income	Amortized cost
Balance at the beginning of the current year	**2,269,997,110**	**36,553,382,720**
Impact of adopting IFRS 9	625,889,241	705,575,652
Additions	102,866,971	6,894,432,968
Amortization of premium / discount	(40,834,978)	112,479,808
Disposals (sale/redemption)	(301,385,348)	(4,192,747,250)
Translation differences resulting from monetary foreign currency denominated assets	(205,014,247)	(85,729,794)
Changes in fair value reserve	24,457,233	-
Transferred to Retained Earnings	(12,087,853)	-
Less : Allowance for impairment losses	-	(13,500,616)
Balance at the end of the current year	**2,463,888,129**	**39,973,893,488**

The following table analyzes the movements on financial investments during the comparative year:

	Fair value through other comprehensive income	Amortized cost
Balance at the beginning of the comparative year	**2,697,935,760**	**31,297,090,056**
Additions	176,628,565	8,598,974,199
Amortization of premium / discount	(43,783,070)	107,494,166
Disposals (sale/redemption)	(531,758,092)	(3,681,558,000)
Translation differences resulting from monetary foreign currency denominated assets	23,513,298	8,800,246
Changes in fair value reserve	(22,155,608)	237,582,053
Re-classification financial investements	(30,383,743)	(15,000,000)
Balance at the end of the comparative year	**2,269,997,110**	**36,553,382,720**

Gain on financial investments	December 31, 2019	December 31, 2018
Gain on financial investments at fair value through profit or loss	6,631,154	63,093,304
Total	**6,631,154**	**63,093,304**

*The Bank's equity instruments classified in the fair value through other comprehensive income category represent Bank subscribed stake at 5% from the total certificates' number of its QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund) upon its initial offering, in addition to the Bank subscribed stake at 20% from the total certificates' number of its QNB ALAHLI Second Fund with yearly / cumulative return (Tawazon Balanced Fund), in addition to the 20% from the total certificates' number of its QNB ALAHLI Third Fund with yearly / cumulative return (Tadawol Equity Fund) upon its initial offering. All stakes required to be retained by the Bank until maturity of the funds in accordance with the provisions of the law, had a nominal value of EGP 5 million each.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

22- Investments in subsidiaries and associates
The following table summarizes the Bank's holdings in its subsidiaries and associates:

December 31, 2019	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The Bank's stake
QNB ALAHLI leasing company (Subsidiary)	Egypt	3,499,721,558	2,998,989,886	462,291,479	96,531,810	144,915,453	**99.98%**
QNBALAHLI Life Insurance company (Subsidiary)	Egypt	3,465,874,153	2,887,561,475	202,496,131	170,011,264	69,179,676	**99.98%**
QNB ALAHLI Asset Management Egypt (Subsidiary)	Egypt	12,540,559	643,807	2,018,951	1,110,605	1,176,710	**97.48%**
QNB ALAHLI Factoring Company (Subsidiary)	Egypt	1,250,064,566	676,683,260	255,400,833	32,774,137	324,990,000	**99.997%**
Senouhi Company for Construction Materials (Associate)	Egypt	15,704,819	3,539,329	28,320,529	891,433	1,847,250	**23.09%**
Total		**8,243,905,655**	**6,567,417,757**	**950,527,923**	**301,319,249**	**542,109,089**	

December 31, 2018	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The Bank's stake
QNB ALAHLI leasing company (Subsidiary)	Egypt	2,879,131,628	2,468,275,787	975,853,645	66,559,805	144,915,453	**99.98%**
QNBALAHLI Life Insurance company (Subsidiary)	Egypt	2,751,595,021	2,227,446,279	202,198,390	139,460,399	69,179,676	**99.98%**
QNB ALAHLI Asset Management Egypt (Subsidiary)	Egypt	11,095,893	299,188	1,676,258	1,157,550	1,176,710	**97.48%**
QNB ALAHLI Factoring Company (Subsidiary)	Egypt	2,827,480,252	2,528,134,510	389,587,543	75,785,719	74,990,000	**99.99%**
Senouhi Company for Construction Materials (Associate)	Egypt	14,140,443	3,116,776	17,419,379	(74,447)	1,847,250	**23.09%**
Total		**8,483,443,237**	**7,227,272,540**	**1,586,735,215**	**282,889,026**	**292,109,089**	

23- Intangible assets	December 31, 2019	December 31, 2018
Software		
Net book value at the beginning of the year	162,034,757	115,919,735
Additions	100,163,588	93,702,773
Amortization	(59,853,698)	(47,587,751)
Net book value at the end of the year	**202,344,647**	**162,034,757**

24- Other assets	December 31, 2019	December 31, 2018
Accrued revenues	2,549,801,150	2,350,424,034
Pre-paid expenses	118,129,026	81,650,360
Advance payments for acquisition of property and equipment	547,060,134	166,948,604
Foreclosed assets reverted to the bank in settlement of debts	13,469,072	7,781,996
Deposits held with others and custody	13,398,304	10,343,122
Advance payments to tax authority	11,921,576	16,712,269
Others	213,294,765	323,961,820
	3,467,074,027	**2,957,822,205**
Less : Expected credit loss (ECL)	(4,148,685)	-
Total	**3,462,925,342**	**2,957,822,205**

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

25- Property and Equipment	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
January 1, 2018					
Cost	2,271,696,616	154,309,897	708,750,479	228,057,386	**3,362,814,378**
Accumulated depreciation	(552,689,720)	(110,571,762)	(486,198,079)	(105,593,792)	**(1,255,053,353)**
Net book value	**1,719,006,896**	**43,738,135**	**222,552,400**	**122,463,594**	**2,107,761,025**
December 31, 2018					
Net book value at the beginning of the year	1,719,006,896	43,738,135	222,552,400	122,463,594	**2,107,761,025**
Additions	183,440,842	40,218,505	76,759,625	24,598,616	**325,017,588**
Disposals from property and equipment	(409,267)	-	(175,901)	-	**(585,168)**
Disposals from accumulated depreciation	43,738	-	145,139	-	**188,877**
Depreciation for the year	(93,195,161)	(10,472,906)	(73,668,342)	(18,895,745)	**(196,232,154)**
Net book value	**1,808,887,048**	**73,483,734**	**225,612,921**	**128,166,465**	**2,236,150,168**
January 1, 2019					
Cost	2,454,728,191	194,528,402	785,334,203	252,656,002	**3,687,246,798**
Accumulated depreciation	(645,841,143)	(121,044,668)	(559,721,282)	(124,489,537)	**(1,451,096,630)**
Net book value	**1,808,887,048**	**73,483,734**	**225,612,921**	**128,166,465**	**2,236,150,168**
December 31, 2019					
Net book value at the beginning of the year	1,808,887,048	73,483,734	225,612,921	128,166,465	**2,236,150,168**
Additions	154,652,391	61,871,240	208,711,270	24,561,101	**449,796,002**
Disposals from property and equipment	(856,362)	(139,751)	(18,532,571)	(1,613,603)	**(21,142,287)**
Disposals from accumulated depreciation	517,386	139,751	18,520,055	1,613,603	**20,790,795**
Depreciation for the year	(103,250,716)	(12,133,665)	(92,381,412)	(20,028,402)	**(227,794,195)**
Net book value	**1,859,949,747**	**123,221,309**	**341,930,263**	**132,699,164**	**2,457,800,483**
Balances at December 31, 2019					
Cost	2,608,524,220	256,259,891	975,512,902	275,603,500	**4,115,900,513**
Accumulated depreciation	(748,574,473)	(133,038,582)	(633,582,639)	(142,904,336)	**(1,658,100,030)**
Net book value	**1,859,949,747**	**123,221,309**	**341,930,263**	**132,699,164**	**2,457,800,483**

26- Due to banks	December 31, 2019	December 31, 2018
Current accounts	886,972,602	600,111,378
Deposits	13,499,913,543	10,880,964,831
Repos transactions	1,643,779,237	1,226,703,061
Total	**16,030,665,382**	**12,707,779,270**
Central banks	1,643,779,237	1,226,716,743
Local banks	13,652,248,182	10,881,443,503
Foreign banks	734,637,963	599,619,024
Total	**16,030,665,382**	**12,707,779,270**
Non-interest bearing balances	770,156,843	587,769,500
Variable interest rate balances	116,815,759	12,341,878
Fixed interest rate balances	15,143,692,780	12,107,667,892
Total	**16,030,665,382**	**12,707,779,270**
Current balances	16,030,665,382	12,707,779,270
Total	**16,030,665,382**	**12,707,779,270**

(All amounts are shown in Egyptian Pounds)

27- Customer deposits	December 31, 2019	December 31, 2018
Demand deposits	47,873,048,816	50,051,628,356
Time deposits and call accounts	79,710,679,594	85,261,092,835
Term saving certificates	48,669,174,000	43,303,912,000
Saving deposits	25,615,535,989	22,032,580,475
Other deposits*	7,196,927,098	6,700,731,429
Total	**209,065,365,497**	**207,349,945,095**
Corporate deposits	105,197,303,167	112,767,111,753
Retail deposits	103,868,062,330	94,582,833,342
Total	**209,065,365,497**	**207,349,945,095**
Non-interest bearing balances	30,457,770,197	29,021,642,483
Variable interest rate balances	69,071,820,825	64,689,231,540
Fixed interest rate balances	109,535,774,475	113,639,071,072
Total	**209,065,365,497**	**207,349,945,095**
Current balances	164,765,714,497	164,418,737,947
Non-current balances	44,299,651,000	42,931,207,148
Total	**209,065,365,497**	**207,349,945,095**

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 256,308,432 as of December 31, 2019 (December 31, 2018 EGP 296,800,153).
The fair value of these deposits approximates its carrying amount.

28- Other loans	December 31, 2019	December 31, 2018
National Bank of Egypt (Ebab & Eco)	2,063,889	4,444,445
Commercial International Bank	110,911,111	120,533,333
European Investment Bank	159,283,761	177,428,601
European Bank for Reconstruction and Development	4,184,973,616	2,254,000,033
The Micro, Small and Medium Enterprises Development Agency	117,500,000	30,000,000
Total	**4,574,732,377**	**2,586,406,412**
Current balances	2,931,099,377	715,089,215
Non-current balances	1,643,633,000	1,871,317,197
Total	**4,574,732,377**	**2,586,406,412**

29- Other liabilities	December 31, 2019	December 31, 2018
Accrued interest	967,911,817	1,331,876,916
Unearned revenues	106,639,318	94,783,162
Accrued expenses	693,327,109	543,754,841
Sundry credit balances	1,021,476,088	547,370,084
Total	**2,789,354,332**	**2,517,785,003**

30- Other provisions

	December 31, 2019						
Description	**Balance at the beginning of the year**	**Impact of adopting IFRS 9**	**Formed during the year**	**Released during the year**	**Foreign currencies translation differences + (-)**	**Used during the year**	**Balance at the end of the year**
Provision for tax claims	318,134,789	-	-	(120,700,000)	-	(3,563,966)	193,870,823
Provision for legal claims	12,596,462	-	11,464,339	-	(158,528)	(5,763,884)	18,138,389
Provision for contingent liabilities	290,796,573	153,241,923	31,226,616	-	(2,719,618)	-	472,545,494
Provision for fidelity	35,918,620	-	-	-	(3,655,758)	-	32,262,862
Provision for operational risk	487,587	-	243,437	-	-	-	731,024
Total	**657,934,031**	**153,241,923**	**42,934,392**	**(120,700,000)**	**(6,533,904)**	**(9,327,850)**	**717,548,592**

(All amounts are shown in Egyptian Pounds)

	December 31, 2018					
Description	Balance at the beginning of the year	Formed during the year	Released during the year	Foreign currencies translation differences + (-)	Used during the year	Balance at the end of the year
Provision for tax claims	601,345,448	-	(13,600,000)	-	(269,610,659)	318,134,789
Provision for legal claims	50,598,500	-	(37,243,544)	(187,479)	(571,015)	12,596,462
Provision for contingent liabilities	248,352,962	41,836,953	-	606,658	-	290,796,573
Provision for fidelity	34,710,188	845,414	-	363,018	-	35,918,620
Provision for operational risk	-	487,587	-	-	-	487,587
Total	**935,007,098**	**43,169,954**	**(50,843,544)**	**782,197**	**(270,181,674)**	**657,934,031**

31- Deferred income tax
Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate on a time that the Bank will recognize a benefit from assets / incurred liabilities at a tax rate of 22.5% for the current financial year. The Bank does not offset deferred tax assets and deferred tax liabilities unless the bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities
Below are the balances and movements of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
Tax impact on temporary differences arising from:	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Property and equipment	-	-	(91,513,775)	(68,955,153)
Provisions (other than the provision for loan impairment)	253,735,551	201,017,707	-	-
Differences in fair value of financial investments at fair value through other comprehensive income	-	7,139,032	(130,501,782)	-
Others	23,181,211	25,868,285	-	(3,650,069)
Deferred tax assets (liabilities)	**276,916,762**	**234,025,024**	**(222,015,557)**	**(72,605,222)**
Net balance of DTA (DTL)	**54,901,205**	**161,419,802**		

Movement of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Beginning balance	234,025,024	222,128,226	(72,605,222)	(58,613,715)
Impact of adopting IFRS 9	41,728,828	-	(135,589,181)	-
DT recognized / utilized during the year	1,162,910	11,896,798	(13,821,154)	(13,991,507)
Closing balance	**276,916,762**	**234,025,024**	**(222,015,557)**	**(72,605,222)**

Balances of deferred tax assets (liabilities) recognized directly in equity

	December 31, 2019	December 31, 2018
Differences in fair value of financial investments at fair value through other comprehensive income	(130,501,782)	7,139,032
Effect of changes in accounting policies	41,728,828	(3,244,506)

32- Defined benefits obligation

	December 31, 2019	December 31, 2018
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	482,288,384	437,821,485
Amounts recognized in the income statement:		
Post-retirement medical benefits	66,879,618	93,539,843
Post-retirement medical benefits obligation constitutes of:		
Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	414,628,886	342,208,971
Unrecognized actuarial gain	67,659,498	95,612,514
	482,288,384	437,821,485
Liability movements during the period are represented as follows:		
Balance at the beginning of the financial year	437,821,485	365,403,368
Current service cost	10,874,025	19,530,782
Interest cost	58,712,541	67,742,209
Actuarial losses / gain	(2,706,948)	6,266,852
Benefits paid	(22,412,719)	(21,121,726)
	482,288,384	437,821,485
Amounts recognized in the income statement are shown below:		
Current service cost	10,874,025	19,530,782
Interest cost	58,712,541	67,742,209
Actuarial losses / gain recognized during the year	(2,706,948)	6,266,852
	66,879,618	**93,539,843**

The main actuarial assumptions used by the Bank are outlined below:	**December 31, 2019**	**December 31, 2018**
Discount rate (two plans):		
A- QNB ALAHLI current employees plan	14.00%	18.10%
B-Ex-MIBank retirees plan	14.00%	18.10%
QNB ALAHLI -long term increase in the cost of medical care (on top of inflation)	10.27%	13.28%
Ex-MIBank - long term increase in the cost of medical care (on top of inflation)	10.27%	13.28%
Sensitivities to +1% in discount rate (duration of the plan):	**Service cost**	**DBO**
Post-retirement medical benefits	25.71%	18.59%

33- Issued and paid-up capital
(A) Authorized Capital
- - The authorized capital amounts to EGP 15 billion.

(B) Issued and Paid up Capital
- The issued and paid up capital amounted to EGP 8,904,227,140 on December 31, 2017 representing 890,422,714 shares with a nominal value of EGP 10 each, of which 765,099,714 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.
- The Extraordinary General Assembly held on February 15, 2018 decided to increase the capital from EGP 8,904,227,140 to EGP 9,794,649,850 ,an increase of EGP 890,422,710 by transferring from the general reserve.
- The issued and paid up capital amounted to EGP 9,794,649,850 on December 31, 2018 representing 979,464,985 shares with a nominal value of EGP 10 each, of which 854,141,985 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.
- The Extraordinary General Assembly held on February 28, 2019 decided to increase the capital from EGP 9,794,649,850 to EGP 10,774,114,830,an increase of EGP 979,464,980 by transferring from the general reserve and approvals being taken on those increases from the official bodies.
- The Extraordinary General Assembly held on February 28, 2019 decided to split the face value of each share of the Bank's capital from EGP 10 to be EGP 5 and approvals being taken from the official bodies.

(All amounts are shown in Egyptian Pounds)

34- Reserves and retained earnings

(1) Reserves	December 31, 2019	December 31, 2018
General reserve (a)	13,417,823,247	8,531,087,699
General banking risk reserve (b)	1,169,066	2,781,992
Legal reserve (c)	1,633,301,744	1,287,748,276
Fair value reserve (d)	524,415,089	(679,178,263)
Special reserve (e)	12,856,666	147,044,179
Capital reserve	18,489,519	12,054,965
IFRS 9 reserve	-	1,282,925,633
General risk reserve*	21,453,923	-
Total reserves at the end of the year	**15,629,509,254**	**10,584,464,481**

* In accordance with the instructions of the Central Bank of Egypt to apply IFRS 9 as of January 1, 2019, the special reserve - credit and general bank risk reserve - credit and IFRS 9 credit risk are consolidated in one reserve under the name of general risk reserve. The difference between the provisions required under IFRS 9 and the provisions required in accordance with previous instructions will be deducted from the general risk reserve .

(a) General reserve	December 31, 2019	December 31, 2018
Balance at the beginning of the financial year	8,531,087,699	7,326,936,116
Transferred from retained earnings	4,886,735,548	2,094,574,293
Transferred to capital increase	-	(890,422,710)
Balance at the end of the year	**13,417,823,247**	**8,531,087,699**
(b) General banking risk reserve		
Balance at the beginning of the year	2,781,992	8,974,020
Transferred to retained earnings	(1,612,926)	(6,192,028)
Balance at the end of the year	**1,169,066**	**2,781,992**

In accordance with the instructions of the Central Bank of Egypt, the general banking risk reserve is supported annually by 10% of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.

(c) Legal reserve	December 31, 2019	December 31, 2018
Balance at the beginning of the year	1,287,748,276	1,023,166,558
Transferred from the net profit of the prior year	345,553,468	264,581,718
Balance at the end of the year	**1,633,301,744**	**1,287,748,276**

According to the provisions of local laws and the bank's statutes, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 100% of the bank's capital.

(d) Fair value reserve	December 31, 2019	December 31, 2018
Balance at the beginning of the year	**(679,178,263)**	**(902,709,151)**
Impact of adopting IFRS 9	1,328,894,280	-
Deferred tax recognized as of a result of adopting IFRS 9	(135,589,181)	-
Net change in fair value (Note 21)	24,457,233	215,426,445
Impairment losses on debt instruments at fair value through other comprehensive income	(29,494)	-
Transferred to retained earnings	(12,087,853)	-
Deferred tax recognized during the year (Note 31)	(2,051,633)	8,104,443
Balance at the end of the year	**524,415,089**	**(679,178,263)**

(e) Special reserve

The application of the CBE new basis rules of preparation and presentation of financial statements as well as the modified principles of recognition and measurement requires to restate the comparative figures of the first financial year that have been impacted by this change, including comparative figures in the balance sheet and the income statements for the previous year as the impact of adjustment is positive, such impact was carried directly to retained earnings then transferred to the special reserve in equity and shall not be used except by approval from CBE. The following is a breakdown of the items that generated the special reserve amount:

	December 31, 2019	December 31, 2018
Allowance for loans and credit facilities to customers	-	112,739,320
Contingent liabilities provision	-	39,486,484
Amortized cost method using EIR for held to maturity investments	253,607	253,607
Amortized cost method using EIR for Available-for-sale investments	393,930	393,930
Deferred tax (Tax impact on adjustment)	(4,249,739)	(22,288,030)
Available-for-sale investments (Equity instruments)	16,458,868	16,458,868
Total	**12,856,666**	**147,044,179**

(All amounts are shown in Egyptian Pounds)

(2) Profit for the year and retained earnings

	December 31, 2019	December 31, 2018
Movements on retained earnings:		
Balance at the beginning of the year	7,318,854,853	5,291,747,850
Impact of adopting IFRS 9	26,377,283	-
Net profit of the financial year	8,321,530,798	6,917,503,916
Previous year's profit distribution	(979,464,985)	(712,338,172)
Employees' profit share	(691,726,139)	(528,980,970)
Board of directors' remuneration	(13,781,250)	(11,250,000)
Transferred to capital reserve	(6,434,554)	(1,938,155)
Transferred to general reserve	(4,886,735,548)	(2,094,574,293)
Transferred to legal reserve	(345,553,468)	(264,581,718)
Transferred from fair value reserve, net of tax	9,368,086	-
Transferred to IFRS 9 reserve	-	(1,282,925,633)
Transferred from general banking risk reserve	1,612,926	6,192,028
Balance at the end of the year	**8,754,048,002**	**7,318,854,853**

35- Cash and cash equivalents

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from placement or acquisition date.

	December 31, 2019	December 31, 2018
Cash and balances with central banks	3,956,390,015	4,810,753,664
Due from banks in less than 3 months	6,541,553,897	10,545,594,892
Treasury bills and other governmental notes (91 days)	726,823,580	2,681,053,671
Total	**11,224,767,492**	**18,037,402,227**

36- Contingent liabilities and other commitments

(a) Legal claims (litigation)

Several lawsuits were brought against the Bank and are still outstanding as of December 31, 2019. No provision has been formed since it is not probable that the Bank will incur losses in regard of these lawsuits.

(b) Capital commitments:

The Bank is a party to contracts for capital commitments amounting to EGP 956,533,263 as of December 31, 2019 (EGP 373,156,102 on December 31, 2018). These represent commitments by the Bank for the purchases of buildings and equipment. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

(c) Commitments for guarantees

The bank's commitments for loans, guarantees and facilities are set out below:

	December 31, 2019	December 31, 2018
Financial guarantees	357,500	357,500
Accepted papers	3,300,687,075	2,249,112,360
L/Gs	42,590,274,614	39,879,061,700
Import L/Cs	3,474,261,881	2,516,528,260
Export L/Cs	205,713,506	801,942,333
Other contingent liabilities	367,558,187	691,158,344
Total	**49,938,852,763**	**46,138,160,497**

(d) Commitments for credit facilities	December 31, 2019	December 31, 2018
Commitments for credit facilities	35,961,879,563	33,669,773,098

(e) Commitments under operating lease contracts

Total minimum rental payments for the irrevocable operating lease contracts are as follows:

	December 31, 2019	December 31, 2018
Not more than one year	95,093,222	84,797,020
More than one year and less than 5 years	275,023,904	194,655,635
More than 5 years	66,162,524	42,142,805
Total	**436,279,650**	**321,595,460**

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

37- Related-party transactions

Qatar National Bank (Q.P.S.C.) is the ultimate parent and controlling party as at the end of the reporting year which owns 94.97% of the bank's ordinary shares whereas the remaining 5.03% are held by other shareholders.

A number of transactions have been conducted during the reporting year with related parties within the bank's normal course of business. These include loans, deposits, and foreign currency transactions.

Related party transactions with the parent company other than the payment of dividends on ordinary shares:

QNB Group	December 31, 2019	December 31, 2018
Due from banks	5,237,534	1,867,831
Due to banks	168,693,443	81,271,323
Export LC	6,483,525	-
LGs for banks	9,015,950,648	8,222,151,499
Foreign exchange derivative	989,007,803	3,883,412,316
Interest rate swap	5,055,077,688	3,490,912,800

(A) Loans and credit facilities to related parties

	Directors and other key management personnel (and close family members)		Associates and Subsidiaries	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Outstanding loans at the beginning of the financial year	111	111	2,198,875,475	2,695,314,974
Loans issued during the financial year	-	-	1,990,998,553	966,622,657
Loans repayment during the financial year	-	-	(1,687,127,643)	(1,463,062,156)
Loans outstanding at the end of the financial year	**111**	**111**	**2,502,746,385**	**2,198,875,475**
Interest income on loans	-	-	333,107,782	317,856,237

* No provisions have been recognized in respect of loan provided to related parties.

Loans and credit facilities to related parties can be analyzed below

	Directors and other key management personnel (and close family members)		Associates and Subsidiaries	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Overdrafts	111	111	32,043	39
Revolving term loan	-	-	2,454,448,264	2,065,268,251
Visa card	-	-	-	10,921
Equipment loans	-	-	48,266,078	133,596,264
Total	**111**	**111**	**2,502,746,385**	**2,198,875,475**

(All amounts are shown in Egyptian Pounds)

(B) Deposits from related parties

	Directors and other key management personnel (and close family members)		Associates and Subsidiaries	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deposits outstanding at the beginning of the financial year	64,394,311	60,744,502	2,071,730,814	1,804,510,172
Deposits placed during the year	5,389,712	5,901,750	14,793,914	298,502,492
Deposits repaid during the year	(6,860,418)	(2,251,941)	(1,137,063,662)	(31,281,850)
Deposits outstanding at the end of the financial year	**62,923,605**	**64,394,311**	**949,461,066**	**2,071,730,814**
Interest expense on deposits	**2,474,684**	**2,529,535**	**56,973,250**	**54,745,864**

Deposits from related parties can be analyzed below

	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Demand Deposits	1,593,925	4,629,582	31,650,741	56,040,635
Saving account	91,994	16,014	-	-
Certificates of deposits	4,000,000	3,100,000	-	-
Time Deposits	57,237,686	56,648,715	917,810,325	2,015,690,179
Total	**62,923,605**	**64,394,311**	**949,461,066**	**2,071,730,814**

(C) Other transactions with related parties

	Directors and other key management personal (and close family members)		Associates and Subsidiaries	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fee and commission income	14,036	11,576	8,474,427	7,072,680
Guarantees issued by the bank	-	-	1,195,753	32,232,330
The above guarantees comprise:				
LGs	-	-	31,802	34,602
LCs	-	-	1,163,951	32,197,728
Total	**-**	**-**	**1,195,753**	**32,232,330**

The pricing for related parties' transactions are the same for other parties.

In accordance with the instructions of the Central Bank of Egypt (CBE) rules in 23 August 2011. The monthly average of net salaries and benefits for top 20 employees with the largest salaries and benefits reached EGP 8,362,777 during the current year.

38- Money Market and balanced Funds

A- QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund)

The Bank has set up an investment fund under the name of "THEMAR" with daily accumulated interest as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

THEMAR initial offering was for one million certificates at nominal value of EGP 100 million, of which 50,000 certificates worth of EGP 5 million were subscribed by the bank at that time. EFG HERMES is managing this fund.

Total number of the outstanding certificates at December 31, 2019 reached 10,965,542 at a total value of EGP 3,994,648,261. The Bank currently holds 219,311 certificates worth of EGP 79,893,023 of which EGP 18,214,550 classified as fair value through other comprehensve income that represent 5% from the total number of certificates that were initially issued, whereas the remaining value of EGP 61,678,473 which represents 2% of the increase in fund's net asset value since initial subscription are classified as fair value through profit or loss.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 18,682,074 have been reported in the "fees and commission income" line item in the income statement.

B- QNB ALAHLI Second Fund with periodly / cumulative return (Tawazon Balanced Fund)

The Bank has set up an investment fund under the name of Tawazon Fund with periodic income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tawazon initial offering was for two hundred and fifty thousand certificates amounting to EGP 25 million, of which 50,000 certificates worth of EGP 5 million were subscribed by the bank at that time. Beltone Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2019 reached 56,784 at a total value of EGP 12,343,587. The Bank currently holds 50,000 certificates worth of EGP 10,868,895 that are classified as fair value through other comprehensve income and represent 20% of the total number of certificates that were initially issued.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 87,117 have been reported in the "fees and commission income" line item in the income statement.

C- QNB ALAHLI Third Fund with periodly / cumulative return (Tadawol Equity Fund)

The Bank has set up an investment fund under the name of Tadawol Fund with periodic accumulated income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tadawol certificates were offered in a public offering amounting to EGP 25 million distributed over two hundred and fifty thousand certificates with a nominal value of EGP 100 each, subscriptions have only covered a number of one hundred and twenty five thousand certificates amounting to EGP 12.5 million, of which 50,000 certificates worth of EGP 5 million were subscribed at by the bank at that time. HC Fund Manager Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2019 reached 76,892 at a total value of EGP 19,128,017. The Bank currently holds 50,000 certificates worth of EGP 12,438,235 that are classified as fair value through other comprehensve income and represent 40% from the total number of certificates that were initially issued.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 178,706 have been reported in the "fees and commission income" line item in the income statement.

Consolidated Financial Statements

AUDITORS' REPORT
To the shareholders of QNB ALAHLI Bank (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of QNB ALAHLI Bank (S.A.E) and its subsidiaries (the group) which comprise the consolidated financial position as at December 31, 2019 and the related consolidated statements of income, changes in equity and consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Consolidated the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Auditors

Aziz Maher Aziz Barsoum Egyptian Financial Supervisory Authority No.(228)	Sherif Fathy El-Kilany Egyptian Financial Supervisory Authority No.(83)
KPMG Hazem Hassan Public Accountants & Consultants	Allied for Accounting and Auditing – EY Public Accountants & Consultants

Cairo; January 14, 2020.

QNB ALAHLI S.A.E
Consolidated Statement of Financial Position
As at 31 December 2019

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2019	December 31, 2018
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(16)	12,012,836,152	11,750,952,820
Due from banks	(17)	8,464,251,159	11,522,654,240
Treasury bills	(18)	46,194,518,180	49,371,352,025
Trading investments	(19)	84,301,673	76,808,191
Loans and credit facilities to customers	(20)	153,527,192,019	137,965,061,824
Financial derivatives	(21)	83,458,859	3,796,045
Financial Investments:			
- Fair value through other comprehensive income	(22)	2,463,888,129	2,269,997,110
- Amortized cost	(22)	40,937,627,601	37,538,005,839
- Fair value through profit or loss	(22)	61,694,866	45,449,175
Investments in associates	(23)	2,809,012	2,545,366
Intangible assets	(24)	209,802,791	162,239,439
Other assets	(25)	3,385,587,727	2,963,025,028
Deferred tax assets	(33)	128,766,307	234,978,895
Assets leased under finance lease arrangements		2,944,084,604	2,342,477,039
Property and equipment	(26)	2,512,982,918	2,237,611,327
Total assets		**273,013,801,997**	**258,486,954,363**
Liabilities and equity:			
Liabilities:			
Due to banks	(27)	16,030,665,382	12,707,779,270
Customer deposits	(28)	208,126,587,681	205,285,519,783
Financial derivatives	(21)	45,851,553	1,245,670
Other loans	(29)	5,625,017,188	5,238,545,028
Other liabilities	(30)	2,968,092,020	2,706,973,598
Other provisions	(31)	743,849,118	685,844,771
Insurance policyholders' rights	(32)	2,589,480,929	2,060,992,495
Current income tax payable		1,098,931,902	708,755,394
Defined benefits obligation	(34)	482,288,384	437,821,485
Total liabilities		**237,710,764,157**	**229,833,477,494**
Equity:			
Issued and paid-up capital	(35)	9,794,649,850	9,794,649,850
Reserves	(36)	15,660,147,528	10,615,114,917
Profit for the year and retained earnings	(36)	9,848,191,979	8,243,667,987
Total equity attributable to equity holders of the bank		**35,302,989,357**	**28,653,432,754**
Non-controlling interests		48,483	44,115
Total equity		**35,303,037,840**	**28,653,476,869**
Total liabilities and equity		**273,013,801,997**	**258,486,954,363**

Mohamed Osman El-Dib
Chairman and Managing Director

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements
(Auditors' report attached)

QNB ALAHLI S.A.E
Consolidated Income Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Note	From January 01, 2019 To December 31, 2019	From January 01, 2018 To December 31, 2018
Interest on loans and similar income	(6)	32,372,534,448	30,596,431,064
Cost of deposits and similar expense	(6)	(18,619,581,266)	(19,506,471,134)
Net interest income		**13,752,953,182**	**11,089,959,930**
Fee and commission income	(7)	2,473,723,530	2,347,250,862
Fee and commission expense	(7)	(501,949,911)	(391,596,792)
Net interest, fee and commission income		**15,724,726,801**	**13,045,614,000**
Dividend income	(8)	49,611,913	25,477,281
Net trading income	(9)	119,748,154	49,865,432
Gain on financial investments	(22)	6,652,342	63,095,667
Impairment credit losses	(12)	(697,159,681)	(530,290,358)
Administrative expenses	(10)	(3,505,731,222)	(2,975,117,856)
Other operating revenues (expenses)	(11)	(254,504,961)	137,576,677
Share of results of associates		375,949	84,150
Profit before income tax		**11,443,719,295**	**9,816,304,993**
Income tax expense	(13)	(2,921,623,568)	(2,615,753,453)
Net profit for the year		**8,522,095,727**	**7,200,551,540**
Attributable to:			
Equity holders of the Bank		8,522,091,359	7,200,541,436
Non-controlling interests		4,368	10,104
Net profit for the year		**8,522,095,727**	**7,200,551,540**
Earnings per share	(14)	7.63	6.34

Mohamed Osman El-Dib
Chairman and Managing Director

The accompanying notes from (1) to (40) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Consolidated Statement other comprehensive income
As at 31 December 2019
(All amounts are shown in Egyptian Pounds)

	From January 01, 2019 To December 31, 2019	From January 01, 2018 To December 31, 2018
Net profit for the year	8,522,095,727	7,200,551,540
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	(29,707,974)	13,190,445
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss"	7,415,771	10,226
Amount transferred to retained earning, net of tax	(9,368,086)	-
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	54,165,205	202,243,469
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	(12,187,171)	8,094,217
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	(29,494)	-
Total other comprehensive income items for the year, net of tax	**10,288,251**	**223,538,357**
Total comprehensive income for the year, net of tax	**8,532,383,978**	**7,424,089,897**
Attributable to:		
Equity holders of the Bank	8,532,379,610	7,424,079,793
Non-controlling interests	4,368	10,104
Total comprehensive income for the year, net of tax"	**8,532,383,978**	**7,424,089,897**

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements

QNB ALAHLI S.A.E
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Issued and Paid Up Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Reserve for Transactions Under Common Control
December 31, 2018						
Balance at 1 January 2018	8,904,227,140	1,023,166,558	7,326,936,116	173,681,968	10,116,810	4,000,483
Transfer to reserves and retained earnings	-	264,581,718	2,094,574,293	-	1,938,155	-
Dividend distributions	-	-	-	-	-	-
Transfer from general reserve to capital increase	890,422,710	-	(890,422,710)	-	-	-
Net Change in Other Comprehensive Income	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-
Transfer from general banking risk reserve	-	-	-	-	-	-
Balance at 31 December 2018	**9,794,649,850**	**1,287,748,276**	**8,531,087,699**	**173,681,968**	**12,054,965**	**4,000,483**
December 31, 2019						
Balance at 1 January 2019	9,794,649,850	1,287,748,276	8,531,087,699	173,681,968	12,054,965	4,000,483
Transfer to general risk reserve	-	-	-	(152,225,804)	-	-
Impact of adopting IFRS 9	-	-	-	18,038,291	-	-
Restated Balance at 1 January 2019	**9,794,649,850**	**1,287,748,276**	**8,531,087,699**	**39,494,455**	**12,054,965**	**4,000,483**
Transfer to reserves and retained earnings	-	345,553,468	4,886,735,548	-	6,434,554	-
Dividend distributions	-	-	-	-	-	-
Net Change in Other Comprehensive Income	-	-	-	-	-	-
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-
Transfer from general banking risk reserve	-	-	-	-	-	-
Balance at 31 December 2019	**9,794,649,850**	**1,633,301,744**	**13,417,823,247**	**39,494,455**	**18,489,519**	**4,000,483**

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements.

QNB ALAHLI S.A.E
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

Fair Value Reserve	General Banking Risk Reserve	IFRS 9 Reserve	General Risk Reserve	Retained Earnings	Net Profit for the Year	Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Total
(902,704,456)	8,974,023	-	-	435,156,262	5,522,820,791	22,506,375,695	34,011	**22,506,409,706**
-	-	1,282,925,633	-	613,359,611	(4,257,379,410)	-	-	**-**
-	-	-	-	(11,581,353)	(1,265,441,381)	(1,277,022,734)	-	**(1,277,022,734)**
-	-	-	-	-	-	-	-	**-**
223,538,357	-	-	-	-	-	223,538,357	-	**223,538,357**
-	-	-	-	-	7,200,541,436	7,200,541,436	10,104	**7,200,551,540**
-	(6,192,031)	-	-	6,192,031	-	-	-	**-**
(679,166,099)	**2,781,992**	**1,282,925,633**	**-**	**1,043,126,551**	**7,200,541,436**	**28,653,432,754**	**44,115**	**28,653,476,869**
(679,166,099)	2,781,992	1,282,925,633	-	1,043,126,551	7,200,541,436	28,653,432,754	44,115	**28,653,476,869**
-	-	(1,282,925,633)	1,435,151,437	-	-	-	-	**-**
1,193,292,938	-	-	(1,413,697,514)	26,389,444	-	(175,976,841)	-	**(175,976,841)**
514,126,839	**2,781,992**	**-**	**21,453,923**	**1,069,515,995**	**7,200,541,436**	**28,477,455,913**	**44,115**	**28,477,500,028**
-	-	-	-	245,603,614	(5,484,327,184)	-	-	**-**
-	-	-	-	-	(1,716,214,252)	(1,716,214,252)	-	**(1,716,214,252)**
19,656,337	-	-	-	-	-	19,656,337	-	**19,656,337**
(9,368,086)	-	-	-	9,368,086	-	-	-	**-**
-	-	-	-	-	8,522,091,359	8,522,091,359	4,368	**8,522,095,727**
-	(1,612,925)	-	-	1,612,925	-	-	-	**-**
524,415,090	**1,169,067**	**-**	**21,453,923**	**1,326,100,620**	**8,522,091,359**	**35,302,989,357**	**48,483**	**35,303,037,840**

QNB ALAHLI S.A.E
Consolidated Statement of Cash Flow
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2019	December 31, 2018
Cash flows from operating activities			
Profit before tax		11,443,719,295	9,816,304,993
Adjusted by:			
Property and Equipment depreciation and Intangible assets amortization	(10)	289,911,992	244,469,515
Impairment credit losses	(12)	697,159,681	530,290,358
Loans written off during the year		(234,204,878)	(151,861,803)
Recovery from loans previously written off		25,455,529	44,640,892
Net formed / (reversed) other provisions		(77,414,349)	3,057,571
Utilized provisions other than loans provision		(11,253,410)	(78,898,119)
Translation differences of other provisions in foreign currencies		(6,569,817)	783,565
Translation differences resulting from monetary foreign currency investments		290,744,039	(32,313,544)
Amortization of premium / discount for bonds		(72,985,822)	(65,013,355)
Formed insurance policyholders' rights provisions during the year		528,488,434	432,834,047
(Gain) on sale of Property and Equipment		(2,895,344)	(6,434,554)
Dividend income	(8)	(49,611,913)	(25,477,281)
Share of results of associates applying the equity method		(375,949)	(84,150)
Gain on financial investments	(22)	(6,652,342)	(63,095,667)
Operating profits before changes in assets and liabilities resulting from operating activities		**12,813,515,146**	**10,649,202,468**
Net decrease / increase in assets and liabilities			
Due from banks		(2,016,461,758)	5,093,446,429
Treasury bills		1,208,164,955	(10,802,365,131)
Trading investments		(7,493,482)	(25,853,520)
Loans and credit facilities to customers		(17,269,696,020)	(25,791,361,494)
Financial derivatives		(35,056,931)	(10,130,285)
Financial investement recognized at fair value through profit or loss		(16,245,691)	-
Other assets		(426,711,386)	(96,302,822)
Due to banks		3,322,886,112	7,739,133,498
Customer deposits		2,841,067,898	20,408,615,605
Other liabilities		261,118,422	(99,082,120)
Defined benefits obligation		44,466,899	72,418,117
Net change Leased assets		(601,607,565)	(38,760,010)
Income tax paid		(2,523,866,221)	(2,361,559,160)
Net cash flows used in / resulting from operating activities (1)		**(2,405,919,622)**	**4,737,401,575**
Cash flows from investing activities			
Acquisition of Property and Equipment and Intangible assets		(613,205,094)	(419,629,285)
Proceeds from sale of Property and Equipment		3,253,503	6,830,845
Proceeds from financial investments other than held for trading investments		4,535,102,791	4,327,269,754
Acquisition of financial investments other than held for trading investments		(6,997,299,939)	(8,775,602,764)
Dividends received		49,611,913	25,477,281
Cash dividends received from investments in associates		112,303	-
Net cash flows used in investing activities (2)		**(3,022,424,523)**	**(4,835,654,169)**
Cash flows from financing activities			
Other loans		386,472,160	896,993,581
Dividends paid		(1,716,214,252)	(1,277,022,734)
Net cash flows used in financing activities (3)		**(1,329,742,092)**	**(380,029,153)**
Net (decrease) in cash and cash equivalents during the year (1+2+3)		**(6,758,086,237)**	**(478,281,747)**
Cash and cash equivalents at the beginning of the year		18,044,471,132	18,522,752,879
Cash and cash equivalents at the end of the year	**(37)**	**11,286,384,895**	**18,044,471,132**
Cash and cash equivalents at end of the year are represented in :			
Cash and due from Central Bank of Egypt	(16)	12,012,836,152	11,750,952,820
Due from banks	(17)	8,473,376,520	11,522,654,240
Treasury bills		46,208,956,979	48,144,648,964
Balances with Central Bank of Egypt (mandatory reserve)		(8,056,431,357)	(6,940,189,599)
Balances Due from banks with maturities more than 3 months		(1,870,220,000)	(970,000,000)
Treasury bills with maturity more than 3 months		(45,482,133,399)	(45,463,595,293)
Cash and cash equivalents at end of the year		**11,286,384,895**	**18,044,471,132**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019

(All amounts are shown in Egyptian Pounds)

1. Background:
QNB ALAHLI "S.A.E" ("The Bank") was incorporated as an investment and commercial bank on April 13, 1978, in accordance with the provisions of the Investment Law no 43 of 1974 and its executive regulations and the amendments thereon. The Bank provides all banking services related to its activity, through its Head Office located in 5 Champlion Street - Downtown - Cairo and its 227 branches served by 6,791 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These consolidated financial statements were approved by the Board of Directors on January 14, 2020.

2. Summary of significant accounting policies:-
2.1 Basis of preparation of the consolidated financial statements
These consolidated financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; and as per IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

These consolidated financial statements have been prepared in accordance with the applicable laws of Egypt.

The consolidated financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments".

The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions that described the changes in accounting policies in the following disclosers.

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

Classification of financial assets and financial liabilities

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

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

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

- The management's intention is to maintain the asset in the buisness model to collect contractual cash flows and;
- The contractual conditions of the financial assets will build cash flows in certain dates which are limited only on payment of principal and interest (SPPI).

Debt instruments are measured at fair value through other comprehenseve income "FVTOCI" if they are not measured at fair value through the profit or loss and if the following two conditions met:

- The management's intention is to maintain the asset in the business model to collect contractual cash flows and sell;
- This contractual conditions of financial assets will build cash flows in certain dates which are limited only on payment of principal and interest (SPPI).

The Group may choose without recourse to measure equity investments which are not classified as a trading investment at fair value through other comprehensive income at initial recognition. This choice will be made per each investment.

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

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

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

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

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

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

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

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

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

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

Stage 3: Lifetime Expected Credit Loss - credit impaired
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, the lifetime expected credit losses are recognised.

(All amounts are shown in Egyptian Pounds)

According to CBE regulation on Febreuary 26, 2019, the Bank implemented the IFRS 9's requirements starting from January 01, 2019 results adjustments as follow:

	General Risk Reserve EGP	Retained Earnings EGP	Fair Value Reserve EGP
Opening balance as of January 01, 2019	**1,435,151,437**	**1,043,126,551**	**(679,166,099)**
Total reclassification and re-measurement impact:	-	2,698,907	1,193,176,805
ECL impact	(1,413,697,514)	23,690,537	116,133
Total	**(1,413,697,514)**	**26,389,444**	**1,193,292,938**
Adjusted opening balance	**21,453,923**	**1,069,515,995**	**514,126,839**

2.3.1 Basis of Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer;
- Measuring the cost of the business combination;
- And allocating, at the acquisition date, the cost of the combination to the assets acquired, liabilities and contingent liabilities assumed.

On acquisition date where control is obtained, the cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree, in addition to any costs directly attributable to the business combination.

Thus, the acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, that are recognized and measured at the lower of their carrying amounts, or fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized at acquisition date.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The acquirer usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

In case of a business combination - made through step acquisitions for a Group reorganization purposes - involving entities or businesses under common control in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, the acquirer recognizes the identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their carrying amounts previously reported at the books of the Group with common control.

Any difference between the consideration paid or transferred and the carrying amounts of the acquiree's net assets and contingent liabilities is reflected within equity as a reserve for transactions under common control. This policy is also applied in case of the groups' full or partial acquisition of shares held by the non-controlling interests in a subsidiary or the partial disposition of the Group's interest in a subsidiary while retaining control over that subsidiary.

Therefore, no adjustments are made to reflect new fair value at the date of the combination; rather fair value for net assets, and contingent liabilities acquired in such cases shall be determined based on the fair value that was previously determined when control was initially obtained, as adjusted by any changes in equity components that have occurred during the period from the date when control was initially obtained up to the date when control has increased or decreased.

Since combinations of entities or businesses under common control are scoped out of the CBE basis of preparation and presentation of the banks financial statements, EAS (29) and IFRS (3) Business Combinations, management applied the requirements of EAS (5) and IAS (8), which allows it, in the absence of a specific Standard or Interpretation specifically addressing certain transaction, event or other circumstances, to set and develop an appropriate accounting policy that results in information that is more reliable and relevant to the economic decisions making needs of the financial statements users.

(All amounts are shown in Egyptian Pounds)

2.3.2 Transactions Eliminated on Consolidation
Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3.3 Loss of Control
Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

2.3.4 Basis of presentation of consolidation
The consolidated financial statements of the Group incorporate the financial statements of QNB ALAHLI (Parent) and entities controlled by the Bank (its Subsidiaries) at the end of each reporting date.

A Subsidiary is an entity (including Special Purpose Entities) that is controlled, directly or indirectly, by the bank (Parent). Control exists when the Bank has the power, to govern the financial and operating policies of an entity to obtain benefits from its activities. This is usually achieved when the bank owns, directly or indirectly, through subsidiaries, more than half of the voting power of an entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

The Group fully consolidates its subsidiaries from the effective date in which control is obtained and deconsolidates them when such control ceases to exist.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of a Group entity to bring its accounting policies into line with those used by other members of the Group.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that owners of the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

Since QNB ALAHLI incorporated QNB ALAHLI Factoring Company in which it owns 99.997% of its capital, increased its interest in QNB ALAHLI Leasing Company to 100%, and increased in QNB ALAHLI Life Insurance Company to 100% instead of 25%, and increased in QNB ALAHLI Asset Management Egypt Company to 100% instead of 4.875%,therefore, the full consolidation basis has been used for the preparation of the Group accompanying consolidated financial statements which comprise the financial statements of QNB ALAHLI (the parent) and its subsidiaries, QNB ALAHLI Factoring, QNB ALAHLI Leasing Company, QNB ALAHLI Life Insurance Company and QNB ALAHLI Asset Management Egypt Company from the date in which control over each subsidiary was obtained.

Non-controlling interest in these consolidated financial statements represents interests held by investors other than QNB ALAHLI in the subsidiaries. Information on subsidiaries is set out below.

Company name	Origin Country	Year of controlling (Acquisition or Incorporation)	Group Stake %
QNB ALAHLI Factoring Company	Egypt	2012	99.997
QNB ALAHLI Leasing Company	Egypt	2012	100
QNB ALAHLI Life Insurance Company	Egypt	2014	100
QNB ALAHLI Asset Management Egypt Company	Egypt	2014	100

2.3.5 Investments in associates

An associate is an entity over which the Group has significant influence that is not control or joint control. Significant influence exists where the bank holds voting rights of 20% to 50% in an entity.

Acquisitions of Associates are accounted for using the purchase method; goodwill arising on acquisition of an associate, if any, is not presented separately, but is rather included within the carrying amount of the investment. Investments in associates are accounted for subsequently in the consolidated financial statements using the equity method.

According to the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and is subsequently adjusted to recognize the Group's share in profit or loss, and other changes in the net assets, of the associate.

2.4 Segment reporting

An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments. A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

The Bank is divided into two main business lines, which are corporate banking and retail banking. In addition, a corporate center acts as a central funding department for the bank's core businesses. The dealing room, proprietary activity and other non-core businesses are reported under the corporate banking business line.

For the purpose of preparation of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the branches. Given that the bank does not have any entity abroad, and unless otherwise stated in a specific disclosure, all equity and debt instruments of the bank issued by foreign institutions and credit facilities granted to foreign counterparties are reported based on the location of the domestic branch where such assets are recorded.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

The consolidated financial statements of the Group are presented in the Egyptian Pound which is the Bank's functional and presentation currency.

2.5.2 Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian Pounds. Transactions in foreign currencies during the year are translated into the Egyptian Pounds using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at end of reporting year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held for trading assets and liabilities;
- Other operating revenues (expenses) from the remaining assets and liabilities;
- Investments in equity instrument recognized at fair value through other comprehensive income in equity.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as FVTOCI assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in "Interest on loans and similar income" whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the "Fair value revaluation reserve" in Other comprehensive income.

Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through the profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as FVTOCI are recognized directly in equity in the "Fair value reserve" in Other Comprehensive Income.

Leased assets denominated in foreign currency which the group leases to others are measured at historical cost and translated to Egyptian Pounds using the exchange rates prevailing at the dates of the initial recognition.

2.6 Financial assets

2.6.1 Financial Policies applied until December 31, 2018:

The Group classifies its financial assets into the following categories:

Financial assets classified as at fair value through profits or loss, loans and receivables, held to maturity financial assets, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition.

2.6.1.1 Financial assets classified as at fair value through profit or loss
This category includes financial assets held for trading and financial derivatives.

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking, or it is a derivative that is not designated and effective as a hedging instrument.

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

- The group intends to sell immediately or in the short term, which are classified as held for trading;
- The group upon initial recognition designates as available-for-sale;
- The group may not recover substantially all of its initial investment, other than because of deterioration in the credit worthiness of the issuer.

2.6.1.3 Held to maturity financial assets
Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to be held to maturity. The group will not classify any financial assets as held to maturity if the group has, during the current financial period or during the two preceding financial periods, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.

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

The following is applied in respect of all financial assets:

- Regular-way purchases and sales of financial assets classified as at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale are recognized using the settlement-date, which is the date that an asset is delivered to or by the entity.
- All financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially recognized at fair value. Transaction costs associated with those assets are expensed and reported in the income statement.
- The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.
- Available-for-sale, held for trading and financial assets designated as at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.
- Gains and losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity is recognized in the income statement.
- Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available -for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available-for-sale shall be recognized in the income statement when the entity's right to receive payment is established.
- The fair value of quoted investments in an active market is based on current bid prices. If there is no active market for a financial asset, it is measured at cost less of any impairment losses.

2.6.2 Financial Policies applied starting from January 01, 2019:

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

2.6.2.1 Financial assets classified as amortized cost

The financial asset is retained in the business model of financial assets held to collect contractual cash flow. The objective from this business model is to collect contractual cash flow which represented in principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

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

2.6.2.2 Financial assets classified as fair value through other comprehensive income

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

2.6.2.3 Financial assets classified as fair value through profit or loss

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale.
The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. Collecting contractual cash flows is an incidental event for the objective of the model.

The characteristics of the business model are as follows:

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

2.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the group has a legally enforceable right to offset the recognized amounts and it intends to settle these amounts on a net basis, or realize the asset and settle the liability simultaneously.

2.8 Financial derivatives and hedge accounting

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

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

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

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge);
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

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

2.8.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of 'net interest income' line item in the income statement. Any ineffectiveness is recognized in profit or loss in "Net trading income".

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

2.8.2 Cash flow hedge

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

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

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

2.8.3 Derivatives that do not qualify for hedge accounting

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

2.9 Interest income and expense

Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method.

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

Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principal is in doubt.

Interest income on non-performing or impaired (Stage 3) loans and receivables ceases to be recognized in profit or loss and is rather recorded off balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

1- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.

2- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one year.

If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in the profit or loss except when the total balance of loan, prior to that date, is paid in full.

2.10 Fees and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue - on a cash basis - only when interest income on those loans is recognized in profit or loss, at which time, fees and commissions that are an integral part of the effective interest rate of a financial asset are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, only if the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

Fees and commissions that are earned on negotiating or participating in the negotiation of a transaction in favor of another entity, such as arrangements for the allotment of shares or another financial instrument or acquisition or sale of an enterprise on behalf of a client, are recognized as revenue when the transaction has been completed. Administrative consultations and other service fees are usually recognized as revenue on a straight-line basis over the period in which the service is rendered. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

Leasing revenues

Revenues from lease contracts are recognized based on the interest rate implicit in each contract plus an amount equal to depreciation of the leased asset. Debit/credit differences between revenue recognized in profit or loss and rental value for each period are recorded in "leased assets – lease contracts settlement" account in the balance sheet whose balance is to be settled against the carrying amount of leased asset at the end of the contract period.

Insurance revenues

Premium income and Claim expense is recognized on accrual basis.

2.11 Dividends income

Dividend income on investments in equity instruments and similar assets, other than investments in subsidiaries and associates, is recognized in the income statement when the bank's right to receive payment is established.

2.12 Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

Financial instruments sold under repurchase agreements are not derecognized from the statement of financial position and cash receipts are shown in liability side in the statement of financial position.

2.13 Impairment of financial assets

2.13.1 Financial Policies applied until December 31, 2018:

The group reviews all its financial assets, except those classified as at fair value through profit or loss, to assess whether an indication exists that these assets have suffered an impairment loss as described below:

2.13.1.1 Financial assets carried at amortized cost

At the end of each reporting period, an assessment is made whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The group considers the following indicators to determine the existence of substantive evidence for impairment losses:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization;
- Deterioration of the competitive position of the borrower;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- Impairment in the value of collaterals;
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group.

The bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio. For application purposes, the bank considers such period to equal one.

The Group first assesses is made whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.in that field the below items will be considered:

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on the historical loss rates taking into consideration the following:

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If a loan, receivable or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate(s) determined under the contract at the date on which an objective evidence for impairment of the asset has been identified.

As a practical expedient, the bank may measure impairment of a financial asset carried at amortized cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the group's assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The Group ensures that estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the management to reduce any differences between loss estimates and actual loss experience.

2.13.1.2 Available-for-sale financial assets

At the end of each financial period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets classified as available -for-sale has been impaired.

According to the central bank of Egypt's rules, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognized in the equity reserve shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in the profit or loss are not reversed through the profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However if, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

2.13.2 Financial Policies applied starting from January 01, 2019:
The Group reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.

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

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

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

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- If there are indicators of impairment of the financial instrument, it is transferred to the third stage.
- The financial assets created or acquired by the Group and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

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

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

2.13.2.3 Qualitative Factors
Retail loans,micro and small businesses
If the borrower encounters one or more of the following events:

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

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

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

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

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

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

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

(All amounts are shown in Egyptian Pounds)

2.13 Intangible assets

2.13.1 Goodwill

Goodwill, arising from the acquisition or legal merger of subsidiaries, represents the difference between the cost of the combination and the acquiree interest in the fair value of the identifiable assets, liabilities and qualifying contingent liabilities of the acquire at the acquisition date. Goodwill is annually tested for impairment and is written-down to profit or loss at an annual amortization of 20% or impairment loss whichever is higher.

2.13.2 Software (computer programs)

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the group and when it is probable that they will generate future economic benefits within more than one year that exceed its cost. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification.

Cost of computer software recognized as an asset shall be amortized over the year of expected benefits from three to five years except for the core IT system which is amortized over ten years.

2.14 Property and Equipment

The Group's property and equipment include lands and buildings of the bank which basically comprise the head office premises and branch buildings. All property and equipment are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the construction or acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial period in which they are incurred.

The Group considers the residual value of its property and equipment as insignificant and immaterial in relation to the depreciable amount; therefore, the depreciable amount of the group's property and equipment is determined without any deduction for residual values. Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Buildings		50 years
Fixtures	Decoration & installations	10 years
	Lifts	15 years
	Electricity & Air conditioning	10 years
	Generators	30 years
	Telephone network & CCTV	10 years
	Firefighting system & Plumbing system	10 years
	Other installations	10 years
Leasehold improvements		The shortest of 10 years or contract period

Depreciation years for property and equipment, other than buildings, depend on their useful lives which are usually estimated as specified below:

Furniture	10 years
Armored vaults	20-30 years
IT equipment	5 years
Electric appliances	5 years
Vehicles	5 years

The carrying amounts of its depreciable property and equipment are reviewed whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in the profit or loss in other operating income (expenses) in the income statement.

(All amounts are shown in Egyptian Pounds)

2.15 Impairment of non-financial assets

Non-financial assets that do not have definite useful lives, except for goodwill are not amortized. These are annually tested for impairment. Depreciable property and equipment are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset,The Group estimates the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

At the end of each period, the group reviews non-financial assets for which an impairment loss is recognized to assess whether or not all or part of such impairment losses should be reversed through profit or loss.

2.16 Leasing

Lease contracts are accounted according to Law 95 of 1995 for financial lease. All other lease contracts are recognized as operating leases.

2.16.1 As a lessee

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

2.16.2 As a lessor

Assets leased out under operating lease contracts are reported as part of the fixed assets in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term.

Assets leased out under finance lease contracts, are reported in the statement of financial position within fixed assets and are depreciated over the expected useful life of the assets using the same method followed in depreciating similar assets. Lease income is recognized using the rate of return implicit is each lease contract in addition to an amount equal to depreciation charge for the period. Differences between lease income recognized in the income statement and rental receivable from lease customers are accumulated and reported in the statement of financial position in a separate account until duration of the lease contract expires, at which time offset occurs between the account balance and net book value of leased assets.

Maintenance and insurance expenses shall be charged to the income statement when incurred to the extent that they are chargeable to the lessee. If substantive evidence indicates that the group could not be able to collect all balances due from finance lease debtors, these balance are reduced to their expected realizable value.

Depreciation is charged so as to write off the cost of leased assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Computers	2-8 years
Equipment	4-10 years
Vehicles	4-5 years
Building	17-50 years

2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances due within three months from date of placement or acquisition. They include cash and balances placed with the Central Bank of Egypt (other than those required under the mandatory reserve), current accounts with Banks and treasury bills, certificates of deposits and other governmental notes.

2.18 Other provisions

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the date of consolidated financial statements are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the reporting date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions.

For obligations due within less than twelve months from the date of consolidated financial statements, provisions are calculated based on undiscounted expected cash outflows unless the time value of money is material, in which case provisions are measured at present value.

When a provision is wholly or partially no longer required, it is reversed through the profit or loss under "Other Operating Income (expenses)" line item.

2.19 Insurance activity
2.19.1 Technical reserves
2.19.1.1 Mathematical reserve
The mathematical reserve is calculated by the actuarial expert according to the technical basis approved by the board of the Egyptian Financial Supervisory Authority (Formerly Egyptian Insurance Supervisory Authority), in addition to the portion of each certificate from the increase (decrease) in the capital value resulting from insurance premiums invested in investment portfolio for the account of policyholders.

2.19.1.2 Provision for outstanding claims
A provision for outstanding claims is established for life and personal accident insurance policies. Which were reported before the period-end but not settled at the balance sheet date.

2.19.2 Receivables arising from insurance contracts
Receivables arising from insurance contract either as installments under collection or current accounts of insured parties are carried at amortized cost which represent nominal balances, net of impairment loss.

2.19.3 Due from insurance and reinsurance companies
Insurance and reinsurance companies stated at amortized cost, which represent its book value, net of allowance for impairment loss.

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

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

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

(I) The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and

(II) The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

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

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

2.21 Employee benefits
2.21.1 Post-employment benefits (defined benefit plans) and defined contribution plans:
The Bank is liable for all obligations arising from its plans for employee benefits which comply, in all material respects, with the principles set out below. Starting 1 January 2009, the Bank has fully complied with the policy referred to below, and recognized any adjustments, resulting from the first full implementation of amendments to the CBE rules, directly on retained earnings.

The Bank provides several post-employment benefits to its employees, such as the medical care scheme which qualifies as a defined-benefit plan. A defined benefit plan commits the Bank, either formally or constructively, to pay a certain amount or level of future benefits and therefore bears the medium- or long-term risk.

The Bank recognizes the defined benefit obligation as a liability in the statement of financial position under "obligations for post-retirement schemes" to cover the total value of such obligations. This is assessed regularly by independent actuary using the projected unit credit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the defined benefit obligation. Differences arising from changes in the actuarial assumptions and estimates are recognized in the income statement as actuarial gains or losses to the extent of the higher of the following two amounts as of the end of the previous financial period:

- 10% of the present value of the defined benefit obligation (before deducting plan assets); and
- 10% of the fair value of the plan assets.

Actuarial gains and losses that exceed the 10 percent criteria above are amortized to profit or loss over the expected average remaining working lives of the participating employees.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employee benefits plans is reported as part of general and administrative expenses (employee costs).

Defined contribution plans are pension schemes whereby the group pays defined contributions to an independent entity. The group shall not be under legal or constructive obligation to pay more contributions if this entity doesn't maintain adequate assets to pay-off the employees' benefits in return for their service in the current and previous periods.

According to the defined contribution plans, contributions are paid to private sector pension scheme under mandatory or voluntary contractual arrangement. The group shall be under no additional obligation other than the contribution payments. Contributions to defined contribution retirement benefit plans are recognized as employee benefits cost when employees have rendered service entitling them to the contributions. Prepaid contributions shall be recognized as assets to the extent that these contribution payments will reduce future payments or result in cash refunds.

2.22 Income taxes

Income tax expense on the period's profit or loss represents the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax differences related to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

2.23 Borrowings

Loans obtained by the bank are initially recognized at fair value net of transaction costs incurred in connection with obtaining the loan. Borrowings are subsequently measured at amortized cost, with the difference between net proceeds and the value to be paid over the borrowing period, recognized in the profit or loss using the effective interest rate method.

2.24 Capital

2.24.1 Capital issuance cost

Issued and paid up-capital (i.e. bank's own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

2.24.2 Dividends

Dividends on equity instruments issued by the group entities are recognized when the general assembly of the group's shareholders approves them. Dividends include the non-controlling interests' share in the subsidiaries' dividends, and employees' profit share and board of directors' remuneration as prescribed by the articles of incorporation of the bank and Group entities as well as the corporate law.

2.25 Fiduciary activities
The Bank carries out fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are not recognized in the group's consolidated financial statements, as they are not assets or income of the Bank or the Group.

2.26 Comparative figures
Comparative figures for financial assets and liabilities are reclassified but not re-measured to comply with the current period's financial statements presentation according to CBE instruction for IFRS9 implementation dated February 26, 2019.

3. Management of financial risks
The Group is exposed to various financial risks, mainly as a result of activities conducted by the Bank and some subsidiaries. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the group aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the group's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

For example, the Bank has laid down risk management policies to determine and analyze the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.

Risks are managed in accordance with pre-approved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the Bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

Risk management strategy
The bank operates in business lines, which generate a range of risks whose frequency, severity and volatility can be of different and significant magnitudes. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for the bank.

Thus, the primary objectives of the bank's risk management framework are:

- To contribute to the development of the Bank in various business lines to reach an ideal level of general risk.
- To guarantee the Bank's sustainability as a going concern, through the implementation of a high-quality risk management infrastructure.

In defining the Bank's overall risk appetite, the bank management takes various considerations and variables into account, including:

- The relative balance between risk and reward of the bank's various activities.
- Earnings sensitivity to business, credit and economic cycles.
- The aim of achieving a well-balanced portfolio of earnings streams.

Risk management governance and risk principles
Bank's risk management governance is based on:

i) Strong managerial involvement, throughout the entire organization, starting from the Board of Directors down to operational field management teams;

ii) A tight framework of internal procedures and guidelines; and

iii) Continuous supervision by business lines and support functions as well as by an independent body to monitor risks and to enforce rules and procedures.

Within the Board, the Risk and Audit Committees are more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance.

Risk categories
The following are part of the risks associated with the bank's Banking activities:

a- Credit risk:
(Including country risk): represents risk of losses arising from the inability of the Bank's customers, sovereign issuers or other counterparties to meet their financial commitments.

Credit risk also includes the replacement risk linked to market transactions. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability.

b- Market risk:
Represents risk of loss resulting from changes in market prices and interest rates.

c- Operational risk:
(Including legal, compliance, accounting, environmental, reputational risks, etc.): represents risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events. Additionally, operational risks may also take the form of compliance risk, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations.

d- Structural interest and exchange rate risk:
Represents risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from changes in interest or exchange rates. Structural interest and exchange rate risk arises from banking commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).

e- Liquidity risk:
Represents the risk that the bank might not be able to meet its obligations as they become due.

The Bank dedicates significant resources to constantly adapting its risk management to its activities and ensures that its risk management framework operates in full compliance with the following fundamental principles of:

- Full independence of risk assessment departments from the operating divisions; and
- Consistent approach to risk assessment and monitoring applied throughout the Bank.

The Risk Division is independent from the bank's operating entities and reports directly to general management. Its role is to contribute to the development and profitability of the bank by ensuring that the risk management framework in place is both robust and effective. It employs various teams specializing in the operational management of credit and market risk.

More specifically, the Risk Division:
- Defines and approves the methods used to analyze, assess, approve and monitor credit risks, countries risks, market risks and operational risks; conducts a critical review of commercial strategies in high risk areas and continually seeks to improve such risk forecasting and management;
- Contributes to independent assessment by analyzing transactions implying a credit risk and by providing guidance on transactions proposed by sales managers.

Identifying a frame for all Banks' operational risks.

The Assets and Liabilities Unit under the Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely liquidity and structural risks (resulting from interest rate, exchange rate and liquidity) as well as the bank's long term financing, management of capital requirements and equity structure.

The Internal Legal Counsel deals with compliance and legal risks.

Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the assets and liabilities management under Finance Division.

The Bank's Risk Committee is in charge of reviewing all the bank's key risk management issues and meets at least on quarterly basis. Risk Committee's monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.)

On the other hand, the Assets and Liabilities management committee (ALCO) is competent for matters relating to funding and liquidity policymaking and planning.

All new products and activities or products under development must be submitted to the New Product Committee.

This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the available information and processing systems.

Operational risks, permanent control and audit (periodic) control process are supervised by the Audit and Accounts Committee that meets on a quarterly basis.

Finally, the Bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the External Auditors.

(A) CREDIT RISKS
The Bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in bank's assets as well as off balance sheet financial instruments, such as letters of credit and letters of guarantee.

(A/1) Credit risk management: organization and structure
Maintaining comprehensive and efficient management and monitoring of credit risk – which constitutes the bank's primary source of risk – is vital to preserving bank financial strength and profitability. As a result, the bank implements a tight credit risk control framework, whose cornerstone is the Credit Risk Policy and Authorities defined jointly by the Risk Division and the Business Lines, and is subject to periodic review and approval by the Board of Directors.

Within the Risk Division, persons are responsible for:

- Setting credit limits by customer, customer group or transaction type;
- Approving credit score or internal customer rating criteria;
- Monitoring and surveillance of large exposures and various credit portfolios;
- Reviewing specific and general provisioning policies.

In addition, comprehensive portfolio analysis is performed in order to provide guidance to the General Management on the bank's overall credit risk exposure as well as reporting to Risk Committee.

The Risk Division also helps define criteria for measuring risk and defining appropriate provisioning practices.

Risk approval
Embedded in bank's credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the bank's risk strategy and risk appetite.

The risk approval process is based on four core principles:

- All transactions involving replacement risk must be pre-authorized ,replacement risk is bearing a loss when a bank is forced to replace a contract in case of breaching the original party's contract (debtor risk, non-settlement or non-delivery risk and issuer risk).
- Staff assessing credit risk is fully independent from the decision-making process.
- Subject to relevant credit delegations, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management.
- All credit decisions systematically include internal obligor risk ratings, as proposed by business lines and vetted by the Risk Division and approved by concerned Credit Committee.

Risk management and audit
Changes in the quality of outstanding commitments are reviewed on a periodic basis and at least once a quarter, as part of the "sensitive names" and provisioning procedures. This review is based on analyses performed by the business divisions and the risk function. Furthermore, the Internal Audit also carries out file reviews or risk audits in the bank's branch groups and reports its findings to the General Management.

Replacement risk
Replacement risk provides the measurement of the replacement cost of a transaction in the event of default by the original counterparty and the necessity to close the ensuing position with counterparty; hence, the replacement cost is the result of the market price between the date on which the original transaction is entered into and the default date. Transactions giving rise to replacement risk include interest rate swaps and forward FX deals.

Replacement risk management
The Bank places great emphasis on carefully monitoring its replacement risk exposure in order to minimize its losses in case of default of its counterparties and counterparty limits are, therefore, assigned to all trading counterparties, irrespective of their status (bank, other financial institution, corporate and public institutions).

(A/2) Risk measurement and internal ratings

Bank rating system is based on three key pillars:

- The internal ratings models used to measure and quantify counterparty risk.
- A set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.)
- Reliance on human judgment to improve modeling results to include elements outside the scope of rating model.

Credit risk rating is supported by a set of procedures ensuring reliable, consistent and timely default and loss data detection.

Rating models are reviewed and developed when necessary. The Bank regularly evaluates performance of credit rating models and their capacity to predict default cases.

The calculations used to measure and monitor replacement risk include:

- Current Average Risk (CAR) is a calculation of the Average risk of all the future scenarios, excluding the negative scenarios, i.e., when the replacement makes a gain.
- Credit value at risk (VAR) is a calculation of the largest loss that would be incurred in 99% of cases.

Following are some risk mitigations methods:

Collaterals

The Bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for Loans and credit facilities are:

- Real estate mortgage;
- Pledge on business assets like machinery and merchandise;
- Pledge in financial instruments like debt instruments and equity.

The long term financing and lending for companies are often collaterized while credit facilities for persons are not collaterized. The bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collaterals taken to secure assets other than Loans and credit facilities are identified according to the nature of the instrument.

Debit instruments and treasury bills are often not collaterized.

Derivatives

The Bank exercise prudential strict control procedures on net open positions of derivatives. i.e. The difference between sale and purchase agreements at the level of value and duration. The amount exposed to credit risk at any time is determined at fair value of the instrument that may achieve benefit to the bank. i.e. any assets with high positive fair value which represents insignificant part of contractual imputed value used to reflect the volume of existing instruments. This credit risk is managed as part of overall lending limit granted to the customer together with the potential risk as a result of market changes.

The Bank doesn't obtain collaterals for credit risk related to such instruments except for the amounts requested by the bank as marginal deposits from other parties.

(All amounts are shown in Egyptian Pounds)

(A/3) Provisioning policy (Measurement of expected credit losses)
The Group's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:

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

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

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

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

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

	December 31, 2019		December 31, 2018	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
Good debts	90.12%	15.79%	89.54%	13.49%
Normal watch-list	5.35%	11.47%	5.81%	11.77%
Special watch-list	1.74%	25.58%	2.23%	33.63%
Non performing loans	2.79%	47.16%	2.42%	41.11%
	100%	**100%**	**100%**	**100%**

(A/4) General Model for Measurements of Banking Risks:
In addition to the four categories of the bank's internal credit ratings indicated above, management classifies Loans and credit facilities based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record.

The Group calculates the allowances required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the expected credit loss, that excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section.

Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution; note (37) shows the movement (if any) on the general banking risk reserve during the financial year

Below is a statement of credit rating for corporations as per the Bank's internal ratings compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision According to % ORR	Internal Rating	Internal Description
1	Low risk	0%	1	Good debts
2	Moderate risks	1%	1	Good debts
3	Satisfactory risks	1%	1	Good debts
4	Appropriate risks	2%	1	Good debts
5	Acceptable risks	2%	1	Good debts
6	Marginally acceptable risks	3%	2	Normal watch-list
7	Watch-list	5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing loans
9	Doubtful debts	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019

(All amounts are shown in Egyptian Pounds)

(A/5) Maximum limit for credit risk before collaterals

Financial position items exposed to credit risks	December 31, 2019	December 31, 2018
Treasury bills	46,194,518,180	49,371,352,025
Loans and credit facilities to customers		
Retail loans		
- Overdrafts	3,433,826,947	2,651,774,716
- Credit cards	975,503,290	770,673,588
- Personal loans	19,979,405,278	16,573,040,799
- Real estate loans	1,743,041,205	1,350,633,464
Corporate loans		
- Overdrafts	62,308,459,497	55,157,408,187
- Direct loans	41,200,398,353	36,654,746,983
- Syndicated loans and facilities	19,111,959,605	20,219,672,773
- Other loans	4,912,058,973	4,778,839,549
Segregated interest & unearned discount	(137,461,129)	(191,728,235)
Financial derivatives	83,458,859	3,796,045
Financial investments		
- Debt instrument	42,573,465,078	39,562,533,525
Other Financial assets	2,519,168,442	2,403,976,471
Total	**244,897,802,578**	**229,306,719,890**

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

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	978,370,746	146,348,168	-	**1,124,718,914**
Normal watch-list	5,078,070,791	2,270,586,815	-	**7,348,657,606**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	6,056,441,537	**2,416,934,983**	**-**	**8,473,376,520**
Allowance for impairment losses	(9,125,361)	-	-	**(9,125,361)**
Carrying amount	**6,047,316,176**	**2,416,934,983**	**-**	**8,464,251,159**

Treasury bills	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	**-**
Normal watch-list	46,208,956,979	-	-	**46,208,956,979**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	46,208,956,979	**-**	**-**	**46,208,956,979**
Allowance for impairment losses	(14,438,799)	-	-	**(14,438,799)**
Carrying amount	**46,194,518,180**	**-**	**-**	**46,194,518,180**

Retail loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	24,484,169,185	-	-	**24,484,169,185**
Normal watch-list	1,385,271,936	-	-	**1,385,271,936**
Special watch-list	-	310,867,666	-	**310,867,666**
Non performing loan	-	-	383,915,910	**383,915,910**
	25,869,441,121	**310,867,666**	**383,915,910**	**26,564,224,697**
Allowance for impairment losses	(146,580,951)	(14,987,231)	(270,879,795)	**(432,447,977)**
Carrying amount	**25,722,860,170**	**295,880,435**	**113,036,115**	**26,131,776,720**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

Corporate loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	119,502,379,237	1,090,294,044	-	**120,592,673,281**
Normal watch-list	2,193,802,876	5,025,702,629	-	**7,219,505,505**
Special watch-list	-	2,497,533,088	-	**2,497,533,088**
Non performing loan	-	-	4,110,272,208	**4,110,272,208**
	121,696,182,113	**8,613,529,761**	**4,110,272,208**	**134,419,984,082**
Allowance for impairment losses	(1,195,552,396)	(2,510,683,999)	(3,180,871,259)	**(6,887,107,654)**
Carrying amount	**120,500,629,717**	**6,102,845,762**	**929,400,949**	**127,532,876,428**

Debt instruments at fair value through other comprehensive income	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	1,635,837,477	-	-	**1,635,837,477**
Normal watch-list	-	-	-	**-**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	1,635,837,477	**-**	**-**	**1,635,837,477**
Allowance for impairment losses	(86,639)	-	-	**(86,639)**
Carrying amount - fair value	**1,635,837,477**	**-**	**-**	**1,635,837,477**

Debt instruments at amortized cost	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	**-**
Normal watch-list	40,951,128,217	-	-	**40,951,128,217**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	40,951,128,217	**-**	**-**	**40,951,128,217**
Allowance for impairment losses	(13,500,616)	-	-	**(13,500,616)**
Carrying amount	**40,937,627,601**	**-**	**-**	**40,937,627,601**

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

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	19,083,244	-	-	**19,083,244**
New financial assets purchased or issued	9,125,361	-	-	**9,125,361**
Financial assets have been matured or derecognised	(19,083,244)	-	-	**(19,083,244)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	**-**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the year	**9,125,361**	**-**	**-**	**9,125,361**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

Treasury bills	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	30,548,616	-	-	**30,548,616**
New financial assets purchased or issued	14,438,799	-	-	**14,438,799**
Financial assets have been matured or derecognised	(30,548,616)	-	-	**(30,548,616)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	**-**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the year	**14,438,799**	**-**	**-**	**14,438,799**

Retail loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	**52,573,588**	**2,303,028**	**426,697,861**	**481,574,477**
Net impairment loss recognized during the year	94,007,363	5,288,334	10,256,089	**109,551,786**
Loans written-off during the period	-	-	(166,045,747)	**(166,045,747)**
Collections of loans previously written-off	-	7,395,869	-	**7,395,869**
Foreign exchange translation differences	-	-	(28,408)	**(28,408)**
Balance at the end of the year	146,580,951	14,987,231	270,879,795	**432,447,977**
Allowance for impairment losses	(13,500,616)	-	-	**(13,500,616)**
Carrying amount	**40,937,627,601**	**-**	**-**	**40,937,627,601**

Corporate loans	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	1,318,563,344	2,562,361,700	2,595,532,931	**6,476,457,975**
New financial assets purchased or issued	154,201,368	1,007,169,569	-	**1,161,370,937**
Financial assets have been matured or derecognised	(323,698,647)	(1,168,030,814)	-	**(1,491,729,461)**
Transfer to stage 1	1,085,880	(1,085,880)	-	**-**
Transfer to stage 2	(34,339,561)	34,339,561	-	**-**
Transfer to stage 3	(1,103,912)	(83,368,566)	84,472,478	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	80,843,924	190,886,555	662,720,245	**934,450,724**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	(68,159,130)	**(68,159,130)**
Collections of loans previously written-off	-	18,059,660	-	**18,059,660**
Foreign exchange translation differences	-	(49,647,786)	(93,695,265)	(143,343,051)
Balance at the end of the year	**1,195,552,396**	**2,510,683,999**	**3,180,871,259**	**6,887,107,654**

(All amounts are shown in Egyptian Pounds)

Debt instruments at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Allowance for impairment losses at January 01, 2019	116,133	-	-	**116,133**
New financial assets purchased or issued	5,913	-	-	**5,913**
Financial assets have been matured or derecognised	(9,421)	-	-	**(9,421)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	(25,986)	-	-	**(25,986)**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the year	**86,639**	**-**	**-**	**86,639**

Debt instruments at amortized cost	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Allowance for impairment losses at January 01, 2019	4,619,649	-	-	**4,619,649**
New financial assets purchased or issued	13,500,616	-	-	**13,500,616**
Financial assets have been matured or derecognised	(4,619,649)	-	-	**(4,619,649)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	**-**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the year	**13,500,616**	**-**	**-**	**13,500,616**

Off balance sheet items exposed to credit risks	December 31, 2019	December 31, 2018
Financial guarantees	357,500	**357,500**
L/Cs	3,678,811,436	**3,286,272,865**
Accepted papers	3,300,687,075	**2,249,112,360**
L/Gs	42,590,274,614	**39,879,061,700**
Other contingent liabilities	367,558,187	**691,158,344**
Total	49,937,688,812	**46,105,962,769**

Commitments for credit facilities have a carrying amount of EGP 36,638,991,924 at the end of current reporting year against EGP 33,702,421,721 in the prior year.

The preceding table shows the maximum limit exposure to risks at the end of December, 2019 and December, 2018 without taking into consideration collaterals held by the Group, if any. For financial position items, amounts stated depend on the net carrying amount shown in the financial position.

The preceding table related to financial position items exposed to credit risks shows that 63% of the maximum limit exposed to credit risk at the end of current reporting year is attributable to Loans and credit facilities to customers against 60% at the end of the prior year, investments in debt instruments constitute 17% against 17% at the end of the prior year and treasury bills constitute 19% against 22% at the end of the prior year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan portfolio, facilities, and debt instruments based on the following facts:

- 95 % of the loans and credit facilities portfolio at the end of the current reporting year comprises loans and credit facilities classified at the top 2 categories of the internal rating against 95% at the end of the prior year.
- 96 % of the loans and credit facilities portfolio at the end of the current reporting year does not have arrears or indicators of impairment against 96% at the end of the prior year.
- Loans and credit facilities that are individually assessed for impairment (stage 3) at the end of the current reporting year have a carrying amount of EGP 4,494,188,118 Impairment on these loans and credit facilities represents 77% of their carrying amount. Loans and credit facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of EGP 3,480,258,107 and their impairment represents 68% of such carrying amount.
- The Bank applied more prudential selection process on granting loans and credit facilities during the current reporting year ended December 31, 2019.
- 98% of investments in debt instruments and treasury bills at the end of the current reporting year comprise local sovereign debt instruments against 98% at the end of the prior year.

(All amounts are shown in Egyptian Pounds)

(A/6) Loans and credit facilities
Balances of loans and credit facilities in terms of credit risk rating are analyzed below:

	December 31, 2019		December 31, 2018	
	Loans and credit facilities to customers	Loans and credit facilities to banks	Loans and credit facilities to customers	Loans and credit facilities to banks
Neither have arrears nor impaired	153,836,995,672	-	137,826,903,220	-
Have arrears but not impaired	2,653,024,989	-	2,604,989,996	-
Impaired	4,494,188,118	-	3,480,258,107	-
Total	**160,984,208,779**	**-**	**143,912,151,323**	**-**
Less: Allowance for impairment losses	(7,319,555,631)	-	(5,755,361,264)	-
Less: Segregated interest	(5,850,387)	-	(5,985,581)	-
Less: Unearned discount	(131,610,742)	-	(185,742,654)	-
Net	**153,527,192,019**	**-**	**137,965,061,824**	**-**

Total credit allowance for loans and credit facilities at the end of the current reporting year amounted to EGP 7,319,555,631 (EGP 5,755,361,264 at the end of the prior year) of which EGP 3,451,751,054 represent impairment in stage three (EGP 2,366,315,820 at the end of the prior year) and EGP 3,867,804,577 represent impairment for stage one and stage two in the credit portfolio (EGP 3,389,045,444 at the end of the prior year).

Note (20-A) includes additional information on the allowance for impairment losses for Loans and credit facilities to customers during the current reporting year.

During the current accounting year, the loans and credit facilities portfolio increase by 12 % due to the increase on lending activity.

Loans and credit facilities which do not have arrears and are not subject to impairment
The credit quality of Loans and credit facilities that do not have arrears and which are not subject to impairment is assessed by reference to the bank's internal rating.

Loans and credit facilities to customers

December 31, 2019

Retail

Rating	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	3,450,187,264	846,011,295	18,597,924,787	1,590,045,837	**24,484,169,183**
Normal watch-list	388,176	-	-	-	**388,176**
Special watch-list	123,322	-	-	-	**123,322**
Total	**3,450,698,762**	**846,011,295**	**18,597,924,787**	**1,590,045,837**	**24,484,680,681**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	60,290,571,684	36,869,956,346	18,732,595,710	4,301,670,618	**120,194,794,358**
Normal watch-list	3,093,093,351	3,666,076,797	408,316,057	36,895,450	**7,204,381,655**
Special watch-list	166,366,570	1,786,772,408	-	-	**1,953,138,978**
Total	**63,550,031,605**	**42,322,805,551**	**19,140,911,767**	**4,338,566,068**	**129,352,314,991**

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

December 31, 2018

Retail

Rating	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	2,669,108,000	663,164,272	15,566,307,734	1,222,447,964	**20,121,027,970**
Normal watch-list	805,411	-	-	-	**805,411**
Special watch-list	935,556	-	-	-	**935,556**
Total	**2,670,848,967**	**663,164,272**	**15,566,307,734**	1,222,447,964	**20,122,768,937**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	52,791,111,902	32,721,902,694	18,620,116,228	4,448,961,948	**108,582,092,772**
Normal watch-list	2,795,180,186	2,997,043,043	1,524,417,649	17,913,600	**7,334,554,478**
Special watch-list	697,166,546	842,187,730	210,885,018	37,247,739	**1,787,487,033**
Total	**56,283,458,634**	**36,561,133,467**	**20,355,418,895**	**4,504,123,287**	**117,704,134,283**

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

(All amounts are shown in Egyptian Pounds)

Loans and credit facilities which have arrears but are not subject to impairment

These are loans and credit facilities with past-due installments but are not subject to impairment, unless information has otherwise indicated. Loans and credit facilities to customers which have arrears but are not subject to impairment are analyzed below.

December 31, 2019

Retail

	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	94,226,249	1,158,825,914	131,831,597	**1,384,883,760**
More than 30 – 60 days	-	25,373,887	154,895,434	14,578,370	**194,847,691**
More than 60 – 90 days	-	8,945,942	96,720,986	10,229,727	**115,896,655**
Total	**-**	**128,546,078**	**1,410,442,334**	**156,639,694**	**1,695,628,106**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Up to 30 days	-	121,337,753	-	13,037,884	**134,375,637**
More than 30 – 60 days	-	39,038,295	-	11,963,964	**51,002,259**
More than 60 – 90 days	-	7,922,114	-	29,862,315	**37,784,429**
More than 90 days	-	-	537,968,917	196,265,641	**734,234,558**
Total	**-**	**168,298,162**	**537,968,917**	**251,129,804**	**957,396,883**

December 31, 2018

Retail

	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	74,581,920	838,840,013	110,406,295	**1,023,828,228**
More than 30 – 60 days	-	23,237,823	101,717,189	6,423,790	**131,378,802**
More than 60 – 90 days	-	6,393,044	42,424,462	1,472,245	**50,289,751**
Total	**-**	**104,212,787**	**982,981,664**	**118,302,330**	**1,205,496,781**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Up to 30 days	-	462,473,143	-	58,137,106	**520,610,249**
More than 30 – 60 days	-	34,420,124	130,083,951	22,357,342	**186,861,417**
More than 60 – 90 days	-	76,769,329	-	14,403,262	**91,172,591**
More than 90 days	-	17,809,451	551,922,481	31,117,026	**600,848,958**
Total	**-**	**591,472,047**	**682,006,432**	**126,014,736**	**1,399,493,215**

Past due loans and credit facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include arrears for periods more than one day.

Amounts shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining loans and credit facilities of the same customer so long default has not fully or partially occurred on those loans.

On initial recognition of Loans and credit facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent periods, the fair value is updated to reflect the market price or prices for similar assets.

(All amounts are shown in Egyptian Pounds)

Loans and credit facilities which are individually impaired
Loans and credit facilities to customers

At the end of the current reporting year, the carrying amount of loans and credit facilities, that are assessed to be individually impaired (Stage 3) excluding any cash flows expected to arise from the associated guarantees, amounted to EGP 4,494,188,118 against EGP 3,480,258,107 at the end of the prior year.

The following table provides a breakdown of the balance of such loans and credit facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

December 31, 2019

Retail

	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	49,384,349	20,037,400	291,449,626	23,044,535	**383,915,910**
Fair value of collaterals	-	6,985,795	86,093,496	9,801,766	**102,881,057**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	378,456,031	3,290,262,295	519,862	441,034,020	**4,110,272,208**
Fair value of collaterals	-	-	-	-	**-**

December 31, 2018

Retail

	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	38,240,587	13,394,264	293,668,479	23,981,665	**369,284,995**
Fair value of collaterals	-	3,984,326	45,812,319	10,467,283	**60,263,928**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	185,134,989	2,626,199,748	-	299,638,375	**3,110,973,112**
Fair value of collaterals	-	-	-	-	**-**

Restructured loans and facilities:

The Bank applies different types of restructuring policies to its loans and credit facilities, which include extending payment terms, executing forced management programmes and applying prepayment and extension provisions to the loan. The applied restructuring policies depend on factors or criteria that indicate, in management judgment that the counterparty's continuous payment of the loan is unlikely to occur in the absence of such restructuring policies that are subject to ongoing review. Within the bank renegotiated outstanding loans relate to long-term loans made to any type of clientele (retail and corporate loans clients).

Total renegotiated loans amounted to EGP 735,628,769 at the end of the current reporting year against EGP 333,414,248 at the end of the prior year. These balances do not include any amounts whose commercial terms were renegotiated to preserve the quality of the bank's relationship with its clients, including those terms pertaining to loans interest rates and/or loans repayment periods.

The Bank practice calls for most clients whose loans have been renegotiated to be maintained in the "non-performing" category, as long as the bank remains uncertain of their ability to meet their future commitments in accordance with the definition of default under Basel II.

Loans and credit facilities to customers

Corporate loans	December 31, 2019	December 31, 2018
Overdrafts	14,813,140	-
Direct loans	720,815,629	333,414,248
Total	**735,628,769**	**333,414,248**

(A/7) Debt instruments, treasury bills, and other governmental notes

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes (excluding allowances for impairment) per last rating for Standard and Poor's and its equivalent:

	Rating	December 31, 2019	December 31, 2018
Egyptian Treasury Bills	B	46,208,956,979	49,371,352,025
Fair value through other comprehensive income			
US Treasury Bonds	AA+	1,635,837,477	2,024,527,686
Amortized cost			
Egyptian Treasury Bonds	B	40,951,128,217	37,538,005,839
Total		**88,795,922,673**	**88,933,885,550**

(A/8) Acquisition of collaterals

During the current reporting year, the Bank acquire foreclosed asset as acquisition of guarantees as following:

Nature of the asset	Book Value
Building	7,300,000

Assets acquired were classified under other Assets in the financial position. Such Assets shall be sold, if practical.

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

(A/8) Concentration of risks of financial assets exposed to credit risks (Geographical segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets including loans and credit facilities is segmented into the geographical regions of the bank's clients except for investments in foreign treasury bonds which are reported in the "other countries" category.

	Arab Republic of Egypt								
	Cairo	East Cairo	Giza	Alex	Delta	Red Sea & Upper Egypt	Total	Other Countries	Total
Treasury bills	46,208,956,979	-	-	-	-	-	**46,208,956,979**		**46,208,956,979**
Loans and credit facilities to customers									
Retail loans									
Overdrafts	918,135,958	593,513,589	576,707,374	1,079,941,262	235,935,849	95,849,079	**3,500,083,111**	-	**3,500,083,111**
Credit cards	291,721,923	223,676,271	229,407,399	121,744,611	87,297,347	40,747,222	**994,594,773**	-	**994,594,773**
Personal loans	5,347,521,220	3,942,320,062	4,693,942,718	2,347,553,281	3,106,193,463	862,286,003	**20,299,816,747**	-	**20,299,816,747**
Real estate loans	477,547,899	460,383,136	416,642,320	106,838,182	149,090,339	159,228,190	**1,769,730,066**	-	**1,769,730,066**
Corporate loans									
Overdrafts	20,055,234,421	11,902,116,052	16,308,591,609	7,941,755,505	5,166,058,084	2,554,731,965	**63,928,487,636**	-	**63,928,487,636**
Direct loans	15,628,129,643	4,842,716,832	10,923,553,324	6,539,245,258	5,866,466,556	1,981,254,395	**45,781,366,008**	-	**45,781,366,008**
Syndicated loans and facilities	7,744,424,946	9,443,880,861	543,534,065	-	1,786,962,915	160,597,759	**19,679,400,546**	-	**19,679,400,546**
Other loans	3,413,091,700	13,477,084	1,344,291,859	14,512,197	208,461,602	36,895,450	**5,030,729,892**		**5,030,729,892**
Financial derivatives	-	-	-	-	-	-	**-**	83,458,859	**83,458,859**
Financial Investments									
Debt instruments	40,951,128,217	-	-	-	-	-	**40,951,128,217**	1,635,837,477	**42,586,965,694**
Other financial assets	2,120,545,386	104,745,744	111,203,400	66,629,151	70,231,397	22,818,403	**2,496,173,481**	27,143,646	**2,523,317,127**
Total at the end of the current year	**143,156,438,292**	**31,526,829,631**	**35,147,874,068**	**18,218,219,447**	**16,676,697,552**	**5,914,408,466**	**250,640,467,456**	**1,746,439,982**	**252,386,907,438**
Total at the end of the comparative year	**133,416,833,318**	**31,574,544,978**	**31,143,694,338**	**16,993,413,908**	**14,681,795,663**	**5,379,098,762**	**233,189,380,967**	**2,064,428,422**	**235,253,809,389**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

(Business segments)
The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank's clients operate.

	Agricultural entities	Industrial entities	Trading institutions	Service institutions	Governmental sector	Foreign governmental	Other activities	Individuals	Total
Treasury bills	-	-	-	-	46,208,956,979	-	-	-	**46,208,956,979**
Loans and credit facilities to customers									
Retail loans									
Overdrafts	-	-	-	-	-	-	-	3,500,083,111	**3,500,083,111**
Credit cards	-	-	-	-	-	-	-	994,594,773	**994,594,773**
Personal loans	-	-	-	-	-	-	-	20,299,816,747	**20,299,816,747**
Real estate loans	-	-	-	-	-	-	-	1,769,730,066	**1,769,730,066**
Corporate loans									
Overdrafts	682,736,440	29,074,991,690	11,616,918,288	22,553,841,218	-	-	-	-	**63,928,487,636**
Direct loans	1,242,565,221	25,786,172,740	8,204,462,825	10,548,165,222	-	-	-	-	**45,781,366,008**
Syndicated loans and facilities	-	17,654,043,063	315,115,477	1,710,242,006	-	-	-	-	**19,679,400,546**
Other loans	-	2,208,245,396	746,449,804	388,481,737	-	-	**1,687,552,955**	-	**5,030,729,892**
Financial derivatives	-	-	-	-	-	-	**83,458,859**	-	**83,458,859**
Financial Investments									
Debt instruments	-	-	-	-	40,951,128,217	1,635,837,477	-	-	**42,586,965,694**
Other financial assets	9,117,474	351,746,755	95,397,001	113,404,608	1,802,081,930	25,771,609	-	125,797,750	**2,523,317,127**
Total at the end of the current year	**1,934,419,135**	**75,075,199,644**	**20,978,343,395**	**35,314,134,791**	**88,962,167,126**	**1,661,609,086**	**1,771,011,814**	**26,690,022,447**	**252,386,907,438**
Total at the end of the comparative year	**1,570,116,857**	**72,699,703,273**	**16,440,194,239**	**31,101,668,718**	**88,591,056,209**	**2,060,577,895**	**991,210,654**	**21,799,281,544**	**235,253,809,389**

(All amounts are shown in Egyptian Pounds)

(B) Market Risk

Market risk is the risk of losses resulting from unfavorable changes in market parameters. It contains all trading book transactions as well as some banking book portfolios valued using the mark-to-market approach. The bank's policy on market risk transactions is "Prudent" in that:

- Products subject to "market risk" which are offered by the Bank to its customers are restricted to cash and simple financial derivatives such as interest rate swaps and foreign exchange swap and forward contracts.
- The only trading activity conducted by the Bank is over-night foreign exchange position, within a prudent limit that cannot be exceeded.
- Open positions must be centrally managed and matched.

The front-office managers assume primary responsibility in terms of risk exposure; however, global management lies with an independent structure being the Market Risk Controller (MRC), within Risk Division. The main function of MRC is the ongoing analysis, independently from the trading rooms, of the positions and risks linked to the market activities of the bank and the comparison of these positions to the allowed limits. The MRC carries out the following functions:

- Daily and periodic analysis and reporting (independently from the front office) of the exposures, stress tests and risks incurred by the Bank's market activities and comparison of said exposure and risks with the pre-set limits.
- Definition of the risk-measurement methods and control procedures, approval of the valuation methods used to calculate and monitor risks, including those made on a gross or nominal basis.
- Management of the approval process for limits.
- Reviewing new products or services from market risk aspect under New Product Committee to ensure that market risks are properly identified and controlled.

At the proposal of this MRC and Head of Risk Division, the Board sets the levels of authorized risk by type of market activity and makes the main decisions concerning Bank's market risk management.

(B/1) Methods of Measuring Market Risk and Defining Exposure Limits

As a part of managing market risk, the Bank has several hedging strategies and enters into interest rate swaps to balance the risks inherent in debt instruments and fixed rate long term loans, if the fair value option is applied. The Bank uses a lot of methods to control market risk such as stress testing "ST".

Stress testing gives indicator of the loss volume expected that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The Bank sets set a maximum limit of expected losses of 10% from authorized limit according to internal bank rules.

(B/2) Stress test for foreign exchange risk

The following table provides FX position (whether short or long) for all balance sheet items and off balance sheet items.

Currency	Short/Long FX positions	FX short positions	FX long positions	Expected loss at 10%
USD	133,588,381	-	133,588,381	13,358,838
EUR	13,046,239	-	13,046,239	1,304,624
GBP	1,696,845	-	1,696,845	169,685
JPY	2,344	-	2,344	234
CHF	245,336	-	245,336	24,534
DKK	69,915	-	69,915	6,992
NOK	69,156	-	69,156	6,916
SEK	61,764	-	61,764	6,176
CAD	18,727	-	18,727	1,873
AUD	7,860	-	7,860	786
AED	91,523	-	91,523	9,152
BHD	135	-	135	14
KWD	236,115	-	236,115	23,612
QAR	(214,620)	(214,620)		(21,462)
SAR	106,693	-	106,693	10,669
CNY	92,777	-	92,777	9,278
EGP	(149,119,190)	(149,119,190)		
Maximum expected loss at December 31, 2019				**14,911,921**
Maximum expected loss at December 31, 2018				**16,581,200**

(B/3) Foreign exchange rate volatility risk (concentration of FX risk on financial instruments)

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting year. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	EGP	USD	Euro	GBP	Other currencies	Total
Financial assets						
Cash and due from Central Bank of Egypt (CBE)	10,945,764,704	800,416,082	221,549,843	14,852,233	30,253,290	**12,012,836,152**
Due from banks	2,718,446,226	5,265,705,643	110,820,102	265,220,561	104,058,627	**8,464,251,159**
Treasury bills	41,708,667,259	4,485,850,921	-	-	-	**46,194,518,180**
Trading investments	84,301,673	-	-	-	-	**84,301,673**
Loans and credit facilities to customers	120,299,909,314	30,400,706,371	2,775,683,485	50,846,037	46,812	**153,527,192,019**
Financial derivatives	-	83,458,859	-	-	-	**83,458,859**
Financial investments						
Fair value through other comprehensive income	344,320,705	2,118,411,376	1,156,048	-	-	**2,463,888,129**
Amortized cost	40,193,207,048	744,420,553	-	-	-	**40,937,627,601**
Fair value through profit or loss	61,694,866	-	-	-	-	**61,694,866**
Other financial assets	2,459,221,993	55,992,509	3,521,973	56,924	375,043	**2,519,168,442**
Total financial assets	**218,815,533,788**	**43,954,962,314**	**3,112,731,451**	**330,975,755**	**134,733,772**	**266,348,937,080**
Financial liabilities						
Due to banks	13,923,328,156	1,912,785,513	187,491,976	7,059,706	31	**16,030,665,382**
Customer deposits	171,379,379,938	31,872,187,210	4,264,642,253	461,553,113	148,825,167	**208,126,587,681**
Financial derivatives	45,851,553	-	-	-	-	**45,851,553**
Other loans	398,477,311	5,006,911,669	219,628,208	-	-	**5,625,017,188**
Other financial liabilities	857,017,494	104,101,545	1,667,629	383,143	978	**963,170,789**
Total financial liabilities	**186,604,054,452**	**38,895,985,937**	**4,673,430,066**	**468,995,962**	**148,826,176**	**230,791,292,593**
Net financial position	**32,211,479,336**	**5,058,976,377**	**(1,560,698,615)**	**(138,020,207)**	**(14,092,404)**	**35,557,644,487**
At the end of the comparative year						
Total financial assets	**197,651,373,409**	**52,538,185,042**	**2,146,654,295**	**434,079,114**	**177,761,880**	**252,948,053,740**
Total financial liabilities	**172,522,667,992**	**45,021,762,247**	**6,288,716,880**	**531,941,138**	**190,349,087**	**224,555,437,344**
Net financial position	**25,128,705,417**	**7,516,422,795**	**(4,142,062,585)**	**(97,862,024)**	**(12,587,207)**	**28,392,616,396**

(B/4) Structural Interest Rate Risk

Structural interest rate risk is linked to commercial activities and corporate center transactions. Structural interest rate risk arises from residual gaps (surplus or deficit) of the bank's fixed-rate positions. The general principle is to reduce structural interest rate risk to the maximum extent.

Whenever possible, commercial operations are hedged against interest rate, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within the treasury department).

Consequently, structural interest rate risk only results from the residual positions remaining after hedging. The absence of interest rate derivative market in Egyptian Pound makes it difficult to hedge positions in this currency.

Organization of the management of Structural Interest Rate risks

Identification and measurement of the risk is carried out by the Assets & Liabilities Management Unit (ALMU) which comes under the authority of the Bank's finance department.

Risk assessment, limits and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room through the financial market. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

Decide on the limits for the sensitivity.

Review, validate and approve any assumptions used for the identification and measurements of the respective risks.

Review interest rate Gap and sensitivity position reported through ALMU.

Assess, amend and approve recommendations for bringing the Gap (if any) within the previously approved limits.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on the respective exposures and the evolution of such exposures over time.
- Provide recommendations for bringing the gaps within limits.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.

Dealing Room duties

- Provide frequent updates on markets movements.
- Execute and Report progress of ALCO approved recommendations.
- Co-ordinate with ALMU on the spontaneous hedging of special transactions according to ALCO approved policy and recommendations.

Bank's Objective of Interest Rate Risk Management

The Bank's aim is to reduce exposure to structural interest rate risk as much as possible.
Any residual interest rate risk exposure must comply with the sensitivity limits approved by the ALCO. Sensitivity is defined as the variation in the net present value of future residual fixed-rate positions for a 1% parallel increase in the yield curve. Adherence to applicable limits is closely monitored.

Measurement and monitoring of structural interest rate risks

In order to quantify the Bank's exposure to structural interest rate risks, all fixed rate assets and liabilities on future maturities are analyzed to identify any gaps.

On a quarterly basis, assets and liabilities are analyzed independently, without any prior matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (e.g. saving accounts) as well as conventional assumptions for some balance sheet items (e.g. equity).

Once the gaps have been identified for each major currency, the sensitivity is calculated as the variation of the net present value of the fixed rate position of an instantaneous parallel shift of the 1% in the yield curve of each major currency. The cumulative sensitivity for all currencies as well as for any single currency should not exceed the above mentioned limit.

(All amounts are shown in Egyptian Pounds)

The following table summarizes the extent to which the bank is exposed to the risks of fluctuations in the interest rate including the carrying amount of the financial instruments distributed on the basis of the rate prevailing in re-pricing dates or maturity dates, whichever is earlier.

At the end of the current year	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Interest free	Total
Financial assets							
Cash and due from Central Bank of Egypt (CBE)	-	-	-	-	-	12,012,836,152	**12,012,836,152**
Due from banks	2,159,440,858	3,947,636,693	200,300,000	1,518,220,000	-	638,653,608	**8,464,251,159**
Treasury bills	2,830,777,678	8,169,555,566	35,194,184,936	-	-	-	**46,194,518,180**
Trading investments	-	-	-	-	-	84,301,673	**84,301,673**
Loans and credit facilities to customers	119,818,838,047	7,195,609,148	8,011,196,946	15,643,717,821	2,857,830,057	-	**153,527,192,019**
Financial derivatives	-	-	-	-	-	83,458,859	**83,458,859**
Financial investments							
Fair value through other comprehensive income	-	96,459,477	86,376,000	513,537,000	939,465,000	828,050,652	**2,463,888,129**
Amortized cost	-	242,818,824	6,554,882,628	24,265,246,641	9,874,679,508	-	**40,937,627,601**
Fair value through profit or loss	-	-	-	-	-	61,694,866	**61,694,866**
Other financial assets	-	-	-	-	-	2,519,168,442	**2,519,168,442**
Total financial assets	**124,809,056,583**	**19,652,079,708**	**50,046,940,510**	**41,940,721,462**	**13,671,974,565**	**16,228,164,252**	**266,348,937,080**
IRS (notional amount)	**-**	**208,538,688**	**208,540,000**	**4,637,999,000**	**-**	**-**	**5,055,077,688**
Financial liabilities							
Due to banks	15,260,508,539	-	-	-	-	770,156,843	**16,030,665,382**
Customer deposits	106,593,554,069	25,074,283,882	18,093,706,821	27,796,311,805	140,518,000	30,428,213,104	**208,126,587,681**
Financial derivatives	-	-	-	-	-	45,851,553	**45,851,553**
Other loans	2,798,050,585	1,444,221,547	1,257,708,536	110,036,520	15,000,000	-	**5,625,017,188**
Other financial liabilities	-	-	-	-	-	963,170,789	**963,170,789**
Total financial liabilities	**124,652,113,193**	**26,518,505,429**	**19,351,415,357**	**27,906,348,325**	**155,518,000**	**32,207,392,289**	**230,791,292,593**
IRS (notional amount)	**5,055,077,688**	**-**	**-**	**-**	**-**	**-**	**5,055,077,688**
Re-pricing gap	**(4,898,134,298)**	**(6,657,887,033)**	**30,904,065,153**	**18,672,372,137**	**13,516,456,565**	**(15,979,228,037)**	**35,557,644,487**
At the end of the comparative year							
Total financial assets	**122,572,559,534**	**24,629,894,670**	**40,307,303,132**	**36,264,231,194**	**14,154,044,238**	**15,020,020,972**	**252,948,053,740**
IRS (notional amount)	**-**	**626,976,000**	**626,976,000**	**2,136,196,800**	**100,764,000**	**-**	**3,490,912,800**
Total financial liabilities	**108,952,340,170**	**31,328,636,392**	**25,065,135,773**	**28,138,239,177**	**190,191,798**	**30,880,894,034**	**224,555,437,344**
IRS (notional amount)	**3,490,912,800**	**-**	**-**	**-**	**-**	**-**	**3,490,912,800**
Re-pricing gap	**10,129,306,564**	**(6,071,765,722)**	**15,869,143,359**	**10,262,188,817**	**14,064,616,440**	**(15,860,873,062)**	**28,392,616,396**

(C) Liquidity Risk
Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

The Bank manages this exposure through modeling of its cash flow under several scenarios.

Organization of Liquidity Risk Management
Identification and measurement of the risk is carried out by the Assets & Liabilities Management Unit (ALMU) which comes under the authority of the bank's Finance Department.

Risk assessment and corrective actions are decided by the Assets & Liabilities Management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room and/or the business lines. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties
- Review, validate and approve any assumptions and scenarios used for the identification and measurements of the respective risks.
- Review the structured liquidity Gap reported by ALMU.
- Assess, amend and approve recommendations for funding strategy and/or the portfolio composition for the remedy of the gaps.

(All amounts are shown in Egyptian Pounds)

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks' management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on the respective exposures and the evolution of such exposures over time.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.
- Co-ordinate with the various business lines for funding needs and report potential impact on the liquidity gap.
- Test and advice on the potential impact of any new product offering on the structured liquidity positions.

Dealing Room duties

- Is responsible for managing short term liquidity.
- Provide frequent updates on markets' status and alerting signals of liquidity stretches.
- Execute and Report progress of ALCO approved recommendations.
- Communicate their funding needs to ALMU for the construction of the liquidity gap.

Bank's Objective of Liquidity Risk Management

The Bank's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.

To this end, the main principles of the bank's liquidity management are as follows:

- Management of the short-term liquidity in accordance with The regulatory framework;
- Diversification of funding sources;
- Maintenance of a portfolio of liquid assets.

Measurement and monitoring of structural liquidity risks

The Bank's liquidity management framework comprises the following processes:

- Regular assessment of the bank structural liquidity profile and its development over time;
- Monitoring of the diversification of funding sources;
- Assessment of the bank's funding needs on the basis of the budget forecasts in order to plan appropriate funding solutions.

Liquidity gaps are constructed by listing the respective on and off-balance sheet-items according to the currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historic client behavior patterns (e.g. savings accounts) as well as conventional assumptions relating to certain balance sheet items (e.g. equity).

Liquidity risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments upon maturity and refurbishing amounts withdrawn. This may results in failure in fulfilling obligations related to depositors and meeting lending commitments.

December 31, 2019

Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	16,050,840,383	-	-	-	-	**16,050,840,383**
Customer deposits	121,153,301,172	25,147,093,882	24,583,178,821	48,513,288,805	174,957,000	**219,571,819,681**
Other loans	693,973,743	1,461,510,270	1,785,890,226	1,749,950,972	15,000,156	**5,706,325,366**
Total financial liabilities	**137,898,115,298**	**26,608,604,152**	**26,369,069,047**	**50,263,239,778**	**189,957,156**	**241,328,985,430**

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

December 31, 2018

Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	12,734,555,689	-	-	-	-	**12,734,555,689**
Customer deposits	109,634,472,257	31,580,700,679	30,617,131,994	49,663,884,526	226,626,811	**221,722,816,267**
Other loans	578,459,266	2,068,702,628	683,621,781	1,995,454,642	55,967,052	**5,382,205,369**
Total financial liabilities	**122,947,487,212**	**33,649,403,307**	**31,300,753,775**	**51,659,339,168**	**282,593,863**	**239,839,577,325**

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

Assets available to meet all liabilities and cover loan commitments include cash, balances with Central Banks, due from banks, treasury bills, other governmental notes and Loans and credit facilities to banks and clients. Maturity term of percentage of loans to clients that are maturing within a year is extended in the normal course of the bank's business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

(All amounts are shown in Egyptian Pounds)

Cash flow derivatives
Derivatives settled on a gross-basis

The Bank is a party to derivative contracts that are settled on a gross-basis, in particular foreign exchange derivatives. The following table shows derivative financial liabilities that shall be settled in gross distributed over the remaining period of contractual maturities at the balance sheet date. The amounts shown in the table represent the undiscounted cash flows.

December 31, 2019

Maturities for statement of financial position items	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Held for trading derivatives						
Foreign exchange derivatives						
Cash outflows	1,473,159,499	547,327,997	1,057,615,772	-	-	**3,078,103,268**
Cash inflows	1,472,146,050	537,448,106	969,969,010	-	-	**2,979,563,166**

December 31, 2018

Maturities for statement of financial position items	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Held for trading derivatives						
Foreign exchange derivatives						
Cash outflows	4,404,926,911	654,525,562	617,325,245	-	-	**5,676,777,718**
Cash inflows	4,417,243,898	645,352,030	579,153,934	-	-	**5,641,749,862**

Cash flow for Off-balance sheet items

December 31, 2019

Maturities for off-balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Financial guarantees	357,500	-	-	**357,500**
Operating lease commitments	95,093,222	275,023,904	66,162,524	**436,279,650**
Capital commitments resulting from acquisition of property and equipment	956,533,263	-	-	**956,533,263**
Total	**1,051,983,985**	**275,023,904**	**66,162,524**	**1,393,170,413**

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	33,564,754,800	3,074,237,002	122	**36,638,991,924**

December 31, 2018

Maturities for off-balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Financial guarantees	357,500	-	-	357,500
Operating lease commitments	84,797,020	194,655,635	42,142,805	**321,595,460**
Capital commitments resulting from acquisition of property and equipment	373,156,102	-	-	**373,156,102**
Total	**458,310,622**	**194,655,635**	**42,142,805**	**695,109,062**

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	27,351,480,070	6,277,239,982	73,701,669	**33,702,421,721**

(All amounts are shown in Egyptian Pounds)

(D) Fair value of financial assets and liabilities and sources of fair value
(D/1) Financial instruments measured at fair value
Financial assets classified as trading financial assets at fair value with changes in fair value are measured in the statement of income under 'Net trading income'.

Debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with changes in fair value recognized in the other comprehensive income statement under "fair value reserve".

For investments in equity instruments, equity securities listed on the stock exchange are measured at fair value in accordance with quoted market prices on the date of the consolidated financial statements.

For non-listed shares, except for strategic investments, they are evaluated in one of the accepted techniques: discounted cash flow method Multiples of value "and the inclusion of the valuation differences in other comprehensive income within the" fair value reserve "; for strategic investments, the nominal cost or value is the fair value of those investments.

The table below shows the financial assets and liabilities at fair value in the consolidated financial statements as of 31 December 2019 within the fair value hierarchy, based on the levels of inputs that are essential for measuring the fair value as a whole:

Level 1:
The first level inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access on the measurement date.

Level 2:
The inputs of the second level are all inputs other than quoted prices within the first level and these inputs are observable for the asset or liability, directly or indirectly.

Level 3:
The third level inputs are the unobservable inputs of the asset or liability.

Financial Assets	Level 1	Level 2	Level 3	Total
US Treasury bonds	1,635,837,477	-	-	**1,635,837,477**
Funds at fair value through other comprehensive income	41,521,680	-	-	**41,521,680**
Funds at fair value through profit or loss	61,694,866	-	-	**61,694,866**
Equity Instruments	97,190,572	-	689,338,400	**786,528,972**
Trading investments	84,301,673	-	-	**84,301,673**
Financial derivatives	-	83,458,859	-	**83,458,859**

(All amounts are shown in Egyptian Pounds)

(D/2) Financial instruments not measured at fair value

The following table summarizes the carrying amount and fair value of financial assets and liabilities that are not stated in the statement of financial position at fair value:

	Carrying amount		Fair value	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Financial assets				
Due from banks	8,464,251,159	11,522,654,240	8,464,251,159	**11,522,654,240**
Loans and credit facilities to customers	153,527,192,019	137,965,061,824	154,086,662,117	**Not Determined**
Financial investments at amortized Cost				
Debt instruments	40,937,627,601	37,538,005,839	43,244,233,868	**36,215,465,303**
Financial liabilities:				
Due to banks	16,030,665,382	12,707,779,270	16,030,665,382	**12,707,779,270**
Customer deposits	208,126,587,681	205,285,519,783	206,297,797,867	**Not Determined**
Other loans	5,625,017,188	5,238,545,028	5,625,017,188	**5,238,545,028**

* It was impracticable to measure the fair value for the remainder financial assets & liabilities at the end of prior year.

Due from Banks:
The carrying amount of variable interest rate placements and deposits for one day represents its fair value. For non-interest bearing balances due from banks, the carrying amount represents their fair value. The carrying amount of fixed interest rate deposits represents their fair value since the maturity of these deposits is less than one year.

Loans and credit facilities to customers:
Loans and credit facilities are stated at the statement of financial position net of allowance for impairment losses.

Debt instruments at amortized cost:
The fair value of debt instruments is determined at the cost charged on the “Egyptian Treasury Bonds” according to Reuters announced at the end of the financial year.

Customer deposits and due to other banks:
The estimated fair value for deposits of indefinite maturity, including free-interest rate deposits, represents the amount paid on demand.

(E) Capital management:

For capital management purposes, the Bank’s capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt;
- Protecting the Bank’s ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank;
- Maintaining a strong capital base to enhance growth of the Bank’s operations;
- Capital adequacy and uses are reviewed by the Bank’s management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE). Data is submitted and filed with the CBE on a quarterly basis. The CBE requires the bank to comply with the following;
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-up capital. The Bank’s paid-up capital amounted to EGP 9,794,649,850 at the end of the current year.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank’s assets and contingent liabilities. Minimum level of capital adequacy ratio reached 12.75% after adding capital conservation buffer and Domestic Systemically Important Banks during current year. The Bank’s capital adequacy ratio reached 20.65% at the end of the current year (December 31, 2018: 16.72%) according to Basel II.

(All amounts are shown in Egyptian Pounds)

The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:

- Tier 1: basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks and special reserves), less: any goodwill previously recognized and any carried forward losses,plus:the carrying amount of other comprehensve income. The interim net profit was incorporated in Tier 1 capital in accordance with the decision of Central Bank of Egypt Board of Directors held on 15 February 2017.
- Tier 2: subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), in addition to 45% from increase in fair value above the carrying amount of investments in subsidiaries and associates and 45% from special reserve.

In calculating the numerator of the capital adequacy ratio, total value of Tier 2 should not exceed total value of Tier 1. Also, total value of subordinated loans (deposits) should not exceed 50 % of Tier 1.

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, which had been issued on December 24, 2012 and in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019.

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

According to Basel II	December 31, 2019	December 31, 2018 Restated**
Tier 1 capital		
Share capital	9,794,649,850	9,794,649,850
General reserve	13,417,823,247	13,417,823,247
Legal reserve	1,633,301,744	1,633,301,744
Other reserves	18,489,519	18,489,519
Retained earnings	889,215,786	851,845,334
Interim profit	8,452,184,008	-
General risk reserve	21,453,923	1,282,925,633
Other comprehensive income	524,328,450	-
Total deductions from capital invested	(642,605,412)	(1,256,954,629)
Total tier 1 capital	**34,108,841,115**	**25,742,080,698**
Tier 2 capital		
45% from special reserve	16,761,150	8,643,920
Impairment provision for loans, debt instruments and contingent liabilities in stage one*	1,596,969,858	1,867,843,793
45 % of the increase in the fair value above the carrying amount of fair value through other comprehensve income, Debt instruments amortized cost, and investments in associates.	-	11,884,294
Total tier 2 capital	**1,613,731,008**	**1,888,372,007**
Total capital	**35,722,572,123**	**27,630,452,705**
Risk weighted assets and contingent liabilities:		
Credit Risk	152,904,242,645	149,459,663,358
Market Risk	9,060,800	12,090,730
Operational Risk	20,037,457,036	15,763,715,389
Total risk weighted assets and contingent liabilities	**172,950,760,481**	**165,235,469,477**
Capital adequacy ratio for Tier 1	**19.72%**	**15.58%**
Capital adequacy ratio	**20.65%**	**16.72%**

* Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.

** After 2018 profit distribution.

- Based on Consolidated financial statement after the disposal of insurance activity.

Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 on special supervisory instructions related to leverage ratio which maintaining a minimum level of leverage ratio of 3% to be reported in quarterly basis to be obligatory ratio started from year 2018.

This ratio will be included in Basel requirement Tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.

Leverage financial ratio reflect relationship between Tier 1 for capital that is used in capital adequacy ratio (after exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

(All amounts are shown in Egyptian Pounds)

Ratio Elements

I- The numerator elements

The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

II- The denominator elements

The denominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:

1- On balance sheet items after deducting some of Tier I Exclusions for capital base;

2- Derivatives contracts exposures;

3- Financing Financial papers operations exposures;

4- Off-balance sheet items (weighted by credit conversion factor).

The tables below summarizes the leverage financial ratio:	December 31, 2019	December 31, 2018 Restated*
Tier 1 capital after exclusions	**34,108,841,115**	25,742,080,698
Total on-balance sheet exposures, derivatives contracts and financial papers operations.	271,343,121,990	258,478,214,484
Total exposures off-balance sheet	30,628,941,430	27,378,852,628
Total exposures on-balance sheet and off-balance sheet	**301,972,063,420**	**285,857,067,112**
Leverage financial ratio	**11.30%**	**9.01%**

* After 2018 profit distribution.

– Based on Consolidated financial statements after the disposal of insurance activity.

4- Significant accounting estimates and assumptions :

In the application of the bank's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

a. Impairment of Loans and credit facilities (Expected Credit Loss)

The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.

This evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

b. Fair value of derivatives

Fair value of derivative financial instruments not quoted in an active market is determined using valuation techniques. When these techniques (such as the pricing models) are used to determine fair value, periodic tests and review are performed on them using competent independent personnel other than those responsible for the preparation of such techniques. All such models have been approved and tested prior to use to ensure that their results reflect reliable data and prices that can be compared to the market. These models use market observable data only to the extent it is practical to obtain such data, however, some areas such as credit risk related to the bank and counterparties, volatility and correlations requires management judgement. Changes in assumptions about these factors can affect the fair value of the financial instrument's disclosure.

c. Debt instrument at amortized cost:

Non-derivative financial assets with fixed or determinable payments and maturity dates are classified as debt instruments at amortized cost "within the business model of financial assets held to collect contractual cash flows".

If classification of investments as amortized cost – other than stakes required to be retained by the Group in accordance with the provisions of the law – were suspended by the bank, the carrying amount of the outstanding amortized cost investements at the end of the current reporting year would have increased by EGP 2,293,105,651 to reach the fair value with a corresponding increase in the fair value through other comprehensive income.

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

5- Segmentation analysis
(5/A) Segmental analysis by activity
Segment activity includes operational processes, assets used in offering banking services, management of surrounding risks and related yield. Such activity may be different from other activities. Segmentation analysis of operations according to banking activities includes:

Corporate: This includes current account activities, deposits, overdrafts, loans, credit facilities, and financial derivatives to large, medium, and small entities.

Individuals: This includes current account activities, deposits, savings, credit cards, personal loans, and real estate loans.

Other businesses: They include other Banking activities such as fund management and insurance activity.

Inter-segment activities are affected within the bank's normal course of business. Assets and liabilities of each segment include operating assets and liabilities as shown in the bank's balance sheet.

At the end of the current year

Income and expenses according to segmental activities (December 31, 2019)	Corporate	Investments	Individuals	Other businesses	Total
Net interest income	5,781,248,347	861,115,590	3,644,514,448	3,466,074,797	**13,752,953,182**
Net fee and commission income	1,319,036,335	8,273,246	627,674,351	16,789,687	**1,971,773,619**
Dividend income	-	49,611,913	-	-	**49,611,913**
Net trading income	294,664,031	-	24,639,937	(199,555,814)	**119,748,154**
Gain on financial investments	-	6,652,342	-	-	**6,652,342**
Impairment credit losses	(604,092,200)	7,258,344	(109,551,786)	9,225,961	**(697,159,681)**
Administrative expenses	(1,450,787,203)	(3,225,291)	(2,069,482,588)	17,763,860	**(3,505,731,222)**
Other operating revenues (expenses)	295,142,612	46,838,956	(188,049,821)	(408,436,708)	**(254,504,961)**
Share of profits of associates	-	375,949	-	-	**375,949**
Profit before income tax	**5,635,211,922**	**976,901,049**	**1,929,744,541**	**2,901,861,783**	**11,443,719,295**
Income tax expense	(1,268,806,654)	(235,051,031)	(434,396,517)	(983,369,366)	**(2,921,623,568)**
Net profit for the current year	**4,366,405,268**	**741,850,018**	**1,495,348,024**	**1,918,492,417**	**8,522,095,727**

Assets and liabilities according to segmental activities (December 31, 2019)	Corporate	Investments	Individuals	Other businesses	Total
Segment activity assets	130,353,672,064	88,684,268,099	26,131,654,532	17,650,662,764	**262,820,257,459**
Unclassified assets	-	-	-	-	**10,193,544,538**
Total assets	**130,353,672,064**	**88,684,268,099**	**26,131,654,532**	**17,650,662,764**	**273,013,801,997**
Segment activity liabilities	105,796,404,060	-	103,868,062,330	22,753,136,343	**232,417,602,733**
Unclassified liabilities	-	-	-	-	**5,293,161,424**
Total liabilities	**105,796,404,060**	**-**	**103,868,062,330**	**22,753,136,343**	**237,710,764,157**

At the end of comparative year Income and expenses according to segmental activities (December 31, 2018)	Corporate	Investments	Individuals	Other businesses	Total
Net interest income	5,118,234,138	730,588,297	3,027,992,851	2,213,144,644	**11,089,959,930**
Net fee and commission income	1,426,418,587	9,732,149	542,836,152	(23,332,818)	**1,955,654,070**
Dividend income	-	25,477,281	-	-	**25,477,281**
Net trading income	256,759,268	-	15,345,295	(222,239,131)	**49,865,432**
Gain on financial investments	-	63,095,667	-	-	**63,095,667**
Impairment credit losses	(508,123,082)	-	(22,167,276)	-	**(530,290,358)**
Administrative expenses	(1,251,309,246)	(2,568,815)	(1,784,861,234)	63,621,439	**(2,975,117,856)**
Other operating revenues (expenses)	216,418,794	19,885,658	(159,317,897)	60,590,122	**137,576,677**
Share of profits of associates	-	84,150	-	-	**84,150**
Profit before income tax	**5,258,398,459**	**846,294,387**	**1,619,827,891**	**2,091,784,256**	**9,816,304,993**
Income tax expense	(1,188,222,128)	(194,669,373)	(358,896,848)	(873,965,104)	**(2,615,753,453)**
Net profit for the comparative year	**4,070,176,331**	**651,625,014**	**1,260,931,043**	**1,217,819,152**	**7,200,551,540**

At the end of comparative year Assets and liabilities according to segmental activities (December 31, 2018)	Corporate	Investments	Individuals	Other businesses	Total
Segment activity assets	118,974,674,882	88,231,652,017	21,346,000,379	19,526,009,175	**248,078,336,453**
Unclassified assets	-	-	-	-	**10,408,617,910**
Total assets	**118,974,674,882**	**88,231,652,017**	**21,346,000,379**	**19,526,009,175**	**258,486,954,363**
Segment activity liabilities	113,997,941,832	-	94,582,833,342	16,713,307,072	**225,294,082,246**
Unclassified liabilities	-	-	-	-	**4,539,395,248**
Total liabilities	**113,997,941,832**	**-**	**94,582,833,342**	**16,713,307,072**	**229,833,477,494**

(All amounts are shown in Egyptian Pounds)

(5/B) Segmental analysis by geographic area
At the end of current year

Income and expenses according to geographical segments (December 31, 2019)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Net interest income	3,050,164,247	1,814,929,505	2,191,844,045	1,133,429,744	977,656,850	447,593,973	4,137,334,818	**13,752,953,182**
Net fee and commission income	448,908,969	265,187,019	408,092,468	173,627,934	172,802,867	95,767,737	407,386,625	**1,971,773,619**
Dividend income	-	-	-	-	-	-	49,611,913	**49,611,913**
Net trading income	172,971,377	34,791,887	70,779,279	38,818,590	63,553,047	10,286,016	(271,452,042)	**119,748,154**
Gain on financial investments	21,188	-	-	-	-	-	6,631,154	**6,652,342**
Impairment credit losses	(184,591,891)	(24,140,053)	(136,497,751)	(232,062,411)	(124,742,991)	(11,628,585)	16,504,001	**(697,159,681)**
Administrative expenses	(1,011,571,563)	(691,169,212)	(789,220,069)	(433,769,798)	(429,548,965)	(205,816,693)	55,365,078	**(3,505,731,222)**
Other operating revenues (expenses)	231,017,740	(100,064,517)	(39,695,782)	(35,839,314)	(40,824,893)	(34,127,564)	(234,970,631)	**(254,504,961)**
Share of profits of associates	-	-	-	-	-	-	375,949	**375,949**
Profit before income tax	**2,706,920,067**	**1,299,534,629**	**1,705,302,190**	**644,204,745**	**618,895,915**	**302,074,884**	**4,166,786,865**	**11,443,719,295**
Income tax expense	(596,211,119)	(292,474,152)	(383,790,426)	(145,069,165)	(139,349,578)	(67,977,368)	(1,296,751,760)	**(2,921,623,568)**
Net profit for the current year	**2,110,708,948**	**1,007,060,477**	**1,321,511,764**	**499,135,580**	**479,546,337**	**234,097,516**	**2,870,035,105**	**8,522,095,727**

Assets and liabilities according to geographical segments (December 31, 2019)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Assets of geographical segments	57,001,701,979	31,523,028,761	35,052,949,910	17,702,947,372	16,056,976,028	5,763,277,378	109,574,351,471	**272,675,232,899**
Unclassified assets	-	-		-	-	-	-	**338,569,098**
Total assets	**57,001,701,979**	**31,523,028,761**	**35,052,949,910**	**17,702,947,372**	**16,056,976,028**	**5,763,277,378**	**109,574,351,471**	**273,013,801,997**
Liabilities of geographical segments	58,402,222,967	59,448,714,617	47,270,907,784	28,086,535,998	14,931,135,008	5,568,749,741	21,677,428,638	**235,385,694,753**
Unclassified liabilities	-	-	-	-	-	-	-	**2,325,069,404**
Total liabilities	**58,402,222,967**	**59,448,714,617**	**47,270,907,784**	**28,086,535,998**	**14,931,135,008**	**5,568,749,741**	**21,677,428,638**	**237,710,764,157**

At the end of comparative year Income and expenses according to geographical segments (December 31, 2018)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Net interest income	2,406,005,596	1,751,096,751	1,906,978,567	1,001,050,198	869,155,240	380,092,364	2,775,581,214	**11,089,959,930**
Net fee and commission income	418,506,691	330,518,780	428,984,440	171,085,818	164,215,891	86,484,609	355,857,841	**1,955,654,070**
Dividend income	-	-	-	-	-	-	25,477,281	**25,477,281**
Net trading income	158,078,138	41,185,661	66,061,490	28,023,211	62,669,166	11,658,496	(317,810,730)	**49,865,432**
Gain on financial investments	2,363	-	-	-	-	-	63,093,304	**63,095,667**
Impairment credit losses	(266,076,940)	(22,711,808)	90,218,736	(199,704,020)	(163,554,525)	31,538,199	-	**(530,290,358)**
Administrative expenses	(798,936,502)	(674,646,473)	(682,551,498)	(399,650,408)	(338,998,858)	(172,484,656)	92,150,539	**(2,975,117,856)**
Other operating revenues (expenses)	230,687,238	(64,800,846)	(75,038,793)	(33,369,797)	(35,534,997)	(8,775,808)	124,409,680	**137,576,677**
Share of profits of associates	-	-	-	-	-	-	84,150	**84,150**
Profit before income tax	**2,148,266,584**	**1,360,642,065**	**1,734,652,942**	**567,435,002**	**557,951,917**	**328,513,204**	**3,118,843,279**	**9,816,304,993**
Income tax expense	(497,546,756)	(304,189,297)	(388,535,097)	(126,601,393)	(124,658,061)	(73,378,099)	(1,100,844,750)	**(2,615,753,453)**
Net profit for the comparative year	**1,650,719,828**	**1,056,452,768**	**1,346,117,845**	**440,833,609**	**433,293,856**	**255,135,105**	**2,017,998,529**	**7,200,551,540**

At the end of comparative year Assets and liabilities according to geographical segments (December 31, 2018)	Cairo	East Cairo	Giza	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Assets of geographical segments	46,697,890,576	31,799,002,865	31,193,114,939	16,739,607,743	14,421,256,129	5,312,786,892	111,926,076,885	**258,089,736,029**
Unclassified assets	-	-	-	-	-	-	-	**397,218,334**
Total assets	**46,697,890,576**	**31,799,002,865**	**31,193,114,939**	**16,739,607,743**	**14,421,256,129**	**5,312,786,892**	**111,926,076,885**	**258,486,954,363**
Liabilities of geographical segments	61,704,370,340	56,187,741,077	47,498,284,305	28,176,650,844	13,819,814,569	5,149,284,943	15,464,909,766	**228,001,055,844**
Unclassified liabilities	-	-	-	-	-	-	-	**1,832,421,650**
Total liabilities	**61,704,370,340**	**56,187,741,077**	**47,498,284,305**	**28,176,650,844**	**13,819,814,569**	**5,149,284,943**	**15,464,909,766**	**229,833,477,494**

Geographical Segmental analysis is based on the locations of branches through which the bank provides its services.

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

6 - Net interest income	December 31, 2019	December 31, 2018
Interest from loans and similar income:		
Loans and credit facilities:		
- Customers	19,557,349,707	17,193,204,167
Total	**19,557,349,707**	**17,193,204,167**
Treasury bills and bonds	11,879,104,501	12,503,346,781
Deposits and current accounts	928,610,714	895,655,699
Net interest differential on hedging instruments (IRS contracts)	7,469,526	4,224,417
Total	**32,372,534,448**	**30,596,431,064**
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(365,100,542)	(655,266,567)
- Customers	(17,983,161,729)	(18,500,031,524)
Total	**(18,348,262,271)**	**(19,155,298,091)**
Repo arrangements	(51,471,289)	(112,500,521)
Other loans	(219,847,706)	(238,672,522)
Total	**(18,619,581,266)**	**(19,506,471,134)**
Net	**13,752,953,182**	**11,089,959,930**

7 - Net fee and commission income:	December 31, 2019	December 31, 2018
Fee and commission income :		
Credit fees and commission	1,543,432,252	1,561,161,223
Custody fees	29,263,782	31,130,262
Investment commission	18,947,896	13,104,606
Other fees	882,079,600	741,854,771
Total	**2,473,723,530**	**2,347,250,862**
Fee and commission expense:		
Brokerage fees	(4,816,874)	(4,108,895)
Other fees	(497,133,037)	(387,487,897)
Total	**(501,949,911)**	**(391,596,792)**
Net	**1,971,773,619**	**1,955,654,070**

8 - Dividend income	December 31, 2019	December 31, 2018
Investment funds	-	500,000
Equity instruments at fair value through other comprehensive income	49,611,913	24,977,281
Total	**49,611,913**	**25,477,281**

9 - Net trading income:	December 31, 2019	December 31, 2018
Forex operations:		
Foreign exchange trading gains (loss)	155,259,419	33,858 470
Investment funds held for trading	7,961,578	9,701 988
Changes in fair value of currency forward contracts	(32132645)	2,672 021
Changes in fair value of currency swap contracts	(12473238)	3,662 219
Changes in fair value IRS contracts	1,133,040	(29,266)
Total	**119,748,154**	**49,865,432**

Administrative expenses	December 31, 2019	December 31, 2018
Staff cost:		
Salaries and wages	1,480,565,332	1,242,249,059
Social insurance	106,155,140	66,100,080
Pension cost:		
Defined contribution scheme	89,043,720	78,945,985
Other retirement benefits (Defined benefit scheme)	66,879,618	93,539,843
	1,742,643,810	**1,480,834,967**
Depreciation and amortization	289,911,992	244,469,515
Other administrative expenses	1,473,175,420	1,249,813,374
Total	**3,505,731,222**	**2,975,117,856**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

11 - Other operating revenues (expenses)	December 31, 2019	December 31, 2018
Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at fair value through profit or loss at initial recognition	(451,249,074)	44,061,041
Gain on sale of property and equipment	2,895,344	6,434,554
Software cost	(159,676,576)	(138,633,994)
Operating lease rental expense	(124,395,096)	(99,654,607)
Gain on sale of foreclosed assets reverted to the bank in settlement of debts	736,748	12,404,761
Other provisions (net of reversed amounts)	77,414,349	(3,057,571)
Finance leases revenue ,net	399,918,035	364,336,877
Other leasing revenues	38,767,979	25,574,924
Impairment loss on leased assets	(25,953,904)	(59,290,997)
Net return received from insurance activity*	(31,732,438)	(34,555,189)
Other income (expense)	18,769,672	19,956,878
Total	**(254,504,961)**	**137,576,677**

* The following table summarise the net return received from insurance activity:	December 31, 2019	December 31, 2018
Direct premium	704,546,534	573,385,330
Re-insurance premium ceded	(38,354,618)	(45,022,383)
Technical reserve during the year	(523,129,273)	(426,437,706)
Outgoing re-insurance commissions	852,991	1,964,800
Other revenues	14,650,450	16,169,965
Claims paid	(201,335,652)	(161,656,356)
Re-insurance pay-back claim	26,894,901	25,000,952
Change in Provision for Outstanding Claims Balance	(5,359,161)	(6,396,341)
Impairment on receivable arising from insurance contracts	(10,498,610)	(11,563,450)
Total	**(31,732,438)**	**(34,555,189)**

12 - Impairment credit losses	December 31, 2019	December 31, 2018
Loans and credit facilities to customers	(713,643,986)	(530,290,358)
Due from banks	9,957,883	-
Treasury bills	16,109,817	-
Debt instruments at fair value through other comprehensive income	29,494	-
Debt instruments at amortized cost	(8,880,967)	-
Other assets	(731,922)	-
Total	**(697,159,681)**	**(530,290,358)**

13 - Income tax expense	December 31, 2019	December 31, 2018
Current tax	(2,911,322,966)	(2,617,039,565)
Deferred tax	(10,300,602)	1,286,112
Total	**(2,921,623,568)**	**(2,615,753,453)**

Additional data on deferred tax is disclosed in note (33). Income tax expense is different from the tax that would have arisen had the statutory tax rate been applied on pre-tax accounting profit as shown below:

Profit before tax	11,443,719,295	9,816,304,993
Income tax calculated at 22.5 % tax rate	2,574,836,841	2,208,668,623
Tax impact for:		
Non-taxable income	(34,260,891)	(27,096,425)
Non-deductible expenses for tax purposes	330,500,975	371,977,569
Use of deferred tax assets	(24,780,803)	(14,001,329)
Prior-years' tax settlements	27,029,507	29,675,916
Provision and segregated interest	28,055,524	45,334,892
Tax deductible (10% on dividend income)	9,941,813	2,480,319
Effective income tax expense	**2,911,322,966**	**2,617,039,565**

Tax Position

A) QNB ALAHLI Position:

A-1) Corporate Tax

- The Bank's accounts were tax-inspected and settled with respect to tax since the beginning of activity till the end of December 31, 2010.
- Years 2011 and 2012 transferred to court.
- Years 2013 till 2017 have been inspected, and the due tax was paid.
- Year 2018 the Bank submitted its tax return in the due date and books have not been inspected yet.

A-2) Salaries Taxes

- The Bank's books have been inspected, and the due tax was paid until year 2016.
- Years 2017 Under inspection from the tax authority.
- Year 2018 the Bank submitted its tax return in the due date and books have not been inspected yet.

A-3) Stamp duties

- The Bank's books have been inspected, for all branches until July 31, 2006 and all tax was paid.
- Period from August 01 ,2006 till December 31, 2017 have been inspected, and the due tax was paid.
- Year 2018 the Bank submitted its tax return in the due date and books have not been inspected yet.

B) EX-MIBank Position:

B-1) Corporate Tax

- The Bank's accounts were tax- inspected, and settled since the beginning of activity till November 30, 2006.

B-2) Salaries Taxes

- The Bank's books have been inspected, and the due tax was paid till November 30, 2006.

B-3) Stamp duties

- The Bank's books have been inspected for all branches until July 31, 2006 and all due tax was paid.
- Period from August 01, 2006 till November 30, 2006 have been inspected, and the due tax was paid.

C) QNB ALAHLI Leasing Position (subsidiary company):

C-1) Corporate Tax

- Years from start of activity incepted until 2016, the Company was tax inspected and the tax assessment was carried out and the payment thereof was made.
- Year 2017 and 2018, the company submitted its tax return on the due date and the books have not been inspected yet.

C-2) Salary tax

- Years from the start of activity incepted until December 31, 2016, the Company was tax inspected and the tax assessment was carried out and the payment thereof was made.
- Years from 2017 to 2018, no tax inspection has been carried out up till date.

C-3) Stamp duties

- Years from activity inception until 2017, the Company was tax inspected and the tax assessment was carried out and the payment thereof was made.
- Year 2018 , no tax inspection has been carried out up till date.

(D) QNB ALAHLI Factoring Company Position (subsidiary company):

D-1) Corporate Tax

- The Company is subject to income tax law No. 91 of 2005 and its executive statute and law No. 44 of 2014.
- Years 2012 till 2016, the Company submitted the tax returns on the due date and this periods under inspection by tax authority.
- Year 2017 and 2018, the Company submitted the tax returns on the due date.

D-2) Salary tax

- The Company is not abided by deducting and delivering salary taxes, as the company's employees are seconded by QNB ALAHLI (Major Shareholder).

C-3) Stamp duties

- The Company is subject to stamp duty tax law No. 111 of 1980 and amended by law 143 of period 2006 and the company not have been inspected till now.

D-3) Withholding tax

- The Company is committed to withholding tax and delivering it to tax authority on due dates.

(All amounts are shown in Egyptian Pounds)

E) QNB ALAHLI Life Insurance Company Position (subsidiary company):

E-1) Corporate Tax

- The Company has received deemed tax claim from inception till 30 June 2005. The company objected the deemed tax at the due date and transferred to appeal committee.
- Years from 1 July 2005 to 30 June 2008, no tax inspection has taken place.
- Years from 1 July 2008 to 30 June 2012, the tax authority inspection and settlement took place and the final settlement have been made.
- Years from 1 July 2012 to 30 June 2017, the company submitted its tax return and under inspection by tax authority.
- Years from 1 July 2017 to 30 June 2018, the company submitted its tax return on the due dates.

E-2) Salary tax

- The tax authority inspection and settlement took place for the period since inception till 2010.
- Years from 2011 up to 30 June 2012, the tax authority inspection took place and the company objected the results in the due dates for the periods and internal committee approved to pay the due tax.
- Years from 2013 up to June 2017, the company deduct tax dues from employee's salaries , it was inspected from the tax authority and they required further analysis and documents and it was inspected and waiting to inspection results.

E-3) Stamp duties

- The Company's accounts were tax-inspected and settled with respect to Tax since the beginning of activity till June 2017.
- Years from 01 July 2017 up to 30 June 2019 under inspection.

F) QNB ALAHLI Asset Management Egypt Company Position (subsidiary company):

F-1) Corporate Tax

- Years from 2002 till 2004, the Company has been inspected, and the due tax was paid for some items and remaining items was have been transferred to the internal committee.
- Years from 2005 till 2006 have been transferred to the internal committee.
- Years from 2007 till 2010, the Company have been inspected, and the due tax was paid for some items and remaining items have been transferred to the internal committee.
- Years from 2011 till 2014, prepare to inspection.
- Years 2015 till 2018, the Company submitted its tax return in the due date and the books have not been inspected yet.

F-2) Salaries Taxes

- periods from 2002 till 2004, the tax inspection was took place and internal committee was agreed and tax claim was paid.
- periods from 2005 till 2014 were inspected and finalized with no tax due.

F-3) Stamp duty tax:

- Years from 2002 till 2010 have been inspected, and the due tax was paid.
- Years from 2011 till 2016 have been inspected and the company objected the results within the legal periods.
- Years 2017 till 2018, the Company submitted its tax return in the due date and the books have not been inspected yet.

14 - Earnings per share	**December 31, 2019**	**December 31, 2018**
Net profit for the year**	8,321,530,798	6,917,503,916
Remuneration for the Board Members (from the year's net profit)*	(16,000,000)	(13,781,250)
Staff profit share (from the year's net profit)*	(832,962,180)	(691,726,139)
Profit available to shareholders	**7,472,568,618**	**6,211,996,527**
Weighted average number of the shares outstanding during the year	979,464,985	979,464,985
Earning Per Share	**7.63**	**6.34**

* Estimate amount based on bank approved budget. The actual amount will be subject to the ordinary AGM approval at the end year.

** Based on separate financial statements.

(All amounts are shown in Egyptian Pounds)

15 - Classification and measurement of financial assets and financial liabilities

The following table shows the gross financial assets and financial liabilities (excluding allowances for impairment) according to the business model classification:

December 31, 2019	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial instruments at fair value through profit or loss	Total Carrying amount
Cash and due from Central Bank of Egypt (CBE)	12,012,836,152	-	-	-	**12,012,836,152**
Due from banks	8,473,376,520	-	-	-	**8,473,376,520**
Treasury bills	46,208,956,979	-	-	-	**46,208,956,979**
Trading investments	-	-	-	84,301,673	**84,301,673**
Loans and credit facilities to customers	160,984,208,779	-	-	-	**160,984,208,779**
Financial derivatives	-	-	-	83,458,859	**83,458,859**
Fair value through other comprehensive income	-	1,635,837,477	828,050,652	-	**2,463,888,129**
Amortized cost	40,951,128,217	-	-	-	**40,951,128,217**
Fair value through profit or loss	-	-	-	61,694,866	**61,694,866**
Other financial assets	2,523,317,127	-	-	-	**2,523,317,127**
Total financial assets	**271,153,823,774**	**1,635,837,477**	**828,050,652**	**229,455,398**	**273,847,167,301**
Due to banks	16,030,665,382	-	-	-	**16,030,665,382**
Customer deposits	208,126,587,681	-	-	-	**208,126,587,681**
Financial derivatives	-	-	-	45,851,553	**45,851,553**
Other loans	5,625,017,188	-	-	-	**5,625,017,188**
Other financial liabilities	963,170,789	-	-	-	**963,170,789**
Total financial liabilities	**230,745,441,040**	**-**	**-**	**45,851,553**	**230,791,292,593**

The following table shows the net amounts of financial assets and financial liabilities according to CBE instruction dated December 16, 2008 and IFRS 9 that was issued from CBE instructions dated February 26, 2019:

January 1, 2019	Measurement according to CBE instruction dated December 16, 2008	Measurement according to IFRS 9	Carrying amount according to CBE instruction dated December 16, 2008	Re-classification*	Re-measurement*	Total Carrying amount according to IFRS 9
				Effect of IFRS 9		
Cash and due from Central Bank of Egypt (CBE)	Loans and facilities	Amortized cost	11,750,952,820	-	-	**11,750,952,820**
Due from banks	Loans and facilities	Amortized cost	11,522,654,240	-	(19,083,244)	**11,503,570,996**
Treasury bills	Loans and facilities	Amortized cost	48,144,648,964	1,226,703,061	(30,548,616)	**49,340,803,409**
Trading investments	Financial assets held for trading	Held for trading	76,808,191	-	-	**76,808,191**
Loans and credit facilities to customers	Loans and facilities	Amortized cost	137,965,061,824	-	(1,202,671,188)	**136,762,390,636**
Financial derivatives	Fair value through profit or loss	Fair value through profit or loss	3,796,045	-	-	**3,796,045**
Debt instruments	Held to maturity	Amortized cost	37,538,005,839	705,575,652	(4,619,649)	**38,238,961,842**
Debt instruments	Available-for-sale	Fair value through other comprehensive income	2,024,527,686	-	-	**2,024,527,686**
Equity instruments	Available-for-sale	Fair value through other comprehensive income	230,469,424	602,618,586	-	**833,088,010**
Investment Funds	Available-for-sale	Fair value through profit or loss	45,449,175	-	-	**45,449,175**
Investment Funds	Cost	Fair value through other comprehensive income	15,000,000	23,270,655	-	**38,270,655**
Other financial assets	Amortized cost	Amortized cost	2,403,976,471	-	(3,416,761)	**2,400,559,710**
Total financial assets			**251,721,350,679**	**2,558,167,954**	**(1,260,339,458)**	**253,019,179,175**
Due to banks	Amortized cost	Amortized cost	11,481,076,209	1,226,703,061	-	**12,707,779,270**
Customer deposits	Amortized cost	Amortized cost	205,285,519,783	-	-	**205,285,519,783**
Financial derivatives	Fair value through profit or loss	Fair value through profit or loss	1,245,670	-	-	**1,245,670**
Other loans	Amortized cost	Amortized cost	5,238,545,028	-	-	**5,238,545,028**
Other financial liabilities	Amortized cost	Amortized cost	1,322,347,593	-	-	**1,322,347,593**
Total financial liabilities			**223,328,734,283**	**1,226,703,061**	**-**	**224,555,437,344**

* Re-measurement is related to expected credit loss adjustments, while reclassification includes adjustments to changes in measurement bases.

(All amounts are shown in Egyptian Pounds)

16 - Cash and due from Central Bank of Egypt (CBE)	December 31, 2019	December 31, 2018
Cash	3,956,404,795	4,810,763,221
Balances with CBE (mandatory reserve)	8,056,431,357	6,940,189,599
Total	**12,012,836,152**	**11,750,952,820**
Interest free balances	12,012,836,152	11,750,952,820
Total	**12,012,836,152**	**11,750,952,820**

17 - Due from Banks	December 31, 2019	December 31, 2018
Current accounts	767,613,975	775,303,876
Deposits	7,705,762,545	10,747,350,364
	8,473,376,520	**11,522,654,240**
Less : Allowance for impairment losses	(9,125,361)	-
Total	**8,464,251,159**	**11,522,654,240**
Balances at CBE other than those under the mandatory reserve	5,078,070,791	4,546,120,181
Local banks	2,270,586,815	5,775,296,281
Foreign Banks	1,124,718,914	1,201,237,778
Less : Allowance for impairment losses	(9,125,361)	-
Total	**8,464,251,159**	**11,522,654,240**
Interest free balances	638,653,608	493,568,846
Balances at floating interest rates	235,660,367	281,735,030
Balances at fixed interest rates	7,599,062,545	10,747,350,364
Less : Allowance for impairment losses	(9,125,361)	-
Total	**8,464,251,159**	**11,522,654,240**
Current balances	6,946,031,159	10,582,654,240
Non-current balances	1,518,220,000	940,000,000
Total	**8,464,251,159**	**11,522,654,240**

18 - Treasury bills	December 31, 2019	December 31, 2018
91 days maturity	749,050,000	2,743,975,000
182 days maturity	5,040,225,000	10,136,700,000
More than 182 days maturity	43,359,678,100	39,161,663,320
Less : Unearned interest	(2,939,996,121)	(2,670,986,295)
	46,208,956,979	**49,371,352,025**
Less : Allowance for impairment losses	(14,438,799)	-
Total	**46,194,518,180**	**49,371,352,025**

19 - Trading investments	December 31, 2019	December 31, 2018
Mutual Fund certificates	84,301,673	76,808,191
Total	**84,301,673**	**76,808,191**

(All amounts are shown in Egyptian Pounds)

20 - Loans and credit facilities to customers	December 31, 2019 Total	Allowance for impairment losses	Net	December 31, 2018 Total	Allowance for impairment losses	Net
Individuals						
Overdrafts	3,500,083,111	(66,256,164)	3,433,826,947	2,709,089,554	(57,314,838)	**2,651,774,716**
Credit cards	994,594,773	(19,091,483)	975,503,290	780,771,323	(10,097,735)	**770,673,588**
Personal loans	20,299,816,747	(320,411,469)	19,979,405,278	16,842,957,877	(269,917,078)	**16,573,040,799**
Real estate loans	1,769,730,066	(26,688,861)	1,743,041,205	1,364,731,959	(14,098,495)	**1,350,633,464**
Total (1)	**26,564,224,697**	**(432,447,977)**	**26,131,776,720**	**21,697,550,713**	**(351,428,146)**	**21,346,122,567**
Corporate including small loans for businesses						
Overdrafts	63,928,487,636	(1,620,028,139)	62,308,459,497	56,468,593,623	(1,311,185,436)	**55,157,408,187**
Direct loans	45,781,366,008	(4,580,967,655)	41,200,398,353	39,778,805,262	(3,124,058,279)	**36,654,746,983**
Syndicated loans and facilities	19,679,400,546	(567,440,941)	19,111,959,605	21,037,425,327	(817,752,554)	**20,219,672,773**
Other loans	5,030,729,892	(118,670,919)	4,912,058,973	4,929,776,398	(150,936,849)	**4,778,839,549**
Total (2)	**134,419,984,082**	**(6,887,107,654)**	**127,532,876,428**	**122,214,600,610**	**(5,403,933,118)**	**116,810,667,492**
Total loans and credit facilities to customers (1+2)	**160,984,208,779**	**(7,319,555,631)**	**153,664,653,148**	**143,912,151,323**	**(5,755,361,264)**	**138,156,790,059**
Less: Segregated interest			(5,850,387)			**(5,985,581)**
Less: Unearned discount			(131,610,742)			**(185,742,654)**
Net Loans and credit facilities to customers distributed as follows:			**153,527,192,019**			**137,965,061,824**
Current balances			110,620,728,243			**99,383,422,654**
Non-current balances			42,906,463,776			**38,581,639,170**
Net Loans and credit facilities to customers			**153,527,192,019**			**137,965,061,824**

(All amounts are shown in Egyptian Pounds)

20-A - Allowance for impairment losses

December 31, 2019

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	57,314,838	10,097,735	269,917,078	14,098,495	**351,428,146**
Impact of adopting IFRS 9	30,720,193	3,513,548	91,105,836	4,806,754	**130,146,331**
Restated Balance at 1 January 2019	**88,035,031**	**13,611,283**	**361,022,914**	**18,905,249**	**481,574,477**
Net impairment loss recognized during the year	41,572,014	16,258,539	40,782,604	10,938,629	**109,551,786**
Loans written-off during the year	(63,350,881)	(10,778,339)	(88,761,510)	(3,155,017)	**(166,045,747)**
Collection of loans previously written-off	-	-	7,395,869	-	**7,395,869**
Foreign exchange translation differences	-	-	(28,408)	-	**(28,408)**
Balance at end of the year	**66,256,164**	**19,091,483**	**320,411,469**	**26,688,861**	**432,447,977**

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	1,311,185,436	3,124,058,279	817,752,554	150,936,849	**5,403,933,118**
Impact of adopting IFRS 9	602,021,049	470,503,808	-	-	**1,072,524,857**
Restated Balance at 1 January 2019	**1,913,206,485**	**3,594,562,087**	**817,752,554**	**150,936,849**	**6,476,457,975**
Net impairment loss recognized during the year	(257,824,867)	1,119,986,454	(228,262,559)	(29,806,828)	**604,092,200**
Loans written-off during the year	-	(67,406,595)	-	(752,536)	**(68,159,131)**
Collection of loans previously written-off	-	18,059,660	-	-	**18,059,660**
Foreign exchange translation differences	(35,353,479)	(84,233,951)	(22,049,054)	(1,706,566)	**(143,343,050)**
Balance at end of the year	**1,620,028,139**	**4,580,967,655**	**567,440,941**	**118,670,919**	**6,887,107,654**
Total					**7,319,555,631**

December 31, 2018

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	54,581,456	15,266,943	245,775,629	14,188,349	**329,812,377**
Net impairment loss recognized during the year	2,733,382	3,420,614	16,103,134	(89,854)	**22,167,276**
Loans written-off during the year	-	(8,589,822)	(5,886,299)	-	**(14,476,121)**
Collection of loans previously written-off	-	-	13,921,793	-	**13,921,793**
Foreign exchange translation differences	-	-	2,821	-	**2,821**
Balance at end of the year	**57,314,838**	**10,097,735**	**269,917,078**	**14,098,495**	**351,428,146**

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	1,345,030,744	2,944,824,498	543,886,745	164,602,847	**4,998,344,834**
Net impairment loss recognized during the year	(34,974,750)	282,681,419	273,409,100	(12,992,687)	**508,123,082**
Loans written-off during the year	-	(136,639,548)	-	(746,134)	(137,385,682)
Collection of loans previously written-off	-	30,719,099	-	-	**30,719,099**
Foreign exchange translation differences	1,129,442	2,472,811	456,709	72,823	**4,131,785**
Balance at end of the year	**1,311,185,436**	**3,124,058,279**	**817,752,554**	**150,936,849**	**5,403,933,118**
Total					**5,755,361,264**

(All amounts are shown in Egyptian Pounds)

21- Financial derivatives	December 31, 2019		
	Notional amount	Assets	Liabilities
(A) Held for trading			
- Forward foreign exchange contracts	1,952,471,855	-	**48,790,843**
- Swap foreign exchange contracts	1,125,631,413	-	(2,939,290)
Total	**3,078,103,268**	**-**	**45,851,553**
(B) Fair value hedge			
- Interest rate swap contracts	5,055,077,688	83,458,859	**-**
Total	**5,055,077,688**	**83,458,859**	**-**
Total	**8,133,180,956**	**83,458,859**	**45,851,553**

	December 31, 2018		
	Notional amount	Assets	Liabilities
(A) Held for trading			
- Forward foreign exchange contracts	1,559,595,700	-	**16,658,198**
- Swap foreign exchange contracts	4,117,182,018	-	(15,412,528)
Total	**5,676,777,718**	**-**	**1,245,670**
(B) Fair value hedge			
- Interest rate swap contracts	3,490,912,800	3,796,045	**-**
Total	**3,490,912,800**	**3,796,045**	**-**
Total	**9,167,690,518**	**3,796,045**	**1,245,670**

Forward exchange contracts represent commitments to purchase local and foreign currencies including the unexecuted part of regular-way transactions. Interest rate swap contracts represent commitments to swap fixed interest rate with variable interest rate where the physical exchange of funds is not required except in foreign exchange swaps. The Bank's credit risk represents the cost of potential replacement of the swaps in case other parties fail to meet their obligations. This risk is controlled on an ongoing basis in terms of fair value and percentage of contracted amounts. To control the outstanding credit risk, the Bank assesses counterparties to the contract in the same manner used in lending activities.

Fair value hedge

The Bank uses interest rate swap contracts to mitigate part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies to the extent caused by declining market interest rates.

Net fair value of hedging instruments (Interest rate swap) asset amounted to EGP 83,458,859 as of December 31, 2019 (EGP 3,796,045 in the prior year). Gain resulting from hedging instruments amounted to EGP 79,662,814 (Gain of EGP 3.796.045 in the prior year) and Loss arose from the hedged items reached EGP 78,529,774 (Loss of EGP 3.825.311 in the prior year).

(All amounts are shown in Egyptian Pounds)

22- Financial investments

Fair value through other comprehensive income (FVTOCI)	December 31, 2019	December 31, 2018
(A) Debt instruments at fair value:		
Listed instruments in foreign stock exchange market	1,635,837,477	2,024,527,686
Total debt instruments measured at fair value through other comprehensive income	**1,635,837,477**	**2,024,527,686**
(B) Equity instruments at fair value:		
Listed instruments in Egyptian stock exchange market	97,190,572	97,190,584
Unlisted instruments in stock exchange market	689,338,400	133,278,840
Total equity instruments measured at fair value through other comprehensive income	**786,528,972**	**230,469,424**
(C) Money market funds and balanced funds:		
Unlisted instruments in stock exchange market*	41,521,680	15,000,000
Total financial investments measured at fair value through other comprehensive income (1)	**2,463,888,129**	**2,269,997,110**
Amortized cost		
(A) Debt instruments:		
Listed instruments in stock exchange market	40,206,707,664	36,673,872,272
Unlisted instruments in stock exchange market	744,420,553	864,133,567
Less : Allowance for impairment losses	(13,500,616)	-
Total Debt instruments measured at amortized cost (2)	**40,937,627,601**	**37,538,005,839**
Fair value through profit or loss (FVTPL)		
(A) Mutual funds:		
Unlisted instruments in stock exchange market	61,694,866	45,449,175
Total equity instruments measured at fair value through profit or loss (3)	**61,694,866**	**45,449,175**
Total Financial investments (1+2+3)	**43,463,210,596**	**39,853,452,124**
Current balances	6,980,536,929	4,356,094,616
Non-current balances	36,482,673,667	35,497,357,508
Total financial investment	**43,463,210,596**	**39,853,452,124**
Fixed interest debt instruments	42,573,465,078	39,562,533,525
Total debt instruments	**42,573,465,078**	**39,562,533,525**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

The following table analyzes the movements on financial investments during the year:

	Fair value through other comprehensive income	Amortized cost
Balance at the beginning of the current year	**2,269,997,110**	**37,538,005,839**
Impact of adopting IFRS 9	625,889,241	705,575,652
Additions	102,866,971	6,894,432,968
Amortization of premium / discount	(40,834,978)	113,820,800
Disposals (sale/redemption)	(301,385,348)	(4,214,977,248)
Translation differences resulting from monetary foreign currency denominated assets	(205,014,245)	(85,729,794)
Changes in fair value reserve	24,457,231	-
Transferred to Retained Earnings	(12,087,853)	-
Less : Allowance for impairment losses	-	(13,500,616)
Balance at the end of the current year	**2,463,888,129**	**40,937,627,601**

The following table analyzes the movements on financial investments during the comparative year:

	Fair value through other comprehensive income	Amortized cost
Balance at the beginning of the comparative year	**2,698,006,718**	**32,331,255,916**
Additions	176,628,565	8,598,974,199
Amortization of premium / discount	(43,783,070)	108,796,425
Disposals (sale/redemption)	(531,771,087)	(3,732,403,000)
Translation differences resulting from monetary foreign currency denominated assets	23,513,298	8,800,246
Changes in fair value reserve	(22,148,139)	237,582,053
Re-classification financial investements	(30,449,175)	(15,000,000)
Balance at the end of the comparative year	**2,269,997,110**	**37,538,005,839**

Gain on financial investments	**December 31, 2019**	**December 31, 2018**
Gain on financial investments at fair value through profit or loss	6,652,342	63,095,667
Total	**6,652,342**	**63,095,667**

* The Bank's equity instruments classified in the fair value through other comprehensive income category represent Bank subscribed stake at 5% from the total certificates' number of its QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund) upon its initial offering, in addition to the Bank subscribed stake at 20% from the total certificates' number of its QNB ALAHLI Second Fund with yearly / cumulative return (Tawazon Balanced Fund), in addition to the 20% from the total certificates' number of its QNB ALAHLI Third Fund with yearly / cumulative return (Tadawol Equity Fund) upon its initial offering. All stakes required to be retained by the Bank until maturity of the funds in accordance with the provisions of the law, had a nominal value of EGP 5 million each.

(All amounts are shown in Egyptian Pounds)

23 - Investments in associates

The following table summarizes the Bank's holdings in its associates:

December 31, 2019	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The Bank's stake
Senouhi Company for Construction Materials (Associate)	Egypt	15,704,819	3,539,329	28,320,529	891,433	2,809,012	**23.09%**
Total		**15,704,819**	**3,539,329**	**28,320,529**	**891,433**	**2,809,012**	

December 31, 2018	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The Bank's stake
Senouhi Company for Construction Materials (Associate)	Egypt	14,140,443	3,116,776	17,419,379	(74,447)	2,545,366	**23.09%**
Total		**14,140,443**	**3,116,776**	**17,419,379**	**(74,447)**	**2,545,366**	

24 - Intangible assets	December 31, 2019	December 31, 2018
Software		
Net book value at the beginning of the year	162,239,439	115,937,261
Additions	108,152,238	93,906,947
Amortization	(60,588,886)	(47,604,769)
Net book value at the end of the year	**209,802,791**	**162,239,439**

25 - Other assets	December 31, 2019	December 31, 2018
Accrued revenues	2,523,317,127	2,403,976,471
Pre-paid expenses	121,520,288	82,065,070
Advance payments for acquisition of property and equipment	547,060,134	172,949,968
Foreclosed assets reverted to the group in settlement of debts	13,469,071	7,781,996
Deposits held with others and custody	13,401,196	10,346,019
Advance payments to tax authority	31,807,014	31,999,987
Receivables arising from insurance contracts, net	650,275	1,532,749
Others	138,511,307	252,372,768
	3,389,736,412	**2,963,025,028**
Less : Allowance for impairment losses	(4,148,685)	-
Total	**3,385,587,727**	**2,963,025,028**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

The following table analyzes the movements on financial investments during the year:

26- Property and Equipment	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
January 1, 2018					
Cost	2,271,696,618	155,687,576	713,717,418	231,925,082	**3,373,026,694**
Accumulated depreciation	(552,689,719)	(111,840,743)	(490,740,983)	(108,605,223)	**(1,263,876,668)**
Net book value	**1,719,006,899**	**43,846,833**	**222,976,435**	**123,319,859**	**2,109,150,026**
December 31, 2018					
Net book value at the beginning of the year	1,719,006,899	43,846,833	222,976,435	123,319,859	**2,109,150,026**
Additions	183,440,842	40,218,505	77,453,979	24,609,012	**325,722,338**
Disposals from property and equipment	(409,267)	-	(175,901)	(14,865)	**(600,033)**
Disposals from accumulated depreciation	43,738	-	145,139	14,865	**203,742**
Depreciation for the year	(93,195,161)	(10,513,466)	(73,880,736)	(19,275,383)	**(196,864,746)**
Net book value	**1,808,887,051**	**73,551,872**	**226,518,916**	**128,653,488**	**2,237,611,327**
January 1, 2019					
Cost	2,454,728,193	195,906,081	790,995,496	256,519,229	**3,698,148,999**
Accumulated depreciation	(645,841,142)	(122,354,209)	(564,476,580)	(127,865,741)	**(1,460,537,672)**
Net book value	**1,808,887,051**	**73,551,872**	**226,518,916**	**128,653,488**	**2,237,611,327**
December 31, 2019					
Net book value at the beginning of the year	1,808,887,051	73,551,872	226,518,916	128,653,488	**2,237,611,327**
Additions	208,652,399	61,871,240	209,244,135	25,285,082	**505,052,856**
Disposals from property and equipment	(856,362)	(139,751)	(18,621,355)	(1,613,603)	**(21,231,071)**
Disposals from accumulated depreciation	517,386	139,751	18,602,172	1,613,603	**20,872,912**
Depreciation for the year	(104,060,717)	(12,167,960)	(92,805,984)	(20,288,445)	**(229,323,106)**
Net book value	**1,913,139,757**	**123,255,152**	**342,937,884**	**133,650,125**	**2,512,982,918**
Balances at December 31, 2019					
Cost	2,662,524,230	257,637,570	981,618,276	280,190,708	**4,181,970,784**
Accumulated depreciation	(749,384,473)	(134,382,418)	(638,680,392)	(146,540,583)	**(1,668,987,866)**
Net book value	**1,913,139,757**	**123,255,152**	**342,937,884**	**133,650,125**	**2,512,982,918**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

27 - Due to banks	December 31, 2019	December 31, 2018
Current accounts	886,972,602	600,111,378
Deposits	13,499,913,543	10,880,964,831
Repos transactions	1,643,779,237	1,226,703,061
Total	**16,030,665,382**	**12,707,779,270**
Central banks	1,643,779,237	1,226,716,743
Local banks	13,652,248,182	10,881,443,503
Foreign banks	734,637,963	599,619,024
Total	**16,030,665,382**	**12,707,779,270**
Non-interest bearing balances	770,156,843	587,769,500
Variable interest rate balances	116,815,759	12,341,878
Fixed interest rate balances	15,143,692,780	12,107,667,892
Total	**16,030,665,382**	**12,707,779,270**
Current balances	16,030,665,382	12,707,779,270
Total	**16,030,665,382**	**12,707,779,270**

28 - Customer deposits	December 31, 2019	December 31, 2018
Demand deposits	47,848,483,005	49,999,517,143
Time deposits and call accounts	78,796,467,589	83,248,778,736
Term saving certificates	48,669,174,000	43,303,912,000
Saving deposits	25,615,535,989	22,032,580,475
Other deposits*	7,196,927,098	6,700,731,429
Total	**208,126,587,681**	**205,285,519,783**
Corporate deposits	104,258,525,351	110,702,686,441
Retail deposits	103,868,062,330	94,582,833,342
Total	**208,126,587,681**	**205,285,519,783**
Non-interest bearing balances	30,428,213,104	28,969,531,271
Variable interest rate balances	69,071,815,844	64,689,210,726
Fixed interest rate balances	108,626,558,733	111,626,777,786
Total	**208,126,587,681**	**205,285,519,783**
Current balances	164,120,624,876	162,680,503,881
Non-current balances	44,005,962,805	42,605,015,902
Total	**208,126,587,681**	**205,285,519,783**

Other deposits include deposits covering irrevocable letters of credit in the total of EGP 256,308,432 as of December 31, 2019 (December 31, 2018 EGP 296.800.153). The fair value of these deposits approximates its carrying amount.

29 - Other loans	December 31, 2019	December 31, 2018
Union National Bank	16,842,376	44,769,744
National Bank of Egypt	10,441,309	202,331,541
Commercial International Bank	110,911,111	120,533,333
European Investment Bank	159,283,761	177,428,601
Egyptian Gulf Bank	1,050,686	4,997,435
Qatar National Bank	882,282,500	1,880,928,000
Audi Bank	-	40,027,861
European Bank for Reconstruction and Development	4,184,973,616	2,254,000,033
Alex Bank	-	25,274,715
Banque Misr	601,616	102,698,111
National Bank of Kuwait	141,130,213	146,200,678
The Micro, Small and Medium Enterprises Development Agency	117,500,000	30,000,000
Suez Canal Bank	-	209,354,976
Total	**5,625,017,188**	**5,238,545,028**
Current balances	3,892,151,986	3,254,419,731
Non-current balances	1,732,865,202	1,984,125,297
Total	**5,625,017,188**	**5,238,545,028**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

30 - Other liabilities	**December 31, 2019**	**December 31, 2018**
Accrued interest	963,170,789	1,322,347,593
Unearned revenues	129,643,296	111,941,566
Accrued expenses	717,335,584	569,675,874
Due to insurance and re-insurance companies	70,483,639	92,531,690
Sundry credit balances	1,087,458,712	610,476,875
Total	**2,968,092,020**	**2,706,973,598**

31 - Other provisions **December 31, 2019**

Description	**Balance at the beginning of the year**	**Impact of adopting IFRS 9**	**Formed during the year**	**Released during the year**	**Foreign currencies translation differences + (-)**	**Used during the year**	**Balance at the end of the year**
Provision for tax claims	345,874,187	-	316,425	(121,643,613)	-	(4,949,776)	219,597,223
Provision for legal claims	12,767,804	-	12,442,787	-	(194,441)	(6,303,634)	18,712,516
Provision for contingent liabilities	290,796,573	153,241,923	31,226,615	-	(2,719,618)	-	472,545,493
Provision for fidelity	35,918,620	-	-	-	(3,655,758)	-	32,262,862
Provision for operational risk	487,587	-	243,437	-	-	-	731,024
Total	**685,844,771**	**153,241,923**	**44,229,264**	**(121,643,613)**	**(6,569,817)**	**(11,253,410)**	**743,849,118**

Description	**Balance at the beginning of the year**	**Formed during the year**	**Released during the year**	**Foreign currencies translation differences + (-)**	**Used during the year**	**Balance at the end of the year**
Provision for Tax claims	626,675,112	10,561,187	(13,600,000)	-	(277,762,112)	345,874,187
Provision for Legal claims	50,598,500	169,974	(37,243,544)	(186,111)	(571,015)	12,767,804
Provision for contingent liabilities	248,352,962	41,836,953	-	606,658	-	290,796,573
Provision for fidelity	34,710,188	845,414	-	363,018	-	35,918,620
Provision for operational risk	-	487,587	-	-	-	487,587
Total	**960,336,762**	**53,901,115**	**(50,843,544)**	**783,565**	**(278,333,127)**	**685,844,771**

32 - Insurance policyholders' rights	**December 31, 2019**	**December 31, 2018**
Technical Reserves for Insurance activties	2,507,318,130	1,984,188,857
Provision for outstanding claims	82,162,799	76,803,638
Total	**2,589,480,929**	**2,060,992,495**

(All amounts are shown in Egyptian Pounds)

33 - Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate at the time that the bank will recognize a benefit from assets / incurred liabilities at a tax rate of (22.5%) for the current financial year. The Group does not offset deferred tax assets and deferred tax liabilities unless the Bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities

Below are the balances and movements of deferred tax assets and liabilities:

Balances of deferred tax assets and liabilities:	Deferred tax assets		Deferred tax liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Tax impact on temporary differences arising from:				
Property and equipment	-	-	(91,253,799)	(69,000,892)
Provisions (other than the provision for loan impairment)	327,340,677	274,622,539	-	-
Differences in fair value of financial investments at fair value through other comprehensive income	-	7,139,032	(130,501,782)	-
Others	23,181,211	25,868,285	-	**(3,650,069)**
Deferred tax assets (liabilities)	**350,521,888**	**307,629,856**	**(221,755,581)**	**(72,650,961)**
Net balance of DTA (DTL)	**128,766,307**	**234,978,895**		

Movement of deferred tax assets and liabilities:	Deferred tax assets		Deferred tax liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Beginning balance	307,629,856	284,214,421	(72,650,961)	(58,626,081)
Impact of adopting IFRS 9	41,728,828	-	(135,589,181)	-
DT recognized / utilized during the year	1,163,204	23,415,435	(13,515,439)	**(14,024,880)**
Closing balance	**350,521,888**	**307,629,856**	**(221,755,581)**	**(72,650,961)**

Balances of deferred tax assets (liabilities) recognized directly in equity	December 31, 2019	December 31, 2018
Differences in fair value of financial investments at fair value through other comprehensive income	(130,501,782)	7,139,032
Effect of changes in accounting policies	41,728,828	(3,244,506)

34 - Defined benefits obligation	December 31, 2019	December 31, 2018
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	482,288,384	437,821,485
Amounts recognized in the income statement:		
Post-retirement medical benefits	66,879,618	93,539,843
Post-retirement medical benefits obligation constitutes of:		
Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	414,628,886	342,208,971
Unrecognized actuarial gain	67,659,498	95,612,514
	482,288,384	**437,821,485**
Liability movements during the year are represented as follows:		
Beginning balance (at the beginning of the current year)	437,821,485	365,403,368
Current service cost	10,874,025	19,530,782
Interest cost	58,712,541	67,742,209
Actuarial losses / gain	(2,706,948)	6,266,852
Benefits paid	(22,412,719)	(21,121,726)
	482,288,384	**437,821,485**
Amounts recognized in the income statement are shown below:		
Current service cost	10,874,025	19,530,782
Interest cost	58,712,541	67,742,209
Actuarial losses / gain recognized during the year	(2,706,948)	6,266,852
	66,879,618	**93,539,843**

The main actuarial assumptions used by the Bank are outlined below:	December 31, 2019	December 31, 2018
Discount rate (two plans):		
A - QNB ALAHLI current employees plan	14.00%	18.10%
B - Ex-MIBank retirees plan	14.00%	18.10%
QNB ALAHLI long term increase in the cost of medical care (on top of inflation)	10.27%	13.28%
Ex-MIBank long term increase in the cost of medical care (on top of inflation)	10.27%	13.28%

Sensitivities to +1% in discount rate (duration of the plan):	Service cost	DBO
Post-retirement medical benefits	25.71%	18.59%

35 - Issued and paid-up capital
(A) Authorized Capital
- The authorized capital amounts to EGP 15 billion.

(B) Issued and Paid up Capital
- The issued and paid up capital amounted to EGP 8,904,227,140 on December 31, 2017 representing 890,422,714 shares with a nominal value of EGP 10 each, of which 765,099,714 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.
- The Extraordinary General Assembly held on February 15, 2018 decided to increase the capital from EGP 8,904,227,140 to EGP 9,794,649,850 ,an increase of EGP 890,422,710 by transferring from the general reserve.
- The issued and paid up capital amounted to EGP 9,794,649,850 on December 31, 2018 representing 979,464,985 shares with a nominal value of EGP 10 each, of which 854,141,985 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.
- The Extraordinary General Assembly held on February 28, 2019 decided to increase the capital from EGP 9,794,649,850 to EGP 10,774,114,830,an increase of EGP 979,464,980 by transferring from the general reserve and approvals being taken on those increases from the official bodies.
- The Extraordinary General Assembly held on February 28, 2019 decided to split the face value of each share of the Bank's capital from EGP 10 to be EGP 5 and approvals being taken from the official bodies.

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

36 - Reserves and retained earnings

Reserves	December 31, 2019	December 31, 2018
General reserve (a)	13,417,823,247	8,531,087,699
General banking risk reserve (b)	1,169,067	2,781,992
Legal reserve (c)	1,633,301,744	1,287,748,276
Fair value reserve (d)	524,415,090	(679,166,099)
Special reserve (e)	39,494,455	173,681,968
Capital reserve	18,489,519	12,054,965
IFRS 9 reserve	-	1,282,925,633
General risk reserve*	21,453,923	-
Reserve for transactions under common control	4,000,483	4,000,483
Total reserves at the end of the year	**15,660,147,528**	**10,615,114,917**

* In accordance with the instructions of the Central Bank of Egypt to apply IFRS 9 as of January 1, 2019, the special reserve - credit and general bank risk reserve - credit and IFRS 9 credit risk are consolidated in one reserve under the name of general risk reserve. The difference between the provisions required under IFRS 9 and the provisions required in accordance with previous instructions will be deducted from the general risk reserve.

Reserve movements are as follows:

(a) General reserve	December 31, 2019	December 31, 2018
Balance at the beginning of the financial year	8,531,087,699	7,326,936,116
Transferred from retained earnings	4,886,735,548	2,094,574,293
Transferred to capital increase	-	(890,422,710)
Balance at the end of the year	**13,417,823,247**	**8,531,087,699**
(b) General banking risk reserve		
Balance at the beginning of the year	2,781,992	8,974,023
Transferred to retained earnings	(1,612,925)	(6,192,031)
Balance at the end of the year	**1,169,067**	**2,781,992**

In accordance with the instructions of the Central Bank of Egypt, the general banking risk reserve is supported annually by 10% of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.

	December 31, 2019	December 31, 2018
(c) Legal Reserve		
Balance at the beginning of the year	1,287,748,276	1,023,166,558
Transferred from the net profit of the prior year	345,553,468	264,581,718
Balance at the end of the year	**1,633,301,744**	**1,287,748,276**

According to the provisions of local laws and the bank’s statutes, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 100% of the bank’s capital.

(d) Fair Value Reserve	December 31, 2019	December 31, 2018
Balance at the beginning of the year	(679,166,099)	(902,704,456)
Impact of adopting IFRS 9	1,328,882,119	-
Deferred tax recognized as of a result of adopting IFRS 9	(135,589,181)	-
Net change in fair value (Note 22)	24,457,231	215,433,914
Impairment losses on debt instruments at fair value through other comprehensive income	(29,494)	-
Transferred to retained earnings	(12,087,853)	-
Deferred tax recognized during the year (Note 33)	(2,051,633)	8,104,443
Balance at the end of the year	**524,415,090**	**(679,166,099)**

(e) Special Reserve

The application of the CBE new basis rules of preparation and presentation of financial statements as well as the modified principles of recognition and measurement requires to restate the comparative figures of the first financial year that have been impacted by this change, including comparative figures in the balance sheet and the income statements for the previous year. as the impact of adjustment is positive, such impact was carried directly to retained earnings then transferred to the special reserve in equity and shall not be used except by approval from CBE. The following is a breakdown of the items that generated the special reserve amount:

	December 31, 2019	December 31, 2018
Allowance for loans and credit facilities to customers	-	112,739,320
Contingent liabilities provision	-	39,486,484
Amortized cost method using EIR for held to maturity investments	253,607	253,607
Amortized cost method using EIR for Available-for-sale investments	393,930	393,930
Applying the equity method on investments in associates	26,637,789	26,637,789
Deferred tax (Tax impact on adjustments)	(4,249,739)	(22,288,030)
Available-for-sale investments (Equity instruments)	16,458,868	16,458,868
Total	**39,494,455**	**173,681,968**

QNB ALAHLI S.A.E
Notes to the Consolidated Financial Statement
For the Year Ended 31 December 2019
(All amounts are shown in Egyptian Pounds)

(2) Profit for the year and retained earnings	December 31, 2019	December 31, 2018
Movements on retained earnings:		
Balance at the beginning of year	8,243,667,987	5,957,977,053
Impact of adopting IFRS 9	26,389,444	-
Net profit of the financial year	8,522,091,359	7,200,541,436
Previous year's profit distribution	(979,464,985)	(712,338,172)
Employees' profit share	(721,808,017)	(552,434,562)
Board of directors' remuneration	(14,941,250)	(12,250,000)
Transferred to capital reserve	(6,434,554)	(1,938,155)
Transferred to general reserve	(4,886,735,548)	(2,094,574,293)
Transferred to the legal reserve	(345,553,468)	(264,581,718)
Transferred from fair value reserve, net of tax	9,368,086	-
Transferred to IFRS 9 reserve	-	(1,282,925,633)
Transferred from general banking risk reserve	1,612,925	6,192,031
Balance at the end year	**9,848,191,979**	**8,243,667,987**

37 - Cash and cash equivalents
For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from placement or acquisition date.

	December 31, 2019	December 31, 2018
Cash and balances with central banks	3,956,404,795	4,810,763,221
Due from banks in less than 3 months	6,603,156,520	10,552,654,240
Treasury bills and other governmental notes (91 days)	726,823,580	2,681,053,671
Total	**11,286,384,895**	**18,044,471,132**

38 - Contingent liabilities and other commitments
(a) Legal claims (litigation)
Several lawsuits were brought against the Bank and are still outstanding as of December 31, 2019. No provision has been formed since it is not probable that the Bank will incur losses in regard of these lawsuits.

(b) Capital commitments:
The Bank is a party to contracts for capital commitments amounting to EGP 956,533,263 as of December 31, 2019 (EGP 373,156,102 on December 31, 2018). These represent commitments by the Bank for the purchases of buildings and equipment. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

(c) Commitments for guarantees
The Bank's commitments for loans, guarantees and facilities are set out below:

	December 31, 2019	December 31, 2018
Financial guarantees	357,500	357,500
Accepted papers	3,300,687,075	2,249,112,360
L/Gs	42,590,274,614	39,879,061,700
Import L/Cs	3,473,097,930	2,484,330,532
Export L/Cs	205,713,506	801,942,333
Other contingent liabilities	367,558,187	691,158,344
Total	**49,937,688,812**	**46,105,962,769**

(d) Commitments for credit facilities	December 31, 2019	December 31, 2018
Commitments for credit facilities	36,638,991,924	33,702,421,721

(e) Commitments under operating lease contracts
Total minimum rental payments for the irrevocable operating lease contracts are as follows:

	December 31, 2019	December 31, 2018
Not more than one year	95,093,222	84,797,020
More than one year and less than 5 years	275,023,904	194,655,635
More than 5 years	66,162,524	42,142,805
Total	**436,279,650**	**321,595,460**

(All amounts are shown in Egyptian Pounds)

39 - Related-party transactions

Qatar National Bank (Q.P.S.C.) is the ultimate parent and controlling party as at the end of the reporting year which owns 94.97% of the bank's ordinary shares whereas the remaining 5.03% are held by other shareholders.

A number of transactions have been conducted during the reporting year with related parties within the Bank's normal course of business. These include loans, deposits, and foreign currency transactions.

Related party transactions with the parent company other than the payment of dividends on ordinary shares:

QNB Group	December 31, 2019	December 31, 2018
Due from banks	5,237,534	1,867,831
Due to banks	168,693,443	81,271,323
Export LC	6,483,525	-
LGs for banks	9,015,950,648	8,222,151,499
Foreign exchange derivative	989,007,803	3,883,412,316
Interest rate swap contracts	5,055,077,688	3,490,912,800
Other loans	882,282,500	1,880,928,000

A - Loans and credit facilities to related parties

	Directors and other key management personnel (and close family members)		Associates	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Outstanding loans at the beginning of the financial year	111	111	38	134
Loans issued during the financial year	-	-	1,081	29
Loans repayment during the financial year	-	-	-	(125)
Loans outstanding at the end of the financial year	**111**	**111**	**1,119**	**38**
Interest income on loans	-	-	80	17,074

* No provisions have been recognized in respect of loan provided to related parties.

	Directors and other key management personnel (and close family members)		Associates	
Loans and credit facilities to related parties can be analyzed below	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Overdrafts	111	111	1,119	38
Total	**111**	**111**	**1,119**	**38**

B - Deposits from related parties

	Directors and other key management personnel (and close family members)		Associates	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deposits outstanding at the beginning of the financial year	64,394,311	60,744,502	7,305,502	4,759,186
Deposits placed during the year	5,389,712	5,901,750	3,382,738	3,330,534
Deposits repaid during the year	(6,860,418)	(2,251,941)	(4,992)	(784,218)
Deposits outstanding at the end of the financial year	**62,923,605**	**64,394,311**	**10,683,248**	**7,305,502**
Interest expense on deposits	2,474,684	2,529,535	304,022	381,293

Deposits from related parties can be analyzed below	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Demand deposits	1,593,925	4,629,582	7,084,929	3,929,422
Saving accounts	91,994	16,014	-	-
Certificates of deposits	4,000,000	3,100,000	-	-
Time deposits	57,237,686	56,648,715	3,598,319	3,376,080
Total	**62,923,605**	**64,394,311**	**10,683,248**	**7,305,502**

(All amounts are shown in Egyptian Pounds)

C - Other transactions with related parties

	Directors and other key management personnel (and close family members)		Associates	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fee and commission income	14,036	11,576	157,243	32,403
Guarantees issued by the bank	-	-	31,799	34,599
The above guarantees comprise:				
LGs	-	-	31,799	34,599
Total	**-**	**-**	**31,799**	**34,599**

The pricing for related parties' transactions are the same for other parties.

In accordance with the instructions of the Central Bank of Egypt (CBE) rules in 23 August 2011. The monthly average of net salaries and benefits for top 20 employees with the largest salaries and benefits reached EGP 8,362,777 during the current year.

40 - Money Market and balanced Funds

A - QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund)

The Bank has set up an investment fund under the name of "THEMAR" with daily accumulated interest as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

THEMAR initial offering was for one million certificates at nominal value of EGP 100 million, of which 50,000 certificates worth of EGP 5 million were subscribed by the bank at that time. EFG HERMES is managing this fund.

Total number of the outstanding certificates at December 31, 2019 reached 10,965,542 at a total value of EGP 3,994,648,261. The Group currently holds 450,769 certificates worth of EGP 164,211,089 of which EGP 18,214,550 million are classified as fair value through other comprehensve income and represent 5% from the total number of certificates that were initially issued, whereas the remaining value of EGP 61,694,866 are classified as fair value through profit or loss and EGP 84,301,673 are classified as trading investments.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 18,682,074 have been reported in the "fees and commission income" line item in the consolidated income statement.

B - QNB ALAHLI Second Fund with periodly / cumulative return (Tawazon Balanced Fund)

The Bank has set up an investment fund under the name of Tawazon Fund with periodic income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tawazon initial offering was for two hundred and fifty thousand certificates amounting to EGP 25 million, of which 50,000 certificates worth of EGP 5 million were subscribed by the bank at that time. Beltone Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2019 reached 56,784 at a total value of EGP 12,343,587. The Bank currently holds 50,000 certificates worth of EGP 10,868,895 that are classified as fair value through other comprehensve income and represent 20% of the total number of certificates that were initially issued.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 87,117 have been reported in the "fees and commission income" line item in the consolidated income statement.

C - QNB ALAHLI Third Fund with periodly / cumulative return (Tadawol Equity Fund)

The Bank has set up an investment fund under the name of Tadawol Fund with periodic accumulated income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tadawol certificates were offered in a public offering amounting to EGP 25 million distributed over two hundred and fifty thousand certificates with a nominal value of EGP 100 each, subscriptions have only covered a number of one hundred and twenty five thousand certificates amounting to EGP 12.5 million, of which 50,000 certificates worth of EGP 5 million were subscribed at by the bank at that time. HC Fund Manager Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2019 reached 76,892 at a total value of EGP 19,128,017 . The Bank currently holds 50,000 certificates worth of EGP 12,438,235 that are classified as fair value through other comprehensve income and represent 40% from the total number of certificates that were initially issued.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 178,706 have been reported in the "fees and commission income" line item in the income statement.

Branches Network

QNB ALAHLI
Branches Network

Head Office 1:
Dar Champollion - 5 Champollion St.- Down Town – 11111 - Cairo
Tel: (202) 27707000
Fax: (202) 27707099

Head Office 2:
54 El Batal Ahmed Abdel Aziz St.- El-Mohandseen - 12311 - Giza
Tel: (202) 33324100
Fax: (202) 33324199

Treasury & Dealing Room:
Tel.: (202) 27707530
Reuters Dealing Code: QNBE
Reuters Page: QNBE
Bloomberg Page: QNBA

Cairo Region

Beirut Group:
Almaza:
103 El Thawra St.- Almaza - 11341 -Cairo
Tel: (202)24193681
Fax: (202)22903668

Beirut:
22 Beirut St.- Heliopolis - 11341 - Cairo
Tel: (202)24563804
Fax: (202)24563899

Osman Ibn Affan:
25 Osman Ibn Affan – 11341-Heliopolis
Tel: (202)24159724
Fax: (202)24159679

Hassan Sadek:
Awayd number (5) Hassan Sadek Basha St.- Heliopolis - 11341 - Cairo
Tel: (202)24632000
Fax: (202)24632099

El Merghany:
95 D Borg El Shams Buildings, Al Sayed Merghany St.- Heliopolis - 11341- Cairo
Tel: (202)24164800
Fax:(202)24164899

Ard El Golf:
5 Samir Mokhtar St.- Ard El- Golf - Heliopolis - 11341 - Cairo
Tel: (202)24139304
Fax: (202)24139399

Al Sebak:
32 Al Andalus St.- Heliopolis -11351 - Cairo
Tel: (202)24562200
Fax: (202)24562299

Thawra:
18 El-Thawra St.- Heliopolis - 11341 - Cairo
Tel: (202)24136300
Fax: (202)24136349

Champollion Group:
Champollion:
5 Champollion St.- Down Town – 11111 - Cairo
Tel: (202)27707000
Fax: (202)27707099

Kasr El Nil:
39 Kasr El Nil St.- Mostafa Kamel Square - Down Town - 11121 - Cairo
Tel: (202)23994200
Fax: (202)23994299

El Manial:
8 Mathaf El Manial St.- Manial – 11451 - Cairo
Tel: (202)25312263
Fax: (202)25312259

Opera:
42 El-Gomhouria St.- Opera Square - Down Town - 11121 - Cairo
Tel: (202)23999500
Fax: (202)23999599
Down Town Group:

Ahmed Heshmat:
33 Ahmed Hesmat St.- Zamalek – 11211- Cairo
Tel: (202)27281700
Fax: (202)27281799

Bab El Louq:
6 Falaky Square - Bab El Louq – Down Town - 11121- Cairo
Tel: (202)27919500
Fax: (202)27919599

Bab El Sheria:
472 Port Said St.- Bab El Sheria – 11271 - Cairo
Tel: (202)25891872
Fax: (202)25891876

EL-Kamel Mohamed:
2 El-Kamel Mohamed St.- Zamalek - 11211- Cairo
Tel: (202)27281600
Fax: (202)27281699

El-Sayeda Zeinab:
202 Portsaid St. El Sayeda Zeinab -11461- Cairo
Tel: (202) 23993400
Fax: (202) 23993499

Kasr El-Aini:
5 Elkasr Elaainy St.- Down Town - 11121 - Cairo
Tel: (202)25352100
Fax: (202)25352199

Nile City:
2005A Korniche El Nile - Nile City Towers - North Tower - Ground Floor - 11221- Cairo
Tel: (202)24619241
Fax: (202)24619244

Ramsis - Ghamra:
219 Ramsis-Ghamra -11271 - Cairo
Tel: (202)25971100
Fax: (202)25971199

Hegaz group:
El Mahkama Square:
36 El-Hegaz St.- Heliopolis - 11351- Cairo
Tel: (202)26311700
Fax: (202)26311799

El Nozha:
7 El Hegaz Square - Heliopolis - 11361- Cairo
Tel: (202)27771431
Fax: (202)27770676

El Shams:
48 Farid Semeka St.-Heliopolis - 11351- Cairo
Tel: (202)21805692
Fax: (202)21804093

Hegaz:
143 & 145 Al Hegaz St.- Heliopolis - 11361- Cairo
Tel: (202)26311600
Fax: (202)26311699

Ibn Maged Street:
235 Hegaz St.- Heliopolis - 11351- Cairo
Tel: (202)26250100
Fax: (202)26250199

Safir:
60 Abo Bakr El-Seddik St.- Safir Square – Heliopolis - 11361- Cairo
Tel: (202)26310700
Fax: (202)26310799

Galaa Complex:
El Galaa Complex main walls – next to Sun Mall Super Market – Abou Bakr El Sedik st. -Heliopolis - 11361 - Cairo
Tel: (202)22697953
Fax: (202)22699315

Omar Ibn El Khattab:
83 Omar Ibn El Khattab St. - Al Sabaa Omarat Heliopolis - 11769 - Cairo
Tel: (202)26904246

Farid Semeka:
111 Farid Semeka St.- El Nozha - 11361 - Cairo
Tel: (202)27746152
Fax: (202)27746156

Triumph:
102 Othman Ibn Affan – Heliopolis - 11361- Cairo
Tel: (202)26311400
Fax: (202)26311499

Heliopolis Group:
Ain Shams:
115 Selim El Awel St.- Ain shams - 11321 – Cairo
Tel: (202)26311900
Fax: (202)26311999

Gisr El-Suez:
149 Gisr El Suez St.- El Nozha - Heliopolis - 11351- Cairo
Tel: (202)26371850
Fax: (202)26371859

Hadayek El Kobba:
16 Waly El-Aahd St.- Saray El- Hadayek Mall - 11331 – Cairo
Tel: (202)24885700
Fax: (202)24885799

Heliopolis:
7 El Merghany St.- Heliopolis - 11341- Cairo
Tel: (202)24163700
Fax: (202)24163799

Helmyet El-Zaitoun:
Ibn El-Hakam Square - Beet El Ezz Towers - 11321 – Cairo
Tel: (202)26312000
Fax: (202)26312099

Kasr El-Tahra:
62 Toman Bey St.- Helmyet El Zaiton - 11321 - Cairo
Tel: (202)24560100
Fax: (202)24560199

Makrizi:
7 El Awhady St.- With Makrizi St.- Heliopolis - 11341 - Cairo
Tel: (202)22570668
Fax: (202)22570676

Khalifa Al Mamoun:
46 khalifa Al Mamoun street – 11341-Heliopolis – Cairo
Tel: (202)24539192
Fax: (202)24539235

Roxy:
25 Kobba St.- Roxy Sq – Heliopolis -11341- Cairo
Tel: (202)24563600
Fax: (202)24563699

Heliolido Club - Roxy:
Heliolido club - Al Maahad Al Eshtrakey street - Roxy square – 11341-Heliopolis
Tel: (202)24504304
Fax: (202)24504320

East Cairo Region:

10th of Ramadan Group
10th of Ramadan:
Banks Area -10th of Ramadan – 44411 - Sharkia
Tel: (2015)390300
Fax: (2015)390399

1st Industrial Zone - 10th of Ramadan:
14A Service Area - 10th of Ramadan - 44411 - Al Sharkia
Tel: (2015)392100
Fax: (2015)392199

Badr University:
Entertainment District – West City - Badr City - 11829 – Al Sharkia
Tel: 01270088701

Badr City:
Block#29, El Mogawra 2 – District No.1- in front of Russian University - Badr City - 11829 – Al Sharkia
Tel: (202)28609130
Fax: (202)28609162

El Sherouk City Plaza:
Plot# 35,45 - Sherouk Entrance #1- City Plaza Mall - Cairo Suez Desert Road - 11837 - Cairo

Obour City:
Shop 34 & 35 – Obour City Club- Obour City- 18111- Cairo
Tel: (202)46140300
Fax: (202)46140399

Obour City Industrial Zone:
Lot 1- Banks Area , Industrial Zone A - Obour City - 18111 - Cairo
Tel: (202)46140200
Fax: (202)46140299

Maadi Group
El Mahatta Square:
1 El-Mahatta Square- Sarayat El- Maadi - Helwan - 11431 - Cairo
Tel: (202)27680000
Fax: (202)27680099

Helwan:
13 Mohamed Mostafa El Maraghy St. - Helwan - 11421 - Cairo
Tel: (202)25485600
Fax: (202)25485699

Korniche El Maadi:
380 Jawharet El Maadi Building - Korniche El Nil - Maadi - 11431- Cairo
Tel: (202)25296400
Fax: (202)25296499

Maadi Entrance:
Plot #405 -Maadi Entrance – Cournish El Maadi –11431- Cairo
Tel: (202)23242700
Fax: (202)23242799

Maadi Degla:
Cross Roads of 218 & 231 St.- Maadi Degla - 11435 - Cairo
Tel: (202)25220600
Fax: (202)25220699

Mokatam:
Corner of Road 9 & 10 El Hadaba El Olya - Mokattam - 11439 - Cairo
Tel: (202)25031800
Fax: (202)25031899

Zahraa EL-Maadi:
Block no. 10071 - Tenth District - El-Hadaba El Sofla - Al-Merage - El-Basateen - 11439 - Cairo
Tel: (202)24471334
Fax: (202)24471337

New Maadi:
48 Al Nasr Avenue - New Maadi - Helwan - 11435 - Cairo
Tel: (202)27067200
Fax: (202)27067299

Nasr Street:
Block 1- Cross Road, Nasr and El-Lasilky - New Maadi - 11435 - Cairo
Tel: (202)27557300
Fax: (202)27557399

Street 9:
Corner of Roads 9 & 79 -Maadi – 11431 - Cairo
Tel: (202)27683800
Fax: (202)27683899

Wadi Degla:
Wadi Degla Club - Zahraa El Maadi - Helwan - 11435 - Cairo
Tel: (202)25195136
Fax: (202)25195168

Makram Ebeid Group
Abbas El Akkad:
20 Abo El Ataheya St.- Abbas El Akkad Ext.- Nasr City – 11471 - Cairo
Tel: (202)22769500
Fax: (202)22769599

Ahmed Fakhry:
40 Ahmed Fakhry St.-Block 126- 6th District - Nasr City - 11391 - Cairo
Tel: (202)23546312
Fax: (202)23546316

Arab Academy:
1 Mousheer Ahmed Ismail St.- Masaken Sheraton - Arab Maritime Acadamy - 11361 - Cairo
Tel: (202)22686751

Hassan El Maamoun:
108 El Mona Building Hassan El Maamoun St.- District No. 6 – Nasr City -11391- Cairo
Tel: (202)22769000
Fax: (202)22769099

Makram Ebeid:
86 Makram Ebeid St.- Nasr City – 11371- Cairo
Tel: (202)22767000
Fax: (202)22767099

Mustafa El Nahas:
112 Mustafa El Nahas St.- 6th District – Entrance No.2 - Nasr City - 11391 -Cairo
Tel: (202)26703493
Fax: (202)26703495

Zaker Hussien:
2 Ahmed El Zomor Street – Nasr City - 11471 - Cairo
Tel: (202)22871147
Fax: (202)22871152

Nasr City Group:
Abasia:
111 Abasia St.- 11381- Cairo
Tel: (202)24884000
Fax: (202)24884099

City Stars:
Unit # 1255 , Gate 7 – Citystars Mall - Omar Ebn El Khattab St.- Nasr City - 11391 - Cairo
Tel: (202)24802480
Fax: (202)24802483

Asmaa Fahmy:
2 Nozha St.- Next to Rekaba Edaria - Nasr City - 11371 - Cairo
Tel: (202)24159725
Fax: (202)24159475

House of Financial Affairs:
El Massah - Abdel Aziz Shenawy St.- Parade Area - Nasr City - 11371 -Cairo
Tel: (202)24010496

Nasr City:
2 Abbas El Akkad St.- Nasr City - 11371- Cairo
Tel: (202)24074600
Fax: (202)24074699

El Obour Building:
Shop # 6 & 7, building # 7 El Obor Building, Salah Salem St.- Heliopolis - Nasr City – 11371 - Cairo
Tel: (202)24054024
Fax: (202)24054021

Abdalla El Araby:
Land No. 17 - Block 63 Taksem Seventh District - Tayaran Street Extension - Nasr City - 11471 -Cairo
Tel: (202)23879396
Fax: (202)23879397

Tayaran:
32 Tayaran St.- Nasr City – 11371 - Cairo
Tel: (202)24078103
Fax: (202)24078199
New Cairo Group:

El-Rehab:
Banks Area - B District – Rehab City - Tagamoa - 11841 - Cairo
Tel: (202)26940200
Fax: (202)26940299

Kattameya Road:
Building No. 2 Abrag Badr – Kattameya Road - 19111- Cairo
Tel: (202)23104167
Fax: (202)23104170

Master El Sokhna Road:
Shop # (2 B) Services Complex “Master El-Sokhna” Cairo/ Sokhna road, next to landing area - sign 8 km - Ein Sokhna direction before toll station -19111- Cairo
Tel: 01205556935

Madinety:
First Floor Banks Building – Administrative Area - First Phase - No. 103 - 19511 – Cairo
Tel: 01206628809

Open Air Mall Madinety:
unit (3) Ground floor - Build (j) - commercial centers District in front of Arabesk Mall - first phase – Madinety Project – 19511-New Cairo
Tel: 01222419666

Cloud 9:
Unit # (6) “Cloud Nine Mall”- Northern Investors area- “Mohamed Naguib Axis” – 1st Settlement – 11865-New Cairo.
Tel: (202)25391021

Cloud 9:
Unit # (6) “Cloud Nine Mall”- Northern Investors area- “Mohamed Naguib Axis” – 1st Settlement – 11865-New Cairo.
Tel: 01205556942

Porto Cairo:
Unit No. (50 - 5) Porto Cairo Mall - First settlement - New Cairo – 11865 - Cairo
Tel: 01065596125

Green Tower:
Green Tower - 305 Road 90 “southern” 2nd District - New Cairo -11853 - Cairo
Tel: (202)28109558
Fax: (202)28109559

Air Force Hospital:
Air Force Hospital - 90th St.- Fifth Settlement - 11835 - New Cairo
Tel: (202)26182205
Fax: (202)26182204

Redcon:
Build No. 140 - First Sector – City Center - Fifth Settlement -11835 – New Cairo
Tel: (202)28114026
Fax: (202)28114028

The spot:
Plot(49B) - Southern Investors District - Fifth Settlement – New Cairo – 11835 – Cairo
Tel: (202)25734101
Fax: (202)25734104

Mirage Residance:
Unit (3) - Build (A) Mirage Residance - Entertainment District - 1st Settlement - 11865 - New Cairo
Tel: 01208888360

Emerald Empire:
Unit # 23 Ground and First Floor - Emerald Center - El Nakhil City - 1st Settlement - 11865 – New Cairo
Tel: (202)25982300
Fax: (202)25982399

Cairo Festival City:
Unit no 25- El Futaim Land – Taha Hussien St.– Cairo Festival City Mall – Five Settlement -11835 - New Cairo
Tel: (202)26168178
Fax: (202)26168179

New Cairo:
Down Town Project - 90 St.- 5th Settlement - New Cairo - 11835 - Cairo
Tel: (202)25982200
Fax: (202)25982299

Masa - New Capital:
unit #GB-04 - Capital Plaza Mall – New Administrative Capital - 11865 – New Cairo
Al Rebat - New Cairo:
Unit #G06 - Al Rebat Mall – Northern 90th St. - 5th Settelment - 11835 – New Cairo

Sheraton Heliopolis Group
Egypt Air:
Egypt Air Building - South Building-Block 6 - Airport Road – 11776 - Cairo
Tel: (202)22679517

Sun City:
Store No. A28F floor F - Sun City - Masaken Sheraton – Autostorad road - Heliopolis - 11361 - Cairo
Tel: (202)22650500
Fax: (202)22650599

Masaken Sheraton:
5 Khaled Ibn El Waleed St.- Heliopolis - 11361 - Cairo
Tel: (202)26961460
Fax: (202)26961489

New Nozha:
3A Dr. Mohamed Hussein Kamal St.- New Nozha - 11769 - Cairo
Tel: (202)26253600
Fax: (202)26253699

The District:
Unit No. (3-10) - Wadi Degla Club Wall Beside the District – Heliopolis -11361 - Cairo
Tel: 01288418813

Air Mall:
Store No. 1/2 Ground Floor – Air Mall Building Passengers Building No (1) - Cairo Airport – 11776 - Cairo
Tel: (202)22691691
Fax: (202)22691694

Sakr Koreish:
90 Sakr Koraish Building – Sheraton Buildings - 11361 - Cairo
Fax: (202)25391024

Sindbad:
81 Joseph Tito St.- New Nozha – 11769 - Cairo
Tel: (202)26253700
Fax: (202)26253799

Giza Region

Alfy Group
Aghakhan:
2 Horria St.- Takseem Aghakhan - 11241 - Cairo
Tel: (202)22253000
Fax: (202)22253099

Alfy:
14 Mohamed Bek Alfy St.- Down Town - 11111 - Cairo
Tel: (202)25970800
Fax: (202)25970899
Banha:
26 Saad Zaghlool St.- 13111 - Banha
Tel: (2013)3806200
Fax: (2013)3806299

Faggalla:
39 Kamel Sedky St.- Faggala – El Zaher - 11271 - Cairo
Tel: (202)25880658
Fax: (202)25880673

Menyet El Serg:
173 Shoubra St.- Sahel – Shoubra - 11241 - Cairo
Tel: (202)22052454
Fax: (202)22050575

Rod El-Farag:
74 Rod El Farag St.- El Sahel – Shoubra - 11241 - Cairo
Tel: (202)24291000
Fax: (202)24291099

Shoubra:
53 Shobra St.- Shoubra - 11231 - Cairo
Tel: (202)25945900
Fax: (202)25945999

Shoubra El-Khima:
135, 15 May St.- El Teraa El Boulakya - Mansheit El Hourrya - Shoubra El Khima - 13211 - Qalubiya
Tel: 01223990070

Teraa El-Bolakia:
156 El Terra El Bolakia St.- Shoubra - 11231 - Cairo
Tel: (202)22009738
Fax: (202)22009742

Giza Group:
El Marwa (Boulak El Dakroor):
57 El Sudan St.- Dokki - 12311 - Giza
Tel: (202)37618708
Fax: (202)37618747

Mossadek - Dokki:
12 Tanzeem - 6 Mossadek St.- Dokki - 12311 - Giza
Tel: (202)33338900
Fax: (202)33338999

El Nile:
5 Wessa Wassef - Borg El Riad – 12311 - Giza
Tel: (202)35732095
Fax: (202)35732080

El-Bahr El-Azam:
304 Elbahr Elaazam St.- Borg El Kawsar - 12211 - Giza
Tel: (202)35670700
Fax: (202)35670799

El-Galaa:
106 El Nil St.- Agouza - 12311 - Giza
Tel: (202)33323300
Fax: (202)33323399

Giza:
62 Mohamed Bahy El Din Barakat St.- 12211 - Giza
Tel: (202)33311100
Fax: (202)33311199

Messaha:
5 Al-Messaha Square - Dokki - 12311 - Giza
Tel: (202)33338100
Fax: (202)33338199

Mohy El-Din Abou El-Ezz:
38 Mohy El Din St.- Dokki – 12311 - Giza
Tel: (202)37492134
Fax: (202)37492138

Mourad:
28 Taha Hussien St.- 12211 - Giza
Tel: (202)35684871
Fax: (202)35684869

First Mall:
Unit # (106),35 Giza street “First Mall” – Four Seasons First Residence Hotel – 12311 - Giza

Arab Academy - Smart Village:
Arab Academy building - Smart Village – 12577 - Giza
Tel: (202)35370071
Fax: (202)35370073

Haram Group
Dandy Mall:
Dandy Mall - Cairo-Alex. Desert Road. (kilo 28) - 12577- Giza
Tel: (202)35367200
Fax: (202)35367299

Faisal:
179 King Faisal St.- Haram - 12151 - Giza
Tel: (202)33891600
Fax: (202)33891699

Haram:
360 Al- Haram St.- Haram – 12111 - Giza
Tel: (202)35992400
Fax: (202)35992499

King Faisal:
457 Faisal St. - 12111 - Giza
Tel: (202)37891300
Fax: (202)37891399

Mariottia:
44 Al Haram Street - Crystal Palace Mall - 12111 - Giza
Tel: (202)33866002
Fax: (202)33866088

Nasr El Din:
426 Al Haram St.- El Gazera El Arabia Tower - Haram - 12111 - Giza
Tel: (202)35674200
Fax: (202)35674299

Hadayek Al Ahram:
Reviera Mall - Hadayek Al Ahram – 12572- Giza

Moustafa Mahmoud Group
Agouza:
1 Aswan Square - Al Agouza - 12311 - Giza
Tel: (202)33000500
Fax: (202)33000599

Gameat El-Dowel El-Arabia:
9 Gameat El-Dewal El-Arabia – Al Mohandseen - 12411- Giza
Tel: (202)33003700
Fax: (202)33003799

Kitkat:
5A Mohamed Roushdy St.- 8A El Nabawy El Mohandes Sq.- Agouza– 12411 - Giza
Tel: (202)33080200
Fax: (202)33080299

Lebanon:
30 Lebanon St.-El Mohandseen – 12411 - Giza
Tel: (202)33000900
Fax: (202)33000999

Moustafa Mahmoud:
2 El Fawakeh St.- Mohandseen – 12311 - Giza
Tel: (202)33315000
Fax: (202)33315099

Shehab:
7 Shehab St.- Mohandseen - 12411 - Giza
Tel: (202)37618783
Fax: (202)37617965

Sphinx:
3 Ahmed Orabi St.- Sphinx Square - 12411 - Giza
Tel: (202)33002500
Fax: (202)33002599

Sudan:
149-151 Sudan St.- Mohandseen – 12411 - Giza
Tel: (202)33346800
Fax: (202)33346899

Wadi El Nil:
22 Wadi El Nil st. – Mohandseen – 12411-Giza.
Tel: (202)33346881
Fax: (202)33346889

October Group
October - industrial zone:
October City - Banks Area – Industrial Zone 4 - 12451 - Giza
Tel: (202)38281600
Fax: (202)38281699

Chillout Park:
Store No. (3A) - Restaurant Compound - Alex - Cairo Desert Road - 12451 - Giza
Tel: (202)33783201
Fax: (202)33783204

Park Avenue:
Unite # G/213 - Park Avenue Project - Cairo/ Alex Desert Road – 12461-Giza
Tel: 01208888368
6th of October Distinguished

District:
University Mall - Behind Misr University - 6th of October - 12451 -Giza
Tel: (202)38247514
Fax: (202)38247513

Mall of Arabia:
Unit No. 071 H - Mall of Arabia - 6th of October - 12451 - Giza
Tel: (202)38260229
Fax: (202)38260231

Banks Complex Mall -West Somid :
Service Center Neighbhood 9 , 10 – West Somid - 6th of October - 12566 - Giza
Tel: (202)38249047
Fax: (202)38249048

IDG:
IDG - Main Service area - Food court – 6 October –12451- Giza
Tel: (202) 38642395
Fax: (202) 38642398

Strip Mall:
Commercial Store No. 1L - Plot # 9 &10 of Auto Ville Project - Strip Mall - Dahshour
Road - EL Sheikh Zayed – 12857 – Giza
Tel: (202)38579193

El Sheikh Zayed:
Al Mogawra 1 - Building 105 front of Zayed Hospital - 6th of October -12461 - Giza
Tel: (202)37944107
Fax: (202)37944109

Prima Vista:
Unit No. G9/3,F7/1 Mall Prima Vista - Block 1/9 - El-Mehwar El- Markazi - 6th Of October -12451 - Giza
Tel: (202)25983800
Fax: (202)25983899

ElMajarra:
El Majarra Complex - Plot No. (12) Mehwar Crazy Water – Sheikh Zayed - 6th of October - 12461 - Giza
Tel: (202)38272600
Fax: (202)38272699

Sila Mall:
Sila Mall , Plot #2/28/B, - Mehwar El-Markazi - 6th of October city-12451- Giza
Tel: (202)38274000
Fax: (202)38274099

Smart Village:
Egyptian Exchange Building – Smart Village - 6th of October - 12577 - Giza
Tel: (202)35371050
Fax: (202)35371053

Mazar:
Mazar Mall - 16th Neighborhood – Sheikh zaied , 6th Of October city- 12461-Giza
Tel: (202)37952551
Fax: (202)37952554

Karma 4:
Karma Mall 4 - 17th Neighborhood -Sheikh zaied , 6th Of October city- 12461-Giza
Tel: (202)37862718
Fax: (202)37862724

Alexandria Region

Roushdy Group:
Damanhour:
19 El Gomhoria St.- Karta - 22111 - Damanhour
Tel: (2045)3370900
Fax: (2045)3370999

Khaled Ibn El-Waleed:
631 Al Guish Avenue - Off Khaled Ibn El Waleed - Miami - 21421 - Alex
Tel: (203)5381100
Fax: (203)5381199

Miami:
265 Gamal Abdel Nasser Avenue – Miami - 21421 - Alex
Tel: (203)5381000
Fax: (203)5381099

Roushdy:
240 El Geish Road (Kourniche) – 21311 - Alex
Tel: (203)5419500
Fax: (203)5419599

Mamoura:
Royal Mall - Mamoura Road - 21421 - Alexandria.
Tel: (203)3253943
Fax: (203)3253954

Montaza:
737 El Geish Road - Mandara – 21421 - Alex
Tel: (203)5487619
Fax: (203)5487932

Sporting:
293 El Horreya Road - 21311- Alex
Tel: (203)4291624
Fax: (203)4291598

Semouha Group:
Fawzy Moaaz Street:
74 A Fawzy Moaz St.- Semouha - 21431- Alex
Tel: (203)4196700
Fax: (203)4196799

Glym:
10 Abdel-Salam Aref St.- Glym - 21311 - Alex
Tel: (203)5815500
Fax: (203)5815599

Kafr El Dawar:
Building no 1 in Adghan – 50 kanal str. –entrance of new bridge – kafer el dawar city –22221- el Behera governorate
Tel: (2045)2249000
Fax: (2045)2249099

Kafr Abdou:
26 Ismaillia St.- Across Ismallia with Saint Geni - Kafr Abdou - 21311 -Alex
Tel: (203)5419560
Fax: (203)5419596

Loran:
723 Tareq El Horreya - Loran – 21411 - Alex
Tel: (203)5702634
Fax: (203)5702635

Moustafa Kamel:
16 Ibrahim Sherif St.- Mostafa Kamel - 21311 - Alex
Tel: (203)5419600
Fax: (203)5419699

Semouha:
35 Vector Emanual Square – Semouha - 21431 - Alex
Tel: (203)4199003
Fax: (203)4195999

Wabour El-Mayah:
243 Ahmed Ismail St.- Behind Olympic Club Wabour El Maya - 21131 - Alex
Tel: (203)4294189
Fax: (203)4295684

Zizenya:
601 El-Horaya St.- Zizenya - 21411 - Alex
Tel: (203)5819300
Fax: (203)5819399

Sultan Hussien Group
Agami:
Gate No. 8 Agami Star Mall - Bitash - 21221 - Alex
Tel: (203)4318708
Fax: (203)4318709

Ahmed Orabi Square - El Manshya:
6 Ahmed Orabi Square - Ksm Manshia – 21111 – Alex
Tel: (203)4885200
Fax: (203)4885299

Alex Port:
Unit No. 6, 7 - Ground floor – Investment Building – Alexandria Port - 21111 - Alex
Tel: (203)4833343
Fax: (203)4877797

Alexandria Entrance:
Unit No. 11, next to Al Hadika Al Dawleya - Alex Entrance - 21121 - Alex
Tel: (203)3872000
Fax: (203)3872099

Borg El- Arab:
New Borg El Arab City - 23121- Alex
Tel: (203)4630100
Fax: (203)4630199

Fouad Street:
39 El Horeya St.- El Attareen - 21131- Alex
Tel: (203)4966890
Fax: (203)4966909

Ibrahimia:
118 Port Said st. near Hehya street – El Ibrahimia - 21321 - Alex
Tel: (203)5980400
Fax: (203)5980499

Mansheya:
2 Salah Salem St.- Near ElSenteral St.- El Aatareen - El Mansheya - 21111- Alex
Tel: (203)4881200
Fax: (203)4881299

Safia Zaghloul:
33 Safia Zaghloul St.- 21131-Alex
Tel: (203)4883000
Fax: (203)4883099

Sultan Hussein:
47 Al Sultan Hussien St.- 21131 - Alex
Tel: (203)4883100
Fax: (203)4883199

Delta & Suez Canal Region

Mansoura Group
Delta City Mall:
42 El Geish St.- Borg Delta City Mall - 31111 - Tanta
Tel: (2040)3385200
Fax: (2040)3385299

El Mansoura:
213 El Gommuhuria St.- 35111 - Mansoura
Tel: (2050)2280300
Fax: (2050)2280399

"Metawaa Mall" Belqass - Dakahlia:
Green Plaza Mall - Thawra street - Belqass city –35631- Dakahlia
Tel: (2050)2780071
Fax: (2050)2780076

El Mehalla:
22 El Tegara School St.-31911 - Mehalla
Tel: (2040)2281000
Fax: (2040)2281099

El Mohafza Square:
240 El- Geish St.- El Mohafza Sq.- 35111- Mansoura
Tel: (2050)2280000
Fax: (2050)2280099

Kafr El Sheikh:
19 Ramezeya - Takseem El Moharbeen El Kodmaa - Salah Salem Street – East City District - 33111- Kafr El Sheikh
Tel: (2047)3550000
Fax: (2047)3550099

Desouk:
68 El Geish street, Desouk City -33211- Kafr El Sheikh Governorate
Tel: (2047)2555902
Fax: (2047)2555617

Lewaa Abdel Aziz St. :
Saad Zaghloul St.- Abu Aisha Building - 44111 - Zagazig
Tel: (2055)2390600
Fax: (2055)2390699

Meet Ghamr:
42 Port Said St.- Meet Ghamr – Abou Aisha Tower - 35311 - Dakhleia
Tel: (2050)4930000
Fax: (2050)4930099

Sadat City:
Block 1 - Mehwar Khadamat – seventh District - Land No.1 - Center Services - Ahmed Ismael St.- Front of Area No.11- Sadat City - 32897- Menofya
Tel: (2048)2625300
Fax: (2048)2625399

Shebeen El-Kom:
21 Gamal Abd El Nasser St.- Saharf square - kawthar building - Shebyn el kom - 32111- Menofya
Tel: (2048)2229416
Fax: (2048)2229395

Tanta:
El- Safwa Plaza Center- El-Kady St.- 31111- Tanta
Tel: (2040)3385600
Fax: (2040)3385699

Tanta Stadium:
Al Farouk Tower - Al Geish street – Tanta stadium area - 1st district -31121- Tanta
Tel: (2040)3352737
Fax: (2040)3352747

Zagazig:
Corner of Saad Zaghloul & Abdel Aziz Abaza St.- 44111- Zagazig
Tel: (2055)2390000
Fax: (2055)2390099

Menouf:
2 El toomey St. off El Gheish St., - 32911 - Menoufeya Governorate
Tel: (2048)3669303
Fax: (2048)3669306

Port Said Group:
Damietta:
67 Saad Zagloul St. Korniche El Nil - 34111- Damietta
Tel: (2057)393503
Fax: (2057)393599

Damitta Port:
Investment Building - Damietta Port First Floor - 34516 - Damietta
Tel: (2057)2292406

New Damietta:
Plot #9 - Entertainment area - 2nd neighborhood -34517-New Damietta
Tel: (2057)2405762
Fax: (2057)2405768

El-Ain El-Sokhna:
(El Suez - El Sokhna - Hurghada) Kilo 46 Desert Road - Stella Di Mare Resort Fence - 43552- Suez
Tel: (2062)3393600
Fax: (2062)3393699

El-Gomhoreya:
58 El-Goumhoria St.- 42111- Port Said
Tel: (2066)3390300
Fax: (2066)3390399

El Canal - Ismailia:
141A Tahrir St.- 41111 - Ismailia
Tel: (2064)3923560
Fax: (2046)3923552

Ismailia:
Panorama Bldg., plot 1 - El mowa'f El Gadid st.- corner el 20 St. with Shebeen El Kom St.- infront of Mogamaa El Mahakem - 41111 - Ismalia
Tel: (2064)3269000
Fax: (2064)3269099

Port Said:
Miami Building - 23 july St.- 42111 - Port Said
Tel: (2066)3390100
Fax: (2066)3390199

Shark El-Tafria Port:
Shark El-Tafria Port - 42532 – Port Said
Tel: (2066)3390380
Fax: (2066)3390389

Teda:
Ain Sokhna - Industrial Economical Zone - Service Building - First Step - 43552- Suez
Tel: (062)3597020
Fax: (062)3597021

EL-Shohadaa St - Suez:
City Mall - 45,45 A EL-Shohadaa St.- 43111 - Suez
Tel: (2062)3319125
Fax: (2062)3351150

Suez:
5 El Galaa St.- 43111- Suez
Tel: (2062)3393300
Fax: (2062)3393399

Red Sea and Upper Egypt Region:

Assuit Group:
Assuit:
2 Al Gomhoreya St.- El Watania Buildings - Building No. A- 71111- Assuit
Tel: (2088)2422500
Fax: (2088)2422599

Silicon Waha - New Assuit City:
Unit (G3-G4 Commercial Building - Technology Zone - 71684 - New Assuit City
Tel: (2088)2035059
Fax: (2088)2035063

Aswan Plaza:
Aswan Plaza Mall - Korniche El Nil St.- Bandar Aswan- 81111 – Aswan City
Tel: (2097)2391000
Fax: (2097)2391099

Beni Suef:
16 Port Said St.- Takseem El Houreya - 62111- Beni Suef
Tel: (2082)4494000
Fax: (2082)4494099

Fayoum:
10 El Hourrya St.- Baher Youssef - 63111- El Fayuom
Tel: (2084)2390700
Fax: (2084)2390799

Luxor:
109 Ma'abad El Karnak St.- beside Mubarak Library - 85111- Luxor
Tel: (2095)2399100
Fax: (2095)2399199

Menia:
76 Takseem Shalaby - 61111 - Menia
Tel: (2086)2386300
Fax: (2086)2386399

Qena:
Building No. 9 - District No. 65 – 23 july St.- 83111 - Qena
Tel: (2096)3390600
Fax: (2096)3390699

Sohag:
46 Korniche El Nil St. Borg El Nil Kebly - 82111- Sohag
Tel: (2093)2380600
Fax: (2093)2380699

Hurghada Group
El-Dahar:
1 Hurghada Stadium Shops - El Nasr Avenue - El Dahar - 84111 - Hurghada
Tel: (2065)3562000
Fax: (2065)3562099

El-Kawthar Hurgada:
Banks Area - Block 8 - El-Kawthar zone - 84111- Hurghada
Tel: (2065)3418700
Fax: (2065)3418799

Grand Beach:
Grand Beach Resort - 84111 - Hurghada
Tel: (2065)3416100
Fax: (2065)3416199

Hadabet Um El Sid:
Store No. 4 - Project of Madinat Elalaab Elmaeya- Hadabet Um Elsid - 46619 - Sharm El Sheikh
Tel: (2069)3622090
Fax: (2069)3622095

Hurghada Sheraton Road:
36 North Mountain Road - 84111- Hurghada
Tel: (2065)3416500
Fax: (2065)3416599

Hurghada City Center:
Unit #G031 ground level – Hurghada City Center Mall - Cournich Road – El Dahar - 84111 - Hurghada
Tel: (2065)3548391
Fax: (2065)3548384

Nabq Bay:
Commercial part (RI) front of Oriental Hotel Resort - Khalyg Nabq - 84111- Hurghada
Tel: (2069)3622050
Fax: (2069)3622055

Sharm El-Sheikh:
El Salam Road - Khalyg Neama – 46619 - Sharm El Sheikh
Tel: (2069)3622000
Fax: (2069)3622099

Specialized Corporate Group
El Batal Ahmed Abdel Aziz:
54 Al Batal A. A. Aziz St.- Mohndeseen - 12311 - Giza
Tel: (202)33324192 - (202)33324202
Fax: (202)33324196

Talaat Harb:
10 Talaat Harb - Ever Green Building - Down Town - 11121- Cairo
Tel: (202)27708002
Fax: (202)27708095

Under Construction:
Mall 360:
Plot # 3, 3rd neighborhood - The eastern tourist extension area - 6 of October – 12451- Giza
Tel: (202)36104591
Fax: (202)36104594

Fakous:
Plot # 198 of 189 original -Al Baghdadi (1) - Awlad El Adawy - Faqous – 47111- Sharkia Governorate
Tel: (2055)3941956
Fax: (2055)3941912

Almaza City Center:
Commercial Center "City Center Almaza" Unit (E1-11) -Al Multaqa Al Arabi District-11341-Cairo
Tel: (202)22681301
Fax: (202)22681407

Shibein 2
Gamal Abdel Nasser Street - in front of the Faculty of Engineering - Shebin El-Kom city – 32111- Monofeya

Arkan:
Plot (29-30-32) - Crazy Water corridor - Sheikh Zayed - 6th of October – 12461- Giza

Qatar National Bank ALAHLI S.A.E
P.O box 11111 - Cairo - Egypt

Tel: (202) 27707000
Fax: (202) 27707099

qnbalahli.com