



A BANK TO TRUST

A n n u a l **2018** R e p o r t



Beyond
Banking



Banking Beyond the Surface

Macro close up of a leaf in autumn

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CIB Introduction



Timeline of Milestones



1975	<ul style="list-style-type: none"> • Becomes first joint venture bank in Egypt as Chase National Bank • Becomes the first Egyptian bank to introduce an Institutional Banking Risk Rating Model
1977	<ul style="list-style-type: none"> • Becomes first private sector bank to create a dedicated division providing 24/7 banking services to shipping clients, with primary focus on business in the Suez Canal
1983	<ul style="list-style-type: none"> • After 12 years in a joint venture, on 15 June Chase Manhattan divests its stake in the Bank, deciding to reduce its minority holdings worldwide • Changes its name to Commercial International Bank (CIB)
1989	<ul style="list-style-type: none"> • Selected by BSP to become its agent in Egypt • Remains the only bank that offers this service to airline passengers
1991	<ul style="list-style-type: none"> • First Egyptian commercial bank to arrange debt swap transactions • Becomes first bank to launch smart card center in Egypt
1993	<ul style="list-style-type: none"> • Wins Euromoney's 'Best Bank in Egypt' award, the first of six consecutive wins through to 1998 • Concludes Egypt's largest IPO for a domestic bank on 12 September, with oversubscription rate of 150%, selling 1.5 million shares in a span of 10 days and generating EGP 390 million in proceeds, using no underwriters but relying instead on the Bank's own marketing and placement capabilities for share sales

1994	<ul style="list-style-type: none"> • First bank in Egypt to connect with the international SWIFT network
1996	<ul style="list-style-type: none"> • First Egyptian bank to have a Global Depository Receipt (GDR) program on the London Stock Exchange
1997	<ul style="list-style-type: none"> • First Egyptian bank to link to SWIFT via CITA • Concludes first and largest Euro-syndicated loan (USD 200 million) • Becomes first private sector bank with investment rating (after Luxor incident), rated 'BBB -' by Fitch IBCA
1998	<ul style="list-style-type: none"> • Rated 'BBB -' by S&P • First bank to link its database to that of Misr Clearing, Settlement & Deposit Company • First Egyptian bank to form a Board of Directors Audit Committee • First Internal Audit Department to be independent • One of the first Egyptian banks to establish a Custody Department • One of the first Egyptian banks to establish a brokerage arm (CIBC)
2000	<ul style="list-style-type: none"> • Hires first two Certified Bank Auditors (CBA)



2001	<ul style="list-style-type: none"> • First Egyptian bank to register its shares on the New York Stock Exchange (NYSE) in the form of American Depository Receipts (ADR) Level 1 program • First bank to introduce FX cash services for five currencies through ATM
2004	<ul style="list-style-type: none"> • Introduces Heya, the first credit card on the market to acknowledge women's financial independence
2005	<ul style="list-style-type: none"> • Only bank in Egypt to be awarded the JP Morgan Quality Recognition Award, receiving the award annually through to 2012 • Launches Osoul, its first money market fund in local currency • First bank in Egypt to launch a page on Bloomberg for local debt securities
2006	<ul style="list-style-type: none"> • First to adopt a pricing policy according to client risk rating as a step forward to abide by Basel II requirements • First Egyptian bank to execute a EGP 200 million repo transaction in the local market • First and largest Egyptian bank to provide securitization trustee services
2007	<ul style="list-style-type: none"> • Only Bank in Egypt chosen by UNIFEM and World Bank to participate in the Gender Equity Model (GEM)

2008	<ul style="list-style-type: none"> • First bank to use Value at Risk (VaR) for trading and banking book for internal risk management requirements, despite there being no regulatory requirements
2009	<ul style="list-style-type: none"> • First regional bank to introduce unique concierge and Mastercard emergency services • Only Egyptian bank recognized as 'Best Bank in Egypt' by four publications — Euromoney, Global Finance, EMEA Finance, and The Banker — in the same year
2010	<ul style="list-style-type: none"> • First Egyptian bank to establish a global transaction service department • Only bank in Egypt able to retain one of the top two positions in the primary and secondary markets for Treasury Bills and Treasury Bonds • First and only Egyptian bank to enforce business continuity standards • CIB Foundation becomes the first in Egypt to have its annual budget institutionalized as part of its founding institution's bylaws, as CIB shareholders unanimously agree to dedicate 1% of net annual profit to the Foundation
2011	<ul style="list-style-type: none"> • CIB-TCM becomes pioneer in trading in almost 114 new and unconventional currencies
2012	<ul style="list-style-type: none"> • First Egyptian bank to officially establish a Sustainable Development Department

2013	<ul style="list-style-type: none"> • First Egyptian bank to receive JP Morgan Elite STP Award • First Egyptian bank to upgrade its ADRs to trade on the OTCQX platform • First Egyptian bank to sign an agreement with Bolero International, joining the Bolero multi-bank service for guarantees • First Egyptian bank to establish an ERM framework and roadmap, endorsed and monitored by the board • Becomes first Egyptian bank to use RAROC • Breaks the record for the highest number of blood donors in a corporate office in a single-day campaign in Egypt through the Triple Effect initiative inaugurated by the CIB Foundation • First Egyptian bank to introduce an interactive multimedia platform that offers customers the option of interacting with call center agents over video calls
2014	<ul style="list-style-type: none"> • First Egyptian bank to sign an agreement with Misr for Central Clearing, Depository & Registry to issue debit cards for investors to collect cash dividends • Launches first co-brand credit card, Mileseverywhere, with national carrier Egyptair • Introduces the first interactive social media platform in the Egyptian banking industry, available 24/7 to handle all customer queries • Becomes the first bank in Egypt to sponsor the establishment of intensive care units in Sohag through the CIB Foundation, donating EGP 6 million to outfit the Pediatric Department at Sohag University Hospital with cutting-edge equipment • The first block trading transaction on the EGX takes place when Actis sells its 6.5% stake in CIB to Fairfax
2015	<ul style="list-style-type: none"> • First Egyptian bank to successfully pass external quality assurance on its Internal Audit Department • Launches roadside assistance services in Egypt • Generates highest FX income in 10 years among private-sector banks in Egypt • First Egyptian bank to recognize conduct risk and establish a framework for it, despite the lack of regulatory requirements

2016	<ul style="list-style-type: none"> • Launches mobile banking application, which includes various banking services, and offers clients numerous features to conveniently manage their accounts • Becomes the first Egyptian bank recognized as an active member in the globally renowned United Nations Environmental Program – Financial Initiative • Wins the Socially Responsible Bank of the Year 2016 award from African Banker • Recognized for the first time for several awards, including <ul style="list-style-type: none"> - Best Bank in Egypt Supporting Women-Owned and Women-Run Businesses by the American Chamber of Commerce in Egypt - Two awards in Achievement in Liquidity Risk and Operational Risk for the Middle East and Africa by Asian Banker - Best Retail Risk Management Initiative in 2016 by Asian Banker - Most Active Issuing Bank in Egypt in 2015 by the European Bank for Reconstruction and Development - Middle East Most Effective Recovery 2016 by BCI
2017	<ul style="list-style-type: none"> • Named 'World's Best Bank in the Emerging Markets' by Euromoney, making it the first bank in the Middle East and Africa to win this prestigious award • First Egyptian bank to be named 'Best Bank in the Middle East' by Euromoney • Ranks first on the EGX's sustainability index (S&P/EGX ESG) for the fourth year in a row since 2014 • Becomes the only Egyptian bank ranked on the FTSE4Good Sustainability Index
2018	<ul style="list-style-type: none"> • Named 'World's Best Emerging Markets Bank' by Global Finance, the second consecutive year in which CIB has been awarded this title by an international institution; CIB is the first bank in Egypt and the Middle East to win this prestigious award • First Middle Eastern company to be analyzed in a case study conducted by the Leadership Institute of the London Business School; CIB was selected in recognition of its data-driven, human-centric approach to leading transformation in the face of macroeconomic challenges • Establishes CVentures, Egypt's first corporate venture capital firm primarily focused on investing in transformational fintech startups and next-generation financial services platforms • Receives ISO22301:2012 certification for Business Continuity Management by PECB, a global provider of training, examination, audit, and certification standards, in partnership with EGYBYTE, a leader in the MENA market for IT service management • Ranks first on the EGX Sustainability Index for the fifth consecutive year



Our History

Commercial International Bank (CIB) was founded in 1975 as Chase National Bank, a joint venture between Chase Manhattan Bank and the National Bank of Egypt (NBE) with ownership of 49% and 51%, respectively. In 1987, Chase divested its ownership stake as part of a shift in its international strategy. NBE acquired that stake, renaming the former joint venture Commercial International Bank (CIB).

Over time, NBE's ownership stake in CIB declined, falling to 19% in 2006. That year, a consortium led by Ripplewood Holdings acquired NBE's remaining stake. In July 2009, Actis, a Pan-African private equity firm specializing in emerging markets, acquired 50% of the Ripplewood Consortium's stake. In December 2009, Actis became the single largest shareholder in CIB with a 9.09% stake after Ripplewood sold its remaining share of 4.7% on the open market. The emergence of Actis as the predominant shareholder marked a successful transition in the Bank's strategic partnership.

In March 2014, Actis undertook a partial realization of its investment in CIB by selling 2.6% of its stake on the open market, maintaining its seat on the board. In May 2014, the private equity firm sold its remaining 6.5% stake to several wholly-owned subsidiaries of Fairfax Financial Holdings, making the latter the sole strategic and largest shareholder in CIB. Fairfax is represented on CIB's Board of Directors (BoD) by a non-executive member.



What We Do

CIB is Egypt's leading private-sector bank. It is an award-winning institution dedicated to creating outstanding stakeholder value and providing superior customer service solutions to a broad range of clients. The Bank furnishes its clients with innovative solutions that satisfy their banking needs and facilitate their financial lives. The Bank's dynamic business model and commitment to fully integrating superior technology into its products and services allow it to maintain its market leadership and to offer staff an engaging work environment while generating mounting value.

The Bank serves an expansive network of retail customers, high-net-worth (HNW) individuals, and enterprises and institutions that drive the Egyptian economy. With a well-established network of 203 branches and a workforce comprising 6,759 employees, CIB provides tailored, client-centric services to clients in the corporate, commercial, retail, wealth, and small- and medium-size enterprise (SME) spheres while working to deliver the most streamlined, efficient banking service offering in the Egyptian market.

The Bank has one fully owned subsidiary, CVentures, and two affiliates, Falcon Group and Fawry

Plus, in which it owns stakes of 32.5% and 23.5%, respectively. CVentures was established in 2018 and is Egypt's first corporate venture capital firm focused primarily on investing in category-defining companies in the field of financial services. Falcon Group is a provider of security services, cash-in-transit, property management, and general and technical services. Fawry Plus offers agent banking financial services, including limited KYC services, the collection of documents needed for mobile wallet registration, prepaid and credit card issuance, loan issuance, and account opening, while also taking care of repaying loan and credit card dues and other payments such as utility, telecom, taxes, and fines.

For several years, CIB has also enjoyed the titles of most profitable bank operating in Egypt and the bank of choice for over 500 of Egypt's largest corporations. CIB was also named the World's Best Bank in the Emerging Markets at the Global Finance 2018 special awards ceremony, one year after it was awarded same title from Euromoney.



A Snapshot of Our Businesses

Corporate Banking and Global Customer Relations Group

Widely recognized as Egypt's preeminent corporate bank, CIB strives to be one of the region's leading banks, serving enterprises ranging from industry-leading corporates to medium-sized businesses.

Debt Capital Markets

Global product knowledge, local expertise, and capital resources make CIB an Egyptian industry leader in project finance, syndicated loans, securitization, bonds, and structured finance. CIB's project finance and syndicated loan teams facilitate market access for large borrowers, providing them with world-class services at execution times that are better than the market average.

Treasury and Capital Market Services

CIB delivers world-class services in the areas of cash and liquidity management, capital markets, foreign exchange, and derivatives.

Digital Banking and Global Transactional Services (GTS)

The Bank's Digital Banking and GTS Division manages all corporate and consumer online channels from the business side. Making CIB part of our customers' daily activities is the department's primary objective, which it works to achieve by developing a simple, trusted, and consultative digital experience that meets customers' needs anytime, anywhere, and on any device.

Direct Investment

As a local player that adheres to widely acclaimed international standards, CIB actively participates in select direct investment opportunities in Egypt and across the region, maximizing return on investment.

Consumer Banking

The Consumer Banking Division continues to grow and develop within the institution. Dedicated to improving customer satisfaction and delivering a consistently positive experience every time, we have different segments and offer a wide array of consumer banking products that include:

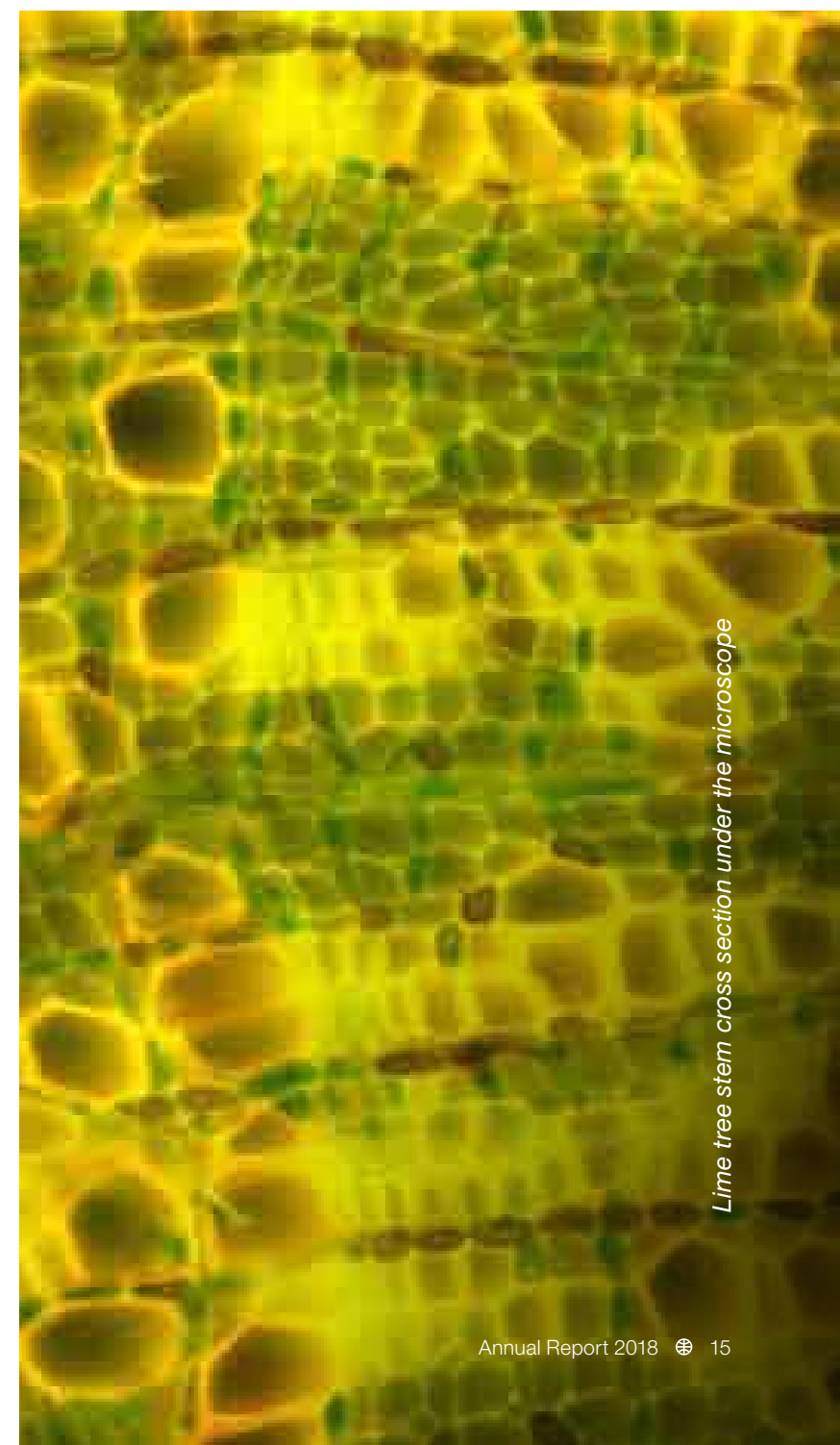
- **Private:** This segment caters to the banking and investment needs of clients with a minimum assets under management (AUM) threshold of EGP 20 million through a range of alternative solutions, including: tailored banking products and services, new lending products, investment solutions, and other wealth-related services.
- **Wealth:** This segment provides numerous investment products and services to the largest number of affluent clients in Egypt, offering customers a unique set of products and services and an exceptional customer experience.
- **Plus:** This segment caters to the needs of medium-net-worth individuals, providing them with dedicated Plus Bankers, simplified products, fast-track services, and personalized service offerings.
- **Core:** This segment relies on a customer-centric brand proposition and use of behavioral

segmentation to deepen relationships and improve loyalty among personal banking customers.

- **Personal Loans:** We extend facilities to new-to-bank (NTB) clients, self employed clients, and those with AUMs outside CIB. We also focus on all segments and payroll clients.
- **Deposit Accounts:** We offer a wide range of accounts that serve all client deposit and savings needs, which include tailored accounts for minors, youth, and senior citizens, as well as certificates of deposit. This is in addition to our standard range of current, savings, and time-deposit products.
- **Credit and Debit Cards:** CIB offers a broad range of credit, debit, and prepaid cards issued in association with Visa and Mastercard.
- **Insurance Products:** CIB's insurance business provides life and insurance programs aimed at all segments.

Business Banking

The Business Banking segment serves over 48,000 SMEs and large enterprises with revenues ranging from EGP 1 million to over EGP 200 million.



Lime tree stem cross section under the microscope



Key Financial Highlights

	FY18	FY17	FY16	FY15	FY14	FY13	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated										
Common Share Information Per Share																
Earning Per Share (EPS) *							7.26	5.76	4.56	3.58	3.55	2.67	2.42	2.43	3.00	2.63
Dividends (DPS)**							1.00	1.00	0.50	0.75	1.20	1.00	1.25	1.00	1.00	1.50
Book Value (BV/No of Share)							29.26	24.43	18.44	14.39	16.31	13.46	18.94	15.03	14.59	23.75
Share Price (EGP) ***																
High							96.5	88.8	73.6	47.4	51.3	45.4	39.8	47.4	79.49	59.7
Low							67.0	71.1	30.8	28.9	32.6	27.4	21.1	18.5	33.75	29.5
Closing							74.1	77.4	76.4	38.1	49.2	32.6	34.6	18.7	47.4	54.68
Shares Outstanding (millions)							1166.8	1161.8	1153.9	1147.1	908.2	900.2	597.2	593.5	590.1	292.5
Market Capitalization (EGP millions)							86,439	89,865	88,155	43,692	44,673	29,330	20,646	11,098	27,973	15,994
Value Measures																
Price to Earnings Multiple (P/E)							10.2	13.4	16.8	10.6	13.9	12.2	14.3	7.7	15.8	20.8
Dividend Yield (based on closing share price)							1.35%	1.29%	0.65%	1.97%	2.44%	3.07%	3.62%	5.35%	2.11%	2.74%
Dividend Payout Ratio							15.3%	15.4%	9.7%	18.5%	29.9%	34.4%	33.9%	33.9%	27.6%	24.6%
Market Value to Book Value Ratio							2.53	3.17	4.14	2.65	3.02	2.42	1.83	1.24	3.25	2.30
Financial Results (EGP millions)																
Net Operating Income****	20,379	14,890	11,315	10,189	7,741	6,700	20,351	15,192	11,370	10,165	7,717	6,206	5,108	3,837	3,727	3,173
Provision for Credit Losses - Specific	3,076	1,742	893	1,682	589	916	3,076	1,742	893	1,682	589	916	610	321	6	9
Provision for Credit Losses - General																
Total Provisions	3,076	1,742	893	1,682	589	916	3,076	1,742	893	1,682	589	916	610	321	6	9
Non Interest Expense	4,224	3,119	2,433	2,025	1,705	1,608	4,223	3,119	2,433	2,028	1,705	1,450	1,445	1,337	1,188	1,041
Net Profits	9,582	7,516	6,009	4,729	3,741	3,006	9,556	7,550	5,951	4,641	3,648	2,615	2,203	1,749	2,141	1,784

* Based on net profit available for distribution (after deducting staff profit share and board bonus) and unadjusted for stock dividends

** 2018 DPS after taking into account the share distributions of one share for every four shares

*** Unadjusted to stock dividends

**** 2016, 2015, and 2014 excluded CI capital profit (discontinued operation)

	FY18	FY17	FY16	FY15	FY14	FY13	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated										
Common Share Information Per Share																
Financial Measures																
Cost : Income	20.33%	20.79%	21.36%	19.61%	22.84%	23.54%	20.35%	20.38%	21.26%	19.69%	22.91%	22.89%	28.01%	35.26%	33.11%	32.31%
Return on Average Common Equity (ROAE)*****	33.14%	32.45%	34.24%	33.46%	31.31%	29.45%	33.13%	32.71%	34.03%	32.80%	30.25%	24.77%	24.18%	22.23%	30.46%	31.18%
Net Interest Margin (NII/average interest earning assets)							6.43%	4.97%	5.47%	5.74%	5.41%	5.36%	4.74%	3.71%	3.62%	3.81%
Return on Average Assets (ROAA)	3.03%	2.69%	2.71%	2.95%	2.94%	2.93%	3.02%	2.72%	2.70%	2.90%	2.87%	2.54%	2.47%	2.20%	3.11%	2.97%
Regular Workforce Headcount	6,759	6,551	6,714	6,332	5,697	5,490	6,759	6,551	6,422	5,983	5,403	5,193	4,867	4,517	4,360	4,162
Balance Sheet and Off Balance Sheet Information (EGP millions)																
Cash Resources and Securities (Non. Governmental)	69,068	63,684	77,523	34,808	19,328	16,413	69,030	63,673	73,035	34,097	19,430	16,646	16,764	19,821	16,854	16,125
Net Loans and Acceptances	106,377	88,428	85,384	56,836	48,804	41,866	106,377	88,428	86,152	57,211	49,398	41,970	41,877	41,065	35,175	27,443
Assets	342,461	294,782	267,544	179,500	143,813	113,752	342,423	294,771	263,852	179,193	143,647	113,752	94,405	85,628	75,093	64,063
Deposits	285,297	250,723	231,741	155,234	121,975	96,846	285,340	250,767	231,965	155,370	122,245	96,940	78,835	71,574	63,480	54,843
Common Shareholders Equity	34,228	28,439	21,374	16,535	14,754	11,960	34,147	28,384	21,276	16,512	14,816	12,115	11,311	8,921	8,609	6,946
Average Assets	318,622	281,163	223,522	161,657	128,783	103,854	318,597	279,312	221,523	161,420	128,700	104,079	90,017	80,361	69,578	60,595
Average Interest Earning Assets	290,869	257,931	203,053	146,033	117,031	94,749	290,869	258,315	203,625	145,835	117,133	94,605	79,834	70,549	61,624	53,431
Average Common Shareholders Equity	31,334	24,907	18,955	15,645	13,357	11,362	31,265	24,830	18,894	15,664	13,465	11,713	10,116	8,765	7,777	6,288
Balance Sheet Quality Measures																
Equity to Risk-Weighted Assets*****	16.93%	15.59%	13.34%	15.76%	15.77%	15.28%	16.89%	15.56%	13.28%	15.74%	15.84%	15.50%	15.69%	14.49%	15.85%	15.34%
Risk-Weighted Assets (EGP billions)	186	169	150	96	84	70	186	169	150	96	84	70	65	55	49	41
Tier I Capital Ratio*****	16.16%	14.93%	12.90%	15.01%	15.70%	15.23%	16.16%	14.93%	12.90%	15.01%	15.70%	15.23%	14.33%	14.15%	15.66%	15.28%
Adjusted Capital Adequacy Ratio*****	19.09%	18.03%	13.97%	16.06%	16.77%	16.32%	19.09%	18.03%	13.97%	16.06%	16.77%	16.32%	15.71%	15.40%	16.92%	16.53%

***** Total equity after profit appropriation

***** After profit appropriation, from 2012 to 2018 as per Basel II regulations



Strategy

CIB's strength lies in a flexible strategy that allows it to constantly adapt to unremitting changes in market dynamics, creating value for stakeholders each step of the way. The BoD and executive management share a philosophy of placing clients at the heart of every decision and the same mission of achieving sustainable financial and non-financial growth. To accomplish this, we rely on our employees and are determined to constantly develop their skills and provide them with the latest innovative technology.

Our Vision

To uphold CIB's distinct reputation as a leading and trusted financial institution in Egypt, respected for its people, strong core values, performance, and commitment to inclusive, responsible, and sustainable growth.

Our Mission

To create outstanding stakeholder value by providing best-in-class financial solutions to the individuals and enterprises that drive Egypt's economy. Through our innovative product offerings, superior customer service, staff development strategies, and commitment to sustainability, we will realize our ambitions and help shape the future of banking in Egypt for years to come.

Our Objective

To grow and help others grow.

Our Values

A number of core values outline the way in which CIB employees work together to deliver effective results for our customers and community.

Integrity

- Exemplify the highest standards of personal and professional ethics in all aspects of our business
- Be honest and open at all times
- Stand up for our convictions and accept responsibility for our own mistakes
- Comply fully with the laws, rules, and practices that govern CIB's business in Egypt and abroad
- Say what we do and do what we say

Client Focus

- Our clients are at the heart of our activities, and their satisfaction is our ultimate objective
- Our success is dependent upon our ability to provide products and services that help our clients achieve their goals
- We partner with our clients and work together as a single team with success as our primary objective

Innovation

- CIB has been a pioneer in the financial services industry since inception 40 years ago as the first joint venture bank in Egypt; we believe innovation is a core competitive advantage and promote it accordingly
- We seek to lead Egypt's financial services industry into the future, with innovation being key to serving the millions of Egyptians who remain unbanked or underserved

Hard Work

- Our work is governed by discipline and perseverance to achieve outstanding results for both our clients and stakeholders

- Our commitment to our clients is guided by our drive for excellence
- We work with our clients to accomplish their current goals and anticipate and plan for their future goals and objectives

Teamwork

- We collaborate, listen, and share information openly within the CIB family to enhance every staff member's knowledge base and skill set
- Each member of our staff is an ambassador for CIB's corporate brand and image
- We value and respect each other's cultural backgrounds and unique perspectives

Respect for the Individual

- We respect all individuals, whether employees, clients, shareholders, or community members
- We treat each other with dignity and respect and take the time to respond to questions and concerns
- We firmly believe each individual should have the space to make suggestions and offer constructive criticism
- CIB is a meritocracy, where all employees are privy to equal development opportunities based only on merit and accomplishments

Decorum

- CIB holds employee-client and business etiquette in the highest regard and maintains strict policies for governing decorum
- The observance of good behavior, speech, actions, and dress code is part and parcel of our culture at CIB



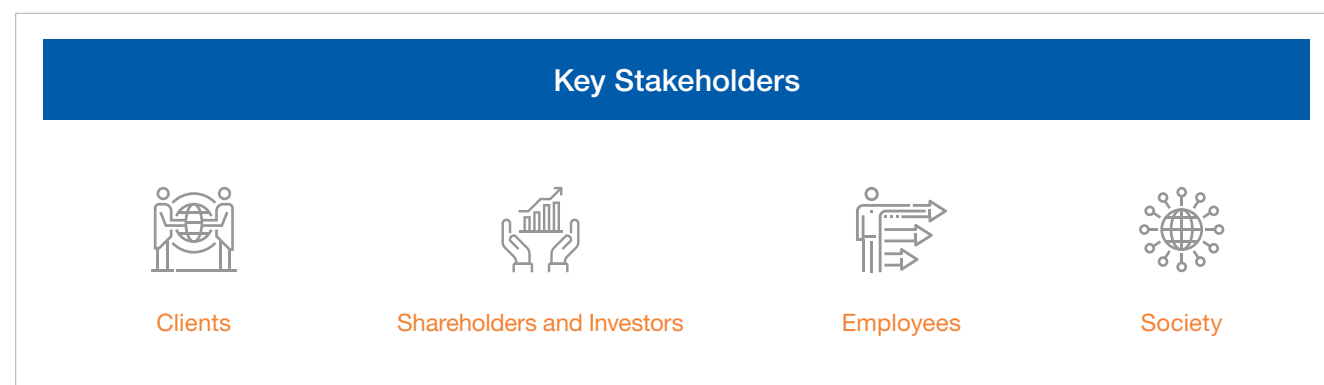
Value Creation Model

Value creation is and has always been one of the main pillars of the Bank's strategy and focus. CIB works diligently to create value for its shareholders, customers, employees, and society. To do this, the Bank efficiently utilizes its key resources to best serve its strategic priorities, taking into account all the macroeconomic driving forces that prevail. This results in creating both financial and non-financial value for CIB's stakeholders.



CIB's strength lies in a flexible strategy that allows it to constantly adapt to unremitting changes in market dynamics, creating value for stakeholders each step of the way.

Value Creation Model



Resources (Input)	Value Created (Outcome)	
<p>Financial Capital Strong financial capital is always re-invested in the Bank's activities</p>	<ul style="list-style-type: none"> • EGP 9.58 billion in net income • EGP 20.38 billion total revenues • EGP 34.2 billion net worth • EGP 342 billion total assets • EGP 285 billion total deposits • EGP 86.4 billion market capitalization • 33.1% ROAE • 4.06% NPLs • 20.3% cost/income 	<p>Financial Performance</p> <ul style="list-style-type: none"> • Ranked #1 bank among all Egyptian private-sector banks in terms of revenues, net worth, total assets, and deposits • The largest market capitalization in the Egyptian banking sector • One of the highest ROEs, compared to a market average of 21.5% • One of the lowest efficiency ratios among Egyptian private-sector banks
<p>Human Capital CIB's in-depth expertise in different industries is mainly rooted in our skilled, specialized and dedicated staff</p>	<ul style="list-style-type: none"> • 6,759 total workforce as of year-end • 291,466 training hours • 92% of employees completed the fourth Employee Effectiveness Survey (EES) • 63% engagement level • 52% enablement level 	<p>Human Capital</p> <ul style="list-style-type: none"> • Highly skilled staff capable of sustaining CIB's path of success and maintaining the Bank's leading position within the market
<p>Technological Infrastructure The Bank continuously invests in its IT systems and ensure they are up-to-date to make certain that the business runs smoothly</p>	<ul style="list-style-type: none"> • CIB's systems availability exceeded 99% 	<p>Technological Infrastructure</p> <ul style="list-style-type: none"> • Stable, agile, and safe systems that provide seamless services to clients through CIB's swift adoption of the latest technology as it arises

Resources (Input)	Value Created (Outcome)
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Innovation

Innovation is chiseled in the Bank's DNA, and CIB is at the forefront of the market in offering simple, fast, and contextual experiences to its customers, with a special focus on digitalization

- **#1 in mobile wallet activity** in Egypt
- **#1 in mobile banking penetration** in Egypt
- 61% y-o-y increase in number of new mobile banking downloads, and 49% y-o-y increase in number of transactions
- 95% y-o-y increase in number of new internet banking clients, and 26% y-o-y increase in number of transactions
- 50% y-o-y increase in number of new smart wallet users, and 50% y-o-y increase in number of transactions
- **Largest ATM network** among private banks, at 917 ATMs

Innovation

- Expanding in digital banking platforms through availing more services on digital portals to our clients. CIB offers bill payment through IVR; a service offered by no other bank in the market. Digital banking achieved total cost synergy of EGP 1.5 billion, a 156% y-o-y increase

Client Relationships

CIB has long-standing relationships with clients that are built on trust

- 19% y-o-y increase in customer-base, reaching more than **1.3 million** clients in 2018
- 6% y-o-y increase in total new to bank clients in 2018
- More than **250** MNCs and international Companies are CIB clients, with 32 being Fortune 500 companies
- CSAT:
 - Wealth 8.4 in 2018 (up from 8.3 in 2017)
 - Plus 8.3 in 2018 (up from 8.2 in 2017)
 - Corporate 8.1 in 2018 (up from 7.5 in 2017)
- NPS:
 - Wealth 47 (vs 20.3 NPS ME Benchmark)
 - Plus 43 (vs 20.3 NPS ME Benchmark)
 - Corporate 43 (vs 37.9 NPS ME Benchmark)

Client Relationships

- CIB listens attentively to its clients and continuously incorporates customer feedback into its financial offering as part of the Bank's customer-centricity strategy. As a result, CIB's Net Promoter Score (NPS) and Customer Satisfaction (CSAT) score improved year on year

Resources (Input)	Value Created (Outcome)
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Brand Recognition

CIB's core values enabled the Bank to preserve and strengthen its brand positioning in the financial services market in Egypt as the largest private bank

- **#38** on Forbes Middle East "Top 100 Listed Companies in the Arab World", and ranked #1 ahead of the other three Egyptian companies on the list

Brand Recognition

- CIB was named "World's Best Emerging Markets Bank" by Global Finance for 2018 for the second consecutive year after being named "World's Best Bank in Emerging Markets" by Euro-money in 2017. CIB is the first bank in the Middle East and Africa to win this prestigious award

Sustainability

CIB is managing its environmental footprint by applying the highest standards related to its energy and water consumption, carbon footprint, and waste management

- **2.53%** decline in electricity consumption in 90 mega buildings
- Saved **103 million** liters of water; 40% reduction in water consumption
- Saved **737** A4 paper boxes
- Two head offices are awarded the highest environmental GPRS Green Level
- Ranked **#1** on the EGX Sustainability Index in 2018 for the fifth consecutive year
- CIB became the **first Arab and African company** to be listed on the 2019 Bloomberg Gender Equality Index (GEI) — the world's only comprehensive investment-quality data source on gender equality

Sustainability

- Aligning our activities with the Sustainable Development Goals (SDGs), Egypt's Vision 2030, and Paris Agreement on Climate Change
- We have an e-waste management initiative to safely dispose of mobiles, computers, and others
- Biodegradable plastic bags are now used across CIB
- Our annual Sustainability Report is in line with the Global Reporting Initiative (GRI) Core Standards, which provide the most comprehensive framework for sustainability reporting
- CIB is one of only two banks in Egypt and the MENA region to participate in the development of the UNEP-FI's Principles for Responsible Banking, the first set of guiding principles focusing specifically on the banking industry



Having first offered its shares to the public in 1995, CIB has since become the biggest constituent on the Egyptian Stock Exchange (EGX) and is viewed as the gateway to Egypt. Investors and analysts often view CIB's stock as a proxy for the Egyptian market, with the Bank acting as a mirror for the local banking sector. The economy's growth prospects is generally depicted in the credit outlook, while retail banking is seen as portraying the longer-term story of financial inclusion.

CIB was the first Egyptian bank to offer its shares on international markets with a GDR program on the London Stock Exchange (LSE) in 1996. In 2001, CIB was again a first, being the first Egyptian bank to register its shares on the NYSE in the form of ADR Level 1 program.

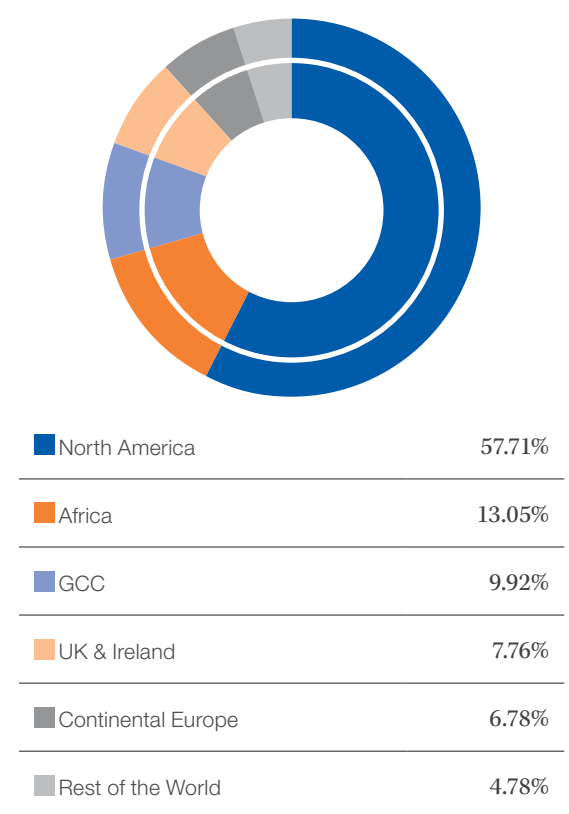
In 2012, the Bank began trading on OTCQX International Premier, a segment of the OTCQX marketplace reserved for world-leading, non-US companies listed on a qualified international exchange and providing their home country disclosure to US investors.

In 2018, CIB increased its ADR program by an additional 450 million ADRs to reach 500 million. By the end 2018, CIB's total issued shares were 1,166,832,640, the Bank's GDR outstanding position reached 358,139,055 shares, representing 30.70% of issued shares, and its ADR outstanding position recorded 16,946,344 shares, representing 1.45% of issued shares.

CIB has the highest weight on the EGX30, accounting for 34.19% of the index, and has the highest free

float at 93.4%. The Bank's stock is one of Egypt's most liquid, and it is the most valuable financial institution with a market capitalization of EGP 86.4 billion as of December 2018.

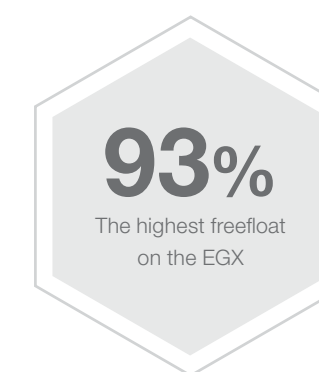
As of December 2018, CIB's institutional shareholder structure was broken down by region as follows:



CIB works diligently to increase value for its stakeholders. One way it does so is through the Bank's active Investor Relations Division, which maintains a proactive investor relations program to keep shareholders and investors abreast of developments that could have had an impact on its performance. The team and senior management invest significant time in one-on-one meetings, roadshows, investor conferences, and conference calls. The team spares no effort in providing the investment community with a consistent stream of transparent disclosures while simultaneously ensuring analysts have the information they need to maintain balanced coverage of the Bank's shares.

During 2018, the team along with senior management took part in nine local and international investor conferences held in the UK, US, Africa, and the Gulf, in addition to seven roadshows and one business trip. Alongside several in-house meetings, the team conducted a total of 255 one-on-one and group meetings throughout the year and met with 491 local and international investment funds and research analysts. CIB hosted several conference calls in 2018, bringing its senior management together with the investor community.

Disclosures, including regular updates and releases, were periodically made available on CIB's Investor Relations website as well as the EGX, LSE, and OTCQX portals in a timely manner that ensures fair access to information for investors from around the world, allowing them to make informed investment decisions.



As a result of the team's conscious efforts to further enhance its Investor Relations program, CIB's Head of Investor Relations received a nod as the "Best Investor Relations Professional – Egypt" in a 2018 study conducted by the Middle East Investor Relations Association (MEIRA) in partnership with Extel. This is the fifth year running in which CIB has received at least one award from MEIRA.

Symbols and Codes
Egyptian Stock Exchange (EGX) SYMBOL: COMI
London Stock Exchange (LSE) SYMBOL: CBKD
OTCQX Int'l Premier (ADR Level 1 program) SYMBOL: CIBEY

Key Indicators

» **10 EGP**
Par Value

» **1:1**
GDR Convertibility

» **86.4 EGP**
Largest Market Cap on EGX30

» **34.19%**
Highest Weight on EGX30

» **7.26 EGP**
Earnings per Share

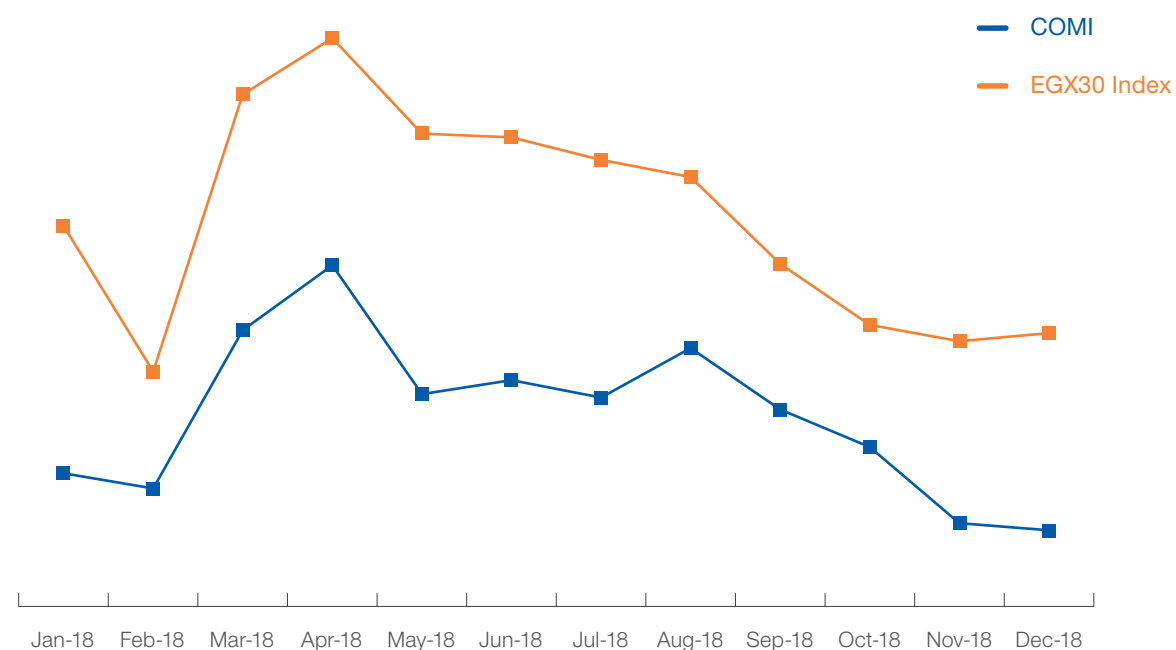
Equity Analysts' Ratings

CIB is widely covered by leading research houses both locally and internationally. In 2018, 16 institutions regularly issued research reports on CIB, with 62% of analyst recommendation being 'Buy', 31% 'Hold', and only 6% 'Sell'.

COMI started the year with an open price of EGP 76.97 and ended it at EGP 74.08, with -7.14% in

VWAP (y-o-y) mainly on the back of global pressures and negative sentiment toward emerging markets. During 2018, CIB's price reached a peak of EGP 96.50 and a valley of EGP 67.00. The average VWAP price in 2018 was EGP 82.19, with an average volume of 1,037,108, and an average market capitalization of EGP 96 billion.

Stock Performance in 2018





A Note From Our Chairman

In Egypt and abroad, the pundits have framed the defining questions of 2019 in terms that are both short term and binary: Global growth is slowing — will it tip into recession? Will Egypt continue to attract foreign portfolio investors to its debt issuances and stock market? Is this the year that domestic interest rates start to come down? Will we see significant foreign direct investment? Who will move first: foreign or domestic investors?

Like every bank and publicly traded company in the country, CIB has a fully vested interest in the answers to these questions. But our future as an institution hinges not on those, but on more nuanced answers to much more long-term questions — questions that can, for CIB, be boiled down to just two:

- Can we help reinvent banking in Egypt for the digital age?
- Can we help lead a conversation on the reinvention of capitalism?

Our success not just as an institution, but also as a nation, hinges on the ability to answer these questions in the affirmative. And as longtime shareholders know, we have been working on answers both inside CIB branches, offices, and dealing rooms since 2011, when we placed two things at the center of our strategy: First, innovation, and second, the imperative to improve the communities in which we do business.

Reinventing banking in Egypt for the digital age has been central to our strategy since political change swept our nation in 2011. It is a subject about which our industry and policy makers alike must do more. Banks are slowly awaking to the idea that brick-and-mortar branches are not the



Extreme macro of a swallowtail butterfly wing

only touchpoints that matter. But they are not asking how they can disrupt themselves before they are disrupted by third parties. In parallel, policy makers need to expand the range of questions they are asking of the industry: The place of paper in an increasingly paperless society is only the first of many issues that must be addressed, which range from the rise of cryptocurrencies to the role of sandboxes in the trial of new technologies.

Our government has signalled clearly that it is going cashless — which will make it fundamentally paperless. The notion of physical signatures and of paper document storage are things of the past. They are among the many obstacles to digital inclusion — which, I argue, is core to financial inclusion.

In calling for wider financial inclusion, Egypt is fundamentally calling for the democratization of financial services. But as financial services increasingly go online, this means that obstacles to digital inclusion are the same barriers that prevent fuller financial inclusion. Digital financial services — the same services that will empower people to better their lives — cannot be provided to consumers if the very consumers do not have access to the internet.

At its core, financial inclusion means mobilizing money supply and savings to fund growth and development — whether that's of micro-businesses or small companies, of national champions or state-driven mega-projects. As an industry and as a society, this means taking stock of all challenges (including regulatory ones) that stand in the way of digital inclusion and start breaking them down.

That's why, as Egypt takes over the presidency of the African Union this year, we are working with the government to make a Declaration on Financial Inclusion a cornerstone of development policy not just for Egypt, but for our continent. Broadband internet that is universally and affordably accessible by even the most humble of low-income earners is what will make financial inclusion possible.

In parallel, a debate over the future of capitalism in Egypt is essential if we are going to create tangible value in the communities in which we live and serve. This debate is the next natural step in a shift that has seen companies move from philanthropy

to corporate social responsibility, then onward to Environmental and Social Governance (ESG) approaches and, today, to the new imperative to create shared value (CSV).

In times gone by, a philanthropic approach to creating value for a low-income earner was to donate to a charity that provides a benefit to her — it was about using corporate wealth to try to drive a measure of social change. A CSV-led approach would, as CEO Magazine wrote in 2016, put that donation in the context of a program that ensured benefits flowed back to the donor in the form of “improved morale, increased staff retention, status as an employer of choice [or] attracting new business.”

However, Porter and Kramer, the Harvard professors who introduced the business concept in 2011, take it further — much closer to a definition we have used internally since the events of 2011 here in Egypt. They define CSV as a core business strategy, policies, and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. This means that our success and social progress are interdependent.

In the case of a microenterprise owner, it isn't just about banking her. It's about providing her with the tools today that will help her grow her business tomorrow. As she grows and creates jobs, she becomes a driver not just of our business growth, but of the economic growth of our nation.

These are the powerful ideas we know will guide our future, and they are feeding directly into our five-year plan. It will be a five-year plan that highlights ways to put technology at the heart of what we do and thereby empower our people to make the best possible business decisions. And it's about ways we create shared value for our employees, our clients, our shareholders, and the wider economy.



Hisham Ezz Al-Arab

Chairman and Managing Director



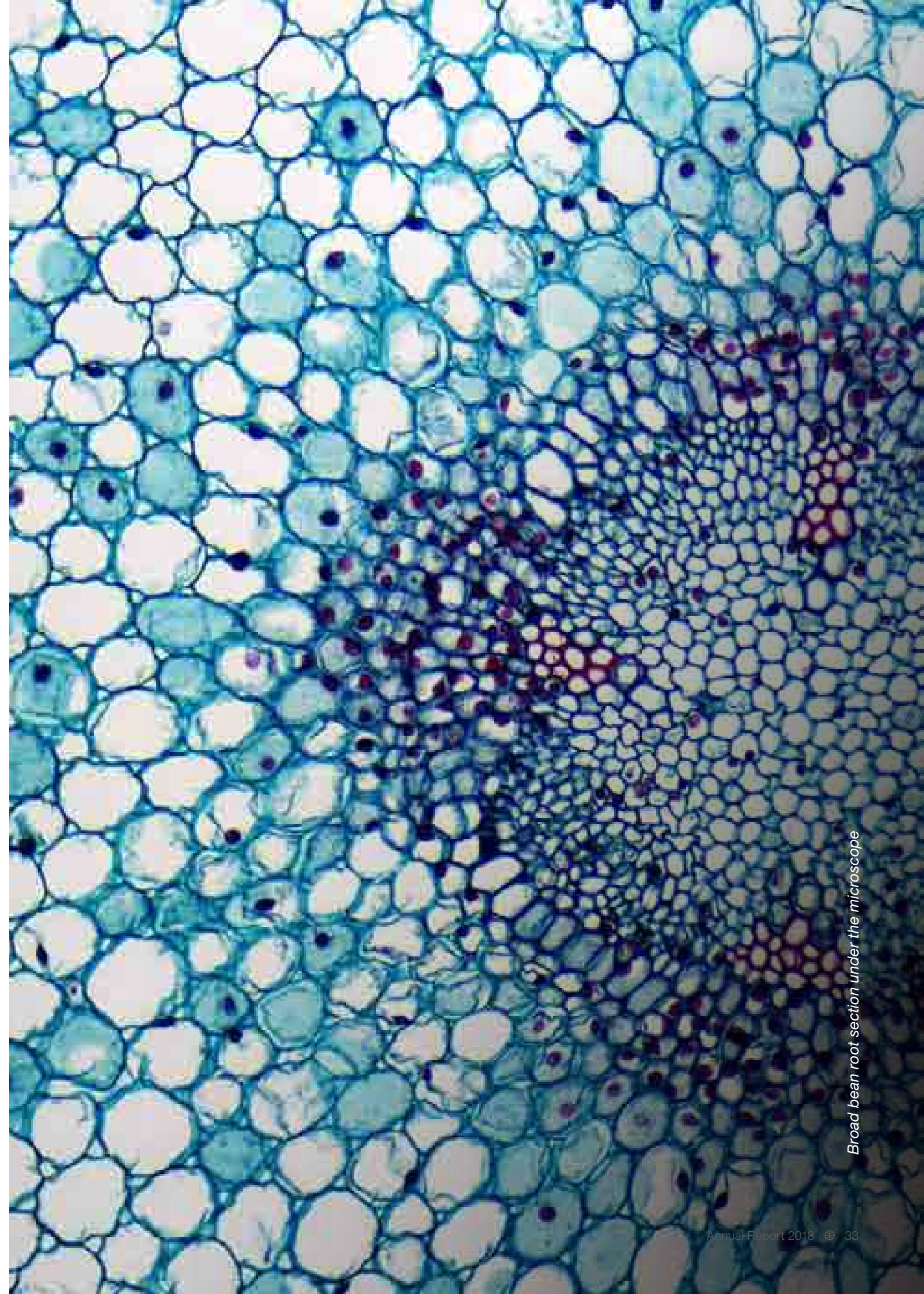
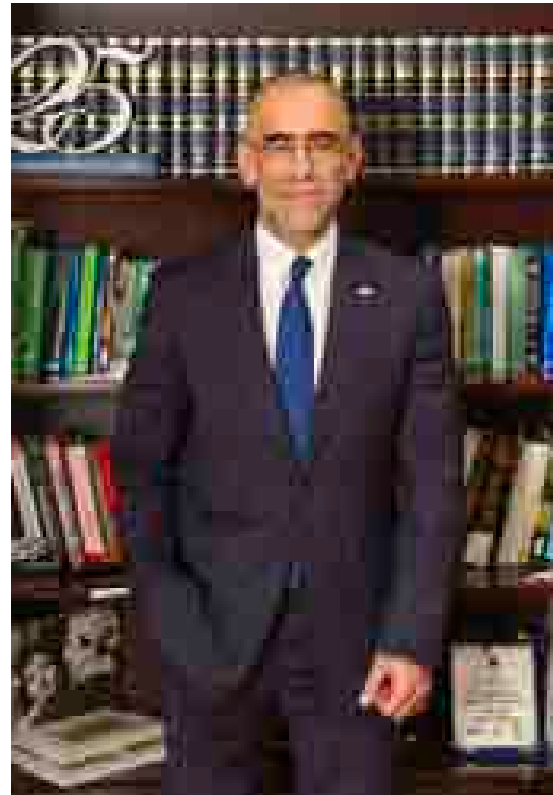
A Note From Our CEO

People are the cornerstone on which our strategy is built — brick by brick, byte by byte, transaction by transaction, day in and day out.

At tellers' counters and in our operation centres, in conversations with large corporate clients, and by sitting down with fresh graduates just entering the workforce, our people are helping Egyptians chart their financial futures. As they do so, every one of them plays an essential role in delivering a multi-track strategy that creates value for all stakeholders, from our clients to our shareholders and the communities in which we do business — and for the staff themselves, the vast majority of whom are shareholders in this institution.

This is the cornerstone of our success: Banking is fundamentally a people business, and our talented employees are the people who are building the bank of the future and leading the conversation about our industry's role in building a stronger nation. From our management committee to the most junior of support staff, these people delivered on an aggressive strategy that generated outstanding operational results — results that translated directly into outperformance in our financials in 2018.

Our staff of more than 6,750 people delivered these results because we have consistently provided them with the training, motivation, compensation, and sense of ownership they need to give their all every day. In doing so, they know they are not alone: Our management team practices an open-door policy at all levels, and we have ramped up our effort in the past year to broaden lines of communication and to hold small group meetings between regional staff and senior management nationwide.



Broad bean root section under the microscope

In the year ahead, we will redouble our effort to reach our clients — current and potential — through the channels that matter, from the electronic to the physical. Yes, the physical: Digital banks are the wave of the future in Egypt, as they are in developed markets, and CIB has clearly and consistently made significant headway in building out some of the most innovative digital banking frameworks the market has seen in recent years. But as experience as far away as Canada has shown, branches remain important in drawing new clients into the banking system, whether they are business owners or new entrants to the workforce, employees or retirees.

And this is the very lynchpin of our strategy to champion financial inclusion in Egypt. From the business press to the halls of power, financial inclusion is the topic of the day — as it should be. It has also been central to our mission for years as we have sought to bring employers and their people into the banking system. By combining the strength of our long-standing branch network and digital solutions that bring us ever closer to a cashless society, bringing in as many people into the banking fold as possible becomes not just a mission but a reality. That's why our people work tirelessly to make it easier for our clients to bank with us, be that through tellers at brick-and-mortar branches or strategists developing our digital channels.

In terms of how we've accomplished this on the ground in 2018, our consumer banking arm delivered another very strong year, and we see substantial room for continued growth in 2019 on both the asset and liabilities side. But we are particularly excited about the outlook in 2019 and 2020 for our institutional banking arm — the traditional growth engine of our bank. This outlook is underpinned by a cautiously optimistic reading of the macroeconomic climate in Egypt today.

The government of Egypt has stayed the course through an aggressive reform process that is leaving us on a much stronger footing. Our four key sources of hard currency inflows — tourism,

remittances, the Suez Canal, and the oil and gas industry — are all on the upswing. The state continues to have access to foreign debt markets, and global institutional investors returned in early 2019 to Egyptian local-currency debt. As a nation, our foreign exchange position is strong, and the volatility we have so far seen in 2019 in the official exchange rate is fundamentally healthy.

In parallel, inflation is edging down toward the single digits and it is now clear that consumer purchasing power is coming back: Egyptians are, by and large, shaking off the effects of the devaluation. While this is obviously good news for our consumer banking arm, it is better on the institutional side of the business: Capacity utilization for our corporate clients is rising in lock-step with the return of consumer sentiment.

These utilization rates set businesses on a straight-line path to a single destination: Borrowing not to finance working capital, but to fund capital expenditure on expansion. Borrowing by corporate Egypt will send all the right signals to foreign investors who have (outside of the petroleum industry) largely sat out the last two years. It will signal that local businesses have confidence in the domestic economy.

All of us at CIB look forward to the real business of banking: The prudent management of risk as we extend capital to businesses and people who will use it to drive growth in our economy. It is why we all became bankers. It is why our five-year strategy is what it is. It is why we are actively leading the conversation about the future of our industry. And it is what makes us so passionate about leaving the communities with which we do business better than we found them.



Hussein Abaza

Chief Executive Officer



Board of Directors' Report

Introduction

Much has changed since last year's BoD report; some developments were predicted, while others were completely unexpected. On balance, the macro and micro situations are better than they were at this time last year.

Macroeconomic Environment

Inflows of foreign currency into Egypt's economy have risen significantly year-on-year (y-o-y), with growth coming from a number of sources. Remittances from Egyptians working abroad soared by 21% y-o-y to record USD 26 billion in FY2018. Tourism is flourishing once more, with tourist arrivals up by 48% and tourism receipts growing at a healthy 124%. As of FY2018, revenues from the Suez Canal had grown by 15% y-o-y. As the Zohr gas field ramps up production, Egypt has taken another step toward self-sufficiency in natural gas. The last shipment of imported liquefied natural gas (LNG) was received in September 2018. By the end of 2019, Egypt should be making annual savings of USD 4-6 billion (or 32%-48%) on its petroleum import bill, which recorded USD 12.5 billion for FY2018. Egypt was named the largest recipient of foreign direct investment (FDI) in Africa in 2018 in a recent report by the United Nations Conference on Trade and Development (UNCTAD), with investments made in the real estate, food processing, oil and gas exploration, and renewable energy sectors. Egypt's FDIs in 2018 totaled USD 7.7 billion.

These positive developments are reflected in Egypt's current account: the deficit fell to USD 6 billion for FY2017/18 from USD 14 billion for FY2016/17, a decline of 59%. In FY2017/18 (which began in July 2017 and ended June 2018), Egypt achieved a primary

budget surplus of 0.1% of GDP for the first time in over a decade. GDP growth accelerated to 5.2% for the year ended after rising for six consecutive quarters. FCY reserves at the Central Bank of Egypt (CBE) continued to increase on a monthly basis in 2018, recording their highest-ever level at the end of November at USD 44.5 billion, up from USD 36.7 billion a year earlier, before declining by USD 2 billion to USD 42.55 billion in December 2018.

The government pressed ahead with an economic reform program aimed at restoring macroeconomic stability and tackling long-standing impediments to growth. Further cuts were made to fuel and electricity subsidies, which reduced Egypt's subsidy bill to 5% of GDP for 2017/18, down from 6% for 2016/17. In 2018, Egypt received USD 2 billion under the IMF's three-year USD 12 billion extended fund facility (EFF) agreement signed back in November 2016.

In light of the progress made by the government, Moody's Investors Service rating agency changed Egypt's Long-Term Issuer Ratings Outlook to Positive from Stable and affirmed its B3 issuer ratings. In addition, Fitch Ratings affirmed Egypt's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B' with a Positive Outlook.

Egypt began attracting robust investor demand for local currency (LCY) sovereign debt, with foreign inflows into T-bills recording a peak of USD 23 billion in March. However, due to a crisis in emerging markets beginning in April 2018, foreign investment in Egyptian T-bills fell by c. USD 8 billion between April and September. Nevertheless, these outflows

did not result in further currency depreciation, with foreign outflows sourced mostly from the interbank market, indicating ample FCY liquidity.

Inflation eased during the year, recording 12% in December 2018, down from 15.7% in November 2018, and a significant y-o-y drop down from 21.9% in December 2017. Consumer purchasing power strengthened noticeably throughout the year. 2018 saw an uptick in lending to companies for working capital, as firms sought to meet increased demand. Companies continued to postpone capital expenditure (CAPEX), however, as the interest rate environment remained elevated in 2018. Although the CBE cut interest rates by 100 basis points (bps) in February and by a further 100 bps in March, the 700 bps hike implemented since the currency floatation in 2016 means long-term borrowing remains expensive for many firms.

Egypt's banking sector remained the lifeline of the economy in 2018. The year witnessed steady improvement in asset quality, with aggregate non-performing loans (NPLs) as a percentage of gross loans standing at 4.4% in September 2018, down from 4.9% in FY2017. NPLs were almost fully covered by provisions as of September, with 98% of such assets allotted for. Banks were also well capitalized, with reported system-wide capital adequacy ratio (CAR) standing at 16% in September 2018, comfortably above the regulatory requirement of 11.9%.

In December 2018, the CBE suspended the FCY repatriation mechanism for new portfolio investments (including LCY Egyptian T-bills, T-bonds, and stocks

listed on the EGX) due to improved macroeconomic indicators, particularly FCY reserves and liquidity in the banking sector.

In November, the Cabinet approved amendments to laws on income tax that would modify the treatment of sovereign portfolios held by banks and corporations. The Ministry of Finance held meetings with the Federation of Egyptian Banks (FEB) to discuss the proposal and suggested methods for calculating the new tax, the final formula for which has yet to be announced by the ministry.

The EGX was negatively affected by global forces coming to the fore in 2018, declining 13.2% to end December 2018 at 13,035.77 points. In light of this, the government postponed the planned privatization of 23 state-owned companies until conditions improve. Four IPOs took place in 2018, raising a total of EGP 5.2 billion and representing an increase of 25% over 2017.

In short, Egypt's economic recovery has continued to pick up steam despite persisting challenges. The market offers ample opportunities, which CIB's executive management and employees are working diligently to turn to the Bank's advantage.

CIB's Strategy

CIB's strength lies in a flexible strategy that allows it to adapt to the unremitting changes in market dynamics, creating value for stakeholders at each step. The BoD and executive management share the same philosophy of placing clients at the heart of every decision and achieving sustainable financial



and non-financial growth. To accomplish this, we rely on the dedication of our employees, whom we are determined to help develop, while providing them with the latest innovative technology.

Relying on these time-tested values, CIB further consolidated its leading position in the Egyptian market during 2018, assisted by a three-pronged strategy of:

Dynamic Balance Sheet Management

Responding to the high interest rate environment and its impact on long-term borrowing, CIB continued to re-engineer its balance sheet in 2018 with the goal of preserving earnings. The Bank adopted a deposit-gathering strategy aimed at reshaping its funding mix. It attracted 9% of all new deposits in the banking system until October 2018 (according to the most recent available information by the CBE at the time of print), and managed to grow its current account and savings account (CASA) deposits to 56% of total deposits by the end of 2018.

The Bank maintained resilient asset quality in 2018 through its conservative risk-management strategy, while booking provisions adequate to mitigate any potential risks. Provisions for 2018 amounted to EGP 3.1 billion, bringing the loan-loss provision balance to EGP 13 billion. Of this, EGP 1.82 billion pertains to the amount transferred from unearned interest to interest income and was fully provisioned for. NPLs represented 4.06% of the gross loan portfolio, cushioned by a solid 269% coverage ratio.

The Bank remains comfortably covered in terms of capital adequacy, with year-end CAR recording 19.09% (after profit appropriation) — well above

the minimum regulatory requirement. The buffer is sufficient to accommodate any increase in capital requirements in 2019 and will preempt any unanticipated changes resulting from macro shifts.

Return on average equity (ROAE) hit 33.1% in 2018 (after profit appropriation, based on the suggested profit appropriation schedule), marking the fifth consecutive year CIB has delivered an ROAE of above 30%. At 20.3%, CIB enjoys one of the lowest cost-to-income ratios among private-sector banks, guided by management's effort to further enhance CIB's returns through efficient cost controls.

Investing in Technology

During 2018, CIB continued to upgrade its infrastructure resiliency, optimize its IT storage, and build the platforms required to maintain the Bank's position in the market.

This year, CIB reaped the benefits of its 2015 move to introduce the concept of big data to the Egyptian banking industry. With the necessary platforms in place and skillful people available to analyze the data, the Bank is ready to further solidify its leadership position through the development of more customer-centric solutions.

During the year, CIB's Analytics and Data Management (ADM) Department focused on supporting other departments with actionable analytical findings that augment decision-making. It also continued to optimize operational processes, developing solutions to reduce costs and processing times, while developing new products better able to fulfill customer needs.

In 2018, the department implemented the following projects:

- **Distributed Ledger Technology (DLT):** CIB was one of the Egyptian markets' first adopters of DLT, joining the Know Your Customer (KYC) project on R3's Corda blockchain in 2017. This year, the team focused on testing different use cases for potential development into live projects and built a local blockchain network for banks and different financial services providers.
- **Segmentation:** The Bank revamped its balance-based customer segmentation, developing a fully customized and data-driven behavioral segmentation system that will accelerate CIB's transformation into a customer- rather than product-centric institution.
- **Digital Lending Program (DLP):** ADM launched a program to help CIB penetrate the vast market of unbanked credit seekers based on their history, such as Careem captains. The program could be replicated in the future in line with CIB's commitment to foster financial inclusion in Egypt.
- **Anomaly-detection model:** In cooperation with the Compliance Department, the ADM team developed a model to minimize fraud by identifying, monitoring, and controlling fraudulent customer behavior.
- **Early warning system (EWS):** Working with the Business Banking team, ADM developed a set of guided processes that provide early identification of risks posed to business and corporate customers. The system's function is to help the Bank proactively manage its loan portfolio by reducing unsecured lending risks.

CIB Navigator: In 2018, ADM launched a tool that grants CIB employees access to dashboards, reports, and portals that help expedite decision-making. Integration of the tool into the operations of different business lines will incentivize relationship managers to persuade customers to switch to available digital portals. This year, the migration of a large volume of transactions from traditional channels to digital ones yielded cost synergies in excess of EGP 200 million.

Technological advancement is spurring a broad transformation in the global banking industry. Banking transactions no longer require bank branches only, but rather the internet and smartphones. Embracing such change, CIB has been building its digital banking platforms over the years and now provides its customers the convenience of instant, seamless banking at any time and any place.

In 2018, CIB formulated its digital business plan with the goal of integrating the Bank further into its customers' daily activities. 2018 saw the Bank upgrade several of its digital platforms, including ATMs, online banking, and its call center, further enhancing the customer experience and improving the efficiency of its services. CIB's Interactive Voice Response (IVR) service is the only one of its kind in the Egyptian market that allows governmental and non-governmental bill payment and other exclusive solutions such as credit card settlement, while its network of ATMs is the largest of any private Egyptian bank. At 18%, CIB ranks first in terms of activity rate for Egyptian mobile wallets. In 2018, CIB's online banking activity hit a record 61.4% — fruits of the Bank's continuous digital investments.

CIB believes that financial inclusion is about more than just extending financial services to the unbanked; it's about improving people's lives. Positively contributing to the Egyptian economy's long-term growth and sustainable development is an objective that rates high on CIB's agenda, directly aligning with CBE efforts to promote financial inclusion. In line with its firm commitment to help develop Egypt's financial sector and extend the latest innovative financial offerings to customers, CIB launched CVentures in 2018, Egypt's first fintech-focused corporate venture capital firm. CVentures will invest in transformational fintech startups and next-generation financial service platforms. Leveraging the firm's active exposure to international technology hubs and startup ecosystems, CIB expects CVentures to be an ideal addition to its slate of innovative products and services.

More on the fintech front, 2018 saw CIB intensify its fintech engagement by catering to the needs of fintech startups, and thus, helping the Bank build strategic alliances that enhance its financial inclusion objectives. The Bank's activities aim to create awareness on the opportunities presented by this new segment and encourage entrepreneurs to start their businesses, with the ultimate goal being to support fintech startups as they develop and launch their products and services. To date, CIB has sponsored 46 fintech startups and entrepreneurs operating in various fields. Thirty of these have been introduced to the market with CIB's backing, receiving airtime on Egypt's number one entrepreneurship TV show Hona Al Shabab with pre-seed funds awarded to the winners.

The year also saw CIB redouble its focus on agent banking — a tool to help widen the Bank's reach among Egypt's unbanked population and control the costs associated with the provision of various services to clients. The Bank established Egypt's first agent bank, Fawry Plus — a greenfield investment in agent banking. The Bank holds a 23.5% equity stake in Fawry Plus, a joint venture between CIB, Banque Misr, Fawry, and El Alameya For Consultations and Information Systems (ACIS).

In recognition of these efforts, CIB became the first Egyptian bank to receive the "Financial Inclusion Champion of the Year" FinX Award in 2018 from FinTech Galaxy and Entrepreneur Middle East. The award is a testament to the Bank's support for entrepreneurship and the customer-centric banking services that it has made available for Egyptians.

Talent Enhancement

CIB is committed to cementing its identity as an employer of choice in the Egyptian banking sector, working constantly to provide employees with the capabilities needed to thrive. Starting as early as the onboarding process, employee development and satisfaction is paramount to CIB's executive management, who focus on learning and development as well as rewards and recognition.

As part of this strategy, CIB participated in 33 events and employment fairs across several universities in Egypt and other venues during the year. To ensure that the search for top-quality candidates is not hindered by geographic logistics, in 2018 CIB established recruitment teams that visited nine governorates across Egypt.

In 2018, CIB sought to further enhance engagement, working to increase satisfaction levels and refine performance-related communication between management and employees. Ten town halls were held with middle management during the year, while 66 HR awareness sessions were conducted with first-line managers. These efforts contributed to increased participation in the fourth Employee Effectiveness Survey (EES), which stood at 92% in 2018 compared to 88% in 2016. The engagement level grew to 63% compared to 59% in 2016.

In 2018, more than 840 training courses covering both technical and soft skills benefited 5,357 employees (79% of staff) across the organization. CIB also hired 587 external individuals in 2018 (59 in increased headcount and 528 replacements) across different areas of the Bank.

Succession planning was also given considerable attention, with the aim of securing CIB's legacy.

Proper succession planning will help the Bank overcome challenges posed by a constantly changing business environment. Executive management is continuously identifying, assessing and developing cadres to ensure CIB has the calibers in place ready to assume responsibility. Forty-two key talents were selected to participate in technical and leadership development programs as part of CIB's succession plan formulated in 2016. Seventy-two percent of these individuals have been promoted to roles of greater responsibility as of year-end 2018.

2018 Financial Position

CIB reported another remarkable set of results in FY2018, with consolidated net income up 27% y-o-y to EGP 9.58 billion. Standalone net income reached EGP 9.56 billion, up 27% from 2017. Standalone revenues grew 34% over the previous year to EGP 20.4 billion. Net interest income hit EGP 18.1 billion in FY2018, an increase of 45% y-o-y.

While the Bank has historically recognized the interest from doubtful loans, not yet classified as non-performing, in the unearned interest account on the balance sheet without recording it on the income statement out of conservatism, CIB adopted a new convention in 2018, as stipulated by the CBE. These amounts were channeled through interest income and an equal amount was taken as provisions, leaving the bottom line unaffected. Unearned interest accounts pertaining to non-performing clients are now recognized as an off- rather than on-balance-sheet item. The re-engineering of CIB's unearned interest accounts was conducted over two consecutive quarters. In 2Q2018, EGP 761 million was transferred from unearned interest to interest income, followed by EGP 1.06 billion in 3Q2018. Normalized for EGP 1.82 billion additional interest income related to re-engineering of the unearned interest account, standalone revenues grew 22% and net interest income 31% over the previous year. It is worth noting that all unearned interest amounts eligible for recognition as interest income on the income statement or as an off-balance sheet item are now recognized as such, and such recycling will not



recur after 2018. Non-interest income stood at EGP 2.2 billion for FY2018, with net income from fees and commissions recording EGP 2.4 billion.

Despite a challenging year, the Bank's financial performance was strong, reflected across its financial indicators. Operational efficiency was maintained during 2018, with the cost-to-income ratio standing at 20.3% compared to 20.8% in 2017. ROAE grew to 33.1% on a consolidated basis (post-appropriation) from 32.5% in 2017. Consolidated Return on Average Assets (ROAA) recorded 3.03% (post-appropriation) for 2018, up from 2.69% in 2017. As of year-end 2018, CIB booked a net interest margin (NIM) of 6.43% (or 5.81% after normalizing for the aforementioned recycled amount) — the Bank's highest-ever — up from 4.97% a year earlier.

CIB's gross loan portfolio stood at EGP 120 billion at 2018 year-end, growing 17% (EGP 17 billion) y-o-y. This increase met the Bank's strategic objectives in maintaining asset quality and enhancing profitability. CIB's market share of total loans amounted to 6.96% in October 2018.

The Bank aggressively pursued deposit growth in 2018, adding EGP 35 billion to its base, which grew to a total of EGP 285 billion over the year, an increase of 14% from 2017. CIB's share of the deposits market reached 7.68% in October 2018.

CIB ended the year with a buoyant balance sheet and capital base, reflected in its comfortable CAR of 19.09% (after profit appropriation), far



exceeding requirements stipulated by the CBE and boosting the Bank's ability to deal with unforeseen economic circumstances.

In 2018, CIB continued to experience strong growth in net interest income, fees and commissions, and its balance sheet. Relative to peers, CIB maintained its leading position in terms of profitability and the size of its balance sheet. Overall, its strong financial performance in 2018 came in line with P&L targets.

Appropriation of Income

The BoD proposed the distribution of a dividend per share of EGP 1.00, after taking into account the subsequent share distributions after the date of issuance for financial statements, which was authenticated in the Bank's commercial register as of 28 January 2019.

In addition, CIB is increasing its legal reserve by EGP 478 million to EGP 2,188 million and its general reserve by EGP 6.4 billion to EGP 19.2 billion. This reinforces the Bank's solid financial position, as evidenced by a capital adequacy ratio (CAR) of 19.09%. The proposed dividend distribution falls in line with the Bank's strategy of maintaining a healthy capital structure to address more stringent regulations, mitigate associated risks, as well as facilitate and support the Bank's future growth plans.

2018 Operational Highlights

Institutional Banking

Despite lingering macroeconomic challenges, the Institutional Banking (IB) Group was able to meet its pre-set performance targets for 2018. The group contributed 78.4% to CIB's loan growth during 2018.

The Corporate Banking Group continued expanding its loan portfolio across different sectors, taking part in the government's ambitious plans to develop the economy by financing several mega-projects in the power, construction, food and beverage, textile, telecommunication, and oil and gas sectors. The group grew its loan portfolio by 16.4% y-o-y to EGP 95.6 billion by year-end.

The Debt Capital Markets Division further consolidated CIB's high ranking among private Egyptian banks in the fields of syndicated loans and bookrunning. CIB came in seventh among African banks on the Bloomberg League Table for African Syndicated Loans in 1Q2018, a reflection of the team's efforts. With a market share of 3.7% of deals, CIB is ranked third among Egyptian banks in this area. In 3Q2018, CIB was ranked eighth among Initial Mandated Lead Arrangers, up from the 15th in 2017, with a market share in deals of 3.1%. On the domestic front, CIB captured the lion's share of public sector debt arrangements during 2018, organizing syndicated medium-term loans worth c. EGP 69.1 billion for public sector companies and quasi-sovereigns in the power and oil and gas sectors. The division cemented CIB's position as the top bank in Egypt in the structuring of local market securitizations, closing securitization deals worth EGP 4.4 billion out of a total EGP 5 billion in the Egyptian market.

Retail Banking

Leveraging CIB's investment in data analytics, Consumer Banking made progress in implementing a behavioral segmentation strategy aimed at attracting, retaining, and deepening relationships with customers. By aligning tailor-made products and



Rainbow aura quartz in extreme detail



STP rate for
e-remittances

services with the specific needs of each segment, the Bank was able to increase customer satisfaction by better catering to its clients' needs.

In 2018, Consumer Banking introduced a new high-net-worth (HNW) segment called Private, offering an exclusive bundle of products and services tailored to clients with a minimum net worth of EGP 20 million.

Despite price competition from public-sector banks, Consumer Banking was able to increase CIB's total deposit portfolio by 18.3% y-o-y to EGP 165.2 billion in 2018. The Bank focused on gathering low-cost deposits, particularly CASA, by offering competitive rates and leveraging its long-standing relationships with corporate clients to further gather payrolls. The loan portfolio grew by 21.9% y-o-y to EGP 22.9 billion in 2018, contributing to 21.6% of CIB's loan growth during 2018.

CIB also moved to digitalize its customer loyalty program in 2018, facilitating the redemption of the loyalty points earned when executing transactions. Substituting the physical voucher with an instant e-voucher, the move was well-received by customers and resulted in higher activation rates.

The Bank's branch network remains the main channel for serving customers. In 2018, nine new branches were launched, bringing the total network to 203 branches. The Bank added 98 ATMs in 2018, expanding the network to 917. CIB commanded a POS network of 13,446 machines as of December 2018.

On the Business Banking front, revenues grew steadily year-on-year in 2018, recording EGP 2,359 million at year-end 2018, up 16% y-o-y. Deposits grew 21% y-o-y to EGP 47.5 billion, representing 17% of CIB's total deposits. The division's client base grew 15% y-o-y to 48,229 companies.

In 2018, the Business Banking Division collaborated with the US government-backed Overseas Private Investment Corporation (OPIC) to hold 12 workshops as part of the Women in Business Capacity Building program. The program aims to increase banking and financial awareness among women-owned and managed startups and small companies, promoting inclusion in the formal sector, providing access to finance, and raising CIB's standing as an institution that upholds gender equality throughout the sector.

Information Technology and Operations

CIB remains committed to upgrading its IT systems and ensuring that its platforms are continuously updated and capable of comprehensively supporting its growth plans. To improve and streamline the customer experience and enhance the Bank's product mix, CIB inaugurated two major projects in 2018: the Core Banking Release, which will allow the Bank to transition to the R18 Platform, and a new digital platform for consumers. 2018 also witnessed the delivery of another key project: the Customer Relationship Management program, which is designed to build stronger relationships with customers.

During the year, the IT department continued to improve the resiliency of CIB's infrastructure, optimize the Bank's storage, and build the enterprise platforms to maintain CIB's leadership position within the banking sector. The team also extended its support to the Analytics and Data Management team, integrating state-of-the-art technology into the Data Warehouse infrastructure to enhance report extraction and data analysis.

CIB's transformation strategy has also entailed scalable infrastructure. In 2018, the Bank took the

first steps toward implementing a new software defined network (SDN) to create a virtual network across data centers. By using this technology to create a responsive network data center, CIB will enjoy a new generation of distributed applications and will accommodate virtualized and non-virtualized environments. This will aid the Bank in fulfilling current and future business objectives related to digitalization and mobile application solutions.

Operations continue to be at the core of CIB's automation and re-engineering initiatives, which progressed in 2018 according to the automation roadmap set in late 2017. Developments ranged from shifting different tasks to call centers to re-engineering multiple processes that allow CIB to offload support duties from branch staff and shorten service delivery turnaround time. A focus on straight-through processing (STP) has allowed the Bank to reach an STP rate of 90% for e-remittances.

Meanwhile, the SMS activation of debit cards lowered the number of incoming calls to the call center, thus enhancing resource capacity. CIB's IVR call tree was also revamped to allow customers to tackle day-to-day activities with ease.

Security and Resilience Management

As technology and the internet have grown in importance, cyber security has become a pressing concern across almost all industries. CIB is continuously developing its capabilities to remain in tune with global trends and best practices. The Bank takes its security and customers' welfare seriously, and executive management has prioritized cyber security and resilience on its agenda.

CIB maintains a full set of security governance policies covering all aspects of security. These guidelines are based on international standards and best practices and frameworks. The Bank's visibility on cyber risks and threats is achieved through a fully operational Security Operations Center (SOC). Undergoing continuous enhancement, SOC proactively mitigates risk by monitoring, analyzing, and responding to

incidents. In 2018, the SOC introduced Cyber Threat Intelligence to further enhance the Bank's detection and cyber threat hunting capabilities more proactively, providing CIB with early warning signals on cyber threats and risks.

Over the years, CIB has invested heavily to mitigate cyber risks, deploying the strategies needed to ensure proper management is in place. To improve its security posture, the Bank has invested in security workforce development and enablement, enhancing the security infrastructure technology stack, and has deployed advanced threat prevention through world-class security technologies. CIB operates a dedicated internal security control function to ensure security policies are properly enforced and to raise awareness among staff on cyber security and its importance.

The Bank has been intensifying its efforts and widening the scope of its oversight along the business continuity and contingency management spectrum. To take its business continuity capabilities to the next level, CIB introduced 'resilience management' with a widened scope of oversight to cover third parties in addition to internal capabilities. The program seeks to ensure not only the resumption of business after a disruptive event, but also the preemptive protection of CIB's brand equity, resources, and staff from threats.

In 2018, CIB was the proud recipient of the ISO22301:2012 certification for Business Continuity Management. ISO 22301 certification was awarded to CIB by Professional Evaluation and Certification Board (PECB), a global provider of training, examination, audit, and certification standards, in partnership with EGYBYTE, a leader in the MENA market for IT Service Management. ISO 22301 is the International Standard for Business Continuity Management, providing guidance to certified organizations, allowing them to identify and manage current and potential threats to business. CIB's ISO-certified Business Continuity Management System puts the Bank in a position to effectively limit the risk

of unexpected incidents, allowing it to operate during challenges, reduce the likelihood of operational disruptions, and continue to provide customers with expected services while maintaining the highest level of customer satisfaction.

2019 Business Outlook

In 2019, CIB will remain committed to providing its clients with the highest quality of service and supporting their investment and financial growth plans, along with creating value for its shareholders. The Bank will continue to work diligently to maximize their returns through any operating environment. To this end, CIB will pursue a business strategy that prioritizes asset quality and profitability.

Awards and Recognition in 2018

CIB continued to garner awards during 2018. Financial institutions of global renown recognized the Bank's efforts to grow and innovate in all facets of business.

In September, CIB was named "World's Best Emerging Markets Bank" in Global Finance magazine's World's Best Banks Awards for 2018, making it the second consecutive time the Bank has received this accolade having been named by Euromoney as the "World's Best Bank in Emerging Markets" in 2017.

In June, CIB became the first Middle Eastern firm to be analyzed in a case study by the Leadership Institute at the London Business School (LBS), one of the world's top five business schools. CIB was selected in recognition of its data-driven, customer-centric approach to leading transformation in the face of macroeconomic challenges.

The Bank also ranked 38th on Forbes Middle East's "Top 100 Listed Companies in the Arab World," ranking the highest of the four Egyptian companies on the list.

Besides recognizing the significant efforts of the team at CIB, such accolades extend international testament to the outstanding capabilities and competencies of Egyptian organizations in the face of adversity.

CIB received the following awards during 2018:

Awards by Global Finance

- Best Foreign Exchange provider in Egypt 2018
- Best Trade Finance Provider in Egypt for 2018
- Best Treasury & Cash Management Providers in Egypt
- Best Bank in Egypt
- Best Subcustodian Bank in Egypt
- Digital Bank of Distinction – Egypt
- Best Online Cash Management – Egypt
- Best Trade Finance Services – Egypt
- Best Online Portal Services – Egypt
- Best Information Security and Fraud Management – Egypt
- The Innovators

Awards by The Banker Africa

- Best Corporate Bank in North Africa
- Best Corporate Bank in Egypt
- Best Private Bank in Egypt

Awards by EMEA Finance

- Best FX Services in North Africa
- Best Payment Services in North Africa
- Best Local Bank

Awards by Euromoney

- Best Bank Transformation in the Middle East
- Best Bank in Egypt

Other awards include:

- Best Regional Bank – Northern Africa by African Banker
- Financial Inclusion Champion of the Year by FinX 2018

Commitment to Corporate Governance Best Practices, Ethics, and Corporate Values

In its mission to provide best-in-class financial solutions to enterprises and individuals, CIB strives to apply international best practices in the area of corporate governance. The Bank is wholly committed to the principles and corporate values that distinguish the finest governance structures.

CIB's corporate governance structure is anchored in a team of highly professional executive directors and a distinguished group of independent non-executive directors (NED). The BoD enjoys an optimal mix of skills, experience, and diversity in terms of gender and nationality. No changes to the BoD composition took place during 2018. CIB's BoD comprises of nine directors, seven of whom are non-executives, with one representing Fairfax's interest in CIB. Five of the non-executive members are independent, conforming to the international best practices of corporate governance. Chairman and Managing Director Mr. Hisham Ezz Al-Arab and CEO Mr. Hussein Abaza are the BoD's executive directors.

In line with CBE directives on corporate governance as well as international best practices, the Managing Director is responsible for ensuring adequate and effective governance through managing the independent control functions: risk, compliance, audit and legal, and also focusing on the strategic direction of the Bank. The CEO is responsible for managing the Bank's business lines and day-to-day operations. CIB's highly qualified BoD is supported by specialized committees that assist in fulfilling its responsibilities. The BoD has seven standing committees; five non-executive and two executive committees. Each committee chairperson is responsible for briefing the BoD on the major issues raised by the committee he/she chairs.

The BoD's non-executive committees are:

- Audit
- Governance and Nomination
- Compensation
- Risk
- Operations and Technology

The BoD's executive committees are:

- Management
- High Lending and Investment

The BoD is also supported by internal and external auditors as well as other internal control departments (Risk, Compliance, Internal Audit, and



Legal). Work carried out by these functions is fully utilized by the BoD to ensure the Bank adheres to international standards of corporate governance.

CIB's experienced executive management team plays an important role in the governance of the Bank by faithfully and efficiently executing the strategy set by the BoD and properly implementing the Bank's policies.

The Code of Corporate Governance is a cornerstone of CIB's governance policy framework, aiming to enhance long-term value for shareholders, employees, and other stakeholders. A Code of Conduct sets out the standards of behavior expected from all employees, providing staff, senior management, and the BoD with a comprehensive frame of reference regarding their rights and duties. The code further enshrines the principles of equal employment opportunity and gender equality. CIB's Conflict of Interest policy guarantees that all staff and BoD members remain aware of and forthcoming about any conflict of interest between the Bank and their personal, professional, and business interests, providing guidance on how to handle those cases. The Bank's Whistle-Blowing Policy encourages staff to report suspected violations of the law or Bank policies as well as any wrongdoing, while guaranteeing a supportive and encouraging environment for those who speak out. The Bank handles the claims of whistleblowers, be they employees or external actors, very seriously and at a senior level. CIB's Conduct Risk Policy makes clear the Bank's relationship with and duties toward its customers.

Corporate Governance Highlights

Board Independence: The majority of CIB's directors are non-executive at seven out of nine members, five of whom are independent directors.

Gender Diversity: Two of the directors are women.

Deep Banking and Related Knowledge and Experience: CIB's directors have extensive industry experience ranging from business and management to banking, law, and investment.

CIB's Governance Framework ensures that timely, transparent, and accurate disclosures are made available with respect to material information regarding the Bank, its ownership, operations, and financial performance. It advocates the equal treatment of all shareholders with sound protection for their voting rights. Backed by a concrete set of policies and procedures relevant to the scope, size, and complexity of CIB's business, the framework also aims to sustain the success of the Bank's business and operations, ensure proper implementation of internal and external regulations, and mitigate all possible types of risk.

Commitment to Sustainability

The Bank is proactive in making sustainability a permanent feature of its products and services. CIB takes pride in its role to develop the United Nations Environment Program Financial Initiative (UNEP-FI's) Principles for Responsible Banking alongside 27 banks from five different continents, accounting for aggregate assets of more than USD 17 trillion. The banks were assisted by 12 civil society organizations from several countries and diverse backgrounds to ensure the principles take into account the various operational and market realities of banks in different countries, as well as banks at different stages of sustainable banking. The Principles for Responsible Banking are the first set of guiding principles to focus specifically on the banking industry and aim

to ensure the integration of environmental, social, and governance (ESG) principles at a strategic, operational, and transactional levels in banks.

For years, CIB has worked to provide sustainable capital to help clients grow, give back to the communities in which we live and work, and incite actionable change in the area of environmental business practices. The six UNEP-FI principles — alignment, impact, clients and customers, stakeholders, governance and target setting, transparency and accountability — resonate with CIB's sustainability culture. Commitment to these principles will empower the Bank to further support and accelerate the fundamental change to which it aspires. CIB encourages other banks to endorse and take part in signing the Principles for Responsible Banking at the signing event in 2019.

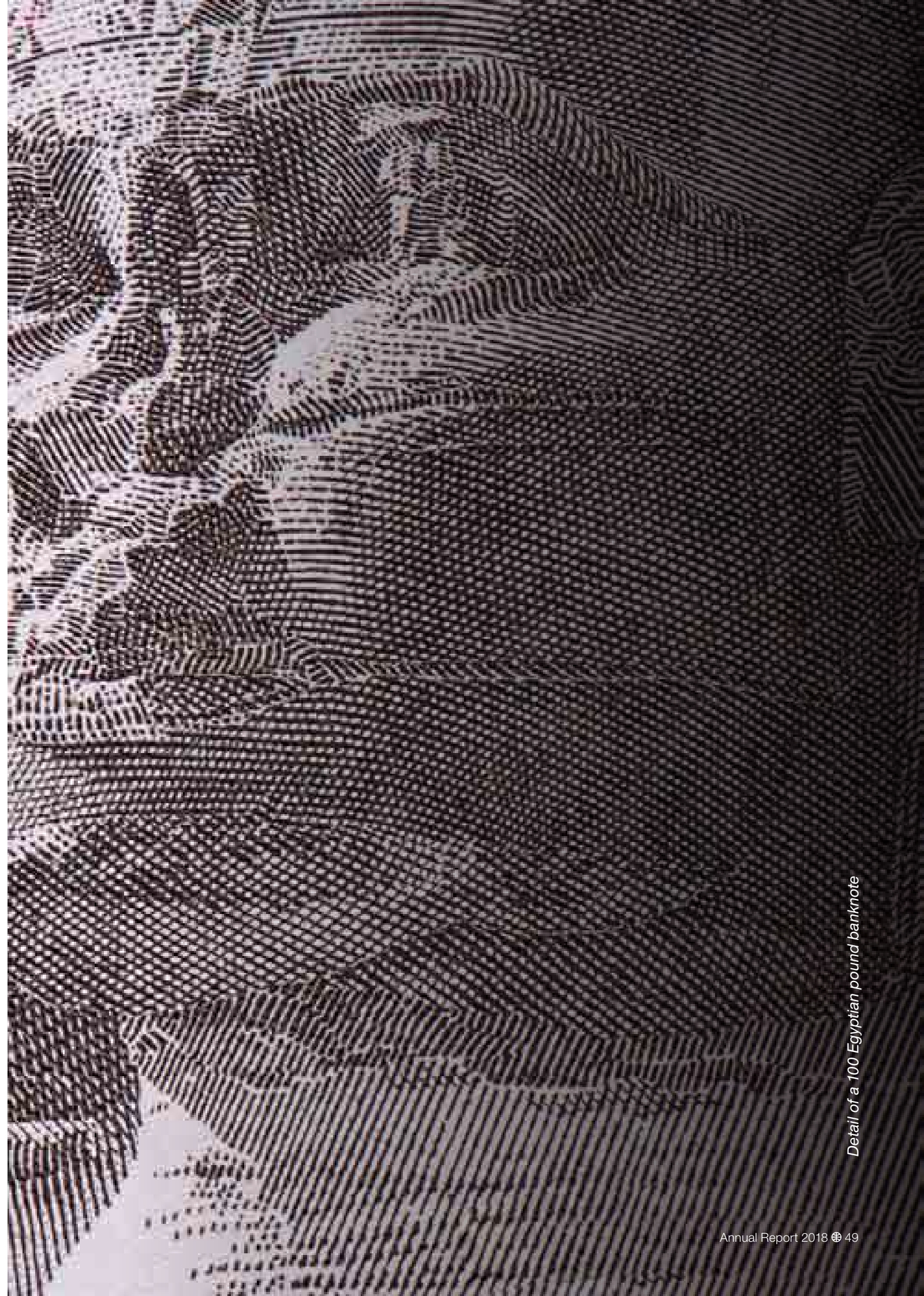
Deepening its commitment to responsible banking, in 2018 CIB launched the Solar Loan Program, offering its customers special financing for the purchase and installation of solar panels. Supporting the government's campaign to rationalize energy consumption by introducing renewable sources, the loan also helps customers switch to more affordable source of energy to mitigate rising living expenses.

The Bank continued to reinforce its internal sustainability agenda during the year, a strategy anchored in three main pillars:

Managing Our Ecological Footprint

CIB managed its environmental footprint by applying the highest standards and devoting resources to manage energy and water consumption, carbon footprint, and waste creation.

- **Lighting Efficiency:** To support Egypt's Lighting Efficiency Improvement Initiative, in 2017 CIB began transitioning to LED lighting systems across all its premises. As per the review from Egypt's Ministry of Electricity and Renewable Energy, the measures cut CIB's energy consumption by 11 million KWs between 2014 and 2018. In 2018, annual savings on electricity consumption hit 40%, with the payback period reaching 14 months. CIB received a special award from the Energy Efficiency Project in 2018, recognizing the Bank's outstanding efforts in ensuring energy efficiency.



Detail of a 100 Egyptian pound banknote

- **Water Efficiency:** In 2018, CIB installed 1,600 aerators at select premises, saving the Bank and the environment 103 million liters of water. Consumption of water has been reduced by 40% and CIB has saved EGP 518,000 in water-related expenses. The Bank has developed a plan to install aerators at all of its premises across Egypt.
- **Paper Reduction:** CIB sells the paper waste created by branches to paper recycling start-ups. The proceeds are credited to the Sustainability Account and are subsequently used for green projects, such as green rooftops. In 2018, a total EGP 184,326 was credited to the Sustainability Account.
- **Electronic Waste (E-waste):** At the end of 2017, CIB began implementing an e-waste management initiative, safely disposing of mobiles, computers, iPads, and similar devices, which totaled to EGP 1 million at the end of 2018.
- **National Initiative on Plastic Bag Consumption Reduction:** CIB is cooperating with the Ministry of Environment in a national campaign to promote the use of biodegradable plastic bags and increase public awareness of the hazardous effects of non-biodegradable plastic. The Bank uses biodegradable plastic bags across all its premises.
- **Internal Carpooling Mobile Application:** The Bank enlisted young Egyptian entrepreneurs to create a tailor-made carpooling application, Raye7, which is now used by more than 1,000 CIB employees, further reducing its carbon footprint while encouraging young entrepreneurs to develop innovative solutions.
- **Green Buildings:** Collaborating with the Housing and Building National Research Center, CIB obtained an Egyptian Green Pyramids Certificate. This initiative conforms to the standards of world-class Leadership in Energy and Environmental Design (LEED) programs, indicating that buildings have been constructed and operated in a resource-efficient manner. Two CIB head offices were awarded the highest Green Building Rating under the Green Pyramids Rating System (GPRS).

Inclusion Efforts

- **Special-needs Accessibility:** CIB has successfully equipped 26 branches with ramps, low teller desks, and toilet rails. Ninety-five talking ATMs have been installed at key locations across Egypt. Further broadening the accessibility of its services to visually impaired customers, CIB expanded the use of debit cards from solely ATMs to POS machines. Training sessions on the provision of optimum service for special needs customers have been held for 250 CIB front-liners and customer representatives, and a code of accessibility has been developed to evaluate the ease of use at branches and ATMs in order to identify gaps and appropriate improvements.

Monitoring and Reporting

- **CIB Sustainability Report:** Since 2014, relevant sustainability KPIs have been identified and reported in an annual sustainability report. The report tracks the Bank's performance and communicates its progress to stakeholders. CIB adheres to Global Reporting Initiative (GRI) standards, which provide the most comprehensive framework for sustainability reporting.
- **Science Based-Target Initiative (SBTi):** The SBTi invited CIB to participate in a financial-sector working group to develop a new assessment methodology identifying whether investing and lending activities are aligned with a 2°C trajectory.
- **Carbon Disclosure Project (CDP):** In early 2018, CIB became the first Egyptian entity to participate in the global disclosure system Carbon Disclosure Project (CDP), which enables companies and states to measure and manage their environmental impacts.
- **Bloomberg Gender Equality Index (GEI):** Based on 2018 reports and figures, CIB was included on the 2019 Bloomberg Gender Equality Index (GEI). Of the 230 companies selected for the GEI, CIB became the first Arab and African company to be named to the index. The Bloomberg GEI is the world's only comprehensive investment-quality data source on gender equality.

- **FTSE4Good Sustainability Index:** In 2018, CIB was recognized by the Financial Times as a constituent of the FTSE4Good Sustainability Index, marking the sixth consecutive year the bank has been a constituent.
- **EGX Sustainability Index:** CIB ranked first on the EGX Sustainability Index for the fifth consecutive year in 2018.

Commitment to Corporate Social Responsibility

CIB has continued to embed corporate social responsibility (CSR) at the heart of the organization. This year, the Bank expanded its steadfast commitment to the communities in which it operates by diversifying its community development activities, which include supporting sports, fine art, culture, and social care. It has implemented various CSR projects and provided crucial support to the initiatives of other organizations.

The Bank's CSR agenda in 2018 included the following:

- CIB contributed to a charity soccer tournament held in Ramadan 2018 to support the Abu El-Rish Children Hospital by donating the tournament's funds to the hospital.
- The Bank participated in the exhibition of student projects in the faculties of fine arts at the universities of Luxor, Assuit, Menya, and Mansoura. CIB acquired distinctive artwork to incentivize young talents while enriching the Bank's art collection.
- CIB sponsored "Night with the Arts" for the second year in a row. This year, the exhibition "Nothing Vanishes, Everything Transforms" held at the historic Manial Palace showcased Egypt's rich cultural heritage.
- For the first time ever, CIB supported an African painting workshop led by Soma Art School in the Democratic Republic of Congo during the seventh edition of the Rencontre Internationale d'Art Contemporain (RIAC) event.
- CIB maintains its commitment to preserve the legacy of Egypt across different fields, including art and cinema. The Bank sponsored the special



Reduction in water consumption

"Cinema Edition" of the cultural magazine Rawi, which focuses on Egyptian heritage.

- CIB continued to sponsor "Made in Egypt", an exhibition of young Egyptian designers held in London featuring the country's best artistic productions.
- CIB and KidZania's partnership began in 2013, and since this time, the Bank has successfully organized several trips each year to KidZania for more than 150 underprivileged and special needs children, as well as children with health conditions.
- The Bank continued its sponsorship of the annual ceremony for the Egyptian Advance Society for Persons with Autism and Other Disabilities (ADVANCE) and sponsored 2018 World Autism Awareness Day in Egypt to support the integration of people with disabilities into society. Moreover, the Bank's Smart Village headquarters and select branches were lit in blue in solidarity on World Autism Awareness Day.
- CIB has been the main partner and financial sponsor of Beena for three consecutive years. Beena is a protocol signed between the Bank and the Ministry of Social Solidarity to encourage active youth participation in the community and monitor the development of social care services. This initiative successfully attracted thousands of volunteers around Egypt who assisted in orphanages, elderly homes, and special-needs houses.
- In 2018, CIB continued its sponsorship of El Sawy Culture Wheel, supporting various



CIB continued to positively affect communities by strengthening its support for sports in Egypt and nurturing the country's athletic talents.

intellectual, cultural, and social activities, including concerts by internationally recognized artists, cultural nights, art exhibitions, documentary films, and many more. This year, the Bank launched a new initiative in cooperation with the CIB Foundation and other NGOs to provide entertaining and educational programs at El Sawy Culture Wheel that target children.

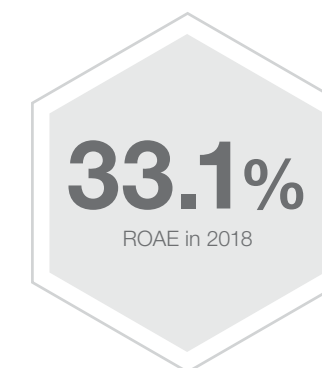
- CIB sponsored a science fair for school students to foster scientific thinking from an early age and encourage children to explore future careers in scientific fields. The fair featured groups of students from different grades who submitted projects to a panel of judges, who evaluated each project and awarded numerous titles to winning teams.
- CIB was the sole banking sponsor of the second season of CBC's televised entrepreneurship competition Hona Al Shabab in 2018. The competition supports young fintech entrepreneurs and business startups.

In 2018, CIB continued to positively affect communities by strengthening its support for sports in Egypt and nurturing the country's athletic talents. Squash-related initiatives were again at the core of CIB's CSR agenda.

- CIB maintained its sponsorship of the Egyptian Squash Federation for the seventh consecutive year. The Bank also expanded its commitment by sponsoring the National Women's and Junior Squash Teams' international championships. This support has played a direct role in the national teams' accomplishments throughout the year, as the National Junior Squash Team won the World junior squash championship in India for the sixth

time. Almost simultaneously, the National Women's Squash Team was named Women's World Team Champion in China, successfully retaining their title.

- In support of young players leading the world's squash rankings, CIB has created special sponsorships to help six talented players maintain their rankings and continue representing the country around the world. The following players were recipients of these sponsorships:
 - Ali Farag – 2nd on the Men's PSA World Squash List
 - Nour El-Tayeb – 4th on the Women's PSA World Squash List
 - Tarek Momen – 3rd on the Men's PSA World Squash List
 - Karim Abdel Gawad – 5th on the Men's PSA World Squash List
 - Ramy Ashour – 24th on the Men's PSA World Squash List
 - Hania El-Hammamy – 17th on the Women's PSA World Squash List
- CIB announced its partnership with Wadi Degla Clubs to support young Egyptian squash athletes by developing their skills to enhance their international rankings. The additional athletes representing Wadi Degla and sponsored by CIB are:
 - Raneem El Welily – 1st on the Women's PSA World Squash List
 - Nouran Gohar – 8th on the Women's PSA World Squash List
- CIB continued for the second year its "Squash for Everyone" initiative in partnership with prominent Egyptian player Amr Shabana. The program aims to provide underprivileged children with an equal opportunity to practice squash and discover young, rising talents.



CIB Foundation

The CIB Foundation was established in 2010 as a non-profit organization under the oversight of Egypt's Ministry of Social Solidarity. It is dedicated to improving health and nutrition outcomes and extending coverage to underprivileged children with limited access to quality healthcare. To meet its objectives, the Foundation relies on valuable partnerships with other institutions working in the field. During 2018, the CIB Foundation's activities and initiatives included the following:

Approved Projects in 2018

- In April 2018, the Foundation's Board of Trustees approved an EGP 18.9 million contribution to support the purchase of 33 upgraded monitors and four central station units for the Surgical Intensive Care Unit, Intensive Care Unit, and the Bone Marrow Transplant Unit at Children's Cancer Hospital 57357. A further EGP 3.5 million was also donated to fund patient care expenses at the Cairo and Tanta branches.
- In April 2018, the CIB Foundation's Board of Trustees approved over EGP 14 million to fund the complete renovation and outfitting of El-Galaa Teaching Hospital's Pediatric Intensive Care Unit to extend services to more patients on the waiting list.
- In April 2018, the Board of Trustees approved EGP 10.8 million in funding to Abou El-Reesh Children's Hospital to purchase a fluoroscopy x-ray machine for the Radiology Department and a laparoscopy and thoracoscopy machine for the Pediatric Surgery Department. In July 2018, the CIB Foundation donated over EGP 3.3 million to cover the first tranche of the project.
- The CIB Foundation allocated EGP 7.5 million in July 2018 to fund the purchase of necessary

equipment and supplies for the Pediatric Dentistry Clinic in El Kasr El Aini. The donation will also fund the establishment of another clinic in Sheikh Zayed to increase the efficiency of services provided to children and drastically reduce the number of patients on the waiting list.

- In 2017, the CIB Foundation contributed EGP 640,000 to purchase an outfitted mobile dental caravan for the Faculty of Oral and Dental Medicine at Cairo University, under the management of the Rotary Club of Zamalek. This year, the Foundation allocated an additional EGP 120,000 to cover the operating costs of 12 dental caravans that will be used to treat public school students in remote areas of Cairo and Giza for free.
- In July 2018, the CIB Foundation allocated EGP 7 million to the Magdi Yacoub Heart Foundation to cover costs associated with 70 pediatric open-heart surgeries and donated EGP 3.5 million in October 2018 to cover the first tranche of the project.
- In February 2018, the CIB Foundation donated the final EGP 859,000 in a three-year EGP 15 million project to outfit two research labs in Magdi Yacoub Heart Foundation's Aswan Heart Center.
- In April 2018, the CIB Foundation's Board of Trustees approved EGP 6.64 million in funding to outfit the Emergency Department located on the ground floor of the Alexandria University Children's Hospital in El Shatbi. The CIB Foundation fulfilled its commitment to the project in October 2018.
- The CIB Foundation donated over EGP 1.3 million in 2018 to cover the surgery costs of 39 underprivileged children suffering from congenital heart diseases at El Kasr El Aini Hospital, under the management of the Rotary Club of Giza Metropolitan. This contribution follows our March 2017 allocation of EGP 1.75 million to cover the costs associated with 50 pediatric

open-heart surgeries. In addition, in October 2018, the CIB Foundation's Board of Trustees approved an EGP 3.7 million budget to support another round of the project.

- The Board of Trustees allocated EGP 3.1 million in April 2018 to purchase equipment for the Nasser Institute Hospital's Pediatric Intensive Care Unit and Neonatal Intensive Care Unit.
- In July 2018, the Foundation contributed a total of EGP 3 million to the annual operating costs of five pediatric units at Ain Shams University Hospital under the management of long-standing partner the Yahya Arafa Children's Charity Foundation.
- Over the course of 2018, the CIB Foundation donated over EGP 1 million to cover 289 surgeries as part of the fifth and fourth phase of the Children's Right to Sight (CRTS) program led by the Rotary Club of Kasr El Nil.
- The CIB Foundation donated EGP 1.67 million to the Egyptian Clothing Bank to provide 50,000 training suits to children in 19 governorates.
- The CIB Foundation's Board of Trustees approved a proposal to support the outfitting of the sensory and psychomotor rooms at the National Foundation for Family and Community Development's specialized center for the rehabilitation of autistic children. The EGP 688,000 project will enable the center to serve around 250 children monthly.
- In April 2017, the CIB Foundation fulfilled its commitment to contribute EGP 2 million to the MOVE Foundation for Children with Cerebral Palsy to renovate their premises and expand operations. The CIB Foundation also allocated EGP 608,400 to support the annual operating cost of the MOVE Foundation's premises. In September 2018, the Foundation donated EGP 152,100 to cover the first installment of this commitment.

Ongoing Projects

- The CIB Foundation dedicated over EGP 5.1 million to fund the Egyptian Liver Care Society's Children without hepatitis C (C-Free Child) program. This year, the CIB Foundation also invested in increasing the number and quality of hepatitis treatment centers in Egypt.
- In August 2018, the CIB Foundation donated over EGP 91,000 to cover the first tranche of an EGP 4.1 million project to fund the treatment of 400 children with hepatitis C at the National Hepatology & Tropical Medicine Research Institute (NHTMRI).
- In June 2017, the CIB Foundation pledged EGP 3.53 million to the purchase of 40 monitors, 45 infusion pumps, and 25 syringe pumps for the Inpatient Unit at Ain Shams University Hospital. In August 2018, the CIB Foundation donated over EGP 589,000 to cover the final installment for the project.
- The CIB Foundation donated over EGP 14.4 million in 2018 to cover the fourth and fifth tranches of the Gozour Foundation for Development's 6/6 project to fund 264 eye exam caravans and provide 158,400 public school students in impoverished areas across Egypt with free eye examinations.
- In partnership with Al-Noor Magrabi Foundation and Dar El Oyoun, the caravans, which are staffed with 25-30 doctors, nurses, and coordinators, were equipped with advanced medical tools, medications, and eyeglasses. They provided students with free ophthalmic exams, eye medication, and referrals to private hospitals for complex cases. Moreover, CIB staff members volunteered with the caravans.
- Over 2018, the CIB Foundation donated over EGP 105,000 as part of an EGP 1.5 million partnership with the Sawiris Foundation for Social

Development and Star Care Foundation in 2016 to implement comprehensive community development projects in Sohag, Assiut, and Qena.

- In June 2018, the Foundation contributed the final EGP 750,000 of an EGP 1 million pledge to Ahl Masr Foundation in 2016. This contribution funded the treatment of 159 pediatric burn patients whose families could not afford the costs of their treatment.
- In September 2015, the CIB Foundation's Board of Trustees approved an EGP 710,000 project under the Ophthalmic Clinic in Aswan to establish the first fully equipped diagnosis and referral center for children with glaucoma. In October 2018, the CIB Foundation donated over EGP 472,000 to cover the final installment of the project. CIB supported the Baladi Foundation's efforts to detect glaucoma in 500 children, treat these patients, and perform 50 surgeries for congenital glaucoma cases, while also training a team of doctors and nurses in Upper Egypt.
- In April 2014, the CIB Foundation's Board of Trustees approved the allocation of EGP 1 million to fund the outfitting of the Craniofacial Center at Sohag University Hospital. In October 2018, the CIB Foundation donated over EGP 323,000 covering the final installments of the project.
- The Foundation gave 50 KidZania tickets to underprivileged children. Over the course of the year, the CIB Foundation coordinated with its partners to organize multiple visits to KidZania in which underprivileged and disabled children learned about adult professions in a child-friendly way. Children performed different jobs to earn and spend Kidzos, the official currency of KidZania, on games and other entertaining activities.

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Assets in 2018

- In 2018, the CIB Foundation hosted 12 blood donation campaigns across its corporate offices to encourage CIB staff and customers to participate in an activity that saves thousands of lives across the country. Through this effort, 164 bags of blood were collected; these resources can potentially be used to save the lives of over 490 people.
- In February 2018, the CIB Foundation invited CIB colleagues and their families to a bag-packing event at CIB's Smart Village office to participate in packing of over 5,000 health and hygiene school bags for the students targeted by the 6/6 Eye Exam Caravan program.
- In 2018, CIB launched a new initiative in partnership with the CIB Foundation and El Sawy Culture Wheel to develop children's skills through specialized workshops. Children involved in the initiative enjoyed a full day of educational activities and games that stimulated their cultural and scientific development.

2018 Performance Measures	Results
FINANCIAL <ul style="list-style-type: none"> Maximize shareholder equity and deliver above-peer-average total shareholder return Grow earnings per share (EPS) Deliver above-peer-average return on risk-weighted assets Focus on capital, to cushion the Bank against any unforeseen external shocks 	<ul style="list-style-type: none"> ROAE of 33.1% (after profit appropriation) 26% EPS growth Total tier capital recorded 19.09% of risk-weighted assets
BUSINESS OPERATIONS <ul style="list-style-type: none"> Grow revenues faster than expenses Identify market gaps and attain first-mover advantage by laying the groundwork ahead of peers to allow the Bank to benefit from rising opportunities 	<ul style="list-style-type: none"> Cost-to-income ratio of 20.3% Institutional banking profit before tax rose 19% over last year to reach EGP 8.8 billion, and loan portfolio grew by EGP 13.5 billion, an increase of 16% y-o-y Retail banking profit before tax increased 28% y-o-y to EGP 5.2 billion, and deposits grew by EGP 33.8 billion, translating into 18.9% y-o-y increase
CUSTOMER <ul style="list-style-type: none"> Improve customer experience Invest in core businesses to enhance customer experience 	<ul style="list-style-type: none"> Much effort was exerted to improve cyber security standing, with a clear strategy and comprehensive plan to improve security capabilities and continuously provide a safe banking environment for customers CIB received ISO22301:2012 certification for Business Continuity Management by PECB, a global provider of training, examination, audit, and certification standards, in partnership with EGYBYTE, a leader in the MENA market for IT Service Management

2018 Performance Measures	Results
EMPLOYEE <ul style="list-style-type: none"> Focus on employee engagement score year-on-year Enhance the employee experience by: <ul style="list-style-type: none"> Listening to employees Providing a healthy, safe, and flexible work environment Providing competitive pay, benefits, and performance-based compensation Investing in training and development 	<ul style="list-style-type: none"> CIB had an average of 6,635 employees in 2018 with an average annual income of EGP 209,000 per employee CIB implements an Employee Stock Ownership Plan (ESOP) as part of its compensation strategy, aimed at attracting, motivating, retraining, and rewarding outstanding employees, managers, and executive board members. ESOP allows designated employees to own CIB stocks at face value via 'promise-to-sell' agreements. CIB allocates 1% of its issued and paid-in capital to ESOP. During 2018, CIB allocated a total of 5,031,540 stocks to 4,091 employees. Since the inception of the program in 2006, and its renewal in 2015, the Bank has allocated 80,491,633 shares to its employees (taking into consideration capital increases throughout said period)
COMMUNITY <ul style="list-style-type: none"> Donate 1.5% of the Bank's net annual profit through the CIB Foundation Make positive contributions by: <ul style="list-style-type: none"> Supporting employees' community involvement and fund-raising efforts Supporting advances in its areas of focus, which include education, arts, culture, health, and protecting and preserving the environment 	<ul style="list-style-type: none"> Please refer to the CSR section for more details on CIB's social involvement and community development initiatives
SAFEGUARDING THE INTERESTS OF SHAREHOLDERS <ul style="list-style-type: none"> CIB maintains a proactive investor relations program to keep shareholders abreast of developments that could have an impact on the Bank's performance. The team and senior management invest significant time in one-on-one meetings, road shows, investor conferences, and conference calls. The team spares no effort in providing the investment community with a consistent stream of transparent disclosures while simultaneously ensuring analysts have the information they need to maintain balanced coverage of the Bank's shares 	<ul style="list-style-type: none"> As a result of the team's conscious efforts enhance its Investor Relations program, CIB's Head of Investor Relations received a nod as the "Best Investor Relations Professional – Egypt" in a 2018 study conducted by the Middle East Investor Relations Association (MEIRA) in partnership with Extel. This is the fifth year running in which CIB has received at least one award from MEIRA



2018 in Review

Our operations in 2018 took us beyond traditional banking channels and services, driving our strategy to deliver a holistic, tailored, and exceptional experience for all stakeholders



Institutional Banking

Corporate and Global Customer Relations Group

Capitalizing on its extensive experience in the Egyptian market and its large client base, the Corporate Banking Group continued to support the Egyptian economy in 2018 despite a persistently challenging macroeconomic environment.

CIB's creative financial structuring capabilities and experienced credit teams have preserved our position as the top corporate bank in Egypt. The Bank offers a wide range of innovative credit products tailored to its clients' specific financing needs and developed with an eye on maximizing shareholder return on investment.

In 2018, the Corporate Banking Group financed mega-projects in the power, construction, food and beverages, petrochemicals, and oil and gas sectors. This effort is in line with the group's strategy of targeting business opportunities created by the government's stimulus efforts and prioritization of economic development.

The group also continued to support medium-sized companies by offering customized financial solutions catering to their business needs, ensuring their integration into the financial sector, and promoting financial inclusion.

2018 Highlights

2018 posed a number of challenges to the Egyptian banking sector. Chief among these, the CBE maintained interest rates almost at the previous year's level, emerging markets witnessed substantial capital outflows, and continuous subsidy cuts added to inflationary pressure on the Egyptian economy. Despite these and other hurdles, the group's strategy of growing

its loan portfolio across different sectors met with continued success in 2018. As of December 2018, CIB's corporate loan portfolio grew by 20% to a record EGP 88.4 billion compared to EGP 73.9 billion in December 2017. The group finalized several key transactions during the period, including but not limited to:

- Arrangement of a syndicated facility coupled with the extension of a bilateral facility to finance Egypt's petroleum sector. The Bank helped ease the liquidity pressure the government faced in settling its outstanding dues to international oil companies.
- Extension of several short-term transactions to the telecom industry mainly to finance companies' capital and operating requirements for the 4G network rollout.
- Advancement of direct facilities and aggregate contingent business to finance the upgrade of Egypt's national electricity grid and renewable energy plants under the second round of Egypt's solar feed-in tariff scheme.
- Finance the working investment needs of leading companies in the food and beverage sector, a strategic, non-cyclical, and defensive sector.

2019 Forward-Looking Strategy

CIB's Corporate Banking Group plans to capitalize on the Egyptian economy's growing resilience to macroeconomic pressures. As such, the group will focus on the following areas:

- In support of the government's declaration of 2019 as the Year of Education and its introduction of associated initiatives, the group will explore opportunities to finance efforts to overhaul the education sector.

- The group is exploring new opportunities for financing mega infrastructure projects in the following areas: ports, transportation, infrastructure, and petrochemicals. We will also continue to support strategic sectors such as oil and gas, refineries, food and beverage, and healthcare.
- Tourism receipts grew by 77% during the first half of 2018 to reach USD 4.8 billion, indicating a strong recovery and the success of Egypt's worldwide marketing campaign. In 2019, the group will target the growth of untapped touristic destinations, such as New Alamein City, and support the renovation of existing hotels.
- The group will work to introduce a number of new business segments and products, including but not limited to:
 - Bundling export products
 - Financing private sector gas trading
 - Developing new sustainable finance products
 - Further promoting digital solutions
 - Financing industrial parks

Financial Institutions Group

The Financial Institutions Group (FIG) consists of three teams: Correspondent Banking, Non-Bank Financial Institutions, and Development Finance. Together, these teams are CIB's first point of contact for credit institutions and manage the Bank's relationships with different global institutions.

2018 Highlights

- 2018 was an exceptional year for contingent business, FIG's key income driver, reaching EGP 18.4



CIB's creative financial structuring capabilities and experienced credit teams have preserved our position as the top corporate bank in Egypt.

billion in new business. The group's L/G fees contributed to 18% of FIG's total fee growth in 2018.

- FIG's investment portfolio grew in 2018 due to an exponential increase in its securitization business. CIB's participation in bonds issued under securitization transactions reached EGP 733 million, which led the non-banking FI investment portfolio to reach EGP 1.2 billion in December 2018.
- FIG's portfolio of developmental programs reached a total of EGP 2.64 billion by the end of December 2018.

2019 Forward-Looking Strategy

FIG will grow its business through several efforts, which include:

- Continuing to aggressively attract LGs for new projects launched in 2018 with a focus on Europe and Asia by capitalizing on our strong relationships with correspondents;
- Growing the loan portfolio by increasing penetration in existing sectors such as leasing, microfinance, and auto finance;
- Launching digital cash management solutions to grow the microfinance loan portfolio;
- Targeting insurance, investment, and brokerage companies to increase their LCY deposits;
- Developing the cash business to include new products on the Vostro platform to enhance payment process for corresponding Vostro and launching the new factoring business;
- Continuing to strengthen and activate communication channels with exporters and associations targeting African markets, giving the group better exposure to trade trends and

allowing it to provide clients with banking solutions that cater to their needs. FIG will continue to strengthen its relationship with select banks in Kenya, the COMESA region's trade hub, to facilitate trade with East Africa; and

- Maintaining CIB's leading position in agency and participating bank services and solutions with donor and government entities.

Treasury Group

CIB's Treasury Group is one of the best in Egypt, delivering exceptional services in liquidity and cash management, capital markets, and FX and derivatives. The Treasury Group consists of two main teams: Trading and Sales. The Trading Team's main responsibility is to capitalize on movements in FX, fixed income, and money markets to enhance the Bank's profits on outstanding positions and portfolios. The Sales Team's task is to attract new customers and increase the flow of business to trading desks.

2018 Highlights

CIB's FX exposure makes a consistently positive contribution to the Bank's consolidated reported earnings. As of year-end 2018, total FX gains stood at EGP 697.21 million, the highest FX profitability among all Egyptian private banks.

CIB's FX desk positively impacted the Bank's non-interest income, growing the volume of trade products opened at CIB from the sale of foreign currency through free market, incoming documentary collections (IDCs), and letters of credit (LCs).

CIB's FX desk won several prestigious global awards in 2018, including:

- Best FX Services in North Africa from EMEA
- Best FX Provider in Egypt from Global Finance
- Best Treasury & Cash Management Providers in Egypt from Global Finance

2019 Forward-Looking Strategy

Over the coming quarters, the Treasury Team will seek to further enhance the performance of its trading and sales activities. The group has set the following goals for its teams:

- Manage liquidity efficiently
- Cultivate strong and profitable relationships with customers
- Take all necessary steps to ensure proper risk management
- Maximize the group's profitability
- Build on the trust our customers have in our institution and the group

Debt Capital Markets

CIB's Debt Capital Markets Division (DCM) is one of the most experienced divisions in the market, with an unmatched record in underwriting, structuring, and arranging large-ticket syndicated loans, in addition to securitization transactions, bonds, and project finance.

DCM is a dedicated agency and security agency desk raising medium- and large-ticket project financing, PPP financing, and syndicated loans for its clients by:

- Undertaking the role of principal arranger, book runner, and financial advisor
- Evaluating feasibility studies to effectively advise on bankable structure for the transactions
- Preparing financial models and term sheets
- Underwriting debt
- Ensuring contractual, legal, and technical risks are properly mitigated by acting as technical bank or documentation bank and applying due diligence
- Providing one of the only dedicated agent and security agent units in the banking sector

2018 Highlights

- **Project Finance and Syndications:** DCM organized and restructured syndicated medium-term loans worth EGP 69.1 billion for public sector companies and quasi-sovereigns in the power and oil and gas sectors. CIB captured the lion's share of public sector debt arrangements in 2018.

- **Private Sector Borrowers:** DCM concentrated this year on the oil and gas, telecoms, ports, refineries, power, and petrochemicals sectors. Additionally, the division focused on refinancing, restructuring, and re-engineering balance sheets for private sector borrowers. It continued to play a pivotal role in advising and arranging securitization issuances in cooperation with several partner banks.

- **Securitization:** In 2018, DCM closed securitization deals worth EGP 4.4 billion out of a total EGP 5 billion in the Egyptian market, firmly cementing CIB's position as the top Egyptian bank structuring securitizations in the local market. The division also penetrated new sectors in 2018 including micro and consumer finance.

DCM Awards in 2018

- Best Securitization Deal in Africa for Corplease's seventh securitization worth EGP 1.072 billion at the EMEA Finance Achievement Awards 2018
- Best Securitization House at the EMEA Finance Achievement Awards 2018

- Best Syndicated Facility in Africa for the EGP 13.5 billion EGPC transaction at the EMEA Finance Achievement Awards 2018
- Best Project Finance Deal in Africa for the USD 900 million Egyptian Electricity Holding Company deal at the EMEA Finance Achievement Awards 2018

On the Bloomberg Africa Bookrunner League Table, CIB ranked 7th among African banks in 3Q2018, a remarkable jump from our 11th place ranking in 2017. DCM was third among Egyptian banks on the table with a market share in Africa of 3.7%.

Regarding the role of Initial Mandated Lead Arranger, CIB ranked third among Egyptian banks and 8th among African banks, up from 15th in 2017. DCM's market share stood at 3.1% for 3Q2018, positioning CIB as the top-ranking private sector bank in Egypt in both arrangement of syndicated loans and bookrunning.

2019 Forward-Looking Strategy

- **Project Finance and Syndications:** In line with the Egyptian government's economic reform program, DCM will continue capitalizing on key industries and focus on expanding into alternative energy, utilities, and infrastructure plays, such as railways, ports, and new economic zones. DCM deals in the pipeline for 2019 amount to EGP 60 billion.

- **Securitized:** DCM has deals valued at EGP 6.05 billion in the pipeline for 2019, and the division plans to introduce new structures in the debt capital market.

Direct Investment Group

CIB's investment arm, the Direct Investment Group (DIG), is responsible for the Bank's direct equity acquisitions, divestitures, and equity portfolio management across local and regional markets. DIG maximizes CIB's return on investment by utilizing the Bank's designated funds to invest in sectors with high potential for growth.

2018 Highlights

DIG has expanded its deal-sourcing process to include SMEs as well as big-ticket transactions, whether independently or through co-investing, leveraging DIG's expansive network in the market. During 2018, the team screened many new SMEs that operate in financial services, IT, food and beverage, healthcare, education, and renewable

energy. DIG also finalized the establishment of CIB's fully owned venture capital firm CVentures.

On the divestiture side, DIG succeeded in fully exiting one of its portfolio investment companies operating in the electricity sector, achieving an IRR of c. 50%. DIG also partially exited two of the Bank's investments and affiliates operating in the financial services and security services sectors.

On the portfolio acquisitions front, DIG acquired a minority stake in a financial services and investments company. Additionally, and in line with the Bank's direction to support the government's financial inclusion initiative, CIB partnered with strategic shareholders and established a greenfield investment in an agent banking services company.

2019 Forward-Looking Strategy

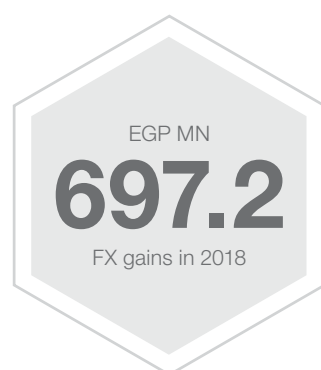
In 2019, DIG will continue expanding its portfolio by making quality equity investments that provide CIB with the opportunity to create synergies and strategic alliances, generating lucrative financial returns.

Strategic Relations Group

The Strategic Relations Group (SRG) is an institutional banking group dedicated to initiating, nurturing, and growing a banking relationship with strategic institutional depositors who are essential contributors to CIB's stable funding base. The group's primary goal is to offer a first-class banking experience while maintaining the delicate balance between mainstream commercial banking activities and the non-commercial needs of its clients.

SRG's strategic clientele comprise more than 180 diplomatic missions, NGOs, educational entities, and distinguished international and local donor agencies. The team works tirelessly to facilitate its clients' business operations and meet their banking requirements by creating innovative, tailored products and services:

- Customized digital solutions
- Collection of tuition and visa fees
- Monitoring and reporting of deposits activities
- Fund management and pension savings plans
- Providing a settlement system between tourism companies and airlines
- Dispatching mobile tellers upon customer request to act as a temporary small banking unit at the customer's premises
- Special offerings for staff loans



2019 Forward-Looking Strategy

- The group aims to become one of CIB's primary corporate lead generators, focusing on existing relationships while simultaneously capturing new-to-bank opportunities by leveraging a wider networking base.
- It recently designed a tailor-made, short-term bridge finance facility for the education sector (including universities and schools) to eliminate cash flow gaps that develop during the year. This product is poised to become a major attraction for these institutions, helping expand our institutional depositor rate.

Enterprises and Governmental Relations

The Enterprises and Governmental Relations (EGR) Group manages the Bank's relationship with customers falling under the umbrella of state-owned enterprises, government entities, and sovereign authorities. The EGR Group functions as a relationship manager under the Bank's IB groups, catering to the needs of these strategic customers and growing CIB's business with these sectors.

The team possesses a deep understanding of client operations that allows its members to act as clients' advocates within the Bank while also providing continuous support and financial advice. EGR clients require higher flexibility and constant support in their transactions as well as financial and advisory assistance.

EGR Group's mission is to become the market leader in the provision of banking services to government and public sector entities. The group works tirelessly to acquire new business in these areas, capitalizing on our highly experienced staff, strong customer base, healthy and diversified portfolio, and broad coverage of different sectors and industries.

2018 Highlights

2018 was another successful year as the EGR Group managed to attract EGP 5 billion in deposits, growing its balance sheet by 26% to EGP 24.3 billion in deposits.

2019 Forward-Looking Strategy

- In 2019, the group plans to focus on government and public sector entities, which are expected to see increased cash flow due to the planned privatization of 23 public sector companies, the restructuring of others, and the establishment of a new sovereign wealth fund. We are also planning to attract cash-rich holding companies and their subsidiaries.
- For the enterprise sector, the group is working on retaining existing customers as well as attracting new-to-bank companies in this sector.



Retail Banking

Consumer Banking

CIB Consumer Banking remains committed to executing the segmentation strategy developed and communicated in 2017. This strategy continues to drive our efforts to deepen our customer relationships, execute targeted marketing campaigns, and attract new customers.

Pillars of Our Consumer Banking Strategy

- **Data analytics and behavior segmentation:** Leveraging the Bank's investment in data analytics, we continue to drive a targeted lifestyle and behavioral approach to segmentation. We aim to retain, deepen, and grow our relationships with customers through tailored campaigns, along with more specific targeting criteria.
- **T24 banking upgrade:** We are upgrading our current core banking IT system (Temenos T24) to benefit from new features, such as the arrangement architecture, to develop new products and expand STP to improve operational efficiency.
- **Digital transformation to enhance customer experience and drive cost efficiency:** CIB is currently engaged in a number of transformational projects, such as loan origination, customer account onboarding, and upgrading our digital banking platform. We are implementing segmented operational processing and a service model that will ensure that CIB provides the best customer experience in the local market.
- **Aligning the product range to segment-specific needs:** We continue to align our product offerings to our customer segments to enhance the customer experience, improve productivity, and deepen relationships. In this vein, we

launched our new high-net-worth segment Private together with an entirely new product and service proposition.

- **Improving customer loyalty:** We digitized the current loyalty scheme, which had a marked impact on customers through increased awareness and activity.

Private Segment

The new segment caters to the banking and investment needs of clients with a minimum AUM threshold of EGP 20 million by providing a range of alternative solutions, including: tailored banking products and services, new lending products, investment solutions, and other wealth-related services. The segment aligns with regional competitor HNW propositions delivered via a separate distribution model.

2018 Private Financial Highlights

- Total deposits reached EGP 22.0 billion
- Total asset portfolio hit EGP 2.6 billion

Key 2018 Private Milestones

- **Brand name and marketing plan:** The soft launch of the segment took place in May, and individual meetings with all Private clients have already taken place. All branded materials for the new segment, including the website and Internet banking platform, are aligned with its identity.
- **Operating model and dedicated premises:** The segment will operate and welcome Cairo-based clients in Zamalek. A Client Advisor is permanently located at a branded CIB Private office

serving clients based in Alexandria. Client Advisors are the main touch point for any service within the Bank, but clients also have the option to call CIB short numbers.

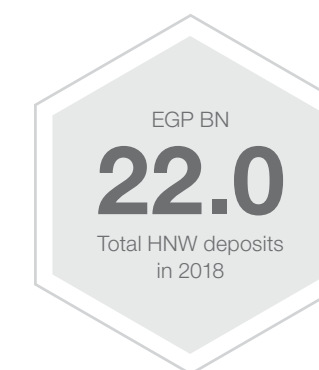
- **Launch of new banking and investment products:** The unveiling of the Mastercard World Elite credit card was aligned with the launch of the Private segment. We have also developed a branded debit card for Private clients. Other solutions such as structured CDs and portfolio management products are expected to be launched in 2019.

Wealth Segment

The Wealth segment continued expanding its brand position and focus on targeting affluent customers. The Bank continues to offer customers a unique set of products and services and an exceptional customer experience.

The division developed an ongoing learning and development program via our "Wealth Academy" and the International Introduction to Securities and Investment exam offered by the Chartered Institute of Securities and Investment (CISI). As of December 2018, we have 48 certified Wealth Managers.

Enhancing service levels and value proposition will continue to be the main focus. In January 2018, the Bank launched concierge services for all Wealth customers in partnership with Les Concierges Egypt. Additionally, it enhanced the Wealth internet banking experience by including the names and contact details of individual Wealth officers to better serve clients.



In 2018, it pursued several brand-building initiatives, sponsorships, and events that increased brand engagement, the most prominent of which was a partnership with the Four Seasons San Stefano in Alexandria, offering special perks ranging from free nights to discounts and special membership discounts from Palm Hills club. It also offered the beIN Sports Package during the world cup and invited Wealth clients to the Ahl Misr Annual Sohour Event. In addition, customers were also invited to a concert by renowned Egyptian composer and pianist Omar Khairat as part of the benefits strategy for the segment.

2018 Wealth Financial Highlights

- Total deposits reached EGP 96.3 billion
- Total asset portfolio hit EGP 11.4 billion

Plus Segment

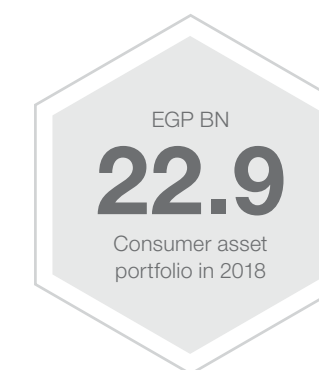
In 2018, we focused on enhancing services by introducing a new concierge service to Plus customers through our partnership with Les Concierge Egypt. We are currently in the pilot phase of offering government service assistance.

2018 Plus Financial Highlights

- Total deposits reached EGP 21.4 billion, increasing 22.5% y-o-y
- Total assets hit EGP 1.7 billion, representing a 47.3% increase y-o-y

Personal Banking Segment

In 2018, our Personal Banking segment delivered a strong performance, adding 245,876 new-to-bank customers, which translated to a 21% increase in our



customer base. Total deposits increased 19.9% while assets recorded strong growth of 14.9% and savings accounts 16.8%. The performance stems from our customer-centric brand proposition and use of behavioral segmentation to deepen relationships and improve loyalty among personal banking customers. We also engaged in portfolio management activities to grow balances from existing customers and reduce stagnancy and attrition.

In 2018, CIB also focused on increasing the revenue generated from marginally profitable customers by cross-selling assets and reducing the cost to serve. We have launched asset cross-sell campaigns and payroll packages differentiated by company size.

Our digital migration efforts are paying off, with 23% more transactions off-loaded from our branch network in 2018 resulting in a substantial increase in the number of online banking registrations. In 2019, the segment will prioritize creating a new personal banking brand identity and product propositions to appeal to a wider base of consumers and continue to drive digital migration.

2018 Financial Highlights

- Total deposits increased to EGP 18.9 billion, a 19.9% increase y-o-y
- Total assets climbed to EGP 6.7 billion, increasing 14.9% y-o-y

Consumer Assets

The Consumer Banking Household segment achieved significant performance and continued to grow its market share of consumer assets, reaching 7.78% in 2018 compared to 7.67% in 2017. Additionally, CIB captured 9.9% of market growth in 2018 despite having only 6% of branches by market share. CIB is currently ranked the top private sector bank in terms of consumer assets, with our consumer asset portfolio up by 21.9% in 2018 to EGP 22.9 billion. Consumer assets recorded total revenues of EGP 1.3 billion in 2018, which contributed 23% to total Consumer Banking revenues.



Our key objective is to sustain this level of growth in 2019 and outpace the market by adopting a segment-driven strategy that promotes our product propositions, acquisitions, service models, portfolio, and life cycle management. This will translate to providing clients with need-based propositions. We will continue building and leveraging our investments in technology transformation and digital platform in 2019.

Cards Business

Our Credit Card portfolio has grown by 8% since 2017, outpacing the average market growth rate of 7%. At the end of December, our portfolio included 494,403 cards, and we experienced strong improvement in activation rates. End-of-period net receivables (ENR) grew 22.1% to EGP 3.5 billion. We are currently the second largest bank in the market in terms of ENR. CIB's market share continued to increase, reaching 23.2% at the end of the year. Furthermore, CIB is first in the market in terms of spending, which was up 31% in 2018. This performance was mainly driven by:

- **Product launches and acquisition campaigns:** Fee waiver acquisition campaigns for Core and Premium cards and the World Elite Card launch.
- **Effective attrition management:** Credit card attrition decreased from 10.1% in 2017 to 8.1% in 2018.
- **Activation initiatives and campaigns:** We launched a new activation process in addition to the NTB Early Month on Book Program and dormant campaigns, which targeted inactive

customers and sought to raise awareness about benefits they could enjoy from CIB's products and services.

- **Zero interest installment campaigns:** Strategic partners included local and international companies and shops such as Apple, Nestle, Carrefour, Hyper One, Delta Group, Ragab Sons, and Souq.com.
- **Sales contests and incentives:** Launch of successful sales contests and the revision of the incentive scheme.

CIB's investments in technology and data analytics will present significant further opportunities for growth in 2019.

Personal Instalment Loans Product

Our consumer loans portfolio grew significantly in 2018 to reach EGP 16.3 billion despite the economic and overall market challenges. The Personal Loans Business recorded total revenues of EGP 749.4 million, contributing 12% to total Consumer Banking revenues in 2018 driven by:

- **Product launches and acquisition campaigns:** Salary up-front revolving overdrafts, secured facility CD bundle campaigns, beIN sports campaign, and behavioral segmentation campaigns.
- **Credit policy changes:** Increasing AUM-based program limits, increasing maximum loan amount for self-employed customers, accepting customers that have full salary as variable income, implementing a new income computation methodology (self-employed), and expanding outsourced companies to include all those meeting our policy criteria.
- **Sales contests and incentives:** Launching successful sales contests and revising the incentive scheme.

Mortgage Product

The Mortgage Business experienced outstanding performance throughout 2018. Low-income mortgage acquisitions registered revenues of EGP 28.8 million in 2018 and enjoyed a strong flow of referrals

from the Mortgage Finance Fund, which bodes well for future growth. ENR reached EGP 799 million. Significant growth in CIB's low-income segment was triggered by the following:

- **Operational process:** Process enhancements in collaboration with other departments to reduce turnaround time.
- **Changes in credit risk policies:** Outstanding performance of the low-income mortgage portfolio encouraged the Risk Group to approve certain policy changes that led to higher acquisition numbers throughout the year.
- **Recognition and incentives:** Monthly sales recognition is based on productivity and target achievement.

Liabilities

The total deposit portfolio reached EGP 165 billion in 2018, up 18.3% from 2017. This growth was achieved despite aggressive price competition with public sector banks. The key growth drivers in 2018 included:

- Focusing on gathering low-cost deposits specifically in CASA by offering competitive rates.
- Promoting local currency floating CDs to counter price competition.
- Introducing competitively priced USD CDs to meet corporate lending requirements.

We also focused on improving product profitability and enhancing spreads while growing the deposit base. These efforts have translated into a new portfolio mix for Consumer Banking CASA products; reaching 48.8% in CASA compared to 51.2% in term.

CIB aspires to build a "sticky customer deposit" base that is less price sensitive.

Insurance Business

The Insurance Business provides life and general insurance programs that generate non-interest revenues in the form of fees for CIB Consumer Banking. CIB is the largest distributor of individual life insurance policies in Egypt in partnership with

AXA. CIB is the first bank in Egypt to provide individual international health solutions that cover a wide array of global services.

Strategic Goals

- Increase revenue contribution to Consumer Banking.
- Increase customer product penetration by expanding the insurance product range.

2018 Achievements in Life and Health Insurance

- Life insurance written premiums (as measured by Annualized premiums insured) increased to EGP 555.6 million compared to EGP 482 million a year ago
- Fee income increased by 26.5% in 2018 compared to 2017
- The Insurance Business generated EGP 182.6 million in revenues in 2018 compared to EGP 144.4 million in 2017

Business Banking

Business Banking serves over 48,000 small and medium-sized enterprises through a network of over a hundred experienced relationship managers across the country. We aim to be the bank of choice for Egypt's SMEs by providing market-leading services and an innovative portfolio of products and solutions tailored to the needs of smaller enterprises.

Our broad range of integrated financial solutions includes cash management, secured and unsecured lending, trade finance, payment, and e-commerce to help our clients manage and grow their businesses.

CIB is committed to supporting SMEs as a cornerstone of both Egypt's and CIB's growth. Revenues from the Business Banking Division have been steadily growing year on year, and we aim to continue growing our contribution to the Bank's profitability and the Egyptian economy.

2018 Highlights

Business Banking continued to display strong performance in 2018, as demonstrated by its performance indicators:

- **Deposits:** reached EGP 48 billion, growing 21% y-o-y
- **Trade:** EGP 55 billion was facilitated, growing 34% y-o-y
- **Payments solutions:** attained 30% market share, processing EGP 27 billion in transactions
- **Client base:** increased 15% to reach 48,000 companies
- **Operating profits:** increased 16% to EGP 2.4 billion

Empowering Women in Business

Business Banking has partnered with the US government-backed Overseas Private Investment Corporation (OPIC) to hold 12 workshops as part of the "Women in Business" Capacity Building Program that aims to increase banking and financial awareness among female-owned and managed start-ups and small companies. The program promotes inclusion in the formal sector, access to finance and bolsters the Bank's standing as an institution that upholds and supports gender equality throughout the sector.

2019 Forward-Looking Strategy

Business Banking will continue to tailor its offering to clients' changing financial needs in order to offer the best and most responsive customer experience in the market.

Leveraging Data

Our increasing use of data to enhance business decisions will drive innovation in segment-focused sales, risk management and process optimization.

Professional Services Alliances

Our exclusive alliances with leading providers of professional non-banking services allow clients to benefit from a wide range of services at discounted rates all under one roof.

Digitalization

Our market-leading online banking platform offers clients the ultimate convenience in managing their financial affairs around the clock.

Dedicated Contact Center

A dedicated Business Banking call center will be launched in 2019 to offer a new and flexible channel for client enquiries.

Risk Infrastructure

The build-out of our world-class, end-to-end risk infrastructure will support the ambitious growth targets for the SME business. A key pillar of our risk management strategy is the active monitoring of all accounts using comprehensive heat maps and early warning indicators that allow proactive assistance for clients prior to actual financial difficulties. The development of our in-house knowledge database of key industrial sectors is also a key differentiating factor for the credit business.

Payment Acceptance

CIB maintained its dominant position in Egypt's payment acceptance sector through 13,446 POS machines throughout Egypt. Around 11,000 merchants benefit from our payment and e-commerce services, including our new installment option for online purchases. In 2018, CIB processed over EGP 27 billion in POS transactions, attaining a market-leading 30% share of all transactions.

Segmentation

Cluster customers based on transactional behavior to develop customized services

Product Enhancement

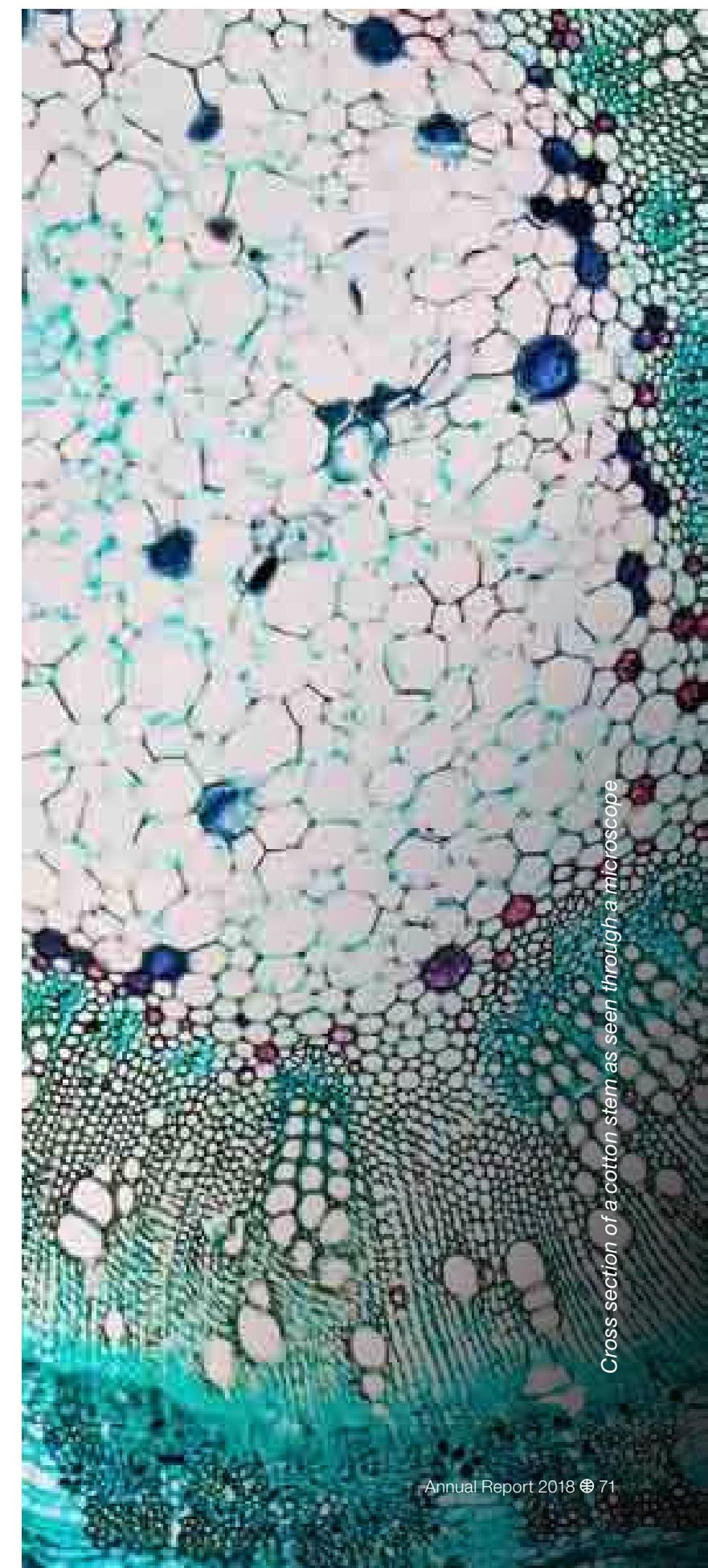
Data analytics will drive continuous enhancement of product parameters and the customer experience

Sales Management

Development of automated, data-driven sales management tool to accelerate growth and enhance sales productivity

Marketing Campaigns

Campaign insights to enhance marketing decisions





COO Area

Few banks in our region have fully embraced the potential of technology in digitalization. CIB, however, has bucked this trend, and has proved its devotion to scaling up the presence of financial solutions in the day-to-day lives of customers.

CIB's commitment to developing innovative products and services suited to the digital era is as evident as ever. This year, CIB has inaugurated two major projects: the Core Banking Release, which will allow the Bank to transition to the R18 Platform, and a new digital platform for consumers. These interrelated projects will accelerate the Bank's efforts to upgrade its functionalities, offer customers a better, more streamlined experience, and enhance CIB's product mix. Such innovation will be crucial to maintaining the Bank's position as a market leader.

Many segments in Egypt's credit market remain unpenetrated, leaving vast opportunities for growth. Seeking to tap into these segments, in 4Q2018 CIB launched its Supporting Financial Inclusion program with the aim of building the infrastructure required to bring financial services to unbanked Egyptians via digital channels.

To stay competitive in the market, CIB has supplemented its customer-centric approach with a focus on incorporating scalable technologies across all our services. Under the Sigma Program, CIB has succeeded in delivering projects that enhance customer engagement, operational efficiency, and allow the Bank to capitalize on new sources of revenue. The year has seen CIB reap gains from increased customer interaction on our new corporate trade and cash platforms and a new workflow system that has

optimized the operations landscape, allowing us to consolidate all workflows under a single system.

One of the major projects delivered this year was our Customer Relationship Management program, with its account opening and service request modules. The program is a solution designed to build stronger relationships with customers, whether the objective is customer retention or giving a boost to business growth.

We continued this year to work on enhancing the Bank's security posture to manage emerging cyber security threats and risk. CIB's ongoing technological advancement relies on always keeping our security technologies updated to cope with the speed of change and maturity of the threats and risks, having the right security strategy, and incorporating security analysis to act as a cornerstone in all businesses.

However, technological advancement can only succeed with a team of the right caliber in place. Guided by our purpose of being an "Employer of Choice", a number of initiatives were carried out to raise staff morale. These include periodic events held to award top performers among Call Center staff, which have helped reduce the staff attrition rate to 2.8%. Our staff empowerment efforts have involved extending their authorities, training, and motivation in the context of our customer-centric philosophy, in addition to providing the iCare and iOwn training for staff in different domains. On the branch front, we launched a "Good to Great" program specifically tailored to customer-serving staff. On-the-job training continued with the same momentum. In alignment with international norms in the area of building staff skillsets, employees were offered certifications

based on job requirements to meet today's dynamic work environment needs across the COO arena, with special focus given to technical training for IT staff.

Our branch network remains the main channel for serving customers. In 2018, we managed to deliver nine new branches to reach a total of 203 branches. ATMs have proven to be a main anchor in offloading branch customers, and we added 98 ATMs in 2018 for a total of 917 ATMs in the network.

In 2019, CIB will continue to focus on investing in the technologies that bring to fruition our transformation strategy and allow us to implement our digitalization initiatives, construct scalable networks, and initiate projects that enhance the Bank's security and the performance of its systems with a data-centric approach. As for operations, process re-engineering and customer satisfaction will be the primary drivers for most of the activities taking place next year.

Information Technology

The past couple of years have seen a real transformation in CIB's IT functions. This transformation has been at the heart of all the initiatives and activities we have successfully delivered. The Bank's appetite for technological advancement has required IT to work on bringing this power to the whole Bank through integrating Big Data environments, upgrading infrastructure resiliency, optimizing our storage, and building enterprise platforms to create the profound shift needed for CIB to continue to be a leading service provider.

The rapid adoption of data analysis as a primary tool for creating a diverse spectrum of products and

services customized to every customers' taste has meant investing in the construction of our Big Data environment. We have implemented state-of-the-art technology into our data warehouse infrastructure to enhance report extraction and data analysis.

Naturally, aggressive business growth has meant expanding IT across various fronts. This year, we continued optimizing our storage to enhance performance, capacity, and data protection capabilities. Growth has also required ongoing development of our security systems. We continue to reinforce our security strategy by integrating future security components, enhancing our network and data security.

CIB's transformation strategy also entails scalable infrastructure. In 2018, the Bank took the first steps toward implementing a new software defined network (SDN) to create a virtual network across data centers. With this technology, CIB can support a new generation of distributed applications and accommodate virtualized and non-virtualized environments. The technology will also help the Bank fulfill current and future business objectives linked to the evolution in digitalization and mobile applications solutions.

To better manage its activities, IT has commenced an enterprise platform implementation strategy. The new platforms will link data collected from different technologies quickly and efficiently, simplifying and unifying systems. These platforms grow more valuable as the volume of business increases, leading to an influx of activity both by internal users and customers.

2.8%

Staff attrition rate due to incentive schemes

IT began to implement a program of automation and process re-engineering after assessing options for enhancing IT productivity and supporting IT resource management and efficiency. Furthermore, IT monitoring capabilities have matured to deliver visibility across the entire IT landscape and provide supervision over systems, business services, network, and customer touch points, as well as user behavior.

Operations Channels and Customer Experience

The Bank's success goes beyond offering the usual services to our customers. It hinges on our ability to effectively execute the move to a more customer-centric approach, which will be achieved through operational efficiency, automation, and process re-engineering, all with the aim of reducing the costs of service and improving customer satisfaction. This in turn will be achieved through digital channels, always with an eye to providing a first-class customer experience.

CIB continues to maintain its attention to customers' voices, further developing its annual Customer Satisfaction & Net Promoter Score survey to measure customer satisfaction across all segments and service channels. Major improvement against regional benchmarks was recorded in 2018 scores, a result of expanding key service indicators to include a mixture of globally recognized service standards and competitive analysis measures.

When it comes to staying committed to our customer-centric strategy, it is imperative to build a culture that empowers staff to handle customers' requests and complaints swiftly. One of the major initiatives the Bank adopted on this front in 2018 was the First Contact Resolution, implemented across the CIB Call Center to allow staff to serve the customer end-to-end and handle complaints in a dynamic and proactive manner.

Our customers depend on us to provide top-notch service, and various initiatives were launched throughout the year to enhance their experience by applying a multi-vendor strategy with ATMs. This focus ensures the availability of multiple service providers, helping avoid any service disruption and maintaining the quality of service provided to our customers.

Operations continues to be at the core of the automation and re-engineering initiatives. Movement in this area ranged from shifting different activities to the Call Center to re-engineering multiple processes to allow the Bank to offload support duties from branch staff and significantly shorten service delivery turnaround time.

Operations progressed in 2018 with the automation roadmap set in late 2017. The focus on STP has allowed the Bank to reach an STP rate of 90% for e-remittances.

Orchestrating the digital strategy with both our efficiency and process re-engineering activities is a task that has required aligning all initiatives in a cohesive manner, ultimately reflected in a superior customer experience. SMS activation of debit cards was launched during 2Q2018, decreasing the load of incoming calls to the Call Center and thus enhancing resource capacity. To allow customers to tackle their day-to-day activities with ease, the IVR call tree was revamped. This increased customer migration to IVR and enhanced the IVR resolve rate to allow customers to conduct different financial activities quickly and efficiently.

Despite the focus on aligning initiatives with our digital strategy, we never neglect opportunities to re-engineer different processes across the COO area, proactively applying changes to existing processes. Solid processes followed by front-liners for Corporate Account Opening have enhanced turnaround times. Remittance transaction processing time has improved through various process re-engineering initiatives that allowed for the absorption of a significant increase in the volume of transactions with the same resources.

CIB increased its presence in Smart Village by opening a fourth building with a new, state-of-the-art Training Center — a key venue in CIB's Head Office expansion.

The Bank is also utilizing technology to enhance staff's work environment. With the initiation of a new automation initiative, the Quality Management Software system, to serve both the Premises and Facility Management departments, the Bank will positively influence processes in the real estate and premises projects division. During 2018, the procurement team

has been working diligently with supply chain colleagues to adopt new e-business suite technologies, helping reduce costs and save processing times.

Security & Resilience Management

With the ever-evolving cyber threat landscape and the rising global concerns surrounding cyber security, it has become increasingly important to develop a dynamic approach in the area of Security and organizational resilience. CIB aims to continuously develop our capabilities to remain in tune with global trends and best practices. CIB takes its security and customers' welfare seriously, and executive management has prioritized cyber security and resilience through the involvement of different committees and a mandate to regularly report a brief to the BoD.

The Bank continues to focus on the execution of the security strategy adopted in 2015, with various programs implemented since then. Continuous enhancement of the Security Operations Center is an ongoing activity, and our capabilities were augmented this year through the introduction of cyber threat intelligence. This system provides CIB with early warning signals for more proactive management of the cyber security risks and threats.

CIB understands the importance of education and training within this non-intuitive sphere, and continues to run a Security and Resilience Awareness Program, offering different activities on multiple channels targeting customers. The Bank has also instituted several structured internal awareness activities and mandatory training for staff. Moreover, CIB continues to invest in enhancing the skills of the Security & Resilience Management team through learning and development programs.

The Bank has hired globally renowned security consultancy services, emphasizing the priority it has placed on this strategic direction. Our consulting partners have assessed the quality of the investments made in the area of security and found them to enjoy a very structured and valid strategic approach, endorsing management directions in this domain.

Compliance continues to be an area of focus, and CIB maintains certification status with the Payment Card Industry – Data Security Standards (PCI-DSS)

for the second consecutive year. CIB also fully complies with the Swift Customer Security Program (CSP) mandatory requirements.

Major investments have been deployed to improve and refresh CIB's security infrastructure technologies and strengthen our defense-in-depth strategy through world-class technology solutions coupled with an enabled workforce, policies, and procedures.

Taking our business continuity capabilities to the next level, resilience management was introduced, with a widened scope of oversight for business continuity and contingency management to cover critical third parties in addition to the internal capabilities.

Finally, this year the Bank proudly received ISO22301:2012 certification for Business Continuity Management. ISO 22301 certification was awarded to CIB by PECB, a global provider of training, examination, audit, and certification standards, in partnership with EGYBYTE, a leader in the MENA market for IT Service Management.

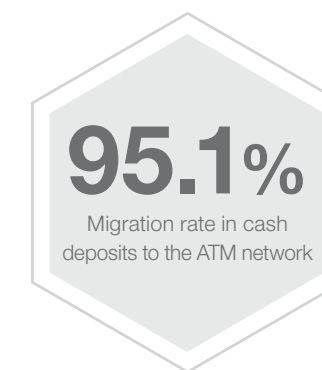
ISO 22301 is the International Standard for Business Continuity Management, providing guidance to certified organizations allowing them to identify and manage the current and potential future threats to the business. Hence, taking a proactive approach to minimize the impacts of incidents, minimize downtime, improve recovery time, and demonstrate resilience to customers and suppliers.

ISO certification is a major recognition of CIB's efforts on the business continuity front. CIB's ISO certified Business Continuity Management System has left the Bank in a position to effectively limit the risk of unexpected incidents, allowing the Bank to operate during tough situations, reduce the likelihood of operational disruptions, and continue to provide customers with the expected services while maintaining the highest levels of customer satisfaction.

CIB is best known for its innovation, and has succeeded in embedding this culture at both the technological and operational levels. Most importantly, innovation has been successfully used for the task of making our customers happy.



Digital Banking and GTS



The past three years have seen banks move quicker than ever to act on digitalization trends. At CIB, we're not only adopting them, but we're actively engaged in educating our clients about evolving digital banking solutions and offering them accessible tools that make banking even more simple.

In 2018, the digital business plan was built on offering an outstanding, trusted, and efficient digital financial experience tailored to customers' needs. It also sought to support the Bank's growth while keeping costs low.

With this in mind, CIB's digital strategy framework centers on four main pillars: enhancing the customer experience, increasing migration and automation ratios, optimizing cost, and generating revenue.

Innovation and Fintech

CIB Fintech Engagement was initiated to cater to fintech startup needs, providing them with the tools they need to survive in today's competitive market. In 2018, we established an echo-model of support, built strategic alliances serving CIB's financial inclusion objectives, and formulated a pipeline of fintechs to nurture and introduce to the market.

Innovation Activities: Digital Studio

CIB Digital Studio serves as a hub that focuses on fostering a culture of innovation within the Bank. By challenging employees to adopt a flexible mindset and think outside the box, the Digital Studio aims to accelerate CIB's digital capabilities.

2018 Highlights

We took part in the first workshop organized by

potential partners, an introductory session called "Innovation and Pizza" that explained the innovation process, the "4 Ps" of innovation, the "5 traits of successful innovators," and the ideation process.

2019 Forward-Looking Strategy

In 2019, we plan to continue expanding CIB's internal innovation by conducting awareness sessions and thinking seminars. We will also implement an "Idea Management Solution" in collaboration with potential partners, an automated and monitored intermediate platform between the innovation team and CIB employees. This platform will encourage employees to come up with new ideas, allow the innovation team to create specific challenges, and address defined pain points in digital banking.

Fintech

CIB strives to provide clients with innovative solutions to meet their financial needs and expectations while maintaining sustainable growth through creating value for stakeholders.

The Bank collaborated with AUC Venture Lab (AUC V-Lab) to create AUC Venture Lab Fintech Accelerator, powered by CIB. Its objective is to bolster the fintech scene in Egypt and help select startups grow and enter the market. The accelerator has completed two cycles in 2018, graduating 10 startups and supporting over 25 entrepreneurs. It has helped bring to the market innovative fintech startups such as PayMe, 7aweshly, Gameya, Ordera, and others.

In addition to CIB's long-standing sponsorship of AUC V-Lab, the Bank has collaborated with Temenos, the market leading software provider

for banks and financial institutions. This tripartite agreement between CIB, AUC V-Lab and Temenos will support startups participating in upcoming fintech cycles by giving them the opportunity to test their products and services in a sandbox — a non-production cloud-based version of the Temenos T24 core banking system.

2018 Highlights

- Rolled out the third fintech track cycle, which introduced four potential startups to the market.
- Supported Hona Al Shabab, a competition hosted by leading Egyptian network CBC for emerging business entrepreneurs. Through this sponsorship, 30 startups have been introduced to the market in fields such as health, e-commerce, food, payments, and fintech.
- Utilized our strategic partnerships and agreements with Orange Lab and Dell EMC to support innovation activities and increase awareness.

2019 Forward-Looking Strategy

In 2019, CIB Fintech Engagement aims to use fintech companies as a channel to launch profitable and innovative technology-enabled business models to serve the Egyptian market that could be replicated in other emerging markets. This strategy will serve two objectives: contribute to Egypt's financial inclusion initiative and explore new business models that fit existing business lines within the Bank.

ATM Network

CIB maintained its competitive advantage in the Egyptian market through operating the largest ATM network among private banks. By the end of

December 2018, the Bank's network was comprised of 917 ATMs. The network provides customers with a variety of services, including cash withdrawal and deposit, credit card settlement, bill payment, mobile top-up, mobile wallet cash-in/out, and check deposit services.

2018 Highlights

- Maximizing the utilization and return from our ATM network was a key focus area during 2018. The average number of transactions across the ATM network increased by 12% y-o-y as of year-end, on the back of relocating low-utilized ATMs to higher footfall locations and matching customer needs with ATMs' wide range of value-added services.
- The total ATM network increased by 98 machines to 917 in December 2018 from 819 in December 2017.
- The ATM network continues to serve branch migration efforts. As of December 2018, it achieved a 95% migration rate in cash deposit transactions below EGP 10,000 versus branch deposit transactions. It also achieved a 98.35% migration rate in cash withdrawal transactions below EGP 20,000 versus withdrawal transactions at branches.
- Corporate deposit card transactions saw a 128% increase as of December 2018 to 113,000 transactions with a total deposit value of EGP 731 million.
- CIB opened numerous ATM centers in several locations such as Semouha in Alexandria and Hurghada to better serve high demand on ATMs in these areas.

2019 Forward-Looking Strategy

Going forward, we will continue our efforts to encourage customer migration from branches and enhance the customer experience. We will continue adding new functionalities at competitive prices and maximizing the utilization and profitability of our ATM network. We also plan to focus on various in-branch digital tactics to further optimize average waiting and service times.

Internet and Mobile Banking

CIB Internet and Mobile Banking enable customers to easily access their accounts and conduct a broad range of financial transactions. In 2018, we focused on enhancing our Internet Banking customer experience, which boosted our Internet Banking subscribers by 95% y-o-y as of December 2018 and the number of transactions by 20% y-o-y as of December 2018. Our Mobile Banking app user base continued to increase, with a 151% y-o-y increase in the number of transactions.

Additionally, CIB is in the analysis phase of implementing a new digital platform. It will create a seamless multichannel experience across our digital channels and provide customers with a premium Internet and Mobile Banking experience with a range of banking functionalities and newly added services.

2018 Highlights

- Launching the new Internet Banking user interface, which provided an enhanced user-friendly experience with newly added functionalities such as:
 - Organize routine transactions in one convenient location, making it easier to initiate transfers using a one-time password token.
 - **Activity Calendar:** Use the calendar view to keep track of past, present, and future transactions on all accounts.
 - **My Money Tool:** Label and group transactions to easily review them and track spending.
 - **Notifications:** Customize and receive notifications on the Internet Banking homepage regarding account balances and exchange rates.

- Implementing various customer experience enhancements over the Mobile Banking app that focus on improving usability and ease of use.
- Creating a new Internet Banking interface for the newly launched Private segment.

2019 Forward-Looking Strategy

Throughout 2019, CIB will focus on providing a customer-centric Internet and Mobile Banking experience with the help of our new digital platform, adopting emerging online banking trends, offering new digital services, and collaborating with third parties.

Phone Banking and Call Center

CIB's Call Center handled a total of 4.4 million calls as of December 2018. We have focused on offloading calls from the Call Center to the IVR self-service by increasing customer awareness. This strategy enhanced the eligible migration rate for all financial inquiries to 78% as of December 2018 versus 70% in December 2017. We explored various chatbot solutions to help answer customers' general non-financial questions such as branch working hours and product features.

2018 Highlights

- Launched instant credit card settlement in September 2018.

2019 Forward-Looking Strategy

IVR: We plan to introduce a new feature to our IVR to serve CIB customers and non-customers, which will reduce our average call handling time and boost our Phone Banking penetration rates.

Call Center: We aim to transform the Call Center into a multi-channel contact center by adding new touch points such as live chat and chatbots.

CIB Mobile Payment (Smart Wallet)

CIB Smart Wallet offers an innovative payment experience serving the banked and unbanked segments by providing a convenient, secure, and cost-effective way to make purchases using

mobile devices. Customers can easily pay bills, recharge their mobile prepaid line, send money to any other wallet holder in Egypt, and deposit and withdraw funds from CIB's ATM network or any of our authorized banking agents.

In 2018, we focused on improving the quality of the customer experience by leveraging our strategic partnerships, growing our banking agent network to register new wallets, and better reach our target segment. We also partnered with existing vendors to expand the number of available services on the wallet and boost client satisfaction. Additionally, we collaborated with other teams in the Bank to offer a higher value proposition through launching products over the wallet and meet clients' needs by monitoring and analyzing their behavior and transactional history.

2018 Highlights

- Smart Wallet transaction volume rose 51%, and its value surged 92% y-o-y.
- Ran marketing activities and multiple campaigns to increase wallet acquisition and activity rates.
- Updated the Smart Wallet user interface to enhance the user experience.

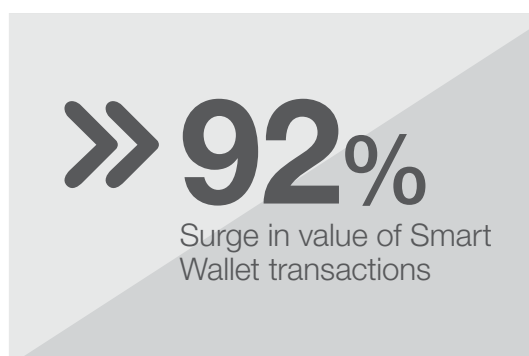
2019 Forward-Looking Strategy

Throughout 2019, CIB will work on improving the user experience and customer journey. We will upgrade digital user interfaces and platforms and adopt a multi-vendor strategy to derive the most value from existing assets. In doing so, we will build the capacity to service every kind of customer in the best possible manner. We will also focus on our distribution network to further leverage our strategic partnerships and grow our agent network. This will allow us to register new wallet customers and expand our reach.

CIB Business Online and Corporate Services

Cash Management

CIB is committed to serving our customers' sophisticated business needs through implementing



the most convenient, comprehensive, and competitive banking solutions. The Bank is committed to continuously improving its digital migration strategy and focusing on the e-payments market by introducing the most comprehensive payment products.

Corporate Download Portal

The portal's main function is to provide the most sophisticated and comprehensive reports, which allow customers to closely monitor escrow account movements.

- **Post Dated Check (PDC) Reports:** Providing customers with PDC movements and details to support companies in key sectors. It allows real estate corporates, for example, to closely follow their projects, unit payments, and installments processes.
- **Extra Teller Info Details Service:** Providing cash-rich corporates in sectors such as petroleum, real estate, and education with reports showing the selected or desired values regarding counter deposits. It also provides other reports such as:
 - Loans and time deposit position
 - Historical statements
 - Outgoing check reports
 - Swift statement MT940

Automated Clearing House

The Automated Clearing House (ACH) network is a reliable and efficient nationwide electronic fund transfer system governed by the Egyptian Banks Company (EBC) under the supervision of the CBE.

2018 Highlights

A noticeable increase in the number of transactions led to a significant impact on cash management cost synergy, reaching EGP 178 million as of December 2018, along with direct revenues, reaching EGP 26.4 million on the back of:

- Presenting the ACH Direct Credit model and enrolling the largest syndicates in the pension payment cycles with 690,751 transactions as of December 2018.
- Becoming the market leader by having the largest market share among Egyptian banks and ranking number one for commercial domestic payments. This included ACH Receivable and ACH Payable (ACH Direct Credit and ACH Direct Debit) among Egyptian banks on the ACH online platform.
 - ACH Payable: Internal payments reached 895,506 with a value of EGP 13.5 billion and outgoing payments reached 1,156,267 with a value of EGP 25.3 billion as of December.
 - ACH Receivable: Collection transactions reached 2.26 million with a value of EGP 10.4 billion.
- The number of ACH Direct Credit transactions reached 2 million in December 2018 versus 1.5 million in December 2017.
- The number of ACH Debit transactions reached 2.26 million in December 2018 versus 1.6 million in December 2017.
- The number of clients reached 9,247 as of December 2018 versus 4,905 in December 2017.
- Total Migration Rate as of December 2018:
 - Outgoing transfer migration rate reached 86% of total bank transactions.
 - Internal transfer migration rate reached 62% of total bank transactions.

2019 Forward-Looking Strategy

We plan to increase the number of subscribers and transaction volumes by expanding international remittance payments and targeting new markets and areas to increase our market share.

Core Digital Business

- Increasing CIB market share of international remittance solutions.



- Providing custody, securities, liquidity, and treasury modules over our online platform.
- Providing SMS and email notifications for banking transactions (debit and credit transactions).
- Revamping Corporate Download Portal reports.
- Revamping online portals (CIB Business Online and ACH) to increase and improve the customer experience and decrease turnaround time for online transactions.
- Integrating with corporate financial systems such as oracle, ERB, and others.

Strategic Agreements

- Partnering with Egypt Post Office to offer over-the-counter agreements that allow customers to send funds to their chosen beneficiary through our ACH channel; the beneficiary will be able to withdraw the amount at any post office branch using their national ID.

Trade Finance Management

CIB Trade Online is our new market-leading online trade channel, offering clients the ability to conduct and manage their trade finance transactions online.

CIB Trade Online provides customers with more transparency and visibility into their trade transactions, as well as saving time and money through its easy access, streamlined processing, and elimination of paperwork.

2018 Highlights

- Reached 1,621 registered customers with 18,250 transactions over its trade portal with a migration rate of 22% as of December 2018, and an EGP

9.3 million reduction in the cost of online trade transactions. Trade Finance's adoption rate as of December 2018 for GCR was 38% and BB 11%.

- Launched the Export Collection-Direct Collection via the CIB Business Online portal, a significant step toward improving the customer experience and relationships associated with our trade service offerings over CIB Business Online. The new outgoing document collection service, Export Direct Collection, allows CIB Business Online customers to export their shipping documents directly from their premises without visiting a CIB branch and gives them direct access to track documents during every stage until they reach their final destination.
- Applied a re-engineering processing cycle for unconfirmed export letters of credit (ELC) at all trade service hub branches. All shipping documents presented by customers under unconfirmed ELCs will now be completed on the same day.
- Offered the Bill Financing Module over CIB Business Online as a discounting program to serve exporters asking to discount/forfeit their ELCs for immediate access to cash to serve their working-capital requirements.

2019 Forward-Looking Strategy

Starting 2019, we plan to continue focusing on customer migration from branches to the online portal to allow customers to perform their transactions conveniently 24/7 without the need to visit a branch. We will provide our customers with the ultimate digital solutions to benefit their businesses and support their growth ambitions. We will continue to enhance Business Online, adding features that make it a more convenient and secure platform for trade and supply chain finance, cash, treasury, and lending services.

Corporate Payment Services

As part of the Ministry of Finance's aim to collect all government payments electronically, an agreement was reached between CIB and E-Finance Company (which develops and operates e-payment platforms and channels) to enable customs, tax, and other government authorities to receive

payment and collection services through banks offering these service using the E-Pay portal.

CIB in cooperation with E-Finance successfully provided bill payment services for customers using E-Pay's generalized portal. Currently, customers pay government dues at branches with the help of bank clerks who utilize E-Pay service screens.

To provide the best quality services, we established the Corporate Payment Service (CPS) portal, which allows corporate customers to pay and manage their government payments in the comfort of their offices, 24/7.

2018 Highlights

- CIB was ranked number one among Egyptian banks in e-finance government online payments.
- CPS reached 512 registered customers with 20,750 transactions and a migration rate of 33% as of 2018.
- Achieved a revenue of EGP 105 million as of December 2018.
- Added the new Suez Canal Unified Invoice Service to the E-Pay portal, giving us the ability to cover the payment of taxes, customs, charging customs, social insurance, and private university tuition fees.

2019 Forward-Looking Strategy

Starting 2019, we plan to continue focusing on corporate customer migration from branches to the CPS portal to allow them to perform their transactions conveniently 24/7 without the need to visit a branch. Moreover, we will focus on providing governmental collection services for corporates and consumers over the Bank's digital channels by giving individual customers the ability to pay for all government services through these platforms.

Global Securities Services (GSS)

In 2018, CIB was recognized as the best sub-custodian in Egypt by Global Finance for the ninth consecutive year. It recognized the Bank's distinguished services provided to more than 26,000 clients with total assets under custody of EGP 367.5 billion through processing more than 300,000 transactions annually.



2018 Highlights

- Attracted new portfolios worth a total of EGP 16 billion during 2018, diversified between scriptless and physical securities.
- Increased fixed-income investments under custody significantly with a 136% growth in T-bills as of December to EGP 47 billion.
- Appointed as the local sub-custodian for Alexandria Mineral Oils Company (AMOC)'s new GDR program by global depository bank BNY Mellon.
- Ranked number one in providing trustee services, handling 19 special purpose vehicles (SPVs) out of 22 SPVs in the market with total assets of EGP 7.7 billion.

2019 Forward-Looking Strategy

- Enlarge CIB's custody market share through registering the bank's prime corporate clients in the central depository.
- Focus on securitization services by approaching real estate, leasing, and financing companies.
- Introduce new investment tools to attract new clients to invest in the stock market and increase market liquidity.

Digital Governance

Digital Governance is a dedicated division tasked with managing collaborations between the Digital Banking and GTS team and the Bank's internal and external stakeholders.

2018 Highlights

- Collaborated with the Federation of Egyptian Banks (FEB), the Federation of Egyptian

Industries (FEI), and others in a study on the transformation of the Egyptian economy to a cashless society.

- Presented a detailed study to the FEB discussing the challenges of the current CBE mobile payment regulations and CIB's suggestions for its enhancement.

2019 Forward-Looking Strategy

The Digital Governance team will continue working tirelessly to ensure compliance across the Bank's digital channels. It will continue challenging stakeholders to adopt new technologies and increase their digital appetite and ensure that digital products, strategies, and financial inclusion efforts fall in line with regulatory guidelines and regulations updates.

Digital Banking and GTS Awards

The Corporate Channel Management Department received the following awards from Global Finance:

- Best Corporate and Institutional Digital Bank in the Middle East in 2018
- Best Online Cash Management Providers
- Best Trade Finance Services
- Best Online Portal Services
- Best Information Security and Fraud Management
- Best Sub-Custodian Award
- Best Payments and Collections, Liquidity, Working Capital Optimization, Short-Term Investments, and Money Market Fund

It also received the award of Financial Inclusion Champion of the Year by FinTech Galaxy.



Ammonite fossil in cross section



Big Data

After laying a solid foundation over previous years, the Analytics and Data Management (ADM) Department flourished in 2018 after having succeeded in changing the Bank's digital culture across the organization. For over two years, the team has worked relentlessly to propagate a culture that prioritizes data science and analytics and recognizes their importance. The team's efforts materialized in 2018 and the business became ready to use data science to achieve its goals and accelerate growth. The team succeeded in building a favorable track record throughout the organization and became a trusted partner of various departments, allowing for more collaborative projects and higher dependency.

Additionally, the team set a clear agenda to assist the Bank in providing personalized products to customers, optimizing operational processes, understanding fast-paced market alterations and supporting the decision-making process. All this was conducted while maintaining CIB's position as a market leader in the banking industry, and was reflected in the numerous awards CIB won during 2018. This was all achieved through:

- Investing in innovation
- Customer analytics
- Risk analytics
- Performance analytics
- Technological advancements

Moreover, in recognition of the Bank's extensive efforts on the data front, London Business School (LBS) featured CIB's data transformation as a case study in 2018, making CIB the first Middle Eastern company to be analyzed in a case study by the Leadership Institute.

The case study covered the evolution of the Bank's human capital culture, which enabled it to meet its overall data transformation strategy. It also discussed the Bank's success in changing the organizational design and operating model into a data-driven one. The case study will be taught in graduate programs for years to come.

2018 Highlights

Innovation is the ADM team's main tool to safeguard the Bank's current position as market leader. The industry is more dynamic than ever, with rapid changes taking place and new players attempting to enter the field. CIB must explore and utilize up-and-coming technologies capable of adding value to the Bank's current business model. The ADM team believes that investing time and resources to embed innovation in the Bank's everyday activities will translate to future earnings.

Blockchain

Blockchain has been a subject of intense study for the past few years. Using blockchain could change the dynamics of not only the banking sector but the economy as a whole. This technology can be used to create a digital identity, smart contracts, and cross-border transactions. As an early adopter of the technology in the Egyptian market, CIB was the first to join the Know Your Customer (KYC) project on R3's Corda blockchain last year. This year, the Bank is reaping the benefits of the strategic decision to join this alliance. The ADM team is currently testing different use cases to develop live projects while simultaneously building a local blockchain network for banks and different financial services providers.

One of the CBE's current priorities is to improve the existing KYC process by launching a study to explore using distributed ledger technology (DLT) to provide financial services. The plan will begin with KYC for retail customers, and corporate KYC processes will be added at a later stage. KYC, or eKYC in this case, becomes a stepping-stone toward financial inclusion. By adding data layers, such as medical records, subsidies, and governmental services, to the basic KYC structure, we can develop eKYC into a full digital identity for each citizen and pave the way for a more open banking platform.

Smart contracts are another promising application of blockchain technology; they allow customers in various fields such as shipping, real estate, and insurance to execute transactions and agreements automatically without an intermediary.

By investing funds and resources in developing blockchain technology, CIB is making transactions more secure, cheaper, and faster. The Bank will be able to perform cross-border transactions for a fraction of the cost and time; this technology can potentially replace SWIFT and other traditional payment platforms.

Consumer Analytics

Throughout the year, the department continued to transform CIB from a product-centric institution to a customer-centric one, increasing product acquisition and customer satisfaction while optimizing marketing costs. The team completed a number of projects in this area, such as revamping our balance-based customer segmentation to a fully customized, data-driven, behavioral segmentation



Gold fiber optics shot in close range

that puts the customers at the heart of the organization and decision-making process. Additionally, the department completed a project to segment credit card users based on purchase behaviors in order to provide the cards business with distinct customer segments characterized by well-defined behaviors, interests, and preferences.

The ADM team also developed a churn-propensity model to identify high-risk customers prone to churn; retention strategies were successfully developed based on this model.

In 2018, the team also launched a Digital Lending Program (DLP) to penetrate an untapped market of credit seekers based on their history as Careem captains. This program can be duplicated in the future to penetrate unbanked segments and increase financial inclusion through the use of data analytics tools.

Aligned with CIB's 360-degree customer-centric strategy, the analytics team developed a tool to track and measure behavioral KPIs for all corporate and business banking customer interactions. Various new principle types of consumer indices were established by combining new KPIs and customer data with the main objective of spotting at-risk customers and new opportunities.

The team's continuous efforts to analyze CIB customer data are expected to increase sales to new and existing customers, reduce customer churn, and increase loyalty while simultaneously delivering higher returns on marketing and promotions investments.

Risk Analytics

With the rise of computing power and new analytical techniques, banks can now extract deeper and more valuable insights from their ever-growing volume of data. For the Risk Department, these trends present unique opportunities to better identify, measure, and mitigate risk.

The team developed an anomaly-detection model to minimize fraud by identifying, monitoring, and controlling fraudulent customer behavior that suggests a threat of tax evasion under CBE anti-money laundering laws and regulations.

The team also collaborated with the Business Banking Department to create an early warning system comprised of a set of guided processes that identify risks at an early stage for business banking and corporate customers. The system's main task is to support managing the loan portfolio and assist in taking proactive steps to reduce risks resulting from unsecured lending.

Performance Analytics

Performance analytics are an essential tool the team uses to achieve higher productivity and efficiency. Using this tool, the team was able to anticipate trends, prioritize resources, deliver automation and self-service, push towards consistent service improvement, and align services with CIB's overall business goals and strategy.

In 2018, the team worked on re-engineering and optimizing average wait times at branches. A new

evaluation tool was created to measure and assess the impact of any recommended action, eliminating the need to invest in new, untested methods and assess them after implementation.

The team also analyzed cash withdrawal activity across the ATM network and found that the Bank's current ATM cash levels and structure are over funded. Using this knowledge, the team derived a formula to lower cash costs (largely opportunity loss of interest income and unnecessary costs such as cash transportation) and increase returns without affecting customer satisfaction.

Another performance analytics tool introduced by the team estimates the number of incoming calls to the call center, allowing for planning and allocating resources more efficiently. This tool has accurately captured call center demand in a fully automated manner. Insights gained from this tool have allowed us to create a more positive customer experience and optimize the department's allocation of agents.

This year, the team launched CIB Navigator; a dynamic digital performance dashboard that enables different lines of business to track customers' adoption of digital transactions across available online channels, and helps relationship managers and customer service officers persuade more customers to transition to available digital portals. Greater utilization of digital channels will reduce traffic at CIB branches and hence, increase cost synergies. In this regard, the execution



of numerous transactions over alternative digital channels from traditional ones resulted in more than EGP 200 million cost saving in 2018.

Ranking dashboards were developed to create a competitive environment to achieve CIB's strategic goals and objectives. Many managers use this tool to track their teams' performance. These dashboards are sent on a monthly basis to branch sales forces, as well as the direct sales and telesales teams, and acts as an element of encouragement to increase sales.

2019 Forward-Looking Strategy

Starting 2019, the team will capitalize on the efforts and outcomes conducted in the arena of data analytics over the last few years, parting from the notion that data is the future. The department plans to continue harnessing the power and wealth of data available to keep CIB at the forefront of the Egyptian and regional financial sectors and further drive value for all the Bank's stakeholders.



Human Resources

As CIB continues to grow, the Human Resources Department will play an increasingly important role in maintaining the Bank's reputation of excellence since people are the key to fully realizing the Bank's strategy. The HR strategy mainly focuses on supporting the Bank's expansion, employee effectiveness, and digital transformation to provide exceptional customer care and experience.

The aims outlined in the 2019 HR strategy focus on four main pillars: skill development and talent management, organizational effectiveness, automation, and enhanced controls. Growth in these areas will support CIB's efforts to achieve its core strategic goals and provide employees with an exceptional experience.

The success of the 2019 strategy will depend on our ability to attract, retain, motivate, and develop highly qualified employees. Investing in our people remains a key goal, as they are the core channel through which we provide an exceptional customer experience and competitive financial services.

Talent Management and Acquisition

In 2018, CIB continued to adopt a balanced approach to external talent acquisition by leveraging the skills and experience within the organization, while simultaneously seeking out the additional capabilities that will help the Bank achieve long-term sustainable performance. This year, CIB hired 587 external talented individuals (59 new headcount and 528 replacements), moved 429 across different areas of the Bank, and internally promoted 618 promising young talents for better exposure and enhanced career progression.

In continuation of implementing a smooth onboarding process, CIB will continue conducting the Basic Banking Certificate program in order to blend and align all new hires with CIB Culture. In 2019, the Learning and Development Division will conduct 23 rounds of this program to meet business growth and recruitment requirements. In addition, a new onboarding program designed specifically for first line managers and above will be introduced.

Moreover, a total of 33 events (Tawarny and Employment Affairs) were held across universities and other venues in Egypt to promote CIB's employer value proposition and competitive advantage. Tawarny is an initiative for university students to practice mock HR interviews and provide them with tips and constructive feedback to boost their confidence to prepare them for the corporate world. This initiative demonstrates CIB's firm commitment to supporting Egyptian youth by preparing them for the labor market. We aim to create a new generation of qualified candidates who will drive the country's development and growth.

Building on our objective to initiate recruitment mobile teams outside Cairo, in 2018 HR introduced the "Ma7atetena 3andak" initiative in which a team visited nine areas across Egypt to facilitate the recruitment process for candidates at local hubs.

Skills Development and Talent Management

CIB leadership tracks continued in 2018, targeting senior management, middle management, and first-line managers. We extended leadership training to 547 employees based on defined and customized

tracks. For senior managers, we worked with highly experienced international vendors to tailor complex materials based on intensive assessments that measure the impact of the trainings against employee progress. Leadership tracks will resume in 2019 by including new leadership topics and talent management programs aimed at exposing them to new topics in addition to their core competencies.

Moreover, 27 senior managers who joined INSEAD in 2016 became part of the high-level of Building a Winning Culture Program in 2018 to continue their leadership progression. At the middle management level, 81 IMD participants joined INSEAD for a one-day Talent Retention & Staff Engagement Program. The Essential Supervisory Skills program was developed to help first-line managers enhance their managerial skills. The track was launched at the end of 2018 and will continue into 2019.

We tailored learning tracks for various business areas and segments, including training both locally and international certifications. In 2018, 79% of employees were trained. Moreover, 26 Wealth Managers and Plus Bankers were granted certifications from Chartered Institute of Securities and Investment and 30 employees from Business Banking were accredited as SME Consultants by Simplified Examination to Maximize Profit (SEMP). In 2019, current learning tracks will resume, and we will also introduce new ones targeting areas such as Business Banking Risk, Tellers, Audit, Legal, Cash Counting and Blue Collars. As part of the Bank's succession plan developed in 2016, 42 key talents were selected to enhancing their capabilities and widen their understanding by participating in technical and

leadership skills development programs. Of these 42 delegates, 72% were promoted to larger roles as part of their career progression within CIB. In 2019, CIB will continue to add value to employees' experiences by supporting their personal development plans and linking these plans to the 2019 succession plan.

Finalization of the Competency Framework was a key priority in 2018. The Bank completed this framework model by conducting 25 competencies workshops. Hence, the now complete competency dictionary will become an integral component of the performance management system (PMS). Going forward, our skills development and talent management strategy will focus on linking past efforts in one comprehensive system that integrates all talent management initiatives. The strategy will capitalize on PMS automation, integrating the competencies framework within the PMS, creating customized Personal Development Plans, and linking these plans to more personalized training plans. Additionally, the strategy will focus on employing several phases to identify successors, identifying high potential employees, and developing user-friendly career maps. As a result, HR and business managers will have the ability to identify gaps and develop personalized development plans to create a solid talent pool.

Organizational Effectiveness

The Bank's HR strategy will continue to focus on promoting organizational effectiveness by improving engagement levels, supporting customer experience and service excellence, and enhancing the HR value proposition. The strategy will be executed through initiatives such as:



Employee Engagement

In continuation of the Bank's effort to foster a culture of high performance and ensure alignment among bank areas, during 2018 the Chief Human Resources Officer (CHRO) held 10 town halls to improve communication and increase the performance-related dialogue with middle management. Additionally, HR business partners conducted 66 awareness sessions with professionals and first-line managers to promote employee awareness of new HR policies and initiatives and increase satisfaction in the workplace.

Moreover, CIB will start developing a robust engagement strategy that will improve the culture and enrich productivity while producing more sustainable results.

Employee Effectiveness Survey

In 2018, 92% of employees completed the fourth Employee Effectiveness Survey (EES) compared to the 88% who participated in 2016. The engagement (measured by employees' loyalty, pride, and willingness to "go the extra mile" for the Bank) level was 63% compared to 59% in 2016, and enablement (measured by the degree to which employees experience an environment that fosters engagement) level reached 52% compared to 46% in 2016. Action plans for key focus areas were also developed to continue enhancing CIB's effectiveness profile in the coming years.

Customer Experience

Building on the Bank's strategy to develop young talent and provide the best customer experience, CIB launched the iOwn program under the umbrella of iCare, a program started in 2018 to promote service excellence. iOwn is a service dedicated to managing customer complaints to enhance the quality of

services provided and increase customer satisfaction. The program was designed to empower staff to take full ownership of handling customer complaints and equip them with tools to address customer complaints using best practices. Additionally, the tool helps employees see various success stories and involves branch managers and deputy branch managers in mentorship and coaching efforts.

In 2019, HR will launch another version of iOwn targeting all front liners. Three tailored versions of iOwn and iCare coaching will also be introduced to the central operations team to ensure proper management of customer complaints, increase quality of service level, and maintain customer satisfaction.

Value Proposition

HR will continue to present a unique value proposition to produce positive outcomes for key stakeholders and employees. This approach will not only allow the Bank to engage employees but also attract the best talent on the market. HR will improve its value proposition by further enhancing the variable pay programs to ensure that the distribution model is aligned with the Bank's overall strategy.

Finally, CIB has a unique model for delivering employee benefits through HR, Corporate Services, the Social Services Community, and Social Insurance funds. HR will focus on unifying policy design to ensure consistency, market competitiveness, and employee satisfaction while aligning operations with the Bank's internal processes. Additionally, HR will improve benefits and medical services across all business areas in collaboration with the Social Services Community and Social Insurance Funds.

Automation

In 2018, L&D introduced more e-learning tools for CIB employees in collaboration with various business areas. Eleven different e-learning courses were introduced. In 2019, L&D will continue to offer more digital tracks to increase employees' level of learning, engagement, and enablement.

Automation initiatives continued in 2018, with the launch of the PMS project. Automation of the PMS will significantly enhance the Performance Management process by increasing the accuracy of monitoring, performance evaluations, and cascading objectives to ensure alignment across areas of the Bank.

Additionally, the Bank implemented the learning and development system solution as CIB's official learning management system (LMS) to create an empowered automated learning experience for all staff training management activities. In 2019, HR will continue with the implementation of the new recruitment system, which will enhance the overall candidate experience by integrating CIB's social media websites and effectively increasing the Bank's digital presence. This system also supports growing mobile usage among candidates by allowing them to apply via a dedicated mobile application process. Going forward, CIB will continue adopting more integrated and innovative solutions with functional capabilities that enhance the Banks' productivity and efficiency.





Financial Control Group

Throughout 2018, the Financial Control Group has continued to expand its scope of influence, tackling new functional areas and bettering the level of its workforce, thereby adding to CIB's overall efficiency and contributing effectively to its continuous market-leading performance.

Committing to CIB's continuous record of compliance with both local and international accounting regulations and further adding to its edge over peers in the early adoption of standards, the Financial Control Group, in collaboration with the Bank's Risk Group, successfully finalized the implementation phase of IFRS 9, which the CBE mandated to be met by all banks by 1 January 2019. The "Impairment Calculation" model launched successfully this year and received official validation from McMillan Woods, in accordance with the CBE's requirement for an external audit validation. CIB became the first bank in Egypt to communicate trial financial statements to the CBE in accordance with IFRS 9 for three consecutive quarters in 2018. This ensures the Bank has complied with both CBE regulations and those set by the International Accounting Standards Board (IASB), with the latter being requisite for CIB's GDR program on the London Stock Exchange.

Particularly relevant to its scope, the Financial Control Group continues to play a key role in driving the Bank's financial performance and in adding to its overall competitive position. The group worked in close and regular collaboration with the Treasury Group throughout the year to adjust the dynamics of the Bank's balance sheet in a way that sails efficiently with changing market conditions and upcoming

regulations such as the capital charge required by the CBE to account for Interest Rate Risk in the Banking Book (IRRBB) and the new tax law recently enforced by the Egyptian Tax Authority. In 2018, the group also widened its role in Enterprise Risk Management (ERM). It set the roadmap required to take the Bank's Economic Capital Model to the next level, in alignment with international best practices. This is expected to enhance the quality of the Bank's Capital Allocation Models and of the entire pricing strategy for all Bank products and exposures.

Striving to increase the group's, and hence the overall Bank's, efficiency, this year saw the launch of a number of automation mechanisms to achieve both strategic and regulatory milestones in a timely and meticulous manner. The group's units successfully collaborated to launch the SAS Project as an automation mechanism to calculate the Bank's CAR in a more accurate and systematic way. Furthermore, an effectual automation process was completed to clean up the non-performing portion of the Bank's retail loan portfolio. With effective collaboration from the CBE, CIB also managed to finalize its Digital Reporting Project, particularly with regards to the process of reporting non-performing clients to the CBE, reducing turnaround times, and paper consumption required for such reporting.

During the year, the group played an important role in upholding the Bank's responsibility to the Egyptian economy overall. In line with the ongoing push toward financial inclusion across the banking sector, CIB's Financial Control Group helped kick off the first phase in the Digital Lending Process. The endeavor, which the group completed in collaboration

with a dedicated taskforce from different groups across the Bank, provided lending facilities to micro businesses. As a member of the Tax Committee of the Federation of Egyptian Banks (FEB), CIB played a leadership role in formulating a protocol between the FEB and the Egyptian Tax Authority, which aims to settle tax disputes currently outstanding at courts between banks and the Tax Authority.

In line with management's aim to elevate the quality of human capital and contributing to the development of staff, the Financial Control Group successfully launched the second phase of the Financial Control School – an in-house training facility tailored to aligning the group's staff with continuous market developments. The course tackles key topic areas that provide the theoretical and practical foundations deemed necessary to better position finance staff for various prestigious certifications, mainly in international financial reporting, economics, derivatives and fixed income, and business ethics. Moving forward, the course is planned to eventually serve as a mandatory requirement and prerequisite for joining the Financial Control Group and as a promotion eligibility criterion.



Details on the elaborate pectoral fin of a bicolor parrot fish



Marketing and Corporate Communications

For several years, CIB has maintained its position as the largest private bank in the Egyptian market. During this time, the Bank has exemplified the highest standards of professional dedication, ethics, and innovation. CIB's connection to its core values remain strong, and the Bank has strengthened its brand position in the financial services sector in Egypt and beyond. Both locally and internationally, CIB had been recognized for its customer focus, social commitment, and innovation.

During 2018, CIB received prestigious awards from world-renowned organizations. For the second consecutive year, CIB was named the "World's Best Bank in the Emerging Markets" by Global Finance. The Bank received the same award from Euromoney in 2017. CIB is proud to be the first bank in Egypt and the Middle East to win this prestigious award.

Additionally, CIB has received numerous international awards that demonstrate its excellence across different business lines. On the digital banking front, CIB received Global Finance's "Digital Bank of Distinction in Egypt" award and FinTech Galaxy's "Financial Inclusion Champion of the Year" award for the first time in 2018. Global Finance also recognized CIB as having the "Best Online Cash Management" and "Best Online Portal Services" in Egypt. In 2018, CIB received the following awards and recognitions:

- Digital Bank of Distinction in Egypt by Global Finance
- Best Online Cash Management in Egypt by Global Finance
- Best Trade Finance Services in Egypt by Global Finance
- Best Online Portal Services in Egypt by Global Finance

- Best Information Security and Fraud Management in Egypt by Global Finance
- Best FX Services in North Africa by EMEA Finance
- Best Payment Services in North Africa by EMEA Finance
- Best Foreign Exchange Provider in Egypt by Global Finance
- Best Trade Finance Provider in Egypt by Global Finance
- Best Treasury & Cash Management Providers in Egypt by Global Finance
- Best Bank in Egypt by Global Finance
- Best Bank in Egypt by Euromoney
- Best Bank Transformation in the Middle East by Euromoney
- Best Regional Bank - Northern Africa by African Banker
- Best Subcustodian Bank in Egypt by Global Finance
- World's Best Bank in the Emerging Markets by Global Finance
- Best Local Bank in Egypt by EMEA Finance
- Best Corporate Bank in North Africa by Banker Africa
- Best Corporate Bank in Egypt by Banker Africa
- Best Private Bank in Egypt by Banker Africa
- The Innovators by Global Finance

Moreover, CIB ranked 38th on Forbes Middle East's "Top 100 Listed Companies in the Arab World," ranking the highest of the four Egyptian companies on the list.

Another unprecedented international achievement of this year is the London Business School's (LBS) decision to conduct a case study of CIB. The Bank is the first Middle Eastern company to be analyzed in

a case study by the Leadership Institute of the LBS — one of the world's top five business schools. CIB was selected in recognition of its success in leading a data-driven, human-centric transformation in the face of macroeconomic challenges.

The awards and recognitions received this year serve to reassert CIB's strong position and outstanding performance as a local bank with global standards. This recognition is also a testament to the resilience of Egyptian organizations and the stability and positive growth of the Egyptian economy. The Bank's outstanding achievements send a clear signal to investors and the international community about the promise of the Egyptian market.

The Marketing and Corporate Communications team has been diversifying its campaigns and activities to promote the Bank's achievements and competitive market services across a variety of channels. In foreign media channels, senior management was featured in the world's most prominent publications, including The Financial Times, Global Finance, The Banker, Bloomberg, Banker Africa, Yahoo! Finance, and The Economist. In addition to highlighting CIB's achievements and leadership, these interviews also demonstrate the Bank's commitment to supporting the country by sharing stories of its economic progress and enhancing its position worldwide. CIB has also been involved in several high-profile international events as a sponsor or key speaker. At the "Leading Transformation in Turbulent Times: In Conversation with Commercial International Bank-Egypt (CIB)" event organized by LBS, CIB Chairman and Managing

Director Hisham Ezz Al-Arab gave insight on how CIB has created value for clients, shareholders, and society by investing in data and talent.

On the local and regional media front, CIB maintained a strong presence over the past year. Through advertisements and news releases published by reputable outlets, the Bank promoted its product launches and marketing campaigns. Members of CIB's executive management were featured in prominent local publications, such as Akhbar Al-Yom, Al-Masry Al-Yom, Al-Alam Al-Yom, Al-Shorouk, and Al-Borsa. The Marketing and Corporate Communications team has been steadily expanding its media relationships and exposure over the years with a focus on online platforms. CIB has increased its media presence on many renowned news websites, such as Youm7, Veto Gate, Al-Watan, and Al-Mogaz, to reach an online audience of more than 50 million people. In 2018, CIB also sponsored the new season of televised entrepreneurship competition Hona Al Shabab hosted by well-known Egyptian TV host Lamees El-Hadidi. By participating in this event, CIB widened its media exposure and — most importantly — extended support to several promising startups.

The team also focused on expanding its internal communication channels. Such efforts included ongoing townhalls and casual staff events, which maintain direct communication lines between senior management and employees. It also launched an entertainment show named "CIB Bel 3araby" (CIB in Arabic) exclusively for staff. The first of its kind in the banking sector, the objective is to provide employees with a non-traditional corporate communication experience using a show that



The Marketing and Corporate Communications team has been diversifying its campaigns and activities to promote the Bank's achievements and competitive market services across a variety of channels.

tackles important Bank and employee concerns in a humorous way. Another newly modified internal communications channel is the biweekly digital newsletter "CIB Round-up", which is issued to shed light on CIB-related news, the banking sector, and the Egyptian economy at large. Similarly, the team launched a new edition of the staff photography competition dubbed "Capture the Beauty of Egypt", which allows staff to express their artistic talent.

On the external communications front, other recently introduced communication channels are the digital media screens installed at selected branches and visual marketing materials installed across Cairo, Burg Al-Arab, Hurgada, Sharm El-Sheikh, and Aswan airports. These channels are considered more appealing, direct channels with customers that strengthen the Bank's brand equity.

In line with CIB's commitment to supporting the community, the team continued to expand its corporate social responsibility activities by supporting an array of projects and initiatives across the country, focusing on sports, art, culture, and lifestyle.

As an organization, CIB believes that sports play an integral role in shaping the minds and health of Egyptian youth; the Bank has been diversifying its efforts to support Egyptian athletes. To know more about CIB's efforts in supporting athletes, please refer to the Supporting the Best in Class: Squash section of the report.

The Bank is also an active, long-standing supporter of the arts in Egypt. CIB continues to support art students in public universities across

the country's governorates by acquiring selected pieces from their projects for the Bank's art collection. For the second year in a row, CIB sponsored the Night with Art at the historic Manial Palace, an event at which more than 500 renowned international guests had the opportunity to view rare and distinctive pieces by Egyptian artists in a remarkable historical showroom. Moreover, CIB has contributed to international events such as Made in Egypt, an exhibition of young Egyptian designers held in London, and the Africa Art Workshop organized by Soma Art School in the Democratic Republic of Congo during the seventh edition of International Contemporary Art. Such contributions reflect the Bank's steadfast commitment to Egypt and strengthen its ongoing efforts to promote Egypt's positive image worldwide. One of the significant projects that complements the Bank's role as an ambassador for the country in regional and international spheres is CIB's special book. This annual production carries a different theme every year that promotes various aspects of the country. This year, the team produced "Faces & Places" in partnership with the renowned journalist and photographer Roger Toll, who shares the Bank's appreciation of Egypt's complex and vibrant culture. This book highlights the diverse landscapes of our country as well as the juxtaposition of the past and present in our daily lives in the most authentic way possible: by sharing the experiences of its people. The team also produced a set of books entitled "Building Modern Egypt", which features Downtown Cairo, the Suez Canal, Cinema Cairo, the Egyptian Bourse, and Egyptian Post to document modern Egyptian history.

In 2018, CIB sponsored and contributed to numerous events and venues, with sponsorships encompassing art, culture, sports, CSR initiatives, and many others.

The Marketing and Corporate Communications team has worked extensively on campaigns as well as product and segment launches this year. In line with CIB's vision of customizing the Bank's services and communication for each segment, the team revamped the identities of its existing segments to reflect the progressive journey of our customers' growth with CIB. The Bank has also proudly introduced special campaigns for CIB Private, a new segment that caters to the investment and banking needs of customers with bankable assets of more than EGP 20 million. The team launched a dedicated webpage and a tailored Internet Banking experience for clients in this segment. In addition, the CIB World Elite Mastercard was launched to provide the Bank's HNW customers with a variety of enticing benefits, such as zero mark-up fees on foreign currency transactions and zero over-limit fees.

Major marketing campaigns include Travel to Russia contest, the Egyptair Apply & Win promotional campaign, and Cash on Phone campaign. CIB has also embarked on several partnerships with leading digital and technology brands in Egypt, including Apple and Souq.com. The Bank has also launched product-focused campaigns, including the equal payment plan campaign, 0% installments, and seasonal campaigns such as Back to School. The latter effort demonstrates the Bank's transformation and adoption of a modern, digital-focused brand image.

Digital banking was at the core of this year's marketing campaigns. The team introduced various promotional offers and drives to promote CIB's digital banking services and encourage customers to perform their everyday banking tasks online.

More recently, CIB has invested more heavily in online media primarily as we consider it a more powerful platform to target and analyze customer behavior. To that end, the Digital Marketing team began utilizing new technologies such as geo-location to send SMS to customers in targeted vicinities, mobile advertising, and internet network collaboration. This strategy was first implemented in relation to ATM machines installed in the North Coast during the summer. It led to the execution of over 7,400 transactions in a single week and saved over EGP 512,000 in cost synergies. Other newly employed technologies include Airpush and Mad-dict, which make it possible to target mobile devices with tailored advertisements that match users' behaviors. CIB also collaborated with Mastercard to execute four Smart Wallet campaigns in 2018 that resulted in an increase in transaction volumes from EGP 250,000 to over EGP 550,000 per month. During the month of Ramadan, a charity awareness campaign launched through Smart Wallet resulted in a 57% increase in donations to charitable causes, which reached over EGP 5 million.



Risk Group

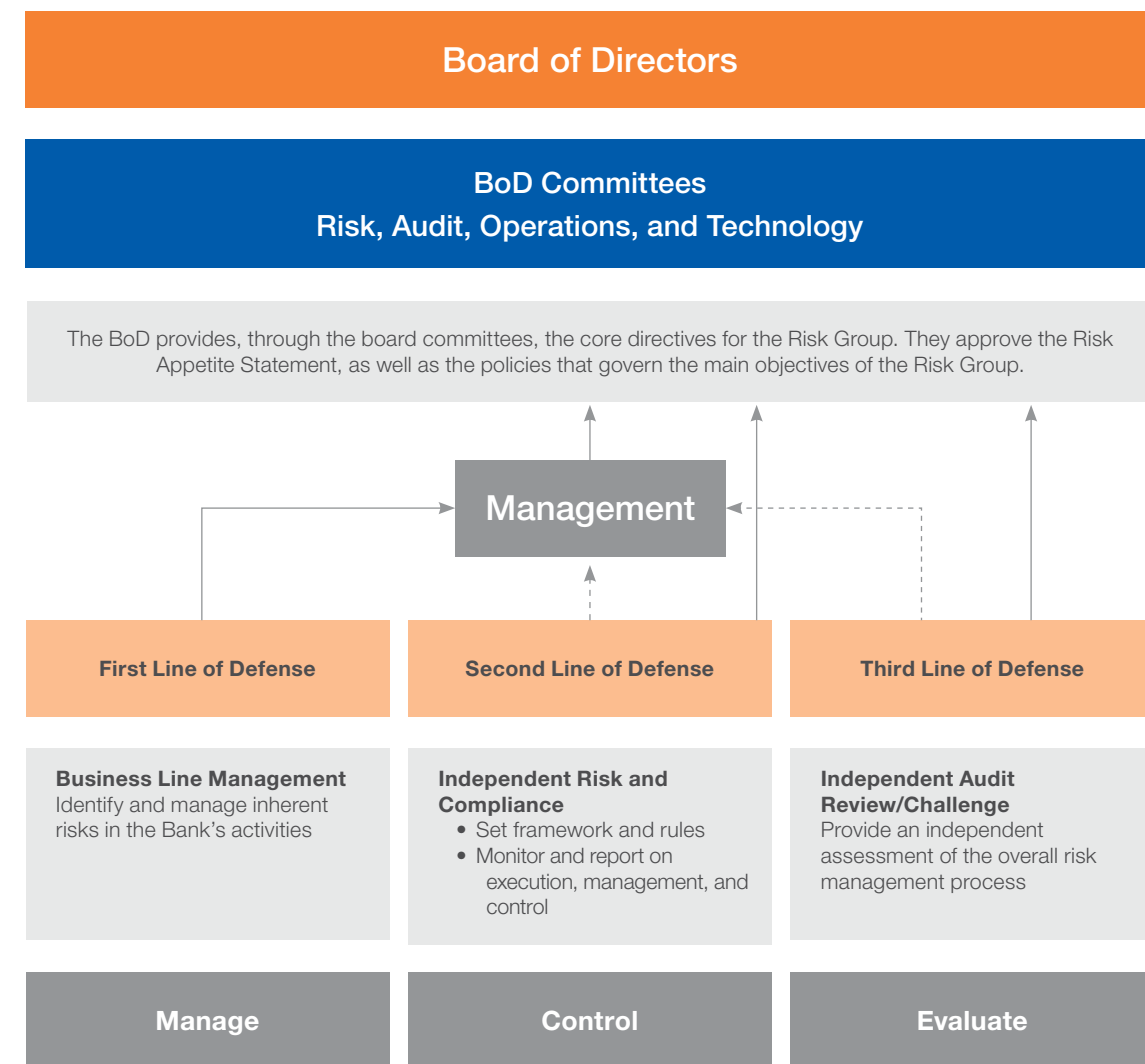
The Risk Group identifies, monitors, controls, and manages the Bank's risks against limits and tolerance levels. The Chief Risk Officer (CRO) manages the following risk areas: credit, investment, operational, conduct, market, liquidity, interest rate, IT, security, reputational, regulatory, legal, social and environmental, and other non-financial risks, as well as the Treasury Middle Office and Internal Control Management functions. The Risk Group's Enterprise Risk Management (ERM) framework provides a holistic overview of all types of risks across the organization. CIB's ERM framework dates back to

2014, positioning the Bank as a pioneer in the MENA region. The ERM framework provides the Bank with a cohesive approach to risk, integrated with an active risk culture, a flexible technology platform, and strong data governance, all tied together with a solid risk appetite framework. The ERM framework is comprised of control, governance, and oversight, which mitigate risks by utilizing existing risk-management capabilities, helping improve the operating environment and reducing operational surprises. The group proactively monitors triggers for adverse events and provides an effective risk response.



Risk Group Framework and Governance
CIB's risk governance structure utilizes the lines-of-defense model, with robust committee structures and a comprehensive set of policies and operating guidelines approved by the BoD and the

Bank's executive committees. The BoD, directly or in conjunction with BoD Committees, provides oversight of risk levels as well as key performance and risk indicators.



Risk Committees

The CRO along with experienced risk officers, who are key members of all risk-related committees, are responsible for the identification, assessment, and reporting of all types of risks across all business lines.

Committee Name	Function	Risk Type
High Lending and Investment Committee (HLIC)	Responsible for managing the asset side of the balance sheet, with the aim of maintaining CIB's sustainable business growth rate while ensuring that the Bank is compliant with internal credit policies and the CBE's rules and regulations.	<ul style="list-style-type: none"> Institutional banking credit and investment risk
Consumer Risk Committee (CRC)	Responsible for managing, approving, and monitoring all matters related to the Consumer Banking portfolio growth and quality. CRC decisions are primarily guided by the Bank's approved risk appetite, while ensuring compliance with the principles stipulated by the Consumer Credit Policy Guide.	<ul style="list-style-type: none"> Consumer credit risk
Business Banking Risk Committee (BBRC)	Responsible for managing, monitoring and concurring/approving all aspects related to the quality and growth of the Business Banking portfolio. The Committee's decisions are guided first and foremost by the current risk appetite of the Bank as well as the prevailing market trends, while ensuring full adherence to the stipulated guidelines set by the Business Banking Credit Policy Guide.	<ul style="list-style-type: none"> Business banking credit risk
Asset and Liability Committee (ALCO)	Responsible for ensuring the optimal distribution of assets and liabilities, maintaining a resilient risk/reward balance based on current and projected market conditions and approved BoD guidelines.	<ul style="list-style-type: none"> Liquidity risk Market risk Interest rate risk
Non-Financial Risks and Compliance Committee (NFRCC)	Responsible for the consolidation of non-financial and compliance risks and enhancing risk-response efficiency. The main objective is to oversee operational, reputational, conduct, and security risks and compliance frameworks, in addition to monitoring vendor and IT risks, and any new emerging non-financial risks.	<ul style="list-style-type: none"> Operational risk Reputational risk Conduct risk Security risk Compliance risk Vendor risk IT risk Model risk Strategic risk

Financial Risks

Institutional Banking Credit Risk

CIB continued to pursue its prudent growth momentum in alignment with the IB credit portfolio quality. This risk-adjusted growth is a result of the consistent commitment to the credit risk process outlined via a comprehensive set of policies and operating guidelines adopted by Bank's staff under the supervision of the BoD.

The following are the key tools used in credit risk identification and assessment:

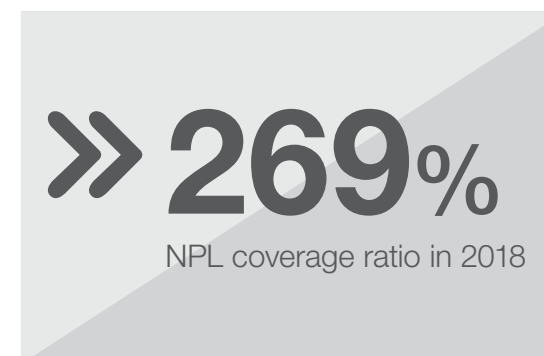
- Internal Credit Rating Assessment Model:** This is used to evaluate corporate portfolio customers' risk ratings through several phases, capturing all regulatory guidelines and historical financial data and translating all aspects into qualitative and quantitative measures.
- Credit Risk Analysis:** The Bank employs a risk-progressive strategy in the credit approval process. This strategy takes into consideration industry norms, both domestic and international, along with a broad review of associated credit risks, which are weighed against the probability of occurrence.
- Early Warning Signals (EWS) Framework:** This is a comprehensive tool that closely monitors the quality of the corporate credit loan portfolio to detect at an early stage the deterioration of a set of key performance indicators that could adversely affect the creditworthiness of borrowers. The framework sets actions and escalating procedures to minimize foreseen losses and safeguard the Bank's position.

Financial Institutions and Country Risk

The Financial Institutions (FI) and Country Risk Team was formed to actively support correspondent banks' relationships through the continuous assessment of new markets or products presented by the business FI teams and ensuring an efficient, prudent, and timely approval process.

Social and Environmental Credit Risk Management

The Social and Environmental Credit Risk Team aims to safeguard the Bank against credit risks resulting from adverse social and/or environmental impacts from customer activities. This is achieved by implementing a comprehensive due diligence process to assess this risk for all clients prior to credit facility approval, as well as providing customers with tools to facilitate and encourage their shift to a greener economy.

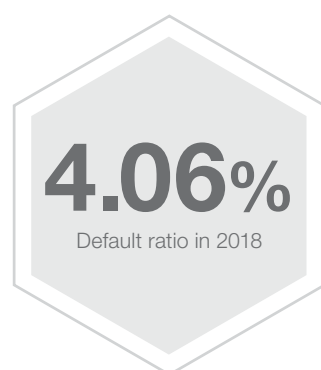


Consumer and Business Banking Risk Management

Consumer and Business Banking risk is managed using a robust risk framework based on best practices, which ensures sound risk identification and assessment. Mitigants are in place to ensure portfolio quality is within the Bank's risk appetite. The Risk Team leverages an optimized Risk Reward Strategy with the help of advanced early warning indicators and solid data analytics to ensure prudence and due diligence in customers' selection as well as proactive portfolio monitoring to maximize the risk adjusted yields across asset products.

Consumer risk follows a holistic credit cycle management approach, with specialist teams and functions managing products and policies: credit underwriting, collections and recoveries, strategic analytics, and account maintenance. On the Business Banking front, the Bank is transitioning to a new model in line with best practices and has revamped strategies with an eye on aggressive growth to enhance this portfolio in a sustained and profitable manner. The new Business Banking Risk Management Structure was enriched with a holistic organizational structure encompassing the entire credit cycle with new and specialized units being established for early warning and account monitoring, centralized fraud, and rehabilitation of customers to ensure appropriate control over the portfolio. Simultaneously, the Business Banking Policy was revamped and approved by the BoD and re-engineered Standard Operating Processes have been put in place.

The key pillars of the strategy are targeted industry analysis and customer segmentation, the adoption of data-driven analytics for decision-making and customer selection, and the installation of a robust risk infrastructure for aggressive growth within the Bank's risk appetite.



With respect to the Consumer and Business Banking portfolio quality, the Risk Group continues to adopt rigorous portfolio monitoring measures to detect key risks and maintain a healthy portfolio in line with the Bank's approved risk appetite. Moreover, the Risk Group incorporated dynamic collection strategies to counter the impact of inflation and volatile macroeconomic conditions and took preemptive action to safeguard the Bank's rights. With respect to portfolio growth and supporting the Consumer Bank's Segmentation Strategy, the Consumer Risk Division collaborated with the business to put in place customized programs and promotions to target new business from the key segments.

Market Risk

Trading Market Risk

CIB sets key limits to monitor and control market risk by considering both the Bank's risk appetite as well as the projected business plan. These limits include position, stop-loss, and value at risk (VaR) limits. The Bank primarily uses the VaR methodology to quantify market risk. VaR is a probabilistic measure of the potential loss under normal market conditions at a specific confidence level over a certain period.

Non-Trading Market Risk (Interest Rate Risk in the Banking Book)

CIB uses an effective risk-management process that maintains interest rate risk within prudent levels that ensure the Bank remains on safe and stable ground. CIB proactively positions the balance sheet to benefit from a volatile interest rate environment. The Bank uses complementary technical approaches to measure and control interest rate risk, including duration, re-pricing

gaps, change in economic value of equity (EVE), and earnings-at-risk (EaR). The Bank has an Interest Rate Risk Policy, including related authorities and responsibilities for interest rate risk management. The policy sets and enforces operating limits and parameters that maintain exposures within levels consistent with internal parameters covered in the policy to keep interest rate risk exposure within given boundaries over a range of possible changes in interest rates.

Liquidity and Funding Risks

The Bank has robust liquidity risk management guidelines within the Treasury Policy Guide and Treasury Risk Guide that summarize the Bank's liquidity framework. This framework is critical in maintaining adequate liquidity and ensuring the Bank is able to meet all payment obligations. The Bank has established a liquidity risk management framework that is seamlessly integrated into the risk management process.

Non-Financial Risks

Operational Risk

The Operational Risk Management framework was developed through sound monitoring tools, governance, and policies to manage operational risk across the whole organization and to minimize and mitigate potential and unexpected losses. The framework uses the following approaches to measure and control operational risk:

- **Loss Events Database** includes the Bank's operational risk events.
- **Risk and Control Self-Assessment (RCSA)** is the identification of operational risks and controls and the effectiveness of each unit. It is related to

assessments using validation processes, risks categories, control assessments, and the implementation of action plans and their related tracking and testing mechanisms. The outcome of the RCSA exercise is the risk heat map, which represents the residual risk assessment that evaluates the adequacy and effectiveness of the set controls.

- **Key Risk Indicators (KRIs)** consist of monitoring indicators and their results, in addition to assisting the concerned parties with the issues and identified gaps.
- **Stress Testing** consists of utilizing the internal models to proactively assess extreme events.

The division also runs regular awareness programs and training sessions to promote a strong risk culture. It has also cultivated internal risk champions through the Champions Program who are responsible for identifying and monitoring operational risks in their respective departments.

Reputation Risk

As part of the Reputation Risk roadmap, CIB launched a social media listening tool for monitoring day-to-day incidents, tracking sentiment, and capturing the perception of the Bank. The Reputation Risk Team works on engaging the Bank's key internal and external stakeholders through annual surveys to identify their expectations and prioritize the risks to a heat map. Any incident that could impact the Bank's reputation is escalated to the Reputation Risk Team, which in turn invokes the reputation event management process. The Reputation Risk Team holds ongoing culture awareness programs for all Bank's employees through E-learning and one-to-one technical induction programs.

Conduct Risk

CIB took the initiative to be the first local Bank in Egypt to establish a Conduct Risk Framework, benchmarked against the Financial Conduct Authority (FCA) in the UK. The initiative is part of the ERM framework and includes a Treating Customers Fairly (TCF) component that emphasizes client needs starting from product design and approval and ending with post-sales services and complaint management. A conduct risk assessment is performed for all of the Bank's products and digital channels.

Vendor Risk

CIB has a process in place to evaluate and monitor all the Bank's vendors to ensure they meet the predefined criteria of approved suppliers and also to conduct relevant risk assessments.

Information Technology Risk

IT risks are primarily monitored via RCSA based on the best practice COBIT 5 Framework for the governance and management of enterprise IT. Top IT risks are monitored and reported with action plans to the Non-Financial Risks and Compliance Committee (NFRCC) and the Board Operations and Technology Committee.

Model Risk

Model risk is established as a centralized independent function under the Risk Group to strengthen the independency of internal model validation.

Strategic Risk

A framework is under development to manage the process of identifying, assessing, monitoring, and mitigating any internal or external risks that might affect the Bank's business strategy and strategic objective execution.

Other Risk Functions

Internal Control Management (ICM)

ICM is considered one of the main pillars of control that captures risks by conducting various reviews across the entire branch network and different departments. Special investigations and assignments assess the risks and compliance of applied policies and procedures to ensure overall performance is consistent with predetermined standards, plans, and objectives.

Treasury Middle Office (TMO)

TMO monitors and controls all the Treasury Group positions on an intraday/daily basis against the Treasury Policy Guide (TPG), Credit Policy Guide (CPG), Investment Policy Guide (Direct Investment) limits, and CBE regulations to improve overall control. It also prepares Treasury Compliance Reports.

2018 Highlights

Strong Asset Quality

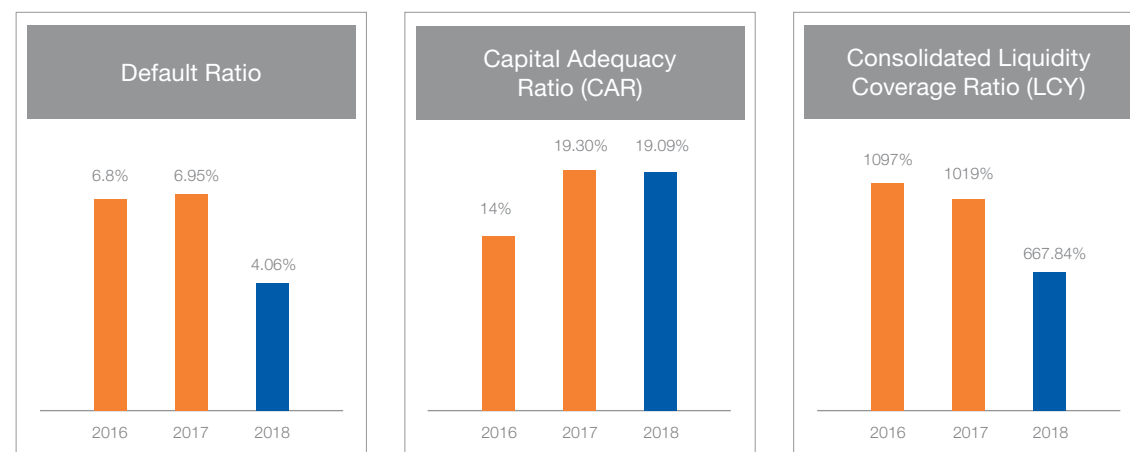
CIB maintained its robust asset quality throughout the year. Default ratio improved from 6.95% in 2017 to 4.06% in 2018 (5.41% excluding the effect of the change in unearned treatment), evidencing the Bank's effective strategy of maintaining a credit-worthy portfolio during challenging economic conditions. The NPL coverage ratio recorded a healthy 269%.

Sustainable Capital and Liquidity

CIB maintained its CAR at 19.09%, well above the minimum requirement. The increased minimum requirements in 2019 do not constitute a threat to the Bank as CIB currently exceeds this minimum by a reasonable buffer. The Bank maintained its comfortable liquidity position above CBE requirements and Basel III guidelines in both local currency and foreign currency. The LCY CBE liquidity ratio remained well above the regulator's 20% requirement, recording 66.21% at the end of 2018, while the FCY liquidity ratio reached 55.04%, above the regulatory threshold of 25%. Net stable funding ratio (NSFR) was 243.36% for local currency and 165.61% for foreign currency, and the liquidity coverage ratio (LCR) was 667.84% for local currency and 338.82% for foreign currency, all above the 100% Basel III requirement.

Operational Highlights

2018 was rife with global economic uncertainty that posed a challenge for the Egyptian market. Locally, new rules and regulations governing the banking industry have, in some cases, affected the Bank's business model. However, the Bank continued to manage these volatile conditions via a forward-looking balance sheet strategy and a dynamic approach to assessing and implementing both local and international regulations to ensure it is fully prepared for any changes.



Cross section of a freshly cut artichoke

The Risk Group continued to conduct training sessions to promote risk culture throughout the Bank and maintain a common taxonomy in the organization. The number of Operational and Conduct Risk Champions throughout the organization nearly doubled in 2018.

The SAS engine was upgraded for credit and market risks in line with best practices. A risk assessment of the Bank's digital products was conducted to ensure CIB's channels perform as intended with no losses or inconveniences to clients.

The fraud functions have been centralized under the Risk umbrella with an enhanced scope encompassing all new products and services including digital banking, e-commerce, and e-wallets along with a centralized investigation and recovery team and enhanced monitoring tools to minimize fraud.

In line with best practices and the Bank's strategic goals, the Consumer Risk Division has taken progressive steps to put in place an enhanced risk infrastructure for end-to-end automation of risk processes and policies. Application and behavioral scorecards are also being introduced along with an advanced decision engine and a CRM system.

CIB is compliant with CBE Interest Rate Risk in the Banking Book (IRRBB)'s final guidelines (aligned with Basel standards) and began to report results as of 3Q2018.

In 2018, CIB alongside 28 other global banks helped develop guidelines to bring the banking industry's operations into alignment with

internationally agreed targets detailed in the UN's Paris Agreement and Sustainable Development Goals. The principles were unveiled in November 2018 during the UNEP-FI's global roundtable.

The Risk Group made significant strides throughout the year, having been instrumental in the unveiling of the UNEP-FI Principles of Responsible Banking — a set of frameworks governing international banking principles in line with sustainability standards. The Bank continued throughout the year to update the Social and Environmental (S&E) Credit Risk Policy Guide to align with international standards for environmental, social, and governance (ESG) standards such as the International Finance Corporation (IFC) Performance Standards. CIB launched its Green Finance Credit Line for customers who wish to shift to a greener approach to economic growth through energy efficiency and renewable energy. The S&E Credit Risk Department aligned with the lighting efficiency and solar solutions developed by the Ministry of Electricity and Renewable Energy and supported by the UNDP, where this allowed CIB to deliver a comprehensive product to customers that requires technical support and financing.

2019 Forward-Looking Strategy

The Risk Group will continue to enhance the Financial and Non-Financial Risks Frameworks while leveraging its agile risk infrastructure to support the strategic shift in the way business will be conducted going forward.

The IFRS 9 project is currently in the final implementation stage and will be finalized in 2019.

The Consumer Risk Team will implement end-to-end automation, under the umbrella of Consumer Risk Transformation, to help the business provide instant decision-making, superior service delivery, and an enhanced customer experience. Similarly, predictive analytics will be implemented via the development of new models to better forecast probabilities of default and expected losses in line with the implementation of new regulations for IFRS9. The team will also support the initiation and expansion of digital products and penetration of untapped segments by using innovative credit tools and techniques for evaluation given the segment typically includes clients who do not have credit history.

The systems and processes of the Collections & Recovery Strategy, and related infrastructure, will be upgraded to provide flexible mapping of strategies and behavioral delinquency trends, facilitating improved collection activities and better recoveries.

On the Business Banking front, focus will be placed on building scalable infrastructure to support the aggressive growth of the business. Attention will also be turned to enhancing the customer experience and the proactive detection of early warning trends and timely actions to maintain portfolio quality.

CIB will also continue to act as a domestic and regional influencer in promoting the UNEP-FI Principles for Responsible Banking while capitalizing on CIB's Green Finance initiative to introduce new products beyond energy efficiency and renewable energy technologies.



Close up shot on chiffon



Compliance Group

Compliance is a multi-dimensional practice with various scopes. Within CIB, the Compliance Group focuses on international best practices and promotes the highest standards of honesty, transparency, and integrity.

CIB has a well-established independent Compliance Group, which demonstrates the Bank's reliability and helps support the pursuit of growth strategies.

The group protects the Bank from the risk of legal or regulatory sanctions, material financial loss, and loss to reputation resulting from failure to comply with laws, regulations, rules, related self-regulatory organization standards, or codes of conduct applicable to its banking activities. Additionally, the group provides intrinsic benefits including constructive communication, improved overall business practices, and a better understanding of the regulatory environment. The group ensures that CIB adheres to compliance standards to safeguard the Bank against a full spectrum of compliance risks.

Compliance, Policies, and Procedures Division

The Compliance, Policies, and Procedures Division ensures that all controls, laws, and regulations are embedded in the applied policies and procedures, all of which are periodically reviewed to ensure they are up to date. The division is also responsible for reviewing and approving marketing materials, contracts, and customer forms. Over time, the scope of the division has expanded to include monitoring bank products through reports to ensure compliance with policies, processes, and regulations.

2018 Highlights

Following the preventive measures taken by the Compliance Group in 2018, the Compliance Policies and Procedures Division began implementing a risk-based approach to detect any violations through reports and take corrective action with all stakeholders. The practice is considered to be the basis of CIB's monitoring and testing function, which will be a key focus in 2019.

The Compliance Policies and Procedures Division enhanced the percentage of customer data updates by implementing several processes that encourage e-customers to update their personal data. At the same time, the division ensured that all existing controls and CBE regulations are embedded in the core banking system upgrade along with any new controls needed. Another accomplishment of 2018 involved reengineering initiatives to enhance turnaround time and increase customer satisfaction.

Corporate Governance and Code of Conduct Division

The Corporate Governance and Code of Conduct Division adopts corporate governance guidelines and structures CIB's governance framework to enhance long-term value for shareholders, employees, the community, and other stakeholders. The division also works to ensure that the corporate governance system is documented, transparent, and understandable. The purpose of this division is to ensure that investors, both foreign and local, customers, employees, and the general public are confident about the ways the Bank is managed and supervised.

2018 Highlights

The Corporate Governance and Code of Conduct Division updated all group governance policies in 2018 to match current international best practices. The division continued to manage relevant staff issues and encouraged the use of the Bank's whistle blowing policy in cases of suspected wrongdoing. Moreover, the division efficiently managed potential conflicts of interest by reviewing several departments' restructuring in comparison with the respective job descriptions.

The division also ensured that neither employees nor insiders traded CIB stocks during blackout periods to promote transparency and integrity among all shareholders. Furthermore, the division conducted several induction sessions to raise staff awareness of governance and conduct-related issues, in line with CIB's strategy to ensure that all employees are continuously trained in topics related to conduct.

In 2018, 10 cases were presented to the Staff Issues Committee; these cases included performance disagreements, mismanagement issues, and violations of the Bank's code of conduct. All issues raised to the committee were thoroughly investigated, and fair and sound decisions were reached.

AML and Terrorism Financing Division

The Anti-Money Laundering and Terrorism Financing (AML) Division develops, implements, and maintains the AML program across the Bank. The division screens transactions against negative lists and sanctioned countries, a measure that shields the Bank against money laundering and terrorism financing crimes. Additionally, the division maintains records of customers and reports suspicious activities to authorities.

2018 Highlights

In 2018, the AML Division rolled out SAS – the industry's leading analytics software – to facilitate better monitoring and greater understanding of customers' behavior.

The AML Division also rolled out the Go AML reporting system that supports secure automated reporting to the Egyptian Money Laundering Combating Unit (EMLCU). CIB's AML team attended several international seminars in 2018 to remain up to date on AML trends locally and globally and ensure we upheld our standard of consistently enhancing performance and applying the highest international standards and best practices.

Foreign Account Tax Compliance Act Division

The Foreign Account Tax Compliance Act (FATCA) Division ensures correct implementation of FATCA regulations and actively follows up on any new updates or requirements, in addition to reporting annually to the US Internal Revenue Service (IRS).

2018 Highlights

During 2018, the FATCA Division successfully uploaded two yearly reports to the IRS as a single

Foreign Financial Institution (FFI) as well as another report as a Sponsoring Entity for CIB Mutual Funds. The division also provided continuous support for different cases to facilitate the smooth implementation of FATCA rules while ensuring customer satisfaction.

CBE Relations Division

The CBE Relations Division acts as a business advisor for all the Bank's departments to ensure they adhere to all CBE regulations and instructions.

2018 Highlights

In 2018, the CBE Relations Division assured adherence to regulators' instructions while eliminating any impact on business needs. The division acted as a business partner by participating in meetings held to develop new (mostly consumer) products as well as assisting in structuring credit approval lines to comply with CBE regulations.

2019 Forward-Looking Strategy

Going forward, the Compliance Group plans to enhance the efficiency of processes and turnaround time, support CIB through the group's divisions, and increase staff awareness of key compliance issues. At the same time, the group will continue to safeguard the Bank against the full spectrum of compliance risks. The group will continue cementing compliance issues by delivering effective education and training programs and fostering the values of knowledge, honesty, integrity, respect, and professionalism across the Bank.

The Compliance Group will continue to adopt a risk-based approach that recognizes that different areas of the business and regulatory issues carry varying levels of regulatory risk. Accordingly, the Bank's resources can be prioritized and allocated to areas with the highest need to boost productivity.

In 2019, the group plans to complete preparations to implement Common Reporting Standards (CRS) in anticipation of local regulators' announcement of their target rollout date.



Internal Audit

The Internal Audit Group provides independent and objective assurance to its stakeholders, in addition to consulting activities designed to add value and improve the organization's operations. Also, it supports senior management in accomplishing CIB objectives by assessing the adequacy and effectiveness of the control system. Concurrently, it evaluates and improves the effectiveness of Enterprise Risk Management and Governance processes.

The CIB Board Audit Committee is the backbone of the Internal Audit Group, supporting and safeguarding the independence of the third line of defense, in addition to overseeing operation and risk management, according to risk-based audit methodologies.

Backed by the top-ranked expertise of our team members, all of whom hold specialization and professional certifications, the group assisted all stakeholders with issues that arose throughout the year. The training and self-development programs offered to the team are considered among the best on the market. We provide our people with knowledge of the latest internal audit, risk management, finance, regulatory, and governance functions.

To ensure their ability to fulfil their functions effectively, our team members attend various committees as observers (non-voting members) to present the Group's insights and align our efforts with CIB's strategic plan and objectives. This way, we also fulfill our role as a trusted advisor to all stakeholders within CIB.

2018 Highlights

2018 was characterized by a need to look beyond the present to the future of the financial industry, namely fintech products and the underlying trend of leveraging big data. A new division was introduced to accommodate the growing need to support management in directing CIB's audit teams to enrich their scope and objectives.

The Consultancy and Special Investigation Division continued to provide CIB's senior management with all required in-depth scrutiny of concern, while the Follow-up Division's closure percentile reached its highest level in recent years.

As for the Quality Assurance Division, the Group broadened its scope to add another communications section to meet the regulator and external auditors' requirements. The division conducted its standard internal quality assurance check of all audit engagements to ensure their alignment with IIA standards.

In line with our role as a market leader, CIB began complying with IIA standards in 2015, three years before this practice became mandatory in the Egyptian market. In 2018, the Internal Audit Group again succeeded in complying with IIA Standards, as we were subject to External Quality Assurance as mandated by CBE. Ernst & Young International conducted the review and found that CIB was in full compliance with all standards except one. This single standard with which we were in partial compliance leaves room for future improvement and continual advancement as the Bank strives to remain ahead of local and regional competition.

2019 Forward-Looking Strategy

The group's strategy for the future is to continue ensuring that CIB's stakeholders and senior management apply efficient governance practices and risk management policies in an established internal control environment. Additionally, we will continue to safeguard CIB as the Bank's third line of defense. The group is also laying the groundwork for future developments in the digital and fintech spheres while simultaneously fortifying its cyber security management frameworks.



Detail on a five Egyptian pound banknote



Sustainability

CIB goes beyond simply operating sustainably, but guides industry change by leading in the development of international frameworks



Corporate Governance

In its mission to become the best financial institution in Egypt, CIB strives to apply international best practices in the area of corporate governance. The Bank is wholly committed to the principles and corporate values that distinguish the finest governance structures.

CIB's corporate governance structure is anchored in highly professional executive directors and a distinguished group of independent non-executive directors (NED). The BoD enjoys an optimal mix of skills, experience, and diversity in terms of gender and nationality.

CIB's highly qualified BoD is supported by specialized Board Committees. Committees are chaired by the NEDs, who brief the BoD on major points raised by their respective committee. The board is also supported by internal and external auditors, as well as other internal control departments (Risk, Compliance, Internal Audit, and Legal). Work carried out by these functions is fully utilized by the BoD to ensure the Bank adheres to international standards of corporate governance.

CIB's experienced executive management team plays an important role in the governance of the Bank by faithfully and efficiently executing the strategy set by the BoD and properly implementing the Bank's policies.

Corporate governance issues are a core focus of CIB's BoD. The Bank's governance framework ensures that timely, transparent, and accurate disclosures are made available with respect to material information

regarding the Bank, its ownership, operations, and financial performance. It also advocates the equal treatment of all shareholders with sound protection for their voting rights. The Bank continues to uphold its mandate to create value for shareholders in a sustainable and value-based manner.

CIB's governance framework aims to sustain the success of the Bank's business and operations, backed by a concrete set of policies and procedures relevant to the scope, size, and complexity of CIB's business. The BoD thus works to ensure proper implementation of internal and external regulations and to mitigate all possible risks.

These mandates are complemented by a set of governance policies designed to promote a corporate culture that emphasizes building trust with key stakeholders. Such a culture is aligned with the Bank's purpose and business strategy while promoting integrity within the Bank.

The Code of Corporate Governance is a cornerstone of CIB's governance policy framework, aiming to enhance long-term value for shareholders, employees, and other stakeholders. The Code of Conduct sets out the standards of behavior expected from all employees, providing staff, senior management, and the BoD with a comprehensive frame of reference regarding their rights and duties. The code further enshrines the principles of equal employment opportunity and gender equality.

CIB's Conflict of Interest policy guarantees that all staff and board members remain aware of and

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Highly qualified individuals make up CIB's BoD

forthcoming about any conflict of interest between the Bank and their personal, professional, and business interests, providing guidance on how to handle those cases.

The Bank's Whistle-Blowing Policy encourages staff to report suspected violations of the law or Bank policies as well as any wrongdoing, while guaranteeing a supportive and encouraging environment for those who speak out. The Bank handles cases of whistle-blowing, be they from internal or external sources, very seriously and at a senior level.

CIB's Conduct Risk policy makes clear the Bank's relationship with and duties toward its customers.

This comprehensive policy structure reflects CIB's prioritization of a strong governance framework, one that is fully backed by each of the Bank's BoD members and firm leadership and vision.



Alfalfa stem partial cross section



Board of Director Highlights

Board independence

The majority of CIB's directors are non-executive at seven out of nine members, five of whom are independent directors

Deep banking and related knowledge and experience

The majority of CIB's directors have extensive industry experience ranging from business and management to banking and investment

Gender diversity

Two of the directors are women

Board of Directors

CIB is headed by a competent BoD, which provides the Bank with the necessary leadership and experience to manage its business with integrity, efficiency and, most importantly, excellence.

The BoD primarily focuses on long-term financial returns and seeks the best interests of all related stakeholders. The board is responsible for setting CIB's strategic objectives, overseeing implementation of said strategy, providing oversight of senior management, ensuring the effectiveness of the Bank's internal control systems, managing risk, and securing CIB's institutional reputation and long-term sustainability. Moreover, the board is responsible for setting compensation and performance goals and manages director nomination, evaluation, and succession planning. It oversees CIB's economic, social,

and environmental sustainability initiatives, performing its duties with entrepreneurial leadership, a sound strategy, and risk management oversight to ensure risks are properly assessed and managed.

CIB's BoD consists of nine members who possess an appropriate balance of experience, competencies, and individual qualifications. These collective qualities give the Bank a distinct competitive edge. Over the course of 2018, CIB's BoD met seven times. Being the single largest shareholder in CIB through its wholly owned subsidiaries, Fairfax Financial Holding Ltd currently holds 6.6% of CIB's local shares, following its transaction with Actis in May 2014. Fairfax Financial Holdings Ltd appoints one representative to the Bank's BoD.



Mr. Hisham Ezz Al-Arab
Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been Chairman and Managing Director of CIB since 2002. He leads a team of more than 6,750 professionals who have transformed the institution from a wholesale lender into Egypt's largest private-sector bank, leading the sector on key metrics including revenue, profitability, net worth, and market share of deposits. Under his leadership, CIB has grown into an institution that now serves more than 1.3 million customers nationally, from individuals to small- and medium-sized businesses and leading corporations among Egypt's 500 largest firms.

The Bank's market capitalization has grown from EGP 1 billion at the beginning of Mr. Ezz Al-Arab's term to EGP 86 billion as of December 2018, making its stock — a blue-chip component of the Egyptian Exchange — the global investment community's preferred proxy for Egypt and a benchmark for the banking industry in emerging markets.

Mr. Ezz Al-Arab's term has seen CIB develop a unique culture that balances an innovation-driven entrepreneurial spirit with a commitment to global best practices in corporate governance and risk management. Nurtured for over 15 years, the Bank's corporate culture gives it a natural competitive advantage and led directly to the establishment of the first-of-its-kind employee stock ownership program (ESOP) in 2006. More than 80% of all employees have benefited and continue to benefit from ESOP, making them shareholders and thereby aligning the interests of both employees and shareholders. In 2010, Mr. Ezz Al-Arab launched the CIB Foundation, a leading Egyptian voice for universal access to quality healthcare, with a particular focus on the needs of underprivileged children.

In 2018, CIB became the first corporation in the Middle East to be the subject of a case study by the London

Business School. To mark the occasion, Mr. Ezz Al-Arab joined distinguished professors from LBS's Leadership Institute and the Wheeler Institute for Business to discuss the Bank's innovation drive and the competitive advantage this gives CIB among other emerging market banks. He also discussed how artificial intelligence, blockchain, cloud computing, and big data will lead a revolution in the financial services industry.

A firm believer in education, Mr. Ezz Al-Arab has expanded CIB's collaboration with reputable educational organizations to provide diversified learning opportunities. Such collaborations include the CIB Endowed Professorship of Banking at AUC, designed to expose students to multiple perspectives that result in superior business leadership. In 2016, CIB and AUC launched the AUC Venture Lab FinTech Accelerator, Egypt's first university-based incubator and accelerator that supports fintech entrepreneurs and bridges the gap between Egypt's financial services industry and the emerging entrepreneurial ecosystem.

Under Mr. Ezz Al-Arab's leadership, CIB has received several prestigious international accolades, a testament to the Bank's excellence in management and outstanding performance over the years. Among other awards, CIB received Euromoney's 2018 "Best Bank Transformation in the Middle East" and "Best Bank in the Middle East" in 2017, Global Finance's 2017 "Digital Bank of Distinction in Egypt", and was named African Banker's 2016 "Socially Responsible Bank of the Year". Mr. Ezz Al-Arab was recognized in 2016 for his "Outstanding Contribution to Financial Services in the Middle East" and was EMEA Finance's "Best CEO in Egypt and Africa" at the magazine's 2014 Banking Awards.

In 2018, CIB was named the "World's Best Emerging Markets Bank" by Global Finance, a year after being recognized for the same award by Euromoney. CIB is the first bank in Egypt, North Africa, and Middle East to ever win this award.

Mr. Ezz Al-Arab leads the Federation of Egyptian Banks as Chairman, is Co-chair of the Institute of International Finance's Emerging Markets Advisory Council, and serves as Director of Mastercard Middle East's Regional Advisory Board. He is also Chairman of the Board of Trustees of the CIB Foundation and is a Non-executive Director of the Board at Fairfax Africa.

Mr. Ezz Al-Arab joined CIB from Deutsche Bank and previously served with JP Morgan and Merrill Lynch in postings that took him to Bahrain, New York, and Cairo. He holds a BA in Commerce from Cairo University.



Mr. Hussein Abaza
Chief Executive Officer and Board Member

Mr. Hussein Abaza leads strategy and operations at CIB, an institution with more than 6,750 employees serving more than 1.3 million customers, including Egypt's 500 largest corporations, on-line and at 203 branches, 917 ATMs, and 13,446 points of sale nationwide. Mr. Abaza has been Chief Executive Officer and a Member of the Board of Directors since March 2017. He is Chair of the Board's Executive Committees (Management and High Lending & Investment Committees). He assumed this position after a six-year run as CEO of Institutional Banking. Prior to this, Mr. Abaza was the Bank's Chief Operating Officer and, from 2001 to 2010, its Chief Risk Officer responsible for managing credit, market, and operational risk across CIB.

Mr. Abaza is also a leader of the Bank's award-winning Investor Relations program, in which capacity he has helped CIB grow from a market capitalization of EGP 10.8 billion in 2008 to EGP 86 billion as of December 2018. Under Mr. Abaza's leadership, the team managed Ripplewood's 2009 exit from CIB, the entry into the shareholding structure of global emerging markets private equity firm Actis, and the subsequent sale of Actis's 6.5% stake to Canadian insurance firm Fairfax Financial Holding Ltd. in the Egyptian Exchange's first block trading transaction. The Bank's IR program has taken home wins from the Extel / MEIRA poll for five consecutive years, from 2014 to 2018.

In his more than 25 years with CIB, Mr. Abaza has become actively involved in the Bank's regionally renowned credit training program, providing talented young bankers with the theoretical basis and hands-on experience needed to assess the creditworthiness of organizations across all sectors of the economy.

He brings to CIB a sharp interest in financial markets and non-bank financial services, having served as Head of Research and then Managing Director at EFG Hermes Asset Management from 1995 until his return to CIB in 2001. He called on that experience from 2014 to 2017 when he was Chairman of CI Capital, a leading Egyptian investment bank and subsidiary of CIB until the Bank exited its investments.

Mr. Abaza joined CIB after obtaining his BA in Business Administration from AUC. He has pursued post-graduate training and education in Belgium, Switzerland, London, and New York.



Mr. Jawaid Mirza
Non-Executive Director of the Board & Lead Director,
Chair of CIB's Audit Committee

Mr. Jawaid Mirza has been Lead Director and Non-Executive Independent Board Member at CIB since January 2014. Mr. Mirza chairs the Board Audit Committee, sits on the Board Risk Committee, Operations and Technology Committee (which he chaired for three years since its inception), the Corporate Governance and Nomination Committee, and the Corporate Sustainability Committee.

Mr. Mirza is a strong proponent and practitioner of international corporate governance practices and brings with him over 35 years of diversified experience and a solid track record in all facets of financial and risk management, technology, mergers and acquisitions, business turnarounds, and operations management.

Over the years, Mr. Mirza has worked with global institutions like Citibank and ABN AMRO Bank Ltd, where he held several senior positions as CFO European Region, Managing Director and Chief Operating Officer for Global Private Banking, Asset Management and New Growth Markets (Consumer Banking), and Chief Financial Officer for the Asian Region including Australia/New Zealand and the Middle East. Mr. Mirza has led several due diligences for acquiring banks in Hungary, Taiwan, Thailand, Germany, Brazil, France, and Pakistan. He was also a member of the Top Executive Group at ABN AMRO Bank and a member of the Group Finance and Group COO Board.

Mr. Mirza currently serves as Independent Non-Executive Board member of Eurobank Ergasias (Athens), where he chairs the Board Audit Committee and sits on the Board Risk Committee. Mr. Mirza also serves as Non-Executive Independent Board Member of South Africa Bank of Athens (Johannesburg) and sits on the board's Audit, Risk, and Technology Committees.

Mr. Mirza holds various business management degrees from reputable institutions like Queens Business School (Toronto), Wharton Business School, Stanford Graduate School of Business, and is a member of the Institute of Corporate Directors, Canada.



Dr. Sherif Kamel

**Non-Executive Director of the Board,
Chair of CIB's Operations and Technology
Committee**

Dr. Sherif Kamel has been a Non-Executive Board Member at CIB since May 2013. He chairs the Operations and Technology Committee and is a member of the Audit, Compensation, and Governance and Nomination Committees.

Dr. Kamel is Professor of Management and Dean of the School of Business at AUC. He serves the university as Vice President for Information Management and as Associate Dean for Executive Education at the School of Business. Before joining AUC, he was director of the Regional IT Institute and Training Manager at the Cabinet of Egypt's Information and Decision Support Center. He is an Eisenhower Fellow and a Fellow at the Center for Global Enterprise.

Dr. Kamel is a member of the AACSB International Middle East Advisory Council, the Egypt-US Business Council, and a Board Member at the American Chamber of Commerce in Egypt and Education for Employment Egypt. He has served on the board of the Egyptian American Enterprise Fund and has been a member of the World Bank Knowledge Advisory Commission. Dr. Kamel was a founding member of the Internet Society of Egypt. He has been invited as panelist and speaker to a variety of policy, development, and leadership conferences and expert meetings, including the Asia-Middle East Dialogue, AACSB International, World Summit on the Information Society, the Center for Strategic and International Studies, Atlantic Council, German Marshall Fund, Middle East Institute, the International Monetary Fund, and the World Bank.

Dr. Kamel holds a PhD in Information Systems from the London School of Economics and Political Science, an MBA, a BA in Business Administration, and an MA in Islamic Art and Architecture from AUC. His research and teaching interests include management of information technology, the transfer of information technology to developing nations, organizational transformation, electronic business, decision support systems, and entrepreneurship. His work on information systems and management is published in scholarly journals and books.



Mr. Yasser Hashem

**Non-Executive Director of the Board,
Chair of CIB's Governance and Nomination
Committee**

Mr. Yasser Hashem has been a Non-Executive Board Member at CIB since May 2013. He chairs the Governance and Nomination Committee and is member of the Audit and Compensation Committees.

Mr. Hashem has held the position of Managing Partner at ZH&P since 1996. The legal skills he has extended to the privatization of public sector entities and his role in the inception of private provision of telecom services in Egypt have made him a valued veteran of legal practice in Egypt. Combining a wide range of extensive legal knowledge with honed networking and interpersonal skills, Mr. Hashem protects and furthers the interest of over 100 local and international clients.

With a special focus on corporate law, Mr. Hashem has supported the privatization program of public sector entities in Egypt through hundreds of restructurings, incorporations of foreign and domestic companies, and advising foreign and local investors on the most efficient vehicles and structures for implementing their investments in Egypt.

In the fields of M&A and capital markets, he has reliably represented acquirers in all major tender offers and M&A transactions in Egypt and has led the four largest multibillion dollar M&A transactions in Egypt. He has also played a major role in most IPOs that have taken place in Egypt.

Mr. Hashem has advised on Egypt's most significant telecom license acquisitions and M&A transactions. The legal services he has extended to this sector include the acquisition and mandatory tender offers of telecommunication companies, as well as support for

consortia on a number of mobile and fixed wireless license bids. He has contributed to the drafting and negotiation of all major telecom licenses, including public pay phones, mobile cellular networks, private data networks, satellite, and marine fiber-optic cabling, among others. Mr. Hashem also led the team acting for the largest post-revolution acquisition transactions in the telecommunications sector in 2012 and advised Orange (one of the world's leading network operators for mobile, broadband internet, and fixed lines) in its successful 100% acquisition of Mobinil for approximately USD 3 billion. Mr. Hashem's expertise in the telecom sector has led to his appointment by Ministerial Decree as Member of the New Telecommunications Act Drafting Committee.

He was recognized by The legal 500 as "Leading Individual" for the years 2016, 2017, and 2018 and his name features in The legal 500's Hall of Fame for having been recognized for seven consecutive years. He was also ranked by IFLR 1000 as Leading Lawyer in the Financial and Corporate Practice for 2016, 2017, and 2018. Mr. Hashem was ranked by Chambers and Partners Global as a "Band 1" Lawyer in the Corporate / M&A practice for the years 2017 and 2018 and as "Band 1" Lawyer in the Banking and Finance practice for the year 2018. His initial ranking by Chambers and Partners dates back to 2000.

Mr. Hashem received his LL.B. from Cairo University in 1989. He was admitted to the Egyptian Court of Cassation in 2007 and is a member of the Egyptian Society of International Law and the Licensing Executive Society. He is fluent in Arabic, English, and German.



Mr. Mark Richards
Non-Executive Director of the Board,
Chair of CIB's Risk Committee

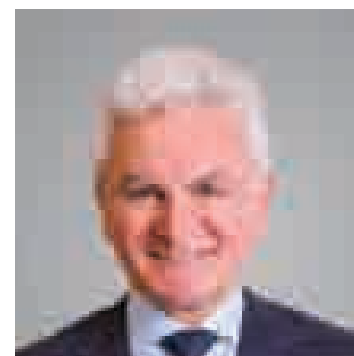
Mr. Mark Richards has served as Non-Executive Director of CIB's Board of Directors since February 2014, and chairs the Board's Risk Committee and is member of the Compensation and Governance and Nomination Committees.

Mr. Richards was Chief Executive of IPGL (Holdings) Ltd., a major corporate holding company based in the United Kingdom. He also served as Chairman of Exotix Holdings Ltd., a frontier markets brokerage and investment bank, and Director of Singapore Life, a rapidly growing digital life insurance group operating across Southeast Asia. Mr. Richards is also a non-executive director of international financial services search specialist Sheffield Howarth.

Mr. Richards brings considerable experience in emerging market banking and investment. He was Partner and Global Head of Financial Services at Actis, one of the world's leading and most ethical emerging market private equity groups. During 11 years at Actis, Mr. Richards was responsible for building many successful companies in Africa, Asia and Latin America.

He previously spent 18 years at Barclays in senior roles including CFO of the International Offshore Bank, Director of Group Strategy, and Head of Group Corporate Development.

With his 30 years of global experience in Banking and financial services, Mr. Richards serves as Non-Executive Director for a number of companies. At CIB, he chairs the Risk Committee and supports strategy development. He has a first class degree from Oxford University in modern history and economics. Mr. Richards completed the London Business School's Accelerated Development Program and Ashridge Management College's Group Level Strategy Program. He also attended the Leading Professional Services Firms Program at Harvard Business School.



Mr. Bijan Khosrowshahi
Non-Executive Director of the Board,
Chair of CIB's Compensation Committee

Mr. Bijan Khosrowshahi has sat on CIB's Board of Directors as a Non-Executive Member since October 2014, representing the interest of Fairfax Financial Holdings Ltd. Mr. Khosrowshahi chairs the Compensation Committee and is a member of the Risk and Governance and Nomination Committees.

Mr. Khosrowshahi is the President and CEO of Fairfax International. He joined Fairfax Financial Holdings in June 2009 and is currently based in London, UK. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax is listed on the Toronto Stock Exchange.

Fairfax International focuses on expanding Fairfax Financial Holdings' insurance presence outside North America. Mr. Khosrowshahi also represents Fairfax's interests as a board member at the Gulf Insurance Group K.S.C.P., Gulf Insurance & Reinsurance Company in Kuwait, Bahrain Kuwait Insurance Company B.S.C., Arab Misr Insurance Group S.A.E. in Egypt, Arab Orient Insurance Company in Jordan, Gulf Sigorta A.S. in Turkey, Alliance Insurance Company P.S.C in the UAE, Jordan Kuwait Bank in Jordan, Colonnade Insurance S.A. in Luxembourg, Southbridge Compañía de Seguros Generales S.A. in Chile, La Meridional Compañía Argentina de Seguros S.A. in Argentina, and SBS Seguros Colombia S.A. in Colombia.

Prior to joining Fairfax, Mr. Khosrowshahi was the President and CEO of Fuji Fire & Marine Insurance Company Ltd., based in Japan. He is the only non-Japanese individual who has been the President of a publicly traded Japanese insurance company. In 2002, Fuji Fire & Marine embarked on hefty reforms after an investment by major shareholders American International Group (AIG) and ORIX Corporation. He was elected President in June 2004 and successfully implemented a turnaround strategy to return Fuji to profitability and growth by taking strategically leading positions within the insurance industry in Japan.

From 2001 to 2004, he was the President of AIG's General Insurance operations based in Seoul, South Korea where a major restructuring plan resulted in significant revenue and profitability increases through specific product and channel strategies. From 1997 to 2001, Mr. Khosrowshahi was Vice Chairman and Managing Director of AIG Sigorta based in Istanbul, Turkey, and was involved in negotiating strategic alliances and joint ventures with Turkish conglomerates and working with governmental regulators to improve support for new product introductions to the emerging Turkish insurance market.

Prior to this position, he was Regional Vice President of AIG's domestic property and casualty operations for the Mid-Atlantic region based in Philadelphia. He also held various underwriting and management positions with increasing responsibilities at AIG's headquarters in New York after he joined AIG in 1986.

He has served on the board of the Foreign Affairs Council and the Insurance Society of Philadelphia. He has also been a council member of USO in South Korea, the Chairman of the insurance committee of the American Chamber of Commerce in South Korea, and a member of the Turkish Businessmen's Association. He is also a member of the U.K. Chartered Insurance Institute.

Mr. Khosrowshahi obtained an MBA in 1986 following an undergraduate degree in Mechanical Engineering in 1983 from Drexel University. He participated in the Executive Development Program at the Wharton School of the University of Pennsylvania in 2003 and is a regular lecturer at universities and insurance institutes.



Dr. Amani Abou-Zeid
Non-Executive Director of the Board

Dr. Amani Abou-Zeid has served as a Non-Executive Board Member at CIB since December 2017, sitting on the Risk, Compensation, and Governance and Nomination Committees.

Dr. Abou-Zeid is the African Union Commissioner in charge of Infrastructure, Energy, ICT and Tourism. For more than 30 years, she has served in leadership positions at international organizations such as the African Development Bank (AfDB), UNDP, and USAID, with a focus on infrastructure and energy programs. Over her career, she has amassed a remarkable mix of experience from across Africa, France, the UK, and Canada, working across constituencies with a wide array of stakeholders.

As Commissioner of the AfDB, she has managed the organization's largest operational portfolio and implemented national and continental multi-sectoral development programs, including the world's largest solar power plant (Nour). In 2018, Commissioner Abou-Zeid launched the Single African Air Transport Market, delivering on the first flagship project for African Integration under African Union Agenda 2063. She also launched the African digital identity DotAfrica, among other continental initiatives.

An Egyptian national, Dr. Abou-Zeid has enjoyed a wide-ranging, multi-disciplinary academic training, including: a B.Sc. in Electrical Engineering from Cairo University; MBA in Project Management from the French University for African Development (Université Senghor); a Masters of

Public Administration (MPA) from the Harvard School of Government; and Ph.D. in Social and Economic Development from the University of Manchester, UK. She also has a degree in Arts from Université Sorbonne-Paris IV.

Dr. Abou-Zeid has received numerous international awards and recognitions for her excellence in leadership. She has been decorated with the Wissam Alaouite from HM King Mohamed VI of Morocco, named "Personnalité d'avenir" by the Government of France, and selected as one of "The 50 Most Influential Women in Africa". She has also received the "Outstanding Alumni Award" from the University of Manchester.

Dr. Abou-Zeid is also member of the prestigious Global Leaders Broadband Commission for Sustainable Development and of the Stewardship Board for System Initiative on Shaping the Future of Energy. She co-leads the Steering Committee of Smart Africa and the Africa-EU Digital Economy High Level Task Force.



Mrs. Magda Habib
Non-Executive Director of the Board

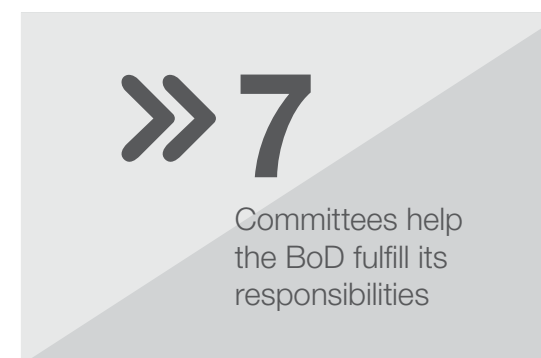
Mrs. Magda Habib has been a Non-Executive Board Member at CIB since December 2017, sitting on the Operations and Technology, Compensation, and Governance and Nomination Committees.

Mrs. Habib is the Co-founder and Chief Executive Officer of Dawi Clinics, a chain of primary care clinics established in Egypt in 2016. Mrs. Habib has vast experience in the technical information technology and electronic payments fields, as well as smart banking solutions. She draws upon 25 years of expertise in various managerial arenas, including strategic brand management, consumer and retail marketing, corporate communications, and investor relations.

She has also been a Co-founder, Board Member, and Chief Commercial, Marketing & Strategy Officer at Fawry Banking and Payment Technology Services. As a co-founder and a key member of the executive team, Mrs. Habib helped establish Fawry as the leading electronics payment platform in Egypt with more than 50,000 payment points nationwide. Mrs. Habib's journey with Fawry culminated with a successful exit to a consortium of private equity funds in 2015.

Prior to Fawry, Mrs. Habib spent nine years as a member of Raya Holding's executive team, where she played a key role in the merger and development of Raya Group, as well as being responsible for the creation and development of the Raya brand during its evolution into one of Egypt's leading technology players.

Mrs. Habib obtained an MBA from INSEAD, France. She holds a B.Sc. with Honors in Computer Science from AUC.



Board of Directors' Committees

CIB's BoD has seven standing committees that assist in fulfilling its responsibilities. Each committee chairperson is responsible for briefing the BoD on the major issues raised by the committee he/she chairs. Such briefings enable the members of the BoD to carry out their duties in an effective manner. Each committee operates under a written charter that sets out its responsibilities and composition requirements, reporting to the BoD on a regular basis. Separate committees may be set up by the BoD to consider specific issues when the need arises.

Non-Executive Committees

Committee	Members	Key Responsibilities
Audit Committee Supervising the quality and integrity of CIB's financial reporting	Chair: Mr. Jawaid Mirza Members: Dr. Sherif Kamel Mr. Yasser Hashem	This Committee was established to offer effective oversight of the integrity of the Bank's financial reporting process, the effectiveness of the Bank's internal control system, and its compliance with all statutory requirements. The Committee is also responsible for overseeing and reviewing the performance of the Bank's internal audit and compliance functions, as well as the work of the Bank's external auditors to ensure the independence and objectivity of each and the quality of the audit and compliance processes. The Committee met five times in 2018.
Governance and Nomination Committee Responsible for CIB's corporate governance as well as the BoD's nomination process and succession planning	Chair: Mr. Yasser Hashem Members: All other NEDs	This Committee advises the BoD on the general oversight of governance matters and ensures the promotion of a sound governance culture within the BoD and the Bank. This entails a periodic review of the Bank's corporate governance structure and recommending changes, when and if necessary, to the BoD. The Committee also sits as the Nomination Committee with the primary objective of setting criteria for selecting new directors and assisting the BoD in identifying individuals qualified to become BoD members and recommending director nominees to shareholders. Besides these functions, the Committee provides advice and assistance to the BoD, when necessary, with respect to a potential successor to the Bank's Chief Executive Officer. The committee met four times in 2018.
Compensation Committee Responsible for compensation of the BoD and the Bank's executive officers	Chair: Mr. Bijan Khosrowshahi Members: All other NEDs	This Committee was established to provide guidance to the BoD with regards to the appropriate compensation for the BoD and the Bank's executive officers and to ensure that compensation is consistent with the Bank's objectives, strategy, and control environment. The Committee ensures that clear policies for the Bank's salaries and compensation schemes are in place and that they are effective at attracting and retaining the best caliber professionals. The Committee met two times in 2018.
Risk Committee Supervising risk management	Chair: Mr. Mark Richards Members: Mr. Jawaid Mirza Mr. Bijan Khosrowshahi Dr. Amani Abou-Zeid	This Committee oversees risk exposure management functions and assesses management's compliance with the risk strategies and policies approved by the BoD through periodic reports submitted by the Risk Management Group. The Committee makes recommendations to the BoD regarding risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risk: credit, market, operation, compliance, reputation, and any other risks the Bank might be exposed to). The Committee met four times in 2018.
Operations and Technology Committee Assisting the BoD in overseeing Bank operations, technology strategy, and operations and technology risk	Chair: Dr. Sherif Kamel Members: Mr. Jawaid Mirza Mrs. Magda Habib	This Committee was established to provide oversight of the Bank's operations, technology strategy, and significant investments in support of this strategy, as well as operations and technology risk management. The Committee met four times in 2018.

Executive Committees

Committee	Members	Key Responsibilities
Management Committee Responsible for executing the Bank's strategy as approved by the BoD and in compliance with the Bank's policies	Chair: Mr. Hussein Abaza Voting Members: Mr. Ahmed Issa – CEO Consumer Banking Mr. Amr El-Ganainy – CEO Institutional Banking Mr. Mohamed Sultan – Chief Operating Officer Ms. Pakinam Essam – Chief Risk Officer	The Committee is responsible for executing the Bank's strategy as approved by the BoD. The Committee manages the day-to-day functions of the Bank to ensure alignment with strategy, effective controls, risk assessment, and efficient use of the Bank's resources. The Committee also monitors the Bank's strategic affiliates and subsidiaries. The Committee met 16 times in 2018.
High Lending and Investment Committee Responsible for asset allocation, quality, and development	Chair: Mr. Hussein Abaza Members: CIB Senior Management	This Committee is responsible for managing the assets side of the balance sheet and its provisioning. Under the authorities delegated to the Committee as stipulated in the Bank's Credit and Investment Policies, it is empowered to take decisions respecting asset allocation. The Committee convened weekly throughout 2018 and met 50 times.

Shareholders' Rights

CIB's Annual General Meeting of Shareholders is held in March each year, no later than six months after the end of the Bank's financial year. The General Assembly provides a platform for shareholders to exercise their voting rights. Additional Extraordinary General Shareholder meetings may be convened at any time by the BoD. Shareholder consent is required for key decisions such as:

- Adoption of financial statements
- Voting on proposed dividends by the BoD
- Significant changes to the Bank's corporate governance practices
- Remuneration policy
- Remuneration of Non-Executive Directors
- Appointment of the external auditor
- Appointment, suspension, or dismissal of the members of the BoD
- Issuance of shares or rights to shares, restriction or exclusion of preemptive rights of shareholders, and repurchase or cancellation of shares
- Amendments to the Articles of Association

External Auditor

The Board Audit Committee recommends the appointment and/or termination of the external auditor, which is approved at the General Assembly Meeting of Shareholders. Moreover, the Board Audit Committee evaluates the performance of the external auditor and endorses the prepared financial statements to ensure they reflect the Bank's performance and faithfully reveal its genuine financial position. In adherence to CBE regulations, external auditors are reappointed every five years to ensure objectivity and exposure to new practices.



Management Committee

Mr. Hussein Abaza

Chief Executive Officer and Board Member

Mr. Hussein Abaza leads strategy and operations at CIB, an institution with more than 6,750 employees serving more than 1.3 million customers, including Egypt's 500 largest corporations, online and at 203 branches, 917 ATMs, and 13,446 points of sale nationwide. Mr. Abaza has been Chief Executive Officer and a Member of the Board of Directors since March 2017. He assumed this position after a six-year run as CEO of Institutional Banking. Prior to this, Mr. Abaza was the Bank's Chief Operating Officer and, from 2001 to 2010, its Chief Risk Officer responsible for managing credit, market, and operational risk across CIB.

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In more than 25 years with CIB, Mr. Abaza has become actively involved in the Bank's regionally renowned credit training program, providing talented young bankers with the theoretical basis and hands-on experience needed to assess the creditworthiness of organizations across all sectors of the economy.

He brings to CIB a sharp interest in financial markets and non-bank financial services, having served as Head of Research and then Managing Director at EFG Hermes Asset Management from 1995 until his return to CIB in 2001. He called on that experience from 2014 to 2017 when he was Chairman of CI Capital, a leading Egyptian investment bank and subsidiary of CIB until the Bank exited its investments.

Mr. Abaza joined CIB after obtaining his BA in Business Administration from AUC. He has pursued post-graduate training and education in Belgium, Switzerland, London, and New York.

Mr. Mohamed Sultan

Chief Operating Officer

Mr. Mohamed Sultan is CIB's Chief Operating Officer, a role he assumed in February 2015. He joined CIB as Head of Consumer Operations in 2008, and within six months was appointed Head of the Operations Group. In September 2014, Mr. Sultan was appointed Head of Operations and IT before assuming his role as COO.

Under his leadership and management, the Operations Group was significantly developed, resulting in major expansions within the operations function. New divisions were established serving the expansion of the business or merging several operations divisions, including Corporate Services, Alternative Channels, and Real Estate and Facility Management.

In his continuous efforts to enhance the Bank's internal and external customer experience in alignment with CIB's overall objectives and strategic



goals, multiple departments were established, including Treasury Middle Office, Operations Control Management, Retail Operations, Customer Care and Experience, as well as the Sustainable Development Department.

His vision brought about the establishment of the Security and Resilience Management Group, with a clear strategic mandate to develop and firmly establish the Bank's business continuity and cyber security management capabilities. Under his leadership, CIB has obtained ISO22301:2012 Certification in Business Continuity Management, positioning CIB as the pioneer and leader among peer financial institutions in the market.

In 2015 and 2016, Mr. Sultan led a major transformation strategy in the IT Department, adding

significant value to existing technology and enhanced infrastructure. The aim was a more solid foundation that provides superior services to customers and allows the business to grow smoothly as the Bank moves forward. Mr. Sultan has also been leading programs under the Bank's Strategic and Digital Transformational Agenda and has played a significant role in expediting the adoption of digital technologies with the aim of maintaining CIB's role as market leader in this domain.

Prior to joining CIB, Mr. Sultan held the positions of Vice President of Branch Operations and Control Management at Mashreq Bank and Country Operations Head at the National Bank of Oman. He has attended several leadership programs in top business schools and is also an alumnus of INSEAD Business School.

Mr. Amr El Ganainy**Chief Executive Officer, Institutional Banking**

Mr. Amr El Ganainy joined CIB in 2004 as General Manager of the Financial Institutions Group. In January 2010, he assumed his role as President of the Global Customer Relations Department, before taking on his current role in June 2017.

Mr. El Ganainy is the Chairman of International Securities & Services Co. (Falcon Group), a Board Member of CI Capital Holding Co., Board Member of Telecom Egypt Co., Board Member of Misr for Central Clearing, Depository and Registry Co., Board Member of The Egyptian Holding Co. for Airports and Air Navigation, General Assembly Member of Egyptair Holding Co., Honorary Chairman of Inter-Arab Cambist Association (ICA), Honorary Chairman of Egyptian Dealers Association (ACI Egypt), and a member of the American Chamber of Commerce in Egypt.

Mr. El Ganainy has served as Chairman of CI Asset Management Co., Chairman of Commercial International Brokerage Co., Board Member of TE Data, Executive Board Member of ACI International (The Financial Market Association), Board Member of Royal & Sun Alliance Insurance Co., and the Chairman of Capital Securities Brokerage Co.

Prior to joining CIB, Mr. El Ganainy worked at the United Bank of Egypt as General Manager, Treasurer and Head of Correspondent Banking and was Chief Dealer of the Export Development Bank. He began his career as a dealer at Suez Canal Bank.

Mr. Ahmed Issa**Chief Executive Officer, Retail Banking**

Mr. Ahmed Issa is the Chief Executive officer of Retail Banking, a responsibility he assumed in January 2017. He started his banking career in 1993 at CIB branches and attended CIB's industry-leading credit course in 1994. He was later promoted through the ranks within CIB's Corporate and Investment Banking divisions between 1995 and 2001. His career has seen him take on notable positions such as Head of Research at CIBC, Managing Director of CI Capital Investment Banking, Head of the Financial Institutions Group at CIB Corporate Banking, Chairman of Egypt's leading lease finance company, Corplease, Chairman of Egypt's largest security company, Falcon Group, and the first Head of Strategic Planning at CIB.

Mr. Issa is an industry veteran, chairing the Banking and Finance Committee of the American Chamber of Commerce in Egypt and speaking regularly at the chamber's industry committee meetings. He was Chair of the Audit Committee of the Board at the Ministry of Civil Aviation Finance Holding Company and in 2017 was selected by His Excellency the Prime Minister of Egypt to sit on the Board of Egypt's Trade Development Authority. In April 2018, at the request of His Excellency the Minister of Aviation, he became a member of the Board of Directors at Egyptair Holding Company.

Mr. Issa has been industrious about self-development throughout his career. In 2001, he earned an MBA from the University of North Carolina at Chapel Hill. He was a Fulbright Scholar at Harvard University and at Merrill Lynch in 1997.

Ms. Pakinam Essam**Chief Risk Officer**

Ms. Pakinam Essam serves as CIB's Chief Risk Officer (CRO), having been appointed in January 2011. Since then, she commenced the Risk Transformation Process, and the CIB Risk Group evolved into a forward-looking, holistic organization with an integrated view of risks, covering all key areas including institutional banking, consumer banking, business banking, market, operational, liquidity, and interest rate risks. She has expanded the group's coverage to focus on emerging non-financial risks, such as conduct, cyber security, information security, vendor management, IT, reputation, and social and environmental risks. Ms. Essam is championing the Bank's Enterprise Risk Management framework, with emphasis on infrastructure, process, environment, and risk culture.

Under her leadership, CIB has been recognized for six prestigious risk awards by Asian Banker Singapore for the Middle East and Africa in the following categories: Enterprise Risk Management, Retail Risk, Liquidity Risk, and Operational Risk.

Ms. Essam is a key member of the Bank's executive committee and an active member of the Bank's Sustainability Steering Committee and the Board of Trustees of the CIB Foundation.

Ms. Essam joined CIB after graduating from the Faculty of Economics and Political Science, Cairo University, and has over 25 years of experience in banking and risk management.



Sustainable Development Department

CIB strives to adapt and contribute to the evolving landscape of the business community and harness challenges and opportunities alike to support long-term value creation while ensuring a more sustainable, inclusive, and climate-resilient future. Aligning CIB's activities with the Sustainable Development Goals (SDGs), Egypt's Vision 2030, and the Paris Agreement on Climate Change is a crucial step in this direction. Equally important is partnering with leading global entities to achieve synergies.

Instilling a bank-wide culture of sustainability remains at the core of CIB's agenda. We are also gradually and responsibly integrating environmental, social, and governance (ESG) considerations into our policies, core business, and day-to-day practices. This effort is reinforced by systematic awareness-raising activities, cross-departmental training, e-learning programs, and the use of a variety of social media channels.

Managing our Ecological Footprint

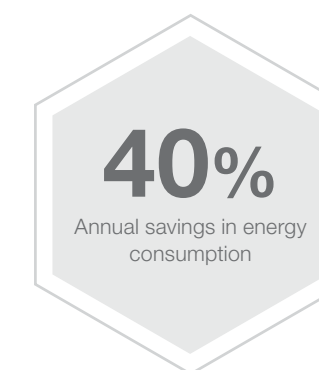
CIB is managing its environmental footprint by applying the highest standards and employing the greatest resources when it comes to mitigating its energy and water consumption, carbon footprint, and waste management. Considerable progress has been made since 2014 in this regard despite significant growth in the Bank's operations and headcount.

CIB Carbon Footprint Calculations

Stemming from its serious commitment to sustainability and transparency, and in line with the SDGs and Egypt's Vision 2030, CIB issued its first Carbon Footprint Report in 2017. This new reporting effort is a natural progression following the Bank's sustainability reports published in 2015, 2016, and 2017. This initiative places CIB at the forefront of Egypt's banking sector with regards to a comprehensive carbon footprint assessment and sets the standards for our peers.

The report provides insight into the Bank's energy use and net greenhouse gas (GHG) emissions in terms of tons of carbon dioxide equivalent (tCO₂e). CIB's 2017 report covers 52 branches and 899 employees in the Giza and Alexandria governorates — two of the top GHG emitting governorates in Egypt, with populations of 8.7 million and 5.2 million inhabitants and emissions of 28 million and 17 million MtCO₂e, respectively.

CIB's emissions per employee for scopes 1 and 2 were 5.60 MtCO₂e, higher than the median of the banking sector's emissions for scope 1 and 2 emissions of 4.50 MtCO₂e/employee and the international best practice 2.82 MtCO₂e/employee, according to the Carbon Disclosure Project organization (CDP). The Bank needs therefore to cut its emissions by at least 20% to reach median ranges.



CIB's EMISSIONS PER SCOPE

(MtCO₂e)

Scope 1 – Direct Emissions	14%
Owned Vehicles	991.41
Refrigerants Leakage	60.82
Scope 2 – Direct Emissions	54%
Purchased Electricity	3,983.60
Scope 3 – Indirect Emissions	32%
Transportation	1,135.90
Aerial Transportation	262.82
Water and Wastewater	21.56
Paper Consumption	54.59
Solid Waste Disposal	852.03
Total Emissions	7,362.73
Emissions/Employee MtCO₂e	8.19 MtCO₂e
Emissions/Employee MtCO₂e (Scopes 1 & 2)	5.60 MtCO₂e



Lighting Efficiency

In support of Egypt's promising nation-wide Lighting Efficiency Improvement Initiative, we transitioned to LED lighting systems across our premises in 2017. This reduced the Bank's energy consumption by 11 KWs between 2014 and 2018, according to a review conducted by the Egyptian Ministry of Electricity and Renewable Energy. Annual savings on electricity consumption reached 40%, and the payback period was 14 months. CIB received a special award from the Energy Efficiency Project in recognition of its outstanding energy efficiency efforts.

Outcome: CIB's electricity consumption is consistently being monitored and figures show that usage in 90 mega CIB buildings (large premises) located in Egypt's main cities has dropped 2.53% in 2018 to 18204316.67 KWs from the 18666336.64 KWs consumed in 2017.



Electronic Waste (E-waste)

With the world becoming digitally dependent, reducing digital waste is vital. CIB began to implement an e-waste management initiative during the latter part of 2017 to safely dispose of mobiles, computers, iPads, and similar devices.

Outcome: In 2018, a total of EGP 1 million was credited to the Sustainability Account as part of these efforts.



Water Efficiency

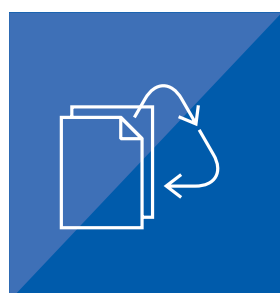
In 2018, CIB initially installed 1,600 aerators as part of a trial effort to reduce water consumption across its premises. This project was highly successful, and the Bank developed a plan to install aerators across all premises in Egypt and all new buildings in the coming years. This effort has led us to save 103 million liters of water in 2018, a 40% reduction in consumption.

Outcome: This effort has led us to save EGP 518,000 in water-related expenses and achieved a return on our investment in only four months.



National Initiative on Plastic Bag Consumption Reduction

CIB is cooperating with the Ministry of Environment to participate in a national campaign to promote the use of biodegradable plastic bags. It sets to increase public awareness of the hazardous effects of non-biodegradable plastic on human health, the environment, and the economy. Biodegradable plastic bags are now used across the Bank; a change consistent with the international trend of sustainable consumption and production.



Paper Reduction

Paper reduction is a promising area for the division. Paper reduction efforts spurred a healthy "Paper Champs!" competition between branch offices seeking to cut down on paper waste. Any paper waste our branches create is sold to paper recycling startups. Proceeds are credited to the Sustainability Account, whose credit is subsequently used for green projects such as green rooftops.

Outcome: In 2018, a total EGP 184,326 was credited to the Sustainability Account as part of these efforts. Despite the annual increase in CIB's staff and number of branches, bank-wide paper consumption rose marginally to record 38 million sheets in 2018, up from 35 million sheets in 2017.



Internal Carpooling Application

CIB encourages its employees to use a tailored carpooling application called Raye7 CIB that connects CIBians who want to carpool to and from work every day. In 2018, the application was used by over 1,000 employees. This initiative has generated a positive environmental impact, strengthened ties in our community, and allowed us to support young Egyptian entrepreneurs.



Green Buildings

CIB collaborated closely with the Housing and Building National Research Centre and the Ministry of Housing, Utilities, and Urban Development to obtain an Egyptian Green Pyramids Certificate. This world-class, home-grown initiative is comparable to the internationally recognized Leadership in Energy and Environmental Design (LEED) standards. It is a mark of distinction signifying that a building has been constructed or is operated in a way that is green, high-performing, and resource-efficient. CIB also contributed to the development of a Green Building Rating System – Green Pyramids Rating System (GPRS). Two of our head offices were awarded the highest environmental GPRS Green Level for meeting the following criteria:

- General accessibility and design quality that provides easy access to all stakeholders
- Use of renewable energy sources, such as covering the building with solar sheets (rooftop panels and curved façade panels) and installing a central solar water heater
- Establishment of internal and external vertical gardens that improve air-quality, insulation, and visual comfort; native plants are used and consume the minimum amount of water through an automatic irrigation system
- Roof designed as a social space with seating and a cafeteria shaded by solar-grids
- Efficient energy performance through use of LED lighting, occupancy sensors, and double-glass for insulation
- Connection of all electrical, PV, HVAC, and water meters to a building management system that ensures effective monitoring and optimization
- Prevention of ozone depletion through use of split units with environmentally friendly refrigerant 407-A
- Installation of photocell taps in toilets and a gray water system to minimize water consumption
- Adherence to sustainable housekeeping practices, such as environmentally friendly pesticide control, waste management policies, and use of segregated trash bins

Noise Audit on Branches

In line with our goal to protect the environment and provide a better setting for both employees and customers, the Bank has voluntarily conducted a review of noise ratios at five branches that serve a large number of clients from a cross section of the population.

CIB is following up on the recommendations of the noise audit report. We have created a task force responsible for implementing the following changes:

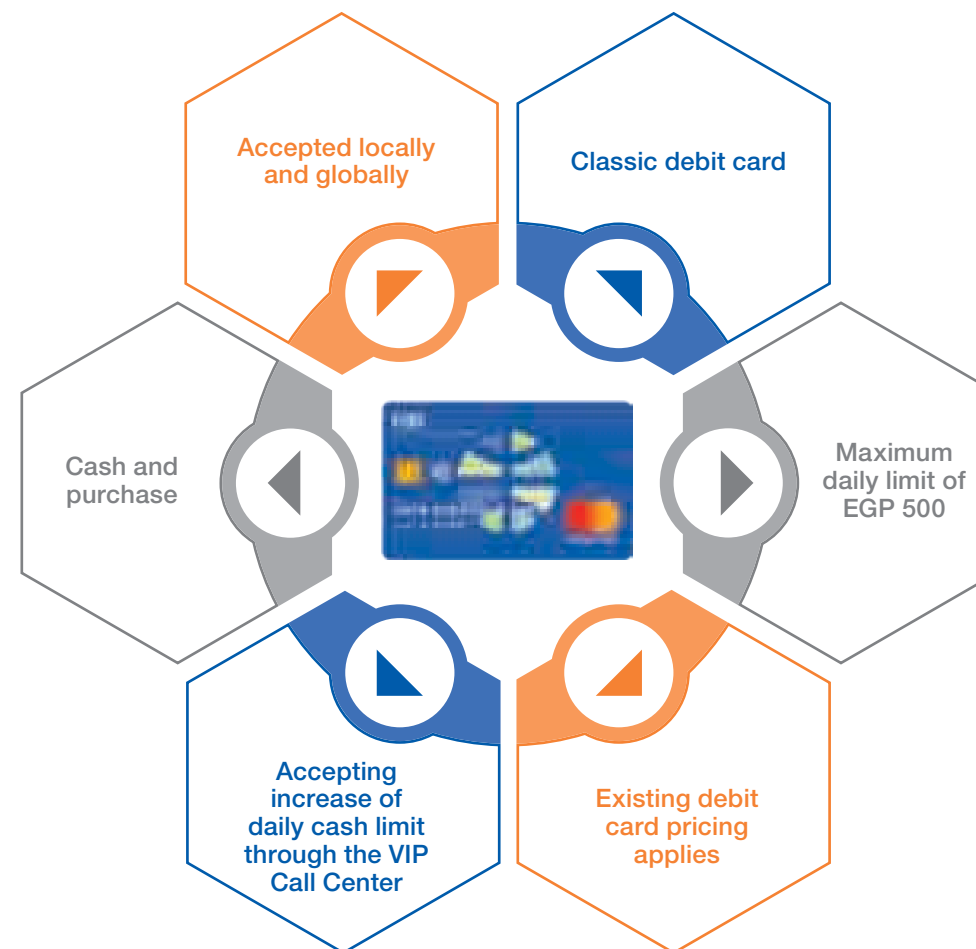
- Periodic maintenance to maintain device efficiency
- Use of soundproof glass and double-glass in louder areas
- Reduction in the sound of the Qmatic system in branches



Electronic Tuk-tuks

CIB led an initiative to transform the tuk-tuk taxi system in El Gouna, a luxury Egyptian resort on the Red Sea. El Gouna has made significant efforts to preserve its environment and community through efforts such as becoming a zero waste town, producing organic food, and working to become the only carbon-free resort in Egypt.

Because of the noise and pollution created by tuk-tuks, El Gouna was eager to replace the existing fleet with state-of-the-art, zero-emission solar electric vehicles. CIB proudly contributed to the project by delivering the necessary e-tuk-tuks to El Gouna.



Inclusion Efforts

Special-needs Accessibility: A Holistic Approach

This issue has been high on CIB's list of priorities for a few years now, and by 2018 we successfully equipped 26 branches with ramps, low teller desks, and toilet rails. Additionally, we installed 95 talking ATMs at key locations across Egypt. In addition, we conducted training sessions for 250 front-liners and customer representatives on how to best serve customers with special needs. This training was conducted in partnership with an NGO with an extensive track record in the field of special needs advocacy. CIB is also developing a code of accessibility that evaluates branches' and ATMs' ease of use to identify gaps and appropriate improvements. We are also establishing partnerships to increase job accessibility and recruitment levels for special needs individuals in Egypt.

Recently, CIB extended even more accessibility to visually impaired customers by providing easier access to POS terminals. Prior to this, access was limited to the use of ATMs.

Monitoring and Reporting

Science Based Targets Initiative

As no widely accepted approach exists to assess whether investing and lending activities are aligned with a 2°C trajectory, the Science Based Targets initiative (SBTi) invited CIB to participate in a financial sector working group to develop a new assessment methodology. SBTi is a partnership between CDP, UN Global Compact, WRI, and WWF that seeks to increase corporate ambition on climate action by mobilizing companies to set greenhouse gas emission reduction targets so that by 2020 we limit global warming to 2°C. Embedding science-based targets as a fundamental component of sustainability management practices is crucial in achieving this goal.

CIB Sustainability Report

To track our performance and periodically benchmark and communicate our progress to stakeholders, we identify and report on sustainability KPIs relevant to our business. CIB adheres to the Global Reporting Initiative (GRI) standards, which provide the most comprehensive framework for sustainability reporting. The Bank has been developing a standalone sustainability report every year since 2014.

Carbon Disclosure Project

CIB participated for the first time in early 2018 in this global disclosure system, making it the first Egyptian company to do so. The Carbon Disclosure Project enables companies and states to measure and manage their environmental impacts.

Bloomberg Gender Equality Index (GEI)

CIB was included on the 2019 Bloomberg Gender Equality Index (GEI) based on data collected and reported in 2018. Of the 230 companies selected for the GEI, CIB became the first Arab and African company to be named on the index. The Bloomberg GEI is the world's only comprehensive, investment-quality data source on gender equality. Collectively, these companies have a combined market capitalization of USD 9 trillion and employ over 15 million people, 7 million of whom are women.

FTSE4Good Sustainability Index

CIB was recognized by the Financial Times as a constituent of the FTSE4Good Sustainability Index for the third consecutive year in 2018.

EGX Sustainability Index

In 2018, CIB ranked first on in the EGX Sustainability Index for the fifth consecutive year.



Community Development

CIB's community development activities run the gamut of support to health, sports, social welfare, and art



Corporate Social Responsibility

CIB has continued to embed corporate social responsibility (CSR) at the heart of the organization. This year, it has expanded its steadfast commitment to the communities in which it operates by diversifying its community development activities, which include supporting sports, fine art, culture, and social care. It has implemented various CSR projects and provided crucial support to the initiatives of other organizations.

In 2018, CIB continued to positively impact its communities by strengthening its support for sports in Egypt and nurturing the country's athletic talents. Squash-related initiatives were again at the core of CIB's CSR agenda, and we broadened our support to generate more opportunities and value for a wider community.

To know more about CIB's efforts in supporting Egyptian athletes in the squash arena, please refer to the Supporting the Best in Class: Squash section of this report.

Sponsorship of Ramadan Soccer Tournament for Abu El-Rish Children's Hospital: CIB contributed to a charity soccer tournament last Ramadan, which was held to support the Abu El-Rish Children Hospital. All the tournament's funds were donated to the hospital.

Another significant area in which CIB focused its CSR efforts in 2018 is art and culture. Out of a belief that the advancement of a nation stems from improving the culture and aesthetic sense of society, CIB has been diversifying its support of artistic endeavors throughout Egypt.

Supporting Students of Fine Arts Faculties: CIB works hard to uncover hidden artistic talent across Egypt by shedding light on distinctive artwork and supporting students in the faculties of fine arts. The Bank participated in the exhibition of student projects at the universities of Luxor, Assuit, Menya, and Mansoura. We acquired distinctive works to enrich our art collection while incentivizing young talents.

Night with Arts at Manial Palace: CIB sponsored "Night with the Arts" for the second year in a row. This year, the exhibition "Nothing Vanishes, Everything Transforms" showcased Egypt's rich cultural heritage, having been held at the historic Manial Palace. With more than 500 renowned guests in attendance, CIB displayed one of its art pieces from its art collection for the first time.

Africa Art Workshop: For the first time ever, CIB supported an African painting workshop led by Soma Art School in the Democratic Republic of Congo during the seventh edition of the Rencontre Internationale d'Art Contemporain (RIAC) event.

Promoting the Legacy of Egyptian Cinema: CIB maintains its commitment to preserve the legacy of Egypt across different fields, including art and cinema. The Bank sponsored the special "Cinema Edition" of the cultural magazine "Rawi", which focuses on Egyptian heritage.

Made in Egypt: CIB aims to support entrepreneurial spirit in Egypt by identifying distinctive artistic talents. This year, CIB continued to sponsor "Made in Egypt", an exhibition of young Egyptian designers held in London featuring the country's best artistic productions.



CIB continued to positively impact its communities by strengthening its support for sports in Egypt and nurturing the country's athletic talents.

CIB's CSR initiatives and activities are designed with the goal of making a positive, sustainable impact on people's lives.

KidZania: CIB and KidZania's partnership began in 2013, and since then, the Bank has successfully organized several trips each year to KidZania for more than 150 underprivileged children, special needs children, as well as children with health conditions. Under the auspices of the CIB Foundation, the trips provided children a fun setting in which to learn about diverse banking operations, such as issuing cheques, debit cards, and depositing and withdrawing money using KidZania's official currency: Kidzos.

Autism International Day/ADVANCE: This year, the Bank continued its sponsorship of the Egyptian Advance Society for Persons with Autism and Other Disabilities (ADVANCE)'s annual ceremony. We also sponsored 2018 World Autism Awareness Day in Egypt to support the integration of people with disabilities into society. In further efforts, the Bank's Smart Village headquarters and select branches were lit in blue in solidarity on World Autism Awareness Day.

Beena: CIB has been the main partner and financial sponsor of Beena for three consecutive years. Beena is a protocol signed between the Bank and the Ministry of Social Solidarity to encourage active youth participation in the community and monitor the development of social care services. This initiative successfully attracted thousands of volunteers around Egypt who assisted in orphanages, elderly homes, and special-needs houses.

El Sawy Culture Wheel: In 2018, CIB continued its long-lasting sponsorship of El Sawy Culture Wheel, supporting its various intellectual, cultural, and social activities, including concerts by internationally recognized artists, cultural nights, art exhibitions, documentary films, and more. This year, the Bank launched a new initiative in cooperation with the CIB Foundation and other NGOs to provide entertaining and educational programs at El Sawy Culture Wheel that target children.

Science Fair Sponsorship: CIB sponsored a science fair for school students to foster the scientific thinking process from an early age and encourage children to explore future careers in scientific fields. The fair featured groups of students from different grades who submitted projects to a panel of judges, which evaluated each project and awarded numerous titles to winning teams.

Exclusive Sponsorship of Hona Al Shabab: This year, CIB was the sole banking sponsor of the second season of CBC's televised entrepreneurship competition Hona Al Shabab. Hosted by Egyptian broadcast presenter Lamees El Hadidi, the competition supports young fintech entrepreneurs and business startups. Of the 30 startups involved, interactive design-lab startup Argineering nabbed the first place. After the competition, a special event was held in CIB headquarters in Smart Village to celebrate the winners and contestants with CIB senior management.



Supporting the Best in Class: Squash

In 2018, CIB continued to positively impact the community in which it does business through a key component of its social development agenda: supporting and nurturing the country's athletic talents. At CIB, we recognized early on the true potential of Egypt's squash players, who have come not only to dominate world rankings, but completely revolutionize the way the game is being played. This year, we broadened our support of the sport to capitalize on the traction its players are carving out globally. It is our belief that supporting these talents generates more opportunities and value for the Egyptian athletic community and raises the profile of Egypt on the world stage.

The country's dominant position in the squash world stems from a tight-knit squash community. Egyptian players have introduced a dynamic new style of squash that emphasizes offense and has brought a flood of major honors while entertaining spectators the world over. Egypt's squash community has produced five world number ones in the men's game and two in the women's game. Six Egyptian players are among the world's top 10 men players and four Egyptians are among the top 10 women as of February 2019.

The squash community embodies the values that CIB strives to instill in its own staff and to promote in the wider community. Young players from all walks of life have had the chance to display their excellence on the global stage thanks to a steely perseverance, openness to competition, support from peers, and the availability of resources. Squash demonstrates clearly what Egyptian youth are capable of achieving in a competitive arena when they have the community's support and attention.

Sponsorship of Egyptian Squash Federation

CIB maintained its sponsorship of the Egyptian Squash Federation for the seventh consecutive year. The Bank also expanded its commitment by sponsoring the National Women's and Junior Squash Teams. This support has played a direct role in the national teams' accomplishments throughout the year, including the fact that the National Junior Squash Team won the World Junior Squash Championship in India for the sixth time since 1994. Almost simultaneously, the National Women's Squash Team was named Women's World Team Champion in China, successfully retaining their title.

Currently, Egyptian players hold the Men's World Team Championship, the Women's World Team Championships, and the Juniors' World Team Championship titles.

Sponsorship of Squash Tournaments

CIB has expanded its squash-related sponsorships to open up doors for more Egyptian athletes to progress in the PSA world rankings. The first was the CIB Wadi Degla Squash Circuit, which was held in October 2018 and involved over 40 players from 16 countries. CIB also sponsored the CIB BlackBall Open in December 2018, the first major PSA Platinum tournament to take place in Egypt since the Men's 2016 PSA World Championship. The event witnessed the participation of 48 top players from all over the world who competed for a prize of USD 180,000. CIB also sponsored the Maadi Club Squash Tournament.

Sponsorship of Egyptian Athletes

In support of young players leading the world's

squash rankings, CIB has created special sponsorships to help six talented players maintain their rankings and continue representing the country around the world. The following players were recipients of these sponsorships:

Ali Farag – 2nd on the Men's PSA World Squash List

A graduate of Harvard University with a degree in Mechanical Engineering, Ali Farag has established himself as one of the most popular players on the PSA World Tour. The 26-year old has won 14 PSA titles, including the US Open 2017, Qatar Classic 2018, and most recently the JP Morgan Tournament of Champions in January, which will see him move to the World No. 1 spot for the first time in his career in March 2019. Farag managed to reach the finals of all seven tournaments of this season so far. Farag is known for his sportsmanship, as he won the end-of-season PSA Awards, the Fan's Player of the Season award, and the Spirit of Squash award in 2016 and 2017.

Nour El-Tayeb – 4th on the Women's PSA World Squash List

Known for her acrobatic playing style, Nour El-Tayeb is one of the most entertaining and consistent players gracing the PSA World Tour. She is the winner of eight PSA titles, a three-time Egyptian National Champion, two-time Women's World Team Champion, and the 2011 World Junior Champion. El-Tayeb became the third-youngest Tour title winner in 2010, winning a second Tour title in 2011. During her career, she has also won the US Open and Windy City Open. In 2017, Farag and El-Tayeb made history by becoming the first married couple to win a major sporting event on the same day, both winning the US Open.

Tarek Momen – 3rd on the Men's PSA World Squash List

A graduate of AUC's School of Engineering, Tarek Momen won his first Tour title at the Irish Open in 2011. He is the winner of six PSA titles, the biggest being the PSA World Tour Gold Channel Vas Open in London 2018. He was a semifinalist at the World Open 2015 in Seattle, finalist at the Qatar Classic Open 2017, and the Tournament of Champions in New York 2018. He was also Egypt's National Champion in 2009. Momen engineered one of the biggest squash shocks in recent history when he won the Malaysian Open in 2012 despite being unseeded for the competition. In 2018, Momen nabbed the Channel VAS Open title, and in 2019 he won the CCI International.

Karim Abdel Gawad – 5th on the Men's PSA World Squash List

Karim Abdel Gawad emerged as one of the world's leading players in the 2016/17 season. He was the 2016 World Champion and World No.1. Abdel Gawad is the winner of 20 PSA tournaments, and was the 2016 Qatar classic winner, 2017 Tournament of Champions (TOC) winner, and the 2017 World team's winner. With multiple prestigious titles already under his belt, the 2016/17 season saw him rake in an astonishing five Tour titles including the World Open to become the fifth Egyptian player ever to top the PSA Men's World Rankings. Most recently in 2018, he won the CIB BlackBall Open.

Ramy Ashour – 24th on the Men's PSA World Squash List

Known as 'The Artist,' Ramy Ashour is one of the most talented players in the history of the game. In 2010, Ashour became the World No. 1 at the age of 22 – the youngest player to reach that summit



Photo credit: SquashSite

in 26 years. With several prestigious titles to his name including three World Opens, Ashour has stunned fans all over the world with his technical excellence, going 49 matches unbeaten in 2012.

Hania El-Hammamy – 17th on the Women’s PSA World Squash List

At just 18 years old, Hania El-Hammamy is already a force to be reckoned with in the women’s game. In 2015, El-Hammamy shocked the squash world to become the first player born this century to lift a PSA World Tour title, and later becoming the second youngest PSA World Tour title winner in history. The young star broke into the world’s top 40 in September 2016. In 2019, El-Hammamy won the British Junior Open and followed this up with two back-to-back titles on the Senior tour.

Partnership with Wadi Degla Clubs’ Darwish Squash Academy

CIB announced its partnership with Wadi Degla Clubs to support young Egyptian squash athletes by developing their skills to enhance their international rankings. The partnership is part and parcel of the Bank’s strategy to support up-and-coming talents from the ground up and builds on our pioneering role in this area. The additional athletes representing Wadi Degla and sponsored by CIB are:

Raneem El Welily – 1st on the Women’s PSA World Squash List

Raneem El Welily is currently the World’s No.1 Women’s Singles player. She snatched her first professional win back in 2009 and has since gone

on to win 19 Open titles, including the World Open in Manchester in 2017 where she became the World Champion. El Welily is also a two-time World Junior Champion and a four-time Women’s World Team Champion. She recently set a record by reaching eight consecutive finals on the tour. Her most memorable achievement was in September 2015, when she became the first player in over nine years to dethrone Nicol David at the top of the World Rankings, becoming the first ever female Egyptian No.1 in any sport.

Nouran Gohar – 8th on the Women’s PSA World Squash List

An immensely talented youngster, Nouran Gohar is currently ranked as the number eight Women’s Single player in the world. She began 2017 as World Number Two. Prior to starting her senior career, Gohar was crowned World Junior champion twice, winning back to back titles in 2015 and 2016. In 2016, she also won her first Open Single title at the Hong Kong Open, a win that propelled her to the number three spot in international rankings for the year.

Squash for Everyone

CIB continued for the second year its “Squash for Everyone” initiative in partnership with prominent Egyptian player Amr Shabana. The program aims to provide underprivileged children with an equal opportunity to practice squash and while doing its role to discover young, rising talents.

Note: All official squash rankings are as of 5th February 2019, the latest available at the time of publication.



Ali Farag



Nour El-Tayeb



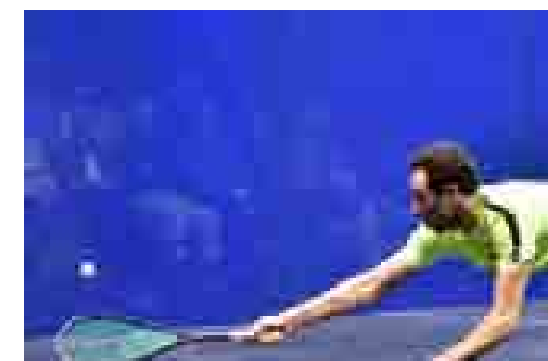
Tarek Momen



Raneem El Welily



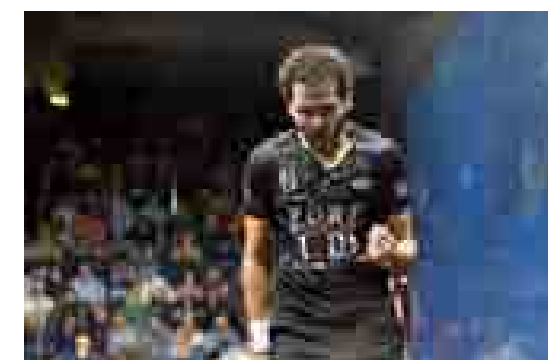
Nouran Gohar



Ramy Ashour



Hania El-Hammamy



Karim Abdel Gawad



CIB Foundation

Established in 2010 as a non-profit organization under Ministry of Social Solidarity Decree No. 588 of 2010, the CIB Foundation represents another aspect of the Bank's effort to develop a sustainable and effective channel through which the Bank can give back to the Egyptian society. As an organization, the CIB Foundation is dedicated to improving health and nutrition services extended to underprivileged children with limited access to quality healthcare by developing life-changing community initiatives. Our efforts include not only donating money but also monitoring and following up on projects' impact.

Over the years, the CIB Foundation has received multiple awards that serve as a testament to our success in creating a meaningful and sustainable impact. In 2016, we were named "Socially Responsible Bank of the Year" by African Banker after having received the "Most Socially Responsible Bank in North Africa" title from them the previous year. EMEA Finance Pan-Africa award for "Corporate Social Responsibility" in 2014.

Mission and Vision

The goal of the CIB Foundation is to ease the burden of procuring quality, affordable healthcare services for families and children in need. It is our belief that for a community to be productive, all its members must be healthy citizenry and that children deserve the opportunity to lead the healthiest lives possible.

We achieve our mission by enhancing the quality of services offered by our partner institutions: public health partners that have a wide community reach allowing them to target those with the greatest need. We work closely with providers to maximize the size and sustainability of our impact.

Budget and Financing

Through the generous support of CIB shareholders, 1.5% of the Bank's annual net profit is allocated to the CIB Foundation every year. It is with this funding that the CIB Foundation supports initiatives that allow Egypt's children to embark on healthy new beginnings.

One hundred percent of the Foundation's budget, as well as all donations made to the Foundation's dedicated account, are channeled toward the implementation of child development projects. The Foundation's Board of Trustees, its staff, and CIB volunteers ensure that our resources are utilized to reach as many children as possible.

The CIB Foundation is governed by a seven-member Board of Trustees:

Mr. Hisham Ezz Al-Arab
Chairman

Mr. Rafik Madkour
Treasurer

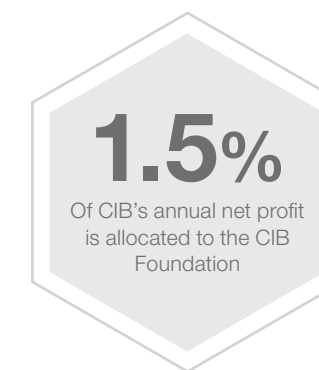
Ms. Maha El-Shahed
Member

Dr. Nadia Makram Ebeid
Member

Mr. Hossam Abou Moussa
Member

Ms. Pakinam Essam El-Din Mahmoud
Member

Ms. Nadia Moustafa Hosny
Secretary General



Approved Projects in 2018

Children's Cancer Hospital 57357

In April 2018, the Foundation's Board of Trustees approved an EGP 18.9 million contribution to support the purchase of 33 upgraded monitors and four central station units for the Surgical Intensive Care Unit, Intensive Care Unit, and the Bone Marrow Transplant Unit at Children's Cancer Hospital 57357. This equipment will automatically report patients' physiological and biological functions, preventing human interference and increasing the efficiency of services provided to patients.

As another demonstration of the Foundation's commitment to the hospital, EGP 3.5 million was donated in April 2018 to fund patient care expenses at the Cairo and Tanta branches.

One of our main goals is to bring happiness as well as tangible health benefits to children. In May 2018, CIB staff volunteers partnered with the Foundation and the team at the Children's Cancer Hospital 57357 to decorate the hospital to bring the Ramadan spirit to patients and their families.

El-Galaa Teaching Hospital

In April 2018, the CIB Foundation's Board of Trustees approved over EGP 14 million to fund the complete renovation and outfitting of El-Galaa Teaching Hospital's Pediatric Intensive Care Unit (PICU) with eight beds rather than three to extend services to more patients on the waiting list. Once complete, this year-long project will allow the hospital to help nearly 1,000 additional children every year.

The renovation and construction of the PICU includes the installation of central oxygen and ventilation networks, covering of all surfaces with anti-bacterial material, construction of isolation rooms, installation of a medical gas system, and provision of emergency electrical supplies. Moreover, state-of-the-art medical equipment, such as ICU beds, resuscitation units, monitors, ventilators, endoscopes, ultrasound machine, and central monitoring stations were purchased.

Abou El-Reesh Children's Hospital (Japanese)

Abou El-Reesh Children's Hospital is a long-standing partner of the CIB Foundation, and in April 2018, the Board of Trustees approved EGP 10.8 million in funding to purchase a fluoroscopy x-ray machine for the Radiology Department and a laparoscopy and thoracoscopy machine for the Pediatric Surgery Department. In July 2018, the CIB Foundation donated over EGP 3.3 million to cover the first tranche of the project.

Both pieces of equipment will assist the hospital in increasing the efficiency of services provided to patients and minimizing the number of children on the waiting list.

Faculty of Oral and Dental Medicine at Cairo University

Pediatric Dental Clinic

As part of its long-term partnership with the Faculty of Oral and Dental Medicine, the CIB Foundation allocated EGP 7.5 million in July 2018 to fund the purchase of the necessary equipment and supplies for the Pediatric Dentistry Clinic in El Kasr El Aini. The donation will also fund the establishment of

another clinic in Sheikh Zayed to increase the efficiency of services provided to children, including those with special needs, and drastically reduce the number of patients on the waiting list.

The Faculty of Oral and Dental Medicine at Cairo University treats over 95,000 children annually from across Egypt, and it is one of the few providers of dental health services for children with special needs in the country. The department also offers a variety of practical training programs for undergraduate, graduate and continuing education students.

Mobile Dental Caravan

In 2017, the CIB Foundation contributed EGP 640,000 to purchase an outfitted mobile dental caravan for the Faculty of Oral and Dental Medicine at Cairo University, under the management of the Rotary Club of Zamalek. This year, the Foundation allocated an additional EGP 120,000 to cover the operating costs of 12 dental caravans that will be used to treat public school students in remote areas of Cairo and Giza for free.

Magdi Yacoub Heart Foundation

70 Open-Heart Surgeries

In July 2018, the CIB Foundation allocated EGP 7 million to the Magdi Yacoub Heart Foundation to cover costs associated with 70 pediatric open-heart surgeries. Through its ongoing contributions, the CIB Foundation supports the Magdi Yacoub Foundation's efforts to drastically reduce the number of children on the open-heart surgery waitlist. In October 2018, the CIB Foundation donated EGP 3.5 million to cover the first tranche of the project.

Research Labs

In February 2018, the CIB Foundation donated the final EGP 859,000 in a three-year EGP 15 million project to outfit two research labs in the Magdi Yacoub Heart Foundation's Aswan Heart Center. These labs will help researchers at the heart center gain a deeper understanding of various heart diseases and identify possible therapeutic strategies. Through this program, young Egyptian scientists and researchers

can contribute to the advancement of world-class research from within their own country.

Alexandria University Children's Hospital – El Shatbi

In April 2018, the CIB Foundation's Board of Trustees approved EGP 6.64 million in funding to outfit the Emergency Department located on the ground floor of the Alexandria University Children's Hospital in El Shatbi. The hospital serves a large number of patients from areas across Egypt, including Alexandria, El-Beheira, Kafr El-Sheikh, and Matrouh. The CIB Foundation fulfilled its commitment to the project in October 2018.

Rotary Club of Giza Metropolitan – Open Heart Surgeries

The CIB Foundation donated over EGP 1.3 million in 2018 to cover the surgery costs of 39 underprivileged children suffering from congenital heart diseases at El Kasr El Aini Hospital, under the management of the Rotary Club of Giza Metropolitan. This contribution follows our March 2017 allocation of EGP 1.75 million to cover the costs associated with 50 pediatric open-heart surgeries. The initiative was created to reduce the long waitlist of children in need of open-heart surgery.

In recognition of the importance of this program and its initial success, in October 2018, the CIB Foundation's Board of Trustees approved an EGP 3.7 million budget to support another round of the project and fund an additional 100 pediatric open-heart surgeries at El Kasr El Aini Hospital.

Nasser Institute Hospital

As part of the CIB Foundation's commitment to supporting the health sector, the Board of Trustees allocated EGP 3.1 million in April 2018 to purchase much needed equipment for the Nasser Institute Hospital's Pediatric Intensive Care Unit and Neonatal Intensive Care Unit.

Yahiya Arafa Children's Charity Foundation: Annual Operating Costs

In line with the CIB Foundation's commitment to sustainability and provision of quality service, in

July 2018 we contributed a total of EGP 3 million to the annual operating costs of five pediatric units at Ain Shams University Hospital under the management of our long-standing partner the Yahiya Arafa Children's Charity Foundation.

Rotary Club of Kasr El Nil: Children's Right to Sight Program

Over the course of 2018, the CIB Foundation donated over EGP 1 million to cover 289 surgeries as part of the fifth and fourth phase of the Children's Right to Sight (CRTS) program led by the Rotary Club of Kasr El Nil. The aim of this initiative is to fund between 500 and 600 eye surgeries for a total amount of EGP 2 million in each phase to help eradicate blindness in children and infants.

The Egyptian Clothing Bank

2018 marks the fifth year of the CIB Foundation's partnership with the Egyptian Clothing Bank (ECB), an NGO dedicated to providing clothing and home textiles to those in need in Egypt. The CIB Foundation donated EGP 1.67 million to provide 50,000 training suits to children in 19 governorates.

The National Foundation for Family and Community Development

The CIB Foundation's Board of Trustees approved a proposal to support the outfitting of the sensory and psychomotor rooms at the National Foundation for Family and Community Development's specialized center for the rehabilitation of autistic children. These rooms help care providers improve the sensory experiences of children with autism, allowing them to become healthier and more productive members of society. The EGP 688,000 project will enable the center to serve around 250 children monthly.

The National Foundation for Family and Community Development is a non-profit organization established in 1991 to assist Egyptian families in raising their living standards by financing micro projects, training individuals, and sponsoring and training persons with intellectual disabilities.

MOVE Foundation for Children with Cerebral Palsy

In April 2017, the CIB Foundation fulfilled its commitment to contribute EGP 2 million to the MOVE Foundation for Children with Cerebral Palsy to renovate their premises and expand operations. Established in 2004, the MOVE Foundation seeks to positively affect the lives of an estimated 250,000 children living with the disability in Egypt. MOVE aims to enroll these children into the public school system to allow them to become healthier and more productive members of society.

In another demonstration of the Foundation's commitment to sustainability and ongoing quality service provision, the CIB Foundation allocated EGP 608,400 to support the annual operating cost of the MOVE Foundation's premises. In September 2018, the Foundation donated EGP 152,100 to cover the first installment of this commitment.

Ongoing Projects

Egyptian Liver Care Society - Children Without Virus C Program

The CIB Foundation dedicated over EGP 5.1 million to fund the Egyptian Liver Care Society's Children without hepatitis C (C-Free Child) program, the only program in Egypt offering free screening and treatment for children. Established in 2008, the Egyptian Liver Care Society aims to cure hepatitis patients by training medical staff and providing financial support for the treatment of hepatitis patients, including funding liver transplants. This year, the CIB Foundation also invested in increasing the number and quality of hepatitis treatment centers in Egypt.

National Hepatology & Tropical Medicine Research Institute

In August 2018, the CIB Foundation donated over EGP 91,000 to cover the first tranche of an EGP 4.1 million project to fund the treatment of 400 children with hepatitis C at the National Hepatology & Tropical Medicine Research Institute (NHTMRI). Established in 1932, NHTMRI is an institute for medical

research on endemic diseases in Egypt; it is the first center in the country to treat hepatitis C patients and accept referral cases.

New Children's Hospital - Ain Shams University Hospital

In June 2017, the CIB Foundation pledged EGP 3.53 million for the purchase of 40 monitors, 45 infusion pumps, and 25 syringe pumps for the Inpatient Unit at Ain Shams University Hospital. In August 2018, the CIB Foundation donated over EGP 589,000 to cover the final installment for the project. With 1,290 patients served at the hospital each month, this contribution is expected to benefit 15,500 children annually.

Gozour Foundation for Development: Eye Exam Caravans

The CIB Foundation donated over EGP 14.4 million in 2018 to cover the fourth and fifth tranches of the Gozour Foundation for Development's 6/6 project to fund 264 eye exam caravans and provide 158,400 public school students in impoverished areas across Egypt with free eye examinations. This year's donation is one portion of an EGP 50.5 million contribution to fund 6/6 Eye Exam Caravans in the governorates of Sohag, Qena, Luxor, and Aswan over a three-year period.

In partnership with Al-Noor Magrabi Foundation and Dar El Oyoum, the caravans, which are staffed with 25-30 doctors, nurses, and coordinators, were equipped with advanced medical tools, medications, and eyeglasses. They provided students with free ophthalmic exams, eye medication, and referrals to private hospitals for complex cases.

CIB staff members also joined in this project by volunteering with the caravans. They distributed eyeglasses and medication to children and led awareness sessions on healthy eye practices for the student beneficiaries of the program. Events such

as this provide CIB staff members with opportunities to learn more about the Foundation's activities and different ways to give back to the community.

Sawiris Foundation and Star Care for Helping Children: Together for Change Project

Over 2018, CIB Foundation donated over EGP 105,000 as part of an EGP 1.5 million partnership with the Sawiris Foundation for Social Development and Star Care Foundation in 2016 to implement comprehensive community development projects in Sohag, Assiut, and Qena. The projects are under the management of the Association of Businesswomen in Assiut.

They include the renovation and upgrade of community health centers, training doctors and nurses, organizing health awareness campaigns, building the skills of teachers in community schools, distributing in-kind support to students, and offering regular sports, soft skills recreational activities, and economic empowerment opportunities. The CIB Foundation is committed to funding the healthcare sector.

Ahl Masr Foundation - Burn Victim Operations

In June 2018, the Foundation contributed the final EGP 750,000 of an EGP 1 million pledge to Ahl Masr Foundation in 2016. This contribution funded the treatment of 159 pediatric burn patients whose families could not afford the costs of their treatment.

Baladi Foundation - Ophthalmic Clinic in Aswan

In September 2015, the CIB Foundation's Board of Trustees approved an EGP 710,000 project to establish the first fully equipped diagnosis and referral center for children with glaucoma in Upper Egypt. In October 2018, the CIB Foundation donated over EGP 472,000 to cover the final installment of the project. CIB supported the Baladi Foundation's efforts to detect glaucoma in 500 children, treat these patients, and perform 50 surgeries for

congenital glaucoma cases, while also training a team of doctors and nurses in Upper Egypt.

Sohag University Hospital - Craniofacial Center

In April 2014, the CIB Foundation's Board of Trustees approved the allocation of EGP 1 million to fund the outfitting of the Craniofacial Center at Sohag University Hospital. In October 2018, the CIB Foundation donated over EGP 323,000 covering the final installment of the project. A team of surgeons specialized in hearing, speech therapy, and dentistry have established the Craniofacial Centre to serve patients from Sohag, Qena, and Aswan, primarily with cleft lip and cleft palate deformities. In addition to prescribing courses of treatment, the center performs specialized multi-stage corrective surgeries. The specialized services offered at the center will allow it to become a major referral center for patients from across the country.

KidZania Cairo

CIB has a long-standing corporate sponsorship relationship with the KidZania Cairo edutainment city, and in every quarter of 2018, the Foundation gave 50 KidZania tickets to underprivileged children. Over the course of the year, the CIB Foundation coordinated with its partners to organize multiple visits to KidZania in which underprivileged and disabled children learned about adult professions in a child-friendly way. Children performed different jobs to earn and spend Kidzos, the official currency of KidZania, on games and other entertaining activities.

Blood Donation Campaigns

The CIB Foundation hosted 12 blood donation campaigns across its corporate offices to encourage CIB staff and customers to participate in an activity that saves thousands of lives across the country. Through this effort, 121 bags of blood were collected; these resources can potentially be used to save the lives of over 490 people.



6/6 Eye Exam Caravan Program – CIB Family Bag Packing Event

In February 2018, the CIB Foundation invited CIB colleagues and their families to a bag-packing event at CIB's Smart Village office to participate in packing of over 5,000 health and hygiene school bags for the students targeted by the 6/6 Eye Exam Caravan program. The event was highly successful, and many participants expressed interest in bringing their children to participate in more CIB Foundation activities.

El Sawy Culture Wheel

In 2018, CIB launched a new initiative in partnership with the CIB Foundation and El Sawy Culture Wheel to develop children's skills through specialized workshops. Children involved in the initiative enjoyed a full day of educational activities and mental games that stimulated their cultural and scientific development. The first series of workshops hosted the children of Red Crescent Society in Dar El-Salam, and a different NGO is invited every week.



Subsidiaries and Affiliates

CIB offers a full suite of services that range from security solutions to innovative fintech offerings through one wholly-owned subsidiary and two strategic affiliates



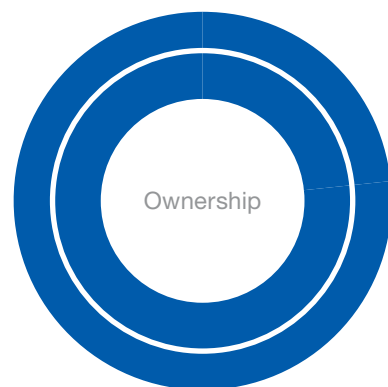
CVentures

Established in 2018, CVentures is Egypt’s first corporate venture capital firm focused primarily on investing in category-defining companies with the potential to create meaningful change in financial services. CVentures has a strong investment bias toward entrepreneurs pushing boundaries and developing solutions based on new and innovative technologies. The firm partners with bold founders with deep market insights to build truly groundbreaking businesses with fundamentally distinguishable characteristics and disruptive business models. CVentures primarily participates in Series A and Series B investment rounds, and — on a selective basis — seed investment rounds in core financial applications including, but not limited to, capital markets and payments, money transfers and remittances, digital lending and financial data platforms, artificial intelligence, data analytics and machine learning, security and enterprise IT, insurtech, blockchain, marketing and customer experience, alternative finance, regtech, and digital banking solutions.

2019 Forward-Looking Strategy

In the next year, we plan to expand our network and foster meaningful relationships with experienced startup founders, leading technology investors, and prominent innovation executives across regional and global entrepreneurship ecosystems and technology hubs. We will also look to invest in category-changing companies that complement and intersect with CIB’s core businesses. On an opportunistic basis, we aim to attract non-fintech companies and financial inclusion enablers with unique value propositions and promising financial returns. This includes efforts to enhance the customer experience and leverage virtualization to provide transparency, access, and personalized services through persistent connectivity.

Website: www.cventureseg.com



CVentures has a strong investment bias toward entrepreneurs pushing boundaries and developing solutions based on new and innovative technologies.



Falcon Group

Established in 2006 as a joint venture between CIB, the CIB Employees Fund, Al-Ahly for Marketing, and other private entities, Falcon Group management’s strategy is centered on service excellence. The company provides a plethora of services including, but not limited to: security services, money transfer, technical systems and security products, public services and project management, and tourism and concierge services to a variety of industries such as the industrial, commercial, tourism, and public sectors.

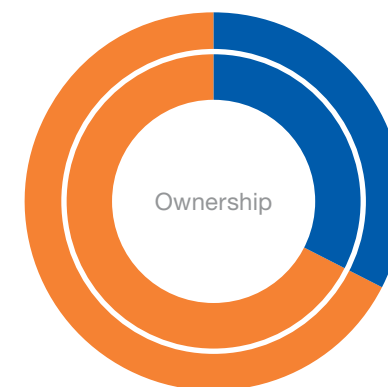
The group provides state-of-the-art, holistic solutions tailored to every client’s specific requirements. Falcon Group’s key strength lies in its single-point-of-contact solutions that ensure it provides consistent services at the highest quality, lowest risk, and with great flexibility at a reasonable cost.

Falcon for Security Services

Falcon for Security Services has been the main security service provider for several top-tier government and non-government organizations, such as the United Nations, and a number of embassies in Egypt. With a portfolio of over 754 clients, the company provides services such as property protection, event security, corporate security and training, personal protection, as well as safety and industrial training to some of the biggest companies in Egypt. The company values clients as business partners, and is dedicated to providing them with the highest quality of service and treating their goals and objectives as its own.

2018 Highlights

Falcon for Security Services met all its 2018 targets, managing to boost its annual income for 2018 by 14%. During the year, the company was able to secure work with numerous prominent institutions and successfully add new segments of clients by securing several new projects such as Porto Sokhna, El Zamalek Sporting Club, a new conference hall,



several metro stations across Cairo, and all free zones across the country.

Falcon for Security Services increased its provision of security services for public events by 100% in 2018, with the company providing security at events such as the Egypt Can Conference, the Automech Formula exhibition, several African Champions League matches, the 2018 China Trade Fair, and Edex 2018.

The company reached a market share of 70% during 2018 and aspires to maintain its position as an industry leader by growing both organically and through acquisitions during the coming year.

2019 Forward-Looking Strategy

As part of the group’s goal of providing top-notch solutions for its customers, Falcon companies plan to use managed service providers for their activities starting 2019. In the coming year, the group expects to target multiple prominent institutions

and clients, including banks, embassies, and hospitals to add to its roster of customers. 2019 will see Falcon expand its product and service offering to ensure clients remain fully satisfied and confident in the company's service quality and continue to regard it as their number one choice in terms of efficiency and customer service. In 2019, the group plans to expand its market presence by 25%.

Falcon for Public Services and Project Management

Falcon for Public Services and Project Management operates all facility systems to the comfort and satisfaction of facility occupants. The company offers general cleaning, landscaping, façade cleaning, and marble polishing at the highest quality, efficiency, and cost effectiveness. In 2018, Falcon for Public Services and Project Management held a market share of 20%, serving a large client base out of 330 different locations across Egypt.

2018 Highlights

Through considerable efforts to build solid relationships and gain the trust and confidence of public and private institutions, the company succeeded in signing on several new clients such as a new conference hall, Toshiba El Araby Group, and Cequens.

On top of securing new contracts, the company has also been able to renew important deals such as with the Port Said Security Directorate, the Embassy of the Sultanate of Oman, the Embassy of the State of Kuwait, Mall of Arabia, FLO Water, the Parliament, and Al Azhar University Hospital.

2019 Forward-Looking Strategy

The company's strategy is based on its firm belief that performance is measured by clients' success. Over the next year, the company plans to sign several sizeable contracts with government agencies as they continue to carefully select, train, and supervise their professionals and staff to ensure they meet client needs and provide exceptional levels of performance.

Falcon for Cash in Transit Services

Falcon's Cash in Transit Division works with reputable banks and companies in Egypt, providing CIT services, ATM replenishment, maintenance, vaulting, cash management, and valuables transportation through a highly qualified team. In 2018, the company increased its market share to 38% through the acquisition of new award contracts and expanding its client portfolio.

2018 Highlights

Throughout the year, Falcon for Cash in Transit Services signed new contracts to increase its market presence, achieving a market share increase of 15% in 2018.

The company served 1,450 ATMs in 2018 compared to the 1,160 served in 2017 and added nine new armored vehicles to its fleet.

In 2018, Falcon signed a partnership agreement with one of the largest companies in the world that will allow it to provide more services and offer expanded benefits to its clients. It also managed to increase cash volumes by 40% in 2018 and gross revenues by 22%.

2019 Forward-Looking Strategy

The company plans to grow its market share through providing new services for retail, having already integrated new solutions to collect cash from shopping centers. Falcon for Cash in Transit will also make use of the latest technology to further improve its ATM services and its managed cash offerings, in line with its strategy to streamline operations. The company is also investing considerable resources to train its team members to ensure they consistently provide the highest level of service to clients.

Falcon Tech

Falcon Security Systems designs, implements, and maintains all integrated electronic systems in the field of technical security for facilities and individuals.

In 2018, Falcon Tech succeeded in expanding its market share to 70% by signing several new important contracts, which now allow the company to provide security systems to airports, commercial malls, and universities across Egypt.

2018 Highlights

The company signed deals with several new clients including the Ministry of Armed Forces, the General Intelligence, the Suez for Petroleum Production Company, El Ahly Club, the Egyptian Civil Protection Authority, 20 new CIB branches, Cairo International Airport, and the Egyptian Post.

Falcon for PR and Communications (Tawasul)

Falcon for PR and Communications (Tawasul) specializes in communication services and consultancy as well as event and conference management. The division also offers media services.

Website: www.falcongrouppinternational.org



Fawry Plus

Fawry Plus was established in 2017 as a joint venture between CIB, Banque Misr, Fawry, and ACIS. Its strategy is to become Egypt's first banking agent while playing an active role toward achieving financial inclusion. Fawry Plus aims to provide a wide array of banking and financial services to end consumers and businesses through a network of retail branches across Egypt, focusing on serving urban and underserved regions.

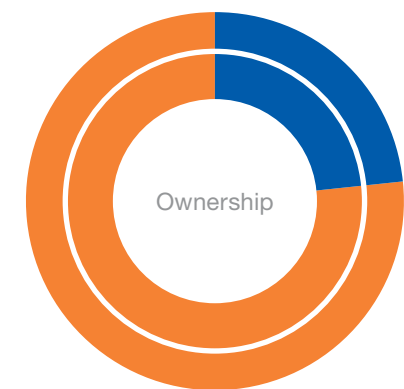
Fawry Plus branches will provide banking services including limited KYC services and document collection required for mobile wallet registration, prepaid and credit card issuance, loan issuance, and account opening. Other services include collecting bank correspondence and mail, cash withdrawal and deposits, repaying loan and credit card dues, as well as various bill payments such as utility, telecom, subscription fees, taxes, and fines.

2018 Highlights

- Opened 36 new branches to reach a total of 66 operating branches
- Rented out 91 spaces in its branches for bank ATMs
- Worked with several banks and the CBE to put in place the standards and procedures for agent banking in Egypt

2019 Forward-Looking Strategy

Fawry Plus plans on becoming the preferred destination for banking customers in 2019, as its branches will be less crowded, closer to residential areas, and work longer hours than banks.

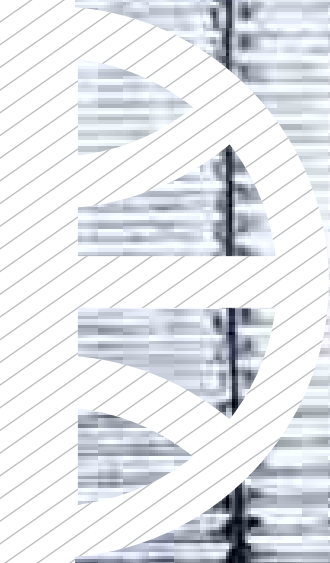


CIB..... 23.5% Others..... 76.5%

The company also intends to sign several sizeable contracts with multiple banks, financial institutions, and other industry players to provide their services through Fawry Plus branches. The company is looking to double its cash management service to EGP 35 billion in 2019 from EGP 18 billion in 2018.

Fawry Plus will focus on serving the e-commerce industry in terms of cash management and logistics. The company's branches will serve as drop-off/pick-up stations for customers as well as fulfillment hubs for courier companies.

Website: www.fawry-plus.com



Financial Statements

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Mansour & Co. PricewaterhouseCoopers
Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Commercial International Bank – Egypt

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Commercial International Bank - Egypt S.A.E, which comprise the separate balance sheet as at December 31, 2018 and the related separate statements of income, changes in equity and cash flow 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 separate financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation of the banks' separate financial statements, issued on December 16, 2008 and in the light of the prevailing Egyptian laws. Management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatements, 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 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Commercial International Bank - Egypt as of December 31, 2018 and of its financial performance and its cash flows for the year then ended, in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation of the banks' financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these 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, 2018 in compliance of the central bank, banking and monetary institution law No.88 of 2003

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

The financial information included in the Board of Directors' report, prepared in accordance with law no. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Auditors


 Abdallah El Adly
 Egyptian Financial Supervisory Authority
 Register Number "140"
 Mansour & Co. PricewaterhouseCoopers
 Public Accountants & Consultants


 Kamel Magdy Saleh
 Egyptian Financial Supervisory Authority
 Register Number "140"
 Deloitte - Saleh, Barsoum & Abdel Aziz
 Accountants & Auditors

Cairo, 4 February 2019





Separate balance sheet as at December 31, 2018

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Assets			
Cash and balances with central bank	15	20,058,974	14,663,289
Due from banks	16	46,518,892	45,319,766
Treasury bills and other governmental notes	17	41,999,252	54,478,202
Trading financial assets	18	2,737,705	7,295,197
Loans and advances to banks, net	19	67,703	1,313
Loans and advances to customers, net	20	106,309,205	88,427,103
Derivative financial instruments	21	52,289	40,001
Financial investments			
- Available for sale	22	39,217,890	30,474,781
- Held to maturity	22	73,630,764	45,167,722
Investments in associates and subsidiaries	23	68,633	54,068
Other assets	24	9,563,218	6,886,807
Intangible assets	41	238,715	368,923
Deferred tax assets (Liabilities)	32	308,370	179,630
Property, plant and equipment	25	1,651,875	1,414,519
Total assets		342,423,485	294,771,321
Liabilities and equity			
Liabilities			
Due to banks	26	7,259,819	1,877,918
Due to customers	27	285,340,472	250,767,370
Derivative financial instruments	21	132,858	196,984
Current tax liabilities		3,625,579	2,778,973
Other liabilities	29	6,501,553	5,476,531
Other loans	28	3,721,529	3,674,736
Provisions	30	1,694,607	1,615,159
Total liabilities		308,276,417	266,387,671
Equity			
Issued and paid up capital	31	11,668,326	11,618,011
Reserves	34	12,184,667	10,137,515
Reserve for employee stock ownership plan (ESOP)	34	738,320	489,334
Retained earnings *	34	9,555,755	6,138,790
Total equity		34,147,068	28,383,650
Total liabilities and equity		342,423,485	294,771,321

The accompanying notes are an integral part of these financial statements . (Audit report attached)

* Including net profit for the current year


Hisham Ezz Al-Arab
Chairman and Managing Director

Separate income statement for the year ended December 31, 2018

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Interest and similar income		37,403,709	28,671,166
Interest and similar expense		(19,260,190)	(16,167,155)
Net interest income	6	18,143,519	12,504,011
Fee and commission income		3,402,616	2,794,211
Fee and commission expense		(991,957)	(796,107)
Net fee and commission income	7	2,410,659	1,998,104
Dividend income	8	25,958	34,513
Net trading income	9	1,089,076	1,292,215
Profits (Losses) on financial investments	22	402,067	496,045
Administrative expenses	10	(4,222,779)	(3,118,839)
Other operating (expenses) income	11	(1,589,675)	(1,002,570)
Intangible assets amortization	41	(130,208)	(130,208)
Impairment charge for credit losses	12	(3,076,023)	(1,742,281)
Profit before income tax		13,052,594	10,330,990
Income tax expense	13	(3,625,579)	(2,778,973)
Deferred tax assets (Liabilities)	32 & 13	128,740	(1,678)
Net profit for the year		9,555,755	7,550,339
Earning per share	14		
Basic		7.26	5.76
Diluted		7.22	5.67


Hisham Ezz Al-Arab
Chairman and Managing Director

Separate cash flow for the year ended December 31, 2018

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Cash flow from operating activities			
Profit before income tax		13,052,594	10,330,990
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation	25	390,830	351,005
Impairment charge for credit losses	12	3,076,023	1,742,281
Other provisions charges	30	101,501	212,622
Impairment charge for other assets	24	316,763	-
Available for sale investments exchange revaluation differences	22	(102,991)	100,078
Intangible assets amortization	41	130,208	130,208
Financial investments impairment charge	22	39,561	(108,349)
Exchange differences in financial investments in subsidiary	23	(465)	-
Utilization of other provisions	30	(2,114)	(25,463)
Other provisions no longer used	30	(17,670)	(97,897)
Exchange differences of other provisions	30	(2,269)	11,840
Profits from selling property, plant and equipment	11	(1,045)	(607)
(Profits) losses from selling financial investments	22	(441,628)	99,047
Shares based payments		408,346	290,884
Released charges of non current assets held for sale		-	(340,504)
Operating profits before changes in operating assets and liabilities		16,947,644	12,696,135
Net decrease (increase) in assets and liabilities			
Due from banks	16	(13,661,577)	(2,594,442)
Treasury bills and other governmental notes	42	4,640,524	(16,466,420)
Trading financial assets	18	4,557,492	(4,850,063)
Derivative financial instruments	21	(66,141)	120,431
Loans and advances to banks and customers	19-20	(21,255,952)	(4,007,616)
Other assets	43	(2,263,465)	(1,133,497)
Due to banks	26	5,381,901	(1,131,078)
Due to customers	27	34,573,102	18,802,058
Income tax obligations paid		(2,778,973)	(2,017,034)
Other liabilities	29	1,025,022	1,897,201
Net cash provided from operating activities		27,099,577	1,315,675
Cash flow from investing activities			
Proceeds from redemption of subsidiary and associates		-	750
Payment for purchases of subsidiary and associates		(10,575)	(44,318)
Payment for purchases of property, plant, equipment and branches constructions		(874,708)	(745,696)
Proceeds from selling property, plant and equipment	11	1,045	607
Proceeds from redemption of held to maturity financial investments	22	5,532,271	13,354,468
Payment for purchases of held to maturity financial investments	22	(33,995,313)	(4,597,254)

Separate cash flow for the year ended December 31, 2018 (Cont.)

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Payment for purchases of available for sale financial investments	22	(12,670,761)	(25,868,230)
Proceeds from selling available for sale financial investments	22	2,059,341	1,261,980
Proceeds from selling non current assets held for sale		-	768,515
Net cash used in investing activities		(39,958,700)	(15,869,178)
Cash flow from financing activities			
Increase in long term loans	28	46,793	3,514,493
Dividend paid		(2,143,177)	(1,350,204)
Capital increase		50,315	79,351
Net cash used in (provided from) financing activities		(2,046,069)	2,243,640
Net increase (decrease) in cash and cash equivalent during the year		(14,905,192)	(12,309,863)
Beginning balance of cash and cash equivalent		49,208,837	61,518,700
Cash and cash equivalent at the end of the year		34,303,645	49,208,837
Cash and cash equivalent comprise:			
Cash and balances with central bank	15	20,058,974	14,663,289
Due from banks	16	46,518,892	45,319,766
Treasury bills and other governmental notes	17	41,999,252	54,478,202
Obligatory reserve balance with CBE	15	(13,526,763)	(8,878,986)
Due from banks with maturities more than three months		(10,733,386)	(1,719,586)
Treasury bills with maturity more than three months	17	(50,013,324)	(54,653,848)
Total cash and cash equivalent		34,303,645	49,208,837

Separate statement of changes in shareholders' equity for the year ended December 31, 2017

Dec. 31, 2017	EGP Thousands										
	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Capital reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	Total
Beginning balance	11,538,660	1,035,363	4,554,403	20,645	10,133	(2,180,244)	3,019	-	5,950,555	343,460	21,275,994
Capital increase	79,351	-	-	-	-	-	-	-	-	-	79,351
Transferred to reserves	-	297,444	4,445,620	-	1,682	-	-	-	(4,599,736)	(145,010)	-
Dividend paid	-	-	-	-	-	-	-	-	(1,350,204)	-	(1,350,204)
Net profit for the year	-	-	-	-	-	-	-	-	7,550,339	-	7,550,339
Net unrealised gain/(loss) on AFS	-	-	-	-	-	537,286	-	-	-	-	537,286
Transferred (from) to bank risk reserve	-	-	-	-	-	-	615	-	(615)	-	-
IFRS 9 risk reserve	-	-	-	-	-	-	-	1,411,549	(1,411,549)	-	-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	290,884	290,884
Balance at the end of the year	11,618,011	1,332,807	9,000,023	20,645	11,815	(1,642,958)	3,634	1,411,549	6,138,790	489,334	28,383,650

Separate statement of changes in shareholders' equity for the year ended December 31, 2018

Dec. 31, 2018	EGP Thousands										
	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Capital reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	Total
Beginning balance	11,618,011	1,332,807	9,000,023	20,645	11,815	(1,642,958)	3,634	1,411,549	6,138,790	489,334	28,383,650
Capital increase	50,315	-	-	-	-	-	-	-	-	-	50,315
Transferred to reserves	-	377,486	3,776,192	-	606	-	-	-	(3,994,924)	(159,360)	-
Dividend paid	-	-	-	-	-	-	-	-	(2,143,177)	-	(2,143,177)
Net profit for the year	-	-	-	-	-	-	-	-	9,555,755	-	9,555,755
Net unrealised gain/(loss) on AFS	-	-	-	-	-	(2,107,821)	-	-	-	-	(2,107,821)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	689	-	(689)	-	-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	408,346	408,346
Balance at the end of the year	11,668,326	1,710,293	12,776,215	20,645	12,421	(3,750,779)	4,323	1,411,549	9,555,755	738,320	34,147,068

Proposed appropriation account for the year ended December 31, 2018

	EGP Thousands	
	Dec. 31, 2018	Dec. 31, 2017
Net profit after tax	9,555,755	7,550,339
Profits selling property, plant and equipment transferred to capital reserve according to the law	(1,045)	(607)
Bank risk reserve	(842)	(689)
Available net profit for distributing	9,553,868	7,549,043
IFRS 9 risk reserve*	-	(1,411,549)
Total	9,553,868	6,137,494
To be distributed as follows:		
Legal reserve	477,736	377,487
General reserve	6,375,588	3,616,830
Dividends to shareholders**	1,458,541	1,161,801
Staff profit sharing	955,387	754,904
Board members bonus	143,308	113,236
CIB's foundation	143,308	113,236
Total	9,553,868	6,137,494

* The IFRS 9 risk reserve is created 1% of the total weighted credit risk of net profit after tax for 2017 (Note 34).

** Based on a dividend per share of EGP 1, after taking into account the subsequent share distributions of one share for every four shares.

Notes to the separate financial statements for the year ended December 31, 2018

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 181 branches, and 22 units employing 6759 employees on the statement of financial position date. Commercial International Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

Financial statements have been approved by board of directors on February 4, 2019.

2. Summary of accounting policies

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

2.1. Basis of preparation

The separate financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008.

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities classified as trading or held at fair value through profit or loss, available for sale investment and all derivatives contracts.

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

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on December 31, 2018 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the control to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity or not.

2.2.2. Associates

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

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the Bank share of the fair value of the identifiable net assets acquired is recorded as goodwill. A gain on acquisition is recognized in profit or loss if there is an

excess of the Bank's share of the fair value of the identifiable net assets acquired over the cost of the acquisition. The cost method is applied to account for investments in subsidiaries and associates, whereby, investments are recorded based on the acquisition cost including any goodwill, deducting any impairment losses, and dividends are recorded in the income statement in the adoption of the distribution of these profits and evidence of the Bank right to collect them.

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. 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.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation 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.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' 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 deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and loss at inception.

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

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, on different bases. Under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the Bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.
- Any financial derivative initially recognized at fair value can't be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

2.5.2. Loans and advances

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

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit and loss.

- Those that the Bank upon initial recognition designates and available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold till maturity. If the Bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

2.5.4. Available for sale financial investments

Available-for-sale investments are those 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 are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognized when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held-for-trading and financial assets designated at fair value through profit and loss are subsequently measured at fair value. Loans, 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 designated at fair value through profit or loss' are recognized in the income statement in 'net income from financial instruments designated at fair value'. Gains and losses arising from changes in the fair value of available for sale investments are recognized directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset's expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available, the Bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the Bank has not been able to estimate the fair value of equity instruments classified as available for sale, the value is measured at cost less impairment.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the Bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. The financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that have been recognized previously in equity, are treated based on the following:

- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
- In the case of financial asset which has infinite life, any previously recognized profit and loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.
- If the Bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.
- In all cases, if the Bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives 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 and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contract as at fair value through net trading income through profit and loss.

The timing method of recognition in profit and 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 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 ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit and loss immediately together with any changes in the fair value of the hedged asset or liability that is 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 the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit and loss in 'net trading income'.

When the hedging instrument is no longer qualified 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 and loss from that date using the effective interest method.

2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value, in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

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

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9. Fee 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 and loss, at that time, fees and commissions that represent 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 and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement.

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

2.11. Sale and repurchase agreements

Securities may be lent or sold according to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased according to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

The Bank assesses on each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event/s') and that loss event/s has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales).
- Violation of the conditions of the loan agreement such as non-payment.
- Initiation of bankruptcy proceedings.
- Deterioration of the borrower's competitive position.
- The Bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the Bank granted in normal circumstances.
- Deterioration in the value of collateral or deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular banking product.

The Bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

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 and in this field the following are 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 according to historical default ratios.
- If the Bank determines that an objective evidence of financial asset impairment exist that is 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.

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. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the Bank may measure impairment 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 purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of 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 currently exist.

Estimates of changes in future cash flows for groups of assets should be reflected together with changes in related observable data from period to period (e.g. changes in unemployment rates, property prices, payment status, or other indicative factors of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank.

2.12.2. Available for sale investments

The Bank assesses on each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it became 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement, in respect of available for sale equity securities, impairment losses previously recognized in profit and loss are not reversed through the income statement.

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 the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.13. Real estate investments

The real estate investments represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank exercised its work through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14. Property, plant and equipment

Lands and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	20 years.
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	3/5 years.
Typewriters, calculators and air-conditions	5 years
Vehicles	5 years
Computers and core systems	3/10 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that the original impairment not been recognized.

2.15.1 Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

2.15.2. Other intangible assets

Is the intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.16. Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

2.16.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2. Being lessor

For finance lease, assets are recorded in the property, plant and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle

the present obligation on the balance sheet 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 balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions, performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments on the date of grant. On each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

CIB owns a private insurance fund for financing end of service benefits, pensions and medical insurance for employees under the supervision of the Ministry of Social Solidarity.

2.20. Income tax

Income tax on the profit and loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable on the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable on the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21. Borrowings

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

2.22. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

2.23. Comparatives

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

2.24. Non-current assets held for sale

A non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

- a. It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);
- b. Its sale must be highly probable;

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

- a. Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and
- b. Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the income statement.

2.25. Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

- a. Represents a separate major line of business or geographical area of operations,
- b. Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- c. Is a subsidiary acquired exclusively with a view to resale.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

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

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in bank treasury and reported to the Board of Directors and head of each business unit regularly.

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the ‘expected loss model’) are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank’s daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred on the balance sheet date (the ‘incurred loss model’) rather than expected losses (note 3.1).

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

Bank’s rating	Description of the grade
1	Performing loans
2	Regular watching
3	Watch list
4	Non-performing loans

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor’s rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are used.

The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

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

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

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

Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

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

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

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

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3.1.2.2. Derivatives

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

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

3.1.2.3. Master netting arrangements

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

3.1.2.4. Credit related commitments

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

Bank's rating	December 31, 2018		December 31, 2017	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	78.61	12.61	69.53	11.61
2-Regular watching	11.65	17.85	15.53	21.51
3-Watch list	5.68	33.18	7.99	23.70
4-Non-Performing loans	4.06	36.36	6.95	43.18

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

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Pattern of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. 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 required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. 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 reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision%	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5. Maximum exposure to credit risk before collateral held

	EGP Thousands	
In balance sheet items exposed to credit risk	Dec. 31, 2018	Dec. 31, 2017
Treasury bills and other governmental notes	50,013,324	54,653,848
Trading financial assets:		
- Debt instruments	2,270,080	6,728,843
Gross loans and advances to banks	70,949	1,383
Gross loans and advances to customers Individual:		
- Overdraft	1,635,910	1,780,416
- Credit cards	3,540,849	2,899,930
- Personal loans	17,180,864	13,910,837
- Mortgages	876,372	416,616
Corporate:		
- Overdraft	13,992,595	12,450,826
- Direct loans	49,179,820	44,200,770
- Syndicated loans	32,899,950	26,627,825
- Other loans	125,429	112,802
Unamortized bills discount	(65,718)	(12,476)
Unearned interest	(16,038)	(2,965,997)
Derivative financial instruments	52,289	40,001
Financial investments:		
-Debt instruments	112,213,297	74,767,989
- Other assets (Accrued revenues)	4,509,514	3,870,654
Total	288,479,486	239,484,267
Off balance sheet items exposed to credit risk		
Financial guarantees	7,962,043	3,605,001
Customers acceptances	1,050,573	1,017,690
Letters of credit (import and export)	4,178,288	1,700,516
Letter of guarantee	66,166,953	69,514,413
Total	79,357,857	75,837,620

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2018, before taking into account any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 41.40% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represent 39.69%.

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

- 90.26% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.94% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individually are valued EGP 4,855,460 thousand.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2018.
- 98.56% of the investments in debt instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2018		Dec.31, 2017		EGP Thousands
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	
Neither past due nor impaired	110,351,697	70,949	89,395,036	1,383	
Past due but not impaired	4,224,632	-	5,884,880	-	
Individually impaired	4,855,460	-	7,120,106	-	
Gross	119,431,789	70,949	102,400,022	1,383	
Less:					
Impairment provision	13,040,828	3,246	10,994,446	70	
Unamortized bills discount	65,718	-	12,476	-	
Unearned interest	16,038	-	2,965,997	-	
Net	106,309,205	67,703	88,427,103	1,313	

Impairment provision losses for loans and advances reached EGP 13,044,074 thousand.

During the year, the Bank's total loans and advances increased by 16.70%.

In order to minimize the probable exposure to credit risk, the Bank focuses more on the business with large enterprises, banks or retail customers with good credit rating or sufficient collateral.

Net loans and advances to customers and banks (after deducting impairment provision):

Dec. 31, 2018	Individual						Corporate				EGP Thousands	
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	loans and advances to customers	Total loans and advances to banks	loans and advances to customers	Total loans and advances to banks
Performing loans	1,499,139	3,383,507	16,297,361	851,610	11,886,919	29,062,330	29,171,920	122,646	92,275,432	15,153		
Regular watching	68,373	78,094	509,541	-	759,547	8,743,821	1,386,896	-	11,546,272	52,550		
Watch list	20,319	34,784	253,811	-	265,760	1,597,634	284,808	-	2,457,116	-		
Non-performing loans	43,967	12,850	43,676	2,377	4	9,267	-	-	112,141	-		
Total	1,631,798	3,509,235	17,104,389	853,987	12,912,230	39,413,052	30,843,624	122,646	106,390,961	67,703		

Without deducting the unamortized discounted bills and unearned interest.

Dec. 31, 2017	Individual						Corporate				EGP Thousands	
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	loans and advances to customers	Total loans and advances to banks	loans and advances to customers	Total loans and advances to banks
Performing loans	1,648,245	2,781,232	13,101,740	405,931	8,828,336	22,580,167	20,475,961	94,665	69,916,277	-		
Regular watching	76,768	56,114	123,173	-	800,290	9,619,251	2,848,444	15,190	13,539,230	1,313		
Watch list	12,976	22,537	18,120	-	463,257	3,918,513	1,141,383	-	5,576,786	-		
Non-performing loans	39,130	14,380	440,808	1,189	651,816	975,149	250,811	-	2,373,283	-		
Total	1,777,119	2,874,263	13,683,841	407,120	10,743,699	37,093,080	24,716,599	109,855	91,405,576	1,313		

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

Dec. 31, 2018	Individual				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	472,341	450,435	38,318	397	961,491	594,739	768,415	99,957	1,463,111
Past due 30 - 60 days	68,644	83,381	28,168	192	180,385	24,524	157,374	17,273	199,171
Past due 60-90 days	20,466	42,121	22,763	41	85,391	389,889	945,194	-	1,335,083
Total	561,451	575,937	89,249	630	1,227,267	1,009,152	1,870,983	117,230	2,997,365

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 4,855,460 thousand.

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

Dec. 31, 2017	Individual				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	530,593	395,709	33,155	580	960,037	445,730	3,634,181	3,071	4,082,982
Past due 30-60 days	77,071	59,927	19,547	199	156,744	30,531	58,688	-	89,219
Past due 60-90 days	13,038	27,020	10,520	69	50,647	427,811	117,440	-	545,251
Total	620,702	482,656	63,222	848	1,167,428	904,072	3,810,309	3,071	4,717,452

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 4,855,460 thousand.

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

Dec. 31, 2018	Individual				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	46,253	22,872	61,869	6,047	-	80,311	4,465,444	172,664	4,855,460
Dec. 31, 2017	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	40,792	24,067	621,211	3,960	-	1,726,440	3,445,855	1,257,781	7,120,106

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies are based on indicators or term loans, specially customer loans. Renegotiated loans totaled at the end of the year:

	Dec.31, 2018	Dec.31, 2017
Loans and advances to customer		
Corporate		
- Direct loans	7,673,956	8,577,197
Total	7,673,956	8,577,197

3.1.7. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial year, based on Standard & Poor's ratings or their equivalent:

Dec.31, 2018	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	EGP Thousands	
				Total	
AAA	-	-	-	-	-
AA- to AA+	-	-	-	-	-
A- to A+	-	-	-	-	-
Lower than A-	41,999,252	2,270,080	112,213,297	156,482,629	
Total	41,999,252	2,270,080	112,213,297	156,482,629	

3.1.8. Concentration of risks of financial assets with credit risk exposure**3.1.8.1. Geographical sectors**

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Dec.31, 2018	Alex, Delta and Sinai			Upper Egypt	EGP Thousands	
	Cairo				Total	
Treasury bills and other governmental notes	50,013,324	-	-	-	50,013,324	
Trading financial assets:						
- Debt instruments	2,270,080	-	-	-	2,270,080	
Gross loans and advances to banks	70,949	-	-	-	70,949	
Less: Impairment provision	(3,246)	-	-	-	(3,246)	
Gross loans and advances to customers						
Individual:						
- Overdrafts	948,571	558,087	129,252	129,252	1,635,910	
- Credit cards	2,806,734	632,771	101,344	101,344	3,540,849	
- Personal loans	10,820,446	5,401,963	958,455	958,455	17,180,864	
- Mortgages	795,852	72,124	8,396	8,396	876,372	
Corporate:						
- Overdrafts	11,941,245	1,415,913	635,437	635,437	13,992,595	
- Direct loans	32,889,668	12,894,439	3,395,713	3,395,713	49,179,820	
- Syndicated loans	30,010,681	2,687,040	202,229	202,229	32,899,950	
- Other loans	80,000	45,429	-	-	125,429	
Unamortized bills discount	(65,718)	-	-	-	(65,718)	
Impairment provision	(9,707,342)	(3,024,196)	(309,290)	(309,290)	(13,040,828)	
Unearned interest	(16,038)	-	-	-	(16,038)	
Derivative financial instruments	52,289	-	-	-	52,289	
Financial investments:						
- Debt instruments	112,213,297	-	-	-	112,213,297	
Total	245,120,792	20,683,570	5,121,536	5,121,536	270,925,898	

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the Bank's customers activities.

Dec.31, 2018	EGP Thousands							
	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	-	50,013,324	-	50,013,324
Trading financial assets:								
- Debt instruments	-	-	-	-	-	2,270,080	-	2,270,080
Gross loans and advances to banks	70,949	-	-	-	-	-	-	70,949
Less: Impairment provision	(3,246)	-	-	-	-	-	-	(3,246)
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	1,635,910	-	1,635,910
- Credit cards	-	-	-	-	-	3,540,849	-	3,540,849
- Personal loans	-	-	-	-	-	17,180,864	-	17,180,864
- Mortgages	-	-	-	-	-	876,372	-	876,372
Corporate:								
- Overdrafts	554,027	7,482,009	1,695,229	493,626	1,086,755	2,680,949	-	13,992,595
- Direct loans	1,298,852	23,551,603	367,485	884,853	5,727,216	17,349,811	-	49,179,820
- Syndicated loans	226,331	8,178,023	222,300	-	23,108,258	1,165,038	-	32,899,950
- Other loans	-	106,000	-	16,000	-	3,429	-	125,429
Unamortized bills discount	(65,718)	-	-	-	-	-	-	(65,718)
Impairment provision	(41,632)	(4,282,971)	(5,939)	(65,139)	(274,825)	(8,235,736)	(134,586)	(13,040,828)
Unearned interest	-	-	-	-	-	-	(16,038)	(16,038)
Derivative financial instruments	52,289	-	-	-	-	-	-	52,289
Financial investments:								
- Debt instruments	1,228,033	-	-	-	-	110,985,264	-	112,213,297
Total	3,319,885	35,034,664	2,279,075	1,329,340	192,916,072	12,963,491	23,083,371	270,925,898

3.2. Market risk

Market risk represents as fluctuations in fair value, future cash flow, foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices, and it may reduce the Bank's income or the value of its portfolios. The bank assigns the market risk management department to measure, monitor and control the market risk. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

3.2.1. Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

3.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management.

In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal model to calculate VaR, however, it is not yet approved by the Central Bank as the regulator is currently applying and requiring banks to calculate the Market Risk Capital Requirements according to Basel II Standardized Approach.

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stressed VaR, combined with the trading VaR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

Total VaR by risk type

	EGP Thousands					
	Dec.31, 2018			Dec.31, 2017		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	231	1,482	20	13,647	82,695	275
Interest rate risk	453,569	645,193	238,077	588,938	815,249	363,366
- For non trading purposes	429,195	586,852	232,882	553,426	739,977	351,674
- For trading purposes	24,374	58,341	5,195	35,512	75,272	11,692
Portfolio managed by others risk	7,030	11,507	1,969	7,280	10,454	4,854
Investment fund	119	267	55	370	692	215
Total VaR	455,104	647,983	238,493	591,508	826,941	364,408

Trading portfolio VaR by risk type

	Dec.31, 2018			Dec.31, 2017		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	231	1,482	20	13,647	82,695	275
Interest rate risk	24,374	58,341	5,195	35,512	75,272	11,692
- For trading purposes	24,374	58,341	5,195	35,512	75,272	11,692
Funds managed by others risk	7,030	11,507	1,969	7,280	10,454	4,854
Investment fund	119	267	55	370	692	215
Total VaR	26,165	60,912	5,611	46,039	113,250	13,804

Non trading portfolio VaR by risk type

	Dec.31, 2018			Dec.31, 2017		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	429,195	586,852	232,882	553,426	739,977	351,674
Total VaR	429,195	586,852	232,882	553,426	739,977	351,674

The aggregate of the trading and non-trading VaR results does not constitute the Bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange rate risk and financial instruments at carrying amounts, categorized by currency.

Dec.31, 2018	Equivalent EGP Thousands					
	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	15,822,884	2,511,902	657,323	80,582	986,283	20,058,974
Due from banks	15,730,309	23,594,720	6,743,789	366,545	83,529	46,518,892
Treasury bills and other governmental notes	31,491,429	12,272,607	1,333,103	-	-	45,097,139
Trading financial assets	1,802,626	935,079	-	-	-	2,737,705
Gross loans and advances to banks	-	70,949	-	-	-	70,949
Gross loans and advances to customers	63,518,898	52,952,122	2,938,691	22,078	-	119,431,789
Derivative financial instruments	39,355	12,934	-	-	-	52,289
Financial investments						
- Available for sale	26,664,326	12,367,155	186,409	-	-	39,217,890
- Held to maturity	73,630,764	-	-	-	-	73,630,764
Investments in associates and subsidiaries	54,533	14,100	-	-	-	68,633
Total financial assets	228,755,124	104,731,568	11,859,315	469,205	1,069,812	346,885,024
Financial liabilities						
Due to banks	5,958,780	1,099,145	92,882	12,773	96,239	7,259,819
Due to customers	183,026,820	89,794,399	11,046,226	1,005,452	467,575	285,340,472
Derivative financial instruments	85,912	46,946	-	-	-	132,858
Other loans	138,809	3,582,720	-	-	-	3,721,529
Total financial liabilities	189,210,321	94,523,210	11,139,108	1,018,225	563,814	296,454,678
Net on-balance sheet financial position	39,544,803	10,208,358	720,207	(549,020)	505,998	50,430,346

3.2.4. Interest rate risk

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

Dec.31, 2018	Up to 1 Month		3-12 Months		Over 5 years		Non-Interest Bearing	
	Month	1-3 Months	Months	1-5 years	years	Bearing	Total	
Financial assets								
Cash and balances with central bank	-	-	-	-	-	20,058,974	-	20,058,974
Due from banks	33,676,642	12,438,963	401,563	-	-	-	1,724	46,518,892
Treasury bills and other governmental notes*	(3,711,230)	5,425,047	43,383,322	-	-	-	-	45,097,139
Trading financial assets	38,375	-	-	1,643,653	626,428	-	429,249	2,737,705
Gross loans and advances to banks	3,969	5,483	17,829	42,233	1,435	-	-	70,949
Gross loans and advances to customers	77,155,228	13,993,151	14,231,235	10,708,275	3,343,900	-	-	119,431,789
Derivatives financial instruments (including IRS notional amount)	1,510,540	9,650	399,197	5,899,343	-	-	-	7,818,730
Financial investments								
- Available for sale	132,500	73,030	457,834	19,793,116	18,158,565	-	602,845	39,217,890
- Held to maturity	9,361,480	2,055,231	26,632,213	27,257,651	8,324,189	-	-	73,630,764
Investments in associates and subsidiaries	-	-	-	-	-	-	68,633	68,633
Total financial assets	118,167,504	34,000,555	85,523,193	65,344,271	30,454,517	21,161,425	354,651,465	
Financial liabilities								
Due to banks	7,002,464	-	-	-	-	-	257,355	7,259,819
Due to customers	148,906,076	22,012,700	24,470,575	40,675,873	533,317	-	48,741,931	285,340,472
Derivatives financial instruments (including IRS notional amount)	2,148,569	5,011,865	33,028	705,837	-	-	-	7,899,299
Other loans	33,380	10,000	87,286	443,188	3,147,675	-	-	3,721,529
Total financial liabilities	158,090,489	27,034,565	24,590,889	41,824,898	3,680,992	48,999,286	304,221,119	
Total interest re-pricing gap	(39,922,985)	6,965,990	60,932,304	23,519,373	26,773,525	(27,837,861)	50,430,346	

* After adding Reverse repos and deducting Repos.

3.3. Liquidity risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

The Bank's liquidity management process, carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, and includes

Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- Maintaining an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBE regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.

The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Bank's Risk Management Department also monitors unmatched medium-term

3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

3.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec.31, 2018	EGP Thousands					
	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Financial liabilities						
Due to banks	6,632,843	626,976	-	-	-	7,259,819
Due to customers	29,932,979	23,750,618	72,467,784	145,207,840	13,981,251	285,340,472
Other loans	33,380	10,000	87,286	443,188	3,147,675	3,721,529
Total liabilities (contractual and non contractual maturity dates)	36,599,202	24,387,594	72,555,070	145,651,028	17,128,926	296,321,820
Total financial assets (contractual and non contractual maturity dates)	41,324,915	40,718,467	74,369,489	141,260,576	49,075,657	346,749,104

Dec.31, 2017	EGP Thousands					
	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Financial liabilities						
Due to banks	1,877,918	-	-	-	-	1,877,918
Due to customers	31,348,143	21,728,194	71,335,328	109,570,301	16,785,404	250,767,370
Other loans	36,393	6,743	82,631	3,429	3,545,540	3,674,736
Total liabilities (contractual and non contractual maturity dates)	33,262,454	21,734,937	71,417,959	109,573,730	20,330,944	256,320,024
Total financial assets (contractual and non contractual maturity dates)	57,644,515	33,970,656	79,938,643	96,174,026	36,636,599	304,364,439

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

3.3.4. Derivative cash flows

The Bank's derivatives include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC), exchange traded forwards currency options that will be settled on a gross basis Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures.

The table below analyses the Bank's derivative undiscounted financial liabilities into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date will be settled on a net basis. The amounts disclosed in the table are the contractual undiscounted cash flows:

Dec.31, 2018	EGP Thousands				
	Up to 1 month	One to three months	Three months to one year	One year to five years	Total
Liabilities					
Derivatives financial instruments					
- Foreign exchange derivatives	34,388	22,205	29,319	-	85,912
- Interest rate derivatives	197	6	3,709	43,034	46,946
Total	34,585	22,211	33,028	43,034	132,858

Dec.31, 2018	EGP Thousands			
	Up to 1 year	1-5 years	Over 5 years	Total
Off balance sheet items				
Letters of credit, guarantees and other commitments	51,260,372	14,088,753	6,046,689	71,395,814
Total	51,260,372	14,088,753	6,046,689	71,395,814

Dec.31, 2018	EGP Thousands		
	Up to 1 year	1-5 years	Total
Credit facilities commitments			
Credit facilities commitments	1,399,900	7,773,882	9,173,782
Total	1,399,900	7,773,882	9,173,782

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2018	Dec.31, 2017	Dec.31, 2018	Dec.31, 2017
Financial assets				
Due from banks	46,518,892	45,319,766	46,859,224	44,782,984
Gross loans and advances to banks	70,949	1,383	70,949	1,383
Gross loans and advances to customers	119,431,789	102,400,022	115,452,376	96,397,613
Financial investments				
Held to Maturity	73,630,764	45,167,722	41,237,872	45,595,034
Total financial assets	239,652,394	192,888,893	203,620,421	186,777,014
Financial liabilities				
Due to banks	7,259,819	1,877,918	7,069,442	1,813,466
Due to customers	285,340,472	250,767,370	280,729,572	245,616,661
Other loans	3,721,529	3,674,736	3,721,529	3,674,736
Total financial liabilities	296,321,820	256,320,024	291,520,543	251,104,863

Due from banks

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

Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets, held to maturity assets, and available for sale assets that are measured at fair value.

Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of 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 the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a monthly basis.

Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 11.875%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and operational risk). While taking into consideration the conservation buffer.

Tier one:

Tier one comprises of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve, interim profits and deducting previously recognized goodwill and any retained losses

Tier two:

Tier two represents the gone concern capital which is composed of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt to the maximum of 1.25% risk weighted assets and contingent liabilities, subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale, held to maturity, subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

Assets risk weight scale ranging from zero to 400% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collaterals. Similar criteria are used for off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

The tables below summarize the compositions of tier 1, tier 2, the capital adequacy ratio and leverage ratio .

1- The capital adequacy ratio

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017 Restated**
Tier 1 capital		
Share capital (net of the treasury shares)	11,668,326	11,618,011
Reserves	14,829,948	10,543,783
IFRS 9 Reserve	1,411,549	1,411,549
Retained Earnings (Losses)	55,089	89,873
Total deductions from tier 1 capital common equity	(4,754,596)	(2,450,399)
Net profit for the year	6,881,450	3,960,829
Total qualifying tier 1 capital	30,091,766	25,173,646
Tier 2 capital		
45% of special reserve	49	49
Subordinated Loans	3,582,720	3,545,540
Impairment provision for loans and regular contingent liabilities	1,879,734	1,679,656
Total qualifying tier 2 capital	5,462,503	5,225,245
Total capital 1+2	35,554,269	30,398,891
Risk weighted assets and contingent liabilities		
Total credit risk	156,952,618	141,154,879
Total market risk	5,959,133	9,239,998
Total operational risk	23,292,505	18,222,831
Total	186,204,256	168,617,708
*Capital adequacy ratio (%)	19.09%	18.03%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.

**After 2017 profit distribution.

2- Leverage ratio

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017 Restated**
Total qualifying tier 1 capital	30,091,766	25,173,646
On-balance sheet items & derivatives	346,163,131	300,593,997
Off-balance sheet items	45,407,765	44,965,272
Total exposures	391,570,896	345,559,269
*Percentage	7.68%	7.28%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 14 July 2015.

**After 2017 profit distribution.

For December 2018 NSFR ratio record 209.70% (LCY 243.36% and FCY 165.61%), and LCR ratio record 601.53% (LCY 667.84% and FCY 338.82%).

For December 2017 NSFR ratio record 195.33% (LCY 232.44% and FCY 152.27%), and LCR ratio record 1018.68% (LCY 626.59% and FCY 377.14%).

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating the availability of a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may indicate that there has been an adverse change in the payment status of borrowers in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%

4.2. Impairment of available for-sale equity investments

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

4.3. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. these valuation techniques (as models) are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices.

For practicality purposes, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4.4 Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified as held to maturity. This requires significant judgment, in which the bank evaluates its intention and ability to hold such investments to maturity. If the bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

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

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

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

Dec.31, 2018	EGP Thousands					
	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	8,999,279	2,452,934	3,870,401	6,163,506	639,484	22,125,604
Expenses according to business segment	(5,516,282)	(739,340)	(427,332)	(2,373,798)	(16,258)	(9,073,010)
Profit before tax	3,482,997	1,713,594	3,443,069	3,789,708	623,226	13,052,594
Tax	(933,068)	(459,085)	(922,426)	(1,015,293)	(166,967)	(3,496,839)
Profit for the year	2,549,929	1,254,509	2,520,643	2,774,415	456,259	9,555,755
Total assets	102,743,816	2,159,095	165,584,686	22,693,303	49,242,585	342,423,485

Dec.31, 2017	EGP Thousands					
	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	5,691,435	2,342,539	2,955,690	4,841,757	639,646	16,471,067
Expenses according to business segment	(3,550,176)	(696,877)	(105,293)	(1,780,505)	(7,226)	(6,140,077)
Profit before tax	2,141,259	1,645,662	2,850,397	3,061,252	632,420	10,330,990
Tax	(576,762)	(442,854)	(767,053)	(823,795)	(170,187)	(2,780,651)
Profit for the year	1,564,497	1,202,808	2,083,344	2,237,457	462,233	7,550,339
Total assets	82,138,508	2,352,091	137,645,556	18,444,909	54,190,257	294,771,321

5.2. By geographical segment

Dec.31, 2018	EGP Thousands			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	17,766,245	3,424,556	934,803	22,125,604
Expenses according to geographical segment	(7,545,066)	(1,304,228)	(223,716)	(9,073,010)
Profit before tax	10,221,179	2,120,328	711,087	13,052,594
Tax	(2,738,280)	(568,053)	(190,506)	(3,496,839)
Profit for the year	7,482,899	1,552,275	520,581	9,555,755
Total assets	316,635,596	19,340,837	6,447,052	342,423,485

Dec.31, 2017	EGP Thousands			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	13,479,965	2,499,912	491,190	16,471,067
Expenses according to geographical segment	(5,306,193)	(670,176)	(163,708)	(6,140,077)
Profit before tax	8,173,772	1,829,736	327,482	10,330,990
Tax	(2,200,134)	(492,390)	(88,127)	(2,780,651)
Profit for the year	5,973,638	1,337,346	239,355	7,550,339
Total assets	265,654,804	22,598,945	6,517,572	294,771,321

6. Net interest income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Interest and similar income		
- Banks	3,338,266	3,532,274
- Clients	15,274,649	10,921,054
Total	18,612,915	14,453,328
Treasury bills and bonds	18,582,089	14,039,447
Reverse repos	2,519	-
Financial investments in held to maturity and available for sale debt instruments	206,186	178,391
Total	37,403,709	28,671,166
Interest and similar expense		
- Banks	(840,233)	(463,409)
- Clients	(18,001,197)	(15,686,959)
Total	(18,841,430)	(16,150,368)
Financial instruments purchased with a commitment to re-sale (Repos)	(112,366)	(2,037)
Other loans	(306,394)	(14,750)
Total	(19,260,190)	(16,167,155)
Net interest income	18,143,519	12,504,011

7. Net fee and commission income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Fee and commission income		
Fee and commissions related to credit	1,456,930	1,362,660
Custody fee	140,247	117,268
Other fee	1,805,439	1,314,283
Total	3,402,616	2,794,211
Fee and commission expense		
Other fee paid	(991,957)	(796,107)
Total	(991,957)	(796,107)
Net income from fee and commission	2,410,659	1,998,104

8. Dividend income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Trading securities	9,951	11,474
Available for sale securities	16,007	23,039
Total	25,958	34,513

9. Net trading income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profit (Loss) from foreign exchange	668,071	764,732
Profit (Loss) from forward foreign exchange deals revaluation	(38,904)	(17,118)
Profit (Loss) from interest rate swaps revaluation	(20,865)	(23,732)
Profit (Loss) from currency swap deals revaluation	8,179	(21,230)
Trading debt instruments	472,595	589,563
Total	1,089,076	1,292,215

10. Administrative expenses

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Staff costs		
Wages and salaries	(2,237,595)	(1,620,326)
Social insurance	(78,841)	(65,033)
Other benefits	(61,976)	(51,682)
Other administrative expenses *	(1,844,367)	(1,381,798)
Total	(4,222,779)	(3,118,839)

* The expenses related to the activity for which the bank obtains a commodity or service and all taxes and charges incurred by the bank - except for income tax - donations, depreciation and impairment of non financial assets other than subsidiaries and associates

11. Other operating (expenses) income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profits (losses) from non-trading assets and liabilities revaluation	59,863	(61,065)
Profits from selling property, plant and equipment	1,045	607
Release (charges) of other provisions	(400,596)	(114,725)
Other income/expenses	(1,249,987)	(827,387)
Total	(1,589,675)	(1,002,570)

12. Impairment charge for credit losses

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Loans and advances to customers and banks	(3,076,023)	(1,742,281)
Total	(3,076,023)	(1,742,281)

13. Adjustments to calculate the effective tax rate

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profit before tax	13,052,594	10,330,990
Tax rate	22.50%	22.50%
Income tax based on accounting profit	2,936,834	2,324,473
Add / (Deduct)		
Non-deductible expenses	872,324	626,536
Tax exemptions	(314,360)	(173,358)
10% Withholding tax	2,041	3,000
Income tax / Deferred tax	3,496,839	2,780,651
Effective tax rate	26.79%	26.92%

14. Earning per share

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Net profit for the year, available for distribution	9,553,868	7,549,043
Board member's bonus	(143,308)	(113,236)
Staff profit sharing	(955,387)	(754,904)
Profits shareholders' Stake	8,455,173	6,680,903
Weighted Average number of shares	1,163,898	1,159,156
Basic earning per share	7.26	5.76
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,171,642	1,177,722
Diluted earning per share	7.22	5.67

15. Cash and balances with central bank

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Cash	6,532,211	5,784,303
Obligatory reserve balance with CBE		
- Current accounts	13,526,763	8,878,986
Total	20,058,974	14,663,289
Non-interest bearing balances	20,058,974	14,663,289

16. Due from banks

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Current accounts	4,168,973	2,679,189
Deposits	42,349,919	42,640,577
Total	46,518,892	45,319,766
Central banks	25,397,558	15,863,399
Local banks	4,109,576	3,894,775
Foreign banks	17,011,758	25,561,592
Total	46,518,892	45,319,766
Non-interest bearing balances	1,724	-
Floating interest bearing balances	10,203,376	9,940,362
Fixed interest bearing balances	36,313,792	35,379,404
Total	46,518,892	45,319,766
Current balances	46,518,892	45,319,766

17. Treasury bills and other governmental notes

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
91 Days maturity	-	-
182 Days maturity	3,669,700	1,289,425
364 Days maturity	49,441,511	57,602,997
Unearned interest	(3,097,887)	(4,238,574)
Total 1	50,013,324	54,653,848
Repos - treasury bills	(8,014,072)	(175,646)
Total 2	(8,014,072)	(175,646)
Net	41,999,252	54,478,202

18. Trading financial assets

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Debt instruments		
- Governmental bonds	2,270,080	6,728,843
Total	2,270,080	6,728,843
Equity instruments		
- Mutual funds	38,376	99,587
Total	38,376	99,587
- Portfolio managed by others	429,249	466,767
Total	2,737,705	7,295,197

19. Loans and advances to banks, net

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Time and term loans	70,949	1,383
Impairment provision	(3,246)	(70)
Total	67,703	1,313
Current balances	67,703	1,313
Total	67,703	1,313

Analysis for impairment provision of loans and advances to banks

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	(70)	(1,800)
Release during the year	(3,140)	1,697
Exchange revaluation difference	(36)	33
Ending balance	(3,246)	(70)

20. Loans and advances to customers, net

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Individual		
- Overdraft	1,635,910	1,780,416
- Credit cards	3,540,849	2,899,930
- Personal loans	17,180,864	13,910,837
- Real estate loans	876,372	416,616
Total 1	23,233,995	19,007,799
Corporate		
- Overdraft	13,992,595	12,450,826
- Direct loans	49,179,820	44,200,770
- Syndicated loans	32,899,950	26,627,825
- Other loans	125,429	112,802
Total 2	96,197,794	83,392,223
Total Loans and advances to customers (1+2)	119,431,789	102,400,022
Less:		
Unamortized bills discount	(65,718)	(12,476)
Impairment provision*	(13,040,828)	(10,994,446)
Unearned interest	(16,038)	(2,965,997)
Net loans and advances to customers	106,309,205	88,427,103
Distributed to		
Current balances	44,549,290	38,960,491
Non-current balances	61,759,915	49,466,612
Total	106,309,205	88,427,103

* An amount of EGP 1,818mn has been charged to impairment provision against unearned interest recognized in income. Of this amount, EGP 1,057mn has been charged in Q3 2018, which is the second and final re-engineering for such accounts.

Analysis for impairment provision of loans and advances to customers

	Individual					Total
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	
Dec.31, 2018						
Beginning balance	(3,297)	(25,667)	(226,996)	(9,496)	-	(265,456)
Released (charged) released during the year	(798)	(24,509)	(51,976)	(12,889)	-	(90,172)
Write off during the year	-	42,967	228,363	-	-	271,330
Recoveries during the year*	(17)	(24,405)	(25,866)	-	-	(50,288)
Ending balance	(4,112)	(31,614)	(76,475)	(22,385)	-	(134,586)
Dec.31, 2018						
Beginning balance	(1,707,127)	(1,107,127)	(7,107,690)	(1,911,226)	(2,947)	(10,728,990)
Released (charged) released during the year	633,877	(2,927,862)	(688,890)	(688,890)	164	(2,982,711)
Write off during the year	-	-	356,501	571,273	-	927,774
Recoveries during the year*	-	-	(42,020)	-	-	(42,020)
Exchange revaluation difference	(7,115)	(45,697)	(27,483)	-	-	(80,295)
Ending balance	(1,080,365)	(9,766,768)	(2,056,326)	(2,783)	(2,783)	(12,906,242)
Dec.31, 2017						
Beginning balance	(11,166)	(25,056)	(190,592)	(7,801)	(20,838)	(255,453)
Released (charged) released during the year	(5,556)	(15,328)	(37,906)	(3,743)	20,838	(41,695)
Write off during the year	13,425	36,477	1,561	2,080	-	53,543
Recoveries during the year*	-	(21,760)	(59)	(32)	-	(21,851)
Ending balance	(3,297)	(25,667)	(226,996)	(9,496)	-	(265,456)
Dec.31, 2017						
Beginning balance	(1,342,010)	(6,442,227)	(1,775,873)	(1,775,873)	(2,444)	(9,562,554)
Released (charged) released during the year	(387,038)	(1,125,372)	(189,364)	(189,364)	(509)	(1,702,283)
Write off during the year	-	-	382,185	-	-	382,185
Recoveries during the year*	-	-	(23,054)	-	-	(23,054)
Exchange revaluation difference	21,921	100,778	54,011	54,011	6	176,716
Ending balance	(1,707,127)	(7,107,690)	(1,911,226)	(2,947)	(2,947)	(10,728,990)

*From previously written off amounts

21. Derivative financial instruments

21.1. Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case. These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts).

Contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflect credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

21.1.1. For trading derivatives

	Dec.31, 2018			Dec.31, 2017		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	5,360,272	21,112	73,105	6,820,350	36,597	49,687
- Currency swap	3,628,415	18,243	12,807	1,640,985	3,117	5,860
Total (1)		39,355	85,912		39,714	55,547

21.1.2. Fair value hedge

	Dec.31, 2018			Dec.31, 2017		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	662,803	-	9,164	655,925	-	25,996
- Customers deposits hedging	7,103,638	12,934	37,782	11,506,784	287	115,441
Total (2)		12,934	46,946		287	141,437
Total financial derivatives (1+2)		52,289	132,858		40,001	196,984

21.2. Hedging derivatives

21.2.1. Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 9,164 thousand at December 31, 2018 against EGP 25,996 thousand at the December 31, 2017. Resulting in gains from hedging instruments at December 31, 2018 EGP 16,832 thousand against EGP 19,633 thousand at the December 31, 2017. Losses arose from the hedged items at December 31, 2018 reached EGP 34,193 thousand against losses of EGP 44,924 thousand at December 31, 2017.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 24,848 thousand at the end of December 31, 2018 against EGP 115,154 thousand at December 31, 2017, resulting in gains from hedging instruments at December 31, 2018 of EGP 90,306 thousand against losses of EGP 76,302 thousand at December 31, 2017. Losses arose from the hedged items at December 31, 2018 reached EGP 94,856 thousand against gains EGP 81,488 thousand at December 31, 2017.

22. Financial investments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Available for sale		
- Listed debt instruments with fair value	38,615,045	29,632,780
- Listed equity instruments with fair value	458,094	83,346
- Unlisted equity instruments by amortized cost	144,751	758,655
Total	39,217,890	30,474,781
Held to maturity		
- Listed debt instruments	73,598,251	45,135,209
- Unlisted instruments	32,513	32,513
Total	73,630,764	45,167,722
Total financial investment	112,848,654	75,642,503
- Actively traded instruments	108,496,980	73,721,199
- Not actively traded instruments	4,351,674	1,921,304
Total	112,848,654	75,642,503
Fixed interest debt instruments	110,985,264	72,612,620
Floating interest debt instruments	1,228,033	2,155,369
Total	112,213,297	74,767,989

	EGP Thousands		
	Available for sale financial investments	Held to maturity financial investments	Total
Beginning balance	5,447,291	53,924,936	59,372,227
Addition	25,868,230	4,597,254	30,465,484
Deduction	(1,361,027)	(13,354,468)	(14,715,495)
Exchange revaluation differences for foreign financial assets	(100,078)	-	(100,078)
Profit (losses) from fair value difference	512,016	-	512,016
Available for sale impairment charges	108,349	-	108,349
Ending Balance as of Dec.31, 2017	30,474,781	45,167,722	75,642,503
Beginning balance	30,474,781	45,167,722	75,642,503
Addition	12,670,761	33,995,313	46,666,074
Deduction	(1,872,988)	(5,532,271)	(7,405,259)
Exchange revaluation differences for foreign financial assets	102,991	-	102,991
Profit (losses) from fair value difference	(2,118,094)	-	(2,118,094)
Released (Impairment) charges of available for sale	(39,561)	-	(39,561)
Ending Balance as of Dec.31, 2018	39,217,890	73,630,764	112,848,654

22.1. Profits (Losses) on financial investments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profit (Loss) from selling available for sale financial instruments	441,628	(99,047)
Released (Impairment) charges of available for sale equity instruments	(39,561)	254,588
Released (Impairment) charges of non current assets held for sale	-	340,504
Total	402,067	496,045

23. Investments in associates and subsidiaries

	EGP Thousands							
	Dec.31, 2018	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Subsidiaries								
- CVenture Capital	Egypt	-	-	-	-	-	44,783	99.99
Associates								
- Fawry plus	Egypt	-	-	-	-	-	14,100	23.50
- International Co. for Security and Services (Falcon)	Egypt	860,057	640,554	926,624	72,954	9,750	9,750	32.5
Total		860,057	640,554	926,624	72,954	68,633		

	EGP Thousands							
	Dec.31, 2017	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Subsidiaries								
- CVenture Capital	Egypt	-	-	-	-	-	44,318	99.99
Associates								
- International Co. for Security and Services (Falcon)	Egypt	512,388	367,470	505,461	52,695	9,750	9,750	32.5
Total		512,388	367,470	505,461	52,695	54,068		

24. Other assets

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Accrued revenues	4,509,514	3,870,654
Prepaid expenses	186,797	230,296
Advances to purchase of fixed assets	768,733	522,211
Accounts receivable and other assets (after deducting the provision)*	3,790,709	2,193,590
Assets acquired as settlement of debts	276,520	45,083
Insurance	30,945	24,973
Total	9,563,218	6,886,807

*A provision with amount EGP 317 million has been created against pending installments.

This item includes other assets that are not classified under specific items of balance sheet assets, such as: accrued income and prepaid expenses, amounts paid in advance relating to taxes on bills and bonds, custodies, debit accounts under settlement and any balance that has no place in another asset category.

25. Property, plant and equipment

Dec.31, 2018	EGP Thousands							
	Land	Premises	IT	Vehicles	Fitting-out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	996,629	1,646,187	89,363	658,343	516,763	151,689	4,123,683
Additions during the year	-	61,606	347,376	5,601	72,276	133,192	8,135	628,186
Disposals during the year*	-	(32,867)	(413,068)	(32,817)	(205,296)	(200,132)	(71,023)	(955,203)
Ending gross assets (2)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Accumulated depreciation at beginning of the year (3)	-	359,699	1,205,399	53,088	538,679	420,117	132,182	2,709,164
Current year depreciation	-	50,099	189,949	12,619	73,048	57,408	7,707	390,830
Disposals during the year*	-	(32,867)	(413,068)	(32,817)	(205,296)	(200,132)	(71,023)	(955,203)
Accumulated depreciation at end of the year (4)	-	376,931	982,280	32,890	406,431	277,393	68,866	2,144,791
Ending net assets (2-4)	64,709	648,437	598,215	29,257	118,892	172,430	19,935	1,651,875
Beginning net assets (1-3)	64,709	636,930	440,788	36,275	119,664	96,646	19,507	1,414,519
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 316,688 thousand non registered assets while their registrations procedures are in process. There was no impairment provision charged for fixed assets.

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

Dec.31, 2017	EGP Thousands							
	Land	Premises	IT	Vehicles	Fitting-out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	936,982	1,395,638	87,660	607,773	459,572	144,454	3,696,788
Additions during the year	-	59,647	250,549	1,703	50,570	57,191	7,235	426,895
Disposals during the year*	-	-	-	-	-	-	-	-
Ending gross assets (2)	64,709	996,629	1,646,187	89,363	658,343	516,763	151,689	4,123,683
Accumulated depreciation at beginning of the year (3)	-	315,192	1,029,244	47,904	468,368	372,522	124,929	2,358,159
Current year depreciation	-	44,507	176,155	5,184	70,311	47,595	7,253	351,005
Disposals during the year*	-	-	-	-	-	-	-	-
Accumulated depreciation at end of the year (4)	-	359,699	1,205,399	53,088	538,679	420,117	132,182	2,709,164
Ending net assets (2-4)	64,709	636,930	440,788	36,275	119,664	96,646	19,507	1,414,519
Beginning net assets (1-3)	64,709	621,790	366,394	39,756	139,405	87,050	19,525	1,338,629
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 353,462 thousand non registered assets while their registrations procedures are in process.

26. Due to banks

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Current accounts	503,539	1,067,374
Deposits	6,756,280	810,544
Total	7,259,819	1,877,918
Central banks	190,801	128,527
Local banks	6,009,778	714,294
Foreign banks	1,059,240	1,035,097
Total	7,259,819	1,877,918
Non-interest bearing balances	257,355	740,158
Floating bearing interest balances	89,568	23,169
Fixed interest bearing balances	6,912,896	1,114,591
Total	7,259,819	1,877,918
Current balances	7,259,819	1,877,918

27. Due to customers

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Demand deposits	92,465,717	72,487,190
Time deposits	43,561,846	49,952,470
Certificates of deposit	81,059,934	70,486,930
Saving deposits	62,812,279	53,075,098
Other deposits	5,440,696	4,765,682
Total	285,340,472	250,767,370
Corporate deposits	116,885,763	107,798,000
Individual deposits	168,454,709	142,969,370
Total	285,340,472	250,767,370
Non-interest bearing balances	48,741,931	43,317,721
Floating interest bearing balances	23,738,113	21,022,474
Fixed interest bearing balances	212,860,428	186,427,175
Total	285,340,472	250,767,370
Current balances	202,169,757	178,830,593
Non-current balances	83,170,715	71,936,777
Total	285,340,472	250,767,370

28. Other loans

	Interest rate %	Maturity date	Maturing through next year	EGP Thousands	
				Balance on Dec.31, 2018	Balance on Dec.31, 2017
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years*	117,286	125,429	87,314
Social Fund for Development (SFD)	3 months T/D or 9% which is more	04/01/2020*	13,380	13,380	41,882
European Bank for Reconstruction and Development (EBRD) subordinated Loan	3 months libor + 6.2%	10 years	-	1,791,360	1,772,770
International Finance Corporation (IFC) subordinated Loan	3 months libor + 6.2%	10 years	-	1,791,360	1,772,770
Balance			130,666	3,721,529	3,674,736

Interest rates on variable-interest subordinated loans are determined in advance every 3 months/every quarter. Subordinated loans are not repaid before their repayment dates.

* Represents the date of loan repayment to the lending agent.

29. Other liabilities

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Accrued interest payable	1,347,397	1,516,471
Accrued expenses	733,218	507,543
Accounts payable	4,101,884	3,277,350
Other credit balances	319,054	175,167
Total	6,501,553	5,476,531

30. Provisions

Dec.31, 2018	EGP Thousands			
	Beginning balance	Charged amounts	Exchange revaluation difference	Ending balance
Provision for income tax claims	6,910	-	-	6,910
Provision for legal claims	45,773	12,820	7 (923)	57,677
Provision for contingent	1,470,302	-	(2,942)	1,449,690
Provision for other claim	92,174	88,681	666 (1,191)	180,330
Total	1,615,159	101,501	(2,269) (2,114)	1,694,607

Dec.31, 2017	EGP Thousands			
	Beginning balance	Charged amounts	Exchange revaluation difference	Ending balance
Provision for income tax claims	6,910	-	-	6,910
Provision for legal claims	46,035	549	(57) (725)	45,773
Provision for contingent	1,434,703	118,370	12,627	1,470,302
Provision for other claim	26,409	93,703	(730) (24,738)	92,174
Total	1,514,057	212,622	11,840 (25,463)	1,615,159

*To face the potential risk of banking operations.

31. Equity

31.1. Capital

The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on March 17, 2010.

"Issued and Paid in Capital reached EGP 11,668,326 thousand at balance sheet date to be divided on 1,166,833 thousand shares with EGP 10 par value for each share and registered in the commercial register dated 26th August 2018.

- Increase issued and Paid in Capital by amount EGP 50,315 thousand on August 02, 2018 to reach EGP 11,668,326 thousand (against EGP 11,618,011 thousand in 2017) according to Board of Directors decision on January 31, 2018 by issuance of ninth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 79,351 thousand on May 24, 2017 to reach EGP 11,618,011 thousand according to Board of Directors decision on November 9, 2016 by issuance of eighth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 68,057 thousand on April 19, 2016 to reach EGP 11,538,660 thousand according to Board of Directors decision on November 10, 2015 by issuance of seventh tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 to reach 11,470,603 according to Ordinary General Assembly Meeting decision on March 12, 2015 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 94,748 thousand on April 5, 2015 to reach EGP 9,176,482 thousand according to Board of Directors decision on November 11, 2014 by issuance of sixth tranche for E.S.O.P program.

31.2. Reserves

According to The Bank status 5% of net profit is used to increase the legal reserve to reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

- Increase issued and Paid in Capital by amount EGP 79,299 thousand on March 23, 2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fifth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,812 thousand on December 5, 2013 according to Extraordinary General Assembly Meeting decision on July 15, 2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 29,348 thousand on April 7, 2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on October 24, 2012 by issuance of fourth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22, 2011 by issuance of third tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10, 2010 by issuance of second tranche for E.S.O.P program.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13, 2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid- in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of March 21, 2016 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 10% of issued and paid- in capital at par value ,through 10 years starting year 2016 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	EGP Thousands	
	Assets (Liabilities)	Assets (Liabilities)
	Dec.31, 2018	Dec.31, 2017
Fixed assets (depreciation)	(49,750)	(31,409)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	53,552	31,038
Intangible Assets	53,657	36,712
Other investments impairment	65,788	56,698
Reserve for employee stock ownership plan (ESOP)	166,122	110,100
Interest rate swaps revaluation	4,695	5,340
Trading investment revaluation	7,394	(37,478)
Forward foreign exchange deals revaluation	6,912	8,629
Balance	308,370	179,630

	EGP Thousands	
	Assets (Liabilities)	Assets (Liabilities)
	Dec.31, 2018	Dec.31, 2017
Movement of Deferred Tax Assets and Liabilities:		
Beginning Balance	179,630	181,308
Additions / disposals	128,740	(1,678)
Ending Balance	308,370	179,630

33. Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, the Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest (True up model). The fair value for such equity instruments is measured using the Black-Scholes pricing model.

Details of the rights to share outstanding during the year are as follows:

	Dec.31, 2018	Dec.31, 2017
	No. of shares in thousand	No. of shares in thousand
Outstanding at the beginning of the year	21,280	22,351
Granted during the year	8,338	7,601
Forfeited during the year	(828)	(737)
Exercised during the year	(5,032)	(7,935)
Outstanding at the end of the year	23,758	21,280

Details of the outstanding tranches are as follows:

Maturity date	EGP		No. of shares in thousand
	Exercise price	Fair value	
2019	10.00	28.43	8,433
2020	10.00	65.55	7,175
2021	10.00	68.13	8,150
Total			23,758

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

	12th tranche	11th tranche
Exercise price	10	10
Current share price	77.35	73.08
Expected life (years)	3	3
Risk free rate %	15.54%	16.77%
Dividend yield%	1.29%	0.68%
Volatility%	26%	30%

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

34. Reserves and retained earnings

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Legal reserve	1,710,293	1,332,807
General reserve	12,776,215	9,000,023
Capital reserve	12,421	11,815
Retained earnings	9,555,755	6,138,790
Special reserve	20,645	20,645
Reserve for A.F.S investments revaluation difference	(3,750,779)	(1,642,958)
Banking risks reserve	4,323	3,634
IFRS 9 risk reserve	1,411,549	1,411,549
Ending balance	21,740,422	16,276,305

On 28 January 2018, Central Bank of Egypt issued instructions indicating the following:

Creating IFRS 9 risk reserve (1% of the total weighted credit risk) deducted from 2017 net profit after tax, to be used after obtaining CBE's approval, taken into consideration that IFRS 9 will be effective as of January 1, 2019.

34.1. Banking risks reserve

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	3,634	3,019
Transferred to bank risk reserve	689	615
Ending balance	4,323	3,634

34.2. Legal reserve

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	1,332,807	1,035,363
Transferred from previous year profits	377,486	297,444
Ending balance	1,710,293	1,332,807

34.3 Reserve for A.F.S investments revaluation difference

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	(1,642,958)	(2,180,244)
Unrealized gain (loss) from A.F.S investment revaluation	(2,107,821)	537,286
Ending balance	(3,750,779)	(1,642,958)

34.4. Retained earnings

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	6,138,790	5,950,555
Transferred to reserves	(3,994,924)	(4,599,736)
Dividend paid	(2,143,177)	(1,350,204)
Net profit for the year	9,555,755	7,550,339
Transferred (from) to bank risk reserve	(689)	(615)
IFRS 9 risk reserve	-	(1,411,549)
Ending balance	9,555,755	6,138,790

34.5 Reserve for employee stock ownership plan

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	489,334	343,460
Transferred to reserves	(159,360)	(145,010)
Cost of employees stock ownership plan (ESOP)	408,346	290,884
Ending balance	738,320	489,334

35. Cash and cash equivalent

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Cash and balances with central bank	20,058,974	14,663,289
Due from banks	46,518,892	45,319,766
Treasury bills and other governmental notes	41,999,252	54,478,202
Obligatory reserve balance with CBE	(13,526,763)	(8,878,986)
Due from banks with maturities more than three months	(10,733,386)	(1,719,586)
Treasury bills with maturities more than three months	(50,013,324)	(54,653,848)
Total	34,303,645	49,208,837

36. Contingent liabilities and commitments**36.1. Legal claims**

- There is a number of existing cases filed against the bank on December 31,2018 without provision as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created. (Disclosure No. 30)

26.2 Capital commitments**26.2.1. Financial investments**

The capital commitments for the financial investments reached on the date of financial position EGP 165,676 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	358,268	192,593	165,676

26.2.2. Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of financial statement amounted to EGP 198,026 thousand.

36.3. Letters of credit, guarantees and other commitments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Letters of guarantee	66,166,953	69,514,413
Letters of credit (import and export)	4,178,288	1,700,516
Customers acceptances	1,050,573	1,017,690
Total	71,395,814	72,232,619

36.4. Credit facilities commitments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Credit facilities commitments	9,173,782	7,024,376

37. Mutual funds**Osoul fund**

- CIB established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 3,449,254 with redeemed value of EGP 1,247,250 thousands.
- The market value per certificate reached EGP 361.60 on December 31, 2018.
- The Bank portion got 137,112 certificates with redeemed value of EGP 49,580 thousands.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 511,604 with redeemed value of EGP 99,118 thousands.
- The market value per certificate reached EGP 193.74 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,687 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 335,313 with redeemed value of EGP 34,336 thousands.
- The market value per certificate reached EGP 102.40 on December 31, 2018.
- The Bank portion got 27,690 certificates with redeemed value of EGP 2,835 thousands.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 91,131 with redeemed value of EGP 19,353 thousands.
- The market value per certificate reached EGP 212.37 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 10,619 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 93,948 with redeemed value of EGP 21,779 thousands.
- The market value per certificate reached EGP 231.82 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 11,591 thousands.

Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 145,943 with redeemed value of EGP 26,051 thousands.
- The market value per certificate reached EGP 178.50 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,925 thousands.

38. Transactions with related parties

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

38.1. Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	5,414
Deposits	137,766
Contingent liabilities	1,309

38.2. Other transactions with related parties

	Income	Expenses
International Co. for Security & Services	94	277,139
CVenture Capital	850	2,041

39. Main currencies positions

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Egyptian pound	(636,384)	182,639
US dollar	578,745	(313,246)
Sterling pound	2,189	(1,566)
Japanese yen	(20)	(523)
Swiss franc	658	637
Euro	37,144	46,768

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

40. Tax status**Corporate income tax**

- Settlement of corporate income tax since the start of activity till 2016
- 2017 examined & paid
- The yearly income tax return is submitted in legal dates

Salary tax

- Settlement of salary tax since the start of activity till 2017

Stamp duty tax

- The period since the start of activity till 31/07/2006 was examined & paid, disputed points have been transferred to the court for adjudication
- The period from 01/08/2006 till 31/12/2017 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

41. Intangible assets:

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Book value	651,041	651,041
Amortization	(412,326)	(282,118)
Net book value	238,715	368,923

According to CBE's regulation issued on Dec 16, 2008, an annual amortization of 20% has been applied on intangible assets starting from acquisition date.

Cashflow disclosures

42. Treasury bills and other governmental notes - net increase (decrease)

Dec.31, 2018

	Dec.31, 2018		Dec.31, 2017		Change
	Total	Net	Total	Net	
91 Days maturity	-	-	-	-	-
Unearned interest	-	-	-	-	-
Net		-		-	-
182 Days maturity	3,669,700		1,289,425		
Unearned interest	(86,343)		(87,067)		
Net		3,583,357		1,202,358	(2,380,999)
364 Days maturity	49,441,511		57,602,997		
Unearned interest	(3,011,544)		(4,151,507)		
Net		46,429,967		53,451,490	7,021,523
Total unearned interest	(3,097,887)		(4,238,574)		
Net		50,013,324		54,653,848	
Change					4,640,524

Dec.31, 2017

	Dec.31, 2017		Dec.31, 2016		Change
	Total	Net	Total	Net	
91 Days maturity	-		1,051,375		
Unearned interest	-		(22,416)		
Net		-		1,028,959	1,028,959
182 Days maturity	1,289,425		4,350,975		
Unearned interest	(87,067)		(264,565)		
Net		1,202,358		4,086,410	2,884,052
364 Days maturity	57,602,997		36,010,730		
Unearned interest	(4,151,507)		(1,909,712)		
Net		53,451,490		34,101,018	(19,350,472)
Total unearned interest	(4,238,574)		(2,196,693)		
Net		54,653,848		38,187,428	
Change					(16,466,420)

43. Other assets - net increase (decrease)

EGP Thousands	
Dec.31, 2018	
Total other assets by end of 2017	6,886,807
Assets acquired as settlement of debts	(45,083)
Advances to purchase of fixed assets	(522,211)
Total 1	6,319,513
Total other assets by end of 2018	9,563,218
Assets acquired as settlement of debts	(276,520)
Advances to purchase of fixed assets	(768,733)
Unrealized amount from available for sale investments	(251,750)
Impairment charge for other assets	316,763
Total 2	8,582,978
Change (1-2)	(2,263,465)

EGP Thousands	
Dec.31, 2017	
Total other assets by end of 2016	5,446,025
Assets acquired as settlement of debts	(56,599)
Advances to purchase of fixed assets	(203,410)
Total 1	5,186,016
Total other assets by end of 2017	6,886,807
Assets acquired as settlement of debts	(45,083)
Advances to purchase of fixed assets	(522,211)
Total 2	6,319,513
Change (1-2)	(1,133,497)

Non Cash Transactions:

Non-cash transactions that are not included in the statement of cash flows are as follows:

Dec.31, 2018			
EGP Thousands			
	Financial statements balance	Non cash transactions	Cash flow balance
Proceeds from selling available for sale financial investments	2,314,616	255,275	2,059,341
Payment for purchases of subsidiary and associates	(14,100)	(3,525)	(10,575)
Other assets	(2,515,215)	(251,750)	(2,263,465)

Deloitte - Saleh, Barouni & Abdel Aziz
Accountants & Auditors

Mansour & Co. PricewaterhouseCoopers
Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Commercial International Bank - Egypt

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Commercial International Bank - Egypt S.A.E, which comprise the consolidated balance sheet as at December 31, 2018 and the consolidated statements of income, changes in equity and cash flow for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated 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 central bank of Egypt's rules, pertaining to the preparation and presentation of the banks' consolidated financial statements, issued on December 16, 2008 and in the light of the prevailing Egyptian law. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, 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 law. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 aspects, the consolidated financial position of Commercial International Bank - Egypt as of December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation of the banks' financial statements, issued on December 16, 2008 and the Egyptian laws and regulations related to the preparation of these financial statements.



Auditor

Abdallah El Adly
Egyptian Financial Supervisory Authority
Register Number "140"
Mansour & Co. PricewaterhouseCoopers
Public Accountants & Consultants



Kamel Magdy Salah
Egyptian Financial Supervisory Authority
Register Number "140"
Deloitte - Saleh, Barouni & Abdel Aziz
Accountants & Auditors



Cairo; 1 February 2019

Consolidated balance sheet as at December 31, 2018

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Assets			
Cash and balances with central bank	15	20,058,974	14,663,289
Due from banks	16	46,518,892	45,319,766
Treasury bills and other governmental notes	17	41,999,252	54,478,202
Trading financial assets	18	2,737,705	7,295,197
Loans and advances to banks, net	19	67,703	1,313
Loans and advances to customers, net	20	106,309,205	88,427,103
Derivative financial instruments	21	52,289	40,001
Financial investments			
- Available for sale	22	39,217,890	30,474,781
- Held to maturity	22	73,630,764	45,167,722
Investments in associates	23	106,558	65,039
Other assets	24	9,563,018	6,886,607
Intangible assets	41	238,715	368,923
Deferred tax assets (Liabilities)	32	308,370	179,630
Property, plant and equipment	25	1,651,875	1,414,519
Total assets		342,461,210	294,782,092
Liabilities and equity			
Liabilities			
Due to banks	26	7,259,819	1,877,918
Due to customers	27	285,296,869	250,723,052
Derivative financial instruments	21	132,858	196,984
Current tax liabilities		3,625,579	2,778,973
Other liabilities	29	6,501,553	5,476,531
Other loans	28	3,721,529	3,674,736
Provisions	30	1,694,607	1,615,159
Total liabilities		308,232,814	266,343,353
Equity			
Issued and paid up capital	31	11,668,326	11,618,011
Reserves	34	12,184,667	10,137,515
Reserve for employee stock ownership plan (ESOP)	34	738,320	489,334
Retained earnings *	34	9,637,083	6,193,879
Total equity		34,228,396	28,438,739
Total liabilities and equity		342,461,210	294,782,092

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

(Audit report attached)

* Including net profit for the current year



Hisham Ezz Al-Arab
Chairman and Managing Director

Consolidated income statement for the year ended December 31, 2018

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Continued Operations			
Interest and similar income		37,403,709	28,671,166
Interest and similar expense		(19,260,190)	(16,167,155)
Net interest income	6	18,143,519	12,504,011
Fee and commission income		3,402,616	2,794,211
Fee and commission expense		(991,957)	(796,107)
Net fee and commission income	7	2,410,659	1,998,104
Dividend income	8	25,958	34,513
Net trading income	9	1,089,076	1,292,215
Profits (Losses) on financial investments	22	402,067	165,111
Administrative expenses	10	(4,223,959)	(3,118,839)
Other operating (expenses) income	11	(1,589,675)	(1,002,570)
Intangible assets amortization	41	(130,208)	(130,208)
Impairment charge for credit losses	12	(3,076,023)	(1,742,281)
Bank's share in the profits of associates		27,419	29,066
Profit before income tax		13,078,833	10,029,122
Income tax expense	13	(3,625,579)	(2,778,973)
Deferred tax assets (Liabilities)	32 & 13	128,740	(1,678)
Net profit from continued operations		9,581,994	7,248,471
Discontinued Operations			
Net profit from discontinued operations		-	122,234
Profit (loss) of disposal from discontinued operations	42	-	168,900
Net profit for the year		9,581,994	7,539,605
Minority interest		-	24,050
Bank shareholders		9,581,994	7,515,555
Earning per share			
Basic	14	7.26	5.76
Diluted		7.22	5.67



Hisham Ezz Al-Arab
Chairman and Managing Director

Consolidated cash flow for the year ended December 31, 2018

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Cash flow from operating activities			
Profit before income tax from continued operations		13,078,833	10,029,122
Profit before income tax from discontinued operations		-	291,134
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation	25	390,830	351,005
Impairment charge for credit losses	12	3,076,023	1,742,281
Other provisions charges	30	101,501	212,622
Impairment charge for other assets	24	316,763	-
Available for sale investments exchange revaluation differences	22	(102,991)	100,078
Intangible assets amortization	41	130,208	130,208
Financial investments impairment charge	22	39,561	(108,349)
Utilization of other provisions	30	(2,114)	(25,463)
Other provisions no longer used	30	(17,670)	(97,897)
Exchange differences of other provisions	30	(2,269)	11,840
Profits from selling property, plant and equipment	11	(1,045)	(607)
(Profits) losses from selling financial investments	22	(441,628)	99,047
Shares based payments		408,346	290,884
Bank's share in the profits of associates		(27,419)	(38,636)
Operating profits before changes in operating assets and liabilities		16,946,929	12,987,269
Net decrease (increase) in assets and liabilities			
Due from banks	16	(13,661,577)	(2,594,442)
Treasury bills and other governmental notes	43	4,640,524	(16,466,420)
Trading financial assets	18	4,557,492	(4,850,063)
Derivative financial instruments	21	(66,141)	120,431
Loans and advances to banks and customers	19-20	(21,255,952)	(4,775,382)
Other assets	44	(2,263,465)	(863,655)
Due to banks	26	5,381,901	(1,131,078)
Due to customers	27	34,573,817	18,982,257
Income tax obligations paid		(2,778,973)	(2,017,034)
Other liabilities	29	1,025,022	1,897,201
Net cash provided from operating activities		27,099,577	1,289,084
Cash flow from investing activities			
Proceeds from redemption of subsidiary and associates		-	750
Payment for purchases of associates		(10,575)	-
Payment for purchases of property, plant, equipment and branches constructions		(874,708)	(763,420)
Proceeds from selling property, plant and equipment	11	1,045	607
Proceeds from redemption of held to maturity financial investments	22	5,532,271	13,354,468
Payment for purchases of held to maturity financial investments	22	(33,995,313)	(4,597,254)

Separate cash flow for the year ended December 31, 2018 (Cont.)

	Notes	EGP Thousands	
		Dec. 31, 2018	Dec. 31, 2017
Payment for purchases of available for sale financial investments	22	(12,670,761)	(25,868,230)
Proceeds from selling available for sale financial investments	22	2,059,341	1,261,980
Proceeds from selling non current assets held for sale		-	768,515
Net cash used in investing activities		(39,958,700)	(15,842,584)
Cash flow from financing activities			
Increase in long term loans	28	46,793	3,514,493
Dividend paid		(2,143,177)	(1,350,207)
Capital increase		50,315	79,351
Net cash used in (provided from) financing activities		(2,046,069)	2,243,637
Net increase (decrease) in cash and cash equivalent during the year		(14,905,192)	(12,309,863)
Beginning balance of cash and cash equivalent		49,208,837	61,518,700
Cash and cash equivalent at the end of the year		34,303,645	49,208,837
Cash and cash equivalent comprise:			
Cash and balances with central bank	15	20,058,974	14,663,289
Due from banks	16	46,518,892	45,319,766
Treasury bills and other governmental notes	17	41,999,252	54,478,202
Obligatory reserve balance with CBE	15	(13,526,763)	(8,878,986)
Due from banks with maturities more than three months		(10,733,386)	(1,719,586)
Treasury bills with maturity more than three months	17	(50,013,324)	(54,653,848)
Total cash and cash equivalent		34,303,645	49,208,837

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2017

Dec. 31, 2017	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Capital reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	Cumulative foreign currencies translation differences	Shareholders Equity	Minority Interest	Total	EGP Thousands	
															Minority Interest	Total
Beginning balance	11,538,660	1,035,363	4,554,251	20,645	10,133	(2,180,244)	3,019	-	6,040,580	343,460	8,588	21,374,455	133,077	21,507,532		
Capital increase	79,351	-	-	-	-	-	-	-	-	-	-	79,351	-	79,351		
Transferred to reserves	-	297,444	4,445,620	-	1,682	-	-	(4,599,736)	-	(145,010)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,350,204)	-	-	-	(1,350,204)	-	(1,350,204)		
Net profit of the year	-	-	-	-	-	-	-	7,515,555	-	-	-	7,515,555	24,050	7,539,605		
Disposal of subsidiary	-	-	152	-	-	-	-	(152)	-	(8,588)	-	(8,588)	-	(8,588)		
Change in ownership percentage	-	-	-	-	-	-	-	-	-	-	-	-	-	(157,127)		(157,127)
Net unrealised gain/(loss) on AFS	-	-	-	-	-	537,286	-	-	-	-	-	537,286	-	537,286		537,286
Transferred (from) to bank risk reserve	-	-	-	-	-	-	615	-	(615)	-	-	-	-	-		-
IFRS 9 risk reserve	-	-	-	-	-	-	-	1,411,549	(1,411,549)	-	-	-	-	-		-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	290,884	-	290,884	-	290,884		290,884
Balance at the end of the year	11,618,011	1,332,807	9,000,023	20,645	11,815	(1,642,958)	3,634	1,411,549	6,193,879	489,334	-	28,438,739	-	28,438,739	-	28,438,739

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2018

Dec. 31, 2018	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Capital reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	Cumulative foreign currencies translation differences	Shareholders Equity	Minority Interest	Total	EGP Thousands	
															Minority Interest	Total
Beginning balance	11,618,011	1,332,807	9,000,023	20,645	11,815	(1,642,958)	3,634	1,411,549	6,193,879	489,334	-	28,438,739	-	28,438,739		
Capital increase	50,315	-	-	-	-	-	-	-	-	-	-	50,315	-	50,315		50,315
Transferred to reserves	-	377,486	3,776,192	-	606	-	-	(3,994,924)	(159,360)	-	-	-	-	-		-
Dividend paid	-	-	-	-	-	-	-	(2,143,177)	-	-	-	(2,143,177)	-	(2,143,177)		(2,143,177)
Net profit of the year	-	-	-	-	-	-	-	9,581,994	-	-	-	9,581,994	-	9,581,994		9,581,994
Net unrealised gain/(loss) on AFS	-	-	-	-	-	(2,107,821)	-	-	-	-	-	(2,107,821)	-	(2,107,821)		(2,107,821)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	689	(689)	-	-	-	-	-	-		-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	408,346	-	408,346	-	408,346		408,346
Balance at the end of the year	11,668,326	1,710,293	12,776,215	20,645	12,421	(3,750,779)	4,323	1,411,549	9,637,083	738,320	-	34,228,396	-	34,228,396	-	34,228,396

Notes to the consolidated financial statements for the year ended December 31, 2018

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 181 branches, and 22 units employing 6759 employees on the statement of financial position date. Commercial international Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

The bank owns investments in a subsidiary "C-Ventures", in which the bank's share is 99.99%.

Financial statements have been approved by board of directors on February 4, 2019.

2. Summary of accounting policies

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

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors on December 16, 2008 consistent with the principles referred to.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and liabilities held at fair value through profit or loss, available for sale and all derivatives contracts.

2.1.1. Basis of consolidation

The basis of the consolidation is as follows:

- Eliminating all balances and transactions between the Bank and group companies.
- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding on the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.
- Proportional consolidation is used in consolidating method for companies under joint control.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the control to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity or not.

2.2.2. Associates

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

The Bank applies the Equity Method in its consolidated financial statements, initially recognizing the Bank's investments in associate companies at amortized cost. The book value of associate investments is subsequently increased or decreased by recognition of the Bank's share in the profits or losses of associate companies after the date of acquisition among the Bank's profit or loss. The book value for associate investments is also decreased by the dividends received from associate companies.

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. 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.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation 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.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' 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 deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and loss at inception.

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

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, on different bases. Under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the Bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.

Any financial derivative initially recognized at fair value can't be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

2.5.2. Loans and advances

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

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

2.5.3. Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold till maturity. If the Bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

2.5.4. Available for sale financial investments

Available-for-sale investments are those 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 are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognized when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held-for-trading and financial assets designated at fair value through profit and 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 designated at fair value through profit or loss' are recognized in the income statement in 'net income from financial instruments designated at fair value'. Gains and losses arising from changes in the fair value of available for sale investments are recognized directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset's expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available, the Bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the Bank has not been able to estimate the fair value of equity instruments classified as available for sale, the value is measured at cost less impairment.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the Bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. The financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that has been recognized previously in equity, is treated based on the following:

- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
- In the case of financial asset which has infinite life, any previously recognized profit or loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.
- If the Bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.
- In all cases, if the Bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives 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 and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contract as at fair value through net trading income in profit or loss.

The timing of recognition in profit and 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 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 ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately 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 the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

When the hedging instrument is no longer qualified 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 using the effective interest method.

2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value, in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

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

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9. Fee 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 and loss, at that time, fees and commissions that represent 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 and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions. Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities or the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement.

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

Operating revenues in the holding company are:

- Commission income is resulting from purchasing and selling securities to a customer account upon receiving the transaction confirmation from the Stock Exchange.
- Mutual funds and investment portfolios management which is calculated as a percentage of the net value of assets under management according to the terms and conditions of agreement. These amounts are credited to the assets management company's revenue pool on a monthly accrual basis.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect is established.

2.11. Sale and repurchase agreements

Securities may be lent or sold subject to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event/s') and that loss event/s has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales)
- Violation of the conditions of the loan agreement such as non-payment.
- Initiation of Bankruptcy proceedings.
- Deterioration of the borrower's competitive position.
- The Bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the Bank granted in normal circumstances.
- Deterioration in the value of collateral or deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular Banking product.

The Bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

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 and in this field the following are 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 according to historical default ratios.
- If the Bank determines that an objective evidence of financial asset impairment exist 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.

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. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the Bank may measure impairment 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 purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of 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 currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other indicative factors of changes in the probability of losses in the Bank and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank.

2.12.2. Available for sale investments

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classified under available for sale is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it became 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through the income statement.

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 the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.13. Real estate investments

The real estate investments represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank exercised its work through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14. Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	20 years
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	3/5 years
Typewriters, calculators and air-conditions	5 years
Vehicles	5 years
Computers and core systems	3/10 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit/s. A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognized.

2.15.1. Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

2.15.2. Other intangible assets

Is the intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.16. Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

2.16.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2. Being lessor

For finance lease, assets are recorded in the property, plant and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with Central Bank, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet 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 balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions and performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments at the date of grant. At each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

CIB owns a private insurance fund for financing end of service benefits, pensions and medical insurance for employees under the supervision of the Ministry of Social Solidarity.

2.20. Income tax

Income tax on the profit or loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21. Borrowings

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

2.22. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

2.23. Comparatives

Comparative figures have been adjusted to conform to changes in presentation in the current period where necessary.

2.24. Noncurrent assets held for sale

a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

- a. It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);
- b. Its sale must be highly probable;

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

- a. Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and
- b. Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the income statement.

2.25. Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

- a. Represents a separate major line of business or geographical area of operations,
- b. Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- c. Is a subsidiary acquired exclusively with a view to resale.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

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

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in Bank treasury and reported to the Board of Directors and head of each business unit regularly.

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components:

- The 'probability of default' by the client or counterparty on its contractual obligations
- Current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default.
- The likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3.1).

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

Bank's rating	description of the grade
1	performing loans
2	regular watching
3	watch list
4	non-performing loans

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are used. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

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

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

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

Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

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

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

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

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3.1.2.2. Derivatives

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

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

3.1.2.3. Master netting arrangements

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

3.1.2.4. Credit related commitments

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred at the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

Bank's rating	December 31, 2018		December 31, 2017	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	78.61	12.61	69.53	11.61
2-Regular watching	11.65	17.85	15.53	21.51
3-Watch list	5.68	33.18	7.99	23.70
4-Non-Performing Loans	4.06	36.36	6.95	43.18

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

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Pattern of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. 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 required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. 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 reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision%	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5. Maximum exposure to credit risk before collateral held

	EGP Thousands	
In balance sheet items exposed to credit risk	Dec. 31, 2018	Dec. 31, 2017
Treasury bills and other governmental notes	50,013,324	54,653,848
Trading financial assets:		
- Debt instruments	2,270,080	6,728,843
Gross loans and advances to banks	70,949	1,383
Gross loans and advances to customers		
Individual:		
- Overdraft	1,635,910	1,780,416
- Credit cards	3,540,849	2,899,930
- Personal loans	17,180,864	13,910,837
- Mortgages	876,372	416,616
Corporate:		
- Overdraft	13,992,595	12,450,826
- Direct loans	49,179,820	44,200,770
- Syndicated loans	32,899,950	26,627,825
- Other loans	125,429	112,802
Unamortized bills discount	(65,718)	(12,476)
Unearned interest	(16,038)	(2,965,997)
Derivative financial instruments	52,289	40,001
Financial investments:		
-Debt instruments	112,213,297	74,767,989
- Other assets (Accrued revenues)	4,509,314	3,870,454
Total	288,479,286	239,484,067
Off balance sheet items exposed to credit risk		
Financial guarantees	7,962,043	3,605,001
Customers acceptances	1,050,573	1,017,690
Letters of credit (import and export)	4,178,288	1,700,516
Letter of guarantee	66,166,953	69,514,413
Total	79,357,857	75,837,620

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2018, before taking into account any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 41.40% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represent 39.69%.

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

- 90.26% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.94% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individually are valued EGP 4,855,460 thousand.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2018.
- 98.56% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

	Dec.31, 2018		Dec.31, 2017	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	110,351,697	70,949	89,395,036	1,383
Past due but not impaired	4,224,632	-	5,884,880	-
Individually impaired	4,855,460	-	7,120,106	-
Gross	119,431,789	70,949	102,400,022	1,383
Less:				
Impairment provision	13,040,828	3,246	10,994,446	70
Unamortized bills discount	65,718	-	12,476	-
Unearned interest	16,038	-	2,965,997	-
Net	106,309,205	67,703	88,427,103	1,313

Impairment provision losses for loans and advances reached EGP 13,044,074 thousand.

During the year, the Bank's total loans and advances increased by 16.70%.

In order to minimize the propable exposure to credit risk, the Bank focuses more on the business with large enterprises, banks or retail customers with good credit rating or sufficient collateral.

Net loans and advances to customers and banks (after deducting impairment provision):

Dec. 31, 2018	Individual					Corporate					Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	loans and advances to customers	Total loans and advances to banks	
Performing loans	1,499,139	3,383,507	16,297,361	851,610	11,886,919	29,062,330	29,171,920	122,646	92,275,432	15,153	
Regular watching	68,373	78,094	509,541	-	759,547	8,743,821	1,386,896	-	11,546,272	52,550	
Watch list	20,319	34,784	253,811	-	265,760	1,597,634	284,808	-	2,457,116	-	
Non-performing loans	43,967	12,850	43,676	2,377	4	9,267	-	-	112,141	-	
Total	1,631,798	3,509,235	17,104,389	853,987	12,912,230	39,413,052	30,843,624	122,646	106,390,961	67,703	

Without deducting the unamortized discounted bills and unearned interest.

Dec. 31, 2017	Individual					Corporate					Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	loans and advances to customers	Total loans and advances to banks	
Performing loans	1,648,245	2,781,232	13,101,740	405,931	8,828,336	22,580,167	20,475,961	94,665	69,916,277	-	
Regular watching	76,768	56,114	123,173	-	800,290	9,619,251	2,848,444	15,190	13,539,230	1,313	
Watch list	12,976	22,537	18,120	-	463,257	3,918,513	1,141,383	-	5,576,786	-	
Non-performing loans	39,130	14,380	440,808	1,189	651,816	975,149	250,811	-	2,373,283	-	
Total	1,777,119	2,874,263	13,683,841	407,120	10,743,699	37,093,080	24,716,599	109,855	91,405,576	1,313	

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

	Individual				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Dec. 31, 2018									
Past due up to 30 days	472,341	450,435	38,318	397	961,491	594,739	768,415	99,957	1,463,111
Past due 30 - 60 days	68,644	83,381	28,168	192	180,385	24,524	157,374	17,273	199,171
Past due 60-90 days	20,466	42,121	22,763	41	85,391	389,889	945,194	-	1,335,083
Total	561,451	575,937	89,249	630	1,227,267	1,009,152	1,870,983	117,230	2,997,365
Dec. 31, 2017									
Past due up to 30 days	530,593	395,709	33,155	580	960,037	445,730	3,634,181	3,071	4,082,982
Past due 30-60 days	77,071	59,927	19,547	199	156,744	30,531	58,688	-	89,219
Past due 60-90 days	13,038	27,020	10,520	69	50,647	427,811	117,440	-	545,251
Total	620,702	482,656	63,222	848	1,167,428	904,072	3,810,309	3,071	4,717,452

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 4,855,460 thousand.

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

	Individual				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Dec. 31, 2018									
Individually impaired loans	46,253	22,872	61,869	6,047	-	80,311	4,465,444	172,664	4,855,460
Dec. 31, 2017									
Individually impaired loans	40,792	24,067	621,211	3,960	-	1,726,440	3,445,855	1,257,781	7,120,106

Loans and advances restructured

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

	Dec.31, 2018	Dec.31, 2017
Loans and advances to customer		
Corporate		
- Direct loans	7,673,956	8,577,197
Total	7,673,956	8,577,197

3.1.7. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial year, based on Standard & Poor's ratings or their equivalent:

Dec.31, 2018	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	EGP Thousands	
				Total	
AAA	-	-	-	-	-
AA- to AA+	-	-	-	-	-
A- to A+	-	-	-	-	-
Lower than A-	41,999,252	2,270,080	112,213,297	156,482,629	
Total	41,999,252	2,270,080	112,213,297	156,482,629	

3.1.8. Concentration of risks of financial assets with credit risk exposure**3.1.8.1. Geographical sectors**

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Dec.31, 2018	Alex, Delta and Sinai			Upper Egypt	EGP Thousands	
	Cairo				Total	
Treasury bills and other governmental notes	50,013,324	-	-	-	50,013,324	
Trading financial assets:						
- Debt instruments	2,270,080	-	-	-	2,270,080	
Gross loans and advances to banks	70,949	-	-	-	70,949	
Less: Impairment provision	(3,246)	-	-	-	(3,246)	
Gross loans and advances to customers						
Individual:						
- Overdrafts	948,571	558,087	129,252		1,635,910	
- Credit cards	2,806,734	632,771	101,344		3,540,849	
- Personal loans	10,820,446	5,401,963	958,455		17,180,864	
- Mortgages	795,852	72,124	8,396		876,372	
Corporate:						
- Overdrafts	11,941,245	1,415,913	635,437		13,992,595	
- Direct loans	32,889,668	12,894,439	3,395,713		49,179,820	
- Syndicated loans	30,010,681	2,687,040	202,229		32,899,950	
- Other loans	80,000	45,429	-		125,429	
Unamortized bills discount	(65,718)	-	-		(65,718)	
Impairment provision	(9,707,342)	(3,024,196)	(309,290)		(13,040,828)	
Unearned interest	(16,038)	-	-		(16,038)	
Derivative financial instruments	52,289	-	-		52,289	
Financial investments:						
- Debt instruments	112,213,297	-	-	-	112,213,297	
Total	245,120,792	20,683,570	5,121,536		270,925,898	

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the Bank's customers activities.

Dec.31, 2018	EGP Thousands							
	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	50,013,324	-	-	50,013,324
Trading financial assets:								
- Debt instruments	-	-	-	-	2,270,080	-	-	2,270,080
Gross loans and advances to banks	70,949	-	-	-	-	-	-	70,949
Less: Impairment provision	(3,246)	-	-	-	-	-	-	(3,246)
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	1,635,910	-	1,635,910
- Credit cards	-	-	-	-	-	3,540,849	-	3,540,849
- Personal loans	-	-	-	-	-	17,180,864	-	17,180,864
- Mortgages	-	-	-	-	-	876,372	-	876,372
Corporate:								
- Overdrafts	554,027	7,482,009	1,695,229	493,626	1,086,755	2,680,949	-	13,992,595
- Direct loans	1,298,852	23,551,603	367,485	884,853	5,727,216	17,349,811	-	49,179,820
- Syndicated loans	226,331	8,178,023	222,300	-	23,108,258	1,165,038	-	32,899,950
- Other loans	-	106,000	-	16,000	-	3,429	-	125,429
Unamortized bills discount	(65,718)	-	-	-	-	-	-	(65,718)
Impairment provision	(41,632)	(4,282,971)	(5,939)	(65,139)	(274,825)	(8,235,736)	-	(13,040,828)
Unearned interest	-	-	-	-	-	-	-	(16,038)
Derivative financial instruments								
Derivative financial instruments	52,289	-	-	-	-	-	-	52,289
Financial investments:								
- Debt instruments	1,228,033	-	-	-	110,985,264	-	-	112,213,297
Total	3,319,885	35,034,664	2,279,075	1,329,340	192,916,072	12,963,491	23,083,371	270,925,898

3.2. Market risk

Market risk represents as fluctuations in fair value, future cash flow, foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices, and it may reduce the Bank's income or the value of its portfolios. The bank assigns the market risk management department to measure, monitor and control the market risk. In addition, regular reports are submitted to the Asset and Liability "Management Committee (ALCO), Board Risk Committee and the heads of each business unit."

The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

3.2.1. Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

3.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management.

In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal model to calculate VaR, however, it is not yet approved by the Central Bank as the regulator is currently applying and requiring banks to calculate the Market Risk Capital Requirements according to Basel II Standardized Approach.

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stressed VaR, combined with the trading VaR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

Total VaR by risk type

	EGP Thousands					
	Dec.31, 2018			Dec.31, 2017		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	231	1,482	20	13,647	82,695	275
Interest rate risk	453,569	645,193	238,077	588,938	815,249	363,366
- For non trading purposes	429,195	586,852	232,882	553,426	739,977	351,674
- For trading purposes	24,374	58,341	5,195	35,512	75,272	11,692
Portfolio managed by others risk	7,030	11,507	1,969	7,280	10,454	4,854
Investment fund	119	267	55	370	692	215
Total VaR	455,104	647,983	238,493	591,508	826,941	364,408

Trading portfolio VaR by risk type

	Dec.31, 2018			Dec.31, 2017		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	231	1,482	20	13,647	82,695	275
Interest rate risk	24,374	58,341	5,195	35,512	75,272	11,692
- For trading purposes	24,374	58,341	5,195	35,512	75,272	11,692
Funds managed by others risk	7,030	11,507	1,969	7,280	10,454	4,854
Investment fund	119	267	55	370	692	215
Total VaR	26,165	60,912	5,611	46,039	113,250	13,804

Non trading portfolio VaR by risk type

	Dec.31, 2018			Dec.31, 2017		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	429,195	586,852	232,882	553,426	739,977	351,674
Total VaR	429,195	586,852	232,882	553,426	739,977	351,674

The aggregate of the trading and non-trading VaR results does not constitute the Bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange rate risk and financial instruments at carrying amounts, categorized by currency.

Dec.31, 2018	Equivalent EGP Thousands					
	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	15,822,884	2,511,902	657,323	80,582	986,283	20,058,974
Due from banks	15,730,309	23,594,720	6,743,789	366,545	83,529	46,518,892
Treasury bills and other governmental notes	31,491,429	12,272,607	1,333,103	-	-	45,097,139
Trading financial assets	1,802,626	935,079	-	-	-	2,737,705
Gross loans and advances to banks	-	70,949	-	-	-	70,949
Gross loans and advances to customers	63,518,898	52,952,122	2,938,691	22,078	-	119,431,789
Derivative financial instruments	39,355	12,934	-	-	-	52,289
Financial investments						
- Available for sale	26,664,326	12,367,155	186,409	-	-	39,217,890
- Held to maturity	73,630,764	-	-	-	-	73,630,764
Investments in associates	92,458	14,100	-	-	-	106,558
Total financial assets	228,793,049	104,731,568	11,859,315	469,205	1,069,812	346,922,949
Financial liabilities						
Due to banks	5,958,780	1,099,145	92,882	12,773	96,239	7,259,819
Due to customers	182,983,217	89,794,399	11,046,226	1,005,452	467,575	285,296,869
Derivative financial instruments	85,912	46,946	-	-	-	132,858
Other loans	138,809	3,582,720	-	-	-	3,721,529
Total financial liabilities	189,166,718	94,523,210	11,139,108	1,018,225	563,814	296,411,075
Net on-balance sheet financial position	39,626,331	10,208,358	720,207	(549,020)	505,998	50,511,874

3.2.4. Interest rate risk

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

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec.31, 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non-Interest Bearing	Total
Financial assets							
Cash and balances with central bank	-	-	-	-	-	20,058,974	20,058,974
Due from banks	33,676,642	12,438,963	401,563	-	-	1,724	46,518,892
Treasury bills and other governmental notes*	(3,711,230)	5,425,047	43,383,322	-	-	-	45,097,139
Trading financial assets	38,375	-	-	1,643,653	626,428	429,249	2,737,705
Gross loans and advances to banks	3,969	5,483	17,829	42,233	1,435	-	70,949
Gross loans and advances to customers	77,155,228	13,993,151	14,231,235	10,708,275	3,343,900	-	119,431,789
Derivatives financial instruments (including IRS notional amount)	1,510,540	9,650	399,197	5,899,343	-	-	7,818,730
Financial investments							
- Available for sale	132,500	73,030	457,834	19,793,116	18,158,565	602,845	39,217,890
- Held to maturity	9,361,480	2,055,231	26,632,213	27,257,651	8,324,189	-	73,630,764
Investments in associates	-	-	-	-	-	106,558	106,558
Total financial assets	118,167,504	34,000,555	85,523,193	65,344,271	30,454,517	21,199,350	354,689,390
Financial liabilities							
Due to banks	7,002,464	-	-	-	-	257,355	7,259,819
Due to customers	148,862,473	22,012,700	24,470,575	40,675,873	533,317	48,741,931	285,296,869
Derivatives financial instruments (including IRS notional amount)	2,148,569	5,011,865	33,028	705,837	-	-	7,899,299
Other loans	33,380	10,000	87,286	443,188	3,147,675	-	3,721,529
Total financial liabilities	158,046,886	27,034,565	24,590,889	41,824,898	3,680,992	48,999,286	304,177,516
Total interest repricing gap	(39,879,382)	6,965,990	60,932,304	23,519,373	26,773,525	(27,799,936)	50,511,874

*After adding Reverse repos and deducting Repos.

3.3. Liquidity risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

The Bank's liquidity management process, carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, and includes Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- Maintaining an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBE regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.

The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Bank's Risk Management Department also monitors unmatched medium-term

3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

3.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

EGP Thousands						
Dec.31, 2018	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Financial liabilities						
Due to banks	6,632,843	626,976	-	-	-	7,259,819
Due to customers	29,932,979	23,750,618	72,467,784	145,207,840	13,937,648	285,296,869
Other loans	33,380	10,000	87,286	443,188	3,147,675	3,721,529
Total liabilities (contractual and non contractual maturity dates)	36,599,202	24,387,594	72,555,070	145,651,028	17,085,323	296,278,217
Total financial assets (contractual and non contractual maturity dates)	41,324,915	40,718,467	74,369,489	141,260,576	49,075,657	346,749,104

EGP Thousands						
Dec.31, 2017	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Financial liabilities						
Due to banks	1,877,918	-	-	-	-	1,877,918
Due to customers	31,348,143	21,728,194	71,335,328	109,570,301	16,741,086	250,723,052
Other loans	36,393	6,743	82,631	3,429	3,545,540	3,674,736
Total liabilities (contractual and non contractual maturity dates)	33,262,454	21,734,937	71,417,959	109,573,730	20,286,626	256,275,706
Total financial assets (contractual and non contractual maturity dates)	57,644,515	33,970,656	79,938,643	96,174,026	36,636,599	304,364,439

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

3.3.4. Derivative cash flows

The Bank's derivatives include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC), exchange traded forwards currency options that will be settled on a gross basis Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures.

The table below analyses the Bank's derivative undiscounted financial liabilities into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date will be settled on a net basis. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP Thousands					
Dec.31, 2018	Up to 1 month	One to three months	Three months to one year	One year to five years	Total
Liabilities					
Derivatives financial instruments					
- Foreign exchange derivatives	34,388	22,205	29,319	-	85,912
- Interest rate derivatives	197	6	3,709	43,034	46,946
Total	34,585	22,211	33,028	43,034	132,858

EGP Thousands				
Dec.31, 2018	Up to 1 year	1-5 years	Over 5 years	Total
Off balance sheet items				
Letters of credit, guarantees and other commitments	51,260,372	14,088,753	6,046,689	71,395,814
Total	51,260,372	14,088,753	6,046,689	71,395,814

EGP Thousands			
Dec.31, 2018	Up to 1 year	1-5 years	Total
Credit facilities commitments	1,399,900	7,773,882	9,173,782
Total	1,399,900	7,773,882	9,173,782

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2018	Dec.31, 2017	Dec.31, 2018	Dec.31, 2017
Financial assets				
Due from banks	46,518,892	45,319,766	46,859,224	44,782,984
Gross loans and advances to banks	70,949	1,383	70,949	1,383
Gross loans and advances to customers	119,431,789	102,400,022	115,452,376	96,397,613
Financial investments				
Held to Maturity	73,630,764	45,167,722	41,237,872	45,595,034
Total financial assets	239,652,394	192,888,893	203,620,421	186,777,014
Financial liabilities				
Due to banks	7,259,819	1,877,918	7,069,442	1,813,466
Due to customers	285,296,869	250,723,052	280,685,969	245,616,661
Other loans	3,721,529	3,674,736	3,721,529	3,674,736
Total financial liabilities	296,278,217	256,275,706	291,476,940	251,104,863

Due from banks

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

Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets, held to maturity assets, and available for sale assets that are measured at fair value.

Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of yield for shareholders and other parties dealing with the bank.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a monthly basis.

Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 11.875%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and operational risk). While taking into consideration the conservation buffer.

Tier one:

Tier one comprises of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve, interim profits and deducting previously recognized goodwill and any retained losses.

Tier two:

Tier two represents the gone concern capital which is composed of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt to the maximum of 1.25% risk weighted assets and contingent liabilities, subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale, held to maturity, subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

Assets risk weight scale ranging from zero to 400% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collaterals. Similar criteria are used for off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

The tables below summarize the compositions of tier 1, tier 2, the capital adequacy ratio and leverage ratio .

1- The capital adequacy ratio

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017 Restated**
Tier 1 capital		
Share capital (net of the treasury shares)	11,668,326	11,618,011
Reserves	14,829,948	10,543,783
IFRS 9 Reserve	1,411,549	1,411,549
Retained Earnings (Losses)	55,089	89,873
Total deductions from tier 1 capital common equity	(4,754,596)	(2,450,399)
Net profit for the year	6,881,450	3,960,829
Total qualifying tier 1 capital	30,091,766	25,173,646
Tier 2 capital		
45% of special reserve	49	49
Subordinated Loans	3,582,720	3,545,540
Impairment provision for loans and regular contingent liabilities	1,879,734	1,679,656
Total qualifying tier 2 capital	5,462,503	5,225,245
Total capital 1+2	35,554,269	30,398,891
Risk weighted assets and contingent liabilities		
Total credit risk	156,952,618	141,154,879
Total market risk	5,959,133	9,239,998
Total operational risk	23,292,505	18,222,831
Total	186,204,256	168,617,708
*Capital adequacy ratio (%)	19.09%	18.03%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.

**After 2017 profit distribution.

2- Leverage ratio

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017 Restated**
Total qualifying tier 1 capital	30,091,766	25,173,646
On-balance sheet items & derivatives	346,163,131	300,593,997
Off-balance sheet items	45,407,765	44,965,272
Total exposures	391,570,896	345,559,269
*Percentage	7.68%	7.28%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 14 July 2015.

**After 2017 profit distribution.

For December 2018 NSFR ratio record 209.70% (LCY 243.36% and FCY 165.61%), and LCR ratio record 601.53% (LCY 667.84% and FCY 338.82%).

For December 2017 NSFR ratio record 195.33% (LCY 232.44% and FCY 152.27%), and LCR ratio record 1018.68% (LCY 626.59% and FCY 377.14%).

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating the availability of a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may indicate that there has been an adverse change in the payment status of borrowers in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%

4.2. Impairment of available for-sale equity investments

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

4.3. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. these valuation techniques (as models) are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices.

For practicality purposes, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4.4 Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified as held to maturity. This requires significant judgment, in which the bank evaluates its intention and ability to hold such investments to maturity. If the bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

5.1. By business segment

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

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

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

Dec.31, 2018	EGP Thousands					
	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	9,025,518	2,452,934	3,870,401	6,163,506	639,484	22,151,843
Expenses according to business segment	(5,516,282)	(739,340)	(427,332)	(2,373,798)	(16,258)	(9,073,010)
Profit before tax	3,509,236	1,713,594	3,443,069	3,789,708	623,226	13,078,833
Tax	(933,068)	(459,085)	(922,426)	(1,015,293)	(166,967)	(3,496,839)
Profit for the year	2,576,168	1,254,509	2,520,643	2,774,415	456,259	9,581,994
Total assets	102,781,541	2,159,095	165,584,686	22,693,303	49,242,585	342,461,210

Dec.31, 2017	EGP Thousands					
	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	5,656,651	2,342,539	2,955,690	4,841,757	639,646	16,436,283
Expenses according to business segment	(3,550,176)	(696,877)	(105,293)	(1,780,505)	(7,226)	(6,140,077)
Profit before tax	2,106,475	1,645,662	2,850,397	3,061,252	632,420	10,296,206
Tax	(576,762)	(442,854)	(767,053)	(823,795)	(170,187)	(2,780,651)
Profit for the year	1,529,713	1,202,808	2,083,344	2,237,457	462,233	7,515,555
Total assets	82,149,279	2,352,091	137,645,556	18,444,909	54,190,257	294,782,092

5.2. By geographical segment

Dec.31, 2018	EGP Thousands			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	17,792,484	3,424,556	934,803	22,151,843
Expenses according to geographical segment	(7,545,066)	(1,304,228)	(223,716)	(9,073,010)
Profit before tax	10,247,418	2,120,328	711,087	13,078,833
Tax	(2,738,280)	(568,053)	(190,506)	(3,496,839)
Profit for the year	7,509,138	1,552,275	520,581	9,581,994
Total assets	316,673,321	19,340,837	6,447,052	342,461,210

Dec.31, 2017	EGP Thousands			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	13,445,181	2,499,912	491,190	16,436,283
Expenses according to geographical segment	(5,306,193)	(670,176)	(163,708)	(6,140,077)
Profit before tax	8,138,988	1,829,736	327,482	10,296,206
Tax	(2,200,134)	(492,390)	(88,127)	(2,780,651)
Profit for the year	5,938,854	1,337,346	239,355	7,515,555
Total assets	265,665,575	22,598,945	6,517,572	294,782,092

6. Net interest income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Interest and similar income		
- Banks	3,338,266	3,532,274
- Clients	15,274,649	10,921,054
Total	18,612,915	14,453,328
Treasury bills and bonds	18,582,089	14,039,447
Reverse repos	2,519	-
Financial investments in held to maturity and available for sale debt instruments	206,186	178,391
Total	37,403,709	28,671,166
Interest and similar expense		
- Banks	(840,233)	(463,409)
- Clients	(18,001,197)	(15,686,959)
Total	(18,841,430)	(16,150,368)
Financial instruments purchased with a commitment to re-sale (Repos)	(112,366)	(2,037)
Other loans	(306,394)	(14,750)
Total	(19,260,190)	(16,167,155)
Net interest income	18,143,519	12,504,011

7. Net fee and commission income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Fee and commission income		
Fee and commissions related to credit	1,456,930	1,362,660
Custody fee	140,247	117,268
Other fee	1,805,439	1,314,283
Total	3,402,616	2,794,211
Fee and commission expense		
Other fee paid	(991,957)	(796,107)
Total	(991,957)	(796,107)
Net income from fee and commission	2,410,659	1,998,104

8. Dividend income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Trading securities	9,951	11,474
Available for sale securities	16,007	23,039
Total	25,958	34,513

9. Net trading income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profit (Loss) from foreign exchange	668,071	764,732
Profit (Loss) from forward foreign exchange deals revaluation	(38,904)	(17,118)
Profit (Loss) from interest rate swaps revaluation	(20,865)	(23,732)
Profit (Loss) from currency swap deals revaluation	8,179	(21,230)
Trading debt instruments	472,595	589,563
Total	1,089,076	1,292,215

10. Administrative expenses

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Staff costs		
Wages and salaries	(2,237,595)	(1,620,326)
Social insurance	(78,841)	(65,033)
Other benefits	(61,976)	(51,682)
Other administrative expenses *	(1,845,547)	(1,381,798)
Total	(4,223,959)	(3,118,839)

* The expenses related to the activity for which the bank obtains a commodity or service and all taxes and charges incurred by the bank - except for income tax - donations, depreciation and impairment of non financial assets other than subsidiaries and associates

11. Other operating (expenses) income

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profits (losses) from non-trading assets and liabilities revaluation	59,863	(61,065)
Profits from selling property, plant and equipment	1,045	607
Release (charges) of other provisions	(400,596)	(114,725)
Other income/expenses	(1,249,987)	(827,387)
Total	(1,589,675)	(1,002,570)

12. Impairment charge for credit losses

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Loans and advances to customers and banks	(3,076,023)	(1,742,281)
Total	(3,076,023)	(1,742,281)

13. Adjustments to calculate the effective tax rate

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profit before tax	13,078,833	10,320,256
Tax rate	22.50%	22.50%
Income tax based on accounting profit	2,942,737	2,322,058
Add / (Deduct)		
Non-deductible expenses	866,421	628,951
Tax exemptions	(314,360)	(173,358)
10% Withholding tax	2,041	3,000
Income tax / Deferred tax	3,496,839	2,780,651
Effective tax rate	26.74%	26.94%

14. Earning per share

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Net profit for the year, available for distribution	9,553,868	7,549,043
Board member's bonus	(143,308)	(113,236)
Staff profit sharing	(955,387)	(754,904)
Profits shareholders' Stake	8,455,173	6,680,903
Weighted Average number of shares	1,163,898	1,159,156
Basic earning per share	7.26	5.76
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,171,642	1,177,722
Diluted earning per share	7.22	5.67

* Based on separate financial statement profits.

15. Cash and balances with central bank

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Cash	6,532,211	5,784,303
Obligatory reserve balance with CBE		
- Current accounts	13,526,763	8,878,986
Total	20,058,974	14,663,289
Non-interest bearing balances	20,058,974	14,663,289

16. Due from banks

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Current accounts	4,168,973	2,679,189
Deposits	42,349,919	42,640,577
Total	46,518,892	45,319,766
Central banks	25,397,558	15,863,399
Local banks	4,109,576	3,894,775
Foreign banks	17,011,758	25,561,592
Total	46,518,892	45,319,766
Non-interest bearing balances	1,724	-
Floating interest bearing balances	10,203,376	9,940,362
Fixed interest bearing balances	36,313,792	35,379,404
Total	46,518,892	45,319,766
Current balances	46,518,892	45,319,766

17. Treasury bills and other governmental notes

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
91 Days maturity	-	-
182 Days maturity	3,669,700	1,289,425
364 Days maturity	49,441,511	57,602,997
Unearned interest	(3,097,887)	(4,238,574)
Total 1	50,013,324	54,653,848
Repos - treasury bills	(8,014,072)	(175,646)
Total 2	(8,014,072)	(175,646)
Net	41,999,252	54,478,202

18. Trading financial assets

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Debt instruments		
- Governmental bonds	2,270,080	6,728,843
Total	2,270,080	6,728,843
Equity instruments		
- Mutual funds	38,376	99,587
Total	38,376	99,587
- Portfolio managed by others	429,249	466,767
Total	2,737,705	7,295,197

19. Loans and advances to banks, net

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Time and term loans	70,949	1,383
Impairment provision	(3,246)	(70)
Total	67,703	1,313
Current balances	67,703	1,313
Total	67,703	1,313

Analysis for impairment provision of loans and advances to banks

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	(70)	(1,800)
Release during the year	(3,140)	1,697
Exchange revaluation difference	(36)	33
Ending balance	(3,246)	(70)

20. Loans and advances to customers, net

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Individual		
- Overdraft	1,635,910	1,780,416
- Credit cards	3,540,849	2,899,930
- Personal loans	17,180,864	13,910,837
- Real estate loans	876,372	416,616
Total 1	23,233,995	19,007,799
Corporate		
- Overdraft	13,992,595	12,450,826
- Direct loans	49,179,820	44,200,770
- Syndicated loans	32,899,950	26,627,825
- Other loans	125,429	112,802
Total 2	96,197,794	83,392,223
Total Loans and advances to customers (1+2)	119,431,789	102,400,022
Less:		
Unamortized bills discount	(65,718)	(12,476)
Impairment provision*	(13,040,828)	(10,994,446)
Unearned interest	(16,038)	(2,965,997)
Net loans and advances to customers	106,309,205	88,427,103
Distributed to		
Current balances	44,549,290	38,960,491
Non-current balances	61,759,915	49,466,612
Total	106,309,205	88,427,103

*An amount of EGP 1,818mn has been charged to impairment provision against unearned interest recognized in income.

Of this amount, EGP 1,057mn has been charged in Q3 2018, which is the second and final re-engineering for such accounts.

Analysis for impairment provision of loans and advances to customers

	Individual					Total
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	
Dec.31, 2018						
Beginning balance	(3,297)	(25,667)	(226,996)	(9,496)	-	(265,456)
Released (charged) released during the year	(798)	(24,509)	(51,976)	(12,889)	-	(90,172)
Write off during the year	-	42,967	228,363	-	-	271,330
Recoveries during the year*	(17)	(24,405)	(25,866)	-	-	(50,288)
Ending balance	(4,112)	(31,614)	(76,475)	(22,385)	-	(134,586)
Dec.31, 2018						
Beginning balance	(1,707,127)	(1,911,226)	(7,107,690)	(1,911,226)	(2,947)	(10,728,990)
Released (charged) released during the year	633,877	(2,927,862)	(688,890)	(688,890)	164	(2,982,711)
Write off during the year	-	-	356,501	571,273	-	927,774
Recoveries during the year*	-	(42,020)	(42,020)	-	-	(42,020)
Exchange revaluation difference	(7,115)	(45,697)	(27,483)	-	-	(80,295)
Ending balance	(1,080,365)	(9,766,768)	(2,056,326)	(2,783)	(2,783)	(12,906,242)
Dec.31, 2017						
Beginning balance	(11,166)	(25,056)	(190,592)	(7,801)	(20,838)	(255,453)
Released (charged) released during the year	(5,556)	(15,328)	(37,906)	(3,743)	20,838	(41,695)
Write off during the year	13,425	36,477	1,561	2,080	-	53,543
Recoveries during the year*	-	(21,760)	(59)	(32)	-	(21,851)
Ending balance	(3,297)	(25,667)	(226,996)	(9,496)	-	(265,456)
Dec.31, 2017						
Beginning balance	(1,342,010)	(6,442,227)	(1,775,873)	(1,775,873)	(2,444)	(9,562,554)
Released (charged) released during the year	(387,038)	(1,125,372)	(189,364)	(189,364)	(509)	(1,702,283)
Write off during the year	-	-	382,185	-	-	382,185
Recoveries during the year*	-	-	(23,054)	-	-	(23,054)
Exchange revaluation difference	21,921	100,778	54,011	6	6	176,716
Ending balance	(1,707,127)	(7,107,690)	(1,911,226)	(2,947)	(2,947)	(10,728,990)

*From previously written off amounts

21. Derivative financial instruments

21.1 Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case. These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts).

Contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflect credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

21.1.1. For trading derivatives

	Dec.31, 2018			Dec.31, 2017		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	5,360,272	21,112	73,105	6,820,350	36,597	49,687
- Currency swap	3,628,415	18,243	12,807	1,640,985	3,117	5,860
Total (1)		39,355	85,912		39,714	55,547

21.1.2. Fair value hedge

	Dec.31, 2018			Dec.31, 2017		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	662,803	-	9,164	655,925	-	25,996
- Customers deposits hedging	7,103,638	12,934	37,782	11,506,784	287	115,441
Total (2)		12,934	46,946		287	141,437
Total financial derivatives (1+2)		52,289	132,858		40,001	196,984

21.2. Hedging derivatives

21.2.1. Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 9,164 thousand at December 31, 2018 against EGP 25,996 thousand at the December 31, 2017. Resulting in gains from hedging instruments at December 31, 2018 EGP 16,832 thousand against EGP 19,633 thousand at the December 31, 2017. Losses arose from the hedged items at December 31, 2018 reached EGP 34,193 thousand against losses of EGP 44,924 thousand at December 31, 2017.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 24,848 thousand at the end of December 31, 2018 against EGP 115,154 thousand at December 31, 2017, resulting in gains from hedging instruments at December 31, 2018 of EGP 90,306 thousand against losses of EGP 76,302 thousand at December 31, 2017. Losses arose from the hedged items at December 31, 2018 reached EGP 94,856 thousand against gains EGP 81,488 thousand at December 31, 2017.

22. Financial investments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Available for sale		
- Listed debt instruments with fair value	38,615,045	29,632,780
- Listed equity instruments with fair value	458,094	83,346
- Unlisted equity instruments by amortized cost	144,751	758,655
Total	39,217,890	30,474,781
Held to maturity		
- Listed debt instruments	73,598,251	45,135,209
- Unlisted instruments	32,513	32,513
Total	73,630,764	45,167,722
Total financial investment	112,848,654	75,642,503
- Actively traded instruments	108,496,980	73,721,199
- Not actively traded instruments	4,351,674	1,921,304
Total	112,848,654	75,642,503
Fixed interest debt instruments	110,985,264	72,612,620
Floating interest debt instruments	1,228,033	2,155,369
Total	112,213,297	74,767,989

	EGP Thousands		
	Available for sale financial investments	Held to maturity financial investments	Total
Beginning balance	5,447,291	53,924,936	59,372,227
Addition	25,868,230	4,597,254	30,465,484
Deduction	(1,361,027)	(13,354,468)	(14,715,495)
Exchange revaluation differences for foreign financial assets	(100,078)	-	(100,078)
Profit (losses) from fair value difference	512,016	-	512,016
Available for sale impairment charges	108,349	-	108,349
Ending Balance as of Dec.31, 2017	30,474,781	45,167,722	75,642,503
Beginning balance	30,474,781	45,167,722	75,642,503
Addition	12,670,761	33,995,313	46,666,074
Deduction	(1,872,988)	(5,532,271)	(7,405,259)
Exchange revaluation differences for foreign financial assets	102,991	-	102,991
Profit (losses) from fair value difference	(2,118,094)	-	(2,118,094)
Released (Impairment) charges of available for sale	(39,561)	-	(39,561)
Ending Balance as of Dec.31, 2018	39,217,890	73,630,764	112,848,654

21.1. Profits (Losses) on financial investments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profit (Loss) from selling available for sale financial instruments	441,628	(99,047)
Released (Impairment) charges of available for sale equity instruments	(39,561)	254,588
Released (Impairment) charges of non current assets held for sale	-	9,570
Total	402,067	165,111

23. Investments in associates

Dec.31, 2018	EGP Thousands						
	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							
- Fawry plus	Egypt	-	-	-	-	14,100	23.50
- International Co. for Security and Services (Falcon)	Egypt	860,057	640,554	926,624	72,954	92,458	32.50
Total		860,057	640,554	926,624	72,954	106,558	

Dec.31, 2017	EGP Thousands						
	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							
- International Co. for Security and Services (Falcon)	Egypt	512,388	367,470	505,461	52,695	65,039	32.50
Total		512,388	367,470	505,461	52,695	65,039	

24. Other assets

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Accrued revenues	4,509,314	3,870,454
Prepaid expenses	186,797	230,296
Advances to purchase of fixed assets	768,733	522,211
Accounts receivable and other assets (after deducting the provision)*	3,790,709	2,193,590
Assets acquired as settlement of debts	276,520	45,083
Insurance	30,945	24,973
Total	9,563,018	6,886,607

*A provision with amount EGP 317 million has been created against pending installments.

This item includes other assets that are not classified under specific items of balance sheet assets, such as: accrued income and prepaid expenses, amounts paid in advance relating to taxes on bills and bonds, custodies, debit accounts under settlement and any balance that has no place in another asset category.

25. Property, plant and equipment

Dec.31, 2018	Dec.31, 2018							EGP Thousands
	Land	Premises	IT	Vehicles	Fitting -out equipment	Machines and equipment	Furniture and furnishing	
Beginning gross assets (1)	64,709	996,629	1,646,187	89,363	658,343	516,763	151,689	4,123,683
Additions during the year	-	61,606	347,376	5,601	72,276	133,192	8,135	628,186
Disposals during the year*	-	(32,867)	(413,068)	(32,817)	(205,296)	(200,132)	(71,023)	(955,203)
Ending gross assets (2)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Accumulated depreciation at beginning of the year (3)	-	359,699	1,205,399	53,088	538,679	420,117	132,182	2,709,164
Current year depreciation	-	50,099	189,949	12,619	73,048	57,408	7,707	390,830
Disposals during the year*	-	(32,867)	(413,068)	(32,817)	(205,296)	(200,132)	(71,023)	(955,203)
Accumulated depreciation at end of the year (4)	-	376,931	982,280	32,890	406,431	277,393	68,866	2,144,791
Ending net assets (2-4)	64,709	648,437	598,215	29,257	118,892	172,430	19,935	1,651,875
Beginning net assets (1-3)	64,709	636,930	440,788	36,275	119,664	96,646	19,507	1,414,519
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 316,688 thousand non registered assets while their registrations procedures are in process.

There was no impairment provision charged for fixed assets.

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

Dec.31, 2017	Dec.31, 2017							EGP Thousands
	Land	Premises	IT	Vehicles	Fitting -out equipment	Machines and equipment	Furniture and furnishing	
Beginning gross assets (1)	64,709	919,258	1,395,638	87,660	607,773	459,572	144,454	3,679,064
Additions during the year	-	77,371	250,549	1,703	50,570	57,191	7,235	444,619
Disposals during the year*	-	-	-	-	-	-	-	-
Ending gross assets (2)	64,709	996,629	1,646,187	89,363	658,343	516,763	151,689	4,123,683
Accumulated depreciation at beginning of the year (3)	-	315,192	1,029,244	47,904	468,368	372,522	124,929	2,358,159
Current year depreciation	-	44,507	176,155	5,184	70,311	47,595	7,253	351,005
Disposals during the year*	-	-	-	-	-	-	-	-
Accumulated depreciation at end of the year (4)	-	359,699	1,205,399	53,088	538,679	420,117	132,182	2,709,164
Ending net assets (2-4)	64,709	636,930	440,788	36,275	119,664	96,646	19,507	1,414,519
Beginning net assets (1-3)	64,709	604,066	366,394	39,756	139,405	87,050	19,525	1,320,905
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 353,462 thousand non registered assets while their registrations procedures are in process.

26. Due to banks

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Current accounts	503,539	1,067,374
Deposits	6,756,280	810,544
Total	7,259,819	1,877,918
Central banks	190,801	128,527
Local banks	6,009,778	714,294
Foreign banks	1,059,240	1,035,097
Total	7,259,819	1,877,918
Non-interest bearing balances	257,355	740,158
Floating bearing interest balances	89,568	23,169
Fixed interest bearing balances	6,912,896	1,114,591
Total	7,259,819	1,877,918
Current balances	7,259,819	1,877,918

27. Due to customers

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Demand deposits	92,422,114	72,442,872
Time deposits	43,561,846	49,952,470
Certificates of deposit	81,059,934	70,486,930
Saving deposits	62,812,279	53,075,098
Other deposits	5,440,696	4,765,682
Total	285,296,869	250,723,052
Corporate deposits	116,842,160	107,753,682
Individual deposits	168,454,709	142,969,370
Total	285,296,869	250,723,052
Non-interest bearing balances	48,741,931	43,229,085
Floating interest bearing balances	23,738,113	21,022,474
Fixed interest bearing balances	212,816,825	186,471,493
Total	285,296,869	250,723,052
Current balances	202,126,154	178,786,275
Non-current balances	83,170,715	71,936,777
Total	285,296,869	250,723,052

28. Other loans

	Interest rate %	Maturity date	Maturing through next year	EGP Thousands	
				Balance on Dec.31, 2018	Balance on Dec.31, 2017
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years*	117,286	125,429	87,314
Social Fund for Development (SFD)	3 months T/D or 9% which is more	4 January 2020*	13,380	13,380	41,882
European Bank for Reconstruction and Development (EBRD) subordinated Loan	3 months libor + 6.2%	10 years	-	1,791,360	1,772,770
International Finance Corporation (IFC) subordinated Loan	3 months libor + 6.2%	10 years	-	1,791,360	1,772,770
Balance			130,666	3,721,529	3,674,736

Interest rates on variable-interest subordinated loans are determined in advance every 3 months/every quarter. Subordinated loans are not repaid before their repayment dates.

* Represents the date of loan repayment to the lending agent.

29. Other liabilities

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Accrued interest payable	1,347,397	1,516,471
Accrued expenses	733,218	507,543
Accounts payable	4,101,884	3,277,350
Other credit balances	319,054	175,167
Total	6,501,553	5,476,531

30. Provisions

Dec.31, 2018	EGP Thousands			
	Beginning balance	Charged amounts	Exchange revaluation difference	Ending balance
Provision for income tax claims	6,910	-	-	6,910
Provision for legal claims	45,773	12,820	7	57,677
Provision for contingent	1,470,302	-	(2,942)	1,449,690
Provision for other claim	92,174	88,681	666	180,330
Total	1,615,159	101,501	(2,269)	1,694,607

Dec.31, 2017	EGP Thousands			
	Beginning balance	Charged amounts	Exchange revaluation difference	Ending balance
Provision for income tax claims	6,910	-	-	6,910
Provision for legal claims	46,035	549	(57)	45,773
Provision for contingent	1,434,703	118,370	12,627	1,470,302
Provision for other claim	26,409	93,703	(730)	92,174
Total	1,514,057	212,622	11,840	1,615,159

* To face the potential risk of banking operations.

31. Equity

31.1. Capital

"Issued and Paid in Capital reached EGP 11,668,326 thousand at balance sheet date to be divided on 1,166,833 thousand shares with EGP 10 par value for each share and registered in the commercial register dated 26th August 2018.

- Increase issued and Paid in Capital by amount EGP 50,315 thousand on August 02,2018 to reach EGP 11,668,326 thousand (against EGP 11,618,011 thousand in 2017) according to Board of Directors decision on January 31, 2018 by issuance of ninth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 79,351 thousand on May 24,2017 to reach EGP 11,618,011 thousand according to Board of Directors decision on November 9, 2016 by issuance of eighth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 68,057 thousand on April 19,2016 to reach EGP 11,538,660 thousand according to Board of Directors decision on November 10, 2015 by issuance of seventh tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 to reach 11,470,603 according to Ordinary General Assembly Meeting decision on March 12,2015 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 94,748 thousand on April 5,2015 to reach EGP 9,176,482 thousand according to Board of Directors decision on November 11, 2014 by issuance of sixth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 79,299 thousand on March 23,2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fifth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,812 thousand on December 5, 2013 according to Extraordinary General Assembly Meeting decision on July 15,2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 29,348 thousand on April 7,2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on October 24,2012 by issuance of fourth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranche for E.S.O.P program.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid- in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of March 21,2016 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 10% of issued and paid- in capital at par value ,through 10 years starting year 2016 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

31.2. Reserves

According to The Bank status 5% of net profit is used to increase the legal reserve to reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

32. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	EGP Thousands	
	Assets (Liabilities)	Assets (Liabilities)
	Dec.31, 2018	Dec.31, 2017
Fixed assets (depreciation)	(49,750)	(31,409)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	53,552	31,038
Intangible Assets	53,657	36,712
Other investments impairment	65,788	56,698
Reserve for employee stock ownership plan (ESOP)	166,122	110,100
Interest rate swaps revaluation	4,695	5,340
Trading investment revaluation	7,394	(37,478)
Forward foreign exchange deals revaluation	6,912	8,629
Balance	308,370	179,630

	EGP Thousands	
	Assets (Liabilities)	Assets (Liabilities)
	Dec.31, 2018	Dec.31, 2017
Movement of Deferred Tax Assets and Liabilities:		
Beginning Balance	179,630	181,308
Additions / disposals	128,740	(1,678)
Ending Balance	308,370	179,630

33. Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, the Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest (True up model). The fair value for such equity instruments is measured using the Black-Scholes pricing model.

Details of the rights to share outstanding during the year are as follows:

	Dec.31, 2018	Dec.31, 2017
	No. of shares in thousand	No. of shares in thousand
Outstanding at the beginning of the year	21,280	22,351
Granted during the year	8,338	7,601
Forfeited during the year	(828)	(737)
Exercised during the year	(5,032)	(7,935)
Outstanding at the end of the year	23,758	21,280

Details of the outstanding tranches are as follows:

Maturity date	EGP		No. of shares in thousand
	Exercise price	Fair value	
2019	10.00	28.43	8,433
2020	10.00	65.55	7,175
2021	10.00	68.13	8,150
Total			23,758

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

	12th tranche	11th tranche
Exercise price	10	10
Current share price	77.35	73.08
Expected life (years)	3	3
Risk free rate %	15.54%	16.77%
Dividend yield%	1.29%	0.68%
Volatility%	26%	30%

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

34. Reserves and retained earnings

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Legal reserve	1,710,293	1,332,807
General reserve	12,776,215	9,000,023
Capital reserve	12,421	11,815
Retained earnings	9,637,083	6,193,879
Special reserve	20,645	20,645
Reserve for A.F.S investments revaluation difference	(3,750,779)	(1,642,958)
Banking risks reserve	4,323	3,634
IFRS 9 risk reserve	1,411,549	1,411,549
Ending balance	21,821,750	16,331,394

On 28 January 2018, Central Bank of Egypt issued instructions indicating the following:

Creating IFRS 9 risk reserve (1% of the total weighted credit risk) deducted from 2017 net profit after tax, to be used after obtaining CBE's approval, taken into consideration that IFRS 9 will be effective as of January 1, 2019.

34.1. Banking risks reserve

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	3,634	3,019
Transferred to bank risk reserve	689	615
Ending balance	4,323	3,634

34.2. Legal reserve

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	1,332,807	1,035,363
Transferred from previous year profits	377,486	297,444
Ending balance	1,710,293	1,332,807

34.3. Reserve for A.F.S investments revaluation difference

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	(1,642,958)	(2,180,244)
Unrealized gain (loss) from A.F.S investment revaluation	(2,107,821)	537,286
Ending balance	(3,750,779)	(1,642,958)

34.4. Retained earnings

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	6,193,879	6,040,580
Transferred to reserves	(3,994,924)	(4,599,736)
Dividend paid	(2,143,177)	(1,350,204)
Net profit of the year	9,581,994	7,515,555
Transferred (from) to bank risk reserve	(689)	(615)
Disposal of subsidiary	-	(152)
IFRS 9 risk reserve	-	(1,411,549)
Ending balance	9,637,083	6,193,879

34.5. Reserve for employee stock ownership plan

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Beginning balance	489,334	343,460
Transferred to reserves	(159,360)	(145,010)
Cost of employees stock ownership plan (ESOP)	408,346	290,884
Ending balance	738,320	489,334

35. Cash and cash equivalent

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Cash and balances with central bank	20,058,974	14,663,289
Due from banks	46,518,892	45,319,766
Treasury bills and other governmental notes	41,999,252	54,478,202
Obligatory reserve balance with CBE	(13,526,763)	(8,878,986)
Due from banks with maturities more than three months	(10,733,386)	(1,719,586)
Treasury bills with maturities more than three months	(50,013,324)	(54,653,848)
Total	34,303,645	49,208,837

36. Contingent liabilities and commitments**36.1. Legal claims**

- There is a number of existing cases filed against the bank on December 31,2018 without provision as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created. (Disclosure No. 30)

36.2. Capital commitments**26.2.1. Financial investments**

The capital commitments for the financial investments reached on the date of financial position EGP 165,676 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	358,268	192,593	165,676

36.2.2. Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of financial statement amounted to EGP 198,026 thousand.

36.3. Letters of credit, guarantees and other commitments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Letters of guarantee	66,166,953	69,514,413
Letters of credit (import and export)	4,178,288	1,700,516
Customers acceptances	1,050,573	1,017,690
Total	71,395,814	72,232,619

36.4. Credit facilities commitments

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Credit facilities commitments	9,173,782	7,024,376

37. Mutual funds**Osoul fund**

- CIB established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 3,449,254 with redeemed value of EGP 1,247,250 thousands.
- The market value per certificate reached EGP 361.60 on December 31, 2018.
- The Bank portion got 137,112 certificates with redeemed value of EGP 49,580 thousands.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 511,604 with redeemed value of EGP 99,118 thousands.
- The market value per certificate reached EGP 193.74 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,687 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 335,313 with redeemed value of EGP 34,336 thousands.
- The market value per certificate reached EGP 102.40 on December 31, 2018.
- The Bank portion got 27,690 certificates with redeemed value of EGP 2,835 thousands.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 91,131 with redeemed value of EGP 19,353 thousands.
- The market value per certificate reached EGP 212.37 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 10,619 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 93,948 with redeemed value of EGP 21,779 thousands.
- The market value per certificate reached EGP 231.82 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 11,591 thousands.

Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 145,943 with redeemed value of EGP 26,051 thousands.
- The market value per certificate reached EGP 178.50 on December 31, 2018.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,925 thousands.

38. Transactions with related parties

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

38.1. Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	5,414
Deposits	137,766
Contingent liabilities	1,309

Other transactions with related parties

	Income	Expenses
International Co. for Security & Services	94	277,139
CVenture Capital	850	2,041

39. Main currencies positions

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Egyptian pound	(636,384)	182,639
US dollar	578,745	(313,246)
Sterling pound	2,189	(1,566)
Japanese yen	(20)	(523)
Swiss franc	658	637
Euro	37,144	46,768

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

40. Tax status**Corporate income tax**

- Settlement of corporate income tax since the start of activity till 2016
- 2017 examined & paid
- The yearly income tax return is submitted in legal dates

Salary tax

- Settlement of salary tax since the start of activity till 2017

Stamp duty tax

- The period since the start of activity till 31/07/2006 was examined & paid, disputed points have been transferred to the court for adjudication
- The period from 01/08/2006 till 31/12/2017 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

41. Intangible assets:

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Book value	651,041	651,041
Amortization	(412,326)	(282,118)
Net book value	238,715	368,923

According to CBE's regulation issued on Dec 16, 2008, an annual amortization of 20% has been applied on intangible assets

42. Profit (loss) of disposal from discontinued operations

	EGP Thousands	
	Dec.31, 2018	Dec.31, 2017
Profits from disposal of investments in subsidiaries	-	168,900
Total	-	168,900

CIB have a minority stake of 10.00% of CI Capital Holding.

Minority stake has been transferred to available for sale due to the bank's intention for maintaining the ownership percentage of such investment.

	EGP Thousands	
	"CI Capital Holding Co. S.A.E"	
	Dec.31, 2018	Dec.31, 2017
Subsidiary net assets	-	(701,170)
Less:		
Add/Deduct:		
FX translation reserve	-	8,588
Non-controlling interests	-	157,127
CI Capital Holding Co. S.A.E sold stocks (Net)	-	704,355
Net	-	168,900

Although the effective date of selling process is 20 March 2017, however, for the purpose of facilitating the calculation of the value of profits arising from the sale of shares, the net assets of the subsidiary as at 31 December 2016 were adjusted by 2017 first quarter financial statements which is the earliest reliable date in the calculation of CI Capital shares selling profit.

Cashflow disclosures

43. Treasury bills and other governmental notes - net increase (decrease)

Dec.31, 2018

	Dec.31, 2018		Dec.31, 2017		Change
	Total	Net	Total	Net	
91 Days maturity	-	-	-	-	-
Unearned interest	-	-	-	-	-
Net		-		-	-
182 Days maturity	3,669,700	-	1,289,425	-	-
Unearned interest	(86,343)	-	(87,067)	-	-
Net		3,583,357		1,202,358	(2,380,999)
364 Days maturity	49,441,511	-	57,602,997	-	-
Unearned interest	(3,011,544)	-	(4,151,507)	-	-
Net		46,429,967		53,451,490	7,021,523
Total unearned interest	(3,097,887)		(4,238,574)		
Net		50,013,324		54,653,848	
Change					4,640,524

Dec.31, 2017

	Dec.31, 2017		Dec.31, 2016		Change
	Total	Net	Total	Net	
91 Days maturity	-	-	1,051,375	-	-
Unearned interest	-	-	(22,416)	-	-
Net		-		1,028,959	1,028,959
182 Days maturity	1,289,425	-	4,350,975	-	-
Unearned interest	(87,067)	-	(264,565)	-	-
Net		1,202,358		4,086,410	2,884,052
364 Days maturity	57,602,997	-	36,010,730	-	-
Unearned interest	(4,151,507)	-	(1,909,712)	-	-
Net		53,451,490		34,101,018	(19,350,472)
Total unearned interest	(4,238,574)		(2,196,693)		
Net		54,653,848		38,187,428	
Change					(16,466,420)

44. Other assets - net increase (decrease)

EGP Thousands	
Dec.31, 2018	
Total other assets by end of 2017	6,886,607
Assets acquired as settlement of debts	(45,083)
Advances to purchase of fixed assets	(522,211)
Total 1	6,319,313
Total other assets by end of 2018	9,563,018
Assets acquired as settlement of debts	(276,520)
Advances to purchase of fixed assets	(768,733)
Unrealized amount from available for sale investments	(251,750)
Impairment charge for other assets	316,763
Total 2	8,582,778
Change (1-2)	(2,263,465)

EGP Thousands	
Dec.31, 2017	
Total other assets by end of 2016	5,715,667
Assets acquired as settlement of debts	(56,599)
Advances to purchase of fixed assets	(203,410)
Total 1	5,455,658
Total other assets by end of 2017	6,886,607
Assets acquired as settlement of debts	(45,083)
Advances to purchase of fixed assets	(522,211)
Total 2	6,319,313
Change (1-2)	(863,655)

Non Cash Transactions:

Non-cash transactions that are not included in the statement of cash flows are as follows:

			Dec.31, 2018 EGP Thousands
	Financial statements balance	Non cash transactions	Cash flow balance
Proceeds from selling available for sale financial investments	2,314,616	255,275	255,275
Payment for purchases of subsidiary and associates	(14,100)	(3,525)	(3,525)
Other assets	(2,515,215)	(251,750)	(251,750)



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