



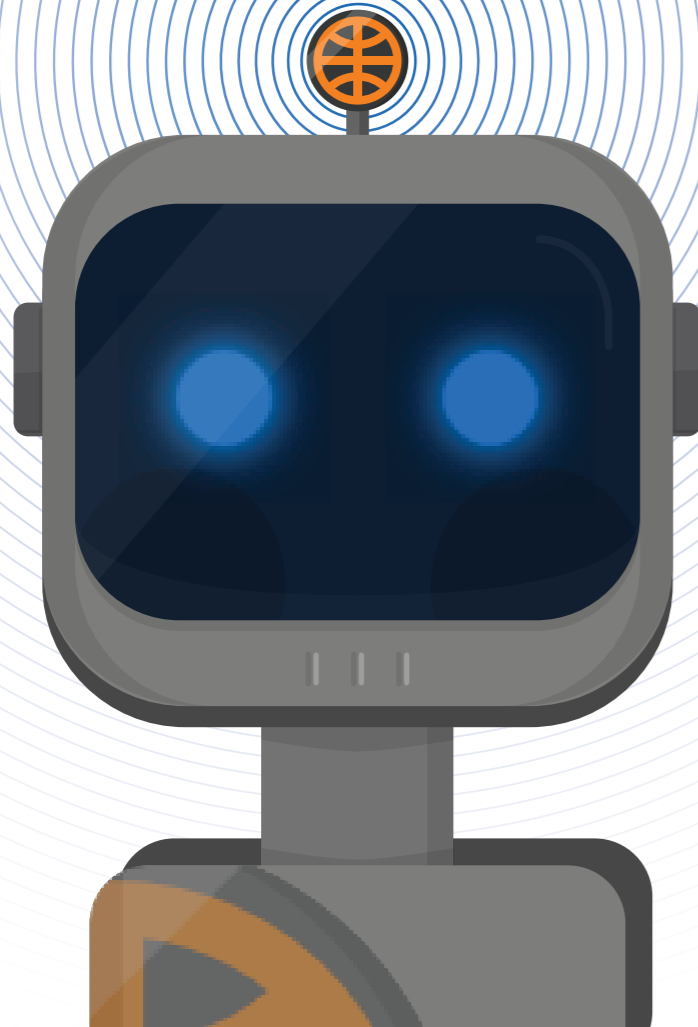
A BANK TO TRUST

Driving Digital Change

ANNUAL REPORT 2019



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Digital Banking Reimagined

Hi, I'm Zaki the Bot, CIB's virtual assistant. I'm one of the first of my kind in the Egyptian banking industry, using advanced artificial intelligence to assist customers, gather key data, and help CIB revolutionize digital banking as it stands today.

Conversations with Zaki in this annual report are not an accurate representation of the chat bot's current functionality.

This report is the first CIB annual report that is being disseminated solely through digital channels. Closer to 100 trees and 26.9 KgCO₂e in GHG emissions were saved by not printing this report.

CIB

Introduction

CIB is Egypt's leading private-sector bank, offering a full range of financial products and services to enterprises of all sizes, institutions, households, and individuals.



Zaki the Bot
Your Personal Virtual Assistant

My name is Zaki and I am CIB's virtual digital assistant designed to help you understand more about CIB.

What can you do for me, Zaki?

I can tell you about your accounts, help you make a transfer, show you the nearest ATMs, and answer whatever banking questions you have. And I'm always learning. Try me.

What kind of accounts do you offer?

CIB offers a variety of current and savings accounts. Which are you interested in?

Current accounts.

Here are CIB's current account offerings. Scroll through and tap the one you're interested in to get started!

Classic **Easy**

At a Glance



Ranked **#1** bank among all Egyptian private-sector banks in terms of revenues, net worth, total assets, and deposits.

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 clients with innovative solutions that satisfy their banking needs and facilitate their financial lives. Its 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.

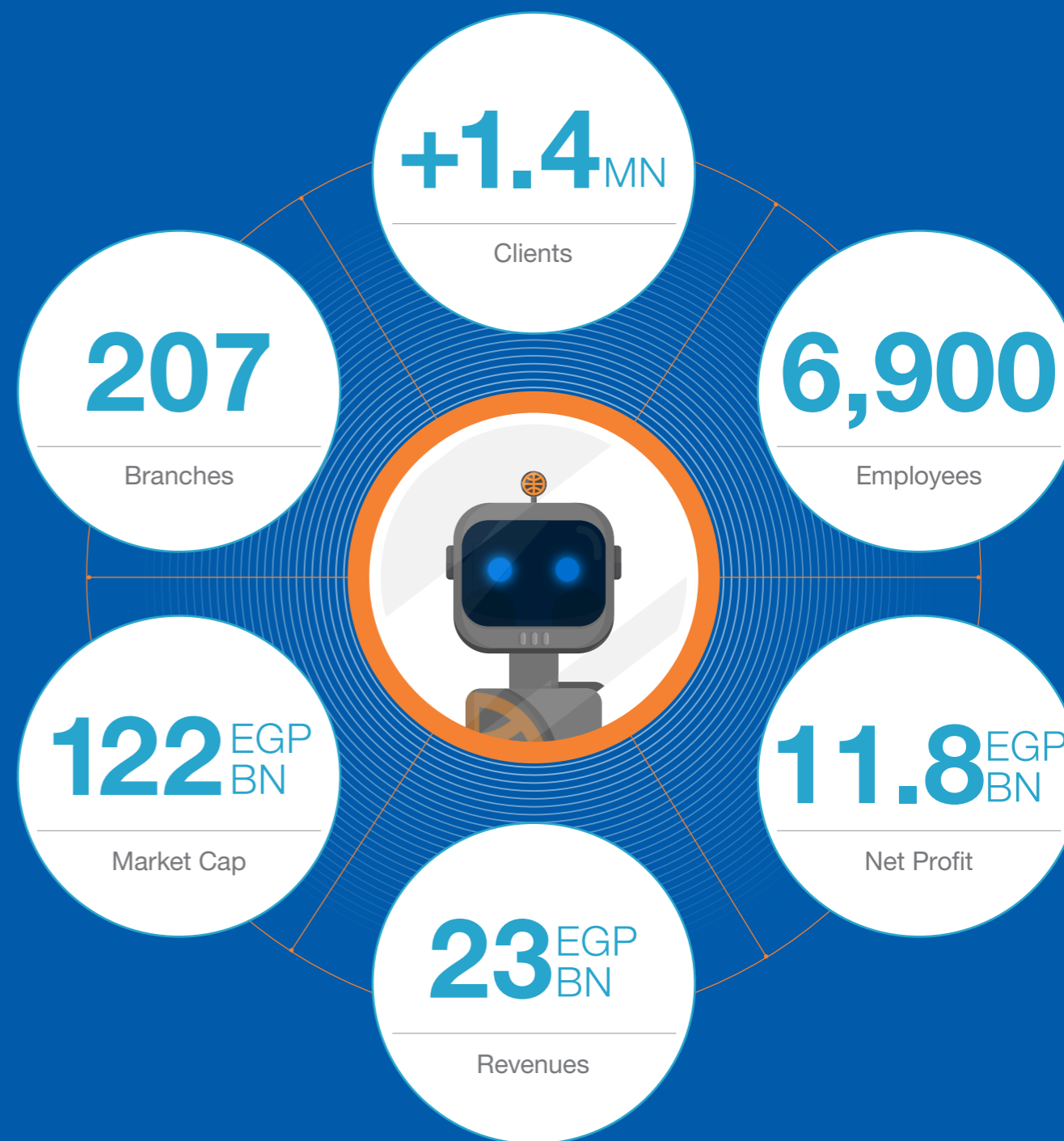
The Bank serves an expansive network of retail customers, high-net-worth (HNW) individuals, and enterprises and institutions that drive the Egyptian economy. With a well-established network of 207 branches and banking units and a workforce comprising 6,900 employees, CIB provides tailored, client-centric 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.

CIB also operates two representative offices, one in Dubai and the other in Addis Ababa, as channels driving business through these key markets while capitalizing on the synergies inherent in the Bank's business model as a means of driving value for clients.

The Bank has one fully owned subsidiary, CVentures, and two associates, 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 owned by a bank 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. It has been awarded numerous accolades from prestigious bodies throughout the year, including the World's Best Emerging Markets Bank at the Global Finance 2018 special awards ceremony, one year after it was awarded the same title from Euromoney.

Key Facts



Key Financial Highlights

	FY19	FY18	FY17	FY16	FY15	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated											
Common Share Information Per Share																
Earning Per Share (EPS) *						7.33	7.26	5.76	4.56	3.58	3.55	2.67	2.42	2.43	3.00	2.63
Dividends (DPS) **						1.25	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)						35.26	29.26	24.43	18.44	14.39	16.31	13.46	18.94	15.03	14.59	23.75
Share Price (EGP) ***																
High						83.5	96.5	88.8	73.6	47.4	51.3	45.4	39.8	47.4	79.49	59.7
Low						82.7	67.0	71.1	30.8	28.9	32.6	27.4	21.1	18.5	33.75	29.5
Closing						83.0	74.1	77.4	76.4	38.1	49.2	32.6	34.6	18.7	47.4	54.68
Shares Outstanding (millions)						1,469.1	1,166.8	1,161.8	1,153.9	1,147.1	908.2	900.2	597.2	593.5	590.1	292.5
Market Capitalization (EGP millions)						121,963	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)						11.3	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)						1.51%	1.35%	1.29%	0.65%	1.97%	2.44%	3.07%	3.62%	5.35%	2.11%	2.74%
Dividend Payout Ratio						15.6%	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						2.35	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****	23,019	20,379	14,890	11,315	10,189	23,018	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	1,435	3,076	1,742	893	1,682	1,435	3,076	1,742	893	1,682	589	916	610	321	6	9
Provision for Credit Losses - General																
Total Provisions	1,435	3,076	1,742	893	1,682	1,435	3,076	1,742	893	1,682	589	916	610	321	6	9
Non Interest Expense	5,049	4,224	3,119	2,433	2,025	5,045	4,223	3,119	2,433	2,028	1,705	1,450	1,445	1,337	1,188	1,041
Net Profits	11,801	9,582	7,516	6,009	4,729	11,804	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 to stock dividends

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

*** Unadjusted to stock dividends

	FY19	FY18	FY17	FY16	FY15	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated											
Financial Measures																
Cost : Income	21.59%	20.33%	20.79%	21.36%	19.61%	21.58%	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)*****	29.49%	33.14%	32.45%	34.24%	33.46%	29.55%	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)						6.48%	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)	3.26%	3.03%	2.69%	2.71%	2.95%	3.26%	3.02%	2.72%	2.70%	2.90%	2.87%	2.54%	2.47%	2.20%	3.11%	2.97%
Regular Workforce Headcount	6,900	6,759	6,551	6,714	6,332	6,900	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)																
Sheet Information (EGP millions)																
Cash Resources and Securities (Non-Governmental)	63,270	69,068	63,684	77,523	34,808	63,226	69,030	63,673	73,035	34,097	19,430	16,646	16,764	19,821	16,854	16,125
Net Loans and Acceptances	119,946	106,377	88,428	85,384	56,836	119,946	106,377	88,428	86,152	57,211	49,398	41,970	41,877	41,065	35,175	27,443
Assets	386,742	342,461	294,782	267,544	179,500	386,697	342,423	294,771	263,852	179,193	143,647	113,752	94,405	85,628	75,093	64,063
Deposits	304,448	285,297	250,723	231,741	155,234	304,484	285,340	250,767	231,965	155,370	122,245	96,940	78,835	71,574	63,480	54,843
Common Shareholders Equity	51,880	34,228	28,439	21,374	16,535	51,800	34,147	28,384	21,276	16,512	14,816	12,115	11,311	8,921	8,609	6,946
Average Assets	364,602	318,622	281,163	223,522	161,657	364,560	318,597	279,312	221,523	161,420	128,700	104,079	90,017	80,361	69,578	60,595
Average Interest Earning Assets	328,296	290,869	257,931	203,053	146,033	328,296	290,869	258,315	203,625	145,835	117,133	94,605	79,834	70,549	61,624	53,431
Average Common Shareholders Equity	43,054	31,334	24,907	18,955	15,645	42,973	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*****	24.32%	16.93%	15.59%	13.34%	15.76%	24.28%	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)	199	186	169	150	96	199	186	169	150	96	84	70	65	55	49	41
Tier 1 Capital Ratio*****	23.59%	16.16%	14.93%	12.90%	15.01%	23.59%	16.16%	14.93%	12.90%	15.01%	15.70%	15.23%	14.33%	14.15%	15.66%	15.28%
Adjusted Capital Adequacy Ratio*****	26.07%	19.09%	18.03%	13.97%	16.06%	26.07%	19.09%	18.03%	13.97%	16.06%	16.77%	16.32%	15.71%	15.40%	16.92%	16.53%

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

***** Total Equity after profit appropriation

***** After profit appropriation, from 2012 to 2019 as per Basel II regulations

Leadership

Board of Directors



Mr. Hisham Ezz Al-Arab
Chairman and Managing Director

Mr. Hisham Ezz Al-Arab directs a team of professionals who have transformed CIB from a wholesale lender into Egypt's largest private-sector bank, which leads the sector in terms of revenue, profitability, net worth, and market share of deposits. Under his stalwart guidance, CIB has grown into an institution that serves millions of customers throughout the country, from individuals to small- and medium-sized businesses and key corporations among Egypt's 500 largest firms. Today, the Bank, which consistently holds the largest market capitalization on the EGX, is 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. Nurtured for over 15 years, the Bank's corporate culture gives it a natural competitive advantage as an employer

in the market, with CIB having established the first-of-its-kind employee stock ownership plan (ESOP) in 2006. More than 80% of all employees have benefited and continue to benefit from ESOP, thereby aligning the interests of both employees and shareholders. CIB's continuous investment in its people garnered the Bank recognition as one of the World's Best Employers by Forbes in 2019, coming in at 90th place among 500 employers globally.

As part of Mr. Ezz Al-Arab's drive to see the Bank create shared value, in 2010, he launched the CIB Foundation, an Egyptian leader in the provision of universal access to quality healthcare to underprivileged communities. Throughout his tenure with the Bank, Mr. Ezz Al-Arab has also championed educational initiatives and built collaborations between CIB and reputable educational organizations to provide diversified learning opportunities such as the CIB Endowed Professorship of Banking at the American University in Cairo.



Under Mr. Ezz Al-Arab's direction, CIB has received numerous prestigious international accolades, including being named "World's Best Emerging Markets Bank" by Global Finance in 2018, a year after being recognized for the same award by Euromoney, making it the first bank in Egypt, North Africa, and Middle East to ever win this award. For his part, Mr. Ezz Al-Arab was named "CEO of the Year" by Global Investor in 2019, 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.

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, a non-executive Director of

the Board at Fairfax Africa, and a non-executive Director of the Board at Ripplewood Advisors MENA Holdings Limited.

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, Egypt's premiere private sector bank serving over a million customers, including corporate clients from among Egypt's largest 500 institutions.

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, he was the bank's Chief Operating Officer and from 2001 until 2010, its Chief Risk Officer responsible for managing credit, market, and operational risk.

Mr. Abaza is also a member of the Bank's award-winning investor relations program, which has helped CIB grow its market capitalization over tenfold since 2008.

Previously, he served as Head of Research and then Managing Director at EFG Hermes Asset Management from 1995 until his return to CIB in 2001.

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



Mr. Jawaid Mirza
Lead Director since July 2019
Non-Executive Independent Director of the Board
Chair of CIB's Audit Committee
Chair of CIB's Governance and Nomination Committee
Member of Board Risk Committee, Operations and Technology Committee

Mr. Jawaid Mirza is a strong proponent and practitioner of international corporate governance practices, bringing over 30 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 is the founder and Chief Executive Officer of Focal One for Consultancy in Canada, and 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.



Mr. Mark Richards

**Non-Executive Independent Director of the Board
Chair of CIB's Risk Committee
Member of Compensation Committee, Governance
and Nomination Committees**

Mr. Mark Richards currently serves as a non-executive Board Member in NLB Slovenia as well as VENCAP International UK since 2019. Mr. Richards was Chief Executive of IPGL (Holdings) Ltd., a major corporate holding company based in the United Kingdom. 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 his 11 years at Actis, Mr. Richards was responsible for building many successful companies in Africa, Asia, and Latin America.

Previously, Mr. Richards spent 18 years at Barclays, where he served in senior leadership 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. Moreover, Mr. Richards is part of a team of experts focused on developing SMEs in the World Economic Forum, and he has regular contributions in the world financial media, including The Banker, Financial Times, Business day in South Africa. He is also a jury at the Banker Annual Financial Awards.

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 (representing the interest of Fairfax Financial Holdings Ltd)
Chair of CIB's Compensation Committee
Member of Risk Committee, Governance and
Nomination Committee**

Mr. Bijan Khosrowshahi is the President and CEO of Fairfax International. He joined Fairfax Financial Holdings in June 2009 and is currently based in the US. 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 several international institutions.

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. 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.

Before this position, Mr. Khosrowshahi 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 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 Independent Director of the Board
Chair of CIB's Corporate Sustainability Task Force
Member of Risk Committee, Governance and
Nomination Committee, and Compensation
Committee**

H.E. Dr. Amani Abou-Zeid is the African Union (AU) Commissioner in charge of Infrastructure, Energy, ICT, and Tourism. For more than 30 years, Dr. Abou-Zeid has served in leadership positions in international organizations and has amassed a remarkable mix of experience from across continents and stakeholders.

She has managed the African Development Bank's largest operational portfolio and implemented national and continental multi-sectoral development programs, including implementing the world's largest solar power plant. As AU Commissioner, she launched the Single African Air Transport Market, benefitting 800 million Africans, delivering on the first flagship project for African Integration under AU Agenda 2063. She also launched Africa's digital transformation strategy to enhance Africa's leapfrogging

development as well as the second 10-year African Programme for Infrastructure Development as well as many cross-continental initiatives and projects.

Dr. Abou-Zeid was selected twice, in 2012 and 2019, as one of The Most Influential Women in Africa and also in Egypt; she was decorated the Wissam Alaouite from Morocco, named "Personalité d'avenir" from France and received the "Outstanding Alumni Award" from the University of Manchester, UK - some of numerous international awards and recognitions.

Dr. Abou-Zeid is a member of the prestigious Global Leaders Broadband Commission for Sustainable Development, the Global Council on Digital ID, the Global Commission for Urgent Action on Energy Efficiency, as well as the Stewardship Board for System Initiative on Shaping the Future of Energy.

Dr. Abou-Zeid sets the example for women in STEM and in leadership and decision-making positions and is long named and recognized as a champion of gender equality and women's empowerment.

An Egyptian national, Dr. Abou-Zeid has a multi-disciplinary educational background, receiving a BSc in Electrical Engineering from Cairo University, MBA from Université Senghor, MPA from Harvard University, and PhD in Social and Economic Development from The University of Manchester.



Mrs. Magda Habib

**Non-Executive Independent Director of the Board
Chair of CIB's Operation and Technology Committee
Member of Risk Committee, Governance and
Nomination Committee, and Compensation
Committee**

Mrs. Magda 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 brings 25 years of expertise in various managerial arenas, including strategic brand management, consumer and retail marketing, corporate communications, and investor relations.

She was also 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 BSc with Honors in Computer Science from the American University in Cairo.



Mr. Paresh Sukthankar

**Non-Executive Independent Director of the Board
Member of Audit Committee, Risk Committee,
Compensation Committee, Governance and
Nomination Committee.**

Mr. Paresh Sukthankar has been a banker for over three decades. He was part of the core team that founded HDFC Bank in 1995 and helped build it into one of India's leading, most respected financial institutions. At HDFC Bank, he contributed to various key areas, including credit, risk management, finance, human resources, investor relations, corporate communications, corporate social responsibility, and information security. He also led the teams managing HDFC Bank's two acquisitions and its equity capital issuances in the domestic and international markets. Mr. Sukthankar was inducted on the bank's Board as Executive Director in 2007 and was elevated to the post of Deputy Managing Director in 2014. Mr. Sukthankar resigned from HDFC Bank in 2018.

Mr. Sukthankar has been a member of various committees formed by Reserve Bank of India and Indian Banks' Association. Prior to joining HDFC Bank, Mr. Sukthankar worked in Citibank for over nine years from 1985 to 1994, in various

departments, including corporate banking, risk management, financial control, and credit administration. Mr. Sukthankar is currently Lead Partner in Sanaksh Advisors LLP, a firm that provides advisory services to private equity, venture capital, and other entities.

Mr. Sukthankar received a BCom from Sydenham College and an MBA from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. He has also completed the Advanced Management Program (AMP) from Harvard Business School.



Mr. Rajeev Kakar

**Non-Executive Independent Director of the Board
Member of Risk Committee, Governance and
Nomination Committee, Operations and Technology
Committee, and Compensation Committee.**

Mr. Rajeev Kakar is a seasoned banker, business founder, entrepreneur, and corporate board member with over three decades of global banking experience and expertise in financial services, especially in Emerging Local Corporate/Commercial/MSME/Retail Banking, across multiple countries globally with focus on high-growth emerging markets in the Asia Pacific/China, Europe, Indian Sub-Continent, MENA/GCC, and Central/Eastern Europe regions.

Mr. Kakar has a strong track record of successfully operating large banks, financial institutions, and leading business turnarounds, with a demonstrated ability to conceptualize and execute multi-country business strategies, lead acquisitions and business/digital transformations, launch green-field financial services businesses, and deliver profitability over a sustained period, while contributing to the community and serving on several boards across different countries.

He started his career at Citibank NA where he worked for two decades and in his last role was the Regional Head and CEO for Citibank's Turkey, Middle East and Africa region until 2006. He moved as the Global Co-Founder of Fullerton Financial Holdings, Singapore where he served for 13 years on the Global Management Board as its Executive Vice President and Global Head of Consumer Banking, and the CEO-CEEMEA region of Fullerton Financial from 2006-2017. At the same time, he was also the founder of Dunia Finance LLC, Fullerton's UAE subsidiary, which he operated as its Founder Managing Director and CEO until 2018.

Mr. Kakar also serves on several Bank and Financial Institution boards, namely, Eurobank Ergasias SA (Greece), Gulf International Bank (GIB Bahrain), Gulf International Bank (GIB Saudi Arabia), Commercial International Bank (Egypt), UTI Asset Management Company (India), and Satin Credit Care Networks (India). He is also a member of the Global Advisory Board of the University of Chicago's Booth School of Business since 2009.

Dr. Sherif Kamel

Non-Executive Director of the Board (until October 2019)

Chaired the Operations and Technology Committee (until October 2019)

Member of the Audit, Governance and Nomination, and Compensation committees (until October 2019)

Dr. Sherif Kamel is a professor of management and the Founder and Dean of the School of Business at AUC. He now chairs the American Chamber of Commerce in Egypt. 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 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 the 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 (until October 2019)

Chaired the Governance and Nomination Committee (until October 2019)

Member of the Audit and Compensation Committees (until October 2019)

Mr. Yasser 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 payphones, mobile cellular networks, private data networks, satellite, and marine fiber-optic cabling, among others.

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.

Management Committee**Mr. Hussein Abaza**

Chief Executive Officer and Board Member

Chair of Management Committee

Chair of High Lending and Investment Committee

Mr. Hussein Abaza leads strategy and operations at CIB, Egypt's premiere private sector bank serving over a million customers, including corporate clients from among Egypt's largest 500 institutions.

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, he was the bank's Chief Operating Officer and from 2001 until 2010, its Chief Risk Officer responsible for managing credit, market, and operational risk.

Mr. Abaza is also a member of the Bank's award-winning investor relations program, which has helped CIB grow its market capitalization over tenfold since 2008.

Previously, he served as Head of Research and then Managing Director at EFG Hermes Asset Management from 1995 until his return to CIB in 2001.

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

Mr. Mohamed Sultan

Chief Operating Officer

Mr. Mohamed Sultan 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 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.

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



From right to left: Mr. Ahmed Issa, Mr. Amr El Ganainy, Ms. Hanan El Borollossy, Mr. Hussein Abaza, Ms. Pakinam Essam, Mr. Mohamed Sultan

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 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, and his career has seen him take on notable positions such as Head of Financial Institutions Group, CIB's Group CFO, Head of Strategic Planning in addition to a successful career as a Corporate and Investment Banker at CIB and CI Capital. Mr. Issa was also Chairman of the Board at CORPLEASE and Falcon Group. He chairs the Banking Committee at the American Chamber of Commerce in Egypt, and sits on the board of Egypt's Internal Trade Development Authority since 2017 and EGYPTAIR Holding Company since 2018.

Mr. Issa earned his MBA at UNC Chapel Hill's Kenan-Flagler Business School in 2003 and re-joined CIB in the same year. As a Fulbright scholar, Mr. Issa attended the Program on Investment Appraisal and Management at Harvard University in 1997 and subsequently interned at Merrill Lynch in NY, USA. He attended the industry-leading CIB Credit Course in 1994 and more than 25 executive and leadership development programs in LBS, INSEAD, IMD, and others.

Ms. Pakinam Essam
Chief Risk Officer (until January 2020)

Ms. Pakinam Essam launched the Risk Transformation Process at the start of her appointment. CIB's Risk Group has evolved into a forward-looking, holistic organization with an integrated view of key risk 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.

She has championed 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. Ms. Essam has decided to retire and will depart CIB effective January 2020.

Ms. Hanan El Borollossy
Deputy Chief Risk Officer (acting CRO effective 19 January 2020)

Ms. Hanan El Borollossy started her career at CIB in 1991 in the Corporate Banking department, where she rose in the ranks until becoming Head of Group. Her responsibilities grew to include strategic and managerial functions aimed at growing CIB's portfolio by identifying lucrative business opportunities. Throughout her career, Ms. Borollossy was chosen to represent the Bank as a Board Member in several affiliates and became the Chairperson for Commercial Life Insurance Company.

She was appointed as Deputy Chief Risk Officer with duties including enhancing CIB's integrated Enterprise Risk Management (ERM) framework. In her current capacity, Ms. Borollossy is responsible for managing and developing all key risk areas including credit risk in Institutional Consumer and Business Banking, Assets and Liabilities Management Risk including market, liquidity and interest rate risks in addition to non-financial risks including operation, strategic, conduct, vendor management, IT, reputation, and social and environmental risks. She is a senior member of all essential committees at the Bank, including High Lending and Investment Committee, Consumer and Business Banking Risk committees, and Non-Financial Risk and Compliance Committee.

Ms. Borollossy received her BA in Political Science from the American University of Cairo in 1983 and has since pursued a number of postgraduate trainings in different corporate, investment, and risk and strategic management areas.

What We Do

Institutional Banking

Corporate Banking and Global Customer Relations Group

Widely recognized as Egypt's preeminent corporate bank, CIB serves 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 exceptional execution times.

Direct Investment

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

Financial Institution Group

CIB provides a diverse set of banking and financial services designed to suit the needs of different financial institutions through facilities tailored to address the financing needs of banking and non-banking financial institutions.

Treasury and Capital Market Services

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

Strategic Relations Group

CIB is dedicated to servicing its prime institutional entities through the Strategic Relations Group. SRG carries out this function with highly qualified relationship managers, who supply our customers with exclusive, personalized services, catering to their unique business needs. The market segment covered by SRG contains strategic entities, including, but not limited to, the vast majority of sovereign diplomatic missions.

Enterprise and Governmental Relations Group

Enterprise and Governmental Relations aims at managing the Bank's relationship with strategic governmental and large enterprises by focusing on providing first class service and lifetime value for top tier local and regional companies under state-owned enterprises, governmental entities or sovereign authorities, which require a more sophisticated level of service in order to increase their business with CIB. In addition to creating new business opportunities for other LOB's out of those customers by offering different corporate, digital, and consumer products and services.

Global Transaction and Digital Banking

The Bank's Global Transaction and Digital Banking Group manages all corporate and consumer digital channels to fully integrate the Bank into our clients' daily lives. It develops simple, reliable, and consultative digital experiences that meet customers' needs anytime, anywhere, and on any device.

Retail Banking

Consumer Banking

The Consumer Banking Division is the core engine to CIB's dynamic service offering, providing a broad range of retail clients in different customer segments

(Prime, Plus, Wealth, or Private), an extensive bundle of products and services tailored to satisfy their needs.

These products are diversified from personal to specialized lending solutions, cash management services to credit and debit card offerings, in light with a full-fledged competitive analysis in depth.

Business Banking

The Business Banking segment serves over 54,000 SMEs with revenues ranging from EGP 1 million to over EGP 200 million through a network of over a hundred experienced relationship managers. The division works with clients across the industry, providing market-leading services and innovative, bespoke solutions for small and medium enterprises as it works to cement CIB's position as a bank of choice for business owners.

Representative Offices, Subsidiaries, and Associates

Dubai Representative Office

CIB launched its UAE operations in 2005, allowing for a direct presence in the GCC region to offer a full range of products to retail and corporate clients. The Dubai Representative Office offers its existing and new customer base consultation regarding the Egyptian market, thanks to CIB's strong business foothold and track record. The office focuses on attracting and channeling inbound investments and cementing relationships with reputable GCC corporations with investment or planned investments in Egypt and Africa, in addition to

targeting high-net-worth individuals and business banking clients with an appetite for the Egyptian market. The office creates a bridge between the GCC market and the Egyptian market to provide growth opportunities for the Bank, while extending its business portfolio and plays a key role in building and maintaining relationships with large corporate clients and financial institutions in the GCC to boost the corporate and trade finance business in Egypt. These strategic alliances are key to the expansion strategy of the Bank, allowing it to leverage unique opportunities to offer clients extensive financial tools while providing valuable market information to GCC clients.

Addis Ababa Representative Office

CIB established its Ethiopia Representative Office in April 2019 in Kirkos Sub City, Addis Ababa and has been fully operational since 19 July 2019. Entering one of the most attractive markets in the region, with one of the highest GDP growth rates globally over the last few years and the second-largest population in Africa, CIB will be able to further its expansion strategy for tremendous growth opportunities. The office works closely with Egyptian corporations operating in Ethiopia, as well as international and local financial institutions to offer creative solutions for their foreign and local financing needs. The office maintains and builds relationships with Egyptian expatriates in Ethiopia and focuses on developing strong ties with Ethiopian banks to pave the way for establishing on-the-ground market intelligence within the country.



Widely recognized as Egypt's preeminent corporate bank, CIB serves enterprises ranging from industry-leading corporates to medium-sized businesses.

CVentures

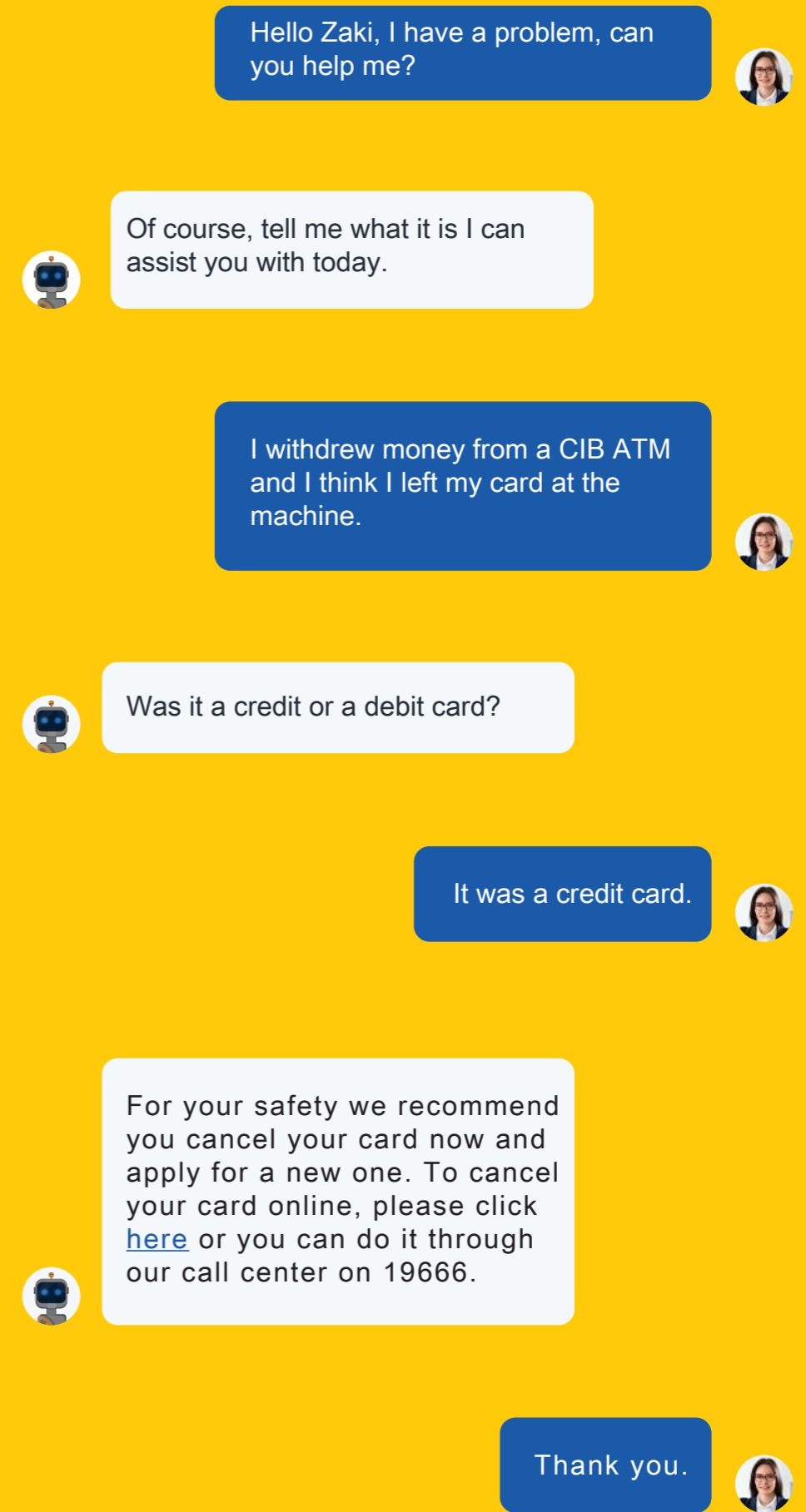
CVentures is Egypt's first corporate venture capital firm owned by a bank focused primarily on investing in category-defining companies in financial technology spaces with the potential to create meaningful change in financial services. CVentures primarily participates in Series A and Series B investment rounds, and 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.

Falcon Group

Falcon Group 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.

Fawry Plus

Fawry Plus is Egypt's first agent banking company, providing 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 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.



CIB's Stock

The Bank offered shares to the public in 1995 and has since become the biggest constituent on the Egyptian Exchange (EGX). Not only is CIB's stock viewed as the gateway to Egypt, but 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 international-leading, non-US companies listed on a qualified international exchange and providing their home country disclosure to US investors.

By the end of 2019, CIB's total issued shares were 1,469,082,130, the Bank's GDR outstanding position reached 423,398,421 shares, representing 28.82% of issued shares, and its ADR outstanding position recorded 21,767,360 shares, representing 1.48% of issued shares.

CIB has the highest weight on the EGX30, accounting for 43.47% of the index, and has the highest free float at 93.45%. CIB's stock is one of Egypt's most liquid, and it is the most valuable financial institution with a market capitalization of EGP 122 billion as of December 2019.

Breakdown of Shareholders by Region

(As of December 2019)



North America	55.70%
Africa	13.55%
GCC	9.84%
Continental Europe	8.21%
UK & Ireland	7.66%
Rest of the World	5.05%

Investor Relations

CIB works diligently to increase value for its stakeholders. The Bank's active Investor Relations Division maintains a proactive investor relations program to keep shareholders and investors abreast of developments impacting the Bank's performance. The team and senior management dedicate significant time to one-on-one meetings, road shows, investor conferences, and conference calls, sparing no effort in providing the investment community with transparent disclosures while simultaneously ensuring analysts have the information they need to maintain balanced coverage of the Bank's shares.

Breakdown of Shareholders by Type

(As of December 2019)



Institutions	92.53%
Individuals	7.47%

During 2019, the team and senior management took part in ten local and international investor conferences held in the UK, US, Africa, Asia, and the Gulf, in addition to two road shows and one business trip. Alongside several in-house meetings, the team conducted more than 210 one-on-one and group meetings throughout the year and met with over 350 local and international investment funds and research analysts. CIB hosted several conference calls in 2019, 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.

Thanks to the team's continuous efforts to further enhance the program, CIB received three awards in 2019 in the largest investor relations event in the MENA region organized by the Middle East Investor Relations Association (MEIRA) in partnership with Extel. The Bank's Chief Executive Officer received "Best Investor Relations by CEO in the Middle East," the Chief Communications Officer was named "Best Investor Relations Professional – Egypt," and CIB was awarded the "Leading Corporate for Investor Relations in Egypt."

This is the sixth year running in which CIB has received at least one award from MEIRA.

Equity Analysts' Ratings

CIB is widely covered by leading research houses both locally and internationally. In 2019, 16 institutions regularly issued research reports on CIB, with 68.8% of analyst recommending "Buy," 25% recommending "Hold," and only 6.2% recommending "Sell."

COMI started the year with an open price of EGP 59.26 and ended it at EGP 83.00 with 40% y-o-y positive change. During 2019, CIB's price reached a peak of EGP 85.00 and a valley of EGP 58.60, and the average VWAP during the year was EGP 74.47, with an average volume of more than EGP b1.2 million and an average market capitalization of EGP 109.5 billion. All figures are adjusted to the 1:4 bonus stocks that took place on February 14th 2019.

Our History and Timeline

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.

1975

- Established as Chase National Bank; the first joint venture bank in Egypt
- Becomes the first Egyptian bank to introduce an Institutional Banking Risk Rating Model

1977

- Becomes first private sector bank to create a dedicated division providing 24/7 banking services to shipping clients, with a primary focus on business in the Suez Canal

1987

- Chase Manhattan divests its stake in the Bank,
- and the Bank changes its name to Commercial International Bank (CIB)

1989

- Selected by BSP to become its agent in Egypt

1991

- First Egyptian commercial bank to arrange debt swap transactions
- First bank to launch a smart card center in Egypt

1993

- Concludes Egypt's largest initial public offering (IPO) for a domestic bank, which was 1.5x oversubscribed, selling 1.5 million shares in a span of 10 days and generating EGP 390 million in proceeds

1994

- First bank in Egypt to connect with the international SWIFT network

1996

- First Egyptian bank to have a Global Depository Receipt (GDR) program on the London Stock Exchange

1997

- First Egyptian bank to link to SWIFT via CITA
- Concludes first and largest EUR-syndicated loan
- Becomes first private sector bank with investment rating (after Luxor incident), rated BBB by Fitch IBCA

1998

- First private sector bank with investment rating (after Luxor incident), rated BBB by S&P
- First bank to link its database to Misr for Central Clearing, Depository and Registry (MCDR) Company
- First Egyptian bank to form a Board of Directors Audit Committee

2001

- First Egyptian bank to register its shares on the New York Stock Exchange in the form of American Depository Receipts (ADR) Level 1 program
- First bank to introduce FX cash services for five currencies through ATM

2005

- First bank in Egypt to launch a page on Bloomberg for local debt securities

2006

- First to adopt a pricing policy according to client risk rating to abide by Basel II requirements
- First Egyptian bank to execute an EGP 200 million repo transaction in the local market
- First and largest Egyptian bank to provide securitization trustee services

2007

- Only Bank in Egypt chosen by UNIFEM and World Bank to participate in the Gender Equity Model (GEM)

2008

- 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

- 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

- First Egyptian bank to establish a global transaction service department
- The 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 annual net profit to the Foundation

2011

- CIB-TCM becomes pioneer in trading in almost 114 new and unconventional currencies

2012

- First Egyptian bank to officially establish a Sustainable Development Department

2013

- 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
- Becomes first Egyptian bank to use RAROC
- First Egyptian bank to introduce an interactive multimedia platform that offers customers the option of interacting with call center agents over video calls

2014

- First Egyptian bank to sign an agreement with Misr for Central Clearing, Depository & Registry (MCDR) company to issue debit cards for investors to collect cash dividends
- Launches first co-branded credit card, Mileseverywhere, with national carrier Egyptair
- Introduces the first interactive social media platform in the Egyptian banking industry
- The first block trading transaction on the EGX takes place when Actis sells its 6.5% stake in CIB to Fairfax

2015

- First Egyptian bank to successfully pass external quality assurance on its Internal Audit Department
- Generates highest FX income in 10 years among private-sector banks in Egypt
- First Egyptian bank to recognize conduct risk and establish a framework

2016

- Launches mobile banking application
- Becomes the first Egyptian bank recognized as an active member of the United Nations Environmental Program—Financial Initiative
- Receives Socially Responsible Bank of the Year 2016 award from African Banker

2017

- Becomes the only Egyptian bank ranked on the FTSE4Good Sustainability Index



In 2019, CIB became a founding signatory to the United Nations Environment Program Financial Initiative (UNEP-FI's) Principles for Responsible Banking.

2018

- First Middle Eastern company to be analyzed in a case study conducted by the Leadership Institute of the London Business School
- Establishes CVentures, Egypt's first corporate venture capital firm primarily focused on investing in transformational fintech startups
- 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's sustainability index (S&P/EGX ESG) for the fifth year in a row since 2014

2019

- Included on the 2019 Bloomberg Gender-Equality Index (GEI), becoming the first Arab and African company to be named to the index out of the 230 companies. Bloomberg GEI is the world's only comprehensive investment-quality data source on gender equality
- Became the only representative from Egypt's private sector to join the Digital Economy Task Force (DETF)
- Launched CIB's Chatbot named Zaki, which uses artificial intelligence, becoming the first bank in Egypt to introduce a chatbot that supports both English and colloquial Arabic
- Became a founding signatory to the United Nations Environment Program Financial Initiative (UNEP-FI's) Principles for Responsible Banking
- Recognized by Forbes among the top 500 employers globally coming in the 90th place; within the top 100 companies in the world

Awards



1993 – 1998

Six-time recipient of **Best Bank in Egypt** award by Euromoney



2005

First Egyptian bank to win the **JP Morgan Quality Recognition Award**



2016

- **Socially Responsible Bank of the Year** by African Banker
- **Best Bank in Egypt Supporting Women-Owned and Women-Run Businesses** by the American Chamber of Commerce in Egypt
- **Achievement in Liquidity Risk and Operational Risk for the Middle East and Africa** by Asian Banker
- **Best Retail Risk Management Initiative** by Asian Banker
- **Most Active Issuing Bank in Egypt** in 2015 by the European Bank for Reconstruction and Development
- **Middle East Most Effective Recovery** by BCI



2006 – 2012

Seven-time recipient of **JP Morgan Quality Recognition Award**



2013

First Egyptian bank to win the **JP Morgan Quality Recognition Award**



2017

- **World's Best Bank in the Emerging Markets** by Euromoney, the first bank in the Middle East and Africa to win this award
- First Egyptian bank be named **Best Bank in the Middle East** by Euromoney



2018

- **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

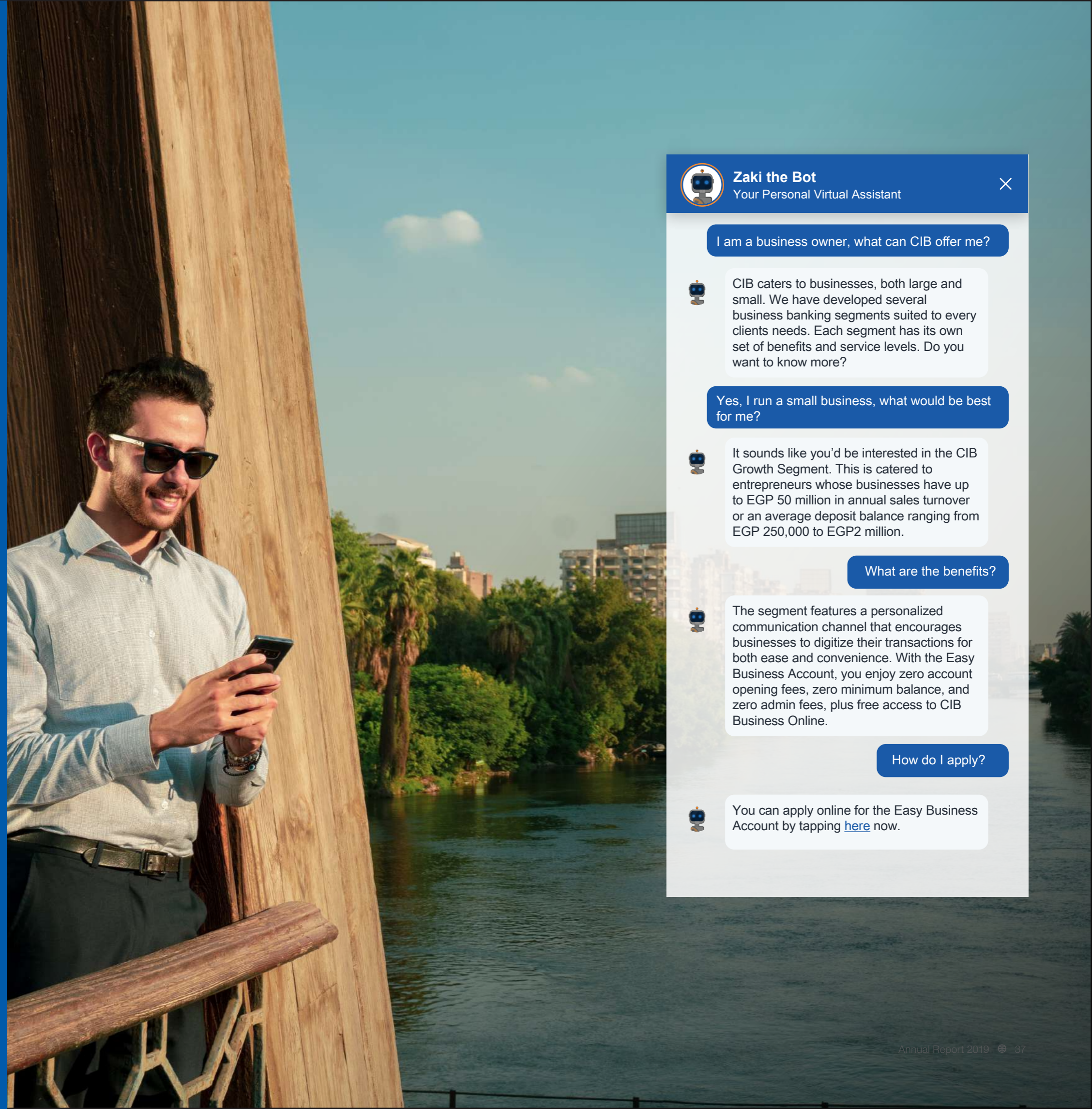


2019

First Egyptian bank to win the **JP Morgan Quality Recognition Award**

Strategic Direction

CIB's forward-looking strategy is propped up by the strength of its people, effective data analytics tools, and a stalwart management team.



Zaki the Bot
Your Personal Virtual Assistant



I am a business owner, what can CIB offer me?



CIB caters to businesses, both large and small. We have developed several business banking segments suited to every client's needs. Each segment has its own set of benefits and service levels. Do you want to know more?

Yes, I run a small business, what would be best for me?



It sounds like you'd be interested in the CIB Growth Segment. This is catered to entrepreneurs whose businesses have up to EGP 50 million in annual sales turnover or an average deposit balance ranging from EGP 250,000 to EGP 2 million.

What are the benefits?



The segment features a personalized communication channel that encourages businesses to digitize their transactions for both ease and convenience. With the Easy Business Account, you enjoy zero account opening fees, zero minimum balance, and zero admin fees, plus free access to CIB Business Online.

How do I apply?



You can apply online for the Easy Business Account by tapping [here](#) now.

Strategy

Over the past few years, CIB's strategy has been focused on moving toward a more customer-centric approach to uniquely position it among peers as an organization. This focus revolves around the customer experience and a superior brand image. To carry out our strategy, we have been investing heavily in data analytics, upscaling our infrastructure, digitalizing and automating the way we do business, while constantly developing our employees' skills with the latest emerging trends.

As we start a new chapter in CIB's journey, the Bank's outlook is dictated by the progress achieved in the previous periods, while supporting the decision-making process with structured data, creating countless experiences that are consumed digitally by our customers and acknowledging that artificial intelligence, blockchain, cloud and data (ABCD) will play a pivotal role in defining our mode of operations.

Our Vision and Mission

In staying true to the above, our vision and mission statements have changed as well:

Our Vision

To be at the forefront of change, building for the future and turning aspirations into reality.

Our Mission

To transform traditional financial services into simple and accessible solutions by investing in people, data, and digitalization to serve tomorrow's needs today.

Core Banking Activities

- Offering solutions designed with individual needs in mind for our targeted customer base relying on ABCD as the forces driving change and innovation and impacting every aspect of CIB's strategy and line of business and support function.

Digital Strategy

- Developing our digital capabilities to tap into financial inclusion opportunities, lower the cost to serve, and decrease turnaround time to ensure operational efficiency and allocation of resources.

Geographical Expansion

- Growing our continental footprint with a focus on East Africa.

Responsible Banking

- Continuing to advocate and lead in responsible banking principles by driving financial inclusion and literacy, women and youth empowerment, and equality, in addition to adopting the best practices for sustainability, CSR, and governance.
- Directing our efforts toward maintaining our position as Egypt's number one green bank, as well as upholding employee wellbeing, community investments, and making banking accessible for those with disabilities and the unbanked.

Our Values

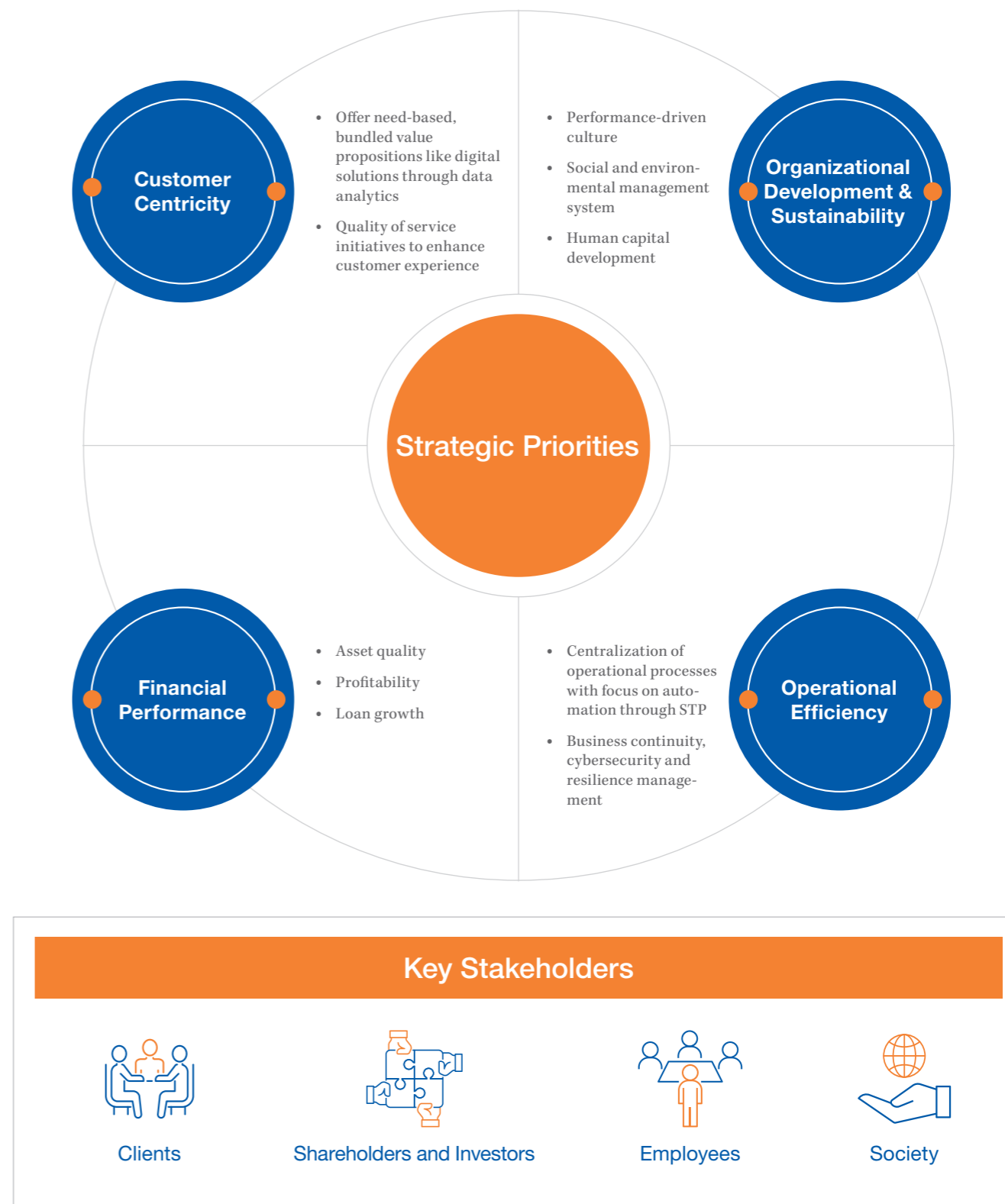
- Integrity
- Client Focus
- Innovation
- Hard Work
- Teamwork
- Respect for the Individual
- Decorum
- Responsible Leadership
- Empowerment

Our Pillars

- Segmentation – developing innovative products tailored to the customer's needs, while relying on behavioral analysis.
- Customer Experience – leveraging behavioral analytics and technology to improve the customer experience.
- Operational Efficiency – ensuring a streamlined approach to provide exceptional customer experience through process re-engineering and straight-through processing.
- Digitalization of the Customer Journey – developing our digital capabilities and transactional banking.

Value Creation Model

Value creation is and has always been one of the main areas of focus in the Bank's strategy. 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.



Resources (Input)	Value Created (Outcome)	
<p>Financial Capital Strong financial capital is always reinvested in the Bank's activities</p>	<ul style="list-style-type: none"> EGP 11.8 billion in net income EGP 23 billion total revenues EGP 51.8 billion net worth EGP 387 billion total assets EGP 304 billion total deposits EGP 122 billion market capitalization 29.49% ROAE 3.99% NPLs 21.59% 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"> 6,900 total workforce as of year-end 347,100 training hours 	<p>Human Capital</p> <ul style="list-style-type: none"> CIB recognized as one of the World's Best Employers by Forbes in 2019, coming in at 90th place among top 500 employers globally. Highly skilled staff capable of sustaining CIB's path of success and maintaining the Bank's leading position within the market
<p>Innovation and Technology 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</p>	<ul style="list-style-type: none"> #1 in mobile wallet activity in Egypt 114% y-o-y increase in number of transactions 45% y-o-y increase in number of new online banking clients, and 51% y-o-y increase in number of transactions 65% y-o-y increase in number of new smart wallet users, and 34% y-o-y increase in number of transactions Largest ATM network among private banks, at 1,012 ATMs achieving high cash deposit and withdraw transactions migration rates from branches to reach 95% and 98%, respectively. 	<p>Innovation and Technology</p> <ul style="list-style-type: none"> Expanding in digital banking platforms through availing more services to enhance customer experience, sales efficiency, and manage costs. Digital banking achieved total cost synergy of EGP 2.2 billion, a 22% y-o-y increase Continuously upgrading our infrastructure and cyber security capabilities to provide a seamless customer experience in a safe environment

Resources (Input)	Value Created (Outcome)	
<p>Service Excellence and Brand Recognition CIB has long-standing relationships with clients that are built on trust and customer-centricity. The Bank'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</p>	<p><i>NPS in 2019:</i></p> <ul style="list-style-type: none"> Wealth 45, vs. 20.3 NPS ME Benchmark Plus 38, vs. 20.3 NPS ME Benchmark Prime 32, vs. 20.3 NPS ME Benchmark Corporate 23, vs. 37.9 NPS ME Benchmark Business Banking 21, vs. 37.9 NPS ME Benchmark <p><i>CSAT in 2019:</i></p> <ul style="list-style-type: none"> Wealth 8.5, vs. 8.4 in 2018 Plus 8.3; same as in 2018 Prime 8; same as in 2018 #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 	<p>Service Excellence and Brand Recognition</p> <ul style="list-style-type: none"> 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 are strong 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
<p>Responsible Banking Integrating sustainability best practices as an advocate of responsible banking, whereby CIB manages its environmental footprint by applying the highest standards related to its energy and water consumption, carbon footprint, and waste management</p>	<ul style="list-style-type: none"> 11% decline in electricity consumption across CIB premises 40% reduction in water consumption Saved 600,000 A4 paper sheets, the equivalent of saving 500 trees Three head offices are awarded the highest environmental GPRS Green Level Ranked #1 on the EGX Sustainability Index in 2019 for the 5th consecutive year For the 2nd consecutive year, CIB is listed on the 2020 Bloomberg Gender Equality Index (GEI), after being the first Arab and African company listed on the 2019 Bloomberg GEI— the world's only comprehensive investment-quality data source on gender equality 2019 CIB emissions totaling 36,373,090 MtCO2 	<p>Responsible Banking</p> <ul style="list-style-type: none"> CIB signed a commitment document to the UNEP FI for Principles for Responsible Banking (PRB), which embeds sustainability across all business areas and align the Bank to the society's sustainable development goals Waste management remains of focus, as we continue the segregation and selling of electronic waste, while establishing partnerships to encourage and promote recycling. The Annual Sustainability Report is in line with the Global Reporting Initiative (GRI) Core Standards, which provide the most comprehensive framework for sustainability reporting

A Note From Our Chairman



CIB has long sought to reduce its environmental footprint, and we take into account in our credit process the footprints of our clients.

If there's one thing we know for certain about 2020 and the new decade that it marks, it is that politics, technology, and economic forces are reshaping our world.

From Lebanon to Iraq, Chile to Hong Kong, we see calls for sweeping political and economic change. In the United States, Bernie Sanders is running for the Democratic presidential nomination on a platform promising radical economic overhauls.

BlackRock, the world's largest investor, wants to change how it allocates capital to give more weight to climate change and environmental, social, and governance factors.

Corporations are being forced to re-think how they define success and to formulate a new, more inclusive model of growth that leaves more on the table for employees, clients, and the communities in which they do business.

The debate over gender equality has gone global, leaving me proud to note that we have been meeting our internal targets on diversity and gender inclusion for years, with women accounting for 30% of our employees, including 39 out of 147 senior managers. Other businesses in Egypt and beyond are starting

to take gender equality seriously, but we have been walking the walk for years, culminating early in the new year with our being named one of just 325 companies to make the Bloomberg 2020 Gender-Equality Index (GEI).

It is only right that we now look to extend this leadership to the impact of climate change on our business and on the economy. CIB has long sought to reduce its environmental footprint, and we take into account in our credit process the footprints of our clients. But we need — as an institution and as a business community — to do better. Our continent's carbon emissions are a fraction of those of China or the United States, but we stand to suffer disproportionately the most from the effects of climate change, from flooding to drought and more. Indeed, Moody's declared in January 2020 that Egypt (alongside Vietnam, Suriname, and the Bahamas) is among the countries whose sovereign credit rating is most at risk from the impact of rising sea levels on incomes, assets, health, and safety.

Despite these challenges, CIB is fully aware that there are substantial opportunities to create value for shareholders while honoring stakeholders.

There is, in particular, opportunity in Africa that demands our collective attention. People may be disaffected and disconnected in the west, but our African neighbors are looking to a more connected future.

Start with electricity, where just one out of every three people have access, but where Egypt has invested in conventional and renewable generation capacity that now leaves us with an energy surplus. This is why the administration of President Abdel Fattah El Sisi is remaking Egypt not just as a premier Eastern Mediterranean natural gas hub, but as a continental energy center that can — through interconnections with Sudan, Saudi Arabia, Jordan, and our North African neighbors — help bridge the continental electricity gap.

Whether it is access to energy or to connectivity, African nations are working together to create equitable and shared growth. This extends to the emphasis on access to financial services in Egypt and across the continent — energy and connectivity are precursors to access to finance, the tool that gives men and women alike the ability to take charge of their financial futures.



Similarly, Africa is getting serious about eliminating physical barriers to inter-continental trade that range from unusable inland waterways (unlike many in Western Europe and parts of North America, they do not interconnect and cannot be navigated for trade) to railways and ports built to suit colonial resource extraction rather than inter-African commerce.

Look, for example, at the recent progress on the creation of a Single African Air Transportation Market (SAATM), which promises to improve economic integration and connections between countries and regions.

But the real trade efficiencies are going to come in the long term from investment in infrastructure, particularly in ports. Africa's 170 or so ports are under-developed and inefficient, with shipping costs 1.5-3x more than in other regions, according to PricewaterhouseCoopers. What's more, some 16 of the continent's 55 countries are landlocked. Here again, Egypt provides a model for others to consider with its investment in infrastructure ranging from rail and road to ports, industrial parks, and inland "dry" ports.

It is for all of these reasons that your Bank looked to Africa in 2019, setting the stage for our growth beyond our borders for the first time. In April, we opened a representative office in Addis Ababa to serve as a bridgehead to a key trading partner and fellow custodian of the mighty River Nile. In November, we made clear our intention to acquire a stake in a Kenyan bank.

In Kenya, we will offer back-to-back trade finance, facilitating Egyptian exports to (and imports from) this vital East African market, while we look forward to exploring the exciting Ethiopian market it embarks on a period of political and economic reform.

Our growth into Africa is part of a story of Africans reclaiming control of their financial apparatus. At the beginning of 2019, CIB had 10 correspondent banks in Africa; when we wanted to work with any other party, we typically did so through a European intermediary. Today, we cover 18 African countries through a diverse network of correspondent relationships with 24 African Banks as well Pan African Banking Institutions.

My frequent visits to other African nations have left me impressed with the talent of today's youth and their fluency in deploying technology to capture opportunities that eluded their predecessors less than a generation ago. From Kenya to Uganda, Egypt to South Africa, top applications and tech platforms tend to be home-grown, not imported. It is a development that gives me heart.

Harnessing the power of technology is not "on CIB's radar." We are not "preparing for a digital future," we are already living it. Technology is an integral part of the fabric of your Bank, from how we interact with all of our clients to how we formulate, price, and bring products to market.

Change is coming, whether in the form of declining interest rates in Egypt, political shifts in our key

global partners, or our integration with Africa. I am very pleased to report that your bank is not merely prepared for this change, but thanks to our outstanding people at all levels, we are leading it. Our people are benefitting from advances in Big Data, artificial intelligence, and process automation, allowing us to effectively become a leaner and more efficient organization while simultaneously being able to deploy our people where they can make the biggest difference. More thinking with and for our clients. More time spent cultivating and deepening relationships. Much less time spent doing rote work that is best performed by machines.

We have repositioned your Bank to ensure we are agile and nimble as an organization, able to harness shifts in technology and respond to the evolving preferences of clients of all forms. Our growing branch network serves those who want face-to-face counsel and contact, and our powerful, easy-to-use online and mobile banking solutions are ideal for those who want to take charge of their financial futures from the comfort of their handset, tablet or laptop, wherever they may be.

Ours remains a relationship-based business, whether that relationship plays out in person or via a screen, and your Bank is committed to delivering clients of all sizes a personalized, meaningful, and engaging experience when and where they want it.

Finally, ladies and gentlemen, I would ask that all of you join me in celebrating the life and memory of my friend Paul Volcker, the chairman of the US Federal

Reserve, who passed away in December 2019. We owe Paul a debt of gratitude as bankers, but as CIBans, we owe him even more: Paul was an invaluable Senior Advisor to our Board of Directors for a three-year period ending in 2008. His emphasis on responsible governance and passion for our industry stands as a model for us all.



Hisham Ezz Al-Arab
Chairman and MD

A Note From Our Chief Executive Officer

The true measure of a banker is their ability to generate returns for shareholders over the long term by putting capital to work. If we do it right, we play meaningful roles in helping individuals live better lives and corporate clients build businesses.

In the 1990s, bankers helped build a new private sector in Egypt. In the 2000s, we helped those businesses grow and began banking a new generation of young entrepreneurs and professionals. In the 2010s, we helped businesses survive a tumultuous period marked by sweeping political change, devaluation, and runaway inflation, and added “financial inclusion” to our industry’s vocabulary, signaling that the banking system needs to be available to people from all income levels.

Today, with a recovery in consumer demand now a given as inflation cools and incomes catch-up, I am growing increasingly optimistic that the twenties will be about helping individuals and companies alike capture new opportunities.

These opportunities will take many forms. Some of them are obvious to us now, others will become clear only with the passage of time. Among them:

- **Egypt is emerging as a regional hub** for everything from energy (including natural gas and renewable energy) to manufacturing;

- **Egypt is a net producer of talent for the industries of the future**, from technology to financial services;
- **Egypt isn’t just contributing to the growing global middle class**, it is a beneficiary as our tourism market skews toward new, fast-growing inbound markets in Asia and Africa;
- **Our nation’s fast-growing population will give us a demographic advantage** supporting workforce stability and consumer market growth just as population growth;
- **And technology is remaking industries** from finance to professional services, manufacturing to tourism — providing opportunities for businesses and entrepreneurs, professionals, and low-income earners alike.

Against that backdrop, I am now optimistic that we will see double-digit growth in corporate demand for credit in 2020. Allow me to explain.

Where we’ve been

Companies had little appetite to invest in growth after the events of 2011. Macroeconomic headwinds and strains on foreign currency availability in the following years didn’t help, nor did the effective collapse of tourism after the October 2015 crash of a Russian airliner in Sinai.

Most of you reading this can likely recount what happened next: The economy ground to a halt amid foreign exchange constraints and a burgeoning parallel market for FX, a logjam the Central Bank of Egypt decisively broke in late 2016 with the float of the Egyptian pound and an exceptionally sharp hike in interest rates.

As spiraling inflation eroded consumer and corporate consumption, those of our corporate clients who posted revenue growth did so on price hikes, not on volumes. There was, quite simply, no impetus to borrow for much other than working capital finance — and even if there had been, the cost of capital was prohibitive with borrowing rates north of 20%.

But as those of us who live, work and do business in Egypt have always known, it was never a question of “if” demand would come back, it was one of “when.” With 100 million consumers (and growing), ours is a consumption-driven economy whose challenges were the result of economic shocks, not of long-term political unrest.

Today, consumer spending is on the upswing, purchasing power is rising, and the ratio of consumer debt to GDP is still less than 10%. In US dollars, corporate earnings caught up in 2019 to their pre-float



levels. Subsidies have been lifted. Foreign exchange is freely available, reserves have been rebuilt, and our exchange rate shows healthy volatility. We have invested in critical infrastructure that has not just made rolling electricity blackouts a thing of the past, but that now sees us positioned as an energy export hub.

In parallel, interest rates have declined — they fell 450 basis points in 2019, and the market consensus is for the easing cycle to continue through the end of 2020.

This is our new reality.

Where we are

Our consumer banking arm delivered another very strong year in 2019, and we see substantial room for continued growth in 2020 and beyond on both the asset and liabilities side as more people come into the banking system and as appetite for consumer credit expands in an under-penetrated market. But we are particularly excited about the outlook in this new decade for our institutional banking arm — the traditional growth engine of our bank.

Consumers and corporations alike have caught their breath after the shocks of the past several years. In a consumption-driven economy, this sets up what we expect will be a virtuous cycle of growth in which declining interest rates are a catalyst.

With interest rates on an easing path and companies borrowing at floating rates, the signal to the C-suite from the Central Bank of Egypt is clear. Our Institutional Banking team started seeing the signs in the second half of last year as our clients initiated talks for facilities to support their 2020 growth plans.

The CBE and the government are both telling the market it is time to invest, announcing in December

2019 an EGP 100 billion initiative to boost domestic manufacturing by allowing small- and medium-sized factors access to subsidized loans at a declining 10% interest rate.

After a year of single-digit loan growth, we are optimistic we will see a double-digit expansion this year, barring any exogenous shocks. We are, in short, going back to “traditional banking” after a decade of crisis management. Technology is changing. Markets are changing. But in a very real sense, we’re going back to our comfort zone.

Our people will carry us the next mile

We take great pride in having been the top-ranked African company (and number 90 overall) on Forbes’ 2019 ranking of the World’s 500 Best Employers, but we also take it in stride. We have known for more than 40 years that banking is fundamentally a people business.

That’s why we continued to invest in our industry-leading credit certification program throughout the dislocations of the past decade. Every year, we had an average of 40 new credit analysts coming online. They have been actively working to develop relationships with our corporate clients, giving us an edge as the market enters this new phase. Simply put, our people and the client relationships they maintain allow us to deliver a personalized, bespoke offering that no other bank is able to extend.

Our shareholders have broadly welcomed our financial performance amid complex market conditions in a challenging economy. With the tide now turning, we look forward to showing what we can do from a position of strength.

Today, CIB is ideally positioned in terms of people, processes, capital, and technology. Big data now

informs every decision we make, from product formulation to pricing and delivery. Technology infuses the Bank from straight-through processing to electronic documentary collection and the launch of a retail-oriented chatbot on our public website. Wherever our clients want to bank — in person or on their handsets — we’re there.

Heading into the 2020s, then, our goal is simple: To create value for our clients and our shareholders alike by being at the forefront of change.



Hussein Abaza

Chief Executive Officer

Board of Directors' Report

Snapshot of 2019

As Egypt continues its transformation journey, several social and economic strides have been undertaken throughout the year. Any change of this nature does not come without the need for adjustments. Without question, these decisions will ultimately lead to the betterment of Egypt. Accordingly, we as Board and Management, having anticipated the urgency and necessity for agility, flexibility, decisiveness, and foresight, enabled us to navigate through the changes. These attributes were born of long and deep market experience to guide the bank. Accordingly, it is with much pride we report to you the robust and exemplary results of Commercial International Bank (CIB) for the financial year 2019.

The results on which we are now reporting are a testament to the depth of this institution — including the strategic direction and oversight provided by the board; the stewardship of the management team; and strong on-the-ground execution across all channels of our platform, from digital to branches, product to support functions.

CIB entered 2019 well positioned, having calibrated our profit distribution strategy in light of what we expected would be the natural evolution of more stringent regulatory requirements as regards bank capital. In parallel, we entered 2019 with the expectation that Egypt would soon enter an aggressive easing cycle. We accordingly restructured our balance sheet position for the Bank to optimize returns, as that expectation became a reality. Our foresight was again proven correct, as 2019 saw the Central Bank of Egypt push through a total 450 basis points (bps) of rate cuts, bolstered by factors including and improving fiscal position as Egypt met its 2% primary surplus target, which narrowed the general government fiscal deficit to 8.2% of GDP in FY2018/19, down from 9.7%. Meanwhile, Egypt reported its highest real GDP growth since FY2007/08 at 5.6% in FY2018/19, and we saw a consistent

recovery in purchasing power as inflation fell to its lowest rate since December 2005, recording 3.15% in October 2019.

Our foresight was not limited to the macroeconomic environment in Egypt, but also the overarching direction of global economic trends, all of which together shape our institution's future direction. Cognizant of the nation's direction imperative to re-integrate with Africa, your Board and Management team took steps well ahead of our peers to map and set a strategy that wills your Bank to grow outside our borders. This cross-border strategy began to unfold almost three years ago as we developed the intelligence and indicators we needed to choose the most value-accretive entry point and the strategy best-suited to capture opportunity in Africa.

Also in 2019, the changing world around us demanded that we explore and adopt new Vision and Mission statements that together reflect your Bank's strategy. We believe they are important to include here in full:

Our Vision

To be at the forefront of change, building for the future and turning aspirations into reality.

Our Mission

To transform traditional financial services into simple and accessible solutions by investing in people, data, and digitalization to serve tomorrow's needs today.

CIB's Strategy

CIB's flexibility to adapt to unforeseen changes in the market supports our strong commitment to create value for stakeholders at each step. Over the past few years, the Bank adopted a strategy that focused on transforming CIB into a more customer-centric organization that stands out from its peers through its superior products, services, and brand image.

In doing so, we have been investing heavily in data analytics and artificial intelligence, upscaling our infrastructure, digitalizing and automating how we do business, while continuously developing the skills of our employees.

Core Business Activities

With the ultimate goal of building a bank that offers bespoke customer solutions, CIB pursues innovative ways to conduct business to drive the Bank to new heights. CIB intends to expand its outreach across all lines of businesses by exploiting new core banking modules, advanced campaign management capabilities, process re-engineering, workflow optimization, data analytics, digital thinking, and a new distribution approach.

The Bank's transformation was supported by a strong and dynamic balance sheet management, which was formulated in response to a relaxed lending appetite. This was spurred by high interest rates that prevailed during the first half of 2019, which was followed by an easing cycle in the third quarter. Through a deposit-gathering strategy aimed at reshaping its funding mix, CIB was able to create a flexible balance sheet structure to secure earnings and profitability in anticipation of rate cuts.

Digital Strategy

The Bank's technological transformation, which began several years back, continues to evolve to this day. Ahead of the market, CIB has embraced the alphabet of the future; ABCD; artificial intelligence, blockchain, cloud, and data.

CIB prioritizes big data as it develops structures for information-gathering and analysis, which will allow quantitative knowledge to further the possibilities of strategies and operations. It is these building blocks that will allow the Bank to meet

the rest of its strategy pillars and advance its international presence.

To our clients, we offer simple, secure, and accessible banking solutions at their fingertips regardless of when or where they perform their transactions. Internally, we focus on increasing migration and automation ratios, optimizing costs, and generating revenue.

In 2019, CIB became the first bank in Egypt to introduce a chatbot that supports both English and colloquial Arabic. Using artificial intelligence to help CIB customers and non-customers learn about the Bank's products, latest offers, and find the nearest ATM or branch, CIB introduced a virtual assistant named "Zaki the Bot." Operating both on Facebook Messenger and on CIB's public website, Zaki is an important digital milestone that has the potential to be a key channel for data supported by machine learning, while delivering customer-centric solutions and innovative touch points.

As a firm believer that financial inclusion will be one of Egypt's turning points, CIB is constantly developing payment services through its mobile application CIB Smart Wallet and availing it to both the banked and unbanked, allowing them to pay bills, buy from merchants using QR codes, and send money to other wallet holders in Egypt with relatively lower fees. As of December 2019, CIB had the highest activity rate for mobile payment through its Smart Wallet in the Egyptian market, amounting to 18% with a total value of transactions of EGP 1.4 billion.

As a result of its digital transformation efforts, CIB is ranked first in Egypt for digital domestic transfers through Automated Clearing House (ACH), while holding 25% market share for both internet and mobile banking.

As a key supporter of the nation's entrepreneurial ecosystem, CIB has intensified its activities in the field of financial technology (fintech) and entrepreneurship. In support of fintech companies, the Bank organizes workshops and offers mentorship to provide the community with guidance. It is always on the lookout for new collaborations under the Bank's Entrepreneurs Engagement Program (EEP), which supports startups who have fast and agile solutions by helping them materialize their offerings into product lines. The Bank also promotes intrapreneurs by conducting innovation challenges and competitions that bring together creative teams from different areas and levels within CIB. During 2019, CIB's Innovation Lab contributed to more than 35 events, enrolled more than 30 mentors who have conducted over 150 mentoring hours, approached more than 150 startups, and is in serious talks with more than 10.

On the operational front, CIB continues to focus on increasing digital transformation and automation rates along with enhancing cost synergies and increasing revenues. Accordingly, the Bank's digital channels achieved total cost savings of EGP 2.2 billion as of December 2019, recording a y-o-y increase of 22%. Internet Banking played a vital role in automation and off-loading CIB branches as credit card settlement, internal transfer, and external transfer transactions migration rates from branches reached 91%, 76%, and 39%, respectively.

As part of the Contact Center transformation, the interactive voice response (IVR) saw an 84% migration rate of eligible inquiries from the call center, boosting agents' productivity and reducing the call center's operational costs. Ranked the largest private-sector bank and the 3rd largest among all banks in ATM network with 1,012 machines, CIB achieved high migration rates from branches in cash deposits (less than EGP 10,000) and withdrawals (less than EGP 20,000) of 95% and 98%, respectively. CIB's astute digital thinking was reflected in several lines of businesses in 2019, among which was Global Transaction Banking (GTB). Moreover, the Bank was committed to introducing the most comprehensive payment products on the e-payments market, as well as a number of core digital efforts in cash management. In 2019, CIB ranked highly among Egyptian banks in market share of domestic digital transfers through ACH receivables and payables (ACH Direct Credit and ACH Direct Debit).

Online Trade Finance, CIB's market-leading online trade channel, offers clients the ability to conduct and manage their trade finance transactions online. The channel provides customers with transparent and clear information about their transactions, while eliminating paperwork, saving them time and money. As of December 2019, the migration rate for online trade reached 27%.

In line with the Ministry of Finance's target to collect all government payments electronically, CIB and e-finance, a company that develops and operates e-payment platforms and channels, agreed to enable customs, tax, and other government authorities to receive payments through the E-Pay portal. Through its clients, CIB executed 35 thousand transactions in 2019, amounting to 32% of total transactions.

In its quest to develop promising digital transformation initiatives, CIB engaged in several multilateral task forces and regional forces alike. CIB joined the World Economic Forum (Africa), Smart Africa, and the European and African Union's Digital Economy Task Force (EU AU DETF). The Bank also partnered with Carnegie Mellon University, a global leading data science university, to provide real-life business case practicum courses to their Master of Science in Information Technology (MSIT) degree program cohort in Kigali, Rwanda. The Bank also cooperated with JP Morgan Chase and 160 other banks in 2019 to develop its propriety Blockchain Interbank Information Network (IIN), which allows for the exchange of information in real-time to verify payment approvals. This infrastructure will offer beneficiaries simplified and expedited global cross-border payments in every major market.

Given the Bank's renowned technical expertise, the CBE invited CIB to join a taskforce for an eKYC project that involved studying the application of Distributed Ledger Technology (DLT), more commonly known as "blockchain" to eKYC frameworks. In parallel, CIB, part of the R3 consortium, leveraged R3's open-source platform and DLT technology to develop use-cases for trade finance and SWIFT, both for the Bank and the Egyptian banking sector.

In recognition of its conscientious efforts, CIB's Analytics and Data Management (ADM) team received the International Data Group's Digital Edge 50 Award for its branch customer journey simulator

project in the category of Artificial Intelligence, Machine Learning, and Cognitive Computing. Furthermore, CIB's data transformation was included as a case study for Harvard Business School.

Geographical Expansion

CIB has always been on the lookout for productive organic growth opportunities that diversify its operations, balance sheet structure, and sources of income. Given the fundamental similarities the region shares with Egypt, CIB management concluded that Africa – specifically East African countries – being a natural geographic extension to Egypt, presents lucrative growth opportunities for CIB. In addition to its plentiful attractive investment opportunities, the English-speaking region is also a key market for Egypt-based products in several sectors, and its political stability, as ascertained by the Bank's recently developed political risk index, only underscore its attractiveness. Moreover, East African countries are part of the African Continental Free Trade Area (ACFTA), which is expected to allow the free movement of business travelers and investments, create a continental customs union to streamline trade, and attract long-term investment in Africa. Additionally, these countries have a successful record of accomplishments in digital banking and financial inclusion, which offers CIB an unmatched learning opportunity in these arenas.

As a result, CIB management has carefully studied several opportunities during the past three years in order to choose the best fit for its expansion strategy. Based on this, CIB established a commercial representative office in Addis Ababa, the capital of Ethiopia to capture growth opportunities in other flourishing markets, which has been operational since July 2019. With one of the highest GDP growth rates globally over the last several years, Ethiopia is one of the most attractive markets in the region. The office gives CIB a first-mover advantage once the Ethiopian banking sector opens to foreign investors. Right now, the Bank is focused on gathering market intelligence to deepen its presence and supporting clients who operate in the country by promoting Egyptian exports. Additionally, the Bank is in the final stages of concluding a partnership transaction that will see CIB enter the Kenyan market, further expanding its geographical reach.

Responsible Banking

Equally important and high up on our priority list is being a Responsible Bank that maintains the same level of transparency that CIB has always been well renowned and acknowledged for.

Environmental, Social, and Governance

CIB believes it is the duty of every institution to act responsibly to the benefit of the community in which it does business, the environment, and its shareholders. The Bank practices the Progressive Sustainability approach through interrelated channels: environment, society, and economy. Population growth, coupled with technological advancements, are affecting our planet in distinct ways. Dilemmas such as climate change, decaying natural systems, and rates of migration are exponentially increasing. Progressive Sustainability is proving to be the key avenue to minimize the negative impacts of environmental and social problems through innovation, increasing equity, and offering opportunities for a balanced life.

Environmental Sustainability

The Bank takes immense pride in the concrete steps it has executed over the past years in the field of environmental sustainability. The decisions, activities, and initiatives undertaken by CIB, especially in the last eight years, have resulted in a shift in how the Bank has been regarded locally and internationally – a responsible institution that works tirelessly to benefit the community and contribute to the wellbeing of the environment.

In its efforts to reduce its negative impact on the environment, CIB applies and promotes sustainable ways of conducting its business by using its resources in environmentally friendly ways.

- **Carbon Footprint Calculations** – With climate change becoming a pressing issue for the world, the Bank made it imperative to understand its direct and indirect emission impact on the environment. A consolidated Carbon Footprint Audit Report on all CIB premises was developed, showing total CIB emissions hit 36,373,090 MtCO₂e for the year, and a target was set for 2025 to reduce greenhouse gas emissions by 10% (1,800 MtCO₂e).
- **Energy Efficiency** – CIB is applying an Energy Management System (EnMS) to provide

technical data on energy consumption and how to effectively manage it. This step will help us acquire an ISO certification in EnMS, enable us to better manage CIB's energy usage, achieve operating cost savings, and improve energy efficiency. Thanks to various energy saving initiatives, we recorded a 3% reduction in electricity consumption for the year compared to 2018.

- **Sound Measurement** – In line with CIB's commitment to employees' wellbeing, health, and safety, CIB finalized a sound measurement exercise on the five busiest branches in Cairo, Giza, and Alexandria. The exercise included the maintenance and architectural adjustments required to decrease noise pollution. The results showed that CIB successfully decreased noise pollution levels on average by 10-12 decibels per branch, putting them in the safe zone according to international standards.
- **Reducing Waste and Managing Resources** – As CIB aims to transform its buildings and offices into eco-friendly spaces, water consumption is controlled through water restrictors and other devices, waste management systems (electronic and paper waste) are in place, paper waste is sold to paper recycling startups, and biodegradable plastic is used. The Bank also encourages carpooling through a tailored CIB application.
- **Natural and Cultural House of Zawara, Wadi El Rayan/Fayoum** – The project, executed in collaboration with the UNDP, the Egyptian Italian Environmental Project (EIEP), and the Ministry of Environment, will introduce a new ecotourism destination that plays on the natural and cultural diversity of the area. Aside from its positive social, environmental, and economic impacts, the project provides CIB with the opportunity to align its internal environmental initiatives with external community investment and partner with leading global entities to harness key synergies and collaborations.

Sustainable Partnerships

2019 featured recognition from different stakeholders of the Bank's initiatives and systems.

- **UNEP FI Responsible Banking Principles** – Being a member of the UN Environmental Program - Finance Initiative (UNEP-FI), CIB

worked with other leading domestic, regional, and international financial institutions to promote sustainable practices in the global financial sector. The Bank participated with 29 other financial institutions to develop the UNEP-FI's Principles for Responsible Banking (PRB), which are the first principles specifically for banking institutions to encompass social, environmental, and governance practices as part of their day-to-day operations. CIB became one of the founding signatories of PRB, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change. CIB joins a coalition of 130 banks worldwide, representing over USD 47 trillion in assets, in committing to taking on a crucial role in achieving a sustainable future.

- **Digital Economy Task Force (DETF)** – CIB is the sole representative from Egypt's private sector in the Digital Economy Task Force (DETF) – a joint venture between the African Union and the European Union. This invitation cements CIB's position as a leader in the development of the financial sector and the digitalization of banking services. The DETF consists of multiple stakeholders from government, civil society, financial institutions, development agencies, and the private sector to achieve cross-border integration and cooperation in Africa. Through this platform, the DETF seeks to establish its goals by developing policies and recommendations to create alignment across the national, regional, and continental levels and ensure synergies between the initiatives under implantation.

Sustainability Indices

- **Financial Times Sustainability Index (FTSE4 Good)** – CIB was a constituent in FTSE4 Good for the fourth consecutive year.
- **EGX Sustainability Index** – CIB was ranked first on the EGX Sustainability Index 2019 for the fifth year in a row.
- **Carbon Disclosure Project (CDP)** – CIB is one of the companies listed in the CDP, a climate change program aimed at reducing companies' greenhouse gas emissions and mitigate climate change risk. CDP recognizes companies with high-quality disclosure in its annual scoring process.

- **Bloomberg Gender-Equality Index** – CIB was included in the 2020 Bloomberg Gender Equality Index for the second year running.

Corporate Sustainability Task Force

In line with the Bank's commitment to sustainable business practices, CIB established a Corporate Sustainability Task Force in 2019, chaired by a non-executive Board Member and composed of six members who meet at least four times a year. Through engaging with staff members in workshops and meetings, the task force keeps staff members aware of all the sustainability activities undertaken by the Bank and encourages personal sustainable endeavors.

As a result, a team member in the Port Said branch funded and planted over 2,000 trees in the governorate. The Port Said branch also minimizes its environmental impact by tackling two main pillars: digital transformation and the reduction of CO2 emissions. During the year, the branch scored first in terms of e-statement migration, issuing 9,500 e-statements and saving over 70,000 sheets of paper in the process. The branch also hit the highest number of Smart Wallet subscribers bank-wide at 463 subscriptions for the year. It also greatly reduced its air-conditioning usage, lowering the branch's electricity bills by 13% in 2019.

Social Development

CIB strives to create a positive impact on the local community and has undertaken a number of initiatives to support underserved segments. The Bank's commitment to social development is performed through three channels: the Corporate Social Responsibility (CSR) Program, the CIB Foundation, and dedication to supporting squash and Egyptian squash champions.

Corporate Social Responsibility

2019 was another eventful year, seeing the Bank expand its CSR activities to increase the number of beneficiaries. CIB executed various projects and provided support to initiatives carried out by other organizations.

Social Activities

- **KidZania** – CIB and KidZania's partnership began in 2013, and since then, the Bank has organized several trips each year to KidZania for more than 150 underprivileged and special needs children, as well as children with health conditions.

- **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. CIB also sponsored the 2019 World Autism Awareness Day in Egypt, where the Bank's Smart Village headquarters and select branches were lit in blue in solidarity.
- **Beena** – For four consecutive years the Bank has been the main partner and financial sponsor of Beena, a protocol signed between CIB and the Ministry of Social Solidarity to encourage active youth participation and monitor social care services. Beena attracted thousands of youths to volunteer with orphans, senior citizens, and individuals with special needs.

Cultural Activities:

- **El Sawy Culture Wheel** – In 2019, CIB continued its long-lasting sponsorship of El Sawy Culture Wheel, supporting various intellectual, cultural, and social activities.
- **Cairo International Biennale "Towards the East"** – The 2019 Biennial was the first following an eight-year hiatus where 80 artists representing 50 countries participated. The artistic works of the festival were hosted in the historic and cultural locations throughout Cairo, including the Palace of Arts, Aisha Fahmy Palace, the Museum of Modern Egyptian Art, and the Zamalek Art Complex.
- **Reimagined Narratives** – This is a successful series of annual art exhibitions held at different heritage sites across Egypt, sponsored by CIB in 2019 for the third year in a row, and held under the auspices of the Egyptian Ministry of Antiquities. This year, the exhibition was held for the first time at the UNESCO World Heritage Site in Historic Cairo, where it transformed several locations in Moez Street into open art spaces, housing the work of over 20 contemporary Egyptian artists.
- **Alex Workshop Center** – This year marked the 20th anniversary of the Alex Workshop Center, which was supported by CIB. The center has been a pillar of the Alexandrian community, supporting local artists, artists with special

needs, and other members of the community to safeguard the artistic heritage of the city and spread art throughout the city.

CIB Foundation

Established in 2010 as a non-profit organization under the Ministry of Social Solidarity Decree No. 588, the CIB Foundation is dedicated to improving healthcare and nutrition services extended to children of underprivileged families with limited access to quality healthcare. The CIB Foundation's efforts include not only donations, but also the monitoring of projects' impact. In addition to the direct donations made to its fundraising account, the Bank supports the CIB Foundation with 1.5% of its annual net profit.

With a vision to ease the burden on families in need, the CIB Foundation works with private, public, and non-governmental healthcare providers that offer free-of-charge services to ensure the widest community reach and to maximize the value of its work through achieving positive and sustainable results.

Over the past years, the CIB Foundation has expanded its activities and initiatives to include different geographical areas throughout Egypt. During 2019, the CIB Foundation allocated a total budget of EGP 143 million to be channeled through four main pillars: purchasing medical equipment, funding surgeries and treatment, sponsoring operating costs for healthcare providers, and financing medical convoys. Total expenditure in 2019 reached EGP 89.5 million for a total of 20 projects serving hundreds of thousands of Egyptian children in different governorates across Egypt.

For detailed information on its projects, please refer to the CIB Foundation annual report available on CIB's website.

Supporting Squash

Supporting sports and athletes has always been an integral part of CIB's commitment to social development. The Bank recognized early on the true potential of Egypt's squash players who are currently dominating world rankings. Six Egyptians are in the world's top 10 men players, and five Egyptians are in the top 10 women as of December 2019, and are perceived as ambassadors representing Egypt globally.

Stemming from the belief that supporting these talents generates more value for the Egyptian athletic community and raises Egypt's profile on the world stage, the Bank broadened its support of the sport

in 2019 to capitalize on the traction its players are carving out globally.

Squash Tournament Sponsorships

CIB expanded its squash-related sponsorships to open doors for more Egyptian athletes to progress in the PSA world rankings.

The most notable sponsorship in 2019 was the CIB PSA Women's World Championship and the CIB Egyptian Squash Open Men's Platinum, which took place simultaneously in front of the Great Pyramid of Giza and brought together 64 female athletes and 48 male athletes. For the first time in any sport, the women's competition had a bigger prize purse than the men's; the women's squash world champion prize was USD 430,000, while the men's prize was USD 185,000. The tournament made significant international waves in both the squash community and sporting arena worldwide due to the unprecedented move toward women's equality and empowerment.

Sponsoring the Egyptian Squash Federation

CIB maintained its sponsorship of the Egyptian Squash Federation for the eighth consecutive year and sponsored the National Men's, Women's and Junior Squash Teams. This support has played a direct role in the national teams' accomplishments throughout the year, including the Girls' National Junior Squash Team winning the World Junior Squash Championship in Malaysia for the seventh time since 1994. In addition, Egyptian players won both the Boys and Girls World Individual titles. The National Men's Squash Team was named World Team Champion in Washington, DC 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 as well as individual world titles.

Sponsoring Egyptian Athletes

In support of young players leading the world's squash rankings, CIB tailored special sponsorships to help eight talented players maintain their rankings and continue representing the country around the world, as of December 2019:

- Ali Farag – #1 on the Men's PSA World Squash List
- Karim Abdel Gawad – #3 on the Men's PSA World Squash List

- Nour El-Tayeb – #4 on the Women's PSA World Squash List
- Tarek Momen – #4 on the Men's PSA World Squash List (current world champion)
- Hania El-Hammamy – #10 on the Women's PSA World Squash List
- Mohamed Abouelghar – #8 on the Men's PSA World Squash List
- Marwan Elshorbagy – #9 on the Men's PSA World Squash List
- Salma Hany – #14 on the Women's PSA World Squash List

Partnership with Wadi Degla Clubs' Darwish Squash Academy

CIB continued its partnership with Wadi Degla Clubs to support young Egyptian squash athletes by developing their skills and enhancing 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 athletes representing Wadi Degla and sponsored by CIB are:

- Raneem El Welily – World No.1 on the Women's PSA World Squash List
- Nouran Gohar – World No.3 on the Women's PSA World Squash List

Corporate Governance

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.

Aimed at sustaining the Bank's success, CIB's governance framework is backed by a solid set of policies and procedures tailor-made to the Bank's scope, size, and business complexity. Among these policies is the Code of Conduct, which sets out the standards expected from all employees and provides 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.

Encouraged to raise concerns about wrongdoing or unethical conduct, CIB's Whistleblowing Policy guarantees a supportive environment for staff who decide to report suspected violations of the law or Bank policies through clear reporting and escalation channels. The Bank handles cases of whistleblowing, whether from internal or external sources, very seriously and at a senior level.

The Bank's Conflict of Interest policy guarantees that all staff and board members remain aware of any conflict of interest between the Bank and their personal, professional, and business interests, providing guidance on how to handle those cases.

In order to safeguard the interests of our clients, the Conduct Risk Policy clarifies the Bank's relationship with customers and its duties toward them. It also outlines the Bank's approach to the management of conduct risk. CIB considers that the most effective way to avoid conduct risk is to embed a culture of integrity and high ethical standards across the organization.

This inclusive 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. 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.

Board of Directors

CIB's corporate governance structure is anchored in a team of highly professional executive directors and a distinguished group of independent non-executive directors (NEDs) who seek the best interest of all related stakeholders. The BoD is collectively responsible for CIB's long-term financial and non-financial success, setting the Bank's strategic objectives, and overseeing its implementation.

The BoD is also mandated to ensure the effectiveness of the internal control systems, managing risk, and securing CIB's institutional reputation and long-term sustainability. Through its

different committees, the BoD is responsible for setting compensation and performance goals and managing director nomination, evaluation, and succession planning.

The Bank's BoD structure is in line with international best practices and allows for the position of a lead director. Since July 2019, CIB has appointed a lead director who is an independent member of the BoD. The latter's responsibilities include developing board-meeting agendas in collaboration with the Chairman to discuss critical issues, following up on with executive management, establishing a comprehensive evaluation process, and gathering feedback from BoD members on executive management performance, among others.

The Bank organized an informative intervention forum for members moderated by top professors from IMD Business School to align the organization with best international practices.

Changes to the Board of Directors

In October 2019, CIB appointed two new independent non-executive directors, Mr. Paresh Sukthankar and Mr. Rajeev Kakar, who are both seasoned bankers with a long reputable record of accomplishments. Mr. Sukthankar brings in more than 30 years of experience in banking and last served as the Deputy Managing Director of HDFC, one of India's leading private banks, from 2014 until 2018. Mr. Kakar has over three decades of expertise in financial services, especially in retail and SME banking, across multiple global markets. He is the founder of Dunia Finance, a non-bank finance company, in which he served as the Managing Director and CEO from 2006 until 2018. Mr. Kakar is also a co-founder of Fullerton Financial Holdings, a global company that invests in creating emerging market financial institutions, in which he served as Executive Vice President and Global Head of Consumer Banking from 2006 until 2017.

The Bank also saw the departure of both Mr. Yasser Hashem and Dr. Sherif Kamel from CIB's BoD, having concluded six years of service on the BoD, in accordance with CBE corporate governance guidelines. The Bank is deeply grateful to both gentlemen for their valued guidance, commitment, and dedication throughout their years of service, which have no doubt contributed to CIB's transformation and success.

With these changes, CIB's BoD is currently comprised of nine directors, where seven out of the nine members are NEDs (78%), one of whom represents Fairfax's interest in CIB and six of whom are independent (67%). Our board boasts an optimal mix of skills, experience, and diversity in terms of gender and nationality, with two female directors (22%) and five non-Egyptian directors (56%). CIB prides itself on having a diverse board with significant leadership and experience across a broad set of industries.

Segregation of MD and CEO Roles

In line with CBE directives on corporate governance as well as international best practices, CIB segregates between the roles and responsibilities of both the Managing Director (MD) and the Chief Executive Officer (CEO). This split ensures clear accountabilities and responsibilities.

The MD 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. On the other hand, the CEO is responsible for managing the Bank's business lines and day-to-day operations.

Board Committees

CIB's BoD is supported by seven specialized committees that assist in fulfilling its responsibilities. Five non-executive committees: Audit, Governance and Nomination, Compensation, Risk, and Operations and Technology, and two executive committees: Management, and High Lending and Investment, in addition to a Corporate Sustainability Task Force. Each committee chairperson is responsible for briefing the BoD on the major issues raised by the committee that he or she chairs.

People...The Main Enabler

For several years, CIB has been investing in its people, the Bank's main enabler, efforts that garnered the bank recognition as one of the World's Best Employers by Forbes in 2019, coming in at 90th place among top 500 employers globally.

CIB continues to attract and retain the best cadres in the market and works on their development as early as the onboarding process. During the year, CIB attended 21 employment initiatives in different universities and venues across Egypt in search

of new talent. In 2019, CIB hired 571 external talent individuals, moved 1,328 across different areas, and internally promoted 625 promising young talents for better exposure and to enhance their career progression.

On the Retail Banking front, the Consumer and Business Banking Financial Services Management program was designed to acquire and develop potential agents for the Product and Segment, Business Banking, and Digital Banking departments. The SME Academy, a technical program designed for the Business Banking segment, was rolled out to select the best candidates to receive an intensive customized training program in the field. In addition, 25 Plus Bankers and Wealth Managers were given international certification through the new Wealth, Plus, and Private Academy. 2019 saw the first graduates of the Financial Control School, an in-house training facility delivered by top professionals providing applicants with both theoretical and practical training. Moreover, CIB became the first bank in Egypt to be the approved employer of the Association of Chartered Certified Accountants (ACCA).

Also under this umbrella, CIB employees enjoy preferential rates for post-graduate studies with ESLSCA Business School and the University of Chicago Booth School of Business. They have access to various online finance programs and preferential rates for finance courses from ACCA.

Career maps for all CIB employees were automated in 2019 and transparently communicated Bank-wide. Digital learning through CIB's video and audio libraries on the iKnow application was expanded to include more topics in finance, economics, globalization and technology, management and leadership, sales, and marketing. Several e-learning sessions were launched to increase awareness on topics such as reputational risk, HR policies, and organization awareness, while other topics were tailored to specific teams such as Corporate Banking, Credit and Investment Exposure Management, Debt Capital Markets, and Business Banking.

CIB provides programs to equip managers with the best leadership techniques. During the year, 1,239 employees ranging from professionals, first-line managers, and middle managers attended a variety of programs with local and international vendors and schools, including Frankfurt

Business School. Some 18 employees were offered programs of this nature abroad.

As employee recognition and reward management are crucial investments in any organization, CIB revamped the Employee's Recognition Program in 2019. It continues to provide employees with competitive compensation and benefit schemes, including an employee stock ownership plan (ESOP).

CIB provides its staff with equal opportunities for advancement regardless of gender, age, ethnicity, religion, or any other aspect of their identity. The Bank is deeply committed to further advance gender equality and women's empowerment. In 2019, women accounted for 30% of CIB's total workforce, well above Egypt's average ratio of 23%. The Bank rolled out several initiatives during the year, such as Women in Tech, which was introduced for the first time in the Egyptian banking industry and addresses the gender gap in the technology departments of the Bank and helps in building up skilled women to work in these divisions. Fourteen candidates were identified to join this program and rotated within several different departments, and four candidates were hired from the program. "She is Back" is another initiative introduced in 2019, aimed at easing the transition for women returning from maternity and/or childcare leave by refreshing their corporate and macroeconomic knowledge. A total of 43 women attended the rounds. Moreover, an in-house program was created this year to empower women and support them build long-term career success, with 45 women attending women empowerment seminars. Additionally, a two-day program was specifically tailored to first- and middle-line management levels and consisted of two international leadership modules on key management skills. Some 70 women across CIB were selected to attend the Exclusive Women Leadership program by the Egyptian Banking Institute (EBI).

2019 Financial Position

Starting IQ2019, CIB reported its financial statements in accordance with IFRS 9, as stipulated by the CBE. The Bank has been preparing for the shift to IFRS 9 since 2018 and communicated trial financial statements to the CBE for three consecutive quarters in 2018. The impact on CIB's provisions was immaterial, with no extra provisions required, thereby leaving the reserve created for this purpose last year based on CBE directives untouched, which

underscores the Bank's prudent risk management and conservative provisioning approach. CIB was also well positioned to accommodate the new tax treatment for income from treasuries enacted in IQ2019, thanks to the adaptable structure of CIB's balance sheet along with precautionary measures taken on by management over the past year.

CIB reported another remarkable set of results in FY2019, with consolidated net income up 23% y-o-y to EGP 11.8 billion. Standalone net income reached EGP 11.8 billion, up 24% from 2018. Standalone revenues grew 13% over the previous year to EGP 23 billion. Net interest income hit EGP 21.6 billion in FY2019, an increase of 19 y-o-y. Normalized for EGP 1.8 billion transferred in 2018 from unearned interest to interest income, standalone revenues grew 24% and net interest income 32% over the previous year.

The Bank was able to maintain its operational efficiency in 2019, with the cost-to-income ratio standing at 21.6% compared to 20.3% in 2018. Return on average equity (ROAE) recorded 29.5% on a consolidated basis (post profit appropriation) from 33.1% in 2018. Consolidated return on average assets (ROAA) increased to 3.26% (post profit appropriation) for 2019, up from 3.03% in 2018. As of year-end 2019, CIB booked a net interest margin (NIM) of 6.48%, up from 5.81% a year earlier, after normalizing for the aforementioned recycled amount.

CIB's gross loan portfolio stood at EGP 132 billion at year-end, growing 10% from EGP 119.5 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 6.82% in November 2019.

The Bank pursued deposit growth in 2019, adding EGP 19 billion to its base, which grew to a total of EGP 304 billion over the year, an increase of 7% from 2018. CIB's share of the deposits market reached 7.44% in November 2019.

Through the Bank's conservative risk-management strategy, asset quality remained resilient in 2019 while booking provisions adequate to mitigate any potential risks. Provision expense for 2019 amounted to EGP 1.4 billion, bringing the loan-loss provision balance to EGP 11.8 billion.

NPLs represented 3.99% of the gross loan portfolio, cushioned by a solid 225% coverage ratio.

The Bank remains comfortably covered in terms of capital adequacy, with year-end CAR recording 26.1% (post profit appropriation) — well above the minimum regulatory requirement.

Through the efforts of the Taxation team and the Financial Control Group, CIB became the first organization in Egypt to conclude its tax inspection process for a particular year ahead of the following year-end. CIB was also the first bank to conclude the settlement of all legal cases and disputes outstanding with the Tax Authority in the course of the Income Tax Protocol signed between the Federation of the Egyptian Banks and the Ministry of Finance. This enabled CIB to clear any tax-related uncertainties, further highlighting the quality of its financial statements.

In collaboration with the Financial Control Group and the Enterprise Risk Management (ERM) team, CIB developed the methodology of the Risk-Adjusted Return on Capital (RAROC) calculation. Through applying the latest CBE practices, the RAROC calculation will help elevate the business lines' performance management.

Appropriation of Income in 2019

The BoD has proposed the distribution of a dividend per share of EGP 1.25 and increasing its legal reserve by EGP 590 million to EGP 2,778 million, and its general reserve by EGP 7.84 billion to EGP 24,315 billion. This reinforces the Bank's solid financial position, as evidenced by its capital adequacy ratio (CAR) of 26.1%. 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 support the Bank's future growth plans.

Moreover, the BoD has proposed the distribution of one free share for every three existing shares (fractions in favor of minority shareholders) by increasing the issued and paid-up capital from the general reserve from EGP 14,776,813,400 to become EGP 19,702,417,900; an increase of EGP 4,925,604,500 distributed over a total of 492,560,450 shares, with a nominal value of EGP ten per share. This increase is to take place following the implementation of the capital increase related to the 11th tranche of the Employee Stock Ownership Plan

(ESOP), through increasing the issued and paid-up capital from EGP 14,690,821,300 to EGP 14,776,813,400.

2019 Operational Highlights

Institutional Banking

The Institutional Banking (IB) group met its performance targets for 2019. The group contributed 64.9% to CIB's loan growth during the year.

Building on the trust of the Bank's clients and longlasting relationships developed throughout more than 40 years in the market, the Bank's Corporate and Global Customer Relations (GCR) group ventured into new segments and sub-segments in 2019, such as education, frozen vegetables, hospitals, leather, and wood and furniture. Through this, CIB was able to expand its existing client base and open new market opportunities by financing mega-projects in key sectors, including power, real estate, telecom, food and beverages, petrochemicals, and oil and gas. Short-term working capital loans remained the main form of facilities required by clients throughout the year, mostly in LCY, showing an increase of 40% y-o-y.

The group's extensive experience, along with its superior financial structuring capabilities have continued to position CIB at the forefront of corporate banking. The Bank expects to sustain this positioning given its commencement in automating the credit approval cycle and re-engineering the processes in line with international best practices.

Through its Debt Capital Markets (DCM) division, CIB was the only local bank to act as a security agent on behalf of international lenders such as EBRD and Proparco for renewable energy projects specifically under the feed-in tariff program — a national landmark project supported by the government. Moreover, the team was able to close 75% of securitization deals in Egypt, which further strengthened CIB's position as the top Egyptian bank in structuring securitizations in the local market. CIB was also the top-ranking private sector bank in Egypt in the arrangement of syndicated loans and book running. The Bank was awarded two accolades for medium-term and revolving credit facilities extended to a company in the fertilizer industry, garnering the Bank the title of Best Refinancing in Africa and Best Refinancing Deal Award at the EMEA Finance Achievement and Project Finance Awards. CIB

also won the Best Syndicated Facility in North Africa for restructuring the medium-term loan and working capacity facilities for a company in the petrochemicals industry and the Best Telecom Deal in Africa for the 4G rollout for a company in the telecom sector. In 3Q2019, CIB ranked second among Egyptian banks on the Bloomberg Africa Mandated Lead Arranger and Administrative Agent League Tables and ranked third among Egyptian banks on the Bloomberg Africa Book Runner League Table.

With the recent rise of importance of the Chinese Yuan (CNY), a reserve currency since 2016, along with the hike in the Egyptian-Chinese trade relations over the past five years, CIB added CNY to its portfolio of major currencies in 2019. With this step, not only is the Bank a pioneer in dealing in CNY and CNH currencies, but it is now capable of handling various transactions and payments denominated in CNY, including account openings, treasury and dealing services, and issuing and handling trade instruments. Moreover, CIB expanded its trading on 114 unconventional currencies through third counter-party trading — a tool used by importers who pay off their suppliers in the original country of the unconventional currency.

In line with the Bank's expansionary plans in African, CIB's Correspondent Banking team expanded its coverage of Sub-Saharan Africa to include a portfolio of banking relationships in 22 countries across different regions of the continent.

Retail Banking

The Consumer Banking division relied on data analytics to enhance value-based segmentation, which is built on behavior and lifestyle, allows the Bank to proactively serve customers, boost digital activation, and increase cross-selling opportunities.

As part of CIB's unwavering commitment to promote financial inclusion, it was one of the first private sector banks to offer the national Meeza cards. Meeza prepaid and debit cards allow customers to withdraw cash from ATMs, conduct purchases, and perform e-commerce transactions in Egypt. Moreover, CIB was the first in the Egyptian banking sector to offer the contactless payment feature for debit cards, credit cards, and select POS machines.

Ranked third among all Egyptian banks and first among private banks, CIB's market share in household loans recorded 7.13% in November 2019. On the liabilities' side, CIB revamped its existing Save and Safe account to Premium Savers in 2019 to enhance its product offering and provide customers with an attractive balance of financial and non-financial benefits. CIB also launched a new payroll proposition — the Millennial bundle — targeting the younger age bracket of the payroll portfolio. It incentivizes this segment to maintain higher AUMs and encourages more usage of debit cards to further boost the digital platforms.

Consumer Banking grew its loan portfolio by 17% y-o-y and deposit portfolio by 9% y-o-y. To enhance profitability and the funding mix, CIB continued to gather current accounts and had the highest DDA market share among all private banks at 17% in November 2019. CASA accounted for 56% of the total funding base.

Having the largest ATM network among Egypt's private banks, CIB added more than 130 machines throughout the year, bringing its ATM network to 1,012 ATMs at year-end 2019. The Bank increased its branch network by six branches, to bring the total branches to 207.

Following the major transformation that took place in CIB's Business Banking division during 2018, the Bank launched a comprehensive loan program tailored to SMEs in 2019. The year also saw the offering of unique deposit bundles such as the Super Business Account, which gives customers exclusive benefits and services to manage their business efficiently and conveniently, and the Easy Business Account, an online account that allows customers to fulfill most of their banking needs without having to visit a branch. Moreover, CIB launched in 2019 an SME-dedicated call center to enhance the service level offered to this segment of clients, the first of its kind in Egypt.

Accordingly, the Business Banking division witnessed continued growth in 2019, with its client base growing 13% y-o-y to over 54,000 companies. The division's operating profits grew 5% y-o-y to EGP 1.6 billion and deposits hit EGP 23.4 billion, growing 18% y-o-y. In the payment solution space, the division was one of the top market leaders processing EGP 33 billion transactions. CIB was able to dominate Egypt's payment acceptance sector in 2019, with market shares of 26% and 19% for POS transactions and e-commerce transactions, respectively.



CIB pursues innovative ways to conduct business to drive the Bank to new heights.

Operations and Information Technology

The Operations and IT divisions work together to support the implementation of CIB's strategic vision by improving operational efficiency, automation, and process re-engineering, along with incorporating technological advancements and artificial intelligence across the Bank's functions. Using one of the most advanced technology infrastructures in the Egyptian industry with state-of-the-art computing systems, fully virtualized platforms, and powerful and initiative storage appliances, Operations and IT are instrumental in reducing the cost of service and better improving customer satisfaction.

To improve operational efficiency by offering enhanced technology, system stability, and decreased time to market, CIB upgraded its core system to the T24 Core Banking system in 2019. The year also witnessed the completion of the Sigma program, which aims to streamline customer service delivery at branches. The program has contributed to the successful rollout of account openings and loan origination, which resulted in better customer experience, service delivery turn-around-time (TAT), and business growth. In 2019, the Bank started a Business Process Reengineering (BPR) initiative to enhance efficiency and productivity rates, reduce TAT, improve the customer experience, and build effective Service Level Agreements (SLAs). Moreover, the Bank expanded its Straight Through Processing (STP) by growing the list of products and processes that are currently automated.

2019 witnessed the launch of the Visa Contactless Card for both debit and credit cards with dual contact methodology. With these new cards, clients can make payments in a faster and more convenient way without swiping their cards on POS machines or entering their pin numbers.

Security and Resilience Management

CIB has a dedicated team that safeguards the Bank and its stakeholders against cyber-attacks, disruptions, threats, and risks. With a superior, robust defense infrastructure, coupled with the industry's global standards and best practices, CIB prides itself on its quality of protection against advanced threats and attacks.

Ensuring that security incidents are identified, monitored, analyzed, and responded to, CIB's Security Operations Center (SOC) furnishes the Bank with a comprehensive overview of the entire network and possible vulnerabilities at an early stage. Another firewall is the Bank's business continuity and resilience management, which is responsible for planning and executing different response strategies in the event of business disruption. Moreover, CIB is governed by stringent security policies and guidelines through the security governance framework as stipulated by Information Security Management.

In 2019, the Bank renewed its Business Continuity Management ISO 22301:2012 certification for the second year, taking a proactive approach to minimize impacts of incidents, improve recovery time, and enhance its resilience capabilities to better serve customers. The Bank has also maintained its Payment Card Industry – Data Security Standard (PCI-DSS) certification, as well as assuring full compliance with SWIFT Customer Security Program requirements.

Awards and Recognition in 2019

In 2019, CIB received numerous awards and recognitions from prominent local and international institutions, echoing its position as a leader in the industry.

As a testament to CIB management's excellence, the Bank's Chairman and Managing Director was named CEO of the Year in 2019 by Global Investor.

CIB received three awards in 2019 in the MENA region's largest investor relations event organized by the Middle East Investor Relations Association (MEIRA) in partnership with Extel. CIB was awarded the Leading Corporate for Investor Relations in Egypt, the Bank's Chief Executive Officer received Best Investor Relations by CEO in the Middle East, and the Chief Communications Officer was named Best Investor Relations Professional – Egypt. This is the sixth year running in which CIB has received at least one award from MEIRA.

Furthermore, CIB was able to maintain its ranking on Forbes Middle East's Top 100 Listed Companies in the Arab World, coming in at 38th and ahead of the four Egyptian companies on the list, solidifying its position as a local bank with international standards.

Awards by Global Finance

- Best Bank in Egypt
- Best Online Portal Services
- Best Information Security and Fraud Management
- Best Online Deposit, Credit, and Investment Product Offerings
- Best Bill Payment and Presentment
- Best Integrated Consumer Banking Site
- Best in Mobile Banking
- Best Mobile Banking App
- Most Innovative Digital Bank and Best Trade Finance Services
- Best Trade Finance Provider in Egypt
- Best Treasury and Cash Management Providers in Egypt
- Best Subcustodian Bank in Egypt
- Best Bank for Payments and Collections in the Middle East

Awards by Euromoney

- Middle East's Best Bank for Corporate Responsibility
- Best Bank in Egypt

Awards by EMEA Finance

- Best FX Services
- Best Payment Services in North Africa

2020 Business Outlook

Despite regional and international headwinds, 2020 is perceived to be the year in which Egypt reaps the fruits of the accomplishments it has achieved over the past few years. Structural economic reforms and the expected additional rate cuts should improve the business climate for the year.

CIB will continue to provide valuable opportunities for shareholders by providing clients with the highest quality of service while supporting their investment and financial growth plans. No matter the operating environment, the Bank will remain committed to maximizing returns for shareholders through a business strategy centered around asset quality and profitability.

Performance Table


2019 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"> Consolidated ROAE of 29.5% (after profit appropriation) Consolidated 24% EPS growth Total tier capital hit 25.43% 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"> Standalone cost-to-income ratio of 21.6% Institutional banking profit before tax rose 12% over last year to EGP 10.7 billion, and loan portfolio grew to EGP 104.1 billion, up 8% y-o-y Retail banking profit before tax increased 8% y-o-y to EGP 4.9 billion and deposits grew to EGP 27.3 billion, an 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 cybersecurity standing, with a clear strategy and comprehensive plan to improve security capabilities and continuously provide a safe banking environment for customers CIB renewed its Business Continuity Management ISO 22301:2012 certification for the second year in 2019
EMPLOYEE <ul style="list-style-type: none"> Enhance 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 6,827 employees in 2019 with an average annual income of EGP 246,000 per employee CIB implements an Employee Stock Ownership Plan (ESOP) as part of its compensation strategy, aimed at attracting, motivating, retaining, 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 2019, CIB allocated a total of 10,541,330 stocks to 4,242 employees. Since the inception of the plan in 2006 and its renewal in 2015, the Bank has allocated 91,032,963 shares to its employees (taking into consideration capital increases throughout the stated period)

2019 Performance Measures	Results
COMMUNITY <ul style="list-style-type: none"> Donate 1.5% of annual net profit to the CIB Foundation Make positive contributions by: <ul style="list-style-type: none"> Supporting employees' community involvement and fund-raising efforts Supporting advances in areas of focus, including education, arts, culture, health, and environmental protection 	<ul style="list-style-type: none"> CIB strives to create a positive impact on the local community. Accordingly, it has undertaken a number of initiatives to promote inclusive and sustainable development across the country as well as provide support to underserved segments of the community through the Bank's Corporate Social Responsibility Program, the CIB Foundation, and its dedication to supporting Egyptian champions.
SAFEGUARDING THE INTERESTS OF SHAREHOLDERS <p>CIB maintains a proactive investor relations program to keep shareholders abreast of developments that could have an impact on performance. The team and senior management attend one-on-one meetings, road shows, investor conferences, and conference calls, sparing 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</p>	<p>As a result of the team's conscious efforts in its Investor Relations program, CIB received three awards in a 2019 study conducted by the Middle East Investor Relations Association (MEIRA) in partnership with Extel. The Bank's efforts have been globally recognized, receiving at least one award annually in the past six years. In 2019, CIB received the following awards:</p> <ul style="list-style-type: none"> Leading Corporate for Investor Relations in Egypt Best Investor Relations by CEO in the Middle East for our Chief Executive Officer Best Investor Relations Professional – Egypt for our Chief Communications Officer


Our Businesses

CIB is an award-winning institution dedicated to creating outstanding stakeholder value and providing superior customer service solutions to a broad range of clients.




 **Zaki the Bot**
Your Personal Virtual Assistant ×


I want to know more about CIB segments.

 By maintaining a certain deposit amount, you can move up to a different segment of CIB customers.


What are the segments?

 CIB has four segments to ensure we give every customer solutions catered to their lifestyle needs: CIB Prime, CIB Plus, CIB Wealth, and CIB Private.

Tell me more about CIB Wealth.

 CIB Wealth is a premium segment that offers customers several exclusive benefits such as priority service at branches, a dedicated CIB Wealth teller, and superior rates on time deposits.

How do I become a Wealth customer?

 Simply maintain a balance of EGP 1 million to EGP 20 million or the equivalent in any foreign currency. For more information, visit the CIB Wealth webpage by tapping [here](#).

Institutional Banking

100 EGP
BN

group loan and investment portfolio

Corporate and Global Customer Relations (GCR) Group

The Corporate and Global Customer Relations (GCR) Group continues to build on its legacy and steadfast commitment to supporting the Egyptian economy and providing world-class customer experience. This is owing to the Bank's fortitude and far-reaching experience that allows the group to help clients thrive in today's evolving and complex market. CIB's talented teams, coupled with its superior financial structuring capabilities, have continued to position the Bank at the forefront of the corporate banking sector through constantly innovating its product offerings while maintaining unparalleled asset quality.

Despite the challenging macroeconomic environment witnessed in the first half of 2019, the group has ventured into new potential segments and sub-segments such as education, frozen vegetables, hospitals, leather, and wood and furniture. Furthermore, the group has expanded the existing client network to tap into further market opportunities, by financing mega-projects in active sectors such as power, real estate, telecom, food and beverages, petrochemicals, and oil and gas.

The Bank's strategy in the years to come is to invest in a digital transformation that will provide clients with effective financial strategies. This is backed by the belief that a global offering is paramount

to meeting clients' financial objectives, which will serve as the catalyst for this transformation. In this regard, the group has embarked on a journey to optimize all credit processes, including automation of the credit approval cycle and the re-engineering of processes in line with international best practices. In addition, the Bank will utilize its access to a wealth of client information to develop predictive analytics to tailor future credit offerings as well as forecast possible early-warning indicators.

Furthermore, the group plans to promote trade finance business flow through the Bank's digital platforms as well as expand the electronic cash, trade, and CPS (governmental e-payments) management solutions. Electronic services will also facilitate ring-fencing of full business cycles with counterparties, which will maximize transactional returns.

The group will also continue to support medium-sized companies by offering customized financial solutions and promoting their financial inclusion in the market.

2019 Highlights

The second half of 2019 underscored that the Egyptian economy is on the right trajectory towards growth, which has created a more stable environment for banks. Factors contributing to the growth

include a declining interest environment, a stronger EGP, a decrease in inflationary levels accompanied by an increase in consumer purchasing power, a boom in the tourism sector, as well as a sustained reform momentum. Nonetheless, other macroeconomic factors have weighed down on the economy, including generally slower global economic growth, which has decreased FDIs and affected exports, as well as turbulence in some strategic industries such as cement and heavy steel.

However, the group's loan and investment portfolio recorded EGP 100 billion as of December 2019 compared to EGP 88 billion as of December 2018. The group finalized several key transactions during the period, including but not limited to:

- In cooperation with several partner banks, CIB arranged a securitized facility for the New Urban Communities Authority (NUCA) for a codevelopment contract portfolio to partially finance national real estate and infrastructure projects.
- Engaged in several escrow arrangements for codevelopment concepts in the real estate market.
- Financed the upgrade of the National Electricity Grid and electricity distribution networks.



CIB's strategy in the years to come is to invest in a digital transformation that will provide clients with effective financial strategies.

- Extended short-term working capital facilities to leading players in the food and beverage sector.
- Supported the tourism sector by extending sizeable facilities directed at the renovation of existing hotels.
- Financed the export business of leading companies in the petroleum industry.
- Supported major telecom players in the procurement of high-speed routers.
- Participated in a club deal to finance the expansion of El Sokhna Port.

2020 Forward-Looking Strategy

In an environment of rapid change and increased competition, the group's strategy is to optimize credit offerings and processes. Even as the market pioneer, the group is always prepared in case of disruptions and will continue to invest in digital technologies to provide clients with valuable data and insights. Welcoming change is accordingly of utmost importance as it paves the way for creativity and eliminates crippling risks that can be caused by short-termism. Moreover, by leveraging on the vast capabilities of data analytics, a deeper understanding of clients' needs and behaviors will allow CIB to tailor and differentiate products for such sub-segments and to continuously review market demand in a non-traditional manner.

As such, the group plans to focus on strategic opportunities that lay ahead that will derive continued success for our clients, as well as our Bank. This includes exploring new opportunities for financing mega projects in the petrochemicals, real estate, power, tourism, oil and gas, textiles, food and beverages, construction, and transportation sectors. It also entails further digitization and automation of the credit approval process as well as improving inefficiencies through developing technological capabilities that better service clients' accounts to simplify business, improve straight-through processing, and add higher-value clients.

The year will also see an increased focus on the growth potential of the SME segment and potential business opportunities in various governorates. It will also continue to build strategic relationships with key government entities. Supply chain financing, forfeiting services to export-oriented clients, and product bundling such as hedging offers and automated cash-management solutions will also be important for the division in the year ahead.

Debt Capital Markets (DCM)

CIB's Debt Capital Markets Division (DCM) prides itself on its unmatched track record and experience in underwriting, structuring, and arranging of syndicated loans and project financing, as well as securitization transactions and bond issuance.

2019 Highlights

In 2019, DCM arranged and closed numerous deals (long term and working capital facilities) in the fields of real estate, petroleum, and food and beverages. It was also the only local bank to act as a security agent on behalf of international lenders such as EBRD and Proparco for renewable energy projects specifically under the feed-in tariff program—a national landmark project supported by the government. DCM also acted as the facility agent, account bank, and security agent for other syndicated facilities in various industries.

In 2019, DCM closed 75% of securitization deals in Egypt, firmly cementing CIB's position as the top Egyptian bank structuring securitizations in the local market. The division also penetrated new sectors in 2019, including micro and consumer finance. DCM continued to play a pivotal role in advising and arranging securitization issuances in cooperation with several partner banks and has closed the biggest securitization deal to date for NUCA.

CIB is also the top-ranking private sector bank in Egypt in both arrangement of syndicated loans as well as book running. In recognition of its efforts, 2019 saw the Bank awarded two accolades for the Egyptian Fertilizers Company (EFC)'s medium-term and revolving credit facilities, garnering the Bank the title of Best Refinancing in Africa and Best Refinancing Deal Award at the EMEA Finance Achievement and Project Finance Awards. It also won the Best Syndicated Facility in North Africa for restructuring the MTL and WC Facilities of Egyptian Propylene and Polypropylene (EPP) at the EMEA Finance Achievement Awards and the Best Telecom Deal in Africa for Orange Egypt's 4G roll-out expansion at the EMEA Finance Achievement Awards.

CIB ranked second among Egyptian banks on the Bloomberg Africa Mandated Lead Arranger and Administrative Agent League Tables and ranked third among Egyptian banks on the Bloomberg Africa Book Runner League Table, both in 3Q19.

2020 Forward-Looking Strategy

In line with the Egyptian government's economic reform program, DCM will continue to capitalize on key industries and to focus on expanding in

transactions related to alternative energy, power, infrastructure (such as railways and ports), tourism, fertilizers, packaging, petrochemicals, and real estate, as well as acquisition finance.

Given our solid track record and previous experience in assuming the role of agent and security agent, DCM will also be capitalizing on its reputation to expand its services of both agency and security agency roles for transactions financed by local and foreign lenders.

DCM plans to introduce new structures in the debt capital market in addition to tapping the market for green bonds.

Direct Investment Group (DIG)

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 investments by utilizing the Bank's designated funds to invest in sectors with high potential for growth.

Our primary objectives revolve around generating attractive, risk-adjusted financial returns for our institution through dividend income and capital appreciation, as well as enabling CIB to offer a broad spectrum of funding alternatives to support clients' growth.

We commit to operational excellence by adopting industry best practices, which is supported by our unique value proposition of a full-fledged financial partner in addition to our team of specialized investment experts.

2019 Highlights

Capitalizing on Egypt's economic direction and focus on key sectors, DIG has targeted investment opportunities related to the healthcare and education sectors. It has leveraged its extended network to execute the acquisition of a minority stake in a market-leading pharmaceutical company in a non-traditionally structured transaction. The acquisition, in addition to the equity market exposure in general, solidifies CIB's position as a full-fledged financial partner to Egypt's business community.

In line with its five-year strategy, DIG has embarked on the process of restructuring its investment portfolio by enhancing exposure to the fast-growing financial services sector, targeting investments in defensive sectors (like healthcare and education), and focusing on dividend-generating opportunities that ensure a certain level of steady profitability.

2020 Forward-Looking Strategy

In 2020, DIG will continue expanding and diversifying its portfolio by executing select, quality investments. DIG's Marketing and Deal Sourcing team will continue to add lucrative deals to its investment portfolio while the Portfolio Management team will ensure CIB is represented as a full-fledged financial service provider through the active participation in portfolio companies' board of directors, maximizing direct and indirect investment returns.

DIG will embark on a set of initiatives, entailing new equity products/tailored structures to expand its investment portfolio and broaden its funding alternatives offered to support clients' growth.

Financial Institutions Group (FIG)

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.

2019 Highlights

2019 was another exceptional year for contingent business, whereby new foreign currency in USD and local currency-denominated bookings grew by c.12% y-o-y and 15% y-o-y, respectively. Finally, the Correspondent Banking's contribution to the group's total revenue is about 59.86%. CIB inaugurated its representative office in Addis Ababa, Ethiopia with the aim of strengthening relationships with Ethiopian banks, promoting Egyptian exporters, and gaining market insight, while Correspondent Banking expanded its coverage of Sub-Saharan Africa to include a portfolio of banking relationships in 22 countries across the continent. Also, the successful opening of the CIB Nostro account in China will be a key first step to cater to clients' needs for payments denominated in CNY.

The Non-Banking Financial Institution Investment Portfolio saw healthy growth in 2019, including CIB's participation in bonds issued under securitization transactions, totalling EGP 1,709 million at year-end 2019. CIB saw 42% growth y-o-y from new securitization transactions during 2019 in the leasing and car finance sectors.

Non-Bank Financial Institutions O/S Loans extended to microfinance institutions grew this year. CIB served a total of 133,000 individual active micro-entrepreneurs, compared to 108,000 as of December 2018, of which 48% were women. The Non-Bank Financial Institution FY2019 total loan portfolio amounted grew 19% y-o-y to EGP 2.299 billion.

2020 Forward-Looking Strategy

Correspondent Banking will continue to aggressively grow contingent business with a focus on mega-projects.

Africa continues to be a core priority, and we plan to increase our direct relationships with African correspondents in key Sub-Saharan markets and expand our on-ground presence. By enhancing coverage, we can efficiently identify business opportunities and better serve our clients, capitalizing on our relationships with African FIs, DFIs, and pan-African banks to grow our share of intra-African trade transactions.

Additionally, the focus will be on growing the Non-Bank FI loan portfolio by increasing penetration in potentially developing industries (factoring and consumer lending) and existing industries (leasing, microfinance, and car finance). By marketing CIB's Digital Cash Management solutions, we will enhance the development of the microfinance, factoring, and leasing loan portfolios, with a focus on targeting insurance, investment, and brokerage companies to increase their LCY deposits.

Treasury Group

The Treasury Group provides a range of activities, including foreign exchange and money market trading, primary and secondary government debt trading, management of interest rate gaps, and pricing of local and foreign currency deposits. The group's wide range of hedging products cover spot transactions, forwards, swaps, and plain vanilla options, and an array of option structures, such

as premium-embedded options, participating forwards, zero-cost cylinders, and boosted calls, including cash export and import, FX-linked yield enhancement products such as dual one-touch, range accruals, touch and no-touch deposits, hedging, and investment advisory.

The Treasury Group's strategy is to further enhance the performance of its overall activities by managing CIB's margins and spreads effectively, thus maximizing the group's profitability. On the other hand, the Treasury Group will upgrade its front-office system to allow CIB to shift towards real-time treasury and a more dynamic approach of managing liquidity and risk management. Furthermore, it will utilize data analytics, machine learning, and artificial intelligence in FX trading and reserve management by relying on automation.

2019 Highlights

CIB's Treasury Group was a pioneer in the involvement of CNY and CNH currencies with clients. The year also saw trading on 114 unconventional currencies through third counter-party trading — a tool used by importers who pay off their suppliers in the original country of the unconventional currency. Consumers and retailers also use third counter-party trading if they need to transfer an unconventional currency to their foreign bank account.

Throughout 2019, we witnessed a noticeable increase in foreign currency inflows on the back of the rise in export proceeds, growth in the tourism sector, and the cancellation of the repatriation mechanism. The import business also witnessed enhanced growth during the period. Turnaround time was reduced as a direct result of competitive pricing and the streamlining of the trade finance issuance process.

The Treasury Group was well positioned in anticipation of the CBE's easing cycle by adjusting the Bank's balance sheet and thus maximizing the profit opportunities and maintaining spreads. The CBE announced in 2019 the launch of the Cairo Overnight Index Average (CONIA) as Egypt's risk-free benchmark interest rate. CIB, as a member of the Money Market Contact Group (MMCG), was part of the development of CONIA, which was the result of collaborative efforts by the Egyptian

MMCG and EBRD. CIB's Treasury Group presented the MMCG with a detailed framework of how to develop and calculate the risk-free benchmark. The introduction of CONIA will lay the foundation for improved efficiency in the market.

CIB's Treasury Group positively impacted the Bank's non-interest income, growing the volume of trade products opened at CIB from the sale of foreign currency through the free market, incoming documentary collections (IDCs), and letters of credit (LCs). This allows CIB's foreign currency exposure to consistently make a positive contribution to the Bank's consolidated reported earnings.

To round out the year, the Treasury Group won several prestigious global awards in 2019, including the Best FX Services in North Africa Award from EMEA Finance and the Best Treasury and Cash Management Providers in Egypt Award from Global Finance.

2020 Forward-Looking Strategy

The Treasury Group will continue to shift from offering classic products to more client-centric ones. In line with the Bank's expansionary plans, the Treasury Group will seek to enhance the performance of its trading and sales activities by expanding into other African nations. This expansion will allow the group to act as a hub for international investors and support the representative office with a range of treasury solutions. Moving forward, our goals are to manage liquidity efficiently, develop strong and profitable relationships with customers, and take all necessary steps to ensure proper risk management, while maximizing the group's profitability.

Strategic Relations Group (SRG)

The Strategic Relations Group (SRG) is an institutional banking group dedicated to initiating, nurturing, and growing banking relationships 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.



Africa continues to be one of our core priorities, and we plan to build direct relationships with correspondents in key markets across the continent.

CIB takes pride in the fact that it is the sole bank operating in Egypt with such a unique focus group, dedicated to servicing its prime institutional entities. SRG carries out this function through highly qualified Relationship Managers, whose role is to ensure that customers receive superior, personalized services catering to their unique business needs. SRG provides tailor-made banking services with a special focus on digital banking solutions. Products or services that only CIB offers to clients include advanced, tailor-made GTS products and short-term bridge finance facilities for the educational sector to eliminate cash-flow gaps that develop during the year.

SRG's strategic clientele comprises of 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. Its functions include offering customized digital solutions, the collection of tuition and visa fees, the monitoring and reporting of deposit 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, and special offerings for staff loans.

2019 Highlights

The group successfully oversaw the marketing of a new lending program extending debt against a guaranteed flow of proceeds to an identified group

180

institutions served through SRG

of clients operating within the airline industry. In addition, efforts were directed at expanding marketing efforts to attract the educational sector's deposits. The group also successfully executed bridge finance facilities for the educational sector.

2020 Forward-Looking Strategy

The group has become one of CIB's primary channels for corporate lead generators, leveraging existing relationships while simultaneously capturing NTB opportunities by creating a wider networking base. A tailor-made, short-term bridge finance facility was designed and implemented 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 and enhance the utilization of CIB's digital banking solutions.

Enterprises and Governmental Relations (EGR)

The Enterprises and Governmental Relations (EGR) Group has gone from strength to strength since its establishment in 2016, positioning it a head above others in the market. By 2019, EGR evolved to manage relationships with large private sector companies, conduct fundraising, and attract customers previously segmented under state-owned enterprises, government entities, and sovereign authorities.

EGR clients require higher flexibility and constant support in their transactions along with the usual financial and advisory assistance, and the group caters to the needs of these strategic customers

through tailored products and services, all while growing CIB's business.

EGR's mission is to become the market leader in the provision of banking services to both governmental and private sector companies. The group has worked tirelessly to acquire new business in these areas, capitalizing on a highly experienced staff, a strong customer base, a healthy and diversified portfolio, and a broad coverage of different sectors and industries. As such, the team now possesses a deeper understanding of both segments' operations, which allows it to act as client advocates within the Bank.

2019 Highlights

During 2019, EGR leveraged the power of digital banking to offer a banking experience to customers and achieved remarkable growth in all GTS services ratios, as reflected by impressive achievements in the trade finance business compared to the previous year.

2020 Forward-Looking Strategy

In the year ahead, the division seeks to achieve a steady presence in the market and manage its relationships with clients in a sustainable manner that drives value for customers.

Retail Banking

Consumer Banking

CIB's Consumer Banking division is one of the Bank's driving forces. Serving a broad range of customers, the division offers customer-centric solutions tailored to each segment and works to deliver a truly unique experience to every client. Throughout the last three years, the division continued to expand its value proposition in the market, and in 2019, the Bank doubled its customer base in target segments.

2019 Highlights

During 2019, the division invested heavily in data analytics, automated account opening, and the second phase of CRM development platform involving several internal stakeholders with an eye to deepening its customer-centric model. This strategy has allowed the Bank to segment its customers through a value-based segmentation approach built on behavior and lifestyle, allowing it to not only serve them with a proactive rather than reactive approach, but also boost digital activation, as well as up and cross-selling opportunities. Tailored campaigns, along with more specific product targeting criteria, were also launched with great success.

The division enhanced the Payroll proposition, including differentiated and targeted marketing by sub-segmenting its Payroll portfolio by age and income bracket to offer more relevant and attractive offers and introduced new assets products. A Millennials bundle, which will target the younger age bracket of the Payroll portfolio, was launched in November 2019, incentivizing them to maintain higher assets under management (AUMs) and use debit cards.

Segments

Private

The Private segment caters to the banking and investment needs of clients with a minimum AUMs of EGP 20 million, aiming to become the flagship brand catering to HNW individuals in Egypt.

In 2019, a state of art hub located in Zamalek was inaugurated to serve Private clients. Well-trained and experienced Private Advisors were hired from internal and external sources, as the primary owners of customer relationships. They received their first level of in-house financial planning certification, while the second level was conducted with an industry expert in October 2019. A Private Advisor is also available in Alexandria to exclusively serve customers who are located there.

Portfolio management services and margin lending will soon be launched for Private clients. Deposits for the segment hit EGP 24.3 billion, while the total assets portfolio came in at EGP 2.9 billion.

Premium Segments (Wealth and Plus)

Premium segments serve upper, middle, and mass affluent individuals and customers under the Wealth (liquid financial assets of EGP 1 million to EGP 20 million) and Plus segments (liquid financial assets of EGP 200,000 to EGP 1 million). These segments are the main contributors to the Consumer Banking division's profitability, constituting 60% of consumer banking revenues and representing 11% of the total Consumer Banking customer base.

4

consumer banking segments

Premium segments also include the Overseas Banking segment with professional Country Relationship Managers providing banking services for non-resident Egyptians and non-resident foreigners through online video banking or by phone. In 2019, we expanded our services in Saudi Arabia, placing a Country Relationship Manager in the kingdom.

In 2019, deposits for the Wealth segment rose to EGP 108.4 billion, while the assets portfolio came in at EGP 13.5 billion. The Plus segment's total deposits reached EGP 26.3 billion and assets EGP 2.4 billion.

Prime

Mass customers are served through the Prime segment, which focuses on the more specific needs of different sub-segments, including Millennials, Payroll Blue Collars, Payroll White Collars, and Families.

In 2019, the Prime Segment achieved remarkable figures in terms of assets, liabilities, and profitability margins. Assets ENR for the segment reached EGP 7.4 billion, while deposits came in at EGP 23 billion with a favorable mix of 79% CASA and 21% Term Deposits. This success was possible thanks to the implementation of key initiatives such as: 1) cost optimization by aligning incentives with digital migration objectives; 2) CRM with bi-weekly campaigns to drive assets penetration; 3) differentiated marketing campaigns based on behavioral segmentation targeting sub-segments to boost customer activation levels, drive credit card utilization, and increase assets penetration.

Consumer Banking Household Assets

CIB Consumer Banking Household Assets achieved



Consumer Banking continued to expand its value proposition in the market, and in 2019, the Bank doubled its customer base.

significant growth over the past three years CIB moved from the fifth position in the market to the third position and is currently the number one private sector bank by consumer assets.

Cards

Cards, both debit and credit, are the main drivers of market share and income — both interest and fees through interchange — as they have the highest spread amongst assets products. They are vital tools in recruiting new-to-bank (NTB) customers and in deepening existing relationships.

Prepaid cards play a key role in serving financial inclusion and penetrating the unbanked and under-banked segments of society. The issuance process and the required documentation make the cards an appealing banking product to customers who cannot open a bank account or apply for a credit card.

In 2019 we introduced several acquisition campaigns and new products:

- New contactless payment (issuing and acquiring): CIB launched the new contactless payment feature for debit cards, credit cards, and selected POS machines for the first time in Egypt.
- Meeza prepaid and debit cards: Meeza debit and prepaid card products were launched in 2Q19 in alignment with the CBE initiative to move to a cashless society and achieve financial inclusion.
- Debit card designs: Existing debit card designs were revamped to reflect each segment's brand designs.
- Annual Membership Fees cashback campaigns: As an acquisition sweetener to attract new customers and enhance penetration rates, we launched quarterly acquisition campaigns giving customers annual membership fees (AMF) as cashback upon spending in the first two months.

In terms of financial achievement, cards ENR reached EGP 4.2 billion, interest income EGP 810 million, and fees EGP 355 million.

Consumer Loans

CIB's personal loan portfolio is ranked third among all Egyptian banks and first among private banks. Consumer Loans is the main asset income generator for Consumer Banking, standing at 79% of the total loan portfolio book.

We aim to continue expanding through portfolio optimization and focused acquisition programs to grow our market share of both outstanding and new acquisitions.

In 2019, we introduced several acquisition campaigns and new products, such as:

- Bullet payments for unsecured payroll loans in the petroleum sector: Given the nature of salaries for this customer subset, they can now pay quarterly, semi-annually, and annually in addition to monthly installments.
- Online alternative channel: Capture customers using digital networks offering CIB assets products through a promotional offer and near real-time engagement.
- Travel Loan: The loan allows customers to purchase travel packages and pay in installments over five years.
- ESLSCA Educational Loan: We signed a tie-up with ESLSCA Business School targeting customers applying for post-graduate studies,

offering them preferential interest rates and several exclusive features.

- CBE initiatives: We participated in two CBE initiatives aimed at women and youth to encourage them to apply for personal loans by offering them discounted admin fees during the promotion period.

In terms of financial achievements, loans ENR reached EGP 19.2 billion, interest income EGP 2.95 billion, and fees EGP 188 million.

Liabilities

Consumer Banking Liabilities' NII contributes to 87% of total Consumer Banking's NII FY2019. Although challenging to continue to acquire the target share of deposits steady growth in Egypt, opportunities presented in the Prime and Plus segments are a major growth prospect for the business.

In 2019, we launched a new account opening capability to improve sales and cross-selling, reduce costs, and attract NTB customers. We also launched the TD/CD module on CRM.

We revamped our existing Save and Safe account to Premium Savers, offering a newly structured and propositioned savings account with a unique group of non-interest benefits to help boost CASA acquisitions. We also launched the Upfront TD product and acquired a decent sales volume.

We successfully attracted inexpensive funds to build a less price-sensitive customer deposit base. Moreover, we devised a strategy to reduce over-reliance on term deposits: CDs and TDs.

A key pillar in our success in 2019 was our quick and effective response to changing interest rates and pricing by both the CBE and competition. Our approach has consistently been to correctly assess product prices with multiple pricing tools, like selective pricing for TDs, tiered pricing for savings accounts, and restrictive pricing for FCY deposit.

In 2019, liabilities' ENR reached EGP 182 billion, interest Income EGP 17.5 billion, and fees EGP 221 million.

Insurance

The Insurance business provides life and general insurance programs and generates non-interest revenues for the Consumer Banking division in the form of fees. In partnership with AXA, CIB has become the largest distributor of individual life insurance policies in Egypt and the first bank in Egypt to provide individual international health solutions that cover a wide array of global services.

In 2019, AXA launched Shield, a simple life insurance product that offers a lump-sum in case of accidental death or disability. We offered the product primarily to the Prime segment customers who can afford to pay a small monthly premium. We also developed insurance benefits for the Premium Savers new savings account. Additionally, the AXA local medical product was revamped in 2019 by adding more insurance benefits, increasing the insurance limit per cover to CIB customers, and enhancing payment facilities.

In 2019, total insurance fees were EGP 213 million, while total insurance business hit EGP 700 million.

2020 Forward-Looking Strategy

In 2020, Consumer Banking will leverage the new digital platform and account opening/loan origination capability to improve sales efficiency, including cross-selling, reduce cost through activity migration, and attract NTB customers. We will continue to focus on the Prime segment and develop customized propositions in line with each sub-segments' needs as NTB Prime customers contribute 90% to total NTB household acquisitions. We will deliver efficiency through a revised 'bulk' on-boarding CRM capability and will continue to invest in building further capabilities in our core banking modules and wealth management.

Segments

Private

We will focus on positioning our CIB Private brand within the HNW community. The aim is to have strong brand recognition within this target group and position CIB Private as the partner of choice while selecting a bank.

To reach our goal, we will increase our social activities within the business community by

complementing our offering with non-banking benefits, collaborating with high-end brands, hosting events, as well as using the Zamalek hub, operating in 2019, as the segment's primary base. We will also create a Key Client desk, a selective approach to serve the Bank's key stakeholders that will act as brand ambassadors in the market.

Premium Segments (Wealth and Plus)

In 2020, we aim to increase our premium segment client base by 9% for Wealth and 22.5% for Plus by capitalizing on new technology infrastructure under the T24 Core Banking System and Wealth Management Module. We will create a new range of product designs and launch simulations and bundles directed toward increasing revenue and improving customer retention. Services and operations will also be enhanced, allowing for a flexible and efficient customer experience.

Prime

The Prime segment will continue to focus on its main pillar of sub-segmentation in 2020 with Payroll, Youth, and Blue Collar Payroll being the key sources of customer NTB acquisitions. Digital mobilization will be highlighted to reduce costs while growing our Net Promoter Score (NPS). Positive jaw management will be essential through process optimization, expense management, and driving NII growth by extracting value from the existing portfolio through asset penetration and credit card utilization and growing average AUMs ticket sizes. The key strategic focus areas for 2020 will be:

- Developing relevant and attractive product and service bundles for the different sub-segments, leveraging digital solutions to better serve our customers in a convenient, efficient, and cost-effective manner.
- Enhancing and speeding up assets acquisition and customer on-boarding to improve customer experience and increase NPS.
- Drive customer loyalty and increase our share of wallet by using big data to further improve and refine our micro-targeting marketing communication, activities, and promotions.

Consumer Banking Household Assets Cards

In 2020, we aim to launch a cashback card to complement the product suite of offering points and

miles. We are also planning on offering a Digital credit card to cater to digital-savvy customers.

During the year, we will align our debit cards with the most relevant and attractive value proposition from customers' perspectives based on their segment.

We will offer prepaid payroll cards to customers with salaries of EGP 2,000 and less. This card will offer a low-cost solution for blue collar workers to receive their salaries without shouldering incurring account maintenance fees.

We will be able to cross-sell our banking products to customers with only prepaid cards by 2020 as we migrate to the prepaid Cortex card system and link it to the T24 system.

We will be offering a generic multi-purpose prepaid card Charge and Go and ISIC prepaid card aligned to the student market.

Consumer Loans

We will offer new product variants that cater to specific customer needs and facilitate sourcing.

We will also enhance the product suite through focusing on aligning existing products with the new initiatives and credit programs such as launching a new Car Finance program, revamping the Payroll proposition, and introducing new segmented products, in addition to launching the overdraft margin lending, the Private facility pack, and overdrafts against savings accounts.



We will continue to focus on the Prime segment as NTB Prime customers contribute 90% to total NTB Consumer Banking acquisitions.

700 EGP
Mn
APIs

Mortgage

In 2020, we will introduce changes in low-income mortgage incentives and the recognition program to enhance the sales team's productivity. The overall mortgage process will be revamped to reduce the turnaround time and administrative requirements by the subsidy fund.

Liabilities

Liabilities will remain the largest revenue driver for Consumer Banking. The focus will continue to be acquiring CASA LCY to enhance the book's profitability and mix. CIB currently has the highest market share among all private banks at 6.69%, which we aim to increase in the year to come by offering new innovative products, capitalizing on data analytics and behavioral segmentation with Prime and Plus segments, and leveraging digital channels to decrease our operating costs while providing a better customer experience.

Insurance

To enhance our product mix, we're working on adding a non-life product. This will round out our product offering and provide insurance products catering to all needs, from travel to auto and home insurance, to name a few.

Business Banking

CIB Business Banking has served over 54,000 small and medium-sized enterprises (SMEs) in the Egyptian market since 2011 through a network of over 100 experienced Relationship Managers across the country. We understand customers' business needs and their daily challenges to help them compete and grow in their respective industries. We provide market-leading services and an innovative portfolio of products and solutions that include cash management, secured and unsecured lending, trade finance, payment, and e-commerce tailored to the needs of enterprises. CIB will continue to support SMEs as a cornerstone of both Egypt and CIB's growth.

2019 Highlights

Business Banking has built a well-established cash and trade management business with average liability book growth rates of 34% and 35%, respectively, for the last five years. In 2019, operating profits for the division came in at EGP 1.6 billion, up 5% y-o-y, deposits hit EGP 23.4 billion, growing 18% y-o-y, while trade gained 14% y-o-y to EGP 33.6 billion. In the payment solution space, the division captured a market share of 26%, processing EGP 33 billion transactions. The Business Banking client base grew to more than 54,000 companies during the year, up 13% y-o-y.

Following the nation's economic strategy to support SMEs by helping them grow and consequently further economic development, Business Banking underwent a major transformation in 2018 to re-vamp the lending business. In 2019, it launched a comprehensive loan program tailored to SMEs with limits up to EGP 30 million for both new and existing customers. The year also saw several new initiatives

launched that were tailored to SME clients, including credit facilities with tenors of up to five years, overdrafts, time loans (against contracts, purchase orders, checks, and export contracts), as well as letter of guarantee and letter of credit facilities.

Business Banking also developed unique and differentiated deposit bundles suitable for various customer needs and banking preferences, including the Super Business Account, which gives customers exclusive benefits and services to manage their business efficiently and conveniently, and the Easy Business Account, an online account that allows customers to fulfill most of their banking needs without having to visit a branch. The division also launched a dedicated call center in 2019 to enhance the service level offered to SMEs, making it the first of its kind in Egypt.

CIB maintained its dominant position in Egypt's payment acceptance sector in 2019, attaining a market-leading share of 26% for POS transactions and a 19% market share for e-commerce transactions. In addition, following the country's push for financial inclusion, CIB managed to activate all POS and e-commerce platforms to accept the government-backed Meeza card and launched QR acceptance to reach untapped segments — a key enabler of payment business growth, especially with very small merchants.

Business Banking continued to empower women by developing a special proposition to support women entrepreneurs. It included financing various types of lending facilities, advisory services for women entrepreneurs, and tailored financial workshops.



We provide market-leading services and an innovative portfolio of products and solutions that include cash management, secured and unsecured lending, trade finance, payment, and e-commerce tailored to the needs of enterprises.

The year also saw the launch of a pilot of the exclusive Professional Services Alliances program, which is designed to help SME customers better manage their businesses and grow by collaborating with a league of third parties in several supporting services to offer their products and services to clients at subsidized prices.

2020 Forward-Looking Strategy

In the year to come, CIB Business Banking's SME clients companies will enjoy a bouquet of products and services designed for each segment according to their business requirements. In addition, Business Banking will enhance its value proposition by tailoring services to the ever-changing needs of its clients. It will leverage data to enhance business decisions that will drive innovation in product development, segment-focused sales, risk management, and process optimization. Moreover, Business Banking will launch a special program for Women in Business.

Using state-of-the-art technology, Business Banking will build the infrastructure to automate processes to improve the customer experience. Business Banking will invest in its online banking capabilities to provide clients with convenient and efficient ways to manage their finances around the clock, in addition to giving them access to online government payments and payroll services.

The division will focus on growing its acquiring business in e-acquiring through QR codes and developing value propositions for different merchant segments capitalizing on the current products available suitable to merchant needs.

Digital Banking

CIB has integrated digital thinking widely and deeply into the organization. This focus goes beyond service channels and transaction processing, as the Bank strives for the digital transformation of its entire business, from product development to risk management and human capital management. With digital banking mapping out the future of businesses and the economy at large, big data has become vital as we build information-gathering and analysis structures and turn our quantitative knowledge into building blocks for future strategies and operation. It is these building blocks that CIB believes will form the foundation of an entirely distinct business line that forms the beating heart of the Bank: Digital Banking.

Our comprehensive digital transformation framework is built to illustrate the futuristic role that digital banking will play in driving the Bank's growth, with data science and analytics at the forefront of this move. It is our plan to use this largely untapped resource and the business and consumer analytics involved as a foundation on which our digital channels will be developed. The framework will also encompass long-, medium- and short-term planning, ensuring continuous improvement, to enable the Bank to optimize current resources while building new ones, providing smooth transitions for our customers, and setting CIB apart from its competitors. CIB's digital business plan is driven by a vision to make CIB part of our customers' daily lives. By giving customers a simple, trusted, and enjoyable experience that includes the right advice and support no matter when, where, and how they interact with the Bank, our digital solutions provide tremendous value. They enhance the customer experience, optimize working capital, reduce operating cost,

improve control and visibility of payments and receivables, and add security to financial operations. These elements are also expected to see continuous optimization on the back of CIB's use of data sciences, management, and analytics in finessing its blockchain initiatives and overarching digital strategy. Through the dynamic use of data in assessing internal and external facets like risks and performance, the Bank is expecting to easily expand its digital infrastructure as needed to complement the everchanging demands of digitalization.

Accordingly, the four pillars of CIB's digital business plan are improving the customer experience, increasing migration and automation ratios, optimizing costs, and generating revenue. These are handled through two core groups: the Analytics and Data Management Division and the Digital Banking and GTB group, each of which has its own individual segments, directives, and strategies to achieve these goals. Both divisions work together seamlessly to adhere to CIB's digital business plan and transform the Bank into the digital bank of the future.

Analytics and Data Management Division

In line with a long-term strategy to digitalize CIB and entrench a digital culture throughout the Bank, the Analytics and Data Management (ADM) division focused this year on various core initiatives covering data science and analytics, data democratization and governance and performance management. During 2019, an overarching digital transformation strategy came together in a coordinated manner across the Bank.

Globally, this year has seen a significant amount of focus on building digital economies across

1.2^{EGP}_{BN}

cost synergy generated from migrating transactions to the Bank's ATM channel



CIB's digital business plan is driven by a vision to make CIB part of our customers' daily lives.

industries, countries, and continents. Given this ever-dynamic landscape, CIB has planned out its medium- to long-term digital bank strategy with current and future customers in mind. ADM continues to implement its well-planned, ambitious capabilities to enhance its value proposition to customers, staff, and shareholders.

2019 saw CIB spearheading change in local and regional markets by engaging and being showcased in multilateral task forces and regional forces alike, including joining the World Economic Forum (Africa), Smart Africa, and the European and African Union's Digital Economy Task Force (EU AU DETF). Moreover, CIB partnered with Carnegie Mellon University, a global leading data science university, to provide real-life business case practicum courses to their Master of Science in Information Technology (MSIT) degree program cohort in Kigali, Rwanda.

During 2019, the ADM team was honored to receive the International Data Group's Digital Edge 50 Award for the branch customer journey simulator project for the category of Artificial Intelligence, Machine Learning, and Cognitive Computing. Furthermore,

CIB's data transformation case study was included as a case study for Harvard Business School.

The 92-strong ADM team will expand according to the growing requirements and demands of the digital economy. A fresh and disruptive strategy based on customer-centric and cutting-edge services driven by top talent, promises to create a lasting footprint within the Egyptian and African banking sectors.

Consumer Analytics

During 2019, the ADM group continued to focus on building a truly customer-centric institution while increasing internal efficiencies at the operational level. Various projects were completed within these scopes, including an intelligent product recommendation engine that recommended the next best product for the customer. This AI-driven tool took into consideration the customers' current product portfolio, segment, and product usage, and then targeted the right customer with the right product at the right time. Concurrently, an ATM location optimization model was implemented, which supports the business with their ATM location decisions.

At the customer level, ADM developed an income imputation model that provided a tool to estimate income for customers with no readily available income-proof to better cater to asset and liability product needs. This poses a vast opportunity for CIB to lend to customers based on surrogate programs as per CBE regulations.

A customer lifetime value model was formulated to quickly assess and identify customers who deserve preferential rates based on their lifetime value. Another aspect of the model was to establish which clients were expected to build a long-term relationship with CIB, and as a result, offer them better prices and services.

Furthermore, the ADM team formulated a Real Time Media Analytics project to help define a marketing strategy and approach by understanding customers' perception of the CIB brand and products. This was accomplished by assessing different aspects of the customer journey as well as providing real-time displays and easy-to-use dashboards.

In addition, a young professional's initiative was launched to develop different bundles of suggested products that match youth customer needs and journeys.

Business Analytics

ADM launched a call center demand forecasting model to help the call center team estimate the number of incoming calls for better planning and resource allocation. Additionally, a Merchant Acquiring Profitability Strategy (MAPS) project was implemented to improve POS efficiency and profitability by introducing new methods of segmenting merchants. The model provided a big picture of the impact of Dynamic Currency Conversion (DCC) revenue on profitability, shifted the focus of merchants on DCC, and identified merchants with low-volume POS as potential efficiency improvement candidates.

In addition, an improved Expense Monitoring System was implemented by Enterprise Performance Measurement (EPM) systems to maintain efficiency throughout the Bank.

Blockchain Initiatives

One of the most exciting developments in the financial services industry today is blockchain. The

advantages, for banks and clients alike, are to be able to process payments more quickly, accurately, and securely while reducing transaction processing costs, risks, and capital requirements. CIB has sought to embrace this new technology and disrupt from within.

Given CIB's recognized technical expertise, the ADM team was invited by the CBE to join a task force for an eKYC project that involved studying the application of Distributed Ledger Technology (DLT) to eKYC frameworks. A joint assessment was conducted for the best eKYC use-case platforms (Corda and Hyperledger) and to choose the most relevant application vendors for the potential nation-wide rollout of eKYC.

In parallel, as a part of the R3 consortium, CIB leveraged R3's open-source platform and DLT technology to develop use-cases for trade finance and SWIFT, both for the Bank and the entire Egyptian banking sector.

Also, during the year, CIB, in cooperation with JP Morgan Chase and 160 other banks, initiated the development of its propriety Blockchain Interbank Information Network (IIN) to be able to exchange information in real-time to verify payment approvals. With such infrastructure in place, global cross-border payments in every major market will reach beneficiaries faster and with fewer steps.

Risk Analytics

Over the years, CIB has been investing in its ability to better assess the risks it takes to maintain its leadership position in the marketplace. This year, the Data Governance team initiated a project to monitor Bank-wide KYC defect rates on a weekly and monthly basis across all relevant business areas. This exercise led to a significant elimination of defective records while providing insights into the behavior of and activities performed by defective customers.

Also during 2019, the ADM team built a loan-utilization tracker tool that monitored corporate loan utilization on a weekly basis to provide an instant pulse of the GCR's overall exposure to CIB facilities.

Digital Banking

The Digital Banking group serves the Bank by:

- Being a channel for acquiring new customers

- Creating new touch points for existing CIB customers
- Generating efficiencies and reducing costs across the Bank
- Increasing migration and automation ratios
- Creating new revenue streams
- Enhancing the customer experience and integrating channels seamlessly
- Enabling new market segments, specifically financial inclusion
- Driving product and service innovation

The group is divided into the following divisions:

Global Transaction Banking (GTB): The GTB division helps promote, monitor, and analyze the performance of the Bank's digital channels, reporting on traffic, segments, products, and services with the goal of maximizing product penetration and increasing CIB's share of the customer's "wallet." The GTB division focuses on:

- Global Securities Services products
- Cash management products
- Trade finance products
- Supply chain products
- GTB business development
- GTB governance and support

Consumer Digital Products and Channels: The Consumer Digital Products and Channels division develops and promotes digital products and services for consumer banking. It monitors and analyzes the performance of these channels and platforms in terms of traffic, segments, products, and services to maximize product penetration and increase CIB's share of the customer's "wallet." The division focuses on:

- Consumer digital business development
- Internet and mobile banking channels
- IVR and contact center channels
- ATMs & self-service channels
- Digital transformation

Financial Inclusion and Mobile Products: CIB provides convenient, secure, and cost-effective ways to make purchases and transfer money using mobile devices, serving both banked and unbanked customer segments, and supporting financial inclusion. The Financial Inclusion and Mobile Products division oversees the implementation of the Bank's mobile payments strategy and systematically measures



CIB is ranked first in Egypt for digital domestic transfers.

the Bank's digital services and their lifecycles to ensure that customer interactions continually migrate to optimal channels.

Digital Strategic Alliance and Innovation: The Digital Strategic Alliance and Innovation division leads on CIB's innovation and fintech strategies. It seeks to build a strong pipeline of potential entrepreneurs and start-ups to serve CIB's strategic objectives, enrich the Bank's value proposition, and help achieve its financial inclusion goals. As a result, the division helps position CIB as a key supporter of the nation's entrepreneurial ecosystem.

Internal and External Success

In the last three years, sustained efforts to maintain success and meet the evolving needs of customers have brought noticeable improvements to the Bank's digital capabilities across all channels. The Global Transaction and Digital Banking division has successfully reduced processing times and cost-to-income ratios by migrating transactions away from branches. The result is improved customer adoption rates and enhanced employee efficiency. CIB is ranked first in Egypt for digital domestic transfers and holds almost 25% market share for both internet and mobile banking.

These successes come from putting the voice of the customer at the heart of product and service development and innovation across the Bank, from new customer propositions to customizing existing ones. The Global Transactional and Digital Banking division advocates for the customer during all process redesigns, digital upgrades, and enhancements, helping to translate an understanding of customer needs into clear system requirements, ultimately improving the customer experience.

164EGP
MN

global securities service revenues

A number of services have been extended to the Bank's support functions, resulting in notable gains. Awareness visits conducted for Relationship Managers and branch staff improved customer service by improving their knowledge of our digital products. Business reengineering to adopt straight-through processing (STP), including process redesigns and automation, increased efficiency, and reduced the workload managed by CIB staff. These and other initiatives to digitalize internal departments helped eliminate manual work and automate daily payment processing for finance and cost control, HR, treasury, retail loans, the card center, the social insurance fund, and custody.

Each year, the biggest challenge for the Global Transaction and Digital Banking division is prioritizing projects and the hundreds of potential digital investments. Return on Investment (ROI) measures, along with the Bank's human capital plans and other capacity assessment tools, support the division's decision-making process. But most importantly, we listen to internal and external customers, making sure that our priorities match their needs.

The Innovation Lab

CIB's Innovation Lab is the fintech and entrepreneurial hub of Egypt's banking sector. It contributes to incubators and accelerators with workshops, a mentorship community, and support for key events in the sector. These initiatives allow for global and local scouting of startups for CVentures, our venture capital arm, and for new collaborations under our Entrepreneurs Engagement Program (EEP). EEP supports startups who have fast and agile solutions by helping them transform their offerings into a product-line to serve CIB's departments. The program extends CIB's resources and

Revenue

- EGP 36.6 million cash management revenues (as of December 2019), up 39% y-o-y
- EGP 160 million governmental payments revenues (as of December 2019), up 31% y-o-y
- EGP 164.2 million global securities service revenues (as of December 2019), up 19% y-o-y

Cost Synergy

- EGP 480 million generated from migrating cash management transactions to digital channels (as of December 2019) up 170% y-o-y
- EGP 1.2 billion generated from migrating transactions to the Bank's ATM channel (as of December 2019), flat y-o-y.
- EGP 500 million generated from migrating transactions to the Bank's internet banking channel (as of December 2019), up 61% y-o-y.

brand-recognition to the startups while enriching CIB's market value proposition via their unique offerings.

Recognizing that the best fintech providers will come from the internal talent of a financial institution as powerful as CIB, the Innovation Lab also promotes intrapreneurs. The lab conducts innovation challenges and competitions that bring together creative multidisciplinary teams from different areas and levels within the Bank.

The Innovation Lab manages seed and pre-seed funds from CVentures to support its early-stage startups, whether entrepreneurs or intrapreneurs.

500EGP
MN

cost synergy generated from migrating transactions to the Bank's Internet Banking channel

2019 Highlights

CIB's Innovation Lab contributed to more than 35 events, enrolled more than 30 mentors who have conducted over 150 mentoring hours, approached more than 150 startups, and is in serious talks with more than 10.

2020 Forward-Looking Strategy

CIB's Innovation Lab intends to proceed with the activities that brought success in 2019. We look forward to implementing collaborations with startups and scaleups for short-term monetization and to proceeding with longer-term investments with others.

ATM Network

CIB operates the largest ATM network among Egypt's private banks, with over 1,012 ATMs as at the end of December 2019. The network provides customers with withdrawal, deposit, bill payment, check deposit, and credit card settlement services.

2019 Highlights

Increasing ATM usage by customers and maximizing ROI from the network were the top focus, but in addition to playing a key role in improving customer experience, our ATMs also help migrate customers from in-branch interactions to digital ones. In 2019, the Bank monitored customer behavior in branches to capture transactions eligible to take place through our digital channels.

Results include:

- The average number of transactions across the ATM network increased 16% y-o-y, compared to transaction growth of 12% in 2018.
- The ATM network grew by over 95 machines.
- 95% of cash deposits below EGP 10,000 migrated to ATMs from in-branch deposits.

- 98% of cash withdrawals below EGP 20,000 migrated to ATMs.
- New utilities (i.e., electricity and water) were added to ATM bill payment services, contributing both to revenue and account growth.

2020 Forward-Looking Strategy

Efforts in 2020 will continue to encourage customer migration from in-branch transactions. New functions at competitive prices will enhance the customer experience, maximize ATM use, and increase the profitability of our network. We also plan to develop a number of in-branch digital tactics to help reduce waiting and service times.

Internet and Mobile Banking

Internet and mobile banking enable customers to access their accounts with ease and convenience and to conduct a broad range of financial transactions.

2019 Highlights

In 2019, we focused on enhancing our Mobile Banking application by revamping the customer interface and improving the user experience. Online banking channels helped realize the total cost savings of EGP 500 million as of December 2019. The online customer base reached 592,000 users, with an activity rate of 64% as of December 2019. Online banking subscribers increased by 45% y-o-y as of December 2019 and the number of transactions grew by 51% y-o-y in the same period. The user base for CIB's Mobile Banking app continued to grow, with a 114% y-o-y increase in transactions as of December 2019.

CIB's new digital platform is expected to launch in 2020, with the analysis phase completed in 2019 and testing underway. The platform will provide our customers

with a seamless multichannel experience across all our online channels with a wide range of banking functionalities and added services.

2020 Forward-looking Strategy

In 2020, improvements to our state-of-the-art digital platforms will enable more of the day-to-day banking activities. In doing this, we plan to boost acquisition rates, activity rates, and customer retention and loyalty.

Phone Banking and Call Center

CIB's phone banking and call center provides value to customers by giving them personalized advice for their banking needs and by offering digital solutions that let them bank more quickly and efficiently wherever they are. It increases the Bank's digital services and offloads interactions from branches and contact centers.

2019 Highlights

In 2019, a roadmap was developed for contact center transformation. A new top-level was introduced to the interactive voice response (IVR) tree to distinguish between CIB customers and non-customers, simplifying the IVR tree for each type of caller. A "favorite" menu was also introduced that lets CIB customers access their most-used IVR service without repeatedly navigating the whole IVR tree.

The IVR revamp, together with ongoing customer awareness and migration efforts, reduced the call center's operational costs, boosted agents' productivity, and increase migration. Data is as of December 2019, and is compared to FY2018 figures:

- Migration rate improved to 84%, compared to 78% for 2018.
- A 24% y-o-y increase in the IVR log-ins to reach 2.1 million.
- A 22% y-o-y increase in the IVR customer base to reach 687,000 customers.

CIB Chatbot

The most important digital transformation for the contact center in 2019 was the introduction of "Zaki the Bot." This virtual assistant uses artificial intelligence to help CIB customers and non-customers learn about the Bank's products and latest offers and find the nearest ATM or branch. CIB is the first bank in Egypt to introduce a chatbot that supports both English and colloquial Arabic.

Zaki the Bot operates both on Facebook Messenger and on CIB's public website, off-loading inquiries from both call-center agents and social media teams, and significantly, it creates a new customer touch point. Zaki the Bot also has the potential to become a key channel for customer data that will help the Bank deliver more client-focused solutions.

2020 Forward-looking Strategy

In 2020, Zaki the Bot's use cases will be expanded to serve new customer segments, such as corporate and business banking, where the chatbot can provide smooth, real-time support for product inquiries.

CIB Mobile Payment (Smart Wallet)

Smart Wallet's innovative payment experience serves both banked and unbanked customer segments by providing a convenient, secure, and cost-effective way to make purchases on mobile devices. Customers can easily pay bills, recharge their mobile prepaid lines, send money to other wallet holders in Egypt, and deposit and withdraw funds from all ATM machines or via any of our authorized banking agents.

2019 Highlights

Throughout 2019, CIB worked on multiple fronts to leverage Smart Wallet's value proposition, increasing its customer base to 625,167 as of December 2019, with an activity rate of 18% over 90 days. This was achieved by:

- On the ground promotions in Cairo, Giza, Port-Said, and the North Coast that enrolled new Smart Wallet users.
- Increased corporate collaboration for payroll disbursement using Smart Wallet.
- A 60% increase in corporate participation in Smart Wallet, compared to 2018.
- More competitive pricing for bank agents.

2020 Forward-looking Strategy

A number of initiatives in 2020 will continue to propel the success of Smart Wallet:

- Promoting payroll disbursement via Smart Wallet.
- Bundling the Meeza card with Smart Wallet.
- Introducing an advanced salary overdraft using microfinance services.
- Creating bundled digital communities for large corporate clients.
- Creating a premium Smart Wallet segment for CIB's Wealth and Plus customers and

launching digital mega-campaigns to increase Smart Wallet's banked customer base.

- Increasing the product salesforce across Egypt to increase Smart Wallet enrollments.
- Adopting the new UI to offer better services and modernized customer experience.
- Making self-registration services available via Smart Wallet.

Cash Management

CIB is committed to introducing the most comprehensive payment products on the e-payments market. Cash management at CIB focuses on a number of core digital efforts.

- Increasing CIB's market share for international remittances.
- Providing custody, securities, liquidity, and treasury modules over our online platform.
- Revamping OTP across all portals to enhance customer experience, reducing handling times for issuing tokens, revamping online portals (CIB Business Online and ACH) to improve customer experience and decrease transaction turnaround times.
- Integrating with corporate financial systems such as oracle, ERB, and others, and offering an API gateway for third parties.

2019 Highlights

In 2019, CIB achieved a strong ranking among Egyptian banks with the largest market share of commercial domestic payments, including automated clearing house (ACH) receivables and payables (ACH Direct Credit and ACH Direct Debit). A noticeable increase in transactions generated significant synergies for cash management, which increased by 170% y-o-y as of December 2019 to reach EGP 480 million, while cash management revenue reached EGP 37 million during the same period.

Other key highlights include:

- A 29% y-o-y increase in the customer base to reach 12,000 corporate customers.
- Migration rate of 87% for all outgoing transfers.
- Migration rate of 62% for all internal transfers.
- A 32% y-o-y increase in the number of transactions to reach 2.9 million.
- In cooperation with the Egyptian Banks Company, introducing foreign exchange services on the ACH local remittance platform.
- Extending the ACH Direct Debit settlement window from 11:00 a.m. to 3:00 p.m. (CLT) in a



In 2019, CIB achieved a strong ranking among Egyptian banks with the largest market share of commercial domestic payments.

- custom arrangement for CIB that will be useful for brokerage companies.
- Introducing the new ACH integration approach to one of the biggest power and electricity suppliers in the Middle East.
- Enrolling Egypt's largest microfinance companies in ACH.

2020 Forward-looking Strategy

Efforts to expand international remittance payments and target new markets, while focusing on increasing our market share in existing ones, will continue increasing subscribers, transaction volumes, and migration rates.

Trade Finance Management

Trade Finance Online is CIB's market-leading online trade channel, offering clients the ability to conduct and manage their trade finance transactions online. The channel provides customers transparent and clear information about all their transactions, while eliminating paperwork and saving them time and money.

2019 Highlights

- In 2019, we began migrating customers to a new Export Direct Collection service on the CIB Business Online portal. The service allows Business Online customers to send shipping documents directly to CIB without visiting a branch and lets them track the entire journey.
- The queue-matic system directs service requests to back-office counters. It was adjusted at 35 hubs to give higher priority to trade finance and cash service requests from CIB Business Online corporate customers.

61 EGP
BN

fixed-income investments
under custody

- Provisional LC was launched on the Business Online channel to replicate the current email process for corresponding with the LC Trade operation team to request and amend a draft before the final LC is issued.
- As of December 2019, the migration rate for online trades reached 27%.

2020 Forward-Looking Strategy

The Business Online channel will be improved with more features that make it a convenient and secure platform for trade and supply-chain finance, cash, treasury, and lending services. Both new markets and increasing market share in existing markets will be targeted in order to increase subscribers and transaction volumes. Work to migrate customers from in-branch transactions to online transactions will continue.

Governmental Payment Products

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 and collect payments through the E-Pay portal. In cooperation with E-Finance, CIB also moved bill payment services for customers to the digital platform using E-Pay's generalized portal, which greatly improves the customer experience.

CIB also established the Corporate Payment Service (CPS) portal, which allows corporate customers to pay and manage their government payments from the comfort of their office, 24/7.

2019 Highlights

2019 saw a number of notable achievements:

- A 69% y-o-y increase in the customer base to reach 866 corporate customers.
- A 67% y-o-y increase in the number of transactions to reach 35,000 transactions.
- Revenue of EGP 160 million as of December 2019.

2020 Forward-Looking Strategy

A key objective for 2020 is to ease the burden of governmental payment processes in the branches. In 2020, we expect that E-finance services will be made available through our ATMs to help meet the Egyptian government's strategy for achieving a cashless society, which envisions increasing the country's banked population and their use of ATMs.

Global Securities Services

2019 Highlights

- Global Security Services (GSS) is ranked number one among Egypt's providers of trustee services, handling 20 special purpose vehicles (SPVs) out of 30 SPVs in the market, with total assets of EGP 16.5 billion.
- GSS attracted new portfolios worth a total of EGP 29 billion, diversified across scriptless and physical securities, while fixed-income investments under custody increased significantly, with a 29% growth in T-bills to reach EGP 61 billion as of December 2019.
- For the tenth consecutive year, CIB was recognized as the best sub-custodian in Egypt by Global Finance. It recognized the Bank's distinguished services with total assets under custody of EGP 412 billion.

412 EGP
BN

total assets under custody

2020 Forward-Looking Strategy

Key initiatives will be undertaken in 2020:

- The margin lending service will be launched for retail clients wanting to invest in the capital market.
- A service for treasury bill investments through the online banking system "FBCC" will be launched exclusively for corporate clients.
- The onboarding process for custody services will be revamped to allow clients to receive custody services without maintaining a cash account at CIB.
- CIB's prime corporate clients will be registered in the central depository, increasing GSS's share of the custody market.

Digital Governance

The digital governance team manages collaboration between the Global Transaction and Digital Banking division and both the Bank's internal stakeholders and the Central Bank of Egypt and other external stakeholders.

2019 Highlights

2019 saw continued collaboration with the Federation of Egyptian Banks (FEB), CBE, and the other stakeholders on the transformation of the Egyptian economy to a cashless society.

The digital governance team presented a detailed study to the Federation of Egyptian Banks on the challenges of new CBE financial inclusion regulations. The team also represented CIB in the CBE's initiative to implement eKYC for the banking sector over the blockchain.

2020 Forward-Looking Strategy

The Digital Governance team will continue to diligently ensure compliance across the Bank's digital channels. It will challenge stakeholders to adopt new technologies while ensuring that digital products, strategies, and financial inclusion efforts comply with regulatory guidelines as they are updated. In all interactions, the team will encourage stakeholders to increase their digital appetite.

Support Functions

Three distinct support functions act as the beating heart of CIB's organizational structure.

Operations and IT

Operations and IT continue to be the cornerstones of the Bank's strategic vision

HR

CIB invests heavily in its human capital, the driving force behind its success

Marketing

CIB's brand equity is expertly driven by a team of industry professionals

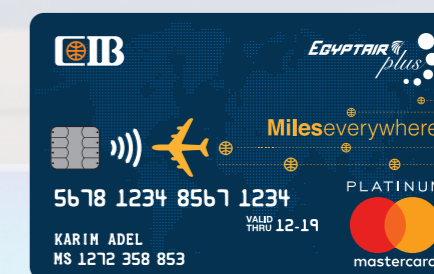


Zaki the Bot
Your Personal Virtual Assistant



What kinds of credit cards does CIB offer?

Great! CIB offers several types of credit cards, scroll through and tap the one you'd like to learn about.



Platinum Egypt Air Card

You've tapped the Platinum Egypt Air Card. Would you like to learn more?



Yes, what are the benefits?

This card gives you 5,000 bonus miles, 1 mile for every EGP 10 you spend, and a 25% discount on miles when redeeming them on EGYPTAIR flights. You'll also get 5% off purchases from EGYPTAIR Duty Free Shops, access to EGYPTAIR Lounges in Cairo International Airport (Terminal 3), and priority check-in at the business class counters when flying EGYPTAIR. Would you like to know more?



Yes, how can I apply?

You can apply online for a Platinum Egypt Air Card by tapping [here](#) now.



Operations and IT

207

total branches

CIB stands apart from other banks, largely due to its unmatched customer experience. The development and implementation of customer-centric strategies is largely fueled by the efficiency of internal processes, such as operations and information technology. Managed through the COO Area, the operations and IT functions within the Bank work together to incorporate technological advancements and artificial intelligence across the Bank's functions with an eye to seeing the Bank meet its growth targets.

The Operations and IT Group, in collaboration with the Information Technology (IT) division, continue to be cornerstones of supporting the Bank's strategic vision. The goal of the operation to offer our customers the highest level of service quality, which would not be achieved without improving the Bank's operational efficiency, automation, and process re-engineering, all with the aim of reducing the cost of service and better improving our customer satisfaction.

2019 Highlights

In 2019, CIB upgraded its core system to the T24 Core Banking system to improve operational efficiency. The shift facilitated the introduction of an arrangement architecture module, which is a new core banking engine outfitted with a product builder to serve all business segments. The new module will provide future products with enhanced technology, system stability, and decreased time to market.

This year, the division finalized the Sigma program, which aims to streamline customer service delivery at branches. The program has contributed

to the successful rollout of account openings and loan origination resulting in better customer experience, service delivery turn-around-time (TAT), and business growth.

The Bank continues to expand its digital footprint, introducing a digital program to cater to untapped segments and support financial inclusion with the new e-wallet, while introducing a new digital platform for our existing customers, which are targeted for launch in 2020. As such, security processes have had to move in tandem with these advancements to enhance the reliability of the Bank's digital services and secure data, all while delivering a streamlined and secure customer experience.

In 2019, the division also began a Business Process Re-engineering (BPR) initiative that will continue in 2020. BPR aims to enhance efficiency and productivity rates, reduce TAT, upgrade the customer experience, and build effective Service Level Agreements (SLAs) based on targeted TAT to detect any changes in the sector.

The division continued to work diligently to support the Bank's brick-and-mortar expansion plan; 6 new branches were added to the network for a total of 207, including a Private segment branch in Zamalek. Expansion and renovation work was completed for 6 branches during the year. The division also helped boost the ATM network to 1,012 ATMs across Egypt.

In FY2019, the Real Estate and Premises Projects Group obtained ISO 9001/2015 certification, the international standard for a Quality Management System (QMS), to improve the performance and efficiency of the real estate management process.

Information Technology

CIB's technology infrastructure is considered the most advanced in the industry due to its state-of-the-art computing systems, fully virtualized platforms, and powerful storage appliances. Throughout the year, the IT team continued to enhance customer touch points such as ATM machines, online banking, e-wallets, and others and pressed on with optimization efforts across infrastructure layers for better customer experience, cost optimization, and efficiency.

The team's primary focus in 2019 was to upgrade the core banking system to ensure a seamless customer journey. IT also enhanced the Bank's infrastructure resiliency through the implementation of network virtualization phase I and start the rollout of a new virtual desktop platform. CIB brought state-of-the-art technology for computing systems, fully virtualized platforms, and powerful enterprise storage appliances. The whole infrastructure caters to one of the most advanced data centers in the banking sector.

IT has supported business growth on all levels, beginning with the increase in number of customers, which has necessitated that the team bolster the benchmarking of system availability levels, starting with an ongoing stability program across critical systems and the enhancement of system monitoring.

IT streamlined CIB's mobile banking platform to improve the customer experience by offering a few new features and functionalities that have propelled the platform to one of the best in the Egyptian market.



Operations and IT continue to be cornerstones of the Bank's strategic vision.

To cater to the increasing number of new customers in a cost-effective manner, a fully automated customer onboarding process was established. The process is flexible enough to handle onboarding requests coming from different touch points through several integrated systems. The division also improved the retail origination process, which enabled a full segmentation, targeting, and positioning process through fully integrated systems and technology components.

The Vendor and Financial Management division created a framework that enabled additional control over the vendor management process through a scientific scoring approach for vendors, which enabled better management decisions.

The Business Architecture Program, launched in 2019, allows for a better understanding of CIB's business needs and builds a baseline view for current capabilities. This identifies gaps in the business capability level to identify the technological strengths and weaknesses. The program allowed the division to formulate a strategy aligned with that of the Bank, creating a target baseline view for CIB's

1,012

ATMs

business capabilities and technology landscape that will be used as a reference point for strategic plans. A new technology onboarding process, based on the Gartner framework, was adopted to ensure any new technological components within CIB's environment is aligned with its strategy. The process has become the main gateway for any new technology introduced into CIB.

As IT environments mature, it is important to continually increase visibility across IT structures and enhance service levels for different domains. The addition of new capabilities for security provisioning allows the division to upgrade security for all internal stakeholders and, more importantly, customers.

An automation program is currently running on track to automate manual IT tasks and, at a later stage, incorporate Artificial Intelligence (AI) technology in all the IT processes and functions to reach maximum efficiency.

IT continuously delivers new business capabilities, technology components, and systems automation through a complete set of well-defined processes governed by strong controls and managed by flexible project management methodologies. The division will endeavor to enhance services to reach higher customer satisfaction levels by ensuring the implementation of the latest technology, security controls, and governance.

Security and Resilience Management

With the ever-changing and dynamic security landscape and in alignment with global and local initiatives and trends, CIB's Security and Resilience Management division focused on enhancing

the Bank's security and resilience frameworks. The objective is to improve business continuity and security capabilities to enable them to be more resilient in the face of disruptions, threats, and risks as well as introduce automation, where applicable. Focusing on process, people, and technology, the Security and Resilience Management division, through a team of approximately 30 members, is comprised of three main areas:

- Security Operations Center - Responsible for ensuring that security incidents are monitored and responded to.
- Continuity and Resilience Management - Responsible for the planning and execution of the different response strategies in the event of business disruptions.
- Information Security Management - Responsible for putting in place a proper security governance framework and defining as well as setting the bank-wide security policies and guidelines.

The teams work together to ensure the necessary policies, procedures, and guidelines are aligned with industry best practices and global standards are being implemented and adhered to. Through the different security controls and defense in depth infrastructure that provides preventive and detective capabilities, the Bank is protected against advanced threats and persistent attacks. This infrastructure is managed and monitored by highly skilled and certified teams, also equipped with cyber threat intelligence that enables the team to take proactive measures in managing cybersecurity risks and threats.

In 2019, CIB received ISO22301:2012 certification for Business Continuity Management by PECB, a

1.2

EGP
BN

migrating transactions to the Bank's ATM channel

global provider of training, examination, audit, and certification standards, in partnership with EGYBYTE, a leader in the MENA market for IT Service Management. The Bank has also been able to successfully maintain its Payment Card Industry – Data Security Standard (PCI-DSS) certification, as well as assuring full compliance with SWIFT Customer Security Program requirements. Adopting a data-centric security strategy, the Security and Resilience Management division has focused its efforts on taking the necessary security and protection measures to safeguard customers' information against unauthorized access or leakage. Data privacy and security has become a key strategy pillar, aligning with global and local data protection guidelines and requirements.

The Security team has supported the Bank's digital transformation agenda to ensure full compliance with the country's regulations and guarantee security measures and controls are embedded within the early stages of product development. This enhances time to market, provides trusted security services, and allows the Bank to provide a streamlined and secure customer experience. The Security and Resilience Management division also provided visibility on the Bank's cyber threat landscape and attack surface, enabling the business to take more informed risk-based decisions.

To stay abreast of the latest security and resilience trends and evolutions, investments in our human capital through training and certification continues to be a key focus. The team also attended various global and local conferences and seminars to this effect. The team has expanded 30% this year alone, underscoring the Bank's

commitment to investing in security and resilience as a core part of its strategy.

Operations, Channels, and Customer Experience

As CIB continues to maintain its attention to customer satisfaction, this year, the Operations, Channels, and Customer Experience division completed the annual Customer Satisfaction and Net Promoter Score (NPS) survey, which measures customer satisfaction across segments and service channels including digital ones. In 2019, the survey showed that individual customer segments have sustained satisfactory service quality, beating NPS levels against regional benchmarks. The survey also highlighted service enhancement opportunities in both the corporate and business banking lines of business.

This year, the Bank successfully launched the Corporate Portal/Digital Support Contact Center and Business Banking Contact Center Channel, each with a dedicated team to handle general inquiries, activation, and complaints.

The Card Center has made several achievements during the year, including, but not limited to, Visa Contactless Card for both Debit and Credit cards with dual contact methodology. It also completed phase I (on the acquiring side), including the acceptance of Meeza cards over governmental websites.

In line with ongoing system upgrades and the Bank's digital transformation strategy, the year also saw the launch of the Business Process Re-engineering (BPR) initiative, beginning with trade products targeting corporate and business banking customers. The first outcome of the exercise

CIB's focus will continue to be on enhancing the technology stack to support aggressive business plans and the fostering of new ideas.

was the launch of the first phase of the Inward Document for Collection (IDC) issuance re-engineered process, which brings TAT to 100 minutes, beating market benchmarks. Also, the first phase of the Inward Letter of Credit (ILC) issuance re-engineered process launched in the fourth quarter of 2019.

Straight Through Processing (STP) is another important milestone for the Bank, which has increased processing efficiency, leading to a better customer experience. With certain products and processes now executed end-to-end without any manual or human intervention, STP complements the Bank's digital agenda. The division also launched the Transactional Volume Analysis (TVA) model, which will be used as a forecasting tool for capacity planning and to optimize resource utilization. The first phase of the Trade Finance Dashboard and Remittance Dashboard was launched in the fourth quarter of 2019.

CIB has taken concrete steps since 2018 to establish new headquarters in the New Administrative City. With the land handed over, the entire building raft, as well as design documents (architectural, structure, etc.), are 100% completed. Construction of the lower basement is 50% complete.

Efforts are taking place to expedite the completion of the Command Control Room (CCC). Network and security hardware has been delivered, and CCC is up and running, monitoring 100 branches in 2019.

2020 Forward-Looking Strategy

For the coming years, CIB's focus and attention will continue to be on enhancing the technology stack to support aggressive business plans and



CIB infrastructure caters to one of the most advanced data centers in the Egyptian banking sector.

the fostering of new ideas. This is to ensure the Bank is up to date with the latest technologies to deliver quality customer service, maintain strong governance and security standards, and optimize its back-end to adapt quickly to changes in customer behavior.

The Security and Resilience Management division's focus in the years to come will be building further trust and reliability in its services and systems while setting a solid foundation of compliance with regulations and best practices. It will also improve organizational resilience to effectively manage emerging risks and enhance visibility and response capabilities to different threats. In addition, it will develop its Security Operations Center's capabilities to proactively manage threats and immediate responses, reduce costs, increase efficiencies, and mitigate risks through actionable intelligence. In the next five years, the focus will be given to orchestration and automation, as well as enhancing our incident response capabilities, cyber resilience, and data protection.

Hi Zaki, I want to know what CIB does for clients.



CIB caters to every type of client, from large corporations looking to structure syndicated loans, to small SME clients from a broad range of industries, all the way through to personal banking customers looking to open a current account.



Where are you located?



The Bank is headquartered in Egypt with offices, branches, and ATMs across the country. We also have two representative offices in the region: one in Dubai, UAE, and one in Addis Ababa, Ethiopia, to serve our ever-growing client base.



And what other service do you provide?



We have three service arms under our umbrella: CVentures, which is Egypt's first corporate venture capital firm providing fintechs with the support they need to thrive, Falcon Group, which provides clients with numerous security, technical, and project management services, and Fawry Plus, Egypt's premiere payment platform.



Human Resources

571

new hires in 2019



Data analytics and integration, digital power, and the rise of smart devices will impact the way HR is managed.

The real value of CIB lies in our passion for people. We are delighted to work with top talents in the banking industry who provide exceptional customer care and experience. We challenge our employees to perform to the best of their ability and enhance their career progression within CIB, while ensuring our employees enjoy a positive work environment, outstanding training, and diverse career opportunities, which support them to develop to their full potential. HR focuses on enabling business performance by acting as a change agent in transforming an organization, equipping employees with new digital competencies, and embedding them in employee behaviors as well as empowering them to continuously adapt to a dynamic and fast-paced environment.

In the coming years, data analytics and integration, digital power, and the rise of smart devices are expected to make a significant impact on the way HR is managed. HR will play a strategically enabling role to evolve current human capabilities, establish a culture of innovation, engagement, and enablement, and build the right skill sets that match with a digital future. These new skills will enhance sense-making, social intelligence, adaptive thinking, cross-cultural competency, computational

thinking, cognitive load management, and virtual collaboration. HR will need to lead the way when it comes to developing organizational structures, job design, and strategic workforces, allowing them to reshape the hiring strategy for the future workforce.

Talent Acquisition and Career Mobility

CIB continues to attract and retain the best in the market, providing employees with opportunities to make meaningful steps in their careers. HR aims to attract agile and adaptable people who can effectively deal and respond to rapidly changing circumstances and whose values and beliefs match our own. In 2019, CIB hired 571 external talent individuals, moved 1,328 across different areas, and internally promoted 625 promising young talents for better exposure and enhanced career progression.

A total of 21 employment initiatives took place in 2019 across universities and other venues in Egypt to promote CIB's employer value proposition and competitive advantage. Tawarny is an initiative that started in 2018 and continued into 2019. It allows university students to practice mock HR interviews and provide them with tips and constructive feedback to prepare them for the corporate world. The initiative falls in line with CIB's aim to equip Egyptian youth with the rights tools for the labor market, creating a new generation of qualified candidates who will drive the country's development and growth.

Building on our objective to initiate mobile recruitment teams outside Cairo, in 2019, HR sustained the previously introduced "Ma7atetna 3andak" initiative, where the HR team visited eight areas across Egypt to facilitate the recruitment process for candidates at local hubs.

Lastly, CIB continued to invest heavily in advancing our current employees, providing them with clear job descriptions, affording them the tools they need to do their jobs, relieving them of unnecessary administrative burdens, and putting in place a reward strategy that motivates them to grow.

Business Enablement and Skills Development

This year, HR developed specialized training tracks to provide the relevant technical training for each business and build the competencies needed for employees to perform their jobs. The modules were offered in association with international certification bodies to provide our employees with international exposure. Exposing employees to various development opportunities increases motivation, enhances performance, and helps them achieve higher job satisfaction.

- Consumer and Business Banking Financial Services Management Program - A program designed in alignment with the Consumer Banking team to develop and acquire new internal calibers who would be potential agents for the Product and Segment, Business Banking, and Digital Banking departments.
- SME Academy - A technical program designed for the Business Banking segment to select the best internal calibers to receive intensive, customized training on different domains to prepare them for their roles. In addition, 60 Business Banking Relationship Managers were registered for the Simplified Examination to Maximize Profit (SEMP) offered by the Association of Accredited Small Business Consultants (AASBC).

- Wealth, Plus, and Private Academy - A new specialized academy where 25 Plus Bankers and Wealth Managers were granted international certification from the Chartered Institute of Securities and Investment. Further customized technical programs were designed for the Private Segment team to expose them to market trends and financial planning.

In 2019, further learning tracks were developed for those in finance, audit, information security, institutional banking, payroll, and IT to enhance their capabilities and widen their understanding by participating in technical and tailored development programs.

Finally, CIB offers employees different paths for development through multiple opportunities, offering special preferential rates for post-graduate studies with ESLSCA Business School and the University of Chicago Booth School of Business. In addition, CIB is the 'Employer of Choice' in the Association of Chartered Certified Accountants (ACCA), giving CIB employees access to various finance online programs and preferential rates for finance courses.

Leadership and Talent Management

In 2019, 18 employees from different areas and management levels were exposed to overseas programs to enhance their technical and leadership capabilities through various international vendors and schools.

CIB is keen to cater to programs to various managerial levels to prepare them to face any challenges using the best managerial techniques. During the year, 1,239 employees ranging from professionals, first-line managers, middle managers to other

management levels attended a variety of leadership programs with local and international vendors and schools, including Frankfurt Business School.

Additionally, CIB organized an informative intervention forum for board members moderated by top professors from IMD Business School to align the organization with the best international practices.

Employee Engagement

During 2019, career maps for all CIB employees were automated to support their career progression within CIB. In addition, as employee recognition is a crucial investment in any organization, HR revamped the Employee's Recognition Program in 2019 to reward employees for their efforts. The program seeks to retain top talents, increase motivation, boost employee productivity, and most importantly, foster a positive working environment.

HR will continue to build a robust engagement strategy to improve productivity and promote sustainable engagement. It will work on enhancing the onboarding experience for new hires to maintain CIB's position as an employer of choice. Other digital channels will also be used to bolster communication between employees, raise awareness about HR-related activities across the organization, and help facilitate several engaging and social initiatives to increase employee feedback.

During the year, HR conducted three team building activities for the IT, Consumer Assets Fulfilment Unit (CAFU), Risk, and Analytics and Data Management departments. A total of 200 employees attended from the IT division, 72 from CAFU and Risk, and 65 from Analytics and Data Management.

Reward Management

In an effort to retain top talent, CIB provides employees with meaningful rewards and fair compensation, including an Employee Stock Ownership plan, to strengthen their ties to our organization, while implementing a comprehensive performance management system. Our remuneration is assessed on a yearly basis taking into consideration market fluctuations and external market developments.

Customer Experience

Building on the success of the iCare campaign that

was launched and implemented in 2016-17, more than 3,000 staff members from different areas and management levels attended various versions of the program to spread knowledge and proliferate a culture of customer-centricity.

Moreover, iOwn was created and developed in 2018 to create full ownership for first-time resolutions while equipping our staff with tools to handle customer complaints using best practices. The program was customized with different versions to serve various types of frontliners. The customer experience journey continued in 2019, where 450 employees from frontline positions and supporting functions attended the program.

Gender Equality Initiatives

CIB aims to provide equal opportunities for advancement to all employees regardless of gender, age, ethnicity, religion, or any other aspect of their identity. We seek to create a professional working environment in which all people feel safe and welcome. The HR department collaborates with management to ensure all employees are treated fairly and with respect and have their needs recognized as individuals that enjoy the same rights, resources, opportunities, and protections. Accordingly, several initiatives were rolled out in 2019:

Women in Tech

In 2019, CIB introduced for the first time in the Egyptian banking industry the Women in Tech initiative, which addresses the gender gap in the technology departments of the Bank and helps build up talented women to work in these divisions. Fourteen candidates were identified to join this program, and their rotation included the IT, Security and Resilience Management and Digital Banking, and Global Transaction Banking departments. It included both theoretical and practical knowledge, and the closing ceremony featured presentations from candidates in front of the Chief Operating Officer (COO), Chief Information Officer (CIO), Chief Security Officer (CSO), and the Chief Digital Officer (CDO). Accordingly, four candidates were hired from the program.

She is Back

In 2019, CIB launched She is Back initiative to ease the transition for women returning to CIB from maternity and/or childcare leave. The aim was to help



them refresh their corporate knowledge and keep them abreast of any material changes or updates to the way in which the Bank does business, internal policy changes, and economic and banking sector updates so they can easily take on their newly assigned roles. During 2019, three rounds were conducted for a total of 43 women attending.

Women Empowerment

The Women Empowerment initiatives, which are essential to highlight women's efforts inside the organization, consisted of a series of customized events during the year. In 2019, 45 women attended Women Empowerment seminars as part of the program. Additionally, the Bank launched a training program on empowerment in the workplace and gender equality, which was attended by 47 women in the Bank. Due to its success, the training module will continue into 2020.

Exclusive Women Leadership Program by Egyptian Banking Institute (EBI)

This two-day program was specifically tailored to women at the middle and first-line management levels. It consisted of two international leadership modules on key management skills for women in the banking sector. A total of 70 women across CIB were selected to attend the program.

Automation

At the beginning of 2019, CIB witnessed the launch of the Performance Management System (PMS) project. The 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 the Bank.

By the end of 2019, the Recruitment team finalized the implementation of Taleo Recruitment System, which will enhance the overall candidate experience by increasing our digital presence effectively through integrations with social media websites. In addition, the system provides support for growing mobile usage by candidates, allowing them to apply for jobs through a dedicated mobile application process.

The Taleo Recruitment System will increase productivity due to its advanced automated prescreening features and is accessible from any location. It will enhance communication between the team and hiring managers as it can track the progress of requisitions and candidates.

Digital Learning

CIB offers employees several platforms to boost employee's awareness and knowledge, such as CIB's video and audio libraries on the iKnow application. Topics are presented in the field of finance, economics, globalization and technology, management and leadership, sales and marketing, strategy, and personal effectiveness.

The division also employed digital solutions to increase bank-wide awareness through a series of e-learning sessions launched in 2019 to meet the various needs of business stakeholders. These covered topics such as reputational risk, HR policies, and organization awareness (operational and conduct risk). It also developed specialized e-learning sessions targeted at particular employees including those in Corporate Banking, Credit and Investment Exposure Management, Debt Capital Markets, Global Customer Relations, Business Banking, Branches, as well as the Wealth and Plus segments.

Marketing and Corporate Communications

Marketing is constantly evolving; it has moved from mass marketing to direct marketing to digital marketing, and now to data-driven marketing. CIB's marketing strategies and resources have kept pace with these changes while adapting to external factors, the Bank's objectives, and consumer behavior.

Today, consumers use more devices, are more privacy-aware, and have increasingly sophisticated customer-experience expectations. CIB's forward-looking approach to marketing and communications has kept us aligned with these trends, setting CIB apart from other banks.

A Unique Approach to Marketing and Communications

CIB does not adopt a one-size-fits-all approach but targets its marketing campaigns to raise awareness for specific products and services with specific customer segments. It begins with the creative elements, including subtle considerations like tone of voice, to make each campaign personable and relevant to the target audience, maximizing conversions.

CIB allocates campaign budgets individually, including the cost of developing concept designs and other early-stage efforts. The bulk of campaign budgets go to digital marketing, including:

- Direct marketing via SMS and email
- Social media marketing
- Content marketing
- Search engine marketing
- Digital advertising and prospecting
- Influencer marketing

CIB owns the complete marketing funnel. The Marketing and Corporate Communications division includes a team of user experience (UX) designers who are responsible for the front-end experience across all digital touch points. Marketing campaigns have both the goal of raising awareness for products and services and of driving traffic to digital channels.

CIB's marketing campaigns focus on value propositions rather than on competitive pricing or other simple appeals. For example, unique experiences for select HNW individuals fitted to lifestyle and social status foster a sense of belonging for specific customer segments, delighting them, deepening their relationship with the Bank, and increasing their loyalty. The result is customer advocacy, or "word-of-mouth," that generates referrals and grows CIB's share of HNW individuals' wallets.

A Unified Marketing and Corporate Communications Division

In 2018 the department was restructured to bring the Branding and Corporate Communications team and the Marketing Communications team under the single leadership of the Chief Communications Officer (CCO), working in the following teams:

- Corporate Communications
- Marketing
- Sustainability
- Marketing Services

The restructuring has enabled the division to deliver higher value to the Bank. Notably:

- An increase in digital prospecting and lead generation.
- High brand visibility and recognition within

the digital space; CIB owns the internet when it comes to the financial sector.

- Better migration of customers to digital channels, including to online banking and Smart Wallet use.
- The rebranding of product segments, including the launch of our "Private" segment for UHNW individuals.
- A consolidation of our marketing materials for each segment and product family, with a face-lift for our digital channels to better reflect each segment.
- Achieving business goals for marketing campaigns, such as cost-to-income, acquisition, and usage targets.

A Uniquely Digital Division

CIB's bank-wide digitalization push has had a deep effect on all aspects of marketing and communications. In fact, it was clear from the start that in order to measure the success of marketing campaigns, and to maximize conversions the marketing function needed to lead the digital customer journey. As a result, marketing and communications has played a key role in the Bank's digitalization over the past five years.

CIB's Sigma program to automate and streamline operational and redundant tasks helps employees work faster and is focused primarily on customer needs. Likewise, upgrades to the core banking system to increase automation and efficiency helps deliver superior and frictionless customer service. It also gives the marketing division visibility on valuable customer experience metrics, such as account opening times under 15 minutes and instant credit card settlements. It results in tailored value propositions



CIB's bank-wide digitalization push has had a deep effect on all aspects of marketing and communications.

and product bundles that increase product and service acquisitions. Having the tools to differentiate banking products in the market gives CIB leverage over its competition.

CIB's alternative channels have been upgraded to provide new functions, features, tools, and analytical capabilities that enable personalized customer experiences, digital onboarding, and migrating customers from in-branch interactions to digital alternatives.

Investments in big data have enabled marketing to better target customers by behavior and segment, identifying customers who have a tendency towards spending, saving, or traveling and building personas of the Bank's card users based on how they spend.

All these investments in digitization will reap more benefits as we integrate data from standalone platforms and sources with new campaign management tools and eventually enable automation that will support segment management and cross- and upselling activities.



Corporate Communications continued to promote CIB as a best-in-class operator on the international stage, showcasing additional areas of strength, including digital banking, sustainability, and social responsibility.

2019 Highlights

The focus last year was ensuring that the combined Marketing and Corporate Communications division operated at full capacity. In 2019, the emphasis shifted from execution to performance. Marketing campaigns were focused on specific objectives and supported by live monitoring, and campaign objectives were correlated with business outcomes in order to ensure the highest ROI.

For example, CIB's new platform for monthly card offers consolidates all standalone card campaigns into a single mega-campaign that has gained traction both with customers, who look forward to the monthly announcement, and with merchants, who increasingly seek to be featured in the monthly offer.

The division also continued to broaden its audience by engaging customers over social media. This reduces our cost per reach and maximizes return without increasing budgets. Two priorities in 2019 were: a focus on experiences for HNW customers and humanizing banking for less sophisticated consumers.

Through CIB's blog and social media, including short videos such as the "How It Works" series, we are providing simple information that demystifies banking products and services. The goal is two-fold: positioning CIB as a first-mover for financial literacy and financial inclusion in Egypt and — from a product and service perspective — reinforcing CIB's values, establishing trust, and keeping CIB top of mind with consumers who are considering a banking product or service.

A major ongoing effort is CIB's new public website, content management system, and analytics tools. In addition to creating a consistent and reliable

user experience across the web, online banking, and ATMs, this upgrade to our digital channels will enable analyses of audience behavior and engagement, specifically in response to marketing campaigns. It will allow us to serve customers a unique and dynamic experience every time they visit our website and to serve them relevant and personalized advertising to drive lead conversions.

Local and International Media Engagement

In 2019, Corporate Communications continued to promote CIB as a best-in-class operator on the international stage, showcasing additional areas of strength, including digital banking, sustainability, and social responsibility. Specific efforts highlighting CIB's commitment on these fronts led to global recognition for the Bank's achievements and leadership in these areas. In addition, Corporate Communications reinforced CIB's presence as the leading financial services supporter of Egypt's economic progress through featuring senior management in prominent publications such as Global Markets, Global Finance, The Banker, and Euromoney.

Over 20 interviews and a high-level Africa roundtable with senior public and private sector leaders in London were held with top-tier global publications, including the Financial Times, New York Times, Bloomberg, The Banker, Thomson Reuters, BreakingViews, and Euromoney. This international media engagement resulted in a number of articles and awards, recognizing CIB's leadership role in gender equality, social responsibility, and digital banking. Of special note was the international coverage of CIB's sponsorship of the CIB PSA Women's World Championship squash tournament held in Cairo. Widespread international

2,000

articles written on the CIB PSA Women's World Championship

and regional coverage of the sponsorship spanned print, online, broadcast, social media, and wire services for a total of over 2,000 articles, including ones on CNN, BBC, New York Times, Thomson Reuters, Associated Press, Yahoo, L'Equipe, MSN, Eurosport, Skye News.

Internal Communications

Internal communications efforts included ongoing townhalls and casual staff events, which maintain direct communication between senior management and employees. The success of "CIB Bel 3araby" (CIB in Arabic) continued in 2019. The first of its kind in the banking sector, this TV show for CIB staff tackles important bank and employee concerns in a humorous way. Our digital newsletter, "CIB Round-up," which sheds light on CIB-related news, the banking sector, and the Egyptian economy, received very positive feedback from staff, and in 2019 its frequency was increased from bi-weekly to weekly.

Corporate Social Responsibility

As part of CIB's commitment to supporting the community, the Marketing and Corporate Communications division expanded its corporate social responsibility activities. In 2019, CIB sponsored and contributed to numerous events across the country, with sponsorships encompassing art, culture, sports, CSR initiatives, and many others.

CIB believes that sports play an integral role in shaping the minds and health of Egyptian youth, and the Bank has been diversifying its efforts to support Egyptian athletes. For more information, please refer to the "Social Development" section of this report.

2019 Awards

- Middle East's Best Bank for Corporate Responsibility, Euromoney
- Best Bank in Egypt, Global Finance
- Best Bank in Egypt, Euromoney
- Best Online Portal Services, Global Finance
- Best Information Security and Fraud Management, Global Finance
- Best Online Deposit, Credit, and Investment Product Offerings, Global Finance
- Best Bill Payment and Presentment, Global Finance
- Best Integrated Consumer Banking Site, Global Finance
- Best in Mobile Banking, Global Finance
- Best Mobile Banking App, Global Finance
- Most Innovative Digital Bank and Best Trade Finance Services, Global Finance
- Best Trade Finance Provider in Egypt, Global Finance
- Best Treasury and Cash Management Providers in Egypt, Global Finance
- Best Subcustodian Bank in Egypt, Global Finance
- Best Bank for Payments and Collections in the Middle East, Global Finance
- Best FX Services, EMEA Finance
- Best Payment Services in North Africa, EMEA Finance
- Number 38 on Forbes Middle East's "Top 100 Listed Companies in the Arab World," (highest of the four Egyptian companies listed)

+18

awards won in 2019

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. The many awards and recognitions that CIB received in 2019 serve to reaffirm our commitment and successful performance as a local bank with global standards.

2020 Forward-looking Strategy

Over the coming few years, the Marketing and Corporate Communications department will generate leads by delivering, analyzing, and understanding customer experiences across all our digital touch points.

In 2020, marketing managers will begin working closely with business lines, experimenting with the analytics and marketing capabilities of the new website and online banking platform, incorporating transactional data from our big data initiatives, to collect customer insights and build customer profiles. These profiles will aid product design, data-driven marketing, and customer loyalty.

Marketing will also work closely with business lines to automate behavioral and event-based marketing, CRM marketing, and customer life-stage marketing, mainly via SMS and email. The UX design team will support these efforts by improving digital customer-facing experiences. This will entail:

- Growing the team and training team members on the new digital platforms.
- Analyzing customer journeys and identifying user experience issues and bottlenecks that prevent customers from achieving a desired goal.
- Configuring the platforms with automated, integrated, and personalized campaigns.

- Support GTB, business banking, and corporate banking in redesigning digital platforms and customer-facing products and services as required.

Automation and Personalization

The department's medium-term focus is to establish a customer relationship management (CRM) strategy to convert leads into customers by building and sustaining customer lifecycle experiences through automation and personalization over the next two years. Input from sales, marketing, and customer service will identify all potential touch points that occur during the customer journey.

One of the primary requirements for actively shaping individual customer journeys across channels is to have a comprehensive data set for each customer, without breaking customer trust and not at the cost of being authentic and transparent. To produce these 360-degree customer profiles, marketing, and bank-wide stakeholders will consolidate and correlate data from customer touch points, including the data warehouse, the public website, and the online banking platform.

During the first six months after the launch of the public website in 2020, CIB will collect traffic data for the new public website and will configure the platform with rules for building customer profiles and for personalization of content in order to continuously serve prospects relevant advertisements based on their interactions with the website. This will be a continuous exercise of experimentation and optimization.

New marketing and analytics modules for the online banking platform will launch in 2020. The system's event-based rules will be configured based on how customers consume products through online

banking. These rules will support cross-selling and upselling as well as encourage customers to migrate to the Bank's digital services.

Branding

CIB's business is growing and changing, and it is important that our brand reflects this. A brand refresh is expected to begin in 2020, not only to remain modern and relevant to our audience but to show that we are connected to our industry. A competitive edge for CIB has always been our identity as a bank that is ahead of the curve.

CIB's brand refresh will reflect a more current and updated image. A new tone of voice has been developed for use across all our communications to convey a younger and more approachable brand personality than we have used in the past.

The brand refresh has the following objectives:

- Preserve the integrity and relevancy of CIB's brand.
- Infuse the business with new vitality.
- Ensure CIB's image keeps up with the changing marketplace and represents the transformation of CIB that is underway.
- Expand our reach to new customers, specifically younger generations.
- Signal that CIB, the Egyptian bank, is becoming a regional brand and support our expansion into Africa.

A new CIB Academy in Egypt's new Capital City will be a strong statement for CIB's positioning as the place to learn banking. With an L&D department and a fintech lab open to pioneering students, academics, and entrepreneurs, the academy will help elevate the industry under CIB's leadership.



The Marketing and Corporate Communications department will generate leads by delivering, analyzing, and understanding customer experiences.

Local and International Media Engagement

In 2020, media engagement will focus on the following messaging: CSR, product and service launches, expansion into Africa, and broader organizational achievements. Exposure for CIB's up-and-coming young leaders will signal to local media the Bank's management depth and the behind-the-scenes engine that drives CIB. Foreign media efforts will include TV, print, and online outlets, as well as identifying specific international correspondents who focus on Africa.

Internal Communications

Internal communications will focus on simplifying internal messages and raising awareness of the Bank's expansions into Africa. For example, a new print publication for CIB's drivers and clerks will present the breadth of CIB's journey, the Bank's achievements along the way, and our aspirations in a suitable vocabulary and tone.

Better systems will be implemented for measuring if internal messages have been delivered and received by their intended audiences.

Our Controls

Risk

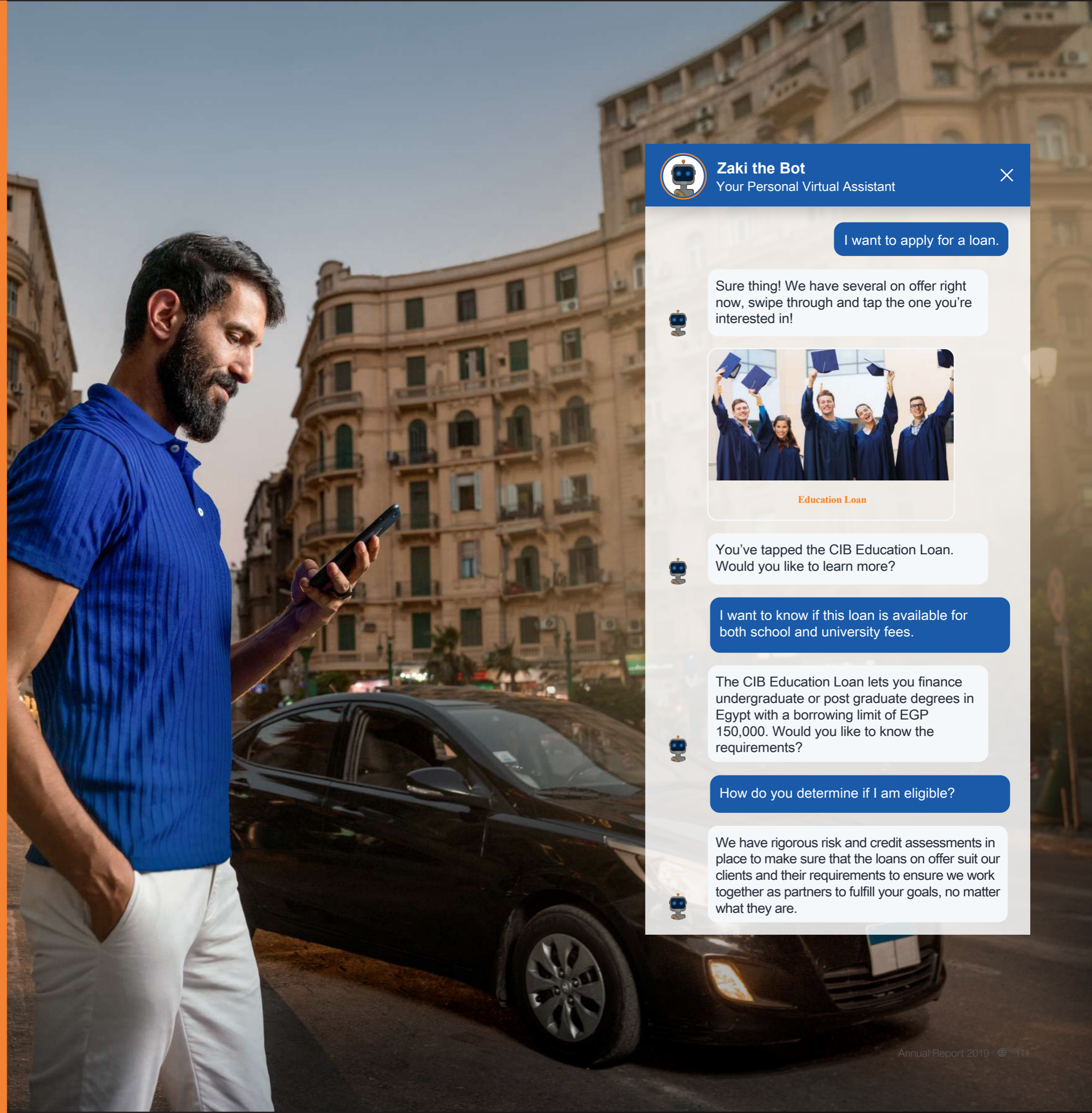
is responsible for the independent oversight of the Bank's operations through an ERM framework

Compliance

is a holistic practice that helps mitigate risks and set the ethical tone for the Bank

Internal Audit

provides independent and objective assurance and consulting activities to stakeholders



Zaki the Bot

Your Personal Virtual Assistant



I want to apply for a loan.



Sure thing! We have several on offer right now, swipe through and tap the one you're interested in!



Education Loan



You've tapped the CIB Education Loan. Would you like to learn more?

I want to know if this loan is available for both school and university fees.



The CIB Education Loan lets you finance undergraduate or post graduate degrees in Egypt with a borrowing limit of EGP 150,000. Would you like to know the requirements?

How do you determine if I am eligible?



We have rigorous risk and credit assessments in place to make sure that the loans on offer suit our clients and their requirements to ensure we work together as partners to fulfill your goals, no matter what they are.

Risk Group

The Risk Group is responsible for the independent, holistic, and forward-looking oversight of the Bank's operations through an Enterprise Risk Management (ERM) framework. The Chief Risk Officer (CRO) manages financial and non-financial risks, the Treasury Middle Office, and Internal Control Management functions.

CIB's ERM framework dates back to 2014, positioning the Bank as a pioneer on local and regional scales, and serving as a key pillar for the Bank. It adopts an integrated and forward-looking risk

approach, combined with a dynamic risk culture, as well as a robust data governance and adaptable technology platform.

In light of the growing importance of digitalizing the financial services sector, the Risk Group has undertaken a number of initiatives to embrace the Bank's digital transformation efforts. The group relies on data analytics in managing exposures and mitigating risk, as well as developing informed and granular risk and reward optimization via better quality models, and enhanced risk reporting.

1. Risk Strategy and Risk Appetite Framework

CIB embeds risk management into its strategy, budgeting, and performance management through providing management with insights necessary to adopt appropriate strategies. The Risk Appetite Framework (RAF) plays an important role in cascading the risk strategy and aligning business objectives with risk appetite and risk tolerance indicators to ensure a forward-looking approach. In addition, the RAF accounts for all significant changes arising from internal, external, potential, or pre-existing conditions.

2. Risk Management Process

CIB maintains a robust Identification, Measuring, Managing, Monitoring and Reporting (IMMMR) process for principal risks, which identifies primary risk categories and their respective sub-risks; employs effective methodologies and tools for quantitative and qualitative measurements; adopts appropriate responses; and deploys recovery and contingency plans, as needed.

3. Risk Infrastructure

The Bank's objective is to maintain an effective risk infrastructure, including IT data architecture, information tools and platforms, event databases, policies and procedures, as well as other methods to monitor increasing risks and continuously improve the Bank's mitigation plan.

4. Risk Environment

The Bank fosters a sound risk culture through its internal policies, communications, and awareness programs to ensure all employees are fully aware of their responsibilities towards risk management on a regular basis. These initiatives work together with the Bank's solid risk governance, which is deployed through the Three Lines of Defense model.

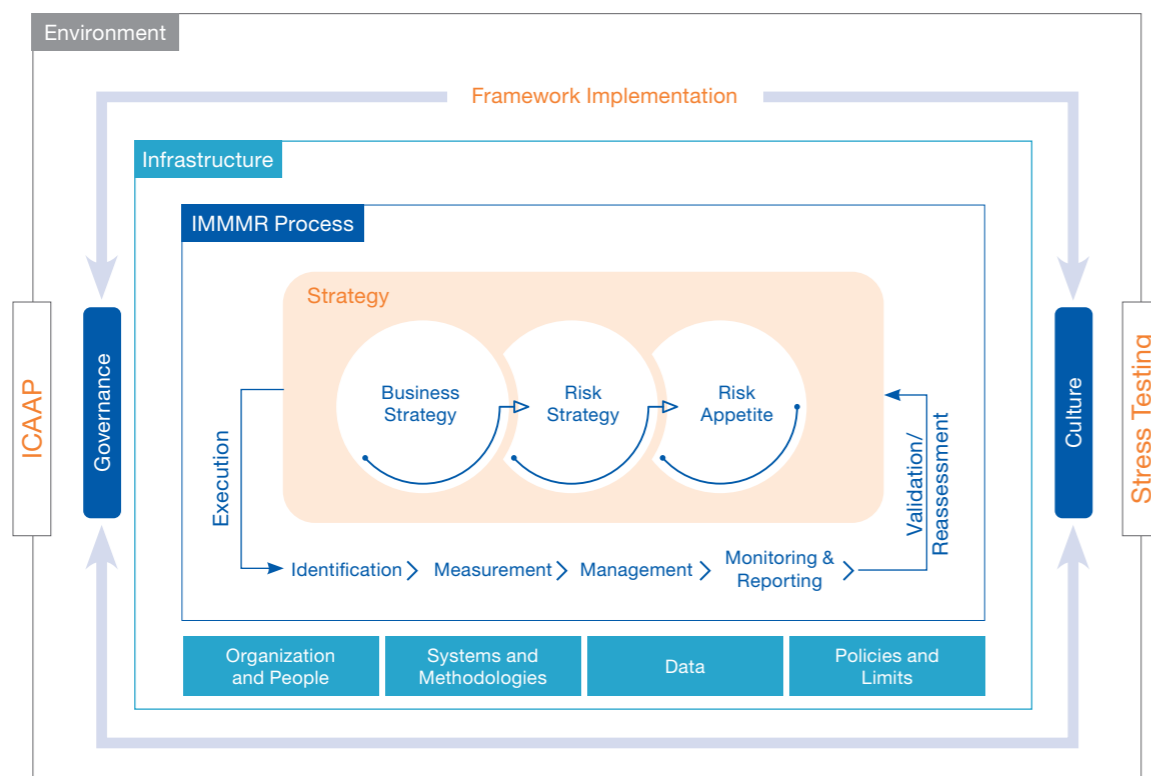
5. Integrated Risk Management

The Bank's comprehensive and integrated risk framework is not complete without its Stress Testing Program, which covers the main types of risks and assesses resilience to unfavorable shocks. This integrated framework is documented in the Internal Capital Adequacy Assessment Process (ICAAP) and Risk Management Framework (RMF). Several types of stress testing are performed to assess the potential impact on the Bank's financial position, with scenarios regularly updated to reflect dynamic changes in the economic environment and the Bank's risk profile to ensure its compliance with international standards and global best practices.

Financial Risk, Non-Financial Risk, and Risk Functions

The Risk Group aims to respond to the rapid changes in both international and local risk requirements, adopting a proactive approach to managing risks and building an internal framework.

CIB's Enterprise Risk Management (ERM) Framework



	Risks	Main Risk Measurements	Governance	Policy/Guide
Stress Testing	Financial Risks			
	Credit Risk	<ul style="list-style-type: none"> Independent and objective quantitative and qualitative credit assessment using independent credit risk assessment tools Adequate collateral management Managing counter-party credit risk Monitoring the portfolio through adequate Risk Appetite Indicators (RAIs) & Early Warning System tools Ensuring consistent adequate provisions coverage and acceptable loss rates Consumer Credit Risk monitoring leading, coincidental, and lagged indicators/ behavioral segmentation, vintage, and past dues analysis Maintaining adequate rehabilitation and restructuring process 	<ul style="list-style-type: none"> High Lending and Investments Committee Consumer Risk Committee Business Banking Risk Committees Board Risk Committee 	<ul style="list-style-type: none"> Credit Policy Investment Policy Consumer Credit Policy Business Banking Credit Policy Fully Secured Policy Credit Concentration Policy
	Market Risk	<ul style="list-style-type: none"> Value at Risk (VaR) Expected Shortfall (ES) Portfolio duration 	<ul style="list-style-type: none"> Asset and Liability Committee Board Risk Committee 	Treasury Policy
	Liquidity Risk	<ul style="list-style-type: none"> Liquidity gaps analysis Net Stable Funding Ratio (NSFR) Liquidity Coverage Ratio (LCR) Funding concentration 		
	Interest Rate Risk	<ul style="list-style-type: none"> Economic Value of Equity Earnings at Risk (EaR) Interest rate gaps 		
	Non-Financial Risks			
	Operational Risk & Conduct Risk	<ul style="list-style-type: none"> Event management Risk & Control Self-Assessment (RCSA) Risk heat map Key Risk Indicators (KRIs) 	<ul style="list-style-type: none"> Non-Financial Risks and Compliance Committee Board Risk Committee 	<ul style="list-style-type: none"> Operational Risk Policy Conduct Risk Policy
	Reputational Risk	<ul style="list-style-type: none"> Event Management Process Risk Assessment Matrix (Heat-Map) Sentiment Analysis 		Reputation Risk Policy

ICAAP

	Risks	Main Risk Measurements	Governance	Policy/Guide
Stress Testing	Non-Financial Risks			
	Compliance Risk	<ul style="list-style-type: none"> Audit and internal control reports analysis Applied risk-based approach Independent testing 	<ul style="list-style-type: none"> Non-Financial Risks and Compliance Committee Board Risk Committee 	<ul style="list-style-type: none"> Compliance Policy Code of Corporate Governance Anti-Money Laundry Know Your Customer
	Strategic Risk	<ul style="list-style-type: none"> Profitability limit Market share and peer analysis Early warning signals 	<ul style="list-style-type: none"> Management Committee Board Risk Committee 	Strategic Risk Policy
	Social & Environmental Credit Risk	<ul style="list-style-type: none"> Portfolio concentration in high-risk clients Performance standards thresholds 		Social & Environmental Credit Risk Policy Guide
	Model Risk	<ul style="list-style-type: none"> Validity of data and reports Model validation 	<ul style="list-style-type: none"> Non-Financial Risk and Compliance Committee Board Operations and Technology Committee Board Risk Committee 	Model Risk Guide
	Vendor Risk	<ul style="list-style-type: none"> Incident reports Key Risk Indicators (KRIs) 		Vendor Management Policy
	Information Technology Risk	<ul style="list-style-type: none"> Incident/problem report System availability report Business continuity plan 		Information Technology Policy
	Security Risk	<ul style="list-style-type: none"> Different security risk assessments Real-time alerts Security information and event management 		<ul style="list-style-type: none"> Security Governance Business Continuity Management
	Other Risk Functions			
	Internal Control Management (ICM)	<ul style="list-style-type: none"> Scorecard and scoring methodology for reviewed functions 	<ul style="list-style-type: none"> Non-Financial Risk and Compliance Committee Board Risk 	ICM Guide
Treasury Middle Office (TMO)	<ul style="list-style-type: none"> Money market, FX, cash exports, or interest rate swaps and credit limits Sovereign/investments concentration limits 	<ul style="list-style-type: none"> Management Committee Asset and Liability Committee High Lending and Investments Committee Board Risk Committee 	TMO Guide	
Quantitative Risk Management	<ul style="list-style-type: none"> Stress testing Internal Capital Adequacy Assessment Process (ICAAP) 	<ul style="list-style-type: none"> Management Committee Board Risk Committee 	<ul style="list-style-type: none"> Stress Testing Policy ICAAP 	

ICAAP

26.07%
CAR

3.99%
NPL ratio

757%
LCY LCR Ratio

255%
LCY- NSFR Ratio

2019 Highlights

The Risk Group has implemented organizational changes that complement the growth strategy set by the Bank for a number of its segments through developing specialized monitoring and early warning mechanisms for more robust control. It has also begun automating its consumer credit policies, granting instant preliminary approvals, streamlining processes, and enhancing overall service quality and customer experience. A leading technology provider was appointed to finalize the development of application and behavior scorecards, with the aim of maintaining its portfolio quality, managing the Bank’s increasing sourcing volumes, supporting decision making, and eliminating bias.

CIB’s balance sheet met CBE regulations and international best practices in the areas of capital adequacy and liquidity requirements, as demonstrated by the following:

- High-quality funding, with customer deposits comprising 91% of total liabilities. Diversifying the Bank’s deposit base enables CIB to continue supporting customers’ needs and maintains acceptable concentration risk levels.
- The LCY-CBE liquidity ratio remained well above the 20% requirement of regulators at 74.9%, while the FCY liquidity ratio reached 56.5%, which is above the regulatory threshold of 25%.
- The Net Stable Funding Ratio (NSFR) hit 255% for local currency and 156% for foreign currency, with the Liquidity Coverage Ratio (LCR) standing at 757% for local currency and 231% for foreign currency, all coming in above the 100% regulatory requirement.

CAR Trend	2018	2019
CIB Capital Adequacy Ratio (CAR)	19.09%	26.07%
CBE Minimum Requirement	11.875%	12.75%
Buffer over CBE Requirement	7.22%	13.35%

Throughout the year, specific and systemic stress testing scenarios showed no need for immediate action on the Contingency Funding Plan (CFP) in light of the Bank’s High-Quality Liquid Assets (HQLA).

Asset quality remained resilient, as reflected by the Bank’s NPL ratio, which came in at 3.99% of its gross loan portfolio — covered 2.25 times (225%) by the Bank’s loan loss provision balance. CIB issued its financial statements in compliance with IFRS 9 standards, and focused on automating and digitally-integrating the process throughout 2019.

With an established financial risks framework benchmarked against global banks’ standards, CIB has expanded its non-financial risks framework in the past few years. In line with this, the Risk Group finalized its SMA Operational Risk Minimum Regulatory Capital Quantitative Impact study and enforced CBE requirements related to the protection of customers’ rights.

The credit approval process was re-engineered to enhance the customer experience, reducing the approval process turnaround time, and setting a clear end-to-end process. This process starts from initiation and goes on to funds disbursement, including portfolio management & monitoring post disbursement, which has consequently increased efficiency and safeguarding rights.

The Risk Group commenced the industry assessment model, which is used to determine targeted, industry-specific growth rates based on current and historical credit standing, performance, and financial data. This translates all inputs and triggers into qualitative and quantitative measures.

2020 Forward-Looking Strategy

The Risk Group will continue to enhance the Bank’s infrastructure through the introduction of system upgrades and end-to-end automation, and support business through leveraging on new digital platform that provides instant credit decisions and guarantee service of the highest quality as an acquisition tool to maximize sales efficiency, optimize the cost of serving segments, offer exclusive product ranges and increase penetration rates. It will also offer new credit programs, built on a risk-reward strategy, to help the Bank achieve its targeted portfolio growth.

The group will also continue developing its Corporate Lending Transformation Project, and is looking into implementing a fully integrated “Credit Approval Cycle” for all stakeholders. A credit database for all borrowers will also be created to hold all relevant credit data, with a historical timeline that will assess historical trends and norms, and translate all inputs into qualitative and quantitative measures.

Incorporated in its strategy is also the automation of the Early Warning Signals system to enable automated tracking of triggers. It will also be integrated with the core and past due systems, allowing storage of historical data to assess trends, continue validation, and backtesting.

Non-financial risks, comprehensive frameworks for technology, vendor, and model risks continue to be further developed for a robust enterprise risk management universe.

Compliance Group

Compliance is a multi-dimensional practice with various scopes, including the management and mitigation of risks and setting the ethical tone for the entire Bank. CIB has a well-established, independent Compliance Group that helps the Bank meet its growth strategies through the dedication of a team of industry veterans from a variety of backgrounds. Within CIB, the Compliance Group aligns its activities with international best practices and promotes the highest standards of honesty, transparency, and integrity.

The group protects the Bank from the risk of legal or regulatory sanctions, material financial loss, and loss of reputation resulting from failure to comply with laws, regulations, rules, related self-regulatory organizational 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 through five distinct departments: the Compliance, Policies, and Procedures Division; Corporate Governance and Code of Conduct Division; AML and Terrorism Financing Division; Foreign Account Tax Compliance Act Division; and CBE Relations Division.

2019 Highlights 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. The scope of the division also includes monitoring bank products through reports to ensure compliance with policies, processes, and regulations, in addition to the involvement in the process of re-engineering initiatives and digital services expansion plans.

Following the preventive measures taken by the Compliance Group in 2019, where several corrective actions took place to mitigate risks, the Compliance, Policies, and Procedures Division began in 2019 contribution in the process re-engineering processes in Trade Finance Operations. Moreover, the division worked with Operational and Conduct Risk Management to comply with Customer Protection Rights instructions issued by the CBE and closed any gaps within the grace period granted by the CBE.

It contributed to several digital initiatives such as the El Mowaten governmental payment dues, El Mowaten governmental supply order, Unified Gateway payments, and others.

The division successfully launched many financial inclusion products in alignment with CBE directives, allowing CIB to become part of the first wave of contributors to the initiative. In 2019, the division helped launch QR acceptance services to select merchants who accept payments through digital mobile wallets; contactless services in collaboration with select merchants according to CBE instructions; and Meeza Prepaid Cards that positively enhances the payment process for untapped customers through the governmental entities and

14

cases presented to the Staff Issues Committee



The Compliance Group successfully launched many financial inclusion products in alignment with CBE directives.

achieves the country's initiative for the comprehensive financial inclusion.

Corporate Governance and Code of Conduct Division

The Corporate Governance and Code of Conduct Division structures CIB's governance framework in a way to enhance long-term value for all the Bank's stakeholders. The division works to ensure that the corporate governance system is documented, transparent, and clear. It ensures investors, both foreign and local, customers, employees, and the general public are confident in the ways the Bank is managed and supervised.

In March 2019, the Corporate Governance and Code of Conduct Division issued the first Corporate Governance Report for 2018, as mandated by the Financial Regulatory Authority (FRA). 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 line with their 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, compliance, and conduct-related issues, in line with CIB's strategy to foster a culture of compliance and good governance within the Bank.

In 2019, 14 cases were presented to the Staff Issues Committee, including 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 to shield the Bank against sanctions. The AML Division uses an automated transaction monitoring system, which detects money laundering, terrorism financing crimes, and suspicious activities. Additionally, the division maintains records of customers and reports suspicious activities to authorities.

In 2019, the AML Division successfully implemented batch screening, which allows the Bank to periodically screen its customer base and safeguards it against sanctions. In addition, the division implemented APIs to automatically screen automatic clearing house transactions.

Internal Audit

CIB's AML team attended several international seminars, including those on financial crime, new trends such as cybersecurity and human trafficking, to remain up to date on AML trends locally and globally to ensure it upholds 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). During 2019, 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 an advisor to all the Bank's departments to ensure they adhere to CBE regulations and instructions. CIB is the first local bank to establish a division that directly handles relations associated solely with CBE.

In 2019, the division assured regulatory instructions were adhered to without impact on the business. It collaborated with other divisions as needed to add value and guidance as well as assisted in the structuring of credit facilities to ensure their compliance with CBE regulations and lending guidelines.

Starting 3Q19, the CBE Relations Division became part of the re-engineering of the Trade Finance division to enhance the Inward Documentary Collections (IDC) process, allowing it to be controlled and monitored through a workflow platform (BPM) thereby enhancing performance and efficiency.

2020 Forward-Looking Strategy

Going forward, the Compliance Group plans to continue enhancing the efficiency of processes and turnaround time as it works to safeguard the Bank against the full spectrum of compliance risks. 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. It will also increase staff awareness of key compliance issues by delivering effective education and training programs and fostering the values of knowledge, honesty, integrity, respect, and professionalism across the Bank.

In 2020, Compliance, Policies, and Procedures will continue supporting CIB's digital framework by adding more governmental payments such as real estate taxes and corporate electricity dues as well as launching a payment facilitator and payment aggregator to enroll more untapped merchants through a third party as it continues to work toward financial inclusion.

As a market leader, CIB was the first bank in Egypt to conduct an external quality assurance to its audit activities by an independent external audit firm in 2015. Three years later, this practice became mandatory in the Egyptian banking sector.

The Internal Audit Group provides independent and objective assurance and consulting activities to its stakeholders, to add value and improve the organization's operations. Also, it supports Senior Management in accomplishing the Bank's objectives, by assessing the adequacy and effectiveness of the control system. Concurrently, it also evaluates and enhances the effectiveness of Enterprise Risk Management and governance processes.

The Internal Audit function at CIB takes its authority from its direct reporting to the Bank's Board Audit Committee, which is the backbone of the Internal Audit Group, approving its charter and safeguards its independence as the third line of defense. The Audit Committee also performs a full oversight on all Internal Audit activities, according to a risk-based audit methodology.

Internal Audit employees are one of the group's key pillars. They are thoroughly selected to staff the department with diversified professional experience covering all banking functions and supported by professional certifications. The Bank continuously provides them with internal and external training, and they regularly attend international conferences to acquaint themselves with the latest international trends and methodologies.

Empowered by our Board Audit Committee and in line with the latest international trends, there



The Internal Audit Group provides independent and objective assurance and consulting activities to its stakeholders to add value and improve operations.

exist synergies between the Internal Audit Group and our Analytics and Data Management Division. Leveraging on the expansive capabilities provided by Big Data, Internal Audit will be able to provide a continuous monitoring mechanism and help management to detect alarming indicators early on.

2020 Forward-Looking Strategy

The group's strategy for 2020 and beyond is to continue accommodating its stakeholders' expectations by providing assurance on a range of new emerging risks and uncertainties, in a fast-changing environment, while also delivering timely insights to guide key strategic decisions and help management navigate a rapidly changing business system and complex local and global regulations.


Environmental, Social, and Governance (ESG)

CIB runs a robust ESG program that not only benefits our profitability but builds a strong brand equity and promotes sustainable long-term growth.



Zaki the Bot
Your Personal Virtual Assistant

I want to know more about the Heya Card.



CIB designed Heya exclusively for women, filling it with the right complementary features and benefits in line with the bank's desire to prop up today's Egyptian woman. Would you like to know more?

What are the benefits?

This titanium credit card allows you to earn double bonus points whenever you spend and gives you exclusive discounts to all your favorite stores, including up to 40% off at some merchants as well as a buy-one-get-one feature through MasterCard's mobile application. You'll also get unlimited access to select airport lounges across the Middle East so you can travel in style.

What stores are on the list?

For a full list of merchants, tap [here](#).

How do I apply?

You can apply online for the CIB Heya Card by tapping [here](#) now.

Environmental Sustainability

CIB embraces a culture of sustainability, believing that a responsible institution benefits the community and contributes to the wellbeing of the environment.

Sustainable activities undertaken by the Bank for the past eight years have helped promote and strengthen the Bank's brand both locally and internationally. Over the years, sustainability has become central to its activities and evolved in line with international best practices.

CIB practices the Progressive Sustainability Approach through interrelated domains: environment, society, and economy. Population growth, coupled with technological advancements, are affecting our planet in distinct ways; dilemmas such as climate change, decaying natural systems, and rates of migration are exponentially increasing. Progressive Sustainability is proving to be the key avenue to minimize the negative impacts of environmental and social problems through innovation, increasing equity, and offering opportunities for a balanced life.

Corporate Sustainability Task Force

In line with CIB's commitment to sustainable business practices, it established a Corporate Sustainability Task Force. The group is chaired by a non-executive Board Member and is composed of six members who meet at least four times a year. They are decentralized and engage with all staff members throughout different channels via workshops and meetings. The task force keeps staff members aligned and aware of all the sustainability activities undertaken by the Bank and encourages personal sustainable endeavors. As a direct result, Ahmed

Wafeek, a Senior Personal Banker, is an active team member in Port Said's branch who funded and planted over 2,000 trees in the governorate.

The Bank's Port Said branch took a positive step forward and joined hands to minimize its environmental impact on the environment by tackling two main pillars: digital transformation and the reduction of CO2 emissions.

During the year, the branch scored first in terms of e-statement migration, issuing 9,500 e-statements during the year and saving over 70,000 sheets of paper in the process. The branch also hit the highest number of Smart Wallet subscribers Bank-wide at 463 subscriptions for the year. It also greatly reduced its air-conditioning usage, lowering the branch's electricity bills by 13% in 2019.

Environmental Sustainability

CIB promotes and applies green concepts and activities to reduce harm on the environment and promote sustainable ways of operating and conducting its daily business. CIB works to use its resources in ways leading to minimal environmental harm.

Carbon Footprint Calculations

Climate change is currently one of the world's most pressing issues. Accordingly, it was imperative for the Bank to understand the impact of its direct and indirect emissions to the environment. In this sense, a consolidated Carbon Footprint Audit Report on all CIB premises was developed. Total CIB emissions hit 36,373,090 MtCO2e for the year, and a target was set for 2025 to reduce greenhouse gas emissions by 10% (1,800 MtCO2e).



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Energy Efficiency

Building on this report, CIB is applying an Energy Management System (EnMS) to provide technical data on energy consumption and how to effectively manage it. This step will help us acquire an ISO certification in EnMS, enable us to better manage CIB's energy usage, achieve operating cost savings, and improve energy efficiency. As for electricity consumption, thanks to various energy saving initiatives, we recorded a 3% reduction in consumption for the year compared to 2018.

Sound Measurement

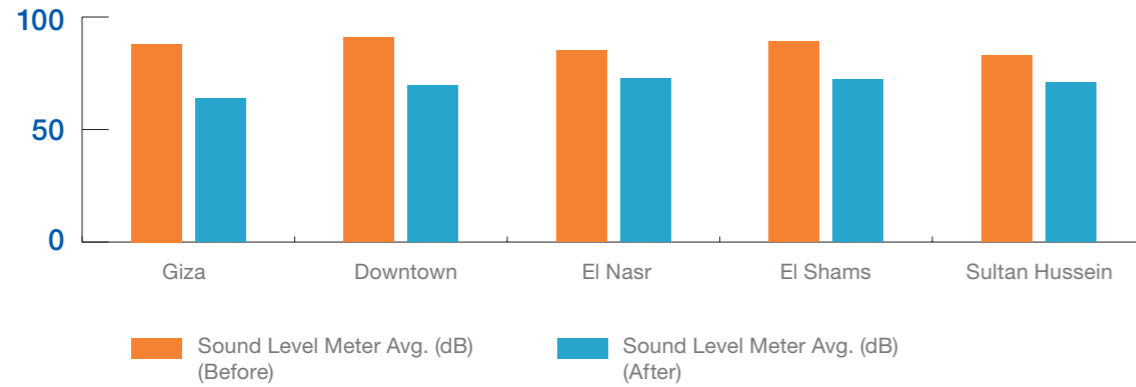
In line with CIB's commitment to employees' wellbeing, health, and safety, CIB finalized a sound measurement exercise on the five busiest branches in Cairo, Giza, and Alexandria. The exercise included

the maintenance and architectural adjustments required to decrease noise pollution. The results showed that CIB successfully decreased noise pollution levels on average by 10-12 decibels per branch, putting them in the "safe zone" according to international standards.

Reducing Waste and Managing Resources

As CIB aims to transform its buildings and offices into eco-friendly ones, the Bank adopts the standards of green buildings in its premises' operations manual. Water consumption is controlled through water restrictors and other devices. Waste management systems (electronic and paper waste) are in place, paper waste is sold to paper recycling startups, and biodegradable plastic is used. The Bank also encourages carpooling through a tailored CIB application.

Sound Levels at Key Branches



Natural and Cultural House of Zawara, Wadi El Rayan/Fayoum

Investing in the first open Natural and Cultural House in Egypt at Zewara camp located in the Wadi El Rayan Protected Area in Fayoum falls under CIB's broader sustainability strategy, as serving communities is an integral part of the Bank's environmental responsibility. The project is executed in collaboration with the UNDP, the Egyptian Italian Environmental Project (EIEP), and the Ministry of Environment. It will introduce a new eco-tourism destination that plays on the natural and cultural diversity of the area, from prehistoric times to date.

Aside from its positive social, environmental, and economic impacts, the project provides CIB with the opportunity to align its internal environmental initiatives with external community investment and offers the Bank the opportunity to partner with leading global entities such as the UNDP to harness key synergies and collaborations.

Sustainable Partnerships

2019 featured recognition from the different stakeholders of the Bank's initiatives and sequences.

UNEP FI Responsible Banking Principles

Being a member of the UN Environmental Program - Finance Initiative (UNEP-FI), CIB worked with other leading domestic, regional, and international financial institutions to promote

sustainable practices in the global financial sector. The Bank participated along with 29 other financial institutions to develop the UNEP-FI's Principles for Responsible Banking (PRB), which are the first principles addressed specifically for banking institutions to encompass social, environmental, and governance practices as part of their day-to-day operations.

CIB became one of the founding signatories of the Principles for Responsible Banking, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change. CIB joins a coalition of 130 banks worldwide, representing over USD 47 trillion in assets, in committing to taking on a crucial role in achieving a sustainable future.

Digital Economy Task Force (DETF)

CIB is the sole representative of Egypt's private sector in the Digital Economy Task Force (DETF): a joint venture between the African Union and the European Union. This invitation cements CIB's position as a leader in the development of the financial sector, and the digitalization of banking services, ultimately leading to financial inclusion. The DETF consists of multiple stakeholders from government, civil society, financial institutions, development agencies, and the private sector gathered to achieve cross-border integration and cooperation in Africa. Through this platform, the DETF seeks to establish its goals by



developing policies and recommendations to create alignment across the national, regional, and continental levels and ensure synergies between the initiatives under implantation. This platform enables CIB to play a pivotal role in the African continent's digital transformation and Egypt's national and regional aspiration.

Sustainability Indices

CIB is a constituent in the Financial Times Sustainability Index (FTSE4 Good) for the fourth consecutive year. The Bank has also been ranked first on the EGX Sustainability Index 2019 for the

fifth year in a row. CIB is one of the companies listed in the CDP (Carbon Disclosure Project), a climate change program aimed at reducing companies' greenhouse gas emissions and mitigate climate change risk. CDP recognizes companies with high-quality disclosure in its annual scoring process. The Bank was also included in the 2020 Bloomberg Gender-Equality Index for the second year running.

Social Development

As Egypt's leading private sector bank, CIB strives to create a positive impact on the local community. Accordingly, it has undertaken a number of initiatives to promote inclusive and sustainable development across the country as well as provide support to underserved segments of the community through the Bank's corporate social responsibility program, the CIB Foundation, and its dedication to supporting Egyptian squash champions.

Corporate Social Responsibility

Corporate social responsibility (CSR) is at the heart of CIB's core values. This year, we've diversified our community development activities by expanding our scope to include supporting sports, fine art, culture, and social welfare. We've implemented various CSR projects and provided support to initiatives carried out by other organizations.

Social Activities

KidZania

CIB and KidZania's partnership began in 2013, and since then, the Bank has organized several trips each year to KidZania for more than 150 underprivileged and special needs children, as well as children with health conditions. Through the CIB Foundation's sponsorship, the trips provided children with a fun setting where they learned about different banking operations, such as debit cards, issuing cheques, 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 the 2019 World Autism

Awareness Day in Egypt, supporting the integration of people with disabilities into society. Additionally, the Bank's Smart Village headquarters and select branches were lit in blue in solidarity on World Autism Awareness Day.

Beena

Beena is a protocol signed between CIB and the Ministry of Social Solidarity to encourage active youth participation in the community and monitor the development of social care services. The Bank has been the main partner and financial sponsor of Beena for four consecutive years. This initiative successfully attracted thousands of youths around Egypt who volunteered with orphans, senior citizens, and individuals with special needs.

Cultural Activities

In 2019, CIB's CSR activities branched into the art and culture fields, stemming from the belief that the country can only advance when cultural and artistic activities are readily available for all members of society. This year, CIB has increased and diversified its support of artistic endeavors throughout Egypt.

El Sawy Culture Wheel

In 2019, CIB continued its long-lasting sponsorship of El Sawy Culture Wheel, supporting its various intellectual, cultural, and social activities, including concerts by local and international artists, cultural nights, art exhibitions, and documentary films.

Cairo International Biennale, "Towards the East"

The 2019 Biennial was the first following an eight-year hiatus where 80 artists representing 50 countries participated. The artistic works of the festival were hosted in the historic and cultural locations

33.44 EGP MN

allocated to Al Nas Hospital – Al Joud Foundation

throughout Cairo, including the Palace of Arts, Aisha Fahmy Palace, the Museum of Modern Egyptian Art, and the Zamalek Art Complex. The Biennale comes as part of significant efforts to bring back to Egypt stalled international events, cementing the country's cultural role and leadership.

Reimagined Narratives

This is a successful series of annual art exhibitions held at different heritage sites across Egypt, sponsored by CIB in 2019 for the third year in a row, and held under the auspices of the Egyptian Ministry of Antiquities. This year, the exhibition was held for the first time at the UNESCO World Heritage Site in Historic Cairo, where it transformed several locations in Moez Street into open art spaces, housing over 20 contemporary Egyptian artists and their work.

Alex Workshop Center

This year marked the 20th anniversary of the Alex Workshop Center, and CIB supported the ceremony and workshops held to mark the occasion. The center has been a pillar of the Alexandrian community, supporting local artists, artists with special needs, and other members of the community to safeguard the artistic heritage of the city and spread art throughout the city.

CIB Foundation

Established in 2010 as a non-profit organization under the Ministry of Social Solidarity Decree No. 588, the CIB Foundation is dedicated to improving healthcare and nutrition services extended to children of underprivileged families with limited access to quality healthcare by developing life-changing community initiatives. Our efforts include not only the donation of money, but also the monitoring of projects' impact.

Through extensive processes, we work with private, public, and non-governmental healthcare providers that offer free-of-charge services to ensure the widest community reach and to maximize the value of our work, achieving positive and sustainable results.

The CIB Foundation, supported by 1.5% of CIB's annual net profit of 2019 from the generous CIB shareholders and donations made to its fundraising account, is governed by a seven-member board of trustees. 100% of the proceeds are channeled towards community projects with the aim of improving child healthcare services. The Foundation seeks to ensure that its resources are spent efficiently to reach the greatest number of beneficiaries through the coordinated efforts of the Foundation's Board of Trustees, staff, and CIB volunteers.

Over the years, the CIB Foundation has been recognized for the work it does with local communities, receiving multiple awards that attest to our success in creating meaningful and sustainable impact. In 2019, CIB received the "Middle East's Best Bank for Corporate Responsibility" award by Euromoney.

Approved Projects in 2019

In 2019, the Board approved a number of new projects in addition to its ongoing efforts to improve the quality of child healthcare services available across the country.

Mabara El Maadi Hospital

In February 2019, the Board allocated EGP 1.63 million to purchase equipment to operate four new incubators at the Mabara El Maadi Hospital NICU in collaboration with Garden City Cosmopolitan Lions Club. The project will enable the hospital to serve 1,000-1,200 newborns annually.



CIB diversified its community development activities by expanding its scope to supporting sports, fine art, culture, and social welfare.

Al Nas Hospital – Al Joud Foundation

The Board allocated EGP 33.44 million in April 2019 to exclusively sponsor, outfit, and operate 15 cardiac pediatric intensive care units through the purchasing of medical equipment while covering operating costs for six months, as well as sponsoring 40 pediatric open-heart surgeries. The units are expected to serve 200 beneficiaries, with the number increasing to meet its full capacity of 1,200 by the third year. Al Nas Hospital, owned by Al Joud Foundation, is located in Shubra El Kheima and will operate in line with international standards. It will have a bed capacity of 557 and offer its services free of charge to underprivileged communities.

6/6 Eye Exam Convoys

In April 2019, the Board allocated EGP 21.57 million to fund the deployment of 100 eye exam convoys to provide free eye examinations to 80,000 students in underprivileged primary schools in the Beni Suef and Minya governorates. In addition to the exams, an awareness campaign was launched about personal hygiene and ophthalmic health. The children also received a backpack with a hygiene kit, coloring books, and coloring pencils.

This initiative was launched in collaboration with the Gozour Foundation for Development, which has been a partner of the CIB Foundation since 2012. To date, the CIB Foundation has sponsored a total of 341 convoys in 271 public schools, benefiting 201,283 students in more than 20 governorates.

Children's Cancer Hospital 57357

Building on its longstanding partnership with the Children's Cancer Hospital 57357, the Foundation

allocated EGP 20 million in April 2019, which enabled the hospital to acquire an integrated system that connects, manages, and monitors infusion and syringe pumps during chemotherapy sessions. This is crucial to the hospital as each patient requires a minimum of two syringe and infusion pumps per session. The Foundation will purchase 690 infusion pumps and 216 syringe pumps, as well as auxiliary equipment. This initiative is expected to benefit more than 9,000 children annually.

Outfitting and Expanding the Pediatric Dialysis Unit – Sohag University Hospital

The Board allocated EGP 16.87 million in April 2019 to expand and outfit Sohag University Hospital's pediatric dialysis unit. As the largest unit serving children with kidney diseases in Upper Egypt, there was a pressing need for the hospital to expand. The new dialysis unit will feature an ICU, a plasma separation room, 16 new dialysis machines, and a central delivery system that will lower infection rates. It is expected to serve approximately 5,000 children each year.

Outfitting and Expanding the Pediatric Surgery Unit - South Valley University Hospital in Qena

The Board allocated EGP 14.75 million in April 2019 to establish a pediatric surgery unit at the South Valley University Hospital, which serves many governorates in Upper Egypt and the Red Sea. The unit will be equipped with state-of-the-art facilities, including a surgical theatre, a pediatric ward (eight beds), an ICU (two beds), and a diagnostic unit. The hospital, one of few in the region, will work to minimize the risk of traveling for critically ill patients and to increase the capacity of the Emergency and Accidents Department to operate on 600 children instead of 150 each year.

Benha University Hospital

The Foundation granted Benha University Hospital EGP 12.48 million to equip it with 40 incubators and 10 pediatric ICU beds. This planned expansion will enable the hospital to serve approximately 3,500 children each year in Benha and the surrounding areas.

Cairo University Hospitals - Faculty of Medicine, Cairo University

The Foundation allocated EGP 11.6 million to equip Cairo University's Department of Radiology with a state-of-the-art CT Scanner (128-slice) to

detect congenital defects and tumors in the nervous, motor, digestive, urinary and reproductive systems along with examinations of heart arteries. The device is expected to provide scans for 6,000 children each year.

Pediatric Open-Heart Surgeries Project – Magdi Yacoub Foundation (MYF)

To support the operations of the Aswan Heart Center as it addresses critical cases, the Foundation allocated EGP 10 million to help the center perform 100 pediatric open-heart surgeries.

Ain Shams University Children's Hospital Medical Staff Capacity Building in Collaboration with Great Ormond Street Hospital (GOSH)

The Foundation will fund a five-year training program for 150 members of the Ain Shams medical staff team with a total budget of GBP 880,000 in partnership with Great Ormond Street Hospital (GOSH) in London. This initiative follows the upgrade of the hospital's facilities and equipment in line with international standards.

Following the program, Ain Shams University Children's Hospital is expected to double its capacity and serve an additional 67,200 children each year along with enhancing its overall level of care.

Outfitting the Pediatric Ophthalmic Clinic – Alexandria University Hospitals

The Board approved a budget of EGP 4.64 million to outfit the pediatric ophthalmic clinic at Alexandria University Hospital, considered to be a center of excellence that serves underprivileged families in the Alexandria and Delta regions. This initiative is expected to benefit 8,750 children each year.

Yahiya Arafa Children's Charity Foundation

The Foundation along with its longstanding partner, the Yahiya Arafa Children's Charity Foundation, sponsored the annual operating costs of Ain Shams University Hospital's pediatric congenital heart defect unit, pediatric heart surgery unit, women and obstetrics hospital's neonatal unit, children's hospital's pediatric surgery unit and the children's hospital's neonatal unit with a budget of EGP 4 million. These units serve 14,500 children each year.

Outfitting and Operating 2 Mobile Clinics – Raei Masr Foundation for Development

In April 2019, the Board allocated EGP 3.52 million to launch two mobile clinics providing comprehensive medical services including pediatrics, ophthalmology, and internal medicine to children in remote areas of Upper Egypt. The clinics will provide the children with checkups as well as medical referrals for specialized cases and medication. The clinics are expected to examine more than 96,000 children each year.

Egyptian Clothing Bank (ECB)

In April 2019, the Foundation allocated EGP 3.38 million to fund its annual collaboration for the sixth year with the Egyptian Clothing Bank, which seeks to supply children across all 27 governorates with warm clothing during the winter months. Through the fund, 45,000 winter training suits will be distributed among children in underprivileged areas across the country.

Sporting Students' Hospital

The Foundation granted the Sporting Students' Hospital EGP 3 million to acquire a new six-color flow cytometry device that assists in the accurate diagnosis of leukemia and cancer in the lymph nodes. The device is expected to help diagnose 1,200 children each year.

Pediatric Burn Patient Surgeries

The Foundation allocated EGP 2 million in April 2019 to fund its second collaboration with the Ahl Masr Foundation to cover the costs of surgeries for more than 200 pediatric burn patients at a number of hospitals, including El Kasr El Eini, Ain Shams Specialized Hospital, El Demerdash Hospital and others. This collaboration comes in response to a severe lack of medical care available for burn victims across Egypt, with children under 18 years old making up approximately one-quarter of the total number of victims.

True Light Society Association for the Visually Impaired

In collaboration with the True Light Society Association, which seeks to integrate children with visual disabilities into society, the Foundation allocated EGP 1.23 million to fund the project. The project's integration aims to culturally and athletically assist visually impaired children in their general life needs and to incorporate visually impaired children into the public schooling system. Equipment provided

by the Foundation includes Braille typewriters and books, visual assistants, school supplies, and others. Training programs are also made available for the children and their parents. This project will benefit 470 children with visual impairments.

MOVE Foundation for Children with Cerebral Palsy

Building on its longstanding partnership with the MOVE Foundation, the Board allocated EGP 1.2 million to cover the operating costs of the organization for one year to help accommodate more children seeking support from the MOVE Foundation. This fund is expected to cover costs to provide care for 100 children with cerebral palsy. The MOVE Foundation has positively impacted the lives of approximately 250,000 children with cerebral palsy living in Egypt since its establishment in 2004.

Maxillofacial Unit – Faculty of Dentistry Cairo University

The Foundation allocated EGP 90,000 to replace Cairo University Hospital's sterilization device in its maxillofacial unit, further to the upgrades the unit received in 2013, including two dental units, two electric suction motors, an autoclave sterilizer, and a dental cabinet, worth a total of EGP 370,000. The Foundation also provided EGP 90,000 to cover the maxillofacial unit's materials and consumables. The unit serves approximately 540 children each year.

Our Kids Our Future

The Board approved the allocation of EGP 4.1 million to fund a project in partnership with the Ibrahim A. Badran Foundation, which will deploy 48 medical convoys in underserved regions in the Fayoum Governorate. The convoys will offer medical services from a team of qualified doctors in various disciplines who will extend medical services to 30,000 children each year.

Al-Hassan Foundation for Differently Abled Inclusion

In line with the Foundation's commitment to supporting children with special needs, the Board allocated EGP 4 million to provide 100 children with wheelchairs in cooperation with the Al-Hassan Foundation for Differently Abled Inclusion. These wheelchairs, designed for permanent users, are tailor-made in Germany based on each child's needs. Each wheelchair can serve the child for five years, after which the Foundation may redistribute to other children.

Ongoing Projects

In addition, the Foundation has maintained the operation of a number of ongoing projects over the course of the year, benefiting underprivileged children in collaboration with a number of partners.

Children's Right to Sight Program

Over the course of 2019, the CIB Foundation donated around EGP 1.62 million to cover 394 surgeries as part of the fifth round of the Children's Right to Sight (CRTS) program in collaboration with the Rotary Club of Kasr El Nile. The aim of this initiative is to fund between 500-600 eye surgeries worth a total of EGP 2 million to help eradicate blindness in children and infants.

Pediatric Open-Heart Surgeries Project – Magdi Yacoub Foundation (MYF)

In July 2018, the Foundation allocated EGP 7 million to the Magdi Yacoub Heart Foundation to cover the costs of 70 pediatric open-heart surgeries, in line with its commitment and support of the Magdi Yacoub Foundation's efforts to reduce the number of children on the open-heart surgery waitlist. The first tranche, worth EGP 3.5 million, was disbursed in October 2018, with the remainder donated in January 2019.

Children's Cancer Hospital 57357

Building on the longstanding partnership the Foundation has had with the Children's Cancer Hospital 57357, the Board allocated EGP 4 million to fund key activities for the hospital's Cairo and Tanta branches, including pathology, blood banks, radiology laboratories, medication, radiotherapy, nuclear medicine, and supplies. The Foundation also funded an initiative with a total budget of EGP 18.73 million to purchase 33 new monitors and four central station units to support the surgical intensive care unit, the intensive care unit, and the bone marrow transplant unit, which will be connected with the hospital's information system to automate reports on the status of patients' vital signs.

Children Without Virus C Program

The Foundation has dedicated over EGP 5.1 million to fund the Children Without Hepatitis C program in collaboration with the Egyptian Liver Care Society. The Foundation disbursed EGP 1.11 million to cover x-rays and preventative and



The Foundation maintained a number of ongoing projects over the year benefiting underprivileged children.

therapeutic supplies for infected children in 2018, with an additional EGP 600,000 in 2019 to cover the cost of medication for 377 infected children.

Abou El-Reesh Children's Hospital

In 2018, the Board approved EGP 10.8 million to purchase a fluoroscopy x-ray machine and a laparoscopy and thoracoscopy machine for the Abou El Reesh Children's Hospital. The fund was disbursed in full by September 2019.

MOVE Foundation for Children with Cerebral Palsy

In April 2018, the Foundation allocated EGP 608,000 to fund the operating costs of the MOVE Foundation's headquarters. The fund was disbursed in full by July 2019.

6/6 Eye Exam Convoys

Throughout 2018 and until January 2019, the Foundation disbursed the final tranches of an EGP 50.5 million contribution to fund 264 eye exam convoys across the governorates of Sohag, Qena, Luxor and Aswan, benefiting 158,400 children over a three-year period.

Together for Change Project

The Foundation completed in February 2019 an EGP 1.5 million partnership with the Sawiris Foundation for Social Development, Star Care Foundation, and Assuit Business Women Association to implement a number of projects catering to the development of the local community. These projects include the renovation of community health centers, capacity building training for medical staff and teachers, the support for students, organizing health awareness campaigns and sports and recreational activities, as well as economic empowerment opportunities in Sohag, Assiut, and Qena.

Gift of Life Project

Building on the success of previous collaborations in 2017 and 2018, the Board approved the allocation of EGP 3.7 million in October 2018 to support a third round of open-heart surgeries for 100 underprivileged children with congenital heart diseases at the El Kasr El Aini Hospital, in collaboration with the Rotary Club of Giza Metropolitan.

National Hepatology and Tropical Medicine Research Institute

In August 2018, the 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 and Tropical Medicine Research Institute (NHTMRI). In February 2019, the Foundation disbursed EGP 109,800, covering the treatment of 12 children.

The National Foundation for Family and Community Development

The Board approved the allocation of EGP 726,237 to outfit the National Foundation for Family and Community Development's specialized center for the rehabilitation of autistic children, which is expected to serve approximately 250 children each month.

Faculty of Oral and Dental Medicine, Cairo University

The Foundation allocated EGP 7.5 million in July 2018 to fund the purchase of equipment and supplies for the Pediatric Dentistry Clinic in El Kasr El Aini. In addition, the fund will allow for the establishment of another clinic in Sheikh Zayed to enhance the services available to children, including those with special needs. The clinic treats more than 95,000 children each year and is one of the country's few providers of dental services for children with special needs. The department also offers several training programs for undergraduate, graduate, and continuing education students.

Volunteering/Entertainment Events

In addition to the projects it has funded in partnership with a number of entities, the Foundation also hosts several events over the year to benefit underprivileged children across the country.

Drawing Events

In February 2019, the Foundation organized three drawing events for underprivileged children under

the theme Discovering Egypt through the Eyes of Our Children. The events took place at the Ahl Masr Foundation for Burn Victims, MOVE Foundation for Children with Cerebral Palsy, and the Children's Cancer Hospital 57357.

Orphans' Day

On 7 April 2019, the Foundation celebrated Orphans' Day at the EGX headquarters in Downtown Cairo. The Foundation supplied a mobile dental clinic to provide the 50 children participating with dental services.

Blood Donation Campaigns

The Foundation held a blood drive on World Blood Donor Day across its corporate offices to encourage CIB staff and customers to contribute to saving thousands of lives across the country. The drive collected 242 bags of blood, which can be used to help more than 726 individuals.

CIB Family Bag Packing Event

In February 2019, the Foundation held an event for CIB staff and families to participate in the packing of more than 5,000 health and hygiene kits for beneficiaries of the 6/6 Eye Exam Caravan.

57357 Ramadan Decoration

Under the slogan "Bring a Smile to a Child This Ramadan," CIB employees decorated the Children's Cancer Hospital 57357 and brought the Ramadan spirit to the patients. During the event, the volunteers used Ramadan themed decorations and lanterns and distributed giveaways to the children and their families.

Supporting Squash: Best Bank – Best Players

In 2019, CIB continued to positively impact local communities by strengthening our 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.

At CIB, we recognized early on the true potential of Egypt's squash players, who are not only dominating world rankings, but completely revolutionizing how the game is played. This year, we broadened our support of the sport to capitalize on the traction its players are carving out globally. We believe supporting these talents generates

more opportunities and value for the Egyptian athletic community and raises Egypt's profile on the world stage.

Egyptian players have introduced a dynamic new style of squash that emphasizes offense and has entertained spectators worldwide while bringing in a flood of titles and trophies. Egypt has produced five world number ones in the men's game and three in the women's game. Six Egyptian players are among the world's top 10 men players, and five Egyptians are among the top 10 women as of December 2019.

The country's dominant position in the game stems from a tight-knit squash community, which embodies the values that CIB strives to instill in its own staff and promote to the wider Egyptian community. Young players from all walks of life have the opportunity to display their excellence on the global stage thanks to steely perseverance, openness to competition, support from peers, and the availability of resources.

Squash Tournament Sponsorships

CIB has expanded its squash-related sponsorships to open doors for more Egyptian athletes to progress in the PSA world rankings.

The most notable sponsorship in 2019 was the CIB PSA Women's World Championship and the CIB Egyptian Squash Open Men's Platinum, which took place simultaneously in front of the Great Pyramid of Giza, and brought together 64 female athletes and 48 male athletes. In a groundbreaking move, the women's event had a bigger prize purse than the men's: the women's squash world champion prize was USD 430,000, while the men's prize was USD 185,000. The tournament made significant international waves in both the squash community and sporting arena worldwide due to the unprecedented move toward women's equality and received significant media pickup.

CIB is committed to becoming title sponsors of future tournaments in Egypt in 2020 and 2021.

Sponsoring the Egyptian Squash Federation

CIB maintained its sponsorship of the Egyptian Squash Federation for the eighth 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'



Ali Farag



Karim Abdel Gawad



Hania El-Hammamy



Nour El-Tayeb



Tarek Momen

accomplishments throughout the year, including the National Junior Squash Team's winning the World Junior Squash Championship in India for the sixth time since 1994. 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.

Sponsoring Egyptian Athletes

In support of young players leading the world's squash rankings, CIB has tailored special sponsorships to help eight talented players maintain their rankings and continue representing the country around the world. As of December 2019, the following players were recipients of these sponsorships:

- **Ali Farag:** #1 on the Men's PSA World Squash List — Since graduating from Harvard University with a degree in Mechanical Engineering in 2014, the 27-year-old has established himself as one of the most popular players on the PSA World Tour and is now ranked first in the world. Ali reached the final in all but one of his first seven tournaments in the 2018/19 campaign. He came in second at the Channel VAS, Hong Kong Open, and Black Ball Open, but won at the Oracle NetSuite, Qatar Classic, and the Tournament of Champions, moving him to the #1 spot in the world for the first time in his career in March 2019.
- **Nour El-Tayeb:** #4 on the Women's PSA World Squash List — One of the most consistent female players and a crowd favorite, Nour is known for her acrobatic diving abilities. Nour reached the final of the PSA World Championships for the first time in her career but lost out to compatriot Nour El Sherbini in the final. She also had semifinal appearances at the DPD Open, Manchester Open, and British Open in 2019, cementing her #4 ranking.
- **Karim Abdel Gawad:** #3 on the Men's PSA World Squash List — Karim Abdel Gawad has firmly established himself as one of the world's leading players after a breakthrough start to the 2016-2017 season. Karim was victorious at both the Pakistan Open and Black Ball Open, before reaching the last four of the Tournament of Champions to start 2019. He also reached the semifinals of the Grasshopper Cup, DPD Open and the British Open in a good run at the end of the season, which also included an appearance

in the final of the El Gouna International, along with a victory at the season-ending World Tour Finals in Cairo.

- **Tarek Momen:** #4 on the Men's PSA World Squash List and current world champion — Tarek Momen reached his first Tour final at the 2006 Thessaloniki Open but lost to Borja Golan. He's won twice in the 2018-19 season, in the Channel VAS Championships and the CCI International. He also reached the final of the World Championships for the first time in the 2018-19 season, along with also finishing runner-up at the Citigroup Wealth Management Canary Wharf Classic and the Grasshopper Cup.
- **Hania El-Hammamy:** #10 on the Women's PSA World Squash List — Hania El Hammamy is a rising force in the women's game and is already a record-breaker despite her young age. She's the first person born this century to win a PSA World Tour title. At the start of 2019, Hania won the British Junior Open and successfully reached the second round of the Tournament of Champions. She also won her following two events, with the second being the biggest title of her career to date — the Edinburgh Sports Club Open trophy — before then winning the Bahl and Gaynor Cincinnati Cup. Hania also made the last eight of the Black Ball Open, as well as breaking into the top 16 of the World Rankings for the first time.
- **Mohamed Abouelghar:** #8 on the Men's PSA World Squash List — Mohamed Abouelghar joined the PSA World Tour in 2009 and won his first title at the Royal Jordanian Squash Open in 2010. In 2019, Mohamed won the Motor City Open and reached the semifinals of both the Canada Cup and the Grasshopper Cup, as he moved to the World No.7 spot, his highest ever place in the rankings. He finished his campaign with a runner-up finish at the World Tour Finals.
- **Marwan ElShorbagy:** #9 on the Men's PSA World Squash List — The youngest ElShorbagy brother shot to prominence by winning both the under-17 and under-19 British Junior Opens. He reached the semifinals of both the Motor City Open and the Canada Cup in 2019, before reaching the quarter-finals of the Canary Wharf Classic and the DPD Open. He also won the Wimbledon Club Squash Squared Open in May 2019.



Nouran Gohar



Raneem El Welily



Marwan Elshorbagy



Mohamed Abouelghar



Salma Hany

- **Salma Hany:** #14 on the Women’s PSA World Squash List — Salma Hany is an up-and-coming young player from Alexandria, who drew in fans during 2012 and 2013 for a number of impressive performances. She finished runner-up at the Macau Open in 2018 and made the semis of the Carol Weymuller once again, followed by a last-eight appearance in the 2019 Tournament of Champions.

Partnership with Wadi Degla Clubs’ Darwish Squash Academy

CIB continued its partnership with Wadi Degla Clubs to support young Egyptian squash athletes by developing their skills and enhancing 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:** #1 on the Women’s PSA World Squash List — Raneem El Welily has emerged as one of the most skillful players on the PSA Women’s World Tour since she turned professional in 2002. Raneem reached the finals in all but two events during the 2018-2019 season; the World Championships and the British Open. Raneem consecutively won the CIB Black Ball Open, DPD Open, and the El Gouna International. She then finished the campaign by securing the PSA World Tour Finals title.
- **Nouran Gohar:** #3 on the Women’s PSA World Squash List — Nouran Gohar won her first Tour title at the Prague Open in December 2013 at just 16-years-of-age. During the 2018-2019 campaign, she made her way back into the top five in the rankings, starting with semifinal appearances at the Hong Kong Open and the CIB Black Ball Open. She reached the final of the El Gouna International and won the British Open to take her first crown at the “Wimbledon of Squash.”



CIB continued its partnership with Wadi Degla Clubs to support young Egyptian squash athletes.



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 both in a highly professional executive directors and a distinguished group of independent non-executive directors (NED), as well as its experienced management team.

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.

Besides the support provided by the committees, CIB's 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 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 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 customers and our duties toward them. It also outlines the Bank's approach to the

78%

NED directors

management of conduct risk. CIB considers that the most effective way to avoid conduct risk is to embed a culture of integrity and high ethical standards across the organization.

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. 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.

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 Bank's BoD structure is in line with international best practices and allows for the position of a lead director. CIB's BoD enjoys an optimal mix of skills, experience, and diversity in terms of gender and nationality. Some 78% of the BoD are NEDs and 22% of the members are women.

The BoD ensures that the Bank's accounts and financial statements are fair, balanced, and understandable and provides information necessary to shareholders to assess CIB's position, performance, business model, and strategy.

The BoD primarily focuses on CIB's long-term financial and non-financial success, and seeks the best interests of all related stakeholders. The board is also responsible for setting CIB's strategic objectives,



CIB's corporate governance structure is anchored in a team of highly professional executive directors and a distinguished group of independent non-executive directors.

overseeing the 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 the 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.

Changes to the Board of Directors during 2019

In October 2019, two new independent members of the board were appointed. Mr. Paresch Sukthankar and Mr. Rajeev Kakar, who joined as non-executive directors, come to CIB with a wealth of experience in the banking sector and a successful track record of achievements.

In addition, in compliance with CBE regulations and corporate governance directives, Mr. Yasser Hashem and Dr. Sherif Kamel both concluded six years of service on the board. Their tenure was instrumental to CIB's transformation and success. CIB's executive management and BoD would like to extend their sincere appreciation and gratitude for their valued guidance and dedication to the Bank.

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 BoD provides the Bank with the necessary leadership and experience to manage its business with integrity, efficiency, and excellence.

the course of 2019, with these changes, CIB's BoD met eight times. Being the single largest shareholder in CIB through its wholly-owned subsidiaries, Fairfax Financial Holding Ltd currently holds 6.55% 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.

Board Committees

Backed by an experienced executive management team, CIB's highly qualified BoD is also supported by specialized Board Committees. Committees are chaired by the NEDs, who brief the BoD on major points raised by their respective committee. CIB's BoD has seven standing committees and a task force that assist in fulfilling its responsibilities; five non-executive and two executive committees. Each committee chairperson is responsible for briefing the BoD on the major issues raised by the committee that he or 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

Audit Committee

Responsibilities: 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 2019.

Chair: Mr. Jawaid Mirza

**Members: Mrs. Magda Habib,
Mr. Paresh Sukthankar**

2019 Audit Committee Highlights: As delegated by the BoD, the Board Audit Committee during 2019 has overseen the integrity of the Bank statement, Bank compliance with legal, regulatory requirements, the external auditor's qualifications, independence and the performance of the Bank's internal audit and compliance functions. During the year, two committee members stepped down after concluding six years, because their terms, as mandated by regulator, expired. Vacancies were filled promptly to ensure a quorum for all meetings.

Governance and Nomination Committee

Responsibilities: 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 six times in 2019.

Chair: Mr. Jawaid Mirza

Members: All non-executive directors

2019 Governance and Nomination Committee Highlights: The Board meets regularly to discuss the monitoring and promotion of a healthy corporate culture guided in this respect by the advice and

67%

independent directors

22%

BoD members are women

recommendations provided by the GNC upon its periodic review of the Bank's corporate governance structure. To assist the Board's aim to operate as effectively as possible and to govern the operations of the Bank to be executed in accordance with international governance best practices, the GNC reviewed in 2019 the Bank's Corporate Governance Framework and all related policies. These policies comprise the following documents: The Principles of Corporate Governance Code, the Code of Conduct, Conflict of Interest Policy, Whistle Blowing Policy, and the Disclosure Policy.

The results of the Board of Directors' annual assessment affirmed that the Board discussions are conducted openly and transparently, which creates an environment for sustainable and robust debate.

The GNC worked to further strengthen the balance of independent Non-Executives on the Board. In October 2019, two directors stepped down after completing six years of service in the Board, and two independent NEDs were appointed the same month. The GNC ensured that the newly appointed candidates received proper induction, and the new formation of the Non-executive Board's Committee was done to accommodate the new directors and leverage on their knowledge and experience.

In addition, all directors attended a special session conducted by IMD Global Board Center on Corporate Governance best practices, including the success and failures of various global organizations on the adoption of codes and practices of corporate governance.

Finally, in performing their fiduciary responsibilities, the Directors of the Board diligently exercise duty of care, duty of loyalty, and duty of compliance to the laws and regulations, as well as, the disclosure with reasonable accuracy at any time the financial position of the Bank and ensures

that the financial statements comply with the prevailing regulations.

Compensation Committee

Responsibilities: 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 three times in 2019.

Chair: Mr. Bijan Khosrowshahi

Members: All non-executive directors

2019 Compensation Committee Highlights: During 2019, the Committee assessed the executive officers' and expatriates' performance for the year 2018 and recommended the appropriate compensation accordingly. The Committee also reviewed and approved the overall bank's variable compensation guidelines for the year 2018 and 2019 salary increases.

Risk Committee

Responsibilities: 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 2019.

Chair: Mr. Mark Richards

**Members: - Dr. Amani Abou-Zeid
Mr. Paresh Sukthankar
Mr. Rajeev Kakar**

2019 Risk Committee Highlights: During 2019, periodic information and reports have been submitted by the Business and Risk Groups related to Credit, Market, Liquidity, Operational, Legal, Compliance, Reputation, and other risks. The BRC has fully understood and endorsed the Bank's current risk position and ensured the adequacy of the Risk Management structure, organization, effective process for identifying, assessing and mitigating risks, and the existing Risk measurement methodologies.

The Committee has concurred on the Risk related Policies and made the necessary recommendations to the Board of Directors. It also reviewed the adequacy of the Bank's Capital (Economic and Regulatory) and the Risk Appetite as proposed by Management.

During the year, two committee members stepped down after concluding six years of service on the Board, as mandated by regulations, and accordingly, the vacancies were filled promptly to ensure a quorum for all meetings.

Operations and Technology Committee

Responsibilities: 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 2019.

Chair: Mrs. Magda Habib:

**Members: Mr. Jawaid Mirza
Mr. Rajeev Kakar**

2019 Operations and Technology Committee Highlight: During 2019, the Committee's activities involved maintaining oversight of the Operations and Technology 2019 strategy and associated budget for the different business segments and IT. The committee provided feedback, follow-up, and oversight on the different business strategic projects. The committee tracked the closure and updates of the key Operations and IT Non-Financial risks involving Disaster Recovery,



The General Assembly provides a platform for shareholders to engage with the Board of Directors and exercise their voting rights.

Application Management, Physical Security, Vendor Management, Cyber Security Risks, Model Risk, and Compliance Risk with key focus on the KYC update efforts. The committee continued its oversight on the different Key service indicators and KPIs within Retail and Institutional Banking Operations. Guidance and focus were also given to the Process Re-Engineering Activities in terms of the approach, objectives, and expected outcomes. The committee reviewed and validated, requesting different business cases for some 2020 submitted budget items in-line with the different business strategies and plans.

Corporate Sustainability Task Force

Responsibilities: This task force was established to ensure that CIB's activities reflect the Bank's business approach of balancing the strategic goal of increasing profitability with serving the broader socio-economic and environmental interests. The task force met four times in 2019.

Chair: Dr. Amani Abou-Zeid

Members: Corporate Sustainability Team

Executive Committees

Management Committee

Responsibilities: 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 associates and subsidiaries. The Committee met 30 times in 2019.

9

highly qualified
BoD members

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**

High Lending and Investment Committee

Responsibilities: 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 make decisions respecting asset allocation. The Committee convened weekly throughout 2019 and met 56 times.

Chair: Mr. Hussein Abaza

Members: CIB Senior Management

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. Additional Extraordinary General Shareholder meetings may be convened at any time by the BoD. The General Assembly provides a platform for shareholders to engage with the Board of Directors, ask questions, and exercise their voting rights. 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

5

NED committees

- 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.

Subsidiaries & Associates

CIB offers a full suite of services that range from security solutions to innovative fintech offerings through one wholly-owned subsidiary and two strategic associates.




Zaki the Bot
Your Personal Virtual Assistant

I need to make a bank transfer.

Of course, do you want to transfer money to your own accounts, another CIB account, or a customer without a bank account?


Another CIB account.

You can do this through the following channels, tap to select the option you want.


Internet Banking

Thanks, what about someone without a bank account?

You can do this through CIB Wallet.


Smart Wallet

What is Smart Wallet?

With CIB Smart Wallet, you can perform all financial transactions securely using your phone. Tap [here](#) to apply online now.

CVentures

Established in 2018, CVentures is Egypt's first corporate venture capital firm focused primarily on investing in companies creating meaningful change in financial services.

2019 Highlights

In 2019, CVentures dedicated considerable resources to building and fostering key industry relationships across three main areas of focus:

- Building a robust pipeline of fintech companies
- Expanding its network across a variety of different technology hubs and entrepreneurship ecosystems
- Promoting CVentures through the active participation in local and cross-border events and engaging with mature startup founders, early-stage technology investors, and innovation executives

CVentures implemented a patient deployment strategy during its first year of operation and has completed its first transaction. Additionally, CVentures is currently in advanced negotiations with multiple investment targets raising Seed and Series A investment rounds across various fintech verticals in areas including, but not limited to, digital banking, micro-lending, payments, remittances, accounting, and banking software to serve both strategic and financial objectives.

2020 Forward-Looking Strategy

CVentures will continue to actively grow its portfolio while targeting above industry-average returns, complement CIB's innovation agenda, and expand its regional and global footprint.

CVentures' direct access to one of Africa's most populous countries presents clear partnership opportunities. In light of mutual and aligned interests with stakeholders, CVentures is in a good position to provide its portfolio with the necessary support required to achieve short- and long-term value creation.



CVentures will continue to actively grow its portfolio while targeting above industry-average returns.



CIB	99.998%
CIB Social Insurance Fund	0.001%
CIB Social Community	0.001%

Website: www.cventureseg.com



I'm looking to start my own business, how can CIB help me?

CIB has a broad range of business banking options for business owners. Would you like to learn about our business banking segments?

I think I need more help than that, can you offer me a way to launch my business?

It sounds like you'd be interested in learning more about CVentures, CIB's venture capital arm dedicated solely to helping businesses in the financial industry get a leg up.

Yes, can you tell me more about CVentures?

To learn more about how CVentures can help you, click through to their website [here](http://www.cventureseg.com).



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 for a variety of sectors.

The group provides state-of-the-art, holistic solutions tailored to every client's requirements. Falcon Group's key strength lies in its single-point-of-contact solutions that allow it to provide consistent services of the highest quality, with the lowest possible risk, flexibility at a reasonable cost.

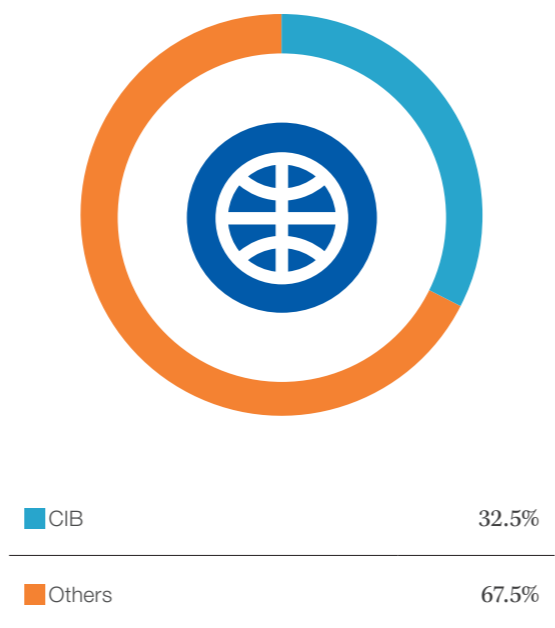
Falcon for Security Services

Falcon for Security Services has been the main security service provider for several top-tier government and non-government organizations, including 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. It values clients as business partners and is dedicated to providing them with the highest quality of service, treating their goals and objectives as its own.

2019 Achievements

In 2019, Falcon for Security Services worked with numerous prominent institutions and added new segments of clients by securing several projects such as the new conference hall, Porto Sokhna, El Zamalek Sporting Club, multiple 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



2019, covering events such as the Egypt Can Conference, Auto Mac Formula, African Champions League matches, China Trade Fair and Edex.

The company achieved a market share of 70% during 2019 and aspires to maintain its market leadership by growing both organically and through acquisitions.

2020 Forward-looking Strategy

As part of the group's goal of providing top-notch solutions, Falcon companies plan to use managed service providers for their activities. The group also expects to target a number of prominent institutions and clients including banks, embassies, and hospitals while expanding its product and service offering to ensure clients remain fully satisfied and confident in the group as their go-to service provider. In 2020, 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 of the highest quality, efficiency, and cost effectiveness. In 2019, Falcon for Public Services and Project Management held a market share of 20%, serving a large client base out of 330 different locations.

2019 Achievements

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 including the new conference hall, Toshiba El Araby Group, and Cequens.

It renewed existing contracts 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, and the Parliament.

2020 Forward-looking Strategy

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.

2019 Achievements

In 2019, Falcon signed new contracts to increase its market presence. Operationally, it was able to successfully serve a total of 1,450 ATMs throughout the year and added six armored

vehicles to its fleet bringing the total to 20. The company also increased its cash volumes by 20% over the year.

2020 Forward-looking Strategy

The company plans to grow its market share by providing new services for retail, having already integrated new solutions to collect cash from shopping centers. It will also use the latest technology to further improve its ATM services and managed cash offerings as part of its strategy to streamline its 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 2019, Falcon Tech expanded its market share to 70% by signing several new contracts to provide security systems to airports, commercial malls, and universities across Egypt.

2019 Achievements

Throughout 2019, the company signed several new clients, including the Ministry of Armed Forces, the General Intelligence, several new CIB branches, a number of ports in Alexandria, Damietta, and the Red Sea as well as 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 with the aim of becoming Egypt's first banking agent and actively working toward achieving financial inclusion. Fawry Plus seeks to provide a wide array of banking and financial services to consumers and businesses through a network of retail branches across Egypt, with a focus on urban and underserved regions.

Fawry Plus branches provide banking services including limited KYC services as well as a document collection services for mobile wallet registration, prepaid and credit card issuance, loan issuance, and account opening. Other services include mail and bank correspondence collection, loan and credit card payments, cash withdrawals and deposits, as well as various bill payments including utilities, telecom, subscription fees, taxes, and fines.

2019 Highlights

In 2019, Fawry Plus opened an additional 12 branches, bringing the total number of operating branches to 77. It also witnessed a growth of more than 80% in revenues, resulting from the expansion in its operations. Fawry Plus also secured partnerships with four banks to provide wallet registration services.

2020 Forward-Looking Strategy

Fawry Plus seeks to become the banking destination of choice for customers in 2020, attracting customers through the convenience of its branches, which are less crowded, more accessible, and operate longer working hours than banks.



■ CIB	23.5%
■ Others	76.5%

The company will also seek to expand its scope of services through a multitude of avenues. It will enter into partnerships with some of Egypt's leading banks, financial institutions, and industry players to offer their services through Fawry Plus. In addition, it will focus on serving the e-commerce industry through offering cash management and logistics solutions, including setting up branches as drop-off/pick-up stations. Fawry Plus aims to double its cash management services to EGP 50 billion in 2020 from the EGP 25 billion recorded in 2019.

Website: www.fawryplus.com

Hello, I am Zaki and how can I help you today?

I want to pay my internet bill but I lost my phone and don't have a way to access CIB Smart Wallet to do this.

You can visit any number of CIB ATMs and pay your bill that way, can I help you locate the nearest one?

I don't have my card on me now, can I pay another way?

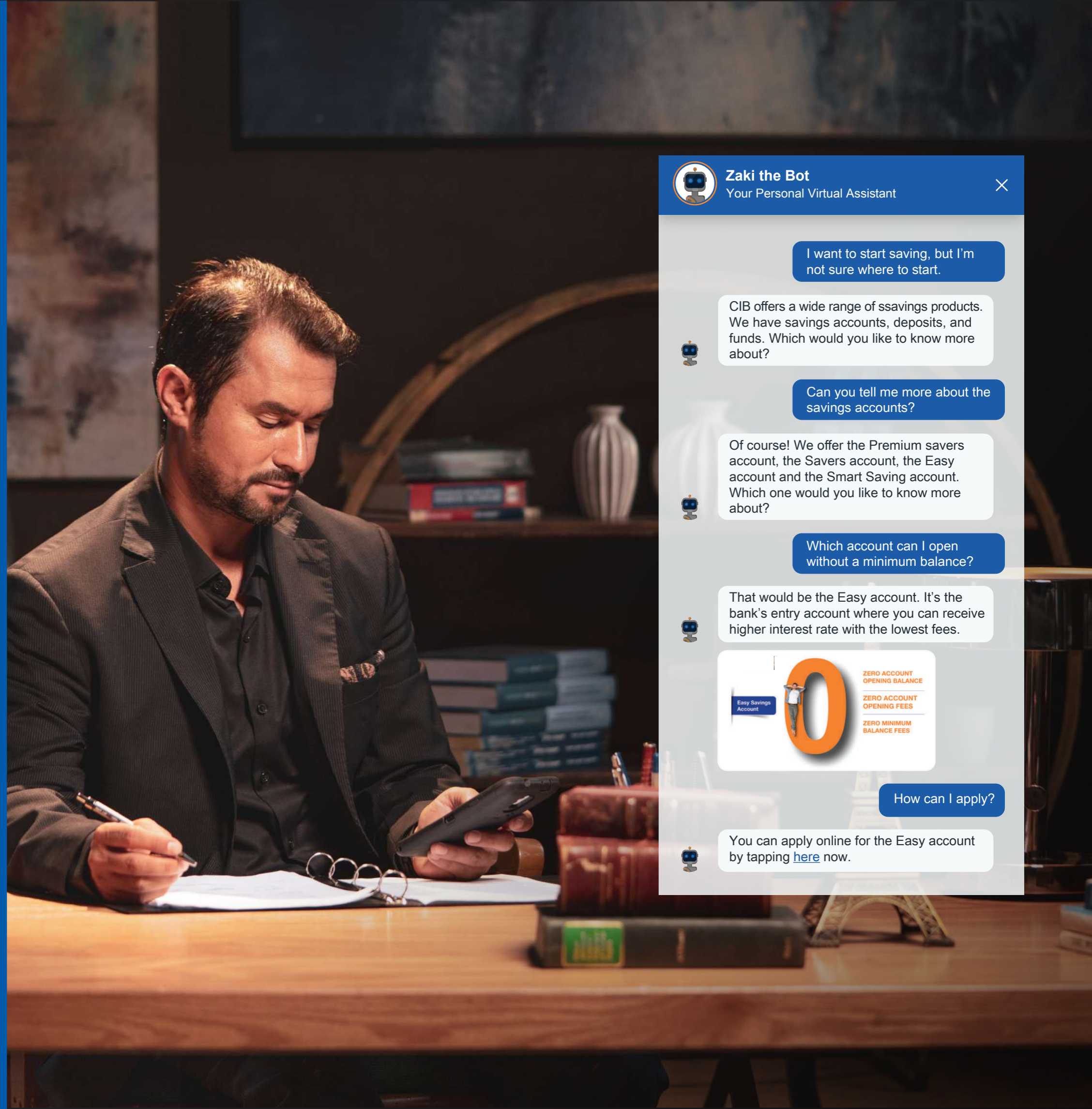
Sounds like you could benefit from Fawry Plus services, one of CIB's key Associates in the financial service space. Would you like to know more?

Yes, please.

Fawry Plus can help you do a number of things, from bill payments to document collections, and limited KYC services. Would you like me to locate the nearest branch for you?



Financial Statements



Zaki the Bot

Your Personal Virtual Assistant



I want to start saving, but I'm not sure where to start.

CIB offers a wide range of savings products. We have savings accounts, deposits, and funds. Which would you like to know more about?

Can you tell me more about the savings accounts?

Of course! We offer the Premium savers account, the Savers account, the Easy account and the Smart Saving account. Which one would you like to know more about?

Which account can I open without a minimum balance?

That would be the Easy account. It's the bank's entry account where you can receive higher interest rate with the lowest fees.

Easy Savings Account

- ZERO ACCOUNT OPENING BALANCE
- ZERO ACCOUNT OPENING FEES
- ZERO MINIMUM BALANCE FEES

How can I apply?

You can apply online for the Easy account by tapping [here](#) now.

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

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, 2019 and the related separate statements of income, other comprehensive income, changes in shareholder's equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 bank'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 bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, 2019 and of its separate financial performance and its separate 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 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations relating to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

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

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

The separate 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
Mohamed Elmoataz
Financial Regulatory Authority
Register Number "133"
PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants





Kamel Magdy Saleh
Financial Regulatory Authority
Register Number "69"
Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors



Cairo; 3 February 2020

Separate balance sheet as at December 31, 2019

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Assets			
Cash and balances with central bank	15	28,273,962	20,058,974
Due from banks	16	28,353,366	46,518,892
Loans and advances to banks, net	18	625,264	67,703
Loans and advances to customers, net	19	119,321,103	106,309,205
Derivative financial instruments	20	216,383	52,289
Investments			
- Financial investments securities	21	197,541,651	157,585,611
- Investments in associates and subsidiaries	22	63,953	68,633
Other assets	23	9,747,939	9,563,218
Intangible assets	40	-	238,715
Deferred tax assets (Liabilities)	31	350,339	308,370
Property, plant and equipment	24	2,202,698	1,651,875
Total assets		386,696,658	342,423,485
Liabilities and equity			
Liabilities			
Due to banks	25	11,810,607	7,259,819
Due to customers	26	304,483,655	285,340,472
Derivative financial instruments	20	282,588	132,858
Current tax liabilities		4,639,364	3,625,579
Other liabilities	28	8,396,487	6,501,553
Other loans	27	3,272,746	3,721,529
Provisions	29	2,011,369	1,694,607
Total liabilities		334,896,816	308,276,417
Equity			
Issued and paid up capital	30	14,690,821	11,668,326
Reserves	33	24,342,314	12,184,667
Reserve for employee stock ownership plan (ESOP)	33	963,152	738,320
Retained earnings *	33	11,803,555	9,555,755
Total equity		51,799,842	34,147,068
Total liabilities and equity		386,696,658	342,423,485

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, 2019

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Interest and similar income		42,600,957	37,403,709
Interest and similar expense		(21,022,838)	(19,260,190)
Net interest income	6	21,578,119	18,143,519
Fee and commission income		3,451,688	3,402,616
Fee and commission expense		(1,170,893)	(991,957)
Net fee and commission income	7	2,280,795	2,410,659
Dividend income	8	53,423	25,958
Net trading income	9	688,059	1,089,076
Profits (Losses) on financial investments	21	450,697	402,067
Administrative expenses	10	(5,044,937)	(4,222,779)
Other operating (expenses) income	11	(1,794,540)	(1,589,675)
Intangible assets amortization		(238,715)	(130,208)
Impairment release (charges) for credit losses	12	(1,435,460)	(3,076,023)
Profit before income tax		16,537,441	13,052,594
Income tax expense	13	(4,639,364)	(3,625,579)
Deferred tax assets (Liabilities)	31 - 13	(94,522)	128,740
Net profit for the year		11,803,555	9,555,755
Earning per share			
Basic	14	7.33	5.94
Diluted		7.28	5.89



Hisham Ezz Al-Arab
Chairman and Managing Director

Separate statement of other comprehensive income for the year ended December 31, 2019

	EGP Thousands	
	Dec. 31, 2019	Dec. 31, 2018
Net profit for the year	11,803,555	9,555,755
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	212,967	57,026
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	5,944,586	(2,164,847)
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	(184,921)	-
Total other comprehensive income for the year	17,776,187	7,447,934

Separate cash flow for the year ended December 31, 2019

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Cash flow from operating activities			
Profit before income tax		16,537,441	13,052,594
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation	24	576,544	390,830
Impairment charge for credit losses (Loans and advances to customers)	12	1,610,878	3,076,023
Other provisions charges	29	461,869	101,501
Impairment charge for credit losses (due from banks)	12	9,503	-
Impairment charge for credit losses (financial investments)	12	(184,921)	-
Impairment charge for other assets	23	(93,313)	316,763
Exchange revaluation differences for financial assets at fair value through OCI	20	1,593,030	(102,991)
Intangible assets amortization		238,715	130,208
Impairment charge financial assets at fair value through OCI	21	-	39,561
Exchange differences in financial investments in subsidiary	22	4,680	(465)
Utilization of other provisions	29	(28,135)	(2,114)
Other provisions no longer used	29	(6,910)	(17,670)
Exchange differences of other provisions	29	(110,062)	(2,269)
(Profits) losses from selling property, plant and equipment	11	(1,439)	(1,045)
(Profits) losses from selling financial investments	21	(497,894)	(441,628)
Shares based payments		464,539	408,346
Operating profits before changes in operating assets and liabilities		20,574,525	16,947,644
Net decrease (increase) in assets and liabilities			
Due from banks	15	(8,870,547)	(13,661,577)
Treasury bills and other governmental notes	41	-	4,640,524
Financial assets at fair value through P&L	21	2,318,924	4,557,492
Derivative financial instruments	20	(2,910)	(66,141)
Loans and advances to banks and customers	18 - 19	(14,533,328)	(21,255,952)
Other assets	42	162,502	(2,263,465)
Due to banks	25	4,550,788	5,381,901
Due to customers	26	19,143,183	34,573,102
Income tax obligations paid		(3,625,579)	(2,778,973)
Other liabilities	28	1,894,934	1,025,022
Net cash provided from operating activities		21,612,492	27,099,577
Cash flow from investing activities			
Payment for purchases of subsidiary and associates		-	(10,575)
"Payment for purchases of property, plant, equipment and branches constructions"		(1,301,415)	(874,708)
Proceeds from selling property, plant and equipment	11	1,439	1,045
Proceeds from redemption of financial assets at amortized cost	21	43,937,957	5,532,271
Payment for purchases of financial assets at amortized cost	21	(76,516,842)	(33,995,313)
Payment for purchases of financial assets at fair value through OCI	21	(50,954,311)	(12,670,761)
Proceeds from selling financial assets at fair value through OCI		54,855,966	2,059,341
Net cash used in investing activities		(29,977,206)	(39,958,700)

Separate cash flow for the year ended December 31, 2019 (Cont.)

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Cash flow from financing activities			
Increase (decrease) in long term loans	27	(448,783)	46,793
Dividend paid		(2,700,544)	(2,143,177)
Capital increase		105,413	50,315
Net cash used in (provided from) financing activities		(3,043,914)	(2,046,069)
Net increase (decrease) in cash and cash equivalent during the year			
		(11,408,628)	(14,905,192)
Beginning balance of cash and cash equivalent		34,303,645	49,208,837
Cash and cash equivalent at the end of the year		22,895,017	34,303,645
Cash and cash equivalent comprise			
Cash and balances with central bank	15	28,273,962	20,058,974
Due from banks	16	28,370,183	46,518,892
Treasury bills and other governmental notes	17	27,634,062	41,999,252
Obligatory reserve balance with CBE	15	(22,397,310)	(13,526,763)
Due from banks with maturities more than three months		(10,593,903)	(10,733,386)
Treasury bills with maturity more than three months		(28,391,977)	(50,013,324)
Total cash and cash equivalent		22,895,017	34,303,645

Separate 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	General risk reserve*	Special reserve	Capital reserve	Reserve for financial assets at fair value through OCI	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	EGP Thousands	
												Total	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 financial assets at fair value through OCI	-	-	-	-	-	-	(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	
Ending balance	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	

Separate statement of changes in shareholders' equity for the year ended December 31, 2019

Dec. 31, 2019	EGP Thousands											
	Issued and paid up capital	Legal reserve	General reserve	General reserve*	Special reserve	Capital reserve	Reserve for financial assets at fair value through OCI	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	Total
Beginning balance	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
"Effect of applying IFRS 9 **"	-	-	-	117,251	-	-	1,889,928	-	-	-	-	2,007,179
Transferred to general risk reserve	-	-	-	1,432,194	(20,645)	-	-	-	(1,411,549)	-	-	-
Beginning balance after the impact of initial application	11,668,326	1,710,293	12,776,215	1,549,445	-	12,421	(1,860,851)	4,323	-	9,555,755	738,320	36,154,247
Capital increase	3,022,495	-	(2,917,082)	-	-	-	-	-	-	-	-	105,413
Transferred to reserves	-	477,736	6,615,296	-	-	1,045	-	-	-	(6,854,370)	(239,707)	-
Dividend paid	-	-	-	-	-	-	-	-	-	(2,700,544)	-	(2,700,544)
Net profit for the year	-	-	-	-	-	-	-	-	-	11,803,555	-	11,803,555
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	-	6,157,553	-	-	-	-	6,157,553
Transferred (from) to bank risk reserve	-	-	-	-	-	-	-	841	-	(841)	-	-
Release provision for impairment of debt instruments investments	-	-	-	-	-	-	(184,921)	-	-	-	-	(184,921)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	-	464,539	464,539
Ending balance	14,690,821	2,188,029	16,474,429	1,549,445	-	13,466	4,111,781	5,164	-	11,803,555	963,152	51,799,842

* The special reserve, general bank risk reserve and IFRS 9 risk reserve - were consolidated in the general risk reserve as per the instructions of the Central Bank of Egypt dated 26 February 2019

** The initial application impact (disclosure in page number 16)

The initial application impact is LE 109,697 thousand and the tax effect is LE 7,554 thousand (disclosure in page number 19)

Proposed appropriation account for the year ended December 31, 2019

	EGP Thousands	
	Dec. 31, 2019	Dec. 31, 2018
Net profit after tax	11,803,555	9,555,755
Profits selling property, plant and equipment transferred to capital reserve according to the law	(1,439)	(1,045)
Bank risk reserve	(1,258)	(842)
Available net profit for distributing	11,800,858	9,553,868
To be distributed as follows:		
Legal reserve	590,106	477,736
General reserve	7,840,287	6,375,588
Dividends to shareholders	1,836,353	1,458,541
Staff profit sharing	1,180,086	955,387
Board members remuneration	177,013	143,308
CIB's foundation	177,013	143,308
Total	11,800,858	9,553,868

Notes to the separate financial statements for the year ended December 31, 2019

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 180 branches, and 27 units employing 6900 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 3, 2020.

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.

Also according to the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019, reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

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 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, also according to the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019, reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting 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, 2019 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

In January 2019 and in accordance with the instructions of the Central Bank, the Bank did not restate the comparative figures and recognized the effect of the application of IFRS 9 on the profit as of the date of application. Clarification of the impact of application of IFRS 9 clarifies further information on the impact of the application.

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.
- Items of other comprehensive income with equity in relation to investments in equity instruments at fair value through comprehensive income.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of financial instruments of a monetary nature in foreign currencies that are classified as financial investments at fair value through comprehensive income (debt instruments) are analyzed between valuation differences that resulted from changes in the cost consumed for the instrument and differences that resulted from changing the exchange rates in effect and differences caused by changing the fair value. For the instrument, the evaluation differences related to changes in the cost consumed are recognized in the income of loans and similar revenues and in the differences related to changing the exchange rates in other operating income (expenses) item, and are recognized in the items of comprehensive income right. The ownership of the difference in the change in the fair value (fair value reserve / financial investments at fair value through comprehensive income).

Valuation differences arising from the measurement of items of a non-monetary nature at fair value through profit and losses resulting from changes in the exchange rates used to translate those items include, and then are recognized in the income statement by the total valuation differences resulting from the measurement of equity instruments classified at fair value through Profits and losses, while the total valuation differences resulting from the measurement of equity instruments at fair value through comprehensive income are recognized within other comprehensive income items in equity, fair value reserve item for financial investments at fair value through comprehensive income.

Financial policies applied as of December 31, 2018**2.5. Financial assets**

The Bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss (FVTPL).
- Loans and receivables.
- Held to maturity financial 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 (FVTPL)

This category is divided into two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and loss (FVTPL) 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 a part of a portfolio of identified financial instruments that are managed together, and for which there is evidence of an actual recent 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 (FVTPL) 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.
- 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.

Changes in accounting policies

IFRS 9 Effective 1 January 2019 in accordance with the Central Bank of Egypt regulations issued on 26 February 2019

The requirements in IFRS 9 represent a material change from the requirements of EAS number 26 Financial Instruments: Recognition and Measurement. The new standard leads to fundamental changes in the accounting of financial assets and some aspects of accounting of financial liabilities.

The principal changes in the accounting policies resulting from the adoption of IFRS 9 are summarized below

Classification of financial assets and liabilities

IFRS 9 includes three categories of major classifications of financial assets: measured at amortized cost and fair value through other comprehensive income and fair value through profit or loss. The classification of IFRS 9 is generally based on the business model through which the financial asset is managed and its contractual cash flows. The Standard excludes the current categories of EAS number 26 which include held-to-maturity investments and held for trading and available for sale.

- IFRS 9 replaces the "recognized loss" model in EAS number 26 with the "expected credit loss" model. The new impairment model also applies to certain credit and financial collateral contracts but does not apply to equity investments under IFRS (IFRS 9), credit losses are recognized before they are achieved, other than EAS number 26

The following are the principal changes in the accounting policy: Impairment of financial assets:

Default Definition as per IFRS 9

Default is not specifically defined within IFRS 9. However the following guidance is available within the Standard:

"When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due (DPD) unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The definition of default used for these purposes shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.'

- The Bank applies a three-stage approach to measure expected credit losses for financial assets carried at amortized cost and debt instruments classified as at fair value through other comprehensive income. Assets are transferred through the following three stages on the basis of changes in the quality of credit ratings since the initial recognition of these assets:
- Stage 1: expected credit losses over 12 months

For exposures where there has been no significant increase in credit risk since initial recognition, the portion of expected long-term credit losses associated with the probability of default over the next 12 months is recognized.

- Stage 2: Unrealized credit losses over life - non-credit risk For credit exposures where there has been a significant increase in credit risk since initial recognition, but not credit default, expected credit losses are recognized over the life of the asset.

Significant Increase in Credit Risk (SICR):

CIB will use the following indicators to identify any significant increase in credit risks.

For Corporate and Business Banking Risk Rating, Transition in Risk Ratings, Delinquency Status, Industry and Restructured status.

For Retail Delinquency Status, Watch list, Individual Profile, Restructured status.

- Stage 3: Expected Long-Term Credit Losses Financial assets are credit risk when one or more events have occurred that have a detrimental effect on the estimated future cash flows of those financial assets. Due to the use of the same standards in IAS 39, the Bank's methodology for specific provisions remains unchanged.

Financial policies applied as of 1 January 2019

Financial assets and liabilities

1. Initial Recognition

All "regular" purchases and sales of financial assets are recognized on the trade date, the date on which the bank commits to purchase or sell the asset. Regular purchases and sales are the purchases and sales of financial assets that require delivery of assets within the time frame generally provided by law or by market norms.

Financial assets or liabilities are measured initially at fair value plus, in the case of an item not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

2. Measurement and Classification

Financial assets - Policy effective 1 January 2019.

On initial recognition, financial assets are classified as measured at cost, carried at fair value through other comprehensive income or at fair value through profit or loss. Financial assets are measured at amortized cost when each of the following officers is satisfied and is not classified as at fair value through profit or loss:

- Assets are retained in a business model that is intended to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial assets on specific dates result in cash flows which are only payments on the original amount and interest on the original amount outstanding.

Debt instruments are measured at fair value through other comprehensive income only when both of the following conditions are met and are not classified as at fair value through profit or loss:

Assets are retained in the business model, which is intended to achieve both the collection of contractual cash flows and the sale of financial assets. The contractual terms of the financial assets on specific dates result in cash flows that are only payments on the original amount and interest on the original amount outstanding.

Upon initial recognition of equity investments that are not held for trading, the Bank may elect irrevocably to present changes in fair value in other comprehensive income. This choice is made on an investment-by-investment basis.

All other financial assets are classified at fair value through profit or loss.

Business model

The Bank assesses the objective of the business model in which the asset is maintained at the business portfolio level. This method better reflects how business is managed and how information is presented to management. The following information is taken into consideration

Debt instruments and equity instruments are classified and measured as follows:

Financial Instrument	Methods of Measurement according to Business Models		
	Amortized Cost	Fair Value	
		Through Comprehensive Income	Through Profit or Loss
Equity Instruments	Not Applicable	An irrevocable election at Initial Recognition	Normal treatment of equity instruments
Debt Instruments / Loans & Facilities	Business Model of Assets held for Collecting Contractual Cash Flows	Business Model of Assets held for Collecting Contractual Cash Flows & Selling	Business Model of Assets held for Trading

The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial asset	Business model	Basic characteristics
Financial assets at amortized cost	Business model for financial assets held to collect contractual cash flows	<ul style="list-style-type: none"> The objective of the business model is to retain the financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds. Sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument. Lowest sales in terms of turnover and value. The Bank makes clear and reliable documentation of the reasons for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held to collect cash flows and sales	<ul style="list-style-type: none"> Both the collection of contractual cash flows and sales are complementary to the objective of the model. High sales (in terms of turnover and value) compared to the business model retained for the collection of cash flows.
Financial assets at fair value through profit or loss	Other business models include trading - management of financial assets at fair value - maximizing cash flows by selling)	<ul style="list-style-type: none"> The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. Collecting contractual cash flows is an incidental event for the model objective. Management of financial assets at fair value through profit or loss to avoid inconsistency in accounting measurement.

The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:

- The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
- How to evaluate and report on portfolio performance to senior management.
- Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
- How to assess the performance of business managers (fair value, return on portfolio, or both).

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- The periodicity, value and timing of sales in prior periods, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.

- Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.
- Assess whether the contractual cash flows of an asset represent payments that are limited to the principal of the instrument and the proceeds:

For the purpose of this valuation, the Bank recognizes the original amount of the financial instrument at the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturity, currency type ...).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the rate of return periodically).

Reclassification

Financial assets are not recognized after initial recognition, unless the Bank changes the business model to manage financial assets

3. Disposal

Financial assets

The Bank derecognizes the financial assets at the end of the contractual rights of the cash flows from the financial asset or transfers its rights to receive the contractual cash flows in accordance with the transactions in which all significant risks and rewards of ownership relating to the transferred financial asset are transferred or when the Bank has not transferred or retained all the risks. The fundamental benefits of ownership and did not retain control of financial assets.

When the financial asset is derecognized, the difference between the carrying amount of the financial asset (or the carrying amount allocated to the financial asset excluded) and the total of the consideration received (including any new acquired asset) in other comprehensive income is recognized in profit or loss.

Effective January 1, 2019, any gain / loss recognized in other comprehensive income in respect of investment securities in equity securities is not recognized in profit or loss on disposal of such securities. Any interest on the transferred financial assets that are eligible for disposal that are created or retained by the Group as a separate asset or liability is recognized.

If the terms of the financial assets are modified, the Bank assesses whether the cash flows of the financial assets are substantially different. If there are significant differences in cash flows, the contractual rights to the cash flows from the original financial assets are past due. In this case, the original financial assets are derecognized and the new financial assets are recognized at fair value.

The financial asset (in whole or in part) is derecognized when:

- Expiration of rights to receive cash flows from the original;

(A) The Bank has transferred substantially all the risks and rewards of the asset or (b) has not transferred or retained All the material risks and benefits of the assets but transferred control over the assets.

Financial Liabilities

A financial liability is derecognized when the obligation under the obligation is discharged, canceled or expires.

Investments held for trading - effective until 31 December 2018

Investments held for trading are subsequently measured at fair value with any gain or loss arising from the change in fair value included in the consolidated statement of income or loss in the period in which they arise. Interest earned or dividends received are included in net trading income.

Classification of financial assets carried at fair value through profit or loss – applied

Effective 1 January 2019

The Bank classifies certain financial assets as at fair value through profit or loss

Profits or losses because assets were valued, managed and internally recorded on a fair value basis. The Bank has classified certain financial assets at fair value through profit or loss.

Financial assets classified at fair value through statement of profit or loss – applied Until 31 December 2018

Financial assets classified in this category are classified by the management as evidence

When the following criteria are met:

- The classification eliminates or substantially reduces the difference in the transaction that may arise from the measurement of assets or liabilities or the recognition of gains or losses on different grounds; or
- Assets are part of a group of financial assets that are managed and their performance evaluated on a fair value basis, in accordance with documented management risk or investment strategy; or
- Financial instruments include embedded derivatives, unless embedded derivatives do not substantially change cash flows and should not be recorded as a separate item.

Financial assets carried at fair value through the consolidated statement of income or loss are recognized at fair value in the consolidated statement of financial position. Changes in fair value are recognized in net gain or loss on financial assets designated at fair value through profit or loss. Interest earned on interest income is accrued, whereas income from equity is recognized in other income. The Group has not classified any financial assets at fair value through profit or loss.

Deposits and amounts due from banks and other financial institutions

These are stated at cost, adjusted for effective fair value hedges, net of any amounts written off and provision for impairment.

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 - Financial policies applied till 31 December 2018

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, until 31-December-2018. 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, which are based on losses that have been incurred on the balance sheet date (the 'incurred loss model') rather than expected losses (note 3.1.5) 31-December-2018.

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 uses.

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, 2019		December 31, 2018	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	85.63	19.27	78.61	12.61
2-Regular watching	6.88	8.76	11.65	17.85
3-Watch list	3.5	28.15	5.68	33.18
4-Non-Performing loans	3.99	43.82	4.06	36.36

The internal rating tools assists management to determine whether objective evidence of impairment exists, 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. Model 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 instructions for the implementation of the International Financial Reporting Standard (9) issued by the Central Bank of Egypt on February 26, 2019. 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

Starting 1st of Jan 2019 and after implementing CBE regulations for IFRS 9, Customer Loans has been reclassified into 3 stages based on each facility credit characteristics. Credit characteristics that used to determine the staging is different from ORR customer classification

The classification of financial assets and liabilities at the date of initial application of IFRS 9
The following table shows the financial assets and financial liabilities net as per the Central Bank's instructions issued on December 16, 2008 and IFRS 9

in accordance with the Central Bank's issued instructions at 26 February 2019:

Dec. 31, 2018	"Original classification under EAS 26"	"Classification under IFRS 9"	"The original carrying amount under EAS 26"	Remeasurement	Reclassification	EGP Thousands "The value included under IFRS 9"
Financial assets						
	Cash and balances with central bank	Amortized cost	Amortized cost	-	-	20,058,974
	Due from banks	Amortized cost	Amortized cost	-	-	46,518,892
	Treasury bills and other governmental notes	Amortized cost	"Fair value through OCI"	-	-	41,999,252
	Loans and advances to banks, net	Amortized cost	Amortized cost	-	-	67,703
	Loans and advances to customers, net	Amortized cost	Amortized cost	-	-	106,309,205
	Financial investment securities - debt instruments	Amortized cost	Amortized cost	1,053,407	-	74,651,658
	Financial investment securities - debt instruments	"Fair value through OCI (AFS)"	"Fair value through OCI"	-	-	38,615,045
	Financial investment securities - debt instruments	"Fair value through P&L"	"Fair value through P&L"	-	-	2,270,080
	Financial investment securities - mutual funds	"Fair value through P&L"	"Fair value through OCI"	-	-	38,376
	Financial investment securities - mutual funds	"Fair value through OCI (AFS)"	"Fair value through OCI"	-	-	98,678
	Financial investment securities - mutual funds	Amortized cost (HTM)	"Fair value through OCI"	-	47,029	79,542
	Financial investment securities - equity instruments	"Fair value through P&L"	"Fair value through P&L"	-	-	429,249
	Financial investment securities - equity instruments	"Fair value through OCI (AFS)"	"Fair value through OCI"	190,178	-	694,345
	Total financial assets		330,540,385	1,243,585	47,029	331,830,999
Financial liabilities						
	Due to banks	Amortized cost	Amortized cost	-	-	7,259,819
	Due to customers	Amortized cost	Amortized cost	-	-	285,340,472
	Other loans	Amortized cost	Amortized cost	-	-	3,721,529
	Total financial liabilities		296,321,820	-	-	296,321,820
	The impairment loss on debt instruments at fair value through OCI is added					
	Total		-	1,243,585	646,343	1,889,928

3.1.5. Maximum exposure to credit risk before collateral held

	EGP Thousands	
In balance sheet items exposed to credit risk	Dec. 31, 2019	Dec. 31, 2018
Cash and balances with central bank	28,273,962	20,058,974
Due from banks	28,353,366	46,518,892
Gross loans and advances to banks	629,780	70,949
Less: Impairment provision	(4,516)	(3,246)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,462,439	1,635,910
- Credit cards	4,264,204	3,540,849
- Personal loans	20,219,305	17,180,864
- Mortgages	1,330,323	876,372
Corporate:		
- Overdraft	19,100,709	13,992,595
- Direct loans	51,163,302	49,179,820
- Syndicated loans	33,642,235	32,899,950
- Other loans	61,578	125,429
Unamortized bills discount	(55,197)	(65,718)
Impairment provision	(11,825,887)	(13,040,828)
Unearned interest	(41,908)	(16,038)
Derivative financial instruments	216,383	52,289
Financial investments:		
- Debt instruments	196,046,335	112,213,297
Other assets (Accrued revenues)	4,011,196	4,509,514
Total	376,847,609	289,729,874
Off balance sheet items exposed to credit risk		
Financial guarantees	6,085,760	7,962,043
Customers acceptances	3,188,757	1,050,573
Letters of credit (import and export)	5,866,630	4,178,288
Letter of guarantee	61,143,216	66,166,953
Total	76,284,363	79,357,857

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2019, 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, 31.83% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represent 59.55%.

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:

- 92.51% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- Loans and advances assessed individually are valued EGP 5,261,976 thousand.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2019.
- 97.54% 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, 2019		Dec.31, 2018	
	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	120,937,024	629,780	110,351,697	70,949
Past due but not impaired	5,045,095	-	4,224,632	-
Individually impaired	5,261,976	-	4,855,460	-
Gross	131,244,095	629,780	119,431,789	70,949
Less:				
Impairment provision	11,825,887	4,516	13,040,828	3,246
Unamortized bills discount	55,197	-	65,718	-
Unearned interest	41,908	-	16,038	-
Net	119,321,103	625,264	106,309,205	67,703

Impairment provision losses for loans and advances reached EGP 11,830,403 thousand.

During the year, the Bank's total loans and advances increased by 10.35%.

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.

Total balances of loans and facilities divided by stages:

Dec.31, 2019	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	EGP Thousands
					Total
Individuals	26,734,506	339,408	202,357	-	27,276,271
Institutions and Business Banking	63,749,864	35,158,341	5,059,619	-	103,967,824
Total	90,484,370	35,497,749	5,261,976	-	131,244,095

Expected credit losses

Dec.31, 2019	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	EGP Thousands
					Total
Individuals	96,469	10,394	210,068	-	316,931
Institutions and Business Banking	1,208,722	5,325,121	4,975,113	-	11,508,956
Total	1,305,191	5,335,515	5,185,181	-	11,825,887

Loans and advances to banks divided by stages:

Dec.31, 2019	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	EGP Thousands
				Total
Time and term loans	-	629,780	-	629,780
Expected credit losses	-	(4,516)	-	(4,516)
Net	-	625,264	-	625,264

Expected credit losses divided by internal classification:

Corporate and Business Banking loans:

Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	EGP Thousands
						Total
Performing loans (1-5)	1%-14%	1,041,456	1,137,990	-	-	2,179,446
Regular watch-ing (6)	15%-21%	167,266	867,786	-	-	1,035,052
Watch list (7)	21%-28%	-	3,319,345	-	-	3,319,345
Non-per-forming loans (8-10)	100%	-	-	4,975,113	-	4,975,113

Individual Loans:

							EGP Thousands
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total	
Performing loans (1-5)	(0% - 5%)	95,234	-	-	-	95,234	
Regular watching (6)	(5% - 10%)	1,235	-	-	-	1,235	
Watch list (7)	(10% above)	-	10,394	-	-	10,394	
Non-performing loans (8-10)	100%	-	-	210,068	-	210,068	

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

							EGP Thousands
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total	
Performing loans (1-5)	1%-12%	61,291,934	24,935,477	-	-	86,227,411	
Regular watching (6)	12%-21%	2,457,930	5,944,147	-	-	8,402,077	
Watch list (7)	21%-27%	-	4,278,717	-	-	4,278,717	
Non-performing loans (8-10)	100%	-	-	5,059,619	-	5,059,619	

Individual Loans:

							EGP Thousands
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total	
Performing loans (1-5)	(0% - 5%)	26,059,247	-	-	-	26,059,247	
Regular watching (6)	(5% - 10%)	675,259	-	-	-	675,259	
Watch list (7)	(10% above)	-	339,408	-	-	339,408	
Non-performing loans (8-10)	100%	-	-	202,357	-	202,357	

Impact of IFRS 9 application:

	Effect of applying IFRS 9 *				Opening balance at 1/1/2019 under IFRS 9	Balance at 31/12/2019 under IFRS 9
	Balance at 31/12/2018 under IAS 39	Financial investments	Due from banks	Loans to customers and banks		
Beginning balance	(13,044,074)	(599,314)	(7,314)	716,325	(12,934,377)	(12,934,377)
Charges/(Reversals) PL						(1,435,460)
Write off						1,380,772
Recovery						(459,633)
F.X Revaluation						1,187,085
Ending Balance						(12,261,613)

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

Dec.31, 2019				EGP Thousands
Due from banks	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing loans	19,284,999	-	-	19,284,999
Regular watching	9,085,184	-	-	9,085,184
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	28,370,183	-	-	28,370,183
Less: Impairment provision	(16,817)	-	-	(16,817)
Book value	28,353,366	-	-	28,353,366

Individual Loans:

					EGP Thousands
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total	
Credit rating					
Performing loans	26,059,247	-	-	26,059,247	
Regular watching	675,259	-	-	675,259	
Watch list	-	339,408	-	339,408	
Non-performing loans	-	-	202,357	202,357	
Total	26,734,506	339,408	202,357	27,276,271	
Less: Impairment provision	(96,469)	(10,394)	(210,068)	(316,931)	
Book value	26,638,037	329,014	(7,711)	26,959,340	

Corporate and Business Banking loans:

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing loans	61,291,934	24,935,477	-	86,227,411
Regular watching	2,457,930	5,944,147	-	8,402,077
Watch list	-	4,278,717	-	4,278,717
Non-performing loans	-	-	5,059,619	5,059,619
Total	63,749,864	35,158,341	5,059,619	103,967,824
Less: Impairment provision	(1,208,722)	(5,325,121)	(4,975,113)	(11,508,956)
Book value	62,541,142	29,833,220	84,506	92,458,868

Financial Assets at Fair value through OCI

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing loans	59,915,108	-	-	59,915,108
Regular watching	28,905,614	-	-	28,905,614
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	88,820,722	-	-	88,820,722
Less: Impairment provision	(414,395)	-	-	(414,395)
Book value	88,406,327	-	-	88,406,327

The following table shows changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2019	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Due from banks				
Provision for credit losses on 1 January 2019	160	7,155	-	7,315
New financial assets purchased or issued	16,816	-	-	16,816
Matured or disposed financial assets	(158)	(7,155)	-	(7,313)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
"Changes in the probability of default and loss in case of default and the exposure at default"	(1)	-	-	(1)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	16,817	-	-	16,817

Individual Loans:

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2019	72,092	24,843	127,376	224,311
Impairment during the year	24,377	(14,449)	140,974	150,902
Write off during the year	-	-	(118,486)	(118,486)
Recoveries	-	-	60,204	60,204
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	96,469	10,394	210,068	316,931

Corporate and Business Banking loans:

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2019	691,013	6,700,083	4,709,096	12,100,192
New financial assets purchased or issued	751,746	1,074,222	-	1,825,968
Matured or disposed financial assets	(364,309)	(899,007)	(772,859)	(2,036,175)
Transferred to stage 1	158,357	(359,174)	-	(200,817)
Transferred to stage 2	(3,937)	9,427	-	5,490
Transferred to stage 3	1,472	(2,560,546)	2,409,875	(149,199)
"Changes in the probability of default and loss in case of default and the exposure at default"	93,395	1,509,405	3,051	1,605,851
Changes to model assumptions and methodology	5,845	401,743	-	407,588
Recoveries	-	-	399,429	399,429
Write off during the year	-	-	(1,262,286)	(1,262,286)
Cumulative foreign currencies translation differences	(124,860)	(551,032)	(511,193)	(1,187,085)
Ending balance	1,208,722	5,325,121	4,975,113	11,508,956

Financial Assets at Fair value through OCI

	EGP Thousands			Total
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	
Provision for credit losses on 1 January 2019	595,511	3,803	-	599,314
New financial assets purchased or issued	183,940	-	-	183,940
Matured or disposed financial assets	(282,223)	(773)	-	(282,996)
Transferred to stage 1	931	(3,030)	-	(2,099)
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
"Changes in the probability of default and loss in case of default and the exposure at default"	(83,764)	-	-	(83,764)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	414,395	-	-	414,395

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	Other loans	Total	Overdraft	Direct loans	Syndicated loans	Other advances to customers	Total loans and advances to banks	Total
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.

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				Total
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Total	
Past due up to 30 days	472,341	450,435	38,318	397	594,739	768,415	99,957	1,463,111	
Past due 30-60 days	68,644	83,381	28,168	192	24,524	157,374	17,273	199,171	
Past due 60-90 days	20,466	42,121	22,763	41	389,889	945,194	-	1,335,083	
Total	561,451	575,937	89,249	630	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, 2018	Individual				Corporate				Total
	Overdrafts	Credit cards	Personal loans	Mortgages	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	

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, 2019	Dec.31, 2018
Loans and advances to customer		
Corporate		
- Direct loans	4,682,243	7,673,956
Total	4,682,243	7,673,956

3.1.8. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec. 31, 2019					EGP Thousands
Amortized cost	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	107,225,613	-	-	-	107,225,613
Not rated	-	-	-	-	-
Total	107,225,613	-	-	-	107,225,613

Dec. 31, 2019					EGP Thousands
Fair value through OCI	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	88,820,722	-	-	-	88,820,722
Not rated	-	-	-	-	-
Total	88,820,722	-	-	-	88,820,722

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec. 31, 2019					EGP Thousands
Fair value through OCI	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	414,395	-	-	-	414,395
Not rated	-	-	-	-	-
Total	414,395	-	-	-	414,395

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, 2019				EGP Thousands
	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Cash and balances with central bank	28,273,962	-	-	28,273,962
Due from banks	28,353,366	-	-	28,353,366
Gross loans and advances to banks	629,780	-	-	629,780
Less: Impairment provision	(4,516)	-	-	(4,516)
Gross loans and advances to customers				
Individual:				
- Overdrafts	894,272	442,103	126,064	1,462,439
- Credit cards	3,355,501	782,472	126,231	4,264,204
- Personal loans	13,109,677	6,039,542	1,070,086	20,219,305
- Mortgages	1,243,652	78,135	8,536	1,330,323
Corporate:				
- Overdrafts	17,361,940	1,092,048	646,721	19,100,709
- Direct loans	34,218,971	11,970,680	4,973,651	51,163,302
- Syndicated loans	31,194,568	2,285,914	161,753	33,642,235
- Other loans	50,578	11,000	-	61,578
Unamortized bills discount	(55,197)	-	-	(55,197)
Impairment provision	(9,741,062)	(1,620,679)	(464,146)	(11,825,887)
Unearned interest	(41,908)	-	-	(41,908)
Derivative financial instruments	216,383	-	-	216,383
Financial investments:				
-Debt instruments	196,046,335	-	-	196,046,335
Total	345,106,302	21,081,215	6,648,896	372,836,413

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, 2019	Financial institutions					Wholesale and retail trade		Government sector		EGP Thousands	
	institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total			
Cash and balances with central bank	28,273,962	-	-	-	-	-	-	28,273,962			
Due from banks	28,353,366	-	-	-	-	-	-	28,353,366			
Gross loans and advances to banks	629,780	-	-	-	-	-	-	629,780			
Less: Impairment provision	(4,516)	-	-	-	-	-	-	(4,516)			
Gross loans and advances to customers											
Individual:											
- Overdrafts	-	-	-	-	-	-	1,462,439	1,462,439			
- Credit cards	-	-	-	-	-	-	4,264,204	4,264,204			
- Personal loans	-	-	-	-	-	-	20,219,305	20,219,305			
- Mortgages	-	-	-	-	-	-	1,330,323	1,330,323			
Corporate:											
- Overdrafts	944,864	9,250,386	2,386,079	481,734	2,205,542	3,832,104	-	19,100,709			
- Direct loans	1,488,876	24,779,354	1,629,745	1,329,944	5,438,391	16,496,992	-	51,163,302			
- Syndicated loans	20,825	7,746,397	305,750	-	24,577,394	991,869	-	33,642,235			
- Other loans	-	61,578	-	-	-	-	-	61,578			
Unamortized bills discount	(55,197)	-	-	-	-	-	-	(55,197)			
Impairment provision	(44,300)	(4,540,883)	(14,126)	(87,280)	(511,802)	(6,310,565)	(316,931)	(11,825,887)			
Unearned interest	-	-	-	-	-	-	(41,908)	(41,908)			
Derivative financial instruments	216,383	-	-	-	-	-	-	216,383			
Financial investments:											
- Debt instruments	4,823,267	-	-	-	191,223,068	-	-	196,046,335			
Total	64,647,310	37,296,832	4,307,448	1,724,398	222,932,593	15,010,400	26,917,432	372,836,413			

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, 2019			Dec.31, 2018		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	410	2,426	50	231	1,482	20
Interest rate risk	604,814	1,176,577	274,079	453,569	645,193	238,077
- For non trading purposes	609,137	1,186,564	271,813	429,195	586,852	232,882
- For trading purposes	4,346	9,949	183	24,374	58,341	5,195
Portfolio managed by others risk	4,858	9,696	1,487	7,030	11,507	1,969
Investment fund	76	122	44	119	267	55
Total VaR	605,585	1,178,349	274,303	455,104	647,983	238,493

Trading portfolio VaR by risk type

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	410	2,426	50	231	1,482	20
Interest rate risk	4,346	9,949	183	24,374	58,341	5,195
- For trading purposes	4,346	9,949	183	24,374	58,341	5,195
Funds managed by others risk	4,858	9,696	1,487	7,030	11,507	1,969
Investment fund	76	122	44	119	267	55
Total VaR	5,839	10,382	3,475	26,165	60,912	5,611

Non trading portfolio VaR by risk type

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	609,137	1,186,564	271,813	429,195	586,852	232,882
Total VaR	609,137	1,186,564	271,813	429,195	586,852	232,882

The increase in the value at risk, especially the rate of return, is associated with the increase in interest rate sensitivity in the global financial markets. The three previous outcomes of the VAR were calculated independently from the centers involved and historical market movements. The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risk and types of portfolios and the consequent variety of impact.

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, 2019	Equivalent EGP Thousands					
	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	24,810,156	2,022,378	550,291	42,833	848,304	28,273,962
Gross due from banks	651,997	24,997,111	1,865,300	789,250	66,525	28,370,183
Gross loans and advances to banks	-	629,780	-	-	-	629,780
Gross loans and advances to customers	76,258,644	50,732,541	4,175,708	77,202	-	131,244,095
Derivative financial instruments	76,939	139,444	-	-	-	216,383
Financial investments						
Gross financial investment securities*	172,199,545	25,001,742	1,810,704	-	-	199,011,991
- Investments in associates and subsidiaries	23,850	40,103	-	-	-	63,953
Total financial assets	274,021,131	103,563,099	8,402,003	909,285	914,829	387,810,347
Financial liabilities						
Due to banks	81,980	11,644,652	73,058	10,890	27	11,810,607
Due to customers	216,311,683	78,428,221	8,479,582	867,498	396,671	304,483,655
Derivative financial instruments	205,915	76,673	-	-	-	282,588
Other loans	64,446	3,208,300	-	-	-	3,272,746
Total financial liabilities	216,664,024	93,357,846	8,552,640	878,388	396,698	319,849,596
Net on-balance sheet financial position	57,357,107	10,205,253	(150,637)	30,897	518,131	67,960,751

* After adding Reverse repos and deducting Repos.

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, 2019	Up to1 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	-	-	-	-	-	28,273,962	28,273,962
Gross due from banks	18,576,895	9,085,184	706,644	-	-	1,460	28,370,183
Gross loans and advances to banks	658	173,793	455,329	-	-	-	629,780
Gross loans and advances to customers	85,681,987	15,769,768	14,670,005	11,728,367	3,393,968	-	131,244,095
Derivatives financial instruments (including IRS notional amount)	402,984	1,604,150	704,698	6,385,125	-	-	9,096,957
Financial investments							
Gross financial investment securities*	2,485,199	37,674,269	77,869,613	43,231,169	36,383,640	1,368,101	199,011,991
- Investments in associates and subsidiaries	-	-	-	-	-	63,953	63,953
Total financial assets	107,147,723	64,307,164	94,406,289	61,344,661	39,777,608	29,707,476	396,690,921
Financial liabilities							
Due to banks	5,505,976	320,830	5,694,732	-	-	289,069	11,810,607
Due to customers	178,825,678	30,449,392	15,856,268	34,834,663	257,371	44,260,283	304,483,655
Derivatives financial instruments (including IRS notional amount)	3,182,215	4,175,946	125,307	4	1,679,690	-	9,163,162
Other loans	2,868	3,250,787	14,091	5,000	-	-	3,272,746
Total financial liabilities	187,516,737	38,196,955	21,690,398	34,839,667	1,937,061	44,549,352	328,730,170
Total interest re-pricing gap	(80,369,014)	26,110,209	72,715,891	26,504,994	37,840,547	(14,841,876)	67,960,751

*After adding Reverse repos and deducting Repos.

3.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management Organization and Measurement Tools

Liquidity Risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee (BRC) subject to provisions of Treasury Policy Guide (TPG).

Board Risk Committee (BRC): Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors (BoD) through periodic reports submitted by the Risk Group. The committee makes recommendations to the BoD with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank may be exposed to).

Asset & Liability Committee (ALCO): Optimises the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the BoD.

Treasury Policy Guide (TPG): The purpose of the TPG is to document and communicate the policies that govern the activities performed by the Treasury Group and monitored by Risk Group.

The main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III liquidity ratios, asset and liability gapping mismatch, stress testing, and funding base concentration. More conservative internal targets and Risk Appetite indicators (RAI) against regulatory requirements are set for various measures of Liquidity and Funding Concentration Risks. At the end of year, the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained strong and well above regulatory requirements.

3.3.1. Liquidity risk management process

The Bank's liquidity management process is 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 projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

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 by currency, provider, product and term.

3.3.3. Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of their behaviour studies, at balance sheet date.

Dec.31, 2019	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	5,795,044	320,830	5,694,733	-	-	11,810,607
Due to customers	34,976,355	25,769,297	71,077,755	161,953,222	10,707,026	304,483,655
Other loans	2,868	42,488	14,090	1,257,765	1,955,535	3,272,746
Total liabilities (contractual and non contractual maturity dates)	40,774,267	26,132,615	76,786,578	163,210,987	12,662,561	319,567,008
Total financial assets (contractual and non contractual maturity dates)	39,156,322	30,113,707	85,349,273	167,623,442	67,757,445	390,000,189

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

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, 2019	EGP Thousands					
	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	29,879	51,676	124,360	-	-	205,915
- Interest rate derivatives	182	-	947	-	75,544	76,673
Total	30,061	51,676	125,307	-	75,544	282,588

Off balance sheet items

Dec.31, 2019	EGP Thousands			
	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	50,210,710	14,264,820	5,723,073	70,198,603
Total	50,210,710	14,264,820	5,723,073	70,198,603

Dec.31, 2019	EGP Thousands		
	Up to 1 year	1-5 years	Total
Credit facilities commitments	4,030,911	2,826,599	6,857,510
Total	4,030,911	2,826,599	6,857,510

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, 2019	Dec.31, 2018	Dec.31, 2019	Dec.31, 2018
Financial assets				
Due from banks	28,353,366	46,518,892	28,370,754	46,859,224
Gross loans and advances to banks	629,780	70,949	629,780	70,949
Gross loans and advances to customers	131,244,095	119,431,789	128,740,476	115,452,376
Financial investments:				
Amortized cost	107,225,613	73,630,764	106,016,744	72,539,003
Total financial assets	267,452,854	239,652,394	263,757,754	234,921,552
Financial liabilities				
Due to banks	11,810,607	7,259,819	11,702,778	7,069,442
Due to customers	304,483,655	285,340,472	302,292,025	280,729,572
Other loans	3,272,746	3,721,529	3,272,746	3,721,529
Total financial liabilities	319,567,008	296,321,820	317,267,549	291,520,543

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

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.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2019:
instruments:

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

Dec.31, 2019	Date of Valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through P&L	31-Dec-19	418,781	418,781	-	-
Financial Assets at Fair value through OCI	31-Dec-19	89,897,257	61,689,580	28,207,677	-
Total		90,316,038	62,108,361	28,207,677	-
Derivative financial instruments					
Financial assets	31-Dec-19	216,383	-	216,383	-
Financial liabilities	31-Dec-19	282,588	-	282,588	-
Total		498,971	-	498,971	-
Assets for which fair values are disclosed:					
Amortized cost	31-Dec-19	106,016,744	-	106,016,744	-
Loans and advances to banks	31-Dec-19	629,780	-	-	629,780
Loans and advances to customers	31-Dec-19	128,740,476	-	-	128,740,476
Total		235,387,000	-	106,016,744	129,370,256
Liabilities for which fair values are disclosed:					
Other loans	31-Dec-19	3,272,746	-	3,272,746	-
Due to customers	31-Dec-19	302,292,025	-	-	302,292,025
Total		305,564,771	-	3,272,746	302,292,025

Fair value of financial assets and liabilities**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, financial assets at amortized cost, and fair value through OCI.

Fair value for amortized cost assets is based on market prices or broker/dealer price quotations.

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 12.75%, 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 stage one ECL 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 financial assets fair value through OCI, amortized cost, 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.

	Dec.31, 2019	EGP Thousands Dec.31, 2018 Restated**
1-The capital adequacy ratio		
Tier 1 capital		
Share capital (net of the treasury shares)	14,690,821	11,668,326
Reserves	24,661,076	14,829,948
IFRS 9 Reserve	-	1,411,549
Retained Earnings (Losses)	81,328	55,089
Total deductions from tier 1 capital common equity	(807,709)	(4,754,596)
Net profit for the year	8,430,530	6,879,563
Total qualifying tier 1 capital	47,056,046	30,089,879
Tier 2 capital		
45% of special reserve	-	49
Subordinated Loans	3,208,300	3,582,720
Impairment provision for loans and regular contingent liabilities	1,740,919	1,879,734
Total qualifying tier 2 capital	4,949,219	5,462,503
Total capital 1+2	52,005,265	35,552,382
Risk weighted assets and contingent liabilities		
Total credit risk	169,831,103	156,952,618
Total market risk	766,516	5,959,133
Total operational risk	28,851,964	23,292,505
Total	199,449,583	186,204,256
*Capital adequacy ratio (%)	26.07%	19.09%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.

**After 2018 profit distribution.

	Dec.31, 2019	EGP Thousands Dec.31, 2018 Restated**
2-Leverage ratio		
Total qualifying tier 1 capital	47,056,046	30,089,879
On-balance sheet items & derivatives	409,689,485	346,163,131
Off-balance sheet items	46,195,165	45,407,765
Total exposures	455,884,650	391,570,896
*Percentage	10.32%	7.68%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 14 July 2015.

**After 2018 profit distribution.

For December 2019 NSFR ratio record 217.35% (LCY 255.43% and FCY 156.14%), and LCR ratio record 611.44% (LCY 757.42% and FCY 230.87%).

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%).

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. 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.

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.

EGP Thousands						
Dec.31, 2019	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	9,756,652	2,234,547	5,292,706	7,121,674	816,595	25,222,174
Expenses according to business segment	(4,737,534)	(898,119)	(152,895)	(2,882,762)	(13,423)	(8,684,733)
Profit before tax	5,019,118	1,336,428	5,139,811	4,238,912	803,172	16,537,441
Tax	(1,436,735)	(382,556)	(1,471,285)	(1,213,400)	(229,910)	(4,733,886)
Profit for the year	3,582,383	953,872	3,668,526	3,025,512	573,262	11,803,555
Total assets	103,509,368	1,398,063	200,721,627	26,524,730	54,542,870	386,696,658

EGP Thousands						
Dec.31, 2018	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

5.2. By geographical segment

EGP Thousands				
Dec.31, 2019	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	21,218,087	3,309,436	694,651	25,222,174
Expenses according to geographical segment	(7,293,433)	(1,143,218)	(248,082)	(8,684,733)
Profit before tax	13,924,654	2,166,218	446,569	16,537,441
Tax	(3,985,969)	(620,086)	(127,831)	(4,733,886)
Profit for the year	9,938,685	1,546,132	318,738	11,803,555
Total assets	358,860,383	21,081,215	6,755,060	386,696,658

EGP Thousands				
Dec.31, 2018	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

6. Net interest income

EGP Thousands		
	Dec.31, 2019	Dec.31, 2019
Interest and similar income		
- Banks	3,308,719	3,338,266
- Clients	14,630,606	15,274,649
Total	17,939,325	18,612,915
Treasury bills and bonds	24,277,671	18,582,089
Reverse repos	-	2,519
Financial investments at amortized cost and fair value through OCI	383,961	206,186
Total	42,600,957	37,403,709
Interest and similar expense		
- Banks	(597,877)	(840,233)
- Clients	(19,893,762)	(18,001,197)
Total	(20,491,639)	(18,841,430)
Financial instruments purchased with a commitment to re-sale (Repos)	(232,055)	(112,366)
Other loans	(299,144)	(306,394)
Total	(21,022,838)	(19,260,190)
Net interest income	21,578,119	18,143,519

7. Net fee and commission income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Fee and commission income		
Fee and commissions related to credit	1,258,672	1,456,930
Custody fee	141,907	140,247
Other fee	2,051,109	1,805,439
Total	3,451,688	3,402,616
Fee and commission expense		
Other fee paid	(1,170,893)	(991,957)
Total	(1,170,893)	(991,957)
Net income from fee and commission	2,280,795	2,410,659

8. Dividend income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Financial assets at fair value through P&L	7,307	9,951
Financial assets at fair value through OCI	46,116	16,007
Total	53,423	25,958

9. Net trading income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profit (Loss) from foreign exchange	749,591	668,071
Profit (Loss) from forward foreign exchange deals revaluation	(85,657)	(38,904)
Profit (Loss) from interest rate swaps revaluation	(29,521)	(20,865)
Profit (Loss) from currency swap deals revaluation	3,238	8,179
Profit (Loss) from financial assets at fair value through P&L	50,408	472,595
Total	688,059	1,089,076

10. Administrative expenses

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Staff costs		
Wages and salaries	(2,604,675)	(2,237,595)
Social insurance	(95,408)	(78,841)
Other benefits	(108,367)	(61,976)
Other administrative expenses *	(2,236,487)	(1,844,367)
Total	(5,044,937)	(4,222,779)

*The expenses related to the activity for which the bank obtains a commodity or service, donations and depreciation.

11. Other operating (expenses) income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profits (losses) from non-trading assets and liabilities revaluation	91,979	59,863
Profits from selling property, plant and equipment	1,439	1,045
Release (charges) of other provisions	(361,649)	(400,596)
Other income/expenses	(1,526,309)	(1,249,987)
Total	(1,794,540)	(1,589,675)

12. Impairment release (charges) for credit losses

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Loans and advances to customers	(1,610,878)	(3,076,023)
Due from banks	(9,503)	-
Financial securities	184,921	-
Total	(1,435,460)	(3,076,023)

13. Adjustments to calculate the effective tax rate

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profit before tax	16,537,441	13,052,594
Tax rate	22.50%	22.50%
Income tax based on accounting profit	3,720,924	2,936,834
Add / (Deduct)		
Non-deductible expenses	1,465,811	872,323
Tax exemptions	(1,493,292)	(314,359)
Withholding tax	1,040,443	2,041
Income tax / Deferred tax	4,733,886	3,496,839
Effective tax rate	28.63%	26.79%

14. Earning per share

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Net profit for the year, available for distribution	11,800,858	9,553,868
Board member's bonus	(177,013)	(143,308)
Staff profit sharing	(1,180,086)	(955,387)
Profits shareholders' Stake	10,443,759	8,455,173
Weighted Average number of shares	1,424,525	1,424,525
Basic earning per share	7.33	5.94
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,435,391	1,435,391
Diluted earning per share	7.28	5.89

15. Cash and balances with central bank

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Cash	5,876,652	6,532,211
Obligatory reserve balance with CBE		
- Current accounts	22,397,310	13,526,763
Total	28,273,962	20,058,974
Non-interest bearing balances	28,273,962	20,058,974

16. Due from banks

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Current accounts	3,704,142	4,168,973
Deposits	24,666,041	42,349,919
"Effect of applying IFRS 9"	(7,314)	-
Expected credit losses	(9,503)	-
Total	28,353,366	46,518,892
Central banks	9,945,682	25,397,558
Local banks	1,348,559	4,109,576
Foreign banks	17,059,125	17,011,758
Total	28,353,366	46,518,892
Non-interest bearing balances	1,460	1,724
Floating interest bearing balances	9,085,184	10,203,376
Fixed interest bearing balances	19,266,722	36,313,792
Total	28,353,366	46,518,892
Current balances	28,353,366	46,518,892
Due from banks		Stage 1
Gross due from banks		28,370,183
Expected credit losses		(16,817)
Net due from banks		28,353,366

17. Treasury bills and other governmental notes

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
91 Days maturity	6,025	-
182 Days maturity	749,625	3,669,700
364 Days maturity	29,112,513	49,441,511
Unearned interest	(1,470,340)	(3,097,887)
Total 1	28,397,823	50,013,324
Repos - treasury bills	(763,761)	(8,014,072)
Total 2	(763,761)	(8,014,072)
Net	27,634,062	41,999,252

"Treasury bills and other government securities are classified to financial instruments through other comprehensive income when applying IFRS 9 Note 21"

Governmental bonds

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Governmental bonds	58,769,618	
Repo	(2,406,225)	
Total	(2,406,225)	
Net	56,363,393	

18. Loans and advances to banks, net

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Time and term loans	629,780	70,949
Impairment provision	(4,516)	(3,246)
Net	625,264	67,703
Current balances	625,264	67,703
Net	625,264	67,703

Analysis for impairment provision of loans and advances to banks

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	(3,246)	(70)
Release during the year	(1,270)	(3,140)
Exchange revaluation difference	-	(36)
Ending balance	(4,516)	(3,246)

Analysis for impairment provision of loans and advances to banks

	Stage 2	
	Balance	Rating
Beginning Balance	(3,246)	
Addition during the year	(1,270)	
Deduction during the year	-	
Ending balance	(4,516)	

Below is an analysis of outstanding balance:

	Stage 2	
	Balance	Rating
	625,264	B -

19. Loans and advances to customers, net

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Individual		
- Overdraft	1,462,439	1,635,910
- Credit cards	4,264,204	3,540,849
- Personal loans	20,219,305	17,180,864
- Real estate loans	1,330,323	876,372
Total 1	27,276,271	23,233,995
Corporate		
- Overdraft	19,100,709	13,992,595
- Direct loans	51,163,302	49,179,820
- Syndicated loans	33,642,235	32,899,950
- Other loans	61,578	125,429
Total 2	103,967,824	96,197,794
Total Loans and advances to customers (1+2)	131,244,095	119,431,789
Less:		
Unamortized bills discount	(55,197)	(65,718)
"Effect of applying IFRS 9 "	716,325	-
Impairment provision	(12,542,212)	(13,040,828)
Unearned interest	(41,908)	(16,038)
Net loans and advances to customers	119,321,103	106,309,205
Distributed to		
Current balances	51,682,809	44,549,290
Non-current balances	67,638,294	61,759,915
Total	119,321,103	106,309,205

Analysis of the expected credit losses of IFRS 9 / Loss on loans and advances to customers by type during the year was as follows:

	Dec.31, 2019				EGP Thousands
	Overdrafts	Credit cards	Personal loans	Mortgages	
Individual Loans					Total
Beginning balance	(4,112)	(31,614)	(76,475)	(22,385)	(134,586)
"Effect of changes arising from the first application of IFRS 9"	(44,507)	(10,548)	(32,293)	(2,377)	(89,725)
"Balance adjusted at the beginning of the financial year after the first application of IFRS 9 "	(48,619)	(42,162)	(108,768)	(24,762)	(224,311)
Impairment	43,206	(63,280)	(115,341)	(15,487)	(150,902)
Written off amounts	-	42,267	76,219	-	118,486
Recoveries	-	(27,601)	(31,403)	(1,200)	(60,204)
Ending balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Corporate and Business Banking loans					Total
Beginning balance	(1,080,365)	(9,766,768)	(2,056,326)	(2,783)	(12,906,242)
"Effect of changes arising from the first application of IFRS 9"	368,401	387,171	47,695	2,783	806,050
"Balance adjusted at the beginning of the financial year after the first application of IFRS 9"	(711,964)	(9,379,597)	(2,008,631)	-	(12,100,192)
Impairment	(291,408)	(232,519)	(932,680)	(2,099)	(1,458,706)
Written off amounts	-	1,262,286	-	-	1,262,286
Recoveries	-	(399,429)	-	-	(399,429)
foreign currencies translation differences	68,549	920,777	197,759	-	1,187,085
Ending balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)

Dec.31, 2018	Individual				EGP Thousands	
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
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	Corporate				EGP Thousands	
	Overdraft	Direct loans	Syndicated loans	Other loans	Total	Total
Beginning balance	(1,707,127)	(7,107,690)	(1,911,226)	(2,947)	(10,728,990)	(10,728,990)
Released (charged) released during the year	633,877	(2,927,862)	(688,890)	164	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)

*From previously written off amounts

20. Derivative financial instruments

20.1. 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.

20.1.1. For trading derivatives

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	8,315,292	52,183	189,833	5,360,272	21,112	73,105
- Currency swap	4,904,151	24,756	16,082	3,628,415	18,243	12,807
- Options	1,365	-	-	-	-	-
Total (1)		76,939	205,915		39,355	85,912

20.1.2. Fair value hedge

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	-	-	-	662,803	-	9,164
- Customers deposits hedging	8,880,574	139,444	76,673	7,103,638	12,934	37,782
Total (2)	-	139,444	76,673	-	12,934	46,946
Total financial derivatives (1+2)	-	216,383	282,588	-	52,289	132,858

20.2. Hedging derivatives

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 9,146 thousand at December 31, 2018, Resulting in gains from hedging instruments at December 31, 2018 EGP 16,832 thousand. Losses arose from hedged items at December 31, 2019 reached EGP 29,742 thousand against losses of EGP 34,193 thousand at December 31, 2018.

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 62,771 thousand at the end of December 31, 2019 against EGP 24,848 thousand at December 31, 2018, resulting in gains from hedging instruments at December 31, 2019 of EGP 87,619 thousand against losses of EGP 90,306 thousand at December 31, 2018. Losses arose from the hedged items at December 31, 2019 reached EGP 171,993 thousand against losses EGP 94,856 thousand at December 31, 2018.

Movement of financial investment securities:

	Available for sale financial investments	Held to maturity financial investments
Beginning balance	30,474,781	45,167,722
Addition	12,670,761	33,995,313
Deduction	(1,872,988)	(5,532,271)
Exchange revaluation differences for foreign financial assets	102,991	-
Profit (losses) from fair value difference	(2,118,094)	-
Available for sale impairment charges	(39,561)	-
Ending Balance as of Dec.31, 2018	39,217,890	73,630,764

	Financial Assets at Fair value through OCI	Amortized cost
Beginning balance	39,217,890	73,630,764
Effect of applying IFRS 9	42,268,972	1,020,895
Addition *	58,210,468	76,516,842
Deduction	(54,358,072)	(43,937,957)
Exchange revaluation differences for foreign financial assets	(1,588,099)	(4,931)
Profit (losses) from fair value difference **	6,146,098	-
Ending Balance as of Dec.31, 2019	89,897,257	107,225,613

* Including amount of EGP 7,256,157 treasury bills less than 3 months.

** Does not include the hedging amount of Euro bonds with an amount of EGP Thousand 11,455.

21. Financial investments securities

Dec.31, 2019	EGP Thousands			
	Financial Assets at Fair value through P&L	Financial Assets at Fair value through OCI	Amortized cost	Total
Investments listed in the market				
Governmental bonds	-	56,363,393	107,225,613	163,589,006
Other bonds	-	4,823,267	-	4,823,267
Equity instruments	-	502,920	-	502,920
Portfolio managed by others	418,781	-	-	418,781

Investments not listed in the market

"Treasury bills and other governmental notes"	-	27,634,062	-	27,634,062
Governmental bonds	-	-	-	-
Other bonds	-	-	-	-
Equity instruments	-	344,929	-	344,929
Mutual funds	-	228,686	-	228,686
Total	418,781	89,897,257	107,225,613	197,541,651

Dec.31, 2018	EGP Thousands			
	Trading financial investments	Available for sale financial investments	Held to maturity financial investments	Total
Investments listed in the market				
Governmental bonds	2,270,080	37,387,013	73,598,251	113,255,344
Other bonds	-	1,228,032	-	1,228,032
Equity instruments	-	458,094	-	458,094
Portfolio managed by others	429,249	-	-	429,249

Investments not listed in the market

"Treasury bills and other governmental notes"	-	-	41,999,252	41,999,252
Governmental bonds	-	-	-	-
Other bonds	-	-	-	-
Equity instruments	-	46,073	-	46,073
Mutual funds	38,376	98,678	32,513	169,567
Total	2,737,705	39,217,890	115,630,016	157,585,611

Movement of financial Assets at Fair value through OCI

	Stage 1
Beginning Balance	39,217,890
Addition during the year	50,679,367
Ending balance	89,897,257

disclosure and measurement of financial assets and financial liabilities:

The following table shows the financial assets and the net financial commitments according to the business model classification:

Dec.31, 2019	Amortized cost	Debt financial Assets at Fair value through OCI	Equity financial Assets at Fair value through OCI	Financial Assets at Fair value through P&L	Total book value
Cash and balances with central bank	28,273,962	-	-	-	28,273,962
Due from banks	28,353,366	-	-	-	28,353,366
Treasury bills	-	27,634,062	-	-	27,634,062
Loans and advances to customers, net	119,321,103	-	-	-	119,321,103
Derivative financial instruments	-	216,383	-	-	216,383
Financial Assets at Fair value through OCI	-	61,186,660	1,076,535	-	62,263,195
Amortized cost	107,225,613	-	-	-	107,225,613
Financial Assets at Fair value through P&L	-	-	-	418,781	418,781
Total 1	283,174,044	89,037,105	1,076,535	418,781	373,706,465
Due to banks	11,810,607	-	-	-	11,810,607
Due to customers	304,483,655	-	-	-	304,483,655
Derivative financial instruments	-	282,588	-	-	282,588
Other loans	3,272,746	-	-	-	3,272,746
Other provisions	2,011,369	-	-	-	2,011,369
Total 2	321,578,377	282,588	-	-	321,860,965

21.1. Profits (Losses) on financial investments

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profit (Loss) from selling FVOCI financial instruments	497,894	441,628
Released (Impairment) charges of equity instruments	(1,533)	(39,561)
Released (Impairment) charges of FVOCI equity instruments	(45,664)	-
Total	450,697	402,067

22. Investments in associates and subsidiaries

EGP Thousands							
Dec.31, 2019	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	37,240	1,259	470	3,467	40,103	99.99
Associates							
- Fawry plus	Egypt	42,920	45,557	17,399	(19,917)	14,100	23.50
- International Co. for Security and Services (Falcon)	Egypt	741,875	501,413	511,163	22,437	9,750	32.50
Total		822,035	548,229	529,032	5,987	63,953	

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	32.50
Total		860,057	640,554	926,624	72,954	68,633	

23. Other assets

EGP Thousands		
	Dec.31, 2019	Dec.31, 2018
Accrued revenues	4,011,196	4,509,514
Prepaid expenses	217,484	186,797
Advances to purchase of fixed assets	942,781	768,733
Accounts receivable and other assets (after deducting the provision)*	4,333,966	3,790,709
Assets acquired as settlement of debts	356,382	276,520
Insurance	36,130	30,945
Gross	9,897,939	9,563,218
Impairment of other assets	(150,000)	-
Net	9,747,939	9,563,218

*A provision with amount EGP 119 million has been charged against pending installments, and with amount EGP 212 million has been released.

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.

24. Property, plant and equipment

Dec.31, 2019	EGP Thousands							
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Additions during the year	-	53,217	593,718	47,642	284,570	122,356	25,864	1,127,367
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Ending gross assets (2)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	113,828	4,871,432
Accumulated depreciation at beginning of the year (3)	-	376,931	982,280	32,890	406,431	277,393	68,866	2,144,791
Current period depreciation	-	49,681	310,000	8,750	118,905	79,295	9,913	576,544
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Accumulated depreciation at end of the year (4)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Ending net assets (2-4)	64,709	651,973	881,933	68,149	284,557	215,491	35,886	2,202,698
Beginning net assets (1-3)	64,709	648,437	598,215	29,257	118,892	172,430	19,935	1,651,875
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 291,718 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, 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.

25. Due to banks

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Current accounts	420,500	503,539
Deposits	11,390,107	6,756,280
Total	11,810,607	7,259,819
Central banks	111,967	190,801
Local banks	10,476,614	6,009,778
Foreign banks	1,222,026	1,059,240
Total	11,810,607	7,259,819
Non-interest bearing balances	289,069	257,355
Floating bearing interest balances	4,908,538	89,568
Fixed interest bearing balances	6,613,000	6,912,896
Total	11,810,607	7,259,819
Current balances	11,810,607	7,259,819

26. Due to customers

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Demand deposits	98,755,641	92,465,717
Time deposits	47,878,915	43,561,846
Certificates of deposit	85,344,897	81,059,934
Saving deposits	68,579,440	62,812,279
Other deposits	3,924,762	5,440,696
Total	304,483,655	285,340,472
Corporate deposits	120,588,414	116,885,763
Individual deposits	183,895,241	168,454,709
Total	304,483,655	285,340,472
Non-interest bearing balances	44,260,283	48,741,931
Floating interest bearing balances	39,592,933	23,738,113
Fixed interest bearing balances	220,630,439	212,860,428
Total	304,483,655	285,340,472
Current balances	217,393,918	202,169,757
Non-current balances	87,089,737	83,170,715
Total	304,483,655	285,340,472

30. Equity

30.1. Capital

The authorized capital reached EGP 50 billion according to the extraordinary general assembly decision on 12 June 2019.

- Increase issued and Paid in Capital by amount EGP 105,413 thousand on November 18, 2019 to reach EGP 14,690,821 thousand according to Board of Directors decision on February 4, 2019 by issuance of tenth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 2,917,082 thousand on February 14, 2019 to reach 14,585,408 according to Ordinary General Assembly Meeting decision on March 4, 2018 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 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.
- 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.

30.2. 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.

31. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	EGP Thousands	
	Assets (Liabilities) Dec.31, 2019	Assets (Liabilities) Dec.31, 2018
Fixed assets (depreciation)	(79,162)	(49,750)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	146,675	53,552
Intangible Assets	-	53,657
Other investments impairment	76,407	65,788
Reserve for employee stock ownership plan (ESOP)	216,709	166,122
Interest rate swaps revaluation	6,642	4,695
Trading investment revaluation	(35,477)	7,394
Forward foreign exchange deals revaluation	18,545	6,912
Balance	350,339	308,370

	EGP Thousands	
	Assets (Liabilities) Dec.31, 2019	Assets (Liabilities) Dec.31, 2018
Movement of Deferred Tax Assets and Liabilities:		
Beginning Balance	308,370	179,630
Effect of applying IFRS 9	136,491	-
Additions / disposals	(94,522)	128,740
Ending Balance	350,339	308,370

32. 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, 2019 No. of shares in thousand	Dec.31, 2018 No. of shares in thousand
Outstanding at the beginning of the year	29,697	26,600
Granted during the year	9,152	10,422
Forfeited during the year	(880)	(1,035)
Exercised during the year	(10,541)	(6,290)
Outstanding at the end of the year	27,428	29,697

Details of the outstanding tranches are as follows:

Maturity date	EGP		No. of shares in thousand
	Exercise price	Fair value	
2020	10.00	52.44	8,685
2021	10.00	54.51	9,850
2022	10.00	50.53	8,893
Total			27,428

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	13th tranche	12th tranche
Exercise price	10	10
Current share price	59.26	77.35
Expected life (years)	3	3
Risk free rate %	18.14%	15.54%
Dividend yield%	1.70%	1.29%
Volatility%	25%	26%

Volatility is calculated based on the daily standard deviation of returns for the last five years.

33. Reserves and retained earnings

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Legal reserve	2,188,029	1,710,293
General reserve	16,474,429	12,776,215
Capital reserve	13,466	12,421
Retained earnings	11,803,555	9,555,755
Special reserve	-	20,645
Reserve for financial assets at fair value through OCI	4,111,781	(3,750,779)
Reserve for employee stock ownership plan	963,152	738,320
Banking risks reserve	5,164	4,323
IFRS 9 risk reserve	-	1,411,549
General risk reserve	1,549,445	-
Ending balance	37,109,021	22,478,742

33.1. Banking risks reserve

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	4,323	3,634
Transferred to bank risk reserve	841	689
Ending balance	5,164	4,323

33.2. Legal reserve

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	1,710,293	1,332,807
Transferred to legal reserve	477,736	377,486
Ending balance	2,188,029	1,710,293

33.3. Reserve for financial assets at fair value through OCI

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	(3,750,779)	(1,642,958)
Net unrealised gain/(loss) on financial assets at fair value through OCI	6,157,553	(2,107,821)
Effect of applying IFRS 9	1,889,928	-
Release provision for impairment of debt instruments investments	(184,921)	-
Ending balance	4,111,781	(3,750,779)

33.4. Retained earnings

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	9,555,755	6,138,790
Transferred to reserves	(6,854,370)	(3,994,924)
Dividend paid	(2,700,544)	(2,143,177)
Net profit for the year	11,803,555	9,555,755
Transferred (from) to bank risk reserve	(841)	(689)
Ending balance	11,803,555	9,555,755

33.5. Reserve for employee stock ownership plan

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	738,320	489,334
Transferred to reserves	(239,707)	(159,360)
Cost of employees stock ownership plan (ESOP)	464,539	408,346
Ending balance	963,152	738,320

33.6. General risk reserve

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	-	-
Effect of applying IFRS 9	117,251	-
Transferred to general risk reserve	1,432,194	-
Ending balance	1,549,445	-

In accordance with the instructions issued by the Central Bank of Egypt on February 26, 2019, IFRS 9 has been effective from 1 January 2019. The Bank has measured the effect of applying the Standard as follows in accordance with the above instructions.

34. Cash and cash equivalent

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Cash and balances with central bank	28,273,962	20,058,974
Due from banks	28,370,183	46,518,892
Treasury bills and other governmental notes	27,634,062	41,999,252
Obligatory reserve balance with CBE	(22,397,310)	(13,526,763)
Due from banks with maturities more than three months	(10,593,903)	(10,733,386)
Treasury bills with maturities more than three months	(28,391,977)	(50,013,324)
Total	22,895,017	34,303,645

35. Contingent liabilities and commitments**35.1. Legal claims**

- There is a number of existing cases against the bank on December 31, 2019 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. 29)

35.2. Capital commitments**35.2.1. Financial investments**

The capital commitments for the financial investments reached on the date of financial position EGP 148,361 thousand as follows:

	Investments value	Paid	Remaining
Financial Assets at Fair value through OCI	160,415	132,362	28,053
Financial investments in subsidiaries	160,412	40,103	120,309

35.2.2. 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 911,159 thousand.

35.3. Letters of credit, guarantees and other commitments

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Letters of guarantee	61,143,216	66,166,953
Letters of credit (import and export)	5,866,630	4,178,288
Customers acceptances	3,188,757	1,050,573
Total	70,198,603	71,395,814

35.4. Credit facilities commitments

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Credit facilities commitments	6,857,510	9,173,782

36. 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 3,205,040 with redeemed value of EGP 1,324,387 thousands.
- The market value per certificate reached EGP 413.22 on December 31, 2019.
- The Bank portion got 137,112 certificates with redeemed value of EGP 56,657 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 421,394 with redeemed value of EGP 80,718 thousands.
- The market value per certificate reached EGP 191.55 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,578 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 291,583 with redeemed value of EGP 29,336 thousands.
- The market value per certificate reached EGP 100.61 on December 31, 2019.
- The Bank portion got 27,690 certificates with redeemed value of EGP 2,786 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 91,376 with redeemed value of EGP 21,947 thousands.
- The market value per certificate reached EGP 240.18 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 12,009 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 86,779 with redeemed value of EGP 24,495 thousands.
- The market value per certificate reached EGP 282.27 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 14,114 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 140,659 with redeemed value of EGP 25,921 thousands.
- The market value per certificate reached EGP 184.28 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,214 thousands.

37. 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.

37.1. Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	9,581
Deposits	83,921
Contingent liabilities	1,261

37.2. Other transactions with related parties

	EGP Thousands	
	Income	Expenses
International Co. for Security & Services	38	296,717
CVenture Capital	28	568
Fawry plus	553	-

38. Main currencies positions

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Egyptian pound	(387,742)	(636,384)
US dollar	(79,511)	578,745
Sterling pound	248	2,189
Japanese yen	6	(20)
Swiss franc	484	658
Euro	32,890	37,144

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

39. Tax status**Corporate income tax**

- Settlement of corporate income tax since the start of activity till 2017
- 2018 examined & paid
- The yearly income tax return is submitted in legal dates

Salary tax

- Settlement of salary tax since the start of activity till 2018

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 31/12/2018 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

40. Intangible assets:

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Book value	651,041	651,041
Amortization	(651,041)	(412,326)
Net book value	-	238,715

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

41. 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

42. Other assets - net increase (decrease)

EGP Thousands	
Dec.31, 2019	
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)
Total 1	8,517,965
Total other assets by end of period	9,747,939
Assets acquired as settlement of debts	(356,382)
Advances to purchase of fixed assets	(942,781)
Impairment charge for other assets	(93,313)
Total 2	8,355,463
Change (1-2)	162,502

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)

43. Important Events

The Board of Directors and CBE have approved, on 4 November 2019 & 16 January 2020 respectively, to gain a control stake in a Kenyan bank, and CIB is currently in the process of fulfilling the necessary approvals from all supervisory and otherwise relevant authorities in Kenya.

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

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, 2019 and the consolidated statements of income, other comprehensive income, changes in shareholder's equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Auditors' Responsibility

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

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

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

Opinion

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



Mohamed Elmoataz
Financial Regulatory Authority
Register Number "133"
PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants



Kamel Magdy Saleh
Financial Regulatory Authority
Register Number "609"
Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Cairo; 3 February 2020

Consolidated balance sheet as at December 31, 2019

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Assets			
Cash and balances with central bank	15	28,273,962	20,058,974
Due from banks	16	28,353,366	46,518,892
Loans and advances to banks, net	18	625,264	67,703
Loans and advances to customers, net	19	119,321,103	106,309,205
Derivative financial instruments	20	216,383	52,289
Investments			
- Financial investments securities	21	197,541,651	157,585,611
- Investments in associates	22	107,693	106,558
Other assets	23	9,748,143	9,563,018
Intangible assets	40	-	238,715
Deferred tax assets (Liabilities)	31	350,339	308,370
Property, plant and equipment	24	2,204,464	1,651,875
Total assets		386,742,368	342,461,210
Liabilities and equity			
Liabilities			
Due to banks	25	11,810,607	7,259,819
Due to customers	26	304,448,455	285,296,869
Derivative financial instruments	20	282,588	132,858
Current tax liabilities		4,639,364	3,625,579
Other liabilities	28	8,396,794	6,501,553
Other loans	27	3,272,746	3,721,529
Provisions	29	2,011,369	1,694,607
Total liabilities		334,861,923	308,232,814
Equity			
Issued and paid up capital	30	14,690,821	11,668,326
Reserves	33	24,344,815	12,184,667
Reserve for employee stock ownership plan (ESOP)	33	963,152	738,320
Retained earnings *	33	11,881,657	9,637,083
Total equity		51,880,445	34,228,396
Total liabilities and equity		386,742,368	342,461,210

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, 2019

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Continued Operations			
Interest and similar income		42,600,957	37,403,709
Interest and similar expense		(21,022,338)	(19,260,190)
Net interest income	6	21,578,619	18,143,519
Fee and commission income		3,451,688	3,402,616
Fee and commission expense		(1,170,893)	(991,957)
Net fee and commission income	7	2,280,795	2,410,659
Dividend income	8	53,423	25,958
Net trading income	9	688,059	1,089,076
Profits (Losses) on financial investments	21	450,697	402,067
Administrative expenses	10	(5,048,922)	(4,223,959)
Other operating (expenses) income	11	(1,794,750)	(1,589,675)
Intangible assets amortization		(238,715)	(130,208)
Impairment release (charges) for credit losses	12	(1,435,460)	(3,076,023)
Bank's share in the profits of associates		1,135	27,419
Profit before income tax		16,534,881	13,078,833
Income tax expense	13	(4,639,364)	(3,625,579)
Deferred tax assets (Liabilities)	31 - 13	(94,522)	128,740
Net profit for the year		11,800,995	9,581,994
Bank shareholders		11,800,995	9,581,994
Earning per share			
Basic	14	7.33	5.94
Diluted		7.28	5.89



Hisham Ezz Al-Arab
Chairman and Managing Director

Consolidated statement of other comprehensive income for the year ended December 31, 2019

	EGP Thousands	
	Dec. 31, 2019	Dec. 31, 2018
Net profit for the year	11,800,995	9,581,994
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	212,967	57,026
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	5,944,586	(2,164,847)
Cumulative foreign currencies translation differences	2,501	-
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	(184,921)	-
Total other comprehensive income for the year	17,776,128	7,474,173

Consolidated cash flow for the year ended December 31, 2019

	Notes	EGP Thousands	
		Dec. 31, 2019	Dec. 31, 2018
Cash flow from operating activities			
Profit before income tax on continued operations		16,534,881	13,078,833
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation	24	576,544	390,830
Impairment charge for credit losses (Loans and advances to customers)	12	1,610,878	3,076,023
Other provisions charges	29	461,869	101,501
Impairment charge for credit losses (due from banks)	12	9,503	-
Impairment charge for credit losses (financial investments)	12	(184,921)	-
Impairment charge for other assets	23	(93,313)	316,763
Exchange revaluation differences for financial assets at fair value through OCI	20	1,593,030	(102,991)
Intangible assets amortization		238,715	130,208
Impairment charge financial assets at fair value through OCI	21	-	39,561
Utilization of other provisions	29	(28,135)	(2,114)
Other provisions no longer used	29	(6,910)	(17,670)
Exchange differences of other provisions	29	(110,062)	(2,269)
Profits from selling property, plant and equipment	11	(1,439)	(1,045)
(Profits) losses from selling financial investments	21	(497,894)	(441,628)
Shares based payments		464,539	408,346
Bank's share in the profits of associates		(1,135)	(27,419)
Operating profits before changes in operating assets and liabilities		20,566,150	16,946,929
Net decrease (increase) in assets and liabilities			
Due from banks	15	(8,870,547)	(13,661,577)
Treasury bills and other governmental notes	41	-	4,640,524
Financial assets at fair value through P&L	21	2,318,924	4,557,492
Derivative financial instruments	20	(2,910)	(66,141)
Loans and advances to banks and customers	18 - 19	(14,533,328)	(21,255,952)
Other assets	42	163,933	(2,263,465)
Due to banks	25	4,550,788	5,381,901
Due to customers	26	19,151,586	34,573,817
Income tax obligations paid		(3,625,579)	(2,778,973)
Other liabilities	28	1,895,241	1,025,022
Net cash provided from operating activities		21,614,258	27,099,577
Cash flow from investing activities			
Payment for purchases of associates		-	(10,575)
"Payment for purchases of property, plant, equipment and branches constructions"		(1,303,181)	(874,708)
Proceeds from selling property, plant and equipment	11	1,439	1,045
Proceeds from redemption of financial assets at amortized cost	21	43,937,957	5,532,271
Payment for purchases of financial assets at amortized cost	21	(76,516,842)	(33,995,313)
Payment for purchases of financial assets at fair value through OCI	21	(50,954,311)	(12,670,761)
Proceeds from selling financial assets at fair value through OCI		54,855,966	2,059,341
Net cash used in investing activities		(29,978,972)	(39,958,700)

Consolidated cash flow for the year ended December 31, 2019 (Cont.)

	Notes	Dec. 31, 2019	Dec. 31, 2018
Cash flow from financing activities			
Increase (decrease) in long term loans	27	(448,783)	46,793
Dividend paid		(2,700,544)	(2,143,177)
Capital increase		105,413	50,315
Net cash used in (provided from) financing activities		(3,043,914)	(2,046,069)
Cash and cash equivalent comprise:			
Cash and balances with central bank	15	28,273,962	20,058,974
Due from banks	16	28,370,183	46,518,892
Treasury bills and other governmental notes	17	27,634,062	41,999,252
Obligatory reserve balance with CBE	15	(22,397,310)	(13,526,763)
Due from banks with maturities more than three months		(10,593,903)	(10,733,386)
Treasury bills with maturity more than three months		(28,391,977)	(50,013,324)
Total cash and cash equivalent		22,895,017	34,303,645

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2018

	Issued and paid up capital	Legal reserve	General reserve	General reserve*	Special reserve	Capital reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Ownership plan differences	Shareholders Equity	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
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)
Net profit of the year	-	-	-	-	-	-	-	-	9,581,994	-	-	9,581,994	-	9,581,994
Net unrealised gain/(loss) on AFS	-	-	-	-	-	-	(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
Balance at the end of the year	11,668,326	1,710,293	12,776,215	-	20,645	12,421	(3,750,779)	4,323,141	1,549	9,637,083	738,320	34,228,396	-	-34,228,396

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2019

Dec. 31, 2019	Issued and paid up capital	Legal reserve	General reserve	General risk reserve*	Special reserve	Capital reserve	Reserve for financial assets at fair value through OCI			Banking risks reserve	IFRS 9 risk reserve	Retained earnings	Reserve for employee stock ownership plan	Cumulative foreign currency translation differences	Total Equity	Minority Interest	Total
							at fair value	through OCI	risks reserve								
Beginning balance	11,668,326	1,710,293	12,776,215	117,251	20,645	12,421	(3,750,779)	4,323	1,411,549	9,637,083	738,320	-	-	-	34,228,396	-	34,228,396
Effect of applying IFRS 9 **	-	-	-	1,432,194	(20,645)	-	1,889,928	-	(1,411,549)	-	-	-	-	-	2,007,179	-	2,007,179
Transferred to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beginning balance after the impact of initial application	11,668,326	1,710,293	12,776,215	1,549,445	-	12,421	(1,860,851)	4,323	-	9,637,083	738,320	-	-	-	36,235,575	-	36,235,575
Capital increase	3,022,495	-	(2,917,082)	-	-	-	-	-	-	-	-	-	-	-	105,413	-	105,413
Transferred to reserves	-	477,736	6,615,296	-	-	1,045	-	-	-	(6,854,370)	(239,707)	-	-	-	(2,700,544)	-	(2,700,544)
Dividend paid	-	-	-	-	-	-	-	-	-	(2,700,544)	-	-	-	-	11,800,995	-	11,800,995
Net profit of the year	-	-	-	-	-	-	-	-	-	11,800,995	-	-	-	-	6,157,553	-	6,157,553
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	-	6,157,553	-	-	-	-	-	-	-	-	-	-
Transferred (from) to bank risk reserve	-	-	-	-	-	-	-	841	-	(841)	-	-	-	-	-	-	-
Release provision for impairment of debt instruments investments	-	-	-	-	-	-	(184,921)	-	-	-	-	-	-	-	(184,921)	-	(184,921)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	-	464,539	-	-	-	464,539	-	464,539
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-	-	(666)	-	-	-	2,501	1,835	-	1,835
Balance at the end of the year	14,690,821	2,188,029	16,474,429	1,549,445	13,466	4,111,781	5,164	11,881,657	963,152	2,501	51,880,445	-	-	51,880,445	-	51,880,445	

* The special reserve, general bank risk reserve and IFRS 9 risk reserve - were consolidated in the general risk reserve as per the instructions of the Central Bank of Egypt dated 26 February 2019

** The initial application impact (disclosure in page number 16)

The initial application impact is LE 109,697 thousand and the tax effect is LE 7,554 thousand (disclosure in page number 19)

Notes to the consolidated financial statements for the year ended December 31, 2019

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 180 branches, and 27 units employing 6900 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 3, 2020.

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.

Also according to the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019, reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

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.

In January 2019 and in accordance with the instructions of the Central Bank, the Bank did not restate the comparative figures and recognized the effect of the application of IFRS 9 on the profit as of the date of application. Clarification of the impact of application of IFRS 9 clarifies further information on the impact of the application.

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.
- Items of other comprehensive income with equity in relation to investments in equity instruments at fair value through comprehensive income.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of financial instruments of a monetary nature in foreign currencies that are classified as financial investments at fair value through comprehensive income (debt instruments) are analyzed between valuation differences that resulted from changes in the cost consumed for the instrument and differences that resulted from changing the exchange rates in effect and differences caused by changing the fair value. For the instrument, the evaluation differences related to changes in the cost consumed are recognized in the income of loans and similar revenues and in the differences related to changing the exchange rates in other operating income (expenses) item, and are recognized in the items of comprehensive income right. The ownership of the difference in the change in the fair value (fair value reserve / financial investments at fair value through comprehensive income).

Valuation differences arising from the measurement of items of a non-monetary nature at fair value through profit and losses resulting from changes in the exchange rates used to translate those items include, and then are recognized in the income statement by the total valuation differences resulting from the measurement of equity instruments classified at fair value through Profits and losses, while the total valuation differences resulting from the measurement of equity instruments at fair value through comprehensive income are recognized within other comprehensive income items in equity, fair value reserve item for financial investments at fair value through comprehensive income.

Financial policies applied as of December 31, 2018**2.5. Financial assets**

The Bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss (FVTPL).
- Loans and receivables.
- Held to maturity financial 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 (FVTPL)

This category is divided into two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and loss (FVTPL) 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 a part of a portfolio of identified financial instruments that are managed together, and for which there is evidence of an actual recent 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 (FVTPL) 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.
- 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.

Changes in accounting policies

IFRS 9 Effective 1 January 2019 in accordance with the Central Bank of Egypt regulations issued on 26 February 2019

The requirements in IFRS 9 represent a material change from the requirements of EAS 26 Financial Instruments: Recognition and Measurement. The new standard leads to fundamental changes in the accounting of financial assets and some aspects of accounting of financial liabilities.

The principal changes in the Group's accounting policies resulting from the adoption of IFRS 9 are summarized below

Classification of financial assets and liabilities

IFRS 9 includes three categories of major classifications of financial assets: measured at amortized cost and fair value through other comprehensive income and fair value through profit or loss. The classification of IFRS 9 is generally based on the business model through which the financial asset is managed and its contractual cash flows. The Standard excludes the current categories of EAS 26 which include held-to-maturity investments and held for trading and available for sale.

- IFRS 9 replaces the "recognized loss" model in EAS 26 with the "expected credit loss" model. The new impairment model also applies to certain credit and financial collateral contracts but does not apply to equity investments under IFRS (IFRS 9), credit losses are recognized before they are achieved, other than EAS 26

The following are the principal changes in the Group's accounting policy: Impairment of financial assets:

Default Definition as per IFRS 9

Default is not specifically defined within IFRS 9. However the following guidance is available within the Standard:

"When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due (DPD) unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The definition of default used for these purposes shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.'

- The Bank applies a three-stage approach to measure expected credit losses for financial assets carried at amortized cost and debt instruments classified as at fair value through other comprehensive income. Assets are transferred through the following three stages on the basis of changes in the quality of credit ratings since the initial recognition of these assets:
- Stage 1: expected credit losses over 12 months

For exposures where there has been no significant increase in credit risk since initial recognition, the portion of expected long-term credit losses associated with the probability of default over the next 12 months is recognized.

- Stage 2: Unrealized credit losses over life - non-credit risk For credit exposures where there has been a significant increase in credit risk since initial recognition, but not credit default, expected credit losses are recognized over the life of the asset.

Significant Increase in Credit Risk (SICR):

CIB will use the following indicators to identify any significant increase in credit risks.

For Corporate and Business Banking Risk Rating, Transition in Risk Ratings, Delinquency Status, Industry and Restructured status.

For Retail Delinquency Status, Watch list, Individual Profile, Restructured status.

- Stage 3: Expected Long-Term Credit Losses Financial assets are credit risk when one or more events have occurred that have a detrimental effect on the estimated future cash flows of those financial assets. Due to the use of the same standards in IAS 39, the Bank's methodology for specific provisions remains unchanged.

Financial policies applied as of 1 January 2019

Financial assets and liabilities

1. Initial Recognition

All "regular" purchases and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Regular purchases and sales are the purchases and sales of financial assets that require delivery of assets within the time frame generally provided by law or by market norms.

Financial assets or liabilities are measured initially at fair value plus, in the case of an item not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

2. Measurement and Classification

Financial assets - Policy effective 1 January 2019.

On initial recognition, financial assets are classified as measured at cost, carried at fair value through other comprehensive income or at fair value through profit or loss. Financial assets are measured at amortized cost when each of the following officers is satisfied and is not classified as at fair value through profit or loss:

- Assets are retained in a business model that is intended to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial assets on specific dates result in cash flows which are only payments on the original amount and interest on the original amount outstanding.

Debt instruments are measured at fair value through other comprehensive income only when both of the following conditions are met and are not classified as at fair value through profit or loss:

Assets are retained in the business model, which is intended to achieve both the collection of contractual cash flows and the sale of financial assets. The contractual terms of the financial assets on specific dates result in cash flows that are only payments on the original amount and interest on the original amount outstanding.

Upon initial recognition of equity investments that are not held for trading, the Bank may elect irrevocably to present changes in fair value in other comprehensive income. This choice is made on an investment-by-investment basis.

All other financial assets are classified at fair value through profit or loss.

Business model

The Bank assesses the objective of the business model in which the asset is maintained at the business portfolio level. This method better reflects how business is managed and how information is presented to management. The following information is taken into consideration:

Debt instruments and equity instruments are classified and measured as follows:

Financial Instrument	Methods of Measurement according to Business Models		
	Amortized Cost	Fair Value	
		Through Comprehensive Income	Through Profit or Loss
Equity Instruments	Not Applicable	An irrevocable election at Initial Recognition	Normal treatment of equity instruments
Debt Instruments / Loans & Facilities	Business Model of Assets held for Collecting Contractual Cash Flows	Business Model of Assets held for Collecting Contractual Cash Flows & Selling	Business Model of Assets held for Trading

The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial asset	Business model	Basic characteristics
Financial assets at amortized cost	Business model for financial assets held to collect contractual cash flows	<ul style="list-style-type: none"> • The objective of the business model is to retain the financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds. • Sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument. • Lowest sales in terms of turnover and value. • The Bank makes clear and reliable documentation of the reasons for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held to collect cash flows and sales	<ul style="list-style-type: none"> • Both the collection of contractual cash flows and sales are complementary to the objective of the model. • High sales (in terms of turnover and value) compared to the business model retained for the collection of cash flows.
Financial assets at fair value through profit or loss	Other business models include trading - management of financial assets at fair value - maximizing cash flows by selling)	<ul style="list-style-type: none"> • The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. • Collecting contractual cash flows is an incidental event for the model objective. • Management of financial assets at fair value through profit or loss to avoid inconsistency in accounting measurement.

- The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:

- The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
- How to evaluate and report on portfolio performance to senior management.
- Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
- How to assess the performance of business managers (fair value, return on portfolio, or both).

Translation copied

- The periodicity, value and timing of sales in prior periods, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.
- Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.
- Assess whether the contractual cash flows of an asset represent payments that are limited to the principal of the instrument and the proceeds:

For the purpose of this valuation, the Bank recognizes the original amount of the financial instrument at the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturity, currency type ...).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the rate of return periodically).
- Reclassification

Financial assets are not recognized after initial recognition, unless the Bank changes the business model to manage financial assets

3. Disposal**Financial assets**

The Bank derecognizes the financial assets at the end of the contractual rights of the cash flows from the financial asset or transfers its rights to receive the contractual cash flows in accordance with the transactions in which all significant risks and rewards of ownership relating to the transferred financial asset are transferred or when the Bank has not transferred or retained all the risks The fundamental benefits of ownership and did not retain control of financial assets.

When the financial asset is derecognised, the difference between the carrying amount of the financial asset (or the carrying amount allocated to the financial asset excluded) and the total of the consideration received (including any new acquired asset) In other comprehensive income is recognized in profit or loss.

Effective January 1, 2019, any gain / loss recognized in other comprehensive income in respect of investment securities in equity securities is not recognized in profit or loss on disposal of such securities. Any interest on the transferred financial assets that are eligible for disposal that are created or retained by the Group as a separate asset or liability is recognized.

If the terms of the financial assets are modified, the Bank assesses whether the cash flows of the financial assets are substantially different. If there are significant differences in cash flows, the contractual rights to the cash flows from the original financial assets are past due. In this case, the original financial assets are derecognized and the new financial assets are recognized at fair value.

The financial asset (in whole or in part) is derecognised when:

- Expiration of rights to receive cash flows from the original;

(A) The Bank has transferred substantially all the risks and rewards of the asset or (b) has not transferred or retained All the material risks and benefits of the assets but transferred control over the assets.

Financial Liabilities

A financial liability is derecognised when the obligation under the obligation is discharged, canceled or expires.

Investments held for trading - effective until 31 December 2018

Investments held for trading are subsequently measured at fair value with any gain or loss arising from the change in fair value included in the consolidated statement of income or loss in the period in which they arise. Interest earned or dividends received are included in net trading income.

Classification of financial assets carried at fair value through profit or loss – applied**Effective 1 January 2019**

The Bank classifies certain financial assets as at fair value through profit or loss

Profits or losses because assets were valued, managed and internally recorded on a fair value basis. The Bank has classified certain financial assets at fair value through profit or loss.

Financial assets classified at fair value through statement of profit or loss - applied

Until 31 December 2018

Financial assets classified in this category are classified by the management as evidence

When the following criteria are met:

- The classification eliminates or substantially reduces the difference in the transaction that may arise from the measurement of assets or liabilities or the recognition of gains or losses on different grounds; or
- Assets are part of a group of financial assets that are managed and their performance evaluated on a fair value basis, in accordance with documented management risk or investment strategy; or
- Financial instruments include embedded derivatives, unless embedded derivatives do not substantially change cash flows and should not be recorded as a separate item.

Financial assets carried at fair value through the consolidated statement of income or loss are recognized at fair value in the consolidated statement of financial position. Changes in fair value are recognized in net gain or loss on financial assets designated at fair value through profit or loss. Interest earned on interest income is accrued, whereas income from equity is recognized in other income. The Group has not classified any financial assets at fair value through profit or loss.

Deposits and amounts due from banks and other financial institutions

These are stated at cost, adjusted for effective fair value hedges, net of any amounts written off and provision for impairment.

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 - Financial policies applied till 31 December 2018

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, until 31-December-2018. 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, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3.1.5) until 31-December-2018.

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, 2019		December 31, 2018	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1- Performing loans	85.63	19.27	78.61	12.61
2- Regular watching	6.88	8.76	11.65	17.85
3- Watch list	3.50	28.15	5.68	33.18
4- Non-Performing loans	3.99	43.82	4.06	36.36

The internal rating tools assists management to determine whether objective evidence of impairment exists, 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. Model 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 instructions for the implementation of the International Financial Reporting Standard (9) issued by the Central Bank of Egypt on February 26, 2019. 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

Starting 1st of Jan 2019 and after implementing CBE regulations for IFRS 9, Customer Loans has been reclassified into 3 stages based on each facility credit characteristics. Credit characteristics that used to determine the staging is different from ORR customer classification

The classification of financial assets and liabilities at the date of initial application of IFRS 9

The following table shows the financial assets and financial liabilities net as per the Central Bank's instructions issued on December 16, 2008 and IFRS 9 in accordance with the Central Bank's issued instructions at 26 February 2019:

Dec. 31, 2018	"Original classification under EAS 26"	"Classification under IFRS 9"	"The original carrying amount under EAS 26"	Remeasurement	Reclassification	EGP Thousands included under IFRS 9"
Financial assets						
Cash and balances with central bank	Amortized cost	Amortized cost	20,058,974	-	-	20,058,974
Due from banks	Amortized cost	Amortized cost	46,518,892	-	-	46,518,892
Treasury bills and other governmental notes	Amortized cost	"Fair value through OCI"	41,999,252	-	-	41,999,252
Loans and advances to banks, net	Amortized cost	Amortized cost	67,703	-	-	67,703
Loans and advances to customers, net	Amortized cost	Amortized cost	106,309,205	-	-	106,309,205
Financial investment securities - debt instruments	Amortized cost	Amortized cost	73,598,251	1,053,407	-	74,651,658
Financial investment securities - debt instruments	"Fair value through OCI (AFS)"	"Fair value through OCI"	38,615,045	-	-	38,615,045
Financial investment securities - debt instruments	"Fair value through P&L"	"Fair value through P&L"	2,270,080	-	-	2,270,080
Financial investment securities - mutual funds	"Fair value through P&L"	"Fair value through OCI"	38,376	-	-	38,376
Financial investment securities - mutual funds	"Fair value through OCI (AFS)"	"Fair value through OCI"	98,678	-	-	98,678
Financial investment securities - mutual funds	Amortized cost (HTM)	"Fair value through OCI"	32,513	-	47,029	79,542
Financial investment securities - equity instruments	"Fair value through P&L"	"Fair value through P&L"	429,249	-	-	429,249
Financial investment securities - equity instruments	"Fair value through OCI (AFS)"	"Fair value through OCI"	504,167	190,178	-	694,345
Total financial assets			330,540,385	1,243,585	47,029	331,830,999
Financial liabilities						
Due to banks	Amortized cost	Amortized cost	7,259,819	-	-	7,259,819
Due to customers	Amortized cost	Amortized cost	285,340,472	-	-	285,340,472
Other loans	Amortized cost	Amortized cost	3,721,529	-	-	3,721,529
Total financial liabilities			296,321,820	-	-	296,321,820
The impairment loss on debt instruments at fair value through OCI is added			-	-	599,314	-
Total			-	1,243,585	646,343	1,889,928

3.1.5. Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	EGP Thousands	
	Dec. 31, 2019	Dec. 31, 2018
Cash and balances with central bank	28,273,962	20,058,974
Due from banks	28,353,366	46,518,892
Gross loans and advances to banks	629,780	70,949
Less: Impairment provision	(4,516)	(3,246)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,462,439	1,635,910
- Credit cards	4,264,204	3,540,849
- Personal loans	20,219,305	17,180,864
- Mortgages	1,330,323	876,372
Corporate:		
- Overdraft	19,100,709	13,992,595
- Direct loans	51,163,302	49,179,820
- Syndicated loans	33,642,235	32,899,950
- Other loans	61,578	125,429
Unamortized bills discount	(55,197)	(65,718)
Impairment provision	(11,825,887)	(13,040,828)
Unearned interest	(41,908)	(16,038)
Derivative financial instruments	216,383	52,289
Financial investments:		
-Debt instruments	196,046,335	112,213,297
Other assets (Accrued revenues)	4,011,196	4,509,314
Total	376,847,609	289,729,674
Off balance sheet items exposed to credit risk		
Financial guarantees	6,085,760	7,962,043
Customers acceptances	3,188,757	1,050,573
Letters of credit (import and export)	5,866,630	4,178,288
Letter of guarantee	61,143,216	66,166,953
Total	76,284,363	79,357,857

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2019, 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, 31.83% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represent 59.55%.

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:

- 92.51% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- Loans and advances assessed individually are valued EGP 5,261,976 thousand.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2019.
- 97.54% 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, 2019		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	120,937,024	629,780	110,351,697	70,949
Past due but not impaired	5,045,095	-	4,224,632	-
Individually impaired	5,261,976	-	4,855,460	-
Gross	131,244,095	629,780	119,431,789	70,949
Less:				
Impairment provision	11,825,887	4,516	13,040,828	3,246
Unamortized bills discount	55,197	-	65,718	-
Unearned interest	41,908	-	16,038	-
Net	119,321,103	625,264	106,309,205	67,703

Impairment provision losses for loans and advances reached EGP 11,830,403 thousand.

During the year, the Bank's total loans and advances increased by 10.35%.

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.

Total balances of loans and facilities divided by stages:

Dec.31, 2019	EGP Thousands				
	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Individuals	26,734,506	339,408	202,357	-	27,276,271
Institutions and Business Banking	63,749,864	35,158,341	5,059,619	-	103,967,824
Total	90,484,370	35,497,749	5,261,976	-	131,244,095

Expected credit losses

EGP Thousands					
Dec.31, 2019	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Individuals	96,469	10,394	210,068	-	316,931
Institutions and Business Banking	1,208,722	5,325,121	4,975,113	-	11,508,956
Total	1,305,191	5,335,515	5,185,181	-	11,825,887

Loans and advances to banks divided by stages:

EGP Thousands				
Dec.31, 2019	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Time and term loans	-	629,780	-	629,780
Expected credit losses	-	(4,516)	-	(4,516)
Net	-	625,264	-	625,264

Expected credit losses divided by internal classification:

Corporate and Business Banking loans:

EGP Thousands						
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Performing loans (1-5)	1%-14%	1,041,456	1,137,990	-	-	2,179,446
Regular watch- ing (6)	15%-21%	167,266	867,786	-	-	1,035,052
Watch list (7)	21%-28%	-	3,319,345	-	-	3,319,345
Non-per- forming loans (8-10)	100%	-	-	4,975,113	-	4,975,113

Individual Loans:

EGP Thousands						
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Performing loans (1-5)	(0% - 5%)	95,234	-	-	-	95,234
Regular watch- ing (6)	(5% - 10%)	1,235	-	-	-	1,235
Watch list (7)	(10% above)	-	10,394	-	-	10,394
Non-per- forming loans (8-10)	100%	-	-	210,068	-	210,068

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

EGP Thousands						
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Performing loans (1-5)	1%-12%	61,291,934	24,935,477	-	-	86,227,411
Regular watch- ing (6)	12%-21%	2,457,930	5,944,147	-	-	8,402,077
Watch list (7)	21%-27%	-	4,278,717	-	-	4,278,717
Non-per- forming loans (8-10)	100%	-	-	5,059,619	-	5,059,619

Individual Loans:

EGP Thousands						
Dec.31, 2019	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
Performing loans (1-5)	(0% - 5%)	26,059,247	-	-	-	26,059,247
Regular watch- ing (6)	(5% - 10%)	675,259	-	-	-	675,259
Watch list (7)	(10% above)	-	339,408	-	-	339,408
Non-per- forming loans (8-10)	100%	-	-	202,357	-	202,357

Impact of IFRS 9 application:

	Effect of applying IFRS 9 *				Opening balance at 1/1/2019 under IFRS 9	Balance at 31/12/2019 under IFRS 9
	Balance at 31/12/2018 under IAS 39	Financial investments	Due from banks	Loans to customers and banks		
Beginning balance	(13,044,074)	(599,314)	(7,314)	716,325	(12,934,377)	(12,934,377)
Charges/(Reversals) PL						(1,435,460)
Write off						1,380,772
Recovery						(459,633)
F.X Revaluation						1,187,085
Ending Balance						(12,261,613)

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

Dec.31, 2019	Stage			EGP Thousands
Due from banks	12 months	Life time	Life time	Total
Credit rating				
Performing loans	19,284,999	-	-	19,284,999
Regular watching	9,085,184	-	-	9,085,184
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	28,370,183	-	-	28,370,183
Less:Impairment provision	(16,817)	-	-	(16,817)
Book value	28,353,366	-	-	28,353,366

Individual Loans:

	Stage			EGP Thousands
	12 months	Life time	Life time	Total
Credit rating				
Performing loans	26,059,247	-	-	26,059,247
Regular watching	675,259	-	-	675,259
Watch list	-	339,408	-	339,408
Non-performing loans	-	-	202,357	202,357
Total	26,734,506	339,408	202,357	27,276,271
Less:Impairment provision	(96,469)	(10,394)	(210,068)	(316,931)
Book value	26,638,037	329,014	(7,711)	26,959,340

Corporate and Business Banking loans:

	Stage			EGP Thousands
	12 months	Life time	Life time	Total
Credit rating				
Performing loans	61,291,934	24,935,477	-	86,227,411
Regular watching	2,457,930	5,944,147	-	8,402,077
Watch list	-	4,278,717	-	4,278,717
Non-performing loans	-	-	5,059,619	5,059,619
Total	63,749,864	35,158,341	5,059,619	103,967,824
Less:Impairment provision	(1,208,722)	(5,325,121)	(4,975,113)	(11,508,956)
Book value	62,541,142	29,833,220	84,506	92,458,868

Financial Assets at Fair value through OCI

	Stage			EGP Thousands
	12 months	Life time	Life time	Total
Credit rating				
Performing loans	59,915,108	-	-	59,915,108
Regular watching	28,905,614	-	-	28,905,614
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	88,820,722	-	-	88,820,722
Less:Impairment provision	(414,395)	-	-	(414,395)
Book value	88,406,327	-	-	88,406,327

The following table shows changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2019	Stage			EGP Thousands
Due from banks	12 months	Life time	Life time	Total
Provision for credit losses on 1 January 2019	160	7,155	-	7,315
New financial assets purchased or issued	16,816	-	-	16,816
Matured or disposed financial assets	(158)	(7,155)	-	(7,313)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
"Changes in the probability of default and loss in case of default and the exposure at default"	(1)	-	-	(1)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	16,817	-	-	16,817

Individual Loans:

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2019	72,092	24,843	127,376	224,311
Impairment during the year	24,377	(14,449)	140,974	150,902
Write off during the year	-	-	(118,486)	(118,486)
Recoveries	-	-	60,204	60,204
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	96,469	10,394	210,068	316,931

Corporate and Business Banking loans:

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2019	691,013	6,700,083	4,709,096	12,100,192
New financial assets purchased or issued	751,746	1,074,222	-	1,825,968
Matured or disposed financial assets	(364,309)	(899,007)	(772,859)	(2,036,175)
Transferred to stage 1	158,357	(359,174)	-	(200,817)
Transferred to stage 2	(3,937)	9,427	-	5,490
Transferred to stage 3	1,472	(2,560,546)	2,409,875	(149,199)
"Changes in the probability of default and loss in case of default and the exposure at default"	93,395	1,509,405	3,051	1,605,851
Changes to model assumptions and methodology	5,845	401,743	-	407,588
Recoveries	-	-	399,429	399,429
Write off during the year	-	-	(1,262,286)	(1,262,286)
Cumulative foreign currencies translation differences	(124,860)	(551,032)	(511,193)	(1,187,085)
Ending balance	1,208,722	5,325,121	4,975,113	11,508,956

Financial Assets at Fair value through OCI

	EGP Thousands			
	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2019	595,511	3,803	-	599,314
New financial assets purchased or issued	183,940	-	-	183,940
Matured or disposed financial assets	(282,223)	(773)	-	(282,996)
Transferred to stage 1	931	(3,030)	-	(2,099)
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(83,764)	-	-	(83,764)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	414,395	-	-	414,395

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	Other loans	Total	Overdraft	Direct loans	Syndicated loans	Other loans	Total	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	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	122,646	106,390,961	67,703		

Without deducting the unamortized discounted bills and unearned interest.

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				Total
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans		
Past due up to 30 days	472,341	450,435	38,318	397	594,739	768,415	99,957	1,463,111	
Past due 30-60 days	68,644	83,381	28,168	192	24,524	157,374	17,273	199,171	
Past due 60-90 days	20,466	42,121	22,763	41	389,889	945,194	-	1,335,083	
Total	561,451	575,937	89,249	630	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, 2018	Individual				Corporate				Total
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans		
Individually impaired loans	46,253	22,872	61,869	6,047	80,311	4,465,444	172,664	4,855,460	

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, 2019	Dec.31, 2018
Loans and advances to customer		
Corporate		
- Direct loans	4,682,243	7,673,956
Total	4,682,243	7,673,956

3.1.8. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the period based on Standard & Poor's valuation and its equivalent.

Dec. 31, 2019	EGP Thousands			
	Amortized cost	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default
AAA	-	-	-	-
AA+ to -AA	-	-	-	-
A to -A+	-	-	-	-
Less than -A	107,225,613	-	-	-
Not rated	-	-	-	-
Total	107,225,613	-	-	-

Dec. 31, 2019	EGP Thousands			
	Fair value through OCI	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default
AAA	-	-	-	-
AA+ to -AA	-	-	-	-
A+ to -A	-	-	-	-
Less than -A	88,820,722	-	-	-
Not rated	-	-	-	-
Total	88,820,722	-	-	-

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the period based on Standard & Poor's valuation and its equivalent.

Dec. 31, 2019					EGP Thousands
Fair value through OCI	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	414,395	-	-	-	414,395
Not rated	-	-	-	-	-
Total	414,395	-	-	-	414,395

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, 2019				EGP Thousands
	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Cash and balances with central bank	28,273,962	-	-	28,273,962
Due from banks	28,353,366	-	-	28,353,366
Gross loans and advances to banks	629,780	-	-	629,780
Less: Impairment provision	(4,516)	-	-	(4,516)
Gross loans and advances to customers				
Individual:				
- Overdrafts	894,272	442,103	126,064	1,462,439
- Credit cards	3,355,501	782,472	126,231	4,264,204
- Personal loans	13,109,677	6,039,542	1,070,086	20,219,305
- Mortgages	1,243,652	78,135	8,536	1,330,323
Corporate:				
- Overdrafts	17,361,940	1,092,048	646,721	19,100,709
- Direct loans	34,218,971	11,970,680	4,973,651	51,163,302
- Syndicated loans	31,194,568	2,285,914	161,753	33,642,235
- Other loans	50,578	11,000	-	61,578
Unamortized bills discount	(55,197)	-	-	(55,197)
Impairment provision	(9,741,062)	(1,620,679)	(464,146)	(11,825,887)
Unearned interest	(41,908)	-	-	(41,908)
Derivative financial instruments	216,383	-	-	216,383
Financial investments:				
- Debt instruments	196,046,335	-	-	196,046,335
Total	345,106,302	21,081,215	6,648,896	372,836,413

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, 2019	EGP Thousands							
	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Cash and balances with central bank	28,273,962	-	-	-	-	-	-	28,273,962
Due from banks	28,353,366	-	-	-	-	-	-	28,353,366
Gross loans and advances to banks	629,780	-	-	-	-	-	-	629,780
Less: Impairment provision	(4,516)	-	-	-	-	-	-	(4,516)
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,462,439	1,462,439
- Credit cards	-	-	-	-	-	-	4,264,204	4,264,204
- Personal loans	-	-	-	-	-	-	20,219,305	20,219,305
- Mortgages	-	-	-	-	-	-	1,330,323	1,330,323
Corporate:								
- Overdrafts	944,864	9,250,386	2,386,079	481,734	2,205,542	3,832,104	-	19,100,709
- Direct loans	1,488,876	24,779,354	1,629,745	1,329,944	5,438,391	16,496,992	-	51,163,302
- Syndicated loans	20,825	7,746,397	305,750	-	24,577,394	991,869	-	33,642,235
- Other loans	-	61,578	-	-	-	-	-	61,578
Unamortized bills discount	(55,197)	-	-	-	-	-	-	(55,197)
Impairment provision	(44,300)	(4,540,883)	(14,126)	(87,280)	(511,802)	(6,310,565)	(316,931)	(11,825,887)
Unearned interest	-	-	-	-	-	-	-	(41,908)
Derivative financial instruments	216,383	-	-	-	-	-	-	216,383
Financial investments:								
- Debt instruments	4,823,267	-	-	-	191,223,068	-	-	196,046,335
Total	64,647,310	37,296,832	4,307,448	1,724,398	222,932,593	15,010,400	26,917,432	372,836,413

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, 2019			Dec.31, 2018		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	410	2,426	50	231	1,482	20
Interest rate risk	604,814	1,176,577	274,079	453,569	645,193	238,077
- For non trading purposes	609,137	1,186,564	271,813	429,195	586,852	232,882
- For trading purposes	4,346	9,949	183	24,374	58,341	5,195
Portfolio managed by others risk	4,858	9,696	1,487	7,030	11,507	1,969
Investment fund	76	122	44	119	267	55
Total VaR	605,585	1,178,349	274,303	455,104	647,983	238,493

Trading portfolio VaR by risk type

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	410	2,426	50	231	1,482	20
Interest rate risk	4,346	9,949	183	24,374	58,341	5,195
- For trading purposes	4,346	9,949	183	24,374	58,341	5,195
Funds managed by others risk	4,858	9,696	1,487	7,030	11,507	1,969
Investment fund	76	122	44	119	267	55
Total VaR	5,839	10,382	3,475	26,165	60,912	5,611

Non trading portfolio VaR by risk type

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	609,137	1,186,564	271,813	429,195	586,852	232,882
Total VaR	609,137	1,186,564	271,813	429,195	586,852	232,882

The increase in the value at risk, especially the rate of return, is associated with the increase in interest rate sensitivity in the global financial markets. The three previous outcomes of the VAR were calculated independently from the centers involved and historical market movements. The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risk and types of portfolios and the consequent variety of impact.

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, 2019	Equivalent EGP Thousands					
	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	24,810,156	2,022,378	550,291	42,833	848,304	28,273,962
Gross due from banks	651,997	24,997,111	1,865,300	789,250	66,525	28,370,183
Gross loans and advances to banks	-	629,780	-	-	-	629,780
Gross loans and advances to customers	76,258,644	50,732,541	4,175,708	77,202	-	131,244,095
Derivative financial instruments	76,939	139,444	-	-	-	216,383
Financial investments						
Gross financial investment securities*	172,199,545	25,001,742	1,810,704	-	-	199,011,991
- Investments in associates and subsidiaries	107,693	-	-	-	-	107,693
Total financial assets	274,104,974	103,522,996	8,402,003	909,285	914,829	387,854,087
Financial liabilities						
Due to banks	81,980	11,644,652	73,058	10,890	27	11,810,607
Due to customers	216,276,483	78,428,221	8,479,582	867,498	396,671	304,448,455
Derivative financial instruments	205,915	76,673	-	-	-	282,588
Other loans	64,446	3,208,300	-	-	-	3,272,746
Total financial liabilities	216,628,824	93,357,846	8,552,640	878,388	396,698	319,814,396
Net on-balance sheet financial position	57,476,150	10,165,150	(150,637)	30,897	518,131	68,039,691

*After adding Reverse repos and deducting Repos.

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, 2019	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	-	-	-	-	-	28,273,962	28,273,962
Gross due from banks	18,576,895	9,085,184	706,644	-	-	1,460	28,370,183
Gross loans and advances to banks	658	173,793	455,329	-	-	-	629,780
Gross loans and advances to customers	85,681,987	15,769,768	14,670,005	11,728,367	3,393,968	-	131,244,095
Derivatives financial instruments (including IRS notional amount)	402,984	1,604,150	704,698	6,385,125	-	-	9,096,957
Financial investments							
Gross financial investment securities*	2,485,199	37,674,269	77,869,613	43,231,169	36,383,640	1,368,101	199,011,991
- Investments in associates and subsidiaries	-	-	-	-	-	107,693	107,693
Total financial assets	107,147,723	64,307,164	94,406,289	61,344,661	39,777,608	29,751,216	396,734,661
Financial liabilities							
Due to banks	5,505,976	320,830	5,694,732	-	-	289,069	11,810,607
Due to customers	178,790,478	30,449,392	15,856,268	34,834,663	257,371	44,260,283	304,448,455
Derivatives financial instruments (including IRS notional amount)	3,182,215	4,175,946	125,307	4	1,679,690	-	9,163,162
Other loans	2,868	3,250,787	14,091	5,000	-	-	3,272,746
Total financial liabilities	187,481,537	38,196,955	21,690,398	34,839,667	1,937,061	44,549,352	328,694,970
Total interest re-pricing gap	(80,333,814)	26,110,209	72,715,891	26,504,994	37,840,547	(14,798,136)	68,039,691

*After adding Reverse repos and deducting Repos.

3.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

3.3.1. Liquidity risk management process

The Bank's liquidity management process is 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 projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

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 by currency, provider, product and term.

3.3.3. Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of their behaviour studies, at balance sheet date.

EGP Thousands						
Dec.31, 2019	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	5,795,044	320,830	5,694,733	-	-	11,810,607
Due to customers	34,976,355	25,769,297	71,077,755	161,953,222	10,671,826	304,448,455
Other loans	2,868	42,488	14,090	1,257,765	1,955,535	3,272,746
Total liabilities (contractual and non contractual maturity dates)	40,774,267	26,132,615	76,786,578	163,210,987	12,627,361	319,531,808
Total financial assets (contractual and non contractual maturity dates)	39,156,322	30,113,707	85,349,273	167,623,442	67,757,445	390,000,189

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

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, 2019	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	29,879	51,676	124,360	-	-	205,915
- Interest rate derivatives	182	-	947	-	75,544	76,673
Total	30,061	51,676	125,307	-	75,544	282,588

Off balance sheet items

EGP Thousands				
Dec.31, 2019	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	50,210,710	14,264,820	5,723,073	70,198,603
Total	50,210,710	14,264,820	5,723,073	70,198,603

EGP Thousands			
Dec.31, 2019	Up to 1 year	1-5 years	Total
Credit facilities commitments	4,030,911	2,826,599	6,857,510
Total	4,030,911	2,826,599	6,857,510

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, 2019	Dec.31, 2018	Dec.31, 2019	Dec.31, 2018
Financial assets				
Due from banks	28,353,366	46,518,892	28,370,754	46,859,224
Gross loans and advances to banks	629,780	70,949	629,780	70,949
Gross loans and advances to customers	131,244,095	119,431,789	128,740,476	115,452,376
Financial investments:				
Amortized cost	107,225,613	73,630,764	106,016,744	72,539,003
Total financial assets	267,452,854	239,652,394	263,757,754	234,921,552
Financial liabilities				
Due to banks	11,810,607	7,259,819	11,702,778	7,069,442
Due to customers	304,448,455	285,296,869	302,256,825	280,729,572
Other loans	3,272,746	3,721,529	3,272,746	3,721,529
Total financial liabilities	319,531,808	296,278,217	317,232,349	291,520,543

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

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.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2019:

instruments:

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

Dec.31, 2019	Date of Valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through P&L	31-Dec-19	418,781	418,781	-	-
Financial Assets at Fair value through OCI	31-Dec-19	89,897,257	61,689,580	28,207,677	-
Total		90,316,038	62,108,361	28,207,677	-
Derivative financial instruments					
Financial assets	31-Dec-19	216,383	-	216,383	-
Financial liabilities	31-Dec-19	282,588	-	282,588	-
Total		498,971	-	498,971	-
Assets for which fair values are disclosed:					
Amortized cost	31-Dec-19	106,016,744	-	106,016,744	-
Loans and advances to banks	31-Dec-19	629,780	-	-	629,780
Loans and advances to customers	31-Dec-19	128,740,476	-	-	128,740,476
Total		235,387,000	-	106,016,744	129,370,256
Liabilities for which fair values are disclosed:					
Other loans	31-Dec-19	3,272,746	-	3,272,746	-
Due to customers	31-Dec-19	302,256,825	-	-	302,256,825
Total		305,529,571	-	3,272,746	302,256,825

Fair value of financial assets and liabilities

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, financial assets at amortized cost, and fair value through OCI.

Fair value for amortized cost assets is based on market prices or broker/dealer price quotations.

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 12.75%, 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 stage one ECL 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 financial assets fair value through OCI, amortized cost, 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.

	Dec.31, 2019	EGP Thousands Dec.31, 2018 Restated**
1-The capital adequacy ratio		
Tier 1 capital		
Share capital (net of the treasury shares)	14,690,821	11,668,326
Reserves	24,661,076	14,829,948
IFRS 9 Reserve	-	1,411,549
Retained Earnings (Losses)	81,328	55,089
Total deductions from tier 1 capital common equity	(807,709)	(4,754,596)
Net profit for the year	8,430,530	6,879,563
Total qualifying tier 1 capital	47,056,046	30,089,879
Tier 2 capital		
45% of special reserve	-	49
Subordinated Loans	3,208,300	3,582,720
Impairment provision for loans and regular contingent liabilities	1,740,919	1,879,734
Total qualifying tier 2 capital	4,949,219	5,462,503
Total capital 1+2	52,005,265	35,552,382
Risk weighted assets and contingent liabilities		
Total credit risk	169,831,103	156,952,618
Total market risk	766,516	5,959,133
Total operational risk	28,851,964	23,292,505
Total	199,449,583	186,204,256
*Capital adequacy ratio (%)	26.07%	19.09%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.

**After 2018 profit distribution.

	Dec.31, 2019	EGP Thousands Dec.31, 2018 Restated**
2-Leverage ratio		
Total qualifying tier 1 capital	47,056,046	30,089,879
On-balance sheet items & derivatives	409,689,485	346,163,131
Off-balance sheet items	46,195,165	45,407,765
Total exposures	455,884,650	391,570,896
*Percentage	10.32%	7.68%

*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 14 July 2015.

**After 2018 profit distribution.

For December 2019 NSFR ratio record 217.35% (LCY 255.43% and FCY 156.14%), and LCR ratio record 611.44% (LCY 757.42% and FCY 230.87%).

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%).

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. 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.

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, 2019	EGP Thousands					
	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	9,754,092	2,234,547	5,292,706	7,121,674	816,595	25,219,614
Expenses according to business segment	(4,737,534)	(898,119)	(152,895)	(2,882,762)	(13,423)	(8,684,733)
Profit before tax	5,016,558	1,336,428	5,139,811	4,238,912	803,172	16,534,881
Tax	(1,436,735)	(382,556)	(1,471,285)	(1,213,400)	(229,910)	(4,733,886)
Profit for the year	3,579,823	953,872	3,668,526	3,025,512	573,262	11,800,995
Total assets	103,555,078	1,398,063	200,721,627	26,524,730	54,542,870	386,742,368

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

5.2. By geographical segment

Dec.31, 2019	EGP Thousands			
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	21,215,527	3,309,436	694,651	25,219,614
Expenses according to geographical segment	(7,293,433)	(1,143,218)	(248,082)	(8,684,733)
Profit before tax	13,922,094	2,166,218	446,569	16,534,881
Tax	(3,985,969)	(620,086)	(127,831)	(4,733,886)
Profit for the year	9,936,125	1,546,132	318,738	11,800,995
Total assets	358,906,093	21,081,215	6,755,060	386,742,368

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

6. Net interest income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2019
Interest and similar income		
- Banks	3,308,719	3,338,266
- Clients	14,630,606	15,274,649
Total	17,939,325	18,612,915
Treasury bills and bonds	24,277,671	18,582,089
Reverse repos	-	2,519
Financial investments at amortized cost and fair value through OCI	383,961	206,186
Total	42,600,957	37,403,709
Interest and similar expense		
- Banks	(597,877)	(840,233)
- Clients	(19,893,262)	(18,001,197)
Total	(20,491,139)	(18,841,430)
Financial instruments purchased with a commitment to re-sale (Repos)	(232,055)	(112,366)
Other loans	(299,144)	(306,394)
Total	(21,022,338)	(19,260,190)
Net interest income	21,578,619	18,143,519

7. Net fee and commission income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Fee and commission income		
Fee and commissions related to credit	1,258,672	1,456,930
Custody fee	141,907	140,247
Other fee	2,051,109	1,805,439
Total	3,451,688	3,402,616
Fee and commission expense		
Other fee paid	(1,170,893)	(991,957)
Total	(1,170,893)	(991,957)
Net income from fee and commission	2,280,795	2,410,659

8. Dividend income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Financial assets at fair value through P&L	7,307	9,951
Financial assets at fair value through OCI	46,116	16,007
Total	53,423	25,958

9. Net trading income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profit (Loss) from foreign exchange	749,591	668,071
Profit (Loss) from forward foreign exchange deals revaluation	(85,657)	(38,904)
Profit (Loss) from interest rate swaps revaluation	(29,521)	(20,865)
Profit (Loss) from currency swap deals revaluation	3,238	8,179
Profit (Loss) from financial assets at fair value through P&L	50,408	472,595
Total	688,059	1,089,076

10. Administrative expenses

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Staff costs		
Wages and salaries	(2,604,675)	(2,237,595)
Social insurance	(95,408)	(78,841)
Other benefits	(108,367)	(61,976)
Other administrative expenses *	(2,240,472)	(1,845,547)
Total	(5,048,922)	(4,223,959)

* The expenses related to the activity for which the bank obtains a commodity or service, donations and depreciation.

11. Other operating (expenses) income

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profits (losses) from non-trading assets and liabilities revaluation	91,769	59,863
Profits from selling property, plant and equipment	1,439	1,045
Release (charges) of other provisions	(361,649)	(400,596)
Other income/expenses	(1,526,309)	(1,249,987)
Total	(1,794,750)	(1,589,675)

12. Impairment release (charges) for credit losses

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Loans and advances to customers	(1,610,878)	(3,076,023)
Due from banks impairment provision	(9,503)	-
"Provision for impairment of debt instruments investments"	184,921	-
Total	(1,435,460)	(3,076,023)

13. Adjustments to calculate the effective tax rate

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profit before tax	16,534,881	13,078,833
Tax rate	22.50%	22.50%
Income tax based on accounting profit	3,720,348	2,942,737
Add / (Deduct)		
Non-deductible expenses	1,466,387	870,539
Tax exemptions	(1,493,292)	(314,359)
Withholding tax	1,040,443	2,041
Income tax / Deferred tax	4,733,886	3,496,839
Effective tax rate	28.63%	26.74%

14. Earning per share

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Net profit for the year, available for distribution	11,800,858	9,553,868
Board member's bonus	(177,013)	(143,308)
Staff profit sharing	(1,180,086)	(955,387)
Profits shareholders' Stake*	10,443,759	8,455,173
Weighted Average number of shares	1,424,525	1,424,525
Basic earning per share	7.33	5.94
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,435,391	1,435,391
Diluted earning per share	7.28	5.89

* Based on separate financial statement profits.

15. Cash and balances with central bank

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Cash	5,876,652	6,532,211
Obligatory reserve balance with CBE		
- Current accounts	22,397,310	13,526,763
Total	28,273,962	20,058,974
Non-interest bearing balances	28,273,962	20,058,974

16. Due from banks

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Current accounts	3,704,142	4,168,973
Deposits	24,666,041	42,349,919
"Effect of applying IFRS 9"	(7,314)	-
Expected credit losses	(9,503)	-
Total	28,353,366	46,518,892
Central banks	9,945,682	25,397,558
Local banks	1,348,559	4,109,576
Foreign banks	17,059,125	17,011,758
Total	28,353,366	46,518,892
Non-interest bearing balances	1,460	1,724
Floating interest bearing balances	9,085,184	10,203,376
Fixed interest bearing balances	19,266,722	36,313,792
Total	28,353,366	46,518,892
Current balances	28,353,366	46,518,892
Due from banks		Stage 1
Gross due from banks		28,370,183
Expected credit losses		(16,817)
Net due from banks		28,353,366

17. Treasury bills and other governmental notes

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
91 Days maturity	6,025	-
182 Days maturity	749,625	3,669,700
364 Days maturity	29,112,513	49,441,511
Unearned interest	(1,470,340)	(3,097,887)
Total 1	28,397,823	50,013,324
Repos - treasury bills	(763,761)	(8,014,072)
Total 2	(763,761)	(8,014,072)
Net	27,634,062	41,999,252

Treasury bills and other government securities are classified to financial instruments through other comprehensive income when applying IFRS 9 Note 21

Governmental bonds

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Governmental bonds	58,769,618	
Repo	(2,406,225)	
Total	(2,406,225)	
Net	56,363,393	

18. Loans and advances to banks, net

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Time and term loans	629,780	70,949
Impairment provision	(4,516)	(3,246)
Net	625,264	67,703
Current balances	625,264	67,703
Net	625,264	67,703

Analysis for impairment provision of loans and advances to banks

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	(3,246)	(70)
Release during the year	(1,270)	(3,140)
Exchange revaluation difference	-	(36)
Ending balance	(4,516)	(3,246)

Analysis for impairment provision of loans and advances to banks

	Stage 2	
	Dec.31, 2019	Dec.31, 2018
Beginning Balance	(3,246)	(3,246)
Addition during the year	(1,270)	(1,270)
Deduction during the year	-	-
Ending balance	(4,516)	(4,516)

Below is an analysis of outstanding balance:

	Balance	Rating
	625,264	B -

19. Loans and advances to customers, net

	Dec.31, 2019	Dec.31, 2018
EGP Thousands		
Individual		
- Overdraft	1,462,439	1,635,910
- Credit cards	4,264,204	3,540,849
- Personal loans	20,219,305	17,180,864
- Real estate loans	1,330,323	876,372
Total 1	27,276,271	23,233,995
Corporate		
- Overdraft	19,100,709	13,992,595
- Direct loans	51,163,302	49,179,820
- Syndicated loans	33,642,235	32,899,950
- Other loans	61,578	125,429
Total 2	103,967,824	96,197,794
Total Loans and advances to customers (1+2)	131,244,095	119,431,789
Less:		
Unamortized bills discount	(55,197)	(65,718)
"Effect of applying IFRS 9"	716,325	-
Impairment provision	(12,542,212)	(13,040,828)
Unearned interest	(41,908)	(16,038)
Net loans and advances to customers	119,321,103	106,309,205
Distributed to		
Current balances	51,682,809	44,549,290
Non-current balances	67,638,294	61,759,915
Total	119,321,103	106,309,205

Analysis of the expected credit losses of IFRS 9 / Loss on loans and advances to customers by type during the year was as follows:

	Dec.31, 2019				Total
	Overdrafts	Credit cards	Personal loans	Mortgages	
Individual Loans:					EGP Thousands
Beginning balance	(4,112)	(31,614)	(76,475)	(22,385)	(134,586)
"Effect of changes arising from the first application of IFRS 9"	(44,507)	(10,548)	(32,293)	(2,377)	(89,725)
Balance adjusted at the beginning of the financial year after the first application of IFRS 9	(48,619)	(42,162)	(108,768)	(24,762)	(224,311)
Impairment	43,206	(63,280)	(115,341)	(15,487)	(150,902)
Written off amounts	-	42,267	76,219	-	118,486
Recoveries	-	(27,601)	(31,403)	(1,200)	(60,204)
Ending balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Corporate and Business Banking loans:					
Beginning balance	(1,080,365)	(9,766,768)	(2,056,326)	(2,783)	(12,906,242)
"Effect of changes arising from the first application of IFRS 9"	368,401	387,171	47,695	2,783	806,050
Balance adjusted at the beginning of the financial year after the first application of IFRS 9	(711,964)	(9,379,597)	(2,008,631)	-	(12,100,192)
Impairment	(291,408)	(232,519)	(932,680)	(2,099)	(1,458,706)
Written off amounts	-	1,262,286	-	-	1,262,286
Recoveries	-	(399,429)	-	-	(399,429)
foreign currencies translation differences	68,549	920,777	197,759	-	1,187,085
Ending balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)

Dec.31, 2018	Individual				EGP Thousands	
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
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	Corporate				EGP Thousands	
	Overdraft	Direct loans	Syndicated loans	Other loans	Total	Total
Beginning balance	(1,707,127)	(7,107,690)	(1,911,226)	(2,947)	(10,728,990)	(10,728,990)
Released (charged) released during the year	633,877	(2,927,862)	(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)

*From previously written off amounts

20. Derivative financial instruments

20.1. 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:

20.1.1. For trading derivatives

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	8,315,292	52,183	189,833	5,360,272	21,112	73,105
- Currency swap	4,904,151	24,756	16,082	3,628,415	18,243	12,807
- Options	1,365	-	-	-	-	-
Total (1)		76,939	205,915		39,355	85,912

20.1.2. Fair value hedge

	EGP Thousands					
	Dec.31, 2019			Dec.31, 2018		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	-	-	-	662,803	-	9,164
- Customers deposits hedging	8,880,574	139,444	76,673	7,103,638	12,934	37,782
Total (2)		139,444	76,673		12,934	46,946
Total financial derivatives (1+2)		216,383	282,588		52,289	132,858

20.2. Hedging derivatives

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 9,146 thousand at December 31, 2018, Resulting in gains from hedging instruments at December 31, 2018 EGP 16,832 thousand. Losses arose from hedged items at December 31, 2019 reached EGP 29,742 thousand against losses of EGP 34,193 thousand at December 31, 2018.

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 62,771 thousand at the end of December 31, 2019 against EGP 24,848 thousand at December 31, 2018, resulting in gains from hedging instruments at December 31, 2019 of EGP 87,619 thousand against losses of EGP 90,306 thousand at December 31, 2018. Losses arose from the hedged items at December 31, 2019 reached EGP 171,993 thousand against losses EGP 94,856 thousand at December 31, 2018.

Movement of financial investment securities:

	Available for sale financial investments	Held to maturity financial investments
Beginning balance	30,474,781	45,167,722
Addition	12,670,761	33,995,313
Deduction	(1,872,988)	(5,532,271)
Exchange revaluation differences for foreign financial assets	102,991	-
Profit (losses) from fair value difference	(2,118,094)	-
Available for sale impairment charges	(39,561)	-
Ending Balance as of Dec.31, 2018	39,217,890	73,630,764

	Financial Assets at Fair value through OCI	Amortized cost
Beginning balance	39,217,890	73,630,764
Effect of applying IFRS 9	42,268,972	1,020,895
Addition *	58,210,468	76,516,842
Deduction	(54,358,072)	(43,937,957)
Exchange revaluation differences for foreign financial assets	(1,588,099)	(4,931)
Profit (losses) from fair value difference **	6,146,098	-
Ending Balance as of Dec.31, 2019	89,897,257	107,225,613

* Including amount of EGP 7,256,157 treasury bills less than 3 months.

** Does not include the hedging amount of Euro bonds with an amount of EGP Thousand 11,455.

21. Financial investments securities

Dec.31, 2019	EGP Thousands			
	Financial Assets at Fair value through P&L	Financial Assets at Fair value through OCI	Amortized cost	Total
Investments listed in the market				
Governmental bonds	-	56,363,393	107,225,613	163,589,006
Other bonds	-	4,823,267	-	4,823,267
Equity instruments	-	502,920	-	502,920
Portfolio managed by others	418,781	-	-	418,781
Investments not listed in the market				
"Treasury bills and other governmental notes"	-	27,634,062	-	27,634,062
Governmental bonds	-	-	-	-
Other bonds	-	-	-	-
Equity instruments	-	344,929	-	344,929
Mutual funds	-	228,686	-	228,686
Total	418,781	89,897,257	107,225,613	197,541,651

Dec.31, 2018	EGP Thousands			
	Trading financial investments	Available for sale financial investments	Held to maturity financial investments	Total
Investments listed in the market				
Governmental bonds	2,270,080	37,387,013	73,598,251	113,255,344
Other bonds	-	1,228,032	-	1,228,032
Equity instruments	-	458,094	-	458,094
Portfolio managed by others	429,249	-	-	429,249
Investments not listed in the market				
Treasury bills and other governmental notes	-	-	41,999,252	41,999,252
Governmental bonds	-	-	-	-
Other bonds	-	-	-	-
Equity instruments	-	46,073	-	46,073
Mutual funds	38,376	98,678	32,513	169,567
Total	2,737,705	39,217,890	115,630,016	157,585,611

Movement of financial Assets at Fair value through OCI		Stage 1
Beginning Balance		39,217,890
Addition during the year		50,679,367
Ending balance		89,897,257

disclosure and measurement of financial assets and financial liabilities:

The following table shows the financial assets and the net financial commitments according to the business model classification:

Dec.31, 2019	Amortized cost	Debt financial Assets at Fair value through OCI	Equity financial Assets at Fair value through OCI	Financial Assets at Fair value through P&L	Total book value
Cash and balances with central bank	28,273,962	-	-	-	28,273,962
Due from banks	28,353,366	-	-	-	28,353,366
Treasury bills	-	27,634,062	-	-	27,634,062
Loans and advances to customers, net	119,321,103	-	-	-	119,321,103
Derivative financial instruments	-	216,383	-	-	216,383
Financial Assets at Fair value through OCI	-	61,186,660	1,076,535	-	62,263,195
Amortized cost	107,225,613	-	-	-	107,225,613
Financial Assets at Fair value through P&L	-	-	-	418,781	418,781
Total 1	283,174,044	89,037,105	1,076,535	418,781	373,706,465
Due to banks	11,810,607	-	-	-	11,810,607
Due to customers	304,448,455	-	-	-	304,448,455
Derivative financial instruments	-	282,588	-	-	282,588
Other loans	3,272,746	-	-	-	3,272,746
Other provisions	2,011,369	-	-	-	2,011,369
Total 2	321,543,177	282,588	-	-	321,825,765

21.1. Profits (Losses) on financial investments

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Profit (Loss) from selling FVOCI financial instruments	497,894	441,628
Released (Impairment) charges of equity instruments	(1,533)	(39,561)
Released (Impairment) charges of FVOCI equity instruments	(45,664)	-
Total	450,697	402,067

22. Investments in associates

EGP Thousands							
Dec.31, 2019	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	42,920	45,557	17,399	(19,917)	5,563	23.50
- International Co. for Security and Services (Falcon)	Egypt	741,875	501,413	511,163	22,437	102,130	32.50
Total		784,795	546,970	528,562	2,520	107,693	

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 %
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	

23. Other assets

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Accrued revenues	4,011,196	4,509,314
Prepaid expenses	217,484	186,797
Advances to purchase of fixed assets	942,985	768,733
Accounts receivable and other assets (after deducting the provision)*	4,333,966	3,790,709
Assets acquired as settlement of debts	356,382	276,520
Insurance	36,130	30,945
Gross	9,898,143	9,563,018
Impairment of other assets	(150,000)	-
Net	9,748,143	9,563,018

*A provision with amount EGP 119 million has been charged against pending installments, and with amount EGP 212 million has been released.

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.

24. Property, plant and equipment

Dec.31, 2019	EGP Thousands							
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Additions during the year	-	53,217	593,718	47,642	284,570	122,356	27,630	1,129,133
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Ending gross assets (2)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	115,594	4,873,198
Accumulated depreciation at beginning of the year (3)	-	376,931	982,280	32,890	406,431	277,393	68,866	2,144,791
Current period depreciation	-	49,681	310,000	8,750	118,905	79,295	9,913	576,544
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Accumulated depreciation at end of the year (4)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Ending net assets (2-4)	64,709	651,973	881,933	68,149	284,557	215,491	37,652	2,204,464
Beginning net assets (1-3)	64,709	648,437	598,215	29,257	118,892	172,430	19,935	1,651,875
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 291,718 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, 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.

25. Due to banks

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Current accounts	420,500	503,539
Deposits	11,390,107	6,756,280
Total	11,810,607	7,259,819
Central banks	111,967	190,801
Local banks	10,476,614	6,009,778
Foreign banks	1,222,026	1,059,240
Total	11,810,607	7,259,819
Non-interest bearing balances	289,069	257,355
Floating bearing interest balances	4,908,538	89,568
Fixed interest bearing balances	6,613,000	6,912,896
Total	11,810,607	7,259,819
Current balances	11,810,607	7,259,819

26. Due to customers

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Demand deposits	98,755,641	92,422,114
Time deposits	47,843,715	43,561,846
Certificates of deposit	85,344,897	81,059,934
Saving deposits	68,579,440	62,812,279
Other deposits	3,924,762	5,440,696
Total	304,448,455	285,296,869
Corporate deposits	120,553,214	116,842,160
Individual deposits	183,895,241	168,454,709
Total	304,448,455	285,296,869
Non-interest bearing balances	44,260,283	48,741,931
Floating interest bearing balances	39,592,933	23,738,113
Fixed interest bearing balances	220,595,239	212,816,825
Total	304,448,455	285,296,869
Current balances	217,358,718	202,126,154
Non-current balances	87,089,737	83,170,715
Total	304,448,455	285,296,869

27. Other loans

	Interest rate %	Maturity date	Maturing through next year	EGP Thousands	
				Balance on Dec.31, 2019	Balance on Dec.31, 2018
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years*	56,578	61,578	125,429
Social Fund for Development (SFD)	3 months T/D or 9% which is more	4 January 2020*	2,868	2,868	13,380
European Bank for Reconstruction and Development (EBRD) subordinated Loan	3 months labor + 6.2%	10 years	-	1,604,150	1,791,360
International Finance Corporation (IFC) subordinated Loan	3 months labor + 6.2%	10 years	-	1,604,150	1,791,360
Balance			59,446	3,272,746	3,721,529

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.

28. Other liabilities

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Accrued interest payable	1,090,649	1,347,397
Accrued expenses	1,027,526	733,218
Accounts payable	6,097,077	4,101,884
Other credit balances	181,542	319,054
Total	8,396,794	6,501,553

29. Provisions

Dec.31, 2019	EGP Thousands			
	Beginning balance	Charged amounts	Exchange revaluation difference	Ending balance
Provision for income tax claims	6,910	-	-	(6,910)
Provision for legal claims	57,677	11,299	(244)	66,106
Provision for contingent	1,449,690	444,786	(103,784)	1,790,692
Provision for other claim	180,330	5,784	(6,034)	154,571
Total	1,694,607	461,869	(110,062)	2,011,369
	Beginning balance	Charged amounts	Exchange revaluation difference	Ending balance
Dec.31, 2018	6,910	-	-	6,910
Provision for income tax claims	45,773	12,820	7	57,677
Provision for legal claims	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

* To face the potential risk of banking operations.

30. Equity

30.1. Capital

The authorized capital reached EGP 50 billion according to the extraordinary general assembly decision on 12 June 2019.

- Increase issued and Paid in Capital by amount EGP 105,413 thousand on November 18, 2019 to reach EGP 14,690,821 thousand according to Board of Directors decision on February 4, 2019 by issuance of tenth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 2,917,082 thousand on February 14, 2019 to reach 14,585,408 according to Ordinary General Assembly Meeting decision on March 4, 2018 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 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.
- 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.

30.2. 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.

31 .Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	EGP Thousands	
	Assets (Liabilities) Dec.31, 2019	Assets (Liabilities) Dec.31, 2018
Fixed assets (depreciation)	(79,162)	(49,750)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	146,675	53,552
Intangible Assets	-	53,657
Other investments impairment	76,407	65,788
Reserve for employee stock ownership plan (ESOP)	216,709	166,122
Interest rate swaps revaluation	6,642	4,695
Trading investment revaluation	(35,477)	7,394
Forward foreign exchange deals revaluation	18,545	6,912
Balance	350,339	308,370

	Assets (Liabilities) Dec.31, 2019		Assets (Liabilities) Dec.31, 2018	
Movement of Deferred Tax Assets and Liabilities:				
Beginning Balance	308,370		179,630	
Effect of applying IFRS 9	136,491		-	
Additions / disposals	(94,522)		128,740	
Ending Balance	350,339		308,370	

32. 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, 2019 No. of shares in thousand	Dec.31, 2018 No. of shares in thousand
Outstanding at the beginning of the year	29,697	26,600
Granted during the year	9,152	10,422
Forfeited during the year	(880)	(1,035)
Exercised during the year	(10,541)	(6,290)
Outstanding at the end of the year	27,428	29,697

Details of the outstanding tranches are as follows:

Maturity date	EGP		No. of shares in thousand
	Exercise price	Fair value	
2020	10.00	52.44	8,685
2021	10.00	54.51	9,850
2022	10.00	50.53	8,893
Total			27,428

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	13th tranche	12th tranche
Exercise price	10	10
Current share price	59.26	77.35
Expected life (years)	3	3
Risk free rate %	18.14%	15.54%
Dividend yield%	1.70%	1.29%
Volatility%	25%	26%

Volatility is calculated based on the daily standard deviation of returns for the last five years.

33. Reserves and retained earnings

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Legal reserve	2,188,029	1,710,293
General reserve	16,474,429	12,776,215
Capital reserve	13,466	12,421
Retained earnings	11,881,657	9,637,083
Special reserve	-	20,645
Reserve for financial assets at fair value through OCI	4,111,781	(3,750,779)
Reserve for employee stock ownership plan	963,152	738,320
Banking risks reserve	5,164	4,323
IFRS 9 risk reserve	-	1,411,549
Cumulative foreign currencies translation differences	2,501	-
General risk reserve	1,549,445	-
Ending balance	37,189,624	22,560,070

33.1. Banking risks reserve

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	4,323	3,634
Transferred to bank risk reserve	841	689
Ending balance	5,164	4,323

33.2. Legal reserve

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	1,710,293	1,332,807
Transferred to legal reserve	477,736	377,486
Ending balance	2,188,029	1,710,293

33.3. Reserve for financial assets at fair value through OCI

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	(3,750,779)	(1,642,958)
Net unrealised gain/(loss) on financial assets at fair value through OCI	6,157,553	(2,107,821)
Effect of applying IFRS 9	1,889,928	-
Release provision for impairment of debt instruments investments	(184,921)	-
Ending balance	4,111,781	(3,750,779)

33.4. Retained earnings

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	9,637,083	6,193,879
Transferred to reserves	(6,854,370)	(3,994,924)
Dividend paid	(2,700,544)	(2,143,177)
Net profit of the year	11,800,995	9,581,994
Transferred (from) to bank risk reserve	(841)	(689)
Ending balance	11,881,657	9,637,083

33.5. Reserve for employee stock ownership plan

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	738,320	489,334
Transferred to reserves	(239,707)	(159,360)
Cost of employees stock ownership plan (ESOP)	464,539	408,346
Ending balance	963,152	738,320

33.6. General risk reserve

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Beginning balance	-	-
Effect of applying IFRS 9	117,251	-
Transferred to general risk reserve	1,432,194	-
Ending balance	1,549,445	-

In accordance with the instructions issued by the Central Bank of Egypt on February 26, 2019, IFRS 9 has been effective from 1 January 2019.

The Bank has measured the effect of applying the Standard as follows in accordance with the above instructions:

34. Cash and cash equivalent

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Cash and balances with central bank	28,273,962	20,058,974
Due from banks	28,370,183	46,518,892
Treasury bills and other governmental notes	27,634,062	41,999,252
Obligatory reserve balance with CBE	(22,397,310)	(13,526,763)
Due from banks with maturities more than three months	(10,593,903)	(10,733,386)
Treasury bills with maturities more than three months	(28,391,977)	(50,013,324)
Total	22,895,017	34,303,645

35. Contingent liabilities and commitments

35.1. Legal claims

- There is a number of existing cases against the bank on December 31, 2019 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. 29)

35.2. Capital commitments

35.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 148,361 thousand as follows:

	Investments value	Paid	Remaining
Financial Assets at Fair value through OCI	160,415	132,362	28,053
Financial investments in subsidiaries	160,412	40,103	120,309

35.2.2. 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 911,159 thousand.

35.3. Letters of credit, guarantees and other commitments

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Letters of guarantee	61,143,216	66,166,953
Letters of credit (import and export)	5,866,630	4,178,288
Customers acceptances	3,188,757	1,050,573
Total	70,198,603	71,395,814

35.4. Credit facilities commitments

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Credit facilities commitments	6,857,510	9,173,782

36. 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 3,205,040 with redeemed value of EGP 1,324,387 thousands.
- The market value per certificate reached EGP 413.22 on December 31, 2019.
- The Bank portion got 137,112 certificates with redeemed value of EGP 56,657 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 421,394 with redeemed value of EGP 80,718 thousands.
- The market value per certificate reached EGP 191.55 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,578 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 291,583 with redeemed value of EGP 29,336 thousands.
- The market value per certificate reached EGP 100.61 on December 31, 2019.
- The Bank portion got 27,690 certificates with redeemed value of EGP 2,786 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 91,376 with redeemed value of EGP 21,947 thousands.
- The market value per certificate reached EGP 240.18 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 12,009 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 86,779 with redeemed value of EGP 24,495 thousands.
- The market value per certificate reached EGP 282.27 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 14,114 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 140,659 with redeemed value of EGP 25,921 thousands.
- The market value per certificate reached EGP 184.28 on December 31, 2019.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,214 thousands.

37. 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.

37.1. Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	9,581
Deposits	83,921
Contingent liabilities	1,261

37.2. Other transactions with related parties

	EGP Thousands	
	Income	Expenses
International Co. for Security & Services	38	296,717
Fawry plus	553	-

38. Main currencies positions

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Egyptian pound	(387,742)	(636,384)
US dollar	(79,511)	578,745
Sterling pound	248	2,189
Japanese yen	6	(20)
Swiss franc	484	658
Euro	32,890	37,144

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

39. Tax status**Corporate income tax**

- Settlement of corporate income tax since the start of activity till 2017
- 2018 examined & paid
- The yearly income tax return is submitted in legal dates

Salary tax

- Settlement of a salary tax since the start of activity till 2018

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 31/12/2018 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

40. Intangible assets:

	EGP Thousands	
	Dec.31, 2019	Dec.31, 2018
Book value	651,041	651,041
Amortization	(651,041)	(412,326)
Net book value	-	238,715

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

41. Treasury bills and other governmental notes - net increase (decrease)

	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

42. Other assets - net increase (decrease)

	EGP Thousands Dec.31, 2019
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)
Total 1	8,517,965
Total other assets by end of period	9,746,431
Assets acquired as settlement of debts	(356,382)
Advances to purchase of fixed assets	(942,781)
Impairment charge for other assets	(93,236)
Total 2	8,354,032
Change (1-2)	163,933

	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)

43. Important Events

The Board of Directors and CBE have approved, on 4 November 2019 & 16 January 2020 respectively, to gain a control stake in a Kenyan bank, and CIB is currently in the process of fulfilling the necessary approvals from all supervisory and otherwise relevant authorities in Kenya.

