

Annual Report 2018

PROGRESS IN MOTION

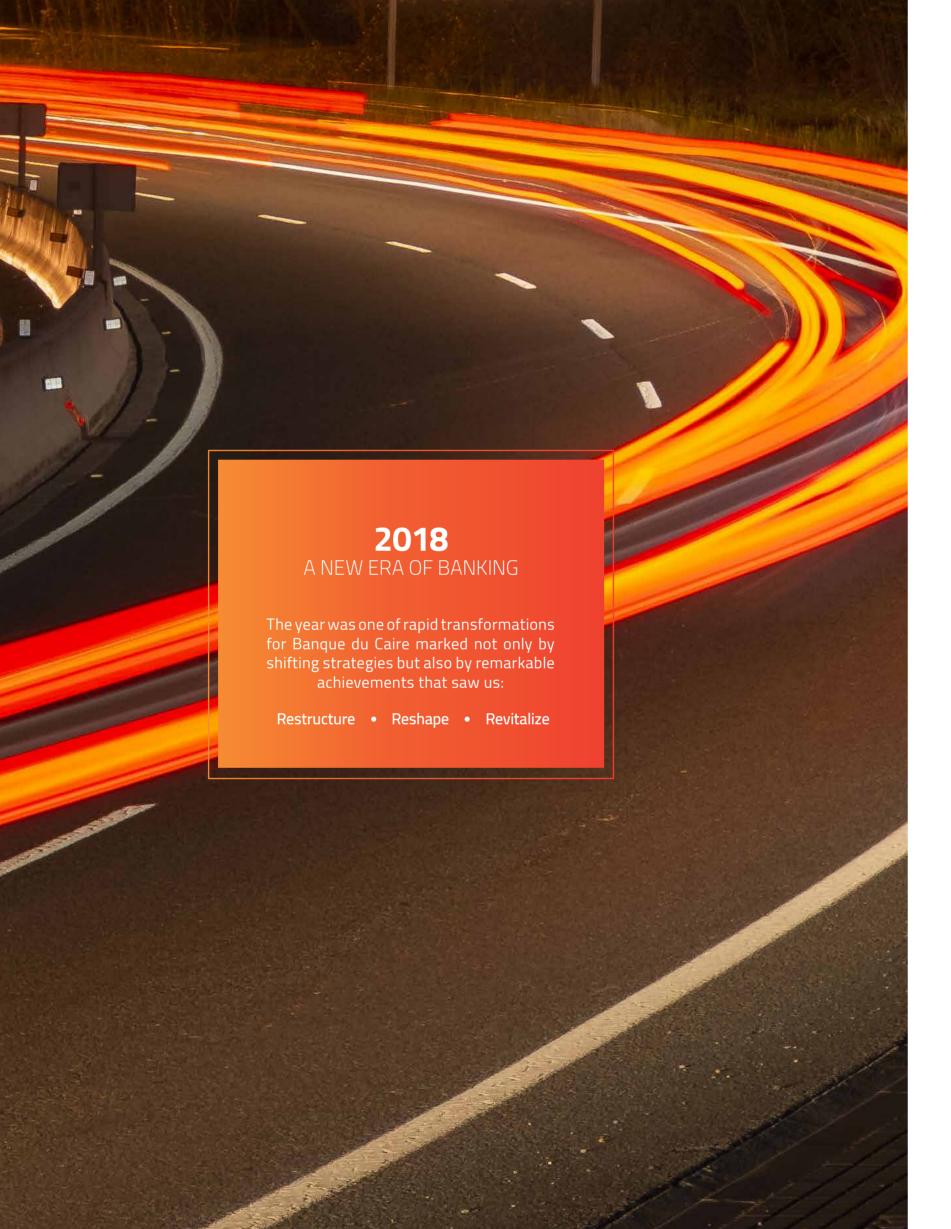


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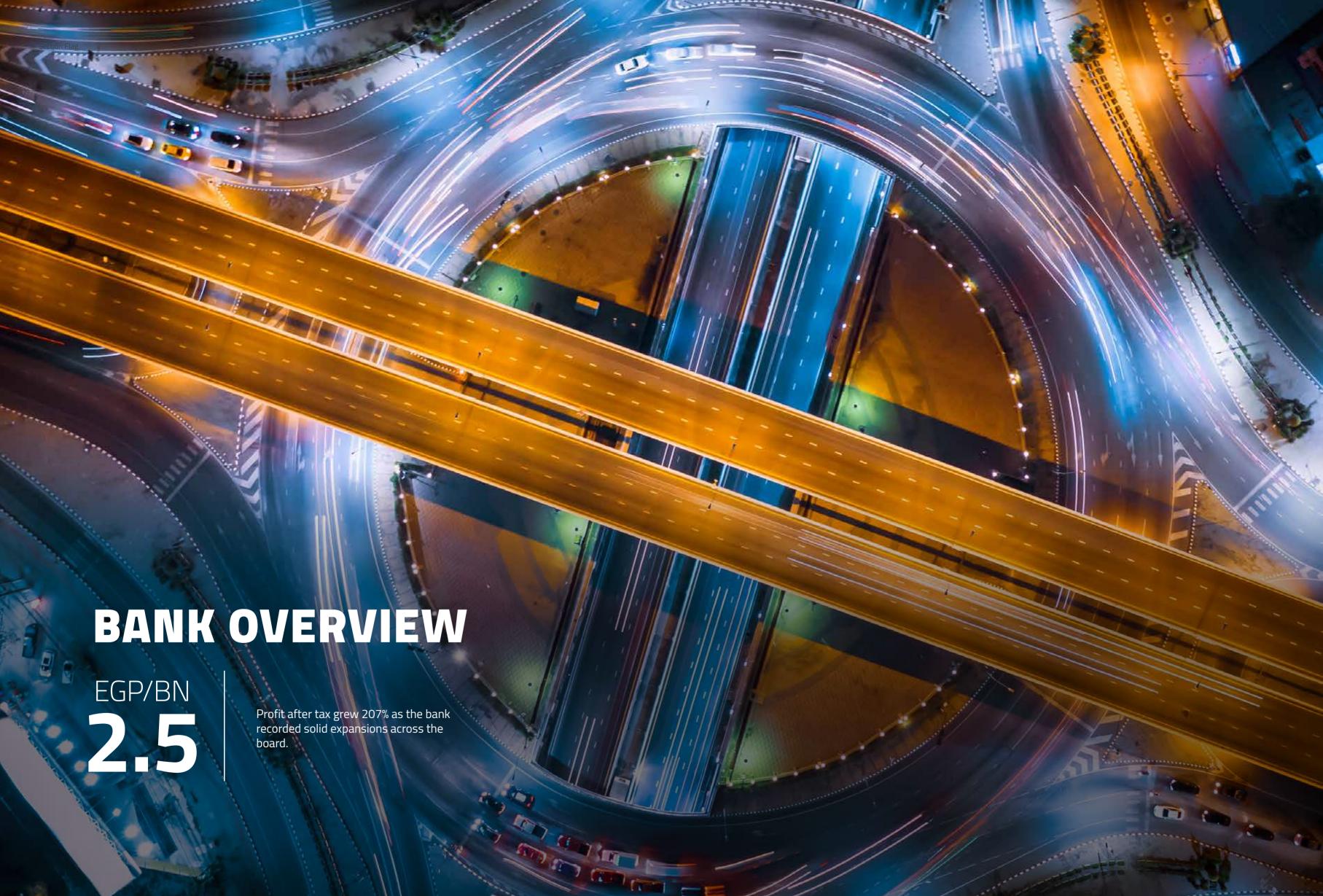
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Fueling the Growth of Egypt's Economy

Banque du Caire leverages its more than six-decade-long track record of success in Egypt to bring its clients a full-suite of innovative corporate and retail banking solutions designed to help meet their individual financial ambitions

> and largest banks. Banque du Caire is a multi-award of products and services to the corporate and retail markets. Offering clients a full-suite of personalized understanding of local and regional market dynamics, leader in the market.

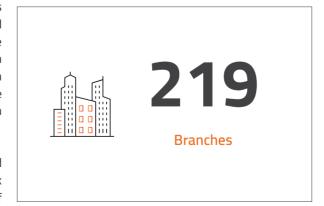
Banque du Caire is renowned in the market for pioneering institutionalized microfinance operations, spearheading a push for financial inclusion, community development, and entrepreneurial empowerment long before others in the industry. Its long-standing presence in the Egyptian market has seen it back economic growth for decades, with the bank having extended financing to corporations across numerous key sectors of the Egyptian economy.

Today, the bank continues to grow and evolve as part and parcel of its strategy to adapt dynamically to evolving markets and customer needs by adding new products and services to its already vast array of financial solutions in the corporate and retail segments. In 2018, to complement its corporate banking activities and benefit from synergies across its activities and lines of business, Banque du Caire launched a corporate leasing venture, Cairo Leasing Corporation (CLC), which has already positioned itself as a leader in the Egyptian leasing sector. Banque du Caire also offers exclusive access to COMESA markets through its Ugandan subsidiary, Cairo International Bank, Uganda.

With 219 branches and 698 ATMs across Egypt and the UAE, Banque du Caire provides a growing network of over 3 million clients, which includes institutions of

Founded in 1952, Banque du Caire is one of Egypt's oldest varying sizes, high net worth individuals, and retail clients, with some of the best service offerings the winning, full-service bank that provides a complete array market has to offer. Capitalizing on its longstanding presence in the market, Banque du Caire has embarked on a transformative strategy to reposition itself as corporate and retail banking products and services, the a bank of choice for all. In recent years, the bank has bank has been able to leverage its extensive distribution expanded its digital service offerings, upgraded its network spanning the entirety of Egypt, its deep infrastructure and systems, and aligned its internal governance frameworks to align with international and a talented pool of industry professionals to become a industry standards as it works to drive value for all stakeholders—its clients, its employees, and the community in which it does business every day.



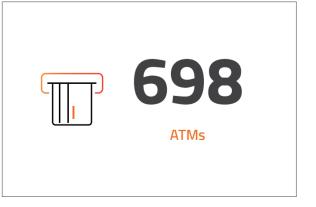












All figures are as of December 2018.

Banque du Caire Divisions



Corporate and Institutional Banking

divisions are major growth drivers for the bank. The business offers numerous solutions and services to corporate and institutional clients, from plain vanilla short- and medium-term working capital financing and savings accounts options. The division is also a products to tailored, structured solutions for more prime supporter of small and medium enterprises complex short and longer-term financing needs in (SMEs) in Egypt, bringing them a full range of products both local and foreign currencies. Over the years, and services including short- and medium-term, soft the division has built a vast and diversified roster and specialised lending solutions, trade finance and of clients, including some of the most prominent cash management services, and the option to engage public and private sector players in the market. The in foreign exchange and forward deals. Financial Institution business, which operates out of both its Egyptian offices and a representative office in the UAE, focuses on positioning Banque du Caire's business proposition across the globe, to more than operating out of 125 branch offices located across 700 financial institutions.

banking solutions including cash management and liquidity services, conventional and structured trade finance solutions, and securities services including the country as it works to bolster the government's custody and clearing, agency and trust services, as well as acting as a depository agency. It also has a standalone Debt and Structured Finance team dedicated to providing full-fledged long-term funding products to its corporate clients. The team's service offering includes arranging debt underwriting, providing structured finance solutions, arranging syndicated loans, and providing agency and financial advisory services.



Retail and SME Banking

Banque du Caire's Corporate and Institutional Banking Banque du Caire's Retail and SME Banking division provides a full-suite of innovative consumer credit and savings solutions ranging from personal, government, automotive, and mortgage loans to competitive current

The bank's Retail and SME Banking business is also one of the top microfinance providers in the country, Egypt and serving nearly 235,000 active customers as of year-end 2018. Its swift and hassle-free approval The bank also offers a multitude of global transaction process coupled with its comprehensive track record position the bank's microfinance program as the go-to funding provider for micro entrepreneurs all around push for financial inclusion.



Banque du Caire is one of the leading primary dealers operating on behalf of the Ministry of Finance to manage its sovereign debt. We are also an active participant in the secondary market for government securities.



Treasury and Capital Markets

Banque du Caire's Treasury and Capital Markets (TCM) The division offers research and analysis services to assists clients in managing their financial activities its clients by preparing and distributing a daily morning line with the bank's customer-centric approach, the commodity rates, top stock exchange indices, and more. division provides sustainable sources of profitability for its clients tailored to their specific risk appetites.

exposure, but also employs different mechanisms to and liabilities. provide diverse hedging scenarios that suit clients' needs and protects them against any forecasted fluctuations in TCM worked with other divisions to develop innovative financial markets. As part of its hedging products, the bank offers FX forward transactions and interest rate and hedging contracts that make use of FX derivatives,

We maximize our money market profits by investing the treasury assets in the local and foreign interbank market using currencies such as EGP, USD, EUR, GBP, and SAR.

The bank is among the top two key market makers in the banknote export market, where it collects foreign banknotes from the local market and exports these banknotes to correspondent banks.

while working to minimize risk exposure resulting from brief including information on the latest FX rates, LIBOR, expected or unexpected volatility in global markets. In deposit rates, the latest market developments, major

The Assets and Liabilities Management (ALM) Desk, charged with effectively forecasting market conditions An active sales desk provides a careful analysis of and constructing a funds transfer pricing (FTP) model potential risks. The team not only aims to minimize client that provides accurate benchmark pricing for all assets

> new products in 2018. These include Egyptian Eurobonds and are aimed at further expanding the bank's client base to encompass new market segments.



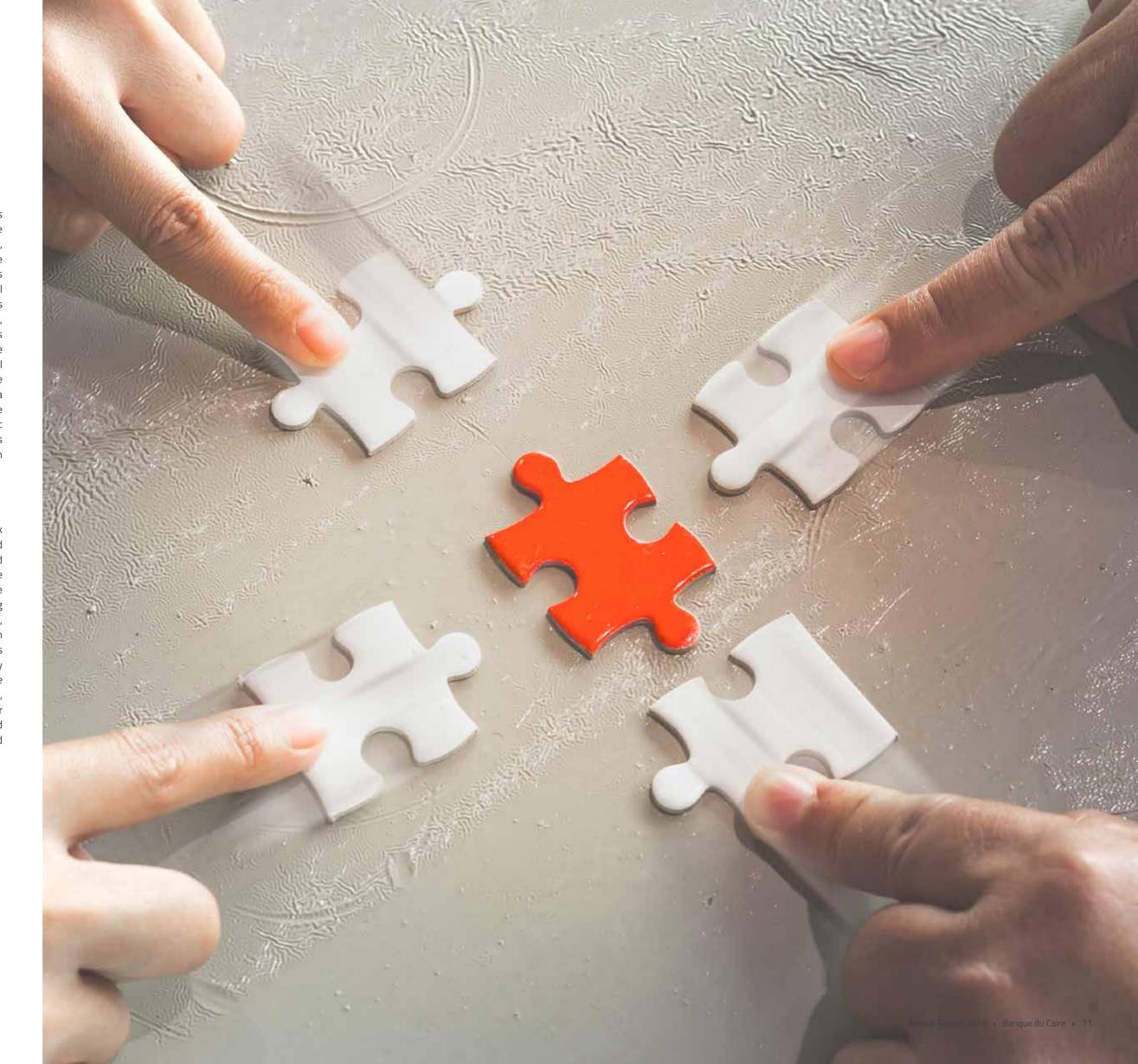
Strategic Subsidiaries

Cairo International Bank, Uganda

Cairo International Bank, Uganda began its operations in 1995 and over the years positioned itself as the bank of choice for SMEs, educational institutions, government organizations, and other small corporate entities. Cairo International Bank, Uganda provides a full-suite of tailored and innovative financial solutions ranging from corporate and personal loans to trade finance services and money transfers. Today, a restructured Cairo International Bank, Uganda is embarking on a new five-year strategy that will see the bank further increase its presence in the local and regional markets and continue to deliver value for all its clients. Cairo International Bank, Uganda offers Banque du Caire's corporate clients exclusive access to COMESA markets by providing strategic investment, export, and trade finance opportunities across several fast-growing Eastern and Southern African economies.

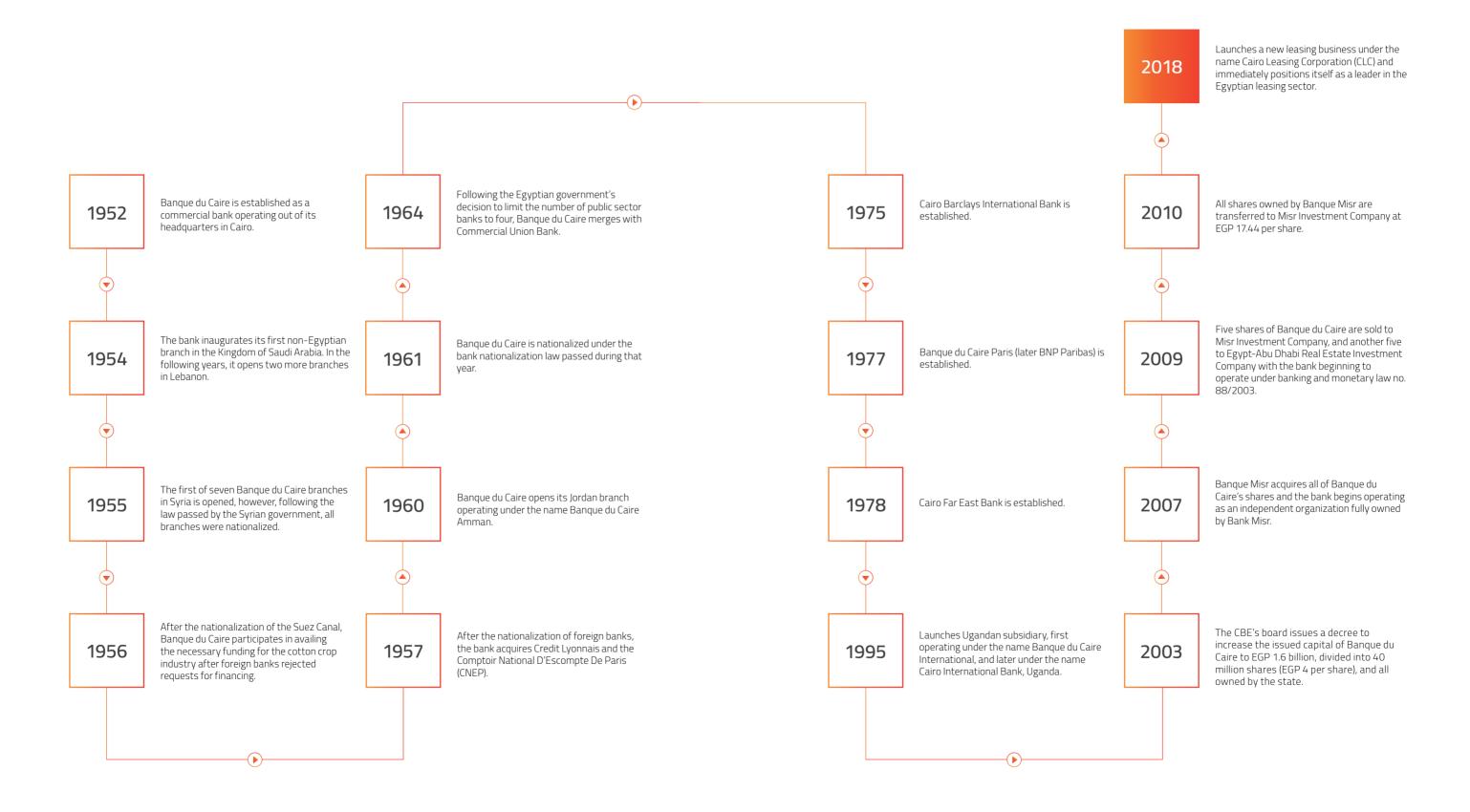
Cairo Leasing Corporation (CLC)

Founded in early 2018, CLC is an Egyptian joint stock leasing company fully owned by Banque du Caire and specialized in providing tailored leasing products and services to meet the corporate capital expenditure needs of all its clients. The company provides a wide variety of leasing products and services ranging from commercial and administrative real estate, systems and IT, and fleet management. In less than a year, CLC has been able to climb the industry ranks to become Egypt's go-to leasing company driven by a customer-centric approach that aims to provide tailored financial solutions to meet all client needs, prompt credit decisions, and an unmatched customer experience, all backed by decades of experience and knowledge that CLC's staff have accrued in the field of leasing across numerous industries.



Building on Six Decades of Success

Banque du Caire was established in 1952 by a group of financial industry professionals and has since grown to become one of Egypt's most successful and trusted corporate and retail banking institutions with a track record of success spanning more than six decades





AWARDS AND RECOGNITIONS

2018

- Deutsche Bank Excellence Award for Exceptional Quality in Payment Messaging
- The Best Syndicated Loan in North Africa by EMEA Finance
- The Best Industry Deal in Africa by EMEA Finance

2017

- Corporate Social Responsibility Award from Al Alam Al Youm
- Best Microfinance Bank in Egypt at the Banking Executives Awards for two years in a row
- Excellence Award and Best Financier of Micro Projects by the World Union of Arab Banking

2016

- Highest Shareholder Return Return on Capital Bank in Egypt for four years running by the Banker Magazine, an international publication affiliate of the Financial Times.
- Corporate Social Responsibility Award by the Arab Organization for Social Responsibility
- Best Insourced Contact Center Award by RAYA for both the first and second quarter of the year
- Best Syndicated Loan Award by EMEA Finance
- Ranked 12th worldwide for Marketing and Managing Syndicated Loans and Financing Projects by Bloomberg
- Best Microfinance Bank in Egypt at the Banking Executives Awards
- Excellence Award and Best Financier of Micro Projects by the World Union of Arab Banking

2015

- Highest Shareholder Return Return on Capital Bank in Egypt for three years running by the Banker Magazine, an international publication affiliate of the Financial Times.
- Best Retail Bank in Egypt by the World Union of Arab Banking
- Best Bank in Corporate Social Responsibility Award by Amwal El Ghad
- Best Domestic Corporate Bank and Best Islamic Investment Fund by North Africa Awards

2014

- Highest Shareholder Return Return on Capital Bank in Egypt for two years running by the Banker Magazine, an international publication affiliate of the Financial Times.
- Golden Medal for Leadership in Social Responsibility by the Tatweej Excellence Awards Academy
- Best State-Owned Bank Award by Amwal El Ghad
- Zawya Fund Award for the Banque Du Caire Fund I

2013

• Highest Shareholder Return – Return on Capital Bank in Egypt for by The Banker Magazine, an international publication affiliate of the Financial Times



2018 Financial Highlights

Banque du Caire delivered remarkable financial results during 2018, recording solid expansion across profit after tax climb 207% y-o-y to EGP 2.5 billion growth in the bank's profitability was a priority for 2018. Banque du Caire's total income for the year came to EGP 7.7 billion, an increase of 36% on the EGP Meanwhile, Banque du Caire closed 2018 with tax 5.7 billion recorded the year before.

the bulk of the year's intake, growing by 38% y-o-y. calibrated balance sheet policies prioritizing growth Meanwhile, the bank's Net Interest Margin (NIM) rose in customer loans over the bank's T-bill and T-bond to 4.7% in 2018 from 3.8% in 2017, reflecting Banque du position, given the higher tax costs associated with the Caire's focus on growing its balance sheet in a manner latter. These policies effected a decrease in the bank's that safeguards profitability and enhances margins. Fee income grew by nearly one-third during the year, registering EGP 1.1 billion on the back of higher Banque du Caire closed 2018 with total assets of business volumes and optimized fee tariffs.

increase of 13%. Despite this growth in costs and

declined by eight percentage points to 40% during 2018. This decline was driven by the rapidity of the bank's the board while maintaining healthy capital adequacy top-line growth, which exceeded cost growth by 23% and liquidity ratios. The year saw Banque du Caire's over the year. The bank booked impairments of EGP 0.9 billion during 2018, an increase of 37% y-o-y driven by from EGP 0.81 billion. Effectively reflecting top-line balance sheet growth and the taking of provisions on certain disbursements.

outlays of EGP 1.4 billion, down 5% from the figure recorded in 2017 despite a large increase in profit At EGP 6.5 billion, net interest income (NII) formed before tax. Reduced tax outlays were a result of effective tax rate to 36% in 2018 from 65% in 2017.

EGP 165.7 billion, an increase of 13% y-o-y. Loans to customers and banks (net of provisions) grew by half Banque du Caire recorded general and administrative over the year, reaching EGP 62.3 billion. Consequently, expenses totaling EGP 3.1 billion in 2018, a v-o-v the bank's gross loan to deposit ratio stood at 50% as of 31 December 2018, up from 36% the year before. increased investment on human resources, technology, Rapid loan growth comes as the bank implements a and infrastructure, the bank's cost-to-income ratio strategy aimed at expanding lending across all business

+207%

Profit in 2018

The year saw Banque du Caire's profit after tax climb to EGP 2.5 billion compared to EGP 0.81 billion the previous year.

+13%

Total assets in 2018

Banque du Caire closed 2018 with total assets of EGP 165.7 billion.

inclusion space, and stimulating economic development. ratio to 3.3% in 2018 against 5% in 2017. Meanwhile,

Corporate and Institutional Banking led the bank in over the course of 2018. terms of loan growth during the year, growing its portfolio by 84% y-o-y to register a total book value On the liabilities side. Banque du Caire's total obligations of Egypt's economy. Meanwhile, the value of Banque ahead with efforts to promote financial inclusion.

by 56% from holdings in 2017 as the bank worked to year-end 2018, representing y-o-y growth of 115%. redirect funding to customer loans and CBE deposits, year. Banque du Caire's balance sheet growth was notable increase on the 9.6% achieved in 2017. achieved while ensuring a balanced risk approach, as

segments, broadening its footprint in the financial evidenced by a decrease in the nonperforming loan the bank's coverage ratio climbed to 176% from 137%

of EGP 37 billion. Lending to SMEs expanded by 106% hit EGP 155 billion at year-end 2018, an increase of 12.4% y-o-y, reflecting Banque du Caire's commitment from year-end 2017. Despite EGP 20 billion in certificates of towards supporting growth in this dynamic segment deposit (CDs) maturing during the year, customer deposits saw a net increase of 7.5% y-o-y to EGP 131.3 billion. du Caire's retail and microfinance portfolio climbed by 2018 saw a shift in the bank's deposit composition, with 13% y-o-y to reach EGP 26 billion as the bank presses low-cost current and savings accounts (CASA) growing 34% y-o-y while CDs declined by 9%. CASA formed 44% of total deposits in 2018, up from 35% the previous year, leading Further down the balance sheet, the bank recorded to a fall in the cost of deposits to 9.6% from 10.2% over the a T-bill position of EGP 16.0 billion for 2018, down year. Liabilities due to banks stood at EGP 16.9 billion by

the latter growing by an additional EGP 13.0 billion over Shareholders' equity in Banque du Caire recorded the year. Taking this into account, the bank closed 2018 EGP 10.6 billion at year-end 2018, up by 15% from the with EGP 53.1 billion in balances with other banks, a previous year. This yielded a capital adequacy ratio y-o-y increase of 79%. Investments held to maturity of 14.3% as of 31 December 2018, well above the recorded EGP 23.5 billion at year-end 2018, down 7% regulatory minimum of 11.875%. The bank delivered from 2017 as holdings of T-bonds matured during the a return on average equity in 2018 of 22.4% in 2018, a

+36%

Total income in 2018

Total income for the year grew to EGP 7.7 billion as the bank recorded solid expansion across the board.

+38%

Net interest income in 2018

Net interest income formed the bulk of the year's intake at EGP 6.5 billion.

Balance Sheet (EGP mn)

	2014	2015	2016	2017	2018
Assets					
Cash and Balances with CBE	6,437	7,045	6,011	10,915	4,336
Due from Banks	3,706	13,372	28,639	29,649	53,100
Treasury Bills	11,439	13,529	25,731	36,073	16,030
Loans (To Customers and Banks)	29,025	34,279	42,395	41,716	62,347
Investments Held For Trading	-	44	-	-	-
Investments Available For Sale	15,585	14,820	546	750	2,274
Investments Held To Maturity	5,066	5,978	25,149	25,319	23,453
Investments in Subsidiaries & Associates	102	199	199	217	293
Other Assets	1,467	1,442	2,118	2,012	3,166
Asset Deferred Tax	18	247	242	242	295
Fixed and Intangible Assets	305	271	276	323	394
Total Assets	73,150	91,226	131,308	147,216	165,688
Liabilities and Shareholders' Equity					
Liabilities					
Due To Banks	1,257	4,120	9,641	7,882	16,930
Customer's Deposit	64,123	77,773	106,723	122,187	131,298
Other Loans	347	523	2,002	2,651	3,219
Other Liability	1,617	1,950	3,295	3,922	2,183
Deferred Tax Liabilities	18	20	22	28	37
Other Provisions	366	267	424	547	452
Retirement Benefits Liabilities	503	516	610	763	948
Total Liabilities	68,231	85,169	122,717	137,980	155,067
Equity					
Issued and Paid Up Capital	1,600	1,600	2,250	2,250	2,250
Reserves	1,791	1,818	1,925	2,516	2,421
Difference Between Present and Fair Value	-		1,580	2,650	2,453
Retained Earnings	1,528	2,639	2,836	1,820	3,497
Total Shareholders' Equity	4,919	6,057	8,591	9,236	10,621
Liabilities and Shareholders' Equity	73,150	91,226	131,308	147,216	165,688



Banque du Caire achieved remarkable financial results during 2018, recording a solid expansion across the board while maintaining healthy capital adequacy and liquidity ratios.

Income Statement (EGP mn)

	2014	2015	2016	2017	2018
Total Income	4,193	4,721	5,896	5,673	7,730
Net Interest Income	3,308	3,928	4,996	4,713	6,483
Net Fee Income	635	786	786	878	1,134
Trading Income	0	(6)	(1)	-	
Dividend Income	40	49	34	71	117
Gain/(Loss) on Investments	208	(36)	81	11	(4)
Total G&A Expenses	(1,742)	(1,897)	(2,155)	(2,733)	(3,090)
Impairment	(375)	(95)	(74)	(658)	(905)
Other Income/Expense	(11)	26	(414)	17	156
Profit Before Tax	2,065	2,755	3,253	2,299	3,891
Тах	(797)	(735)	(1,045)	(1,491)	(1,410)
Profit After Tax	1,268	2,020	2,208	808	2,481

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15%

Increase in shareholders' equity in 2018

Key Performance Indicators

	2014	2015	2016	2017	2018
Capital					
CET1	7.9%	7.1%	6.2%	7.2%	5.7%
Tier 1	7.9%	7.1%	8.7%	11.5%	11.2%
CAR	9.4%	8.5%	10.6%	15.0%	14.3%
Liquidity					
Liquidity Ratio LCY	60%	56%	57%	61%	36%
Liquidity Ratio FCY	52%	41%	64%	64%	68%
LCR	NA	1,538%	1,423%	2019%	642%
NSFR	NA	152%	234%	263%	202%
Efficiency Liquidity					
CIR	42%	40%	37%	48%	40%
ETR	39%	27%	32%	65%	36%
Asset Quality					
NPL	4.9%	5.1%	4.6%	5.0%	3.3%
Coverage Ratio	77%	68%	114%	137%	176%
Loss Rate	1.4%	0.3%	0.2%	1.5%	1.7%
Profitability					
NIM	5.4%	5.4%	5.2%	3.8%	4.7%
Revenue growth	21%	13%	25%	-4%	36%
PBT growth	22%	33%	18%	-29%	69%
PAT Growth	22%	59%	9%	-63%	207%
Returns					
ROAE	26.6%	36.8%	30.1%	9.1%	25.0%
ROAA	1.89%	2.50%	2.00%	0.69%	1.60%
Other BS Ratios					
Gross Loan-to-Deposit Ratio	47%	46%	41.8%	36.5%	50.2%
CASA/Total Deposits	49%	43%	34.4%	35%	43.6%



Ensuring that top-line growth was effectively reflected in the bank's profitability was a priority for 2018.

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Note from the CEO



With a decades-long history in the Egyptian banking industry, Banque du Caire has consistently been at the forefront of change. From shifts in macro climates to market headwinds and tailwinds, our bank has navigated change since inception. There's a reason we've maintained our position as one of Egypt's leading and most respected banks for almost 70 years; we've developed a talent for reinvention. Time and time again, we've skillfully adapted our strategies and operations to respond to changing market dynamics and provided our customers with superior products and services. 2018 was one marked not only by shifting strategies and transformation, but also remarkable achievements. We took steps to set up a bullet-proof five-year strategy and embarked on a holistic transformation focused on restructuring our internal operations, enhancing our use of technology, and boosting our brand equity.

The effectiveness of our new strategy has already started to yield results, with strong numbers achieved across all our business lines in 2018. We've managed to aggressively expand our presence in the corporate banking space while growing our retail banking stronghold in the market. Portfolio growth was seen across the board, from microfinance to SMEs through to corporate financing, with the year closing at total assets of EGP 165.7 billion, an increase of 13% y-o-y. Loans to Corporates, Individuals, Banks, and Non-Bank Financial Institutions rose to EGP 62.3 billion, filtering through to a gross loan to deposit ratio of 50% from 36% in the previous year as we worked to expand lending across all business segments, widen our financial inclusion efforts, and stimulate economic development.

This operational excellence hinged on our internal transformation strategy, which has seen us make significant changes to our corporate and retail banking platforms. In the corporate banking space, we've made remarkable strides in just a single year. We have aggressively expanded our institutional banking product offerings and overhauled our internal processes to develop several new channels that allow us to capitalize on the synergies inherent in our business model. In 2018, we established a new Global Transaction Banking subdivision that oversees cash management, trade finance, custody, digital products, and restructured our Corporate Finance and Structured Products Department. To expand our

offering in the Egyptian market, in 2018 we launched our first non-bank subsidiary Cairo Leasing Corporation build out an institution in which our people are proud to (CLC), which not only broke even in its first quarter of work. We've realigned the bank with a new and improved operations but has already made a name for itself in the organizational structure and restructured numerous market and closed its first nine months of operations lines of business to ensure we have the right calibers with a solid net profit.

In 2018, we restructured our retail platform by programs and aligned the amount of time staff spend in implementing a full-fledged segmentation strategy as we worked on becoming a customer-rather than product-centric institution, tailoring products to specific clients' needs. Physical expansion is a key component of our strategy and we aim to open between 80 to 100 new branches over the next five years, including several hubs that will serve wealth clients who represent 20% of existing deposits. These efforts align seamlessly with our physical transformation strategy which has seen the bank embark on a facelift to branches, alternative channels, and its brand identity, while aggressively expanding and such as finance, audit, compliance, and risk management overhauling our ATM network as we work to solidify our to create a sturdy foundation for future growth. This brand equity throughout the market.

As we grow in these directions, we understand that technology has become an increasingly important tool in banks' efforts to deliver a seamless and comprehensive experience to customers, and this year we made sizeable investments in this area. Most significantly, we will be rolling out our mobile and internet banking Banque du Caire for the better and enhanced our ability offering in early 2019. We have also enhanced our to provide our customers with exceptional services. The existing mobile wallet through partnerships with mobile payment providers; in the near future, we aim to include utility payments and peer-to-peer money transfers. In support of the Central Bank of Egypt's push towards a cashless society and to foster financial inclusion and intermediation, we are also working on digitizing the loan today. I look forward to coming back to this space next application, disbursement, and repayment mechanisms year to report another chapter of our success. for our microfinance offering—a key component of not only our business model but our efforts to enhance the **TAREK FAYED** community we serve. To support these efforts, we are Chairman and CEO in the process of upgrading our IT infrastructure and introducing an innovative new core banking system, which will be fully operational within two years.

This comprehensive set of transformational strategy planks could not have been realized without the continued support of the people that make Banque du Caire what it is today. Throughout the year, we've made significant

investments in revamping our internal structures to in the right positions. With the help of our dedicated HR team, we've doubled down on our internal training training every year with international averages. We are also taking steps to enhance the quality of the trainings offered, and we have overhauled our appraisal system in favor of one that more effectively helps employees build on their strengths to progress in their careers within the bank and reward performance.

At the same time, we upgraded the bank's working platforms to improve our work environment and corporate culture, and we have strengthened internal functions vear, we have also modified the structure of our Board of Directors to ensure that the majority of its members are independent non-executives as we work to align our corporate governance structures with the highest levels of integrity and transparency.

Already our transformation strategy has changed support and dedication of every one of our employees has been instrumental in its successful implementation, and I would like to extend my sincere gratitude to the members of our team, executive management, and our esteemed Board of Directors for helping us reach where we are

Board of Directors



From left to right: Mr. Ramy El Borai, Mr. Wael Ziada, Mr. Hazem Hegazy, Mr. Hisham Sanad, Ms. Amal Esmat, Mr. Tarek Fayed, Mr. Ashraf Bakry, Mr. Amr El Shafei, Mr. Tamer Wagih Salem.



Mr. Tarek Fayed **Chairman and Chief Executive Officer**

du Caire, Mr. Fayed has more than 30 years of banking for Refund of Funds. experience in a variety of fields including but not limited to banking supervision, risk management, and Prior to his tenure with the CBE, Mr. Fayed was the corporate and investment banking.

Mr. Fayed is currently a board member of the Federation of Egyptian Banks, board member of the Union of Arab banks, and a non-executive board member of the Egyptian Credit Bureau I-Score, Credit Guarantee Company (CGC), and Cairo Leasing Corporation (CLC), Mr. Fayed also held a post at Citibank Egypt in both the bank's Non-Banking Financial Institution arm.

spent 10 years working for the CBE, having joined plans for the segment to grow its market share. the bank during the second wave of the banking sector reform program. He has overseen several Mr. Fayed holds a BA in Commerce from Ain Shams departments under banking supervision including University, in addition to various certifications but not limited to ongoing surveillance, licensing, in Credit and Risk Management. He also led and and macroprudential supervision. He managed attended numerous study tours and seminars with successfully to shift the supervisory framework supervisory bodies and international institutions, from a compliance to a risk-based approach, and such as the Federal Reserve, European Central Bank, introduced new supervisory tools and techniques Bank of England, Deutsche Bundesbank, and Bank for such as early warning systems and stress testing, in International Settlements. line with best international supervisory standards. He

also participated in the introduction of a large range of prudential regulations including Basel Standards. Additionally, he established Egypt's first financial stability report in 2017 and was also part of the CBE negotiation team with the International Monetary Fund (IMF) to facilitate Egypt's economic reform program in 2016.

Mr. Fayed represented the CBE in several regional and international organizations, such as the Arab Trade Finance Program and the Financial Stability Working Group at the Arab Monetary Fund. He was a board member of the PTA Bank, currently known as Trade and Development Bank (TDB) and Deputy Chairman of the Islamic Financial Services Board (IFSB), an international standard-setting organization for Islamic financial institutions. He also represented the CBE as a non-executive director for a number of financial institutions as part of their transformation. These included the Agriculture Bank of Egypt, United Bank, Holding the position of Chairman and CEO at Banque Arab International Bank, and the National Committee

> General Manager and Chief Risk Officer at the Arab International Bank in Cairo, where he also held a position on the bank's Risk and Steering Committees. Mr. Fayed worked at Samba Financial Group, an affiliate of Citigroup, in Riyadh, Saudi Arabia in the position of Audit Director.

Cairo and Alexandria as Corporate Bank Head where he navigated the corporate banking strategy in line with Prior to his tenure with Banque du Caire, Mr. Fayed the bank's overall growth plan and developed marketing

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Mr. Amr El Shafei **Executive Vice Chairman**

Mr. Amr El Shafei joined Banque du Caire as Executive Training Program in 1999. The program was completed Vice Chairman on 1st of January 2018. Amr currently Sukuk S.A.E.

Prior to NBE, Amr worked with Barclays Africa as Regional Amr holds a BA in Economics and Political Science from Head of Corporate Banking & Corporate Products for Cairo University. Egypt, Kenya, and Tanzania based out of Egypt. He was also a member of the Executive Committee for Corporate and Investment Banking for Africa. He joined Barclays Bank in Egypt as Corporate Banking Director in November 2012 after a move from Barclays UAE. He served with Barclays UAE since 2008 as Head of Extended Coverage Countries (GCC) where he spent 1.5 years, after which he spent almost 3 years as Head of Corporate Coverage for Abu Dhabi and the Northern Emirates.

Amr moved to Barclays from Citigroup in UAE where he served as Vice President of Corporate Finance responsible for coverage and origination, with a focus on governmentrelated entities (GREs) and top-tier local corporates. He also worked with Citigroup in Cairo as a Corporate Relationship Manager and Leasing Product Manager and with the International Corporate Division of Mashreqbank in Dubai where he managed corporate origination in Saudi Arabia, Bahrain, and Kuwait. Prior to his time with Citi's Corporate Bank in Egypt, he completed an on-the-job training program with Bank of New York in Colorado and New York as part of the Egyptian government's Executive

during his time as Marketing and Credit Manager for the serves as a Board Member of the Holding Company for International Company for Leasing (Incolease) where he Tourism and Hotels (HOTAC), Board Member of Cairo spent two years as one of the core team setting up the Firm's Leasing Company (CLC), the bank's leasing arm, as well portfolio and credit policies. Before Incolease, Amr spent five as Board Member of Misr Bank-Europe GmbH, and years with HSBC's Corporate Bank in Egypt, where he started most recently he became the Board Member of Sarwa his career in February 1994 and completed his Executive Training Program.



Mr. Hazem Hegazy **Executive Vice Chairman**

Mr. Hazem Hegazy currently holds the position of Mr. Hegazy spent some time working for Union National and Development Company in Egypt.

Before joining Banque du Caire, Mr. Hegazy served as the bookended with a position of Branch Manager. National Bank of Egypt's (NBE) CEO of Retail and SMEs for two years where he managed 390 branches and over Mr. Hegazy holds a BSc in Accounting from the Faculty of 10,000 members of staff, set up business strategies, and conducted high-level deals with international financial institutions. Mr. Hegazy was also CEO of the Egypt division of Network International, a leading UAE-based payment solutions provider, where he led on strategy creation and streamlining operations as well as profitability. Prior to that, he was the Consumer Banking Group Head at Barclays Bank in Egypt where he skillfully managed the bank's retail and branch network solutions.

For six years prior, he served as the Group Head of the Retail and Branch Group at NBE, where he restructured the retail business, built up key alternative channels like the call center, drove strategy on product development, sales, services, and more. From 2007 to 2008, Mr. Hegazy held the position of VP Head of Retail Banking at the Arab Bank, and from 2005 to 2007 he was Head of Distribution—Retail Banking at Al Ahli United Bank in Qatar where he recommended changes that boosted the bank's performance and developed key relationships with partners that helped maximize market share.

Executive Vice Chairman at Banque du Caire, a post he took Bank as AVP Operations Risk Manager where he was in 2018. He has over 28 years of experience in retail and integral to the bank's risk management strategies. He was SME banking across Egypt and the GCC and is highly skilled Manager of Asset Sales with the UAE division of Standard in risk management, banking, and operations. He also Chartered Bank where he ran consumer-facing products, currently holds a position on the board of Al Nasr Housing enhanced the portfolio, and expanded the volume of the bank's retail business. Mr. Hegazy began his banking career with Mashreq Bank where he held numerous posts

Commerce at Cairo University.



Ms. Amal Esmat **Non-Executive Board Member**

Ms. Amal Esmat joined Banque du Caire as a Non-Executive Board Member on 1 January 2018. Ms. Esmat has more than 20 years of banking experience, mostly with Citigroup in the Middle East. In her lastest assignment with Citi, she was the Middle East Regional Risk Management Head for Citigroup Global Markets Limited - Dubai from 2006 to 2016. Prior to that, she was the deputy Regional Risk Management Head for the Middle East based in Bahrain from 2005 to 2006. Ms. Esmat joined Citibank in Cairo in 1997 as a Relationship Manager in the Corporate Banking Team. In 2003, she joined the Risk Management group under the Credit Risk Analytics Department Head for Citibank Egypt. Prior to Citi, Ms. Esmat worked for three years as a Project Finance Officer with Export Development Bank of Egypt. Aside from her banking career, which focused mostly on Corporate Banking and Credit Risk Management, she conducted audits on numerous bank branches in Africa, the Middle East, North Africa, and London. Ms. Esmat holds an MBA in International Banking and Finance from the University of Birmingham, UK and a BSc in Chemical Engineering from Cairo University.



Mr. Ashraf Bakrv **Non-Executive Board Member**

Mr. Ashraf Bakry was appointed as a Non-Executive Board Member in Banque du Caire on 1 January 2018. Mr. Bakry is the Managing Director of Unilever Mashreq and a member of the NAME (North Africa and Middle East) Leadership Team. He has over 25 years of experience in both Supply Chain and General Management in Multinational Organizations.

He started an academic career in 1992 as a demonstrator in the Faculty of Engineering then moved a year later to join Procter and Gamble in 1993. He spent six years in various manufacturing assignments in Saudi Arabia as well as regional category international assignments, which involved working in the UK and France looking after a consolidation project in the Middle East, Africa, and Pakistan. Mr. Bakry moved back to Egypt in 1999 and joined Unilever Egypt as a Plant Manager. He joined the Unilever board in 2001 as the Supply Chain Director, then moved to General Management in 2006 to manage Levant and Iraq. In January 2009, he joined the NAME board as NAME Supply Chain Vice President looking after the operations in the 20 countries spanning from UAE to Morocco.

In 2014, he was assigned as the Managing Director leading the Unilever business in the Mashreq region. Mr. Bakry co-chairs the Industrial and Trade Committee in the American Chamber in Egypt. He is part of the Internal Trade Development Committee and he is also the head of the Egyptian Cosmetics Export Council (Part of the Medical/Cosmetics Export Council).



Mr. Ramy El Borai **Non-Executive Board Member**

Non-Executive Board Member on 1 January 2018. Mr. El Borai is the Managing Partner of El-Borai and Partners. He is licensed to practice law in Egypt and the State of New York and advises on various aspects of commercial. corporate, banking, and finance law. He has closed on diverse and complex transactions, such as project finance, asset-backed finance, capital leasing, derivatives, loan syndications, and risk-participation agreements. He has extensive expertise in investment banking transactions and advises on the establishment of on/offshore PE funds.

In addition, Mr. El Borai has extensive expertise in labor law and has been at the forefront of complex and successful collective bargaining processes along with the internal corporate revamping and restructuring of the labor force for domestic and multinational corporations. He is a former assistant lecturer at the Queen Mary University of London and Westfield College, as well as in Southern Methodist University, Texas, for ethics, conflict of interests, and legal writing with the American Bar Association, Continued Legal Education Program (CLE). He was also a lecturer in Labor Law with the American University in Cairo - Management Center and a lecturer for contract and commercial law for the MBA Program of Ecole Supérieure Libre des Sciences Commerciales Appliquées.

Mr. El Borai is a former Partner at Sarie-Eldin and Partners, former Legal Consultant to the World Bank's Financial Sector in Washington D.C., former VP Legal Counsel at the National Investor, and former Senior Legal Counsel at NBAD.

in Cross-Border Corporate Insolvency, an LLM from the University of Warwick (UK), an LLM from Southern Methodist University (TX), an LLB from Paris I Pantheon-Sorbonne, and an LLB from Cairo University.



Mr. Tamer Wagih Salem **Non-Executive Board Member**

Mr. Ramy El Borai joined Banque du Caire as a Mr. Tamer Wagih Salem joined Banque du Caire as a Non-Executive Board Member on 1 January 2018. Mr. Salem is the Chairman of the Board of Directors and Primary shareholder in Prime Holding Group. He was previously Chairman of numerous investment companies, including Coprosa Prime for Construction, Cairo Contractors Company, Prime Pharma for International Trade, Prime Mining, Prime Foods for Food Products, and Prime Tours for Tourism.

> He has also filled several posts at the community level, both locally and regionally, including Chairman of the Committee of Foreign Investors at the Saudi Chamber of Commerce in Riyadh, Member of the Board of Directors of the Egyptian Saudi Business Council, Member of the Egyptian Emirates Business Council, and Member of the Board of Directors of the Canadian Chamber of Commerce in Cairo. He has also participated in numerous public welfare activities, particularly in the field of planning and comprehensive development, initiated a national youth and local community development called "Your Project" (Mashrou'ak) for the development of small enterprises. He has also been a speaker in the Emirates Center for Strategic Studies since 2012.

Mr. Salem received several awards from both local and international bodies, including from the Egyptian Military Council for his support of youth and development projects, the Arab Distinction Award for the Best National Project, an award from the Emirates Sheikh Zayed Foundation for Dedication, an award from the Emirates Center for Political and Strategic Studies, an honorary membership from the Saudi Association for Voluntary Work, an award from the Initiative of Sheikh Saleh Kamel for community service, and Mr. El Borai holds a PhD from the University of London the Saudi Medal of Voluntary Work and Community Service.

> Mr. Salem holds a BSC in Construction Engineering from Ain Shams University and several diplomas in business management and business development.



Mr. Hisham Sanad **Non-Executive Board Member**

economic sectors, and services provided by the ICT financial and non-financial. sector. Mr. Sanad is currently the Chairman and CEO of Egabi Solutions. In mid-2006, he co-founded Egabi Group, a leading IT Solutions & Services Company with regional coverage across a number of subsidiaries and branches in Egypt, Saudi Arabia, and the UAE as the vision and the executive plan for EFG Hermes to venture well as a technical training company and a specialized company focused on the delivery of dedicated technology solutions and services to the Banking and sectors. During his tenure with the firm, he established EFG Financial Services sector.

He is a Board Member of the Technology Development Fund (TDF), former Board Member and Chairman of the Chamber of Information Technology and Communication, and former Board Member of the Information Technology Industry Development Agency (ITIDA), the executive IT arm of the Ministry He was head of EFG Hermes' award-winning and interof Communications and Information Technology. Mr. Sanad is a member of the American Chamber of Commerce and a member of the Information and Communications Systems Division in the Chamber.

He was the Managing Director of Raya Software and Raya Regional Services, the General Manager of Raya Integration, and the General Manager of Solutions and Technology Services (STS).

Mr. Sanad holds a BSc in Electronics & Communication Engineering from Ain Shams University. He is a graduate of the Strategic Executive Leadership Program at Harvard Business School, USA in 2004.



Mr. Wael Ziada **Non-Executive Board Member**

Mr. Hisham Sanad joined Banque du Caire as a Mr. Wael Ziada was appointed as a Non-Executive Board Non-Executive Board Member in March 2018. Mr. Member on 1 January 2018. Mr. Ziada has over two decades Sanad's experience extends over more than 30 years of experience in money markets in the Middle East and in the IT services sector supported by vast business is currently the Founder and Executive Chairman of Zilla and organizational planning expertise punctuated Capital for Investments, a regional private investment by expert knowledge of regional markets, various company and a board member of various entities, both

> Prior to that, Mr. Ziada was the Executive Chairman and CEO of EFG Hermes Finance and a member of the Executive Committee of EFG Hermes Holding. He was responsible for into the field of non-bank financing to diversify revenue streams and lower dependence on volatile money market Hermes Leasing, which was able to capture EGP 1.5 billion in leased assets and to be rated as one of the five largest leasing companies in Egypt less than two years after its establishment. He also contributed to the acquisition of Tanmeyah for Microenterprises, restructuring it to become part of EFG Hermes Finance.

> nationally recognized research division from 2008 to 2014. Under his leadership, the department underwent a significant turnaround that saw its coverage expanding to more than 12 countries with output expanding threefold and its services offered over digital platforms. He succeeded in assessing and promoting several initial public offerings, the most important of which were Vodafone Egypt, Emaar Malls Group, Talaat Mostafa Group, Telecom Egypt, Palm Hills for Real Estate Marketing, the Arabian Cement Company, and the promotion of the first real estate investment fund in the Arab world—the Emirates Real Investment Trust (REIT).

> He holds a BA in Economics from the American University



The bank boasts the youngest and one of the most diverse boards in Egypt's banking sector; only two board members have pursued careers solely as bankers.

Executive Committee



From left to right: Ms. Soha El Turky, Mr. Hazem Hegazy, Mr. Tarek Fayed, Mr. Amr El Shafei, Ms. Hala El Kasar, Mr. Mohamed Alv.

Mr. Tarek Fayed

Chairman and Chief Executive Officer

du Caire, Mr. Fayed has more than 30 years of banking and Development Bank (TDB) and Deputy Chairman experience in a variety of fields including but not limited of the Islamic Financial Services Board (IFSB), an to banking supervision, risk management, and corporate international standard-setting organization for Islamic and investment banking.

Mr. Fayed is currently a board member of the Federation institutions as part of their transformation. These of Egyptian Banks, board member of the Union of included the Agriculture Bank of Egypt, United Bank, Arab banks, and a non-executive board member of Arab International Bank, and the National Committee the Egyptian Credit Bureau I-Score, Credit Guarantee for Refund of Funds. Company (CGC), and Cairo Leasing Corporation (CLC), the bank's Non-Banking Financial Institution arm.

Prior to his tenure with Banque du Caire, Mr. Fayed International Bank in Cairo, where he also held a spent 10 years working for the CBE, having joined the position on the bank's Risk and Steering Committees. bank during the second wave of the banking sector reform program. He has overseen several departments of Citigroup, in Riyadh, Saudi Arabia in the position of under banking supervision including but not limited to Audit Director. ongoing surveillance, licensing, and macroprudential supervision. He managed successfully to shift Mr. Fayed also held a post at Citibank Egypt in both the supervisory framework from a compliance to a Cairo and Alexandria as Corporate Bank Head where he risk-based approach, and introduced new supervisory tools and techniques such as early warning systems the bank's overall growth plan and developed marketing and stress testing, in line with best international supervisory standards. He also participated in the introduction of a large range of prudential regulations Mr. Fayed holds a BA in Commerce from Ain Shams economic reform program in 2016.

Mr. Fayed represented the CBE in several regional and International Settlements. international organizations, such as the Arab Trade Finance Program, the Financial Stability Working Group, and the Arab Monetary Fund. He was a board

Holding the position of Chairman and CEO at Banque member of the PTA Bank, currently known as Trade financial institutions. He also represented the CBE as a non-executive director for a number of financial

> Prior to his tenure with the CBE, Mr. Fayed was the General Manager and Chief Risk Officer at the Arab Mr. Fayed worked at Samba Financial Group, an affiliate

> navigated the corporate banking strategy in line with plans for the segment to grow its market share.

including Basel Standards. Additionally, he established University, in addition to various certifications Egypt's first financial stability report in 2017 and in Credit and Risk Management. He also led and was also part of the CBE negotiation team with the attended numerous study tours and seminars with International Monetary Fund (IMF) to facilitate Egypt's supervisory bodies and international institutions, such as the Federal Reserve, European Central Bank, Bank of England, Deutsche Bundesbank, and Bank for

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Mr. Amr El Shafei

Executive Vice Chairman

serves as a Board Member of the Holding Company for Tourism and Hotels (HOTAC), Board Member of Cairo Leasing Company (CLC), the bank's leasing arm, as well as Board Member of Misr Bank-Europe GmbH, and most recently he became the Board Member of Sarwa and Development Company in Egypt. Sukuk S.A.E.

Prior to NBE, Amr worked with Barclays Africa as Regional Head of Corporate Banking & Corporate Products for Egypt, Kenya, and Tanzania based out of Egypt. He was also a member of the Executive Committee for Corporate and Investment Banking for Africa. He joined Barclays Bank in Egypt as Corporate Banking Director in November 2012 after a move from Barclays UAE. He served with Barclays UAE since 2008 as Head of Extended Coverage Countries (GCC) where he spent 1.5 years, after which he spent almost 3 years as Head of Corporate Coverage for Abu Dhabi and the Northern Emirates.

Amr moved to Barclays from Citigroup in UAE where he For six years prior, he served as the Group Head of the served as Vice President of Corporate Finance responsible Arabia, Bahrain, and Kuwait. Prior to his time with Citi's Corporate Bank in Egypt, he completed an on-the-job training program with Bank of New York in Colorado and New York as part of the Egyptian government's Executive Training Program in 1999. The program was completed during his time as Marketing and Credit Manager for the International Company for Leasing (Incolease) where he spent two years as one of the core team setting up the Firm's portfolio and credit policies. Before Incolease, Amr spent five years with HSBC's Corporate Bank in Egypt, where he started his career in February 1994 and completed his Executive Training Program.

Amr holds a BA in Economics and Political Science from Cairo University

Mr. Hazem Hegazy

Executive Vice Chairman

Mr. Amr El Shafei joined Banque du Caire as Executive Mr. Hazem Hegazy currently holds the position of Vice Chairman on 1 January 2018. Amr currently Executive Vice Chairman at Banque du Caire, a post he took in 2018. He has over 28 years of experience in retail and SME banking across Egypt and the GCC and is highly skilled in risk management, banking, and operations. He also currently holds a position on the board of Al Nasr Housing

> Before joining Banque du Caire, Mr. Hegazy served as the National Bank of Egypt's (NBE) CEO of Retail and SMEs for two years where he managed 390 branches and over 10,000 members of staff, set up business strategies, and conducted high-level deals with international financial institutions. Mr. Hegazy was also CEO of the Egypt division of Network International, a leading UAE-based payment solutions provider, where he led on strategy creation and streamlining operations as well as profitability. Prior to that, he was the Consumer Banking Group Head at Barclays Bank in Egypt where he skillfully managed the bank's retail and branch network solutions.

Retail and Branch Group at NBE, where he restructured for coverage and origination, with a focus on government- the retail business, built up key alternative channels like related entities (GREs) and top-tier local corporates. the call center, drove strategy on product development, He also worked with Citigroup in Cairo as a Corporate sales, services, and more, From 2007 to 2008. Mr. Relationship Manager and Leasing Product Manager and Hegazy held the position of VP Head of Retail Banking with the International Corporate Division of Mashregbank at the Arab Bank, and from 2005 to 2007 he was Head in Dubai where he managed corporate origination in Saudi of Distribution—Retail Banking at Al Ahli United Bank in Qatar where he recommended changes that boosted the bank's performance and developed key relationships with partners that helped maximize market share.

> Mr. Hegazy spent some time working for Union National Bank as AVP Operations Risk Manager where he was integral to the bank's risk management strategies. He was Manager of Asset Sales with the UAE division of Standard Chartered Bank where he ran consumer-facing products, enhanced the portfolio, and expanded the volume of the bank's retail business. Mr. Hegazy began his banking career with Mashreg Bank where he held numerous posts bookended with a position of Branch Manager.

> Mr. Hegazy holds a BSc in Accounting from the Faculty of Commerce at Cairo University.

Ms. Hala El Kasar

Chief Risk Officer

Ms. Hala Kasar joined Banque du Caire in October Top 25 Influential Business Women in Egypt by Forbes market risk, operational risk, credit administration, the American University in Cairo. remedial loans, and information security. Before joining Banque du Caire, Ms. El Kasar filled various credit risk positions at leading banks including Abu Dhabi Islamic Mr. Mohamed Aly Bank as Head of Credit Risk & Portfolio Management Treasurer and the Arab Banking Corporation Egypt as the Credit & Risk Management Division Head. Ms. El Kasar has a diversified 25 years of experience in banking in the fields of corporate finance, credit, various risk management functions as well as information security management and has extensive knowledge Economics from the American University in Cairo.

Ms. Soha El Turkv

Chief Financial Officer

Ms. Soha El Turky has leveraged nearly 25 years of experience in finance, retail risk, and business development at numerous global organizations based in Egypt and the United Kingdom. She is currently the Chief Financial Officer (CFO) at Banque du Caire where she leads on finance, strategy, and investor relations. Prior to taking her post with the bank, she held a number of CFO positions including CFO at ADIB Egypt, CFO of Corporate Banking at Barclays UK, and CFO at Barclays Egypt. Prior to her eight years with Barclays, she spent 10 years at Citibank, holding numerous high-ranking positions including CFO of the Global Consumer Group, Quality Assurance Head, and Credit Risk Policy & Management Information Systems Head. She is currently a board member at Emaar Misr and has previously held a board position at Barclays Egypt. Her experience and influence in the MENA banking industry has led her to be recognized by Forbes Middle East in 2018 as one of the Middle East's Most Influential Women, and in 2017 she was named one of the Top 100 Most Powerful Arab Businesswomen and one of the

2010 as the Head of Credit Risk and was appointed Middle East. Ms. El-Turky holds a diploma in Financial as Chief Risk Officer in May 2012. She has extensive Strategy from Oxford University, as well as an MBA and management experience in the areas of credit risk, BA in Business Administration, both of which were from

Mr. Mohamed Aly joined Banque du Caire in September 2018 as the Head of Treasury & Capital Markets Group capitalizing on his 25 years of experience in covering international markets as well as the Egyptian market. He is also a member of the Executive, ALCO, and Investment Committees at Banque du Caire. He is currently a member of governance, compliance, and control frameworks. of the American Chamber of Commerce in Egypt and She previously held various external positions as a the Interarab Cambist Association (ICA). Additionally, non-executive member of the board of directors of he is the Vice Chairman & Board Member of ACI Egypt. Nile Holding for Investment (a subsidiary of Banque Prior to joining the bank, Mr. Aly was the Head of Capital du Caire) and Misr Insurance Holding Companies. She Markets at QNB Alahli. During his time at QNB Alahli, is also currently a non-executive member of I-Score's Mr. Aly was the Portfolio and Investment Manager of board of directors. Ms. El Kasar holds a diploma in the Staff Fund. Prior to ONB Alahli, he was the Head of the implementation of Basel II Requirements with Capital Markets at National Société Générale Bank in the American Bankers Association, as well as a BA in Cairo (Socgen Cairo). During his professional experience, Mr. Aly attended numerous seminars and workshops for well-known international investment houses in Europe. the United States, and Gulf countries covering various banking and finance topics. Mr. Aly holds a BA in Business Administration from Ain Shams University.

Function Heads

Product Units



Mohamed Aly Head of Treasury & Capital Markets



Ossama El Naggar Head of Global Transaction Banking - GTB



Amr Nossair
Head of Retail Banking
& Microfinance

Business Coverage



Omar Ramzy Head of Corporate Banking, Debt & Structured Finance



Mohamed Hossny Head of Branch Network



Tawfek Semary
Head of Microfinance



Mohamed Ragai Head of Investment



Nader Saad Head of SME Banking



Ayman Khattab Head of Financial Institutions

Control Functions



Hala El Kasar Chief Risk Officer



Hafez Aboul Azm Chief Compliance Officer



Amr Samy Chief Internal Auditor

Support Functions



Soha El Turky Chief Financial Officer



Tamer Talaat Head of Banking Operations



Mohamed Abdel Basset Head of HR



Mohamed Hashim Head of Legal



Hesham Daabes Chief Information Officer



Heidi El Nahas Head of Corporate Communications and Sustainable Development

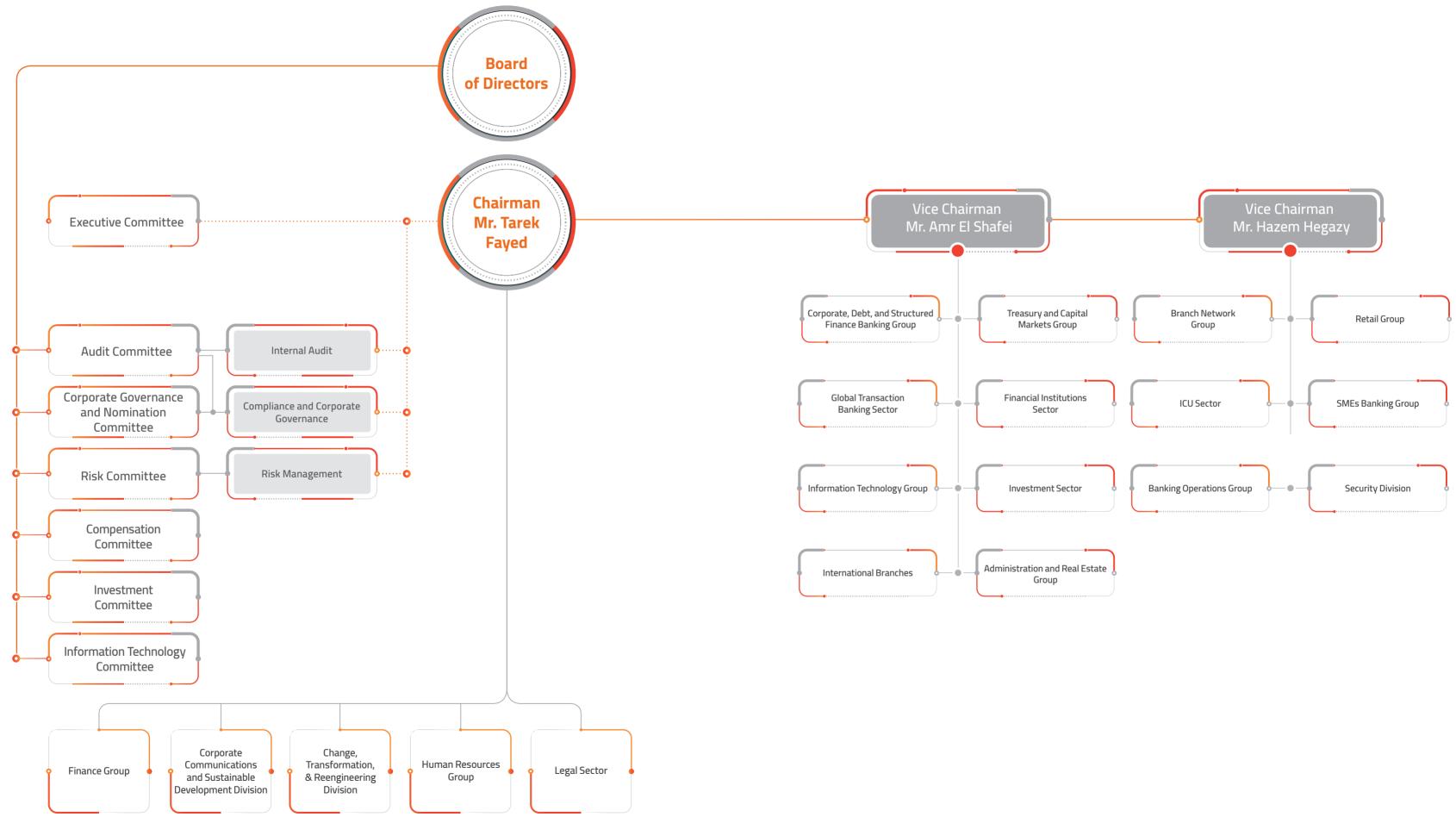


Sherif Shalash Head of Administration Affairs and Real Estate



Beshoi Tawadrous Head of the Change, Transformation, & Reengineering Division

Organizational Structure



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Strategy

Banque du Caire sets clear, focused strategies that allow it to leverage its existing strengths while developing new ones, creating greater value for its stakeholders

> For 66 years, Banque du Caire has functioned as a in Egypt across a significant range of industries society as a whole.

Banque du Caire recognizes that in order to fulfill dealing with change. Egypt's financial industry is one that has experienced numerous shifts in recent years, facing challenges and opportunities in equal measure. The market's evolution has necessitated a structural of gravity, a broad redevelopment of its internal capabilities and its relationships with its partners, and a deeper focus on people and deepening product offerings and customer service through innovation and digitalization across the board. In 2018, Banque du Caire followed a multi-pronged strategy that allowed the bank to strengthen its position across existing segments while progressing towards a strategy of transformation in a clear and efficient manner.

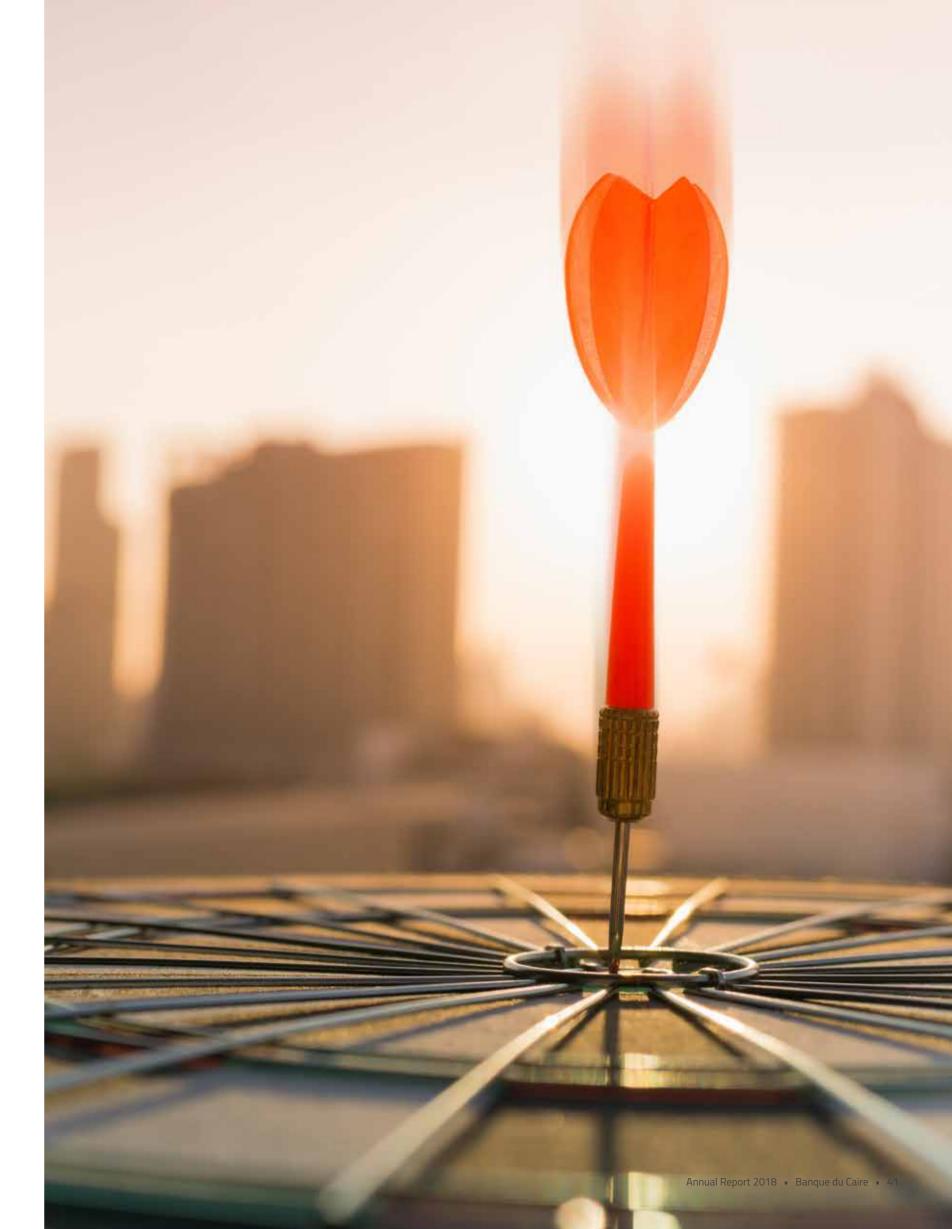
Corporate and Institutional Banking

As Banque du Caire looks to diversify its asset base, corporate banking offers an immense opportunity for thebanktoleverageits existing experience and network to solidify itself as a leader in this high-potential market segment over the coming years. Corporate banking activities play a crucial role in the Egyptian economy with bank lending representing the largest source of domestic corporate debt funding. Banque du Caire aims to support economic growth

trusted financial partner to millions of Egyptians. through a broadly allocated corporate loan portfolio The bank's 7,741 employees serve individuals and encompassing sectors such as energy and utilities, businesses from across the country, building deep food, pharmaceuticals, oil and gas, petrochemicals, relationships that often last decades. Over its history, building materials, and real estate. In order to Banque du Caire has strived to both create value for continue achieving growth and further increase the its stakeholders and to produce positive outcomes for Bank's market share in the corporate banking realm, Banque du Caire has implemented a series of strategic initiatives during 2018.

these missions, it must take a proactive approach to Throughout the year, Banque du Caire established corporate banking hubs covering the Alexandria, Delta, and Suez Canal regions. These hubs will play a central role in attracting prospective clients with businesses that are export-oriented in sectors that yet gradual shift in Banque du Caire's financial center align with Egypt's economic growth plans. Banque du Caire aims to target large, reputable contractors and multinational corporations that are already pre-qualified for mega-projects. Banque du Caire is also targeting medium-sized contractors with acceptable risk profiles. Banque du Caire is also employing competitive pricing and plans to leverage the Egyptian government's development plan to provide loans in the industries targeted for financing

> Banque du Caire's corporate banking activities will hinge on widening its product offering and tailoring it to individual clients' needs and risk profiles. The division is also aiming to further improve transaction turnaround time and the overall customer experience. Ultimately, Banque du Caire is looking to deepen its relationship with its corporate clients, enhance cross-selling, and increase Banque du Caire's share of each client's wallet through its tailored, product-based approach.



Retail Banking

retail asset portfolio, moving away from its traditional employees to target products with higher profitability. to shift the focus towards different retail asset products such as automobile, mortgage, and personal and microfinance loans, Banque du Caire is also shrinkage during the transformation process.

As part of the Bank's strategy to widen its retail banking product offering, the retail banking division process. By redefining customer segmentation, the bank will be able to develop bespoke propositions for each segment aiming to offer new products and During 2018, Banque du Caire made significant services centered around the client lifecycle. This will not only broaden the bank's client base but will also develop the tools necessary to build a platform further deepen customer relationships, an aspect to support growth in the segment. Banque du which has been at the core of Banque du Caire's Caire established two new operating units to drive business model from inception. Strengthening client the implementation of this strategy and achieve relationships also offers a significant opportunity to targeted growth. The first is focused on developing a drive growth through the cross-selling of additional products. To this end, Banque du Caire has implemented strategic campaigns to create awareness of new products. In line with Banque du Caire's objective to customer acquisition/retention, building partnerships foster stronger relationships with specific customer segments and capitalize on the lovalty of its existing base of Wealth Management clients, Banque du Caire established a dedicated Wealth Management business model that will allow the bank to improve the quality lending programs for specific industries and sectors, of its services and offering.

with a range of interest rates based on customer services hubs in three governorates outside Cairo to balances and has focused on growing non-interest offer a unique package of non-financial services to income. In 2018, the bank also implemented more competitive pricing for its fee tariffs which immediately initiative managed by Nile University. Furthermore, resulted in a one-third increase in fee income to EGP 1.1 billion during the year.

SMEs

SMEs represent another high-potential but still By December 2020, Banque du Caire expects to have largely untapped market segment which Banque 33 business centers/units managed by experienced

Throughout the year, Banque du Caire reengineered its du Caire has pegged for future expansion. Over the coming years, Banque du Caire aims to leverage its focus on salary-transfer loans granted to public sector established reputation and experience in microfinance and its unique distribution network to penetrate the Although the bank's diversification strategy looks fast-growing SME lending segment of the market and establish itself as an industry leader. The bank's interest in the high-potential opportunity of Egyptian SMEs is supported by the recent series of initiatives launched launching several initiatives targeted towards public by the CBE to encourage SME financing, with specific sector employee loans in order to minimize portfolio focus on those in the industrial, renewable energy, and agricultural sectors. Regulations now require that banks ensure SMEs make up 20% of their loan book by the end of 2019. In return, banks are allowed to reduce the level of mandatory reserves held at the CBE by the also focused on improving the client segmentation amount lent to 'small-segment' borrowers under the

investments to establish the infrastructure and transformation strategy and tactical plan to position the bank in the SME market. It is also responsible for process enhancement, performance management, through strategic alliances, and developing brand recognition as the go-to bank for SMEs. The second unit is responsible for developing new products and propositions for various SME sub-segments, including offering products bundles, in addition to managing the non-financial services agenda. The bank has Banque du Caire also launched new deposit products developed for this division three business development SME clients under the CBE-monitored Nileprenuer Banque du Caire is sponsoring the Export Excellence Center under the initiative to provide capacity building to companies so as to improve their access to external markets.

financing. Business centers/units will be located in lending, and investment opportunities. strategic areas across the country, namely in Greater Cairo, Alexandria, the Delta, the Canal area, and Upper Egypt. In addition, Banque du Caire is also building a Banque du Caire firmly believes that digitalization outside Cairo to serve very small businesses.

decentralized credit model, applying new SME lending process and is working on a new internal workflow both corporate and retail segments. system to further support the requirements of the the bank is working to establish credit risk units outside Cairo to support the business across the country.

Branch Revamp

expects to open 90 new branches and relocate several existing branches before the end of 2022. Banque 1.150 ATMs by the end of 2019. Banque du Caire has also organized internal training programs to enhance across all branches.

Launch High Net Worth Service

and very high net worth individuals with the aim of have 40 professional relationship managers located further enhance the customer experience. across 25 branch offices across Egypt offering banking services tailored to affluent clients. Banque du Caire has also established a team of Wealth Management Advisors distributed among business centers in Cairo, Alexandria and Nile Delta, to provide competitive

SME team leaders and operated by highly trained relationship management advice leveraging their relationship managers with knowledge in SME expertise in cash management, asset protection,

Embracing Digitalization

network of relationship managers based in branches across the bank's business lines and product offerings will be a key strategic imperative going forward leading to an improved customer experience through Aside from expanding the bank's product offering an enhanced service quality, more tailored products, and geographic reach, Banque du Caire has applied a reduced waiting times at branches, and shorter call times when using Banque du Caire's customer care procedures with detailed roles, responsibilities, and call center. To this end, Banque du Caire is preparing turnaround times for each step of the SME lending to launch its internet and mobile banking services for

growing SME business. As part of its strategy to More innovative products and services will be modernize credit assessment and approval process, developed in the months and years to come in partnership with leading fintech and mobile network operators around the country with access to the latest technologies. These partnerships will allow Banque du Caire to remain at the forefront of innovation. In a Following a market survey to assess the effectiveness further effort to promote financial inclusion, the bank of the Bank's geographical presence, Banque du Caire is currently revamping its mobile wallet which will enable users to instantly transfer funds and benefit from Banque du Caire's broad national ATM network du Caire is also undergoing a full renovation and by securely withdrawing and depositing money modernization of its existing branches and expects to through cardless transactions using the Tahweel replace ATMs that have become obsolete and reach network, the digital transfer moderator for mobile phone payment services.

the productivity and product understanding of its staff The bank has also launched an electronic credit card payment and loan repayment service that allows the repayment of various types of loans including microloans. Banque du Caire expects to launch its first In 2019, Banque du Caire will launch a new service to smart branch in 2019 to provide banking services using provide unique value propositions to affluent clients technology without any human interaction. Banque du Caire is also developing its online sourcing, scorecard attracting new clients through an expanded product lending, and a fast-track approval process for SMEs offering. By the end of 2019, Banque du Caire aims to to further reduce loan approval turnaround time and



Corporate and Institutional **Banking**

Banque du Caire's newly structured Corporate and Institutional Banking provides firms with innovative financing solutions that allow them to focus on creating value and drive growth in sectors that are core to Egypt's economic growth strategy

> Corporate and Institutional Banking is a growing and Traditionally a retail-driven institution. Banque du Caire dynamic parts of Banque du Caire's business. The Corporate and Institutional Banking's diversified portfolio is an integral source of top line growth, offering exposure to a wide variety of value-generating sectors. Banque du Caire maintains close partnerships operating under the Corporate and Institutional Banking with private and public sector counterparties operating umbrella, including the Global Transaction Banking across the Egyptian economy that drive growth for the Division and the Debt and Structured Finance Division. A entire nation, making the bank a pillar of the Egyptian banking industry.

> The business serves clients ranging from large and other resources and the implementation of several corporates (earning revenues exceeding EGP 750 million per annum), including multinational firms, to mid-sized corporates (earning revenues of between EGP 200 million and EGP 750 million per annum). It As of year-end 2018, Banque du Caire had extended focuses not only on providing short- and medium-term working capital financing to clients, but also offers credit limit of EGP 65.3 billion, representing an increase them a vast range of solutions uniquely tailored to of 66% y-o-y on the EGP 39.4 billion extended in 2017. each of their specific needs and risk appetites.

Besides gaining access to a suite of high-quality working capital finance products including overdraft 60.7% over the same period. facilities, tailored short-term loans, and checks enjoy a host of commercial services. These range from trade finance and bill discounting to refinancing under capital expenditure purposes or in order to complete acquisitions are offered medium- and long-term facilities. Moreover, Banque du Caire is a well-established participant in the structured finance and operating in key sectors of the Egyptian economy.

began in 2018 to pursue a thorough restructuring of its Corporate and Institutional Banking with an eye to aggressively expanding its corporate portfolio. The year saw Banque du Caire introduce two specialized divisions new Corporate Services Division was also launched early in the year. This reorganization has been accompanied by significant investments in the division's human capital initiatives aimed at fostering efficiencies throughout 2018.

2018 Highlights

facilities to its corporate clients with a combined cash Approximately EGP 44.6 billion of funds extended to clients in this portfolio were utilized, up from EGP 23.9 billion utilized in 2017. The utilization rate grew to 68.3% from

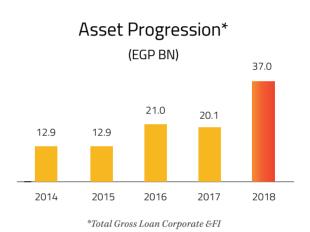
purchasing, Banque du Caire's corporate clients also Large, top-tier clients have traditionally formed the basis of Banque du Caire's corporate loan portfolio, and growth in this segment was especially pronounced in trust receipts. Corporate clients seeking financing for 2018. Facilities with a combined limit of EGP 12.8 billion were extended to new clients in this segment alone during the year, while the combined limit on facilities extended to existing large clients expanded to EGP 5.8 billion during 2018. On the mid-cap front, 2018 saw syndicated loans sector, frequently joining with other Banque du Caire extend facilities with a combined limit institutions to arrange joint financing for corporates of EGP 2.0 billion to new clients, with the combined limit on existing facilities raised to EGP 1.4 billion.

Rapid growth in 2018 was driven by both improved performance in existing divisions, which have benefited from a significant injection of new talent and are reaping the efficiency benefits of a thoroughgoing reorganization, and the recent introduction of several specialized units mandated with profitably expanding the bank's corporate finance business.

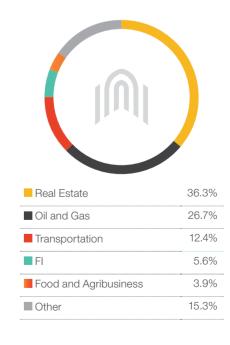
In 2018, Corporate and Institutional Banking introduced a portfolio management approach to its corporate finance business. Measures were implemented to boost the rate of cross-selling and enlarge Banque du Caire's share of the business. To these ends, Banque du Caire established a Global Transaction Banking Division and a Debt and Structured Finance Division, both operating under the Corporate and Institutional Banking umbrella. While the former's offerings include securities' custody, trade finance, cash management products, and digital solutions, the latter acts as lead arranger in syndicated and structured transactions and provides agency and advisory services.

Debt and Structured Finance

Restructured in 2018, the Debt and Structured Finance (D&SF) Division is a new addition to Corporate and Institutional Banking, with a mandate to provide short-, medium-, and long-term financing designed and structured to meet complex corporate needs. Uses of D&SF funds include acquisitions, securitizations, pre-IPO financing, and more. The division offers a wide spectrum of facilities ranging from structured loans, acquisition loans, and project financing to syndicated facilities of varying tenors. The D&SF Division's comprehensive scope allows it to play an agency role and provide financial advisory services for both debt and equity raising, in addition to escrow services.



Corporate and Institutional Banking Gross Loans Split by Industry



Banque du Caire is considered an active participant in the syndicated loan market having participated in notable landmark transactions through numerous structured finance facilities for key sectors of the Egyptian economy. This is facilitated by the bank's large capital base and high lending capabilities for single and group obligors, giving the bank an edge in delivering a comprehensive product platform to the Egyptian market. In 2018, the team was mandated to expand its footprint in the syndications market, with management introducing several measures to facilitate this growth. To implement its ambitious plan, the bank recruited new calibers with extensive experience in the corporate and investment fields. Strategic recruitment was crucial to equipping the among leading banks in the market. We aim to provide satisfy clients' needs for either plain vanilla financing or customized more complex structured finance.

Management has also taken active steps to enable the bank to provide high-quality financing services by restructuring the Syndications Agency Unit to manage transactions.

to the reconfiguration of Banque du Caire's structured finance business. During 2018, the division successfully closed landmark transactions with a total value of EGP 9.31 billion. Sectoral diversification remains a visible hallmark of the bank's D&SF portfolio, allowing Banque du Caire to enjoy profitable exposure to a strategic cross cornerstone of the Egyptian economy. section of Egypt's economy. Year-on-year, the D&SF portfolio grew by EGP 6.44 billion in net terms during 2018, representing 36.5% of the total growth of Banque du Caire's corporate portfolio, which grew by EGP 17.63 billion over the year.

Corporate Services

act as an intermediary between teams in Corporate and Institutional Banking and clients. It provides corporate clients with dedicated, best-in-class Global Transaction Banking service irrespective of the size or magnitude of Banque du Caire exposure, and is responsible for Banking (GTB) Division in January 2018. GTB is tasked receiving and processing all inquiries and requests. with establishing Banque du Caire's footprint in the Management introduced CSD with the intention of areas of cash & liquidity management, trade finance, streamlining operational processes and promoting greater efficiency in the fulfilment of everyday particular focus of the bank's drive to recruit competent,

client requirements. The division is thus central to Banque du Caire's wider efforts to strengthen organizational strategies.

The division executes its mission as a centralized point of contact for all corporate clients by assigning dedicated officers to handle the daily needs of each customer. CSD personnel focus on the day-to-day operations, including product information, complaints, clarifications, general questions, and transactional inquiries. CSD ensures maximum efficiency by implementing standardized processes and turnaround times in dealing with all related parties. Best-in-class operational procedures have been implemented to ensure continuous bank with the competencies necessary to reposition it improvement. CSD makes use of technologies that provide evidence-based service diagnostics, allowing fully fledged banking services for different industries and it to produce focused value for selected clients, while instant-access platforms enable officers to provide clients with prompt upfront solutions.

Financial Institutions

The Financial Institutions Sector manages the bank's relationships with 600+ foreign and local financial operations and provide agency services. This unit closely institutions, including Banks, Insurance, Export Credit supports structured finance operations and syndication Agencies, Funds, Microfinance Providers, Retail Lenders, Factoring Companies, and Mortgage Firms. It aims to facilitate international business flows for Clients and the wider market have responded positively the bank's customers by offering them a diversified set of Trade and Payment Services as well as Risk Participation Agreements and Discounting Schemes. It is also responsible for developing the bank's relationships with Money Transfer Organizations to maximize Egyptian expatriates' remittance inflows—a

In parallel with the wider restructuring throughout the bank in 2018, several experienced recruits have joined the sector, and a series of organizational and structural changes has been applied during the year, which included the establishment of a new Non-Bank Financial Institutions Department (NBFI). Meanwhile, Banque du Caire launched the Corporate Services the bank's correspondent banking network continued Division (CSD) in January 2018. CSD is intended to to expand during the year with the addition of several financial institutions located in Africa.

Banque du Caire launched the Global Transaction and securities & custody. The division has been a



experienced cadres, with an eye on implementing with clients with an eye on increasing Banque du best-in-class, product-based approaches to provide Caire's share of wallet from institutional clients through clients with GTB solutions and products. Over the past year, GTB has come to play a crucial role with respect to Banque du Caire's other business lines and has worked to implement the bank's broad focus on and supply chain cycle and identifying related gaps or providing specific tailored solutions appropriate to excess funds in the working capital cycle. its clients' evolving needs. With regards to the wider market, Banque du Caire's GTB Division is distinguished UAE Representative Office by its heavy investments and focus on innovation and As part of its drive to enhance its overseas business digitalization for the institutional business.

In 2018, the GTB Division began to provide clients with cash and liquidity management solutions geared to optimize their cash flow cycles and realize maximum the entirety of a client's cash-conversion cycle under the portfolio management umbrella, with innovative solutions in areas from automated clearing of payables Banque du Caire's expansion into the UAE is consonant to cash and check pickup on receivables. It also offers treasury optimization products, with tenors and yields structured to meet specific clients' needs. Institutional clients benefit from GTB's full product suite by gaining on-the-ground support to the Bank's institutional access to a host of electronic solutions, including clientele base, stakeholders, and strategic partners e-payment of mobile and utility bills, direct credit operating in the region. Banque du Caire intends to use and debit, Core Pay services, digitized payables and this increased proximity to target financial institutions, collection, in addition to solutions to maximize the sovereign wealth funds, large corporates, family return of clients' liquidity.

Trade products are another core competency of the GTB in the Egyptian market. Division. A wide range of conventional and structured trade products and financing solutions have been introduced, or are being developed, with the aim of fully capturing clients' trade supply chain and maximizing value. The division extends solutions that improve clients' working capital positions and enable self-funded growth, releasing funds trapped in receivables or Its high-caliber team will adopt a customer-centric inventory. Pre- and post-shipment finance structures support optimization of cash flows and management of risks associated with international trade. The division financial products, with the aim of channeling a higher creates flexible options for working capital management volume of investment towards Egypt and growing the and supply chain financing schemes designed to improve bank's market share in the GCC. Representatives will cash flow by bridging payment gaps.

securities services, including custody and clearing services for institutional clients and high-net-worth Caire's Egyptian head office individuals, escrow, collateral agent and trustee services for large corporate deals, and depository Forward-Looking Strategy agency solutions. This diverse range of products are In the year ahead, Banque du Caire will continue to push commercialized through an experienced and specialized business development team. They work extensively an eye on making Corporate and Institutional Banking a

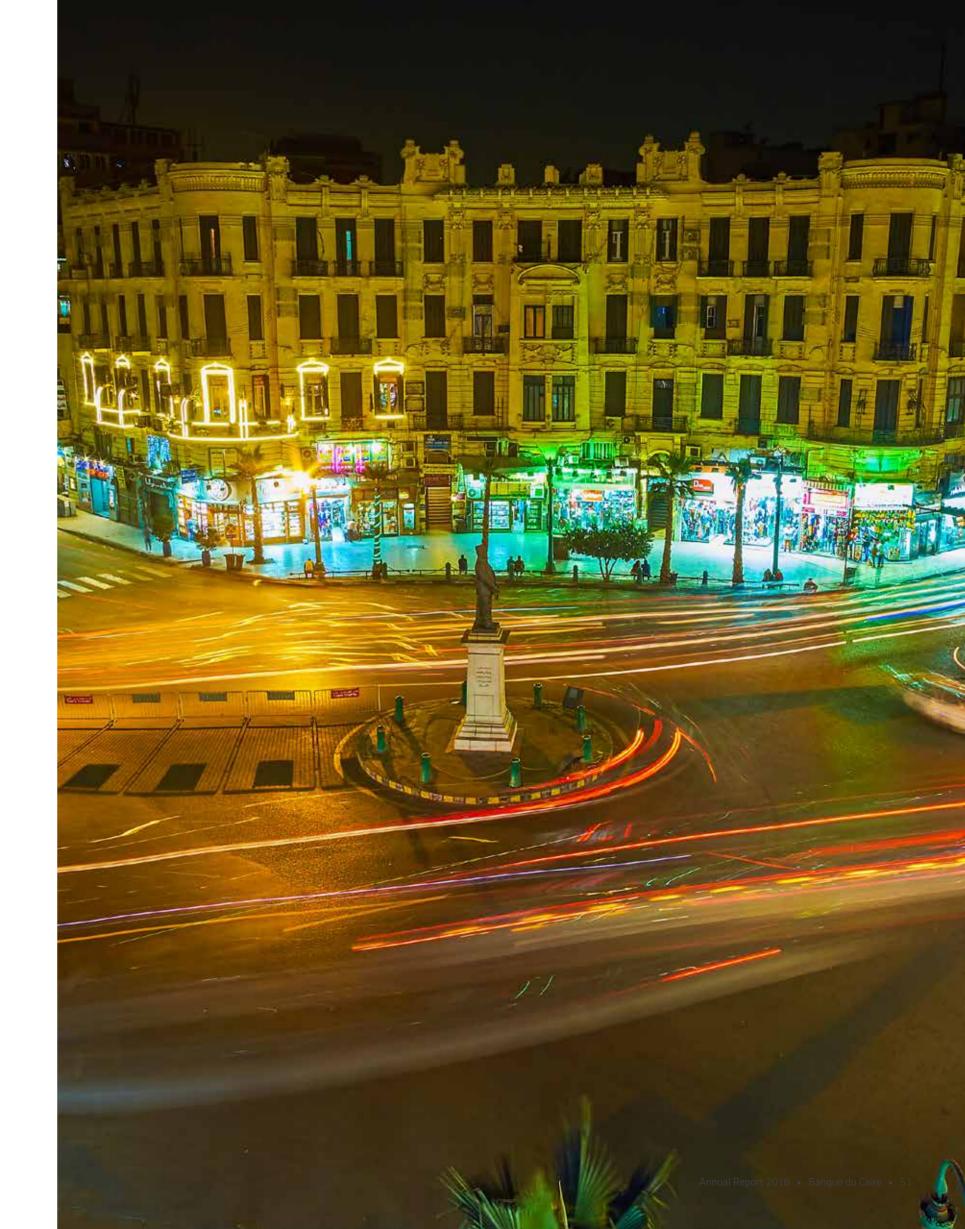
tailored, innovative solutions. The team, with the help of Relationship Managers, ensure proper penetration of client wallets by thoroughly studying customers' cash

from the GCC, in March 2018 Banque du Caire applied to the Central Bank of the United Arab Emirates for initial regulatory approval for the establishment of a Representative Office in the country. A final operating license was secured in record time in January 2019, returns. The department's approach encompasses reflecting Banque du Caire's position as one of Egypt's largest banks and its growing heft in regional markets.

> with the general realignment of the Bank's strategy. The Office will buttress Banque du Caire's growing business exposure to the UAE and the GCC, providing conglomerates, exchange houses, and high-net-worth individuals holding or interested in pursuing investments

The UAE Representative Office will solicit business on behalf of Banque du Caire's Head Office in Cairo, source information and research, and provide on-the-ground support to the bank's regional clientele base in its capacity as a regional administrative office. approach in making available to clients Banque du Caire's extensive delivery networks, business platforms and conduct due diligence visits to customers in the UAE and other GCC countries in a manner that fully complies The GTB Division also offers a roster of high-quality with regulatory constraints, and the office will function purely as a support center for operations at Banque du

ahead with a realignment of its business model, with



more central component of our operations. To this end, market share in the corporate and institutional space.

growth. The division aims to expand its domestic geographic footprint by establishing corporate banking hubs in Alexandria, the Delta, and the Canal Zone, growing the area covered by its operations. With the renewed focus on boosting exports that has roles with greater frequency over the coming year. accompanied the government's reform program, the division will work to grow its share of credit extended to Global Transaction Banking target large contractors and multinational corporations enjoying exposure to mega projects in the areas of power, shipping, containers, and renewable energy. On higher returns by securing business selectively with and lowered sensitivity to price.

Overall, the division will utilize competitive pricing to offset prevailing market pressures and stimulate demand. This will be the case especially with concern to efforts to secure new business, which will focus on attracting industries facing relatively inelastic demand curves, including the food and beverage and targeted by the state for investment and support.

As evidenced by its newly launched Corporate Service Division, the division is committed to the full integration of differentiated customer service platforms. This will be supported by more intensive digitalization and the provision of electronic banking capabilities targeting corporate clients, which will generate the data needed to more efficiently segment its client base and process du Caire's market visibility in the UAE and later GCC to each customer request. Banque du Caire will leverage its customer-centric approach to continuously improve turnaround times and the customer experience, generating greater opportunities for cross-selling and growing the share of each corporate client's banking result of its activities, while performance will be tracked activities conducted with the bank.

Debt and Structured Finance

The D&SF team is in a highly advantageous position to

leverage its deep experience and wide-ranging expertise Banque du Caire will continue to aggressively pursue in the areas of structured lending, syndications, and its growth in its corporate portfolio and work to expand its agency and advisory services. Supported by Banque du Caire's large capital base and already well-established position in the segment, the team will work to reposition Banque du Caire's Corporate and Institutional Banking Banque du Caire as the leading bank in the areas of has adopted a multi-pronged strategy for realizing the structured and project finance, taking on an ever-growing Bank's vision of a larger role in Egypt's corporate debt unmber of leading roles in debt arrangements and other space and fulfilling its mission of supporting economic transactions and fulfilling one of the cornerstones of Banque du Caire's long-term realignment strategy. The team will focus on generating growth through the provision of a wide spectrum of tailor-made financial solutions, while continuing to take on agency and leading

firms operating in export-oriented industries. It will also GTB's highly successful first year of operations has demonstrated the value of an approach that prioritizes the customer experience. In 2019, the division will work to ensure continued customer satisfaction by the mid-cap front, the division will seek to generate integrating the best-in-class solutions and remain ahead of the curve with respect to the technologies medium-sized companies with acceptable risk profiles disrupting the financial services industry. GTB is at the vanguard of Banque du Caire's efforts to fully digitize its institutional business and the bank's wider operational landscape. It thus hopes to use key digital solutions to provide a distinguished suite of products in cash and liquidity, trade finance, and securities that enhance the bank's footprint in the market and boost its industry rankings. Driven by the bank's portfolio management, in 2019 GTB will adopt a customerpharmaceutical sectors. Banque du Caire will also centric platform to manage the bank's clients, allowing leverage the Egyptian government's development them to bundle all the division's product offerings, plan by extending credit to industries that have been including cash and liquidity, trade and securities, to support the inauguration of the bank's e-channels.

UAE Representative Office

Over the course of the coming year, Banque du Caire's UAE Representative Office will focus on promoting exposure towards Egypt from the UAE, before expanding to secure the same across Saudi Arabia, Kuwait, and Oman. The office's primary objective will be to enhance Banque establish partnerships with prime institutional clients operating across all target segments. Its contribution will be measured by the growth of business volumes experienced by Corporate and Institutional Banking as a with the assistance of indicators including the volume and value of remittances channeled to Egypt through Banque du Caire, volume of trade finance business generated from the region, and any leads or referrals to the relevant business platforms generated by the Office.



Banque du Caire will continue to push ahead with a realignment of its business model, with an eye on making Corporate and Institutional Banking a more central component of our operations.

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Retail and SME Banking

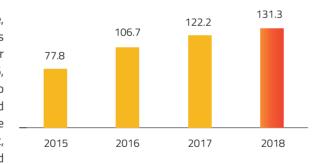
Banque du Caire's deep industry knowledge and track record in the retail and SME banking space has made it a market leader in the provision of high-quality products for over 3 million retail clients

> Banque du Caire's Retail and SME Banking division is a full-fledged microfinance arm in 2002, it has grown a key line of business for the bank, providing over 3 substantially since then to capture a market share of million clients across Egypt with dedicated, tailored over 30%, making it one of the top microfinance providers offerings to suit each individual's needs. The division has in the country, operating out of 125 dedicated offices evolved over the years from offering trusted services to located in 26 governorates. Serving close to 210,000 individual clients as more and more Egyptians became active customers at the end of 2018, the division banked to delivering a comprehensive suite of innovative consistently realizes growth rates of over 50% y-o-y as it consumer credit and savings solutions ranging from works to become a true, active partner to clients. personal, government, automotive, and mortgage loans to competitive current and saving accounts options all backed by a growing digital platform to meet the evolving requirements of the market.

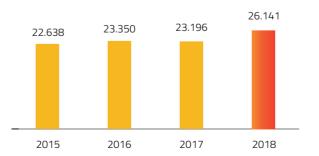
Banque du Caire is a market leader in the SME space, providing deft support to a growing base of SME clients as part of its mandate to back the segment under Egypt's Vision 2030. Since its establishment in 2016, the SME division has focused on providing funding to companies in vital sectors of the Egyptian economy and in turn boosting Egypt's economic growth. Largely, the segment focuses on manufacturing, agricultural, export, and import substitution, using a team of dedicated relationship managers throughout the bank's expansive branch network and business centers catered to their evolving and individual needs. Its comprehensive product offerings run the gamut of tailored financing and non-financing solutions, specialized lending, soft loans, cash management services, treasury, and trade finance solutions offered through streamlined processes and customized solutions that suit every segment and client, from SMEs to startups.

The bank is also considered a pioneer in the microfinance space, supporting Egypt's push for financial inclusion long before the state had set up clear mandates on the initiative. As the first bank in the market to set up

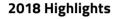
Total Bank Deposit Progression (EGP BN)



Retail Banking Loan Progression (EGP BN)







Customer Experience

Banque du Caire has traditionally been a retail-driven institution. This unparalleled knowledge of the retail side of the business is what has driven the bank to embark on a transformative strategy in 2018 to provide its ever-growing network of retail clients with In 2018, the bank's card offering, which covers the exceptional customer service, tailored solutions, and advanced financial tools.

catered directly to customer needs. Specifically, it built out a dedicated Wealth Management platform to serve its existing 15,000 wealth clients, who hold nearly 38% of total Individuals deposit value and 28% of total bank customer deposits. To best serve these 69,008 cards, up 18% y-o-y. high-net-worth clients, the bank established dedicated wealth relationship managers and laid the groundwork On the liabilities front, the total bank customer deposit to upgrade certain branches to include specialized Wealth Management hubs.

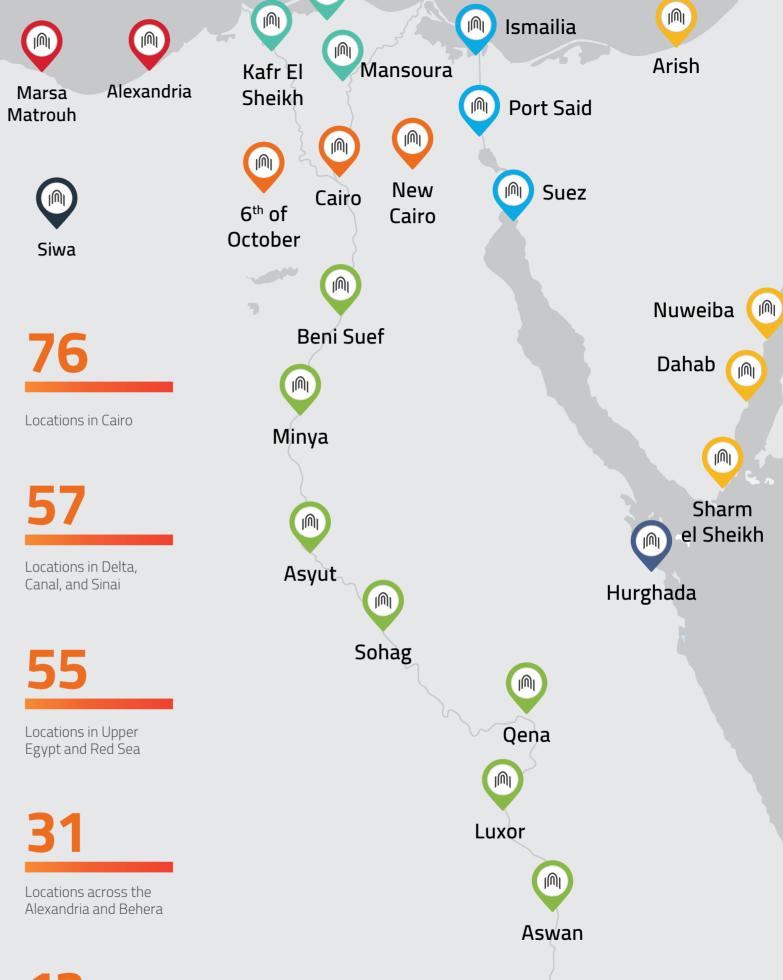
Product Enhancement

In 2018, the bank focused on boosting the quality of its service offering, with a particular focus on auto loans, credit cards, and personal loans for private sector business managed to increase its portfolio to EGP 175 employees to diversify its outreach. The bank's car million in 2018. loan portfolio grew to EGP 1.8 billion at the end of the year, up 35% y-o-y, giving the bank an auto loan market Branch and ATM Network share of over 9%. The personal loan portfolio surged Banque du Caire expanded its ATM network in 2018 to 140% y-o-y to EGP 2.4 billion at the end of the year 698 by the end of the year and embarked on a strategy while the bank's mortgage loan portfolio grew 90% to rationalize the network to ensure larger branches y-o-y to EGP 1.7 billion, translating to a 10% market were placed in locations with higher footfall and share. The bank also continued to focus on personal more branches were located outside the bank's core

loans to governmental sector employees, reaching a portfolio of EGP 13.1 billion by the end of 2018 with a market share of 37%.

spectrum of debit, credit, and prepaid cards suited to all customer needs, continued to expand. It issued a new World Elite Mastercard during the year, which has already In 2019, it implemented a segmentation strategy run up credit of up to EGP 9.1 million. Following the that went hand in hand with its aim to deliver cus- bank's three-year exclusive partnership agreement with tomer-centric rather than product-centric services Arsenal Football Club, the division launched co-branded Arsenal credit and debit cards (Arsenal prepaid and Titanium Arsenal). By the end of the year, the credit card portfolio hit EGP 197 million, up 54% y-o-y, with 25,082 new credit cards issued during the year for a total of

> portfolio rose by 7.5% y-o-y to EGP 131.3 billion, with savings account deposits hitting EGP 41 billion, current account deposits at EGP 16.6 billion, time deposits at EGP 20 billion, and total certificate of deposits at EGP 51.8 billion—a testament to the strength of the division's product offerings. Moreover, the bancassurance



Behera

SME Business Centers

geographies of Cairo and Alexandria to meet growing role in the electronic payments space in the introduction network began a steady overhaul to reflect the new toward a cashless society. and improved corporate identity.

The bank began to upgrade the technology platforms As a leader of the Egyptian microfinance industry, encourage customers to use more digital channels. cooperation with Mastercard. Not only has Banque share, du Caire begun to allow ATMs to process deposits and collections for loans and credit cards, but the bank The division's mandate is to double business every cash in and out.

Digital Banking

Upgrading its digital structures is central to the bank's reaching 210,000. transformation strategy. In 2018, Banque du Caire chose the Temenos T24 Core Banking system, which will not only allow the bank to realize its growth strategy but bring cutting-edge solutions to its clients for a truly less than EGP 1.0 million per year. Already, over 6,000 customer-centric experience. The software will play an customers have signed up, reaching a portfolio size important role in making sure transactions processed of EGP 1.0 billion by the end of the year. Moreover are fast, secure, and compliant with risk structures.

Throughout the year, the bank took active steps to Fawry for micro finance customers. launch internet and mobile banking solutions, both of which are slated for a 102019 launch. It also took steps SME Banking to revamp its current mobile wallet, working with bill In 2018, the division continued to grow, with the aggregators like Fawry and Aman to expand utilization and the number of users while laying the groundwork transactions surged from 1,250 to 25,000 and their of these efforts.

The bank also applied for a mobile acquiring license from Egypt's most essential sectors. the CBE during the year, which could see it play a leading

demand outside these urban centers. In line with of QR code-enabled payments and serve as yet another the bank's overall brand transformation, its branch plank in the bank's strategy to support Egypt's drive

Microfinance

of its ATM network to offload the branch network and Banque du Caire has for years invested in continually growing this line of business. It continues to offer mi-In cooperation with US electronic payment provider croenterprise clients and small-ticket borrowers with Euronet Worldwide, NCR Egypt, and Wincor Nixdorf the most hassle free, convenient financing solutions (Germany), the bank has begun to implement dynamic in the market today. The portfolio is diversified across currency conversion throughout its ATM network for Egypt, but with a focus on areas most in need, such both Mastercard and Visa cards. It has also completed as Upper Egypt, which makes up 47% of the portfolio. the setup of a GPS database for the network in Women also make up nearly 35% of the customer

has managed to roll out cardless ATMs throughout four years not only in terms of portfolio size but in the country as it works to provide the latest, most the number of clients served as part of the bank's innovative solutions for all Egyptian mobile wallet desire to play an active role in financial inclusion owners, including non-Banque du Caire wallets for and intermediation. For the first time in the bank's history, the division managed to double business in just one year, with the portfolio hitting a total of EGP 4.5 billion by year-end and total number of clients

> In 2018, a new microfinance product was introduced targeting micro-enterprises with a sales volume of the bank rolled out digital solutions for the segment, setting up a collection service for premiums through

portfolio gaining 106% y-o-y to EGP 2.8 billion. Banque du Caire worked throughout the year to develop new, to allow customers to make utility, government service, tailored financing solutions and products for the and peer-to-peer payments. In 2018, electronic sector, including but not limited to specialized lending products, liquidity management solutions, and value rose over nine-fold to EGP 5.6 million as a result treasury services. The bank set its sights on growing the agricultural and industrial sector contribution to the portfolio as a means of lending support to two of



In 2018, the SME business kicked off its transformation strategy and built an effective setup for the division. This was coupled with growing the SME portfolio in line with the bank's ambitious growth plan.

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Banque du Caire's Retail and SME Banking division is a key line of business for the bank, providing over 3 million clients across Egypt with dedicated, tailored offerings.

Forward-Looking Strategy

Customer Experience

is enhancing the customer experience in every way be that through improved service offerings at newly revamped branches, an expanded roster of convenient of individual customer segments. The bank is also digital banking solutions, or an enhanced suite of targeting the launch of the government-backed Meeza tailored product solutions.

In the years to come, the bank plans to continue developing its segmentation strategy with a focus on the Wealth Management division. It plans to segment the wealth section even further, categorizing it into its leadership position in the microfinance space. In clients with deposits of EGP 1 million to EGP 5 million 2019, the bank is looking to undergo an end-to-end and those above EGP 5 million, to offer this high-end digitalization of the microfinance portfolio, from segment the kind of bespoke solutions, products, and customer onboarding to collection. With the help of lifestyle benefits they have come to expect of their carefully selected bill aggregators and the strength financial service providers.

Cross-selling opportunities will be maximized by collection transformation that will see it offer even leveraging the organic synergies inherent in its more enhanced service offerings to customers. It business model. This is set to grow the division even further, both in terms of portfolio size and client base. branches by allowing customers to apply for loans Over the next five years, the bank also plans to set through its mobile or internet banking platforms. The up more customer loyalty incentive programs and marketing campaigns to boost customer loyalty, all backed by an effective data analytics framework that will measure the success of these campaigns for future use.

Product Enhancement

In an effort to enhance the liability portfolio, new, targeted products will be launched. The division also aims to diversify its asset portfolio by developing new sub-products and increasing acquisitions from existing ones. This is set to be assisted by the development been implemented that will introduce SME hubs across of new, specialized distribution channels, such as 12 branches, which will meet the unique needs of telesales and a direct sales force, as well as the customers, and by the end of 2019, the aim will be to enhanced monitoring and analysis of attrition rates reach 22 business centers. and their causes.

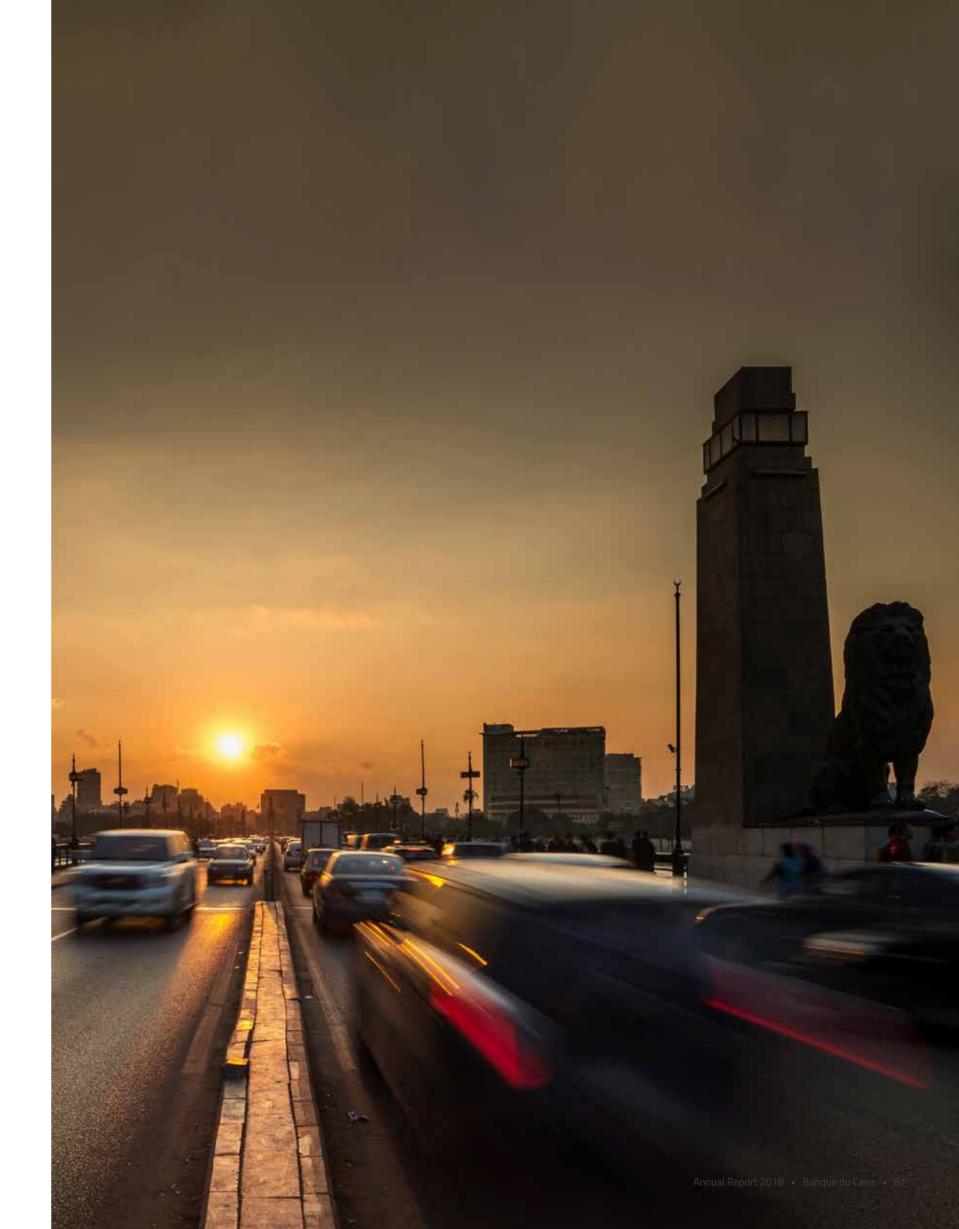
The lynchpin of Banque du Caire's five-year strategy A complete overhaul of the cards business will be undertaken to further increase market share with the introduction of new cards customized to the needs card, with 1 million prepaid and debit Meeza cards set to hit the market in mid-February 2019.

Microfinance

The division seeks to not only maintain, but expand of the bank's revamped and expanded ATM network, the division is set to undergo a disbursement and also aims to digitize the application process to offload implementation of a strong technological framework will also help the division leverage data analytics that could potentially become a key pillar of its growth story.

SME Banking

In line with the CBE's mandate, Banque du Caire aims to have SMEs make up at least 20% of overall loans by January 2020. To do this, the bank plans to segment the division to offer customized, competitive solutions and communication channels for clients of each size and in every industry. An efficient sales model has



Digital Banking

The bank aims to officially launch its mobile and internet banking platforms in 1Q2019, offering its clients efficient, state-of-the-art digital platforms to perform their banking requirements wherever they are, without having to visit a branch. The mobile wallet will undergo further enhancements and on-board platforms that grow the volume in terms of usage and number of users as part of the bank's push to move Egypt towards a cashless based society. To achieve these goals, the bank will focus on developing innovative products and solutions by partnering with key players in the fintech sphere and build partnerships that will see it rise to the forefront of digital banking offerings in Egypt.

Branches and ATMs

Over the next five years, Banque du Caire plans to upgrade its branch network and add up to 100 new branches by 2024. Branches are set to feature a complete rebranding of the bank by the end of the first quarter of 2019, which includes not only a facelift but an enhancement in productivity standards and service quality. It will continue to work on its rationalization strategy to serve a wider client base and grow its presence in governorates outside Cairo and Alexandria. As for the ATM network, the bank plans to increase its coverage and optimize its operational processes by introducing a number of services to modernize the machines.





We offer microenterprise clients and small-ticket borrowers with the most hassle free, convenient financing solutions in the market with a focus on the customers and areas most in need, such as Upper Egypt.

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Treasury and Capital Markets

Banque du Caire's Treasury and Capital Markets is central to helping drive its long-term strategy

> Banque du Caire's Treasury and Capital Markets secondary market for government securities. The bank (TCM) assists clients in managing their facilities and is among the top two key market makers in the banknote minimizing risks arising from market volatility. Banque export market, where it collects foreign banknotes du Caire's TCM serves a large and highly diverse client from the local market and exports these banknotes to base, providing them numerous solutions that fit correspondent banks. specific risk profiles and guard against fluctuations in financial markets, leaving them with a sustainable 2018 Highlights source of profitability.

> taps a number of different markets to create value transactions, both spot and forward, to hedge clients' money market operations. balance sheets against financial market fluctuations by assessing associated expenses and income in advance. We maximize our money market profits by investing the treasury assets in the local and foreign interbank market with effectively forecasting market conditions and using currencies such as EGP, USD, EUR, GBP, and SAR. constructing a funds transfer pricing (FTP) model

> TCM also runs an active sales desk that provides assets and liabilities. The Treasury Sales Desk was clients with real-time quotations, pricing, advice, launched to carry out sales for all treasury products solutions, and sales for all treasury products. It also to Banque du Caire clients and provide real-time precisely evaluates each client's cash flow to ensure quotations and pricing of all such products, among resolutions are calibrated to each client's specific other responsibilities. business requirements.

on the latest FX rates, LIBOR, deposit rates, the latest base to encompass new market segments. market developments, major commodity rates, top stock exchange indices, and more.

Banque du Caire is one of the authorized primary dealers operating on behalf of the Ministry of Finance to manage sovereign debt, with the bank receiving funds from clients applying and submitting orders at primary market auctions. It is also an active participant in the

In 2018, Banque du Caire moved to bolster TCM's capabilities by recruiting five additional officers, The division adopts a wide variety of approaches and taking the team's total number to 16. The high calibers introduced in 2018 were part and parcel of for clients. Primarily, it executes foreign currency a strategy to refine the efficiency of TCM's FX and

> The year also saw the introduction of the Assets and Liabilities Management (ALM) Desk, charged that provides accurate benchmark pricing for all

TCM worked with other divisions to develop innovative To support its activities, the division offers research new products in 2018. These include Egyptian Eurobonds and analysis services to clients by preparing and and hedging contracts that make use of FX derivatives, distributing a daily morning brief including information and are aimed at further expanding the bank's client



Banque du Caire is an authorized primary dealer operating on behalf of the Ministry of Finance to manage sovereign debt.

Forward-Looking Strategy

Moving forward, TCM will work to further enhance the efficiency of its operations. Management is studying the implementation of a wide-reaching cost-control program that will help the division maximize its profits in the quarters ahead.

Adhering to Banque du Caire's overall strategy of transitioning to a more customer-centric business model and transforming its operations, TCM will prioritize the introduction of new products—particularly interest rate swaps and options—that it has been developing in cooperation with various other divisions. Enhanced product quality and relationship management will also be high on the agenda in 2019, having already proven their effectiveness in attracting new clients.

Finally, as the bank moves to align itself with international standards of employee education, the division will allocate a greater share of its resources to the establishment of training programs in 2019. It seeks to take a more holistic approach in the quarters and years ahead, generating positive feedback loops between business enhancement, product quality, and employee education.



Marketing and Corporate Communications

Banque du Caire's Marketing and Corporate Communications division is the driving force behind the bank's push to transform into an innovative, sustainable institution with one of the strongest brand equity positions in the Egyptian market

> longstanding history in the Egyptian market and one that embraces transformation as it works to evolve with the needs of the Egyptian banking industry. Throughout
> Creating Value for Shareholders its seven decades of operation, the bank's brand equity story has been told and safeguarded by the bank's Marketing and Corporate Communications division, the bank from a locally successful bank to a universally which has been the lynchpin in the modeling of the recognized one; presenting a new corporate image and bank's identity throughout its evolution into a trusted improving the bank's visibility in a manner that will partner for both corporate and retail clients. Today, the team works to not only reinforce the bank's standing and reputation in the industry, but to consistently redefine its value for all stakeholders. The ultimate aim of the corporate identity to reflect Banque du Caire's innovative strategy is to integrate the bank's traditional values approach to banking.

> bank. During the year, Banque du Caire adapted a renovate physical branches that will present a unified resilient approach to cope with internal and external, corporate image to both investors and clients alike. short- and long-term dynamic changes through a During the year, the marketing team dedicated energy reliable transformation process without losing its to creating a strategy that would increase the bank's competitive advantages. It sought to strengthen its visibility and position it as one of Egypt's leading core values with new sustainable endeavors to solidify its external communications capabilities by developing cement the bank's values internally and link them to a multifaceted marketing communication platform. This the bank's external brand image by participating in approach is characterized by the bank's multifaceted and several key events throughout the year that bolstered dynamic approach to communication, which embodies its positioning in the market. both traditional marketing strategies as well as "change" and "sustainability" marketing approaches. It is this methodology that has allowed the bank to react quickly and effectively to change and transition when it comes to forward-thinking trends in banking. The division's central goals are to provide unwavering support to each and every one of the bank's endeavors to solidify its brand achievements as well as detailing the bank's community equity, support the bank in building out a customer-censervice initiatives. Hand in hand with this endeavor is tric, proactive institution rather than a product-centric the bank's consistent drive to keep abreast of market reactive one, and drive value for each and every one of its trends in both the finance industry and other sectors

> The Banque du Caire brand is characterized by both a stakeholders, be they clients, employees, shareholders, or the community in which it does business.

Banque du Caire has embarked on a comprehensive rebranding campaign, with the aim of transforming ultimately strengthen the brand through the creation of a brand purpose, positioning, and promising to drive with its digital transformation agenda. In line with this goal, the team sought to create a new identity for 2018 was a landmark year of transformation for the the bank while simultaneously rolling out a timeline to financial institutions. The team worked to consistently

> Another core focus for the team was strengthening public relations activities to establish transparent, consistent channels of communication with stakeholders. During 2018, the division wrote and published numerous press releases covering Banque du Caire's latest news and



As one of Egypt's most important banking institutions, Banque du Caire's brand and corporate identity have consistently transformed throughout its seven decades of operations.



as a means of staying a step ahead as an institution. The Marketing and Corporate Communications Division was also able to enhance the bank's public image and highlight achievements by developing key relationships with top public figures and organizing strategic interviews for management.

Creating Value for Customers

As part of its rebranding efforts, beginning in 2018, Banque du Caire took preliminary steps to implement a five-year plan to transform the reach and infrastructure of its Egyptian branch network. Endevours have included the renovation of existing branches, both exterior facades and interior amenities, as well as the rationalization of branch locations. As part of its business expansion plans, the bank is working to add between 80 and 100 branches to its existing network by 2024 and has begun to upgrade and expand its ATM network in line with this strategy. Thus. our branches remain an integral part of our connection with our clients, which is aligned with our striving to become a universal bank. As such, the division worked to unify the bank's brand identity throughout its brick-andmortar facilities, both for its existing and newly launched branch locations in order to create value for its customers. Moreover, and in an effort to promote further inclusivity and support within the community, around 30% of the bank's branches have been equipped with ramps and have been made more accessible to clients with disabilities. with plans in place to further expand these measures to other branches.

Beyond this focus on physical rebranding and refurbishment, the bank has mounted significant steps to deepen its footprint in the digital arena. As part of the comprehensive digitalization strategy adopted by the bank during 2018, intentions have been made to streamline and modernize its digital and online banking platforms to further reinforce business globalization. Banque du Caire is focusing on introducing innovative products and services to reflect the needs of consumers who are increasingly being swayed by the disruption in the industry. The Marketing and Corporate Communications Division also lead on the creation of a new corporate website to provide customers with greater ease of access to a host of services, provide a seamless user interface, and recalibrate the bank's online image. The new website will also feature updates on the bank's latest campaigns, product launches, and press releases. This, along with an improved social media presence across several platforms, will allow the bank to reach a wider, younger subset of the market. This social media push is set to bolster the bank's brand equity, as well as provide a key channel for client involvement.

In 2018, the division was restructured from a multiple channel model into a single integrated multifaceted marketing and communications platform. This allowed the team to better reach the bank's target audiences for individual campaigns as well as enhance the overall extent of its marketing initiatives. Additionally, the team has introduced multiple market analysis tools including daily tracking and analysis for all competitions, new ads, and products across the banking sector. These tools provided the team with key data analytics and enabled it to better tailor its campaigns and products to reach desired audiences and create maximum value.

Throughout the year, the division launched a number of campaigns, including competitions to engage with existing customers and attract a wider customer base, with an emphasis on appealing to younger generations and unbanked segments. The team undertook these initiatives with the aim of increasing product sales and brand awareness as well as improving Banque du Caire's overall brand visibility.

Creating Value for Employees

In addition to working on enhancing Banque du Caire's external identity, the division was also in charge of managing the bank's internal communications to foster a culture of openness among employees. The team provided regular and effective internal communication to ensure that all staff members were informed about new products, services, benefits, initiatives, and achievements while simultaneously ensuring that messages from management were clearly and promptly communicated to all employees. As part of its strategy to create brand ambassadors throughout the bank, the division used several channels and mediums to engage staff members in the bank's rebranding strategy every step of the way.

As part of these initiatives, the team designed and generated content for the biannual employee newsletter, which covers both internal and external news. In an effort to ensure that the circulation of internal communications remained in line with the bank's eco-friendly policies, the newsletter remained digital and was only circulated online to minimize paper consumption.

Creating Sustainable Value

Banque du Caire is committed to ensuring that all its operations are **sustainable and drive value** for its communities. Accordingly, the bank links its day-to-day activities and sustainability initiatives to ensure that the initiatives on both fronts are effectively communicated and attain the widest possible outreach. As part of this strategy, the division has worked to help the bank develop **internationally recognized sustainability reporting standards**, and since 2016, the bank has begun submitting



an annual communication on progress (COP) to the **United Nations Global Compact**. It also worked throughout
the year to support the bank's environmental and social
development programs as it works to create sustainable
value for the wider community.

Environmental Impact

In recognition of the importance of environmental sustainability, the division worked to further the bank's environmental preservation initiatives. Under its digitalization initiative, the bank is increasingly shifting away from the use of paper products in favor of more sustainable digital products, an initiative that the division worked to communicate throughout the bank. Moreover, all Banque du Caire premises across Egypt are now energy efficient and adopt environmentally friendly practices.

Sustainable Development*

Banque du Caire is committed to ensuring that it is able to contribute to developing local communities in a sustainable manner. Accordingly, the bank has worked to implement several initiatives across a number of sectors to provide for various community needs:

• Economic support: In keeping with the CBE's financial inclusionefforts, the banklaunched acampaign at the start of 2018 targeting Egypt's unbanked segment, which aimed to spread awareness about the bank's products and services. Through these targeted strategies, the bank was able to successfully increase the number of

accounts opened. In addition and in partnership with local NGOs, the bank successfully provided numerous vocational training and employment opportunities to the youth and the disabled in Upper Egypt, in line with Egypt's vision 2030 which encompasses economic and social dimensions of development.

- du Caire has continued to pour special focus on education, which it believes is the fundamental drive behind economic prosperity. The bank was able to provide over 280 financially incapable students with scholarship opportunities to renowned Egyptian universities, such as Nile University and Zeweil University. It has also financially supported the founding of new community schools that allow children who dropped out to resume their primary education.
- Community support: For the sixth consecutive year, Banque du Caire arranged charitable convoys during winter and the month of Ramadan to provide underprivileged communities across Egypt with food and medical support, as well as infrastructure support which included housing, water pipes and electricity installation. The bank also collaborated with a number of NGOs throughout the year to support underprivileged disabled children, and managed to develop Al Quraan village in Sohag by supporting the development of infrastructure, electricity and water access, as well as provide medicinal services and employment opportunities.

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^{*}For a full run down of the bank's sustainable development initiatives, please refer to the Sustainability and Corporate Social Responsibility section of this annual report.



The bank developed a 360-degree strategic plan for the customer cycle through consistent and dynamic marketing management.

• Healthcare support: In recognition of the importance of for social media and provide an opportunity to Arsenal healthcare to the sustainable development of the nation, the bank launched several healthcare initiatives across Egypt to support local hospitals in acquiring equipment necessary to meet healthcare needs of local communities. Support was extended to foundations that support early detection and treatment of breast cancer, burn treatment and prevention, childhood cancer, and several state initiatives geared toward the improvement of healthcare throughout Egypt. Banque du Caire was also a strategic partner, in collaboration with a prominent NGO, in the first boat that sailed across Upper Egypt governorates and provided medical support to mothers and children who suffer from diseases like anemia and breast cancer.

An Integrated Marketing Strategy

Throughout the year, the team embarked on a number of core initiatives that underscored its integrated approach to marketing. With a keen eye on driving the bank's brand identity as one of the planks in its marketing strategy, several campaigns were launched that leveraged numerous channels and stakeholder engagements. The bank developed a 360-degree strategic plan for the customer cycle through consistent and dynamic marketing management. To do this, it integrated marketing mechanisms to develop proactive campaigns that play on the consumer psyche.

Arsenal Partnership

Banque du Caire signed a three-year partnership with Arsenal Football Club (AFC), becoming its official partner in Egypt. The agreement saw the bank issue co-branded Arsenal credit and debit cards across the country, and bank clients who are Arsenal fans were offered a range of club-related benefits including match-day hospitality while they wait to see the team in action at Emirates Stadium. Moreover, the partnership allowed Banque du Caire more opportunities to thank and reward the bank's loyal client base.

As part of the launch and to celebrate the partnership, all Banque du Caire branches were branded with Arsenal memorabilia for clients to enjoy, and both new and existing clients were rewarded with official Arsenal merchandise. Banque du Caire will also have access to first-team players and club legends, which it will leverage to develop marketing campaigns, generate content

supporters and other football fans in Egypt to engage with the players.

The partnership elevated the bank's position in the market and brought a sense of community and enthusiasm to Arsenal fans in Egypt. Two advertising campaigns were launched following the partnership:

- A campaign encouraging clients to issue the co-branded Arsenal-Banque du Caire cards (Arsenal Titanium credit card and Arsenal prepaid card), which also give top spenders the chance to win an all-expense-paid trip for themselves and an escort to attend an Arsenal home game at the Emirates Stadium in London.
- The "CASA" campaign, targeting top savers and gives clients with the highest increase in their savings (current or savings accounts) a chance to win an allexpense-paid trip to an AFC home match.



Both campaigns were deployed through all existing marketing channels, including in-branch collaterals, outdoor advertisements, promotional SMS campaigns for both current and targeted clients, radio ads, all key digital sports channels and websites, and a first-of-itskind digital video placement on YouTube.

World Cup Russia 2018

The bank sponsored Egypt's matches in the World Cup Russia 2018 and booked luxury box seats exclusively for the bank's clients at all Egypt matches, each box including 18 VIP seats. In addition, Banque du Caire purchased 100 hospitality tickets to the Egypt vs. Russia match to, firstly, support the national team, and to also promote the bank's retail products by launching related promotional campaigns. Clients were offered chances to win an allexpenses-paid trip to the match, as well as receive a branded giveaways kit.

El Gouna International Polo Tournament

The bank sponsored the El Gouna International Polo Tournament to market the launch of its new World Elite Credit Card. Debuting in 2017, the tournament featured six teams made up of individuals from all levels and Forward-Looking Strategy walks of life competing for the winning cup. The event was slated to raise awareness about the sport in Egypt activities outside traditional soccer channels.

Talent Development Center

as it works to play a leading role in providing channels for the communities to thrive and contribute to the development of youth across the country. As such, in 2018 the bank supported the development of the The team will work to deliver on its mandate to Talent Development Center at the Academic Center for Culture and Arts by outfitting the center with the latest advancements in audio equipment.

World Youth Forum

The year also saw Banque du Caire sponsor the full roster of activities linked to the second iteration of the World Youth Forum held in Sharm El-Sheikh and Aswan under the patronage of President Abdel Fattah El Sisi. The forum was a key engagement platform for youth to discuss, in a transparent and open setting, issues pertaining to Egyptian Egyptian economic and social landscape for the betterment of both youth and society as a whole. Youth from around the world participated in the forum, with involvement from world leaders, key international dignitaries, and influential representatives from both state and private entities.



In 2019, the Marketing and Corporate Communications Division will build on the successes it has achieved and to open the door for increased engagement in sports throughout 2018 and see to completion the corporate rebranding it embarked on during the year. The team will continue to develop a new integrated marketing platform with an eye on enhancing communication The bank is an avid supporter of the arts and culture channels with an ever-growing customer base and diversified range of segments to formulate a tailored offering to clients.

cater its product and service offerings to the demands of the market. It will continue to tailor its activities in a way that creates a demand-driven institution that drives value for all stakeholders, be they customers, employees, shareholders, or the community. It will work to bolster its marketing and communications activities to reach wider audiences, leveraging a variety of channels such as advertising, sponsorships, below and above the line marketing campaigns, and public relations endeavors to reach solid levels of engagement. In tandem, it will work youth today and to uncover solutions that could change the to further the bank's sustainability marketing strategy, capitalizing on the synergies inherent in the interlinkages between marketing communications and the promotion of sustainable business practices to act as a role model for other institutions in the industry to follow suit.

Human Resources

Advancing organizational reform through workforce diversity and opportunity

workforce that is united by a corporate culture and market best-practices was initiated. centered on learning, development, internal equity, and opportunities for growth. Our commitment to hiring a diverse workforce distinguishes us among Egyptian employers, as does our commitment towards providing a unique, rewarding work environment.

The Human Resources Group works to foster the goals. The group continually strives to streamline Banque du Caire's human resources policies and procedures to develop a high-impact and efficient workforce. In 2018, progress was initiated across the fundamentals of the bank's HR practices.

Organizational Development

the necessary human capital capacity and appropriate attract young talent. The total number of hires in 2018 designations of authority across the organization for efficiently managing this capital. In 2018, we conducted a thorough review and reengineering of our organizational structures to streamline and better define role profiles and functional scope. As part of this review, the global organizational consulting firm A more active use of professional social networks, a Korn Ferry was engaged to conduct a comprehensive component of the bank's digital revolution, opened role-mapping project and benchmarking of Banque du new channels in 2018 to attract quality candidates and Caire's job roles against the market.

A new Performance Management System based on the Balanced Scorecard Concept, which facilitates and ensures fair, tangible evaluation methodologies was launched, replacing Banque du Caire's legacy system.

deployment of a comprehensive Human Resources and all employees received a 4% salary increase to Information System (HRIS). A review of the current

At Banque du Caire, we strive for a diversified system to define the gap against hiring prerequisites

Talent Acquisition

Improving internal hiring was a top priority in 2018. Our objective was to ensure that Banque du Caire is maximizing its current HR resources and providing growth opportunities for all staff. In 2018, 991 opportunities were filled internally, through either internal hiring or resource bank's unique values and work culture, but also reallocation, providing almost 13% of our employees the contributes to its strategic growth and corporate chance to explore new opportunities and progress in their careers. This successful initiative also supported the functional centralization and reengineering of departments that are part of organizational reform.

External hiring also witnessed enhancements that support Banque du Caire's restructuring initiative. Improved hiring processes raised the quality of Successful organizational reform requires both building candidates, and top tier universities were targeted to was 571, an increase of 102% over 2017, with fresh graduates accounting for 83%. The bank is a strong believer in youth and their potential to be the backbone of our future success and sustained performance.

> enhanced our brand as an employer. As in previous years, the brand was also well represented at employment fairs.

Compensation and Benefits

The high performance of Banque du Caire's employees is attested to the fact that our workforce had seen a considerable amount of promotions in 2018. The A pillar of the bank's ongoing digital revolution is the average performance-based salary increase was 8%, account for inflation.

A comprehensive market intelligence was conducted to **Forward-Looking Strategy** re-gauge the bank's entry-level compensation and to ensure competitive packages for attracting young talent. As a result, compensation for entry-level positions received a 38% increase in 2018.

Medical insurance is one of the most important benefits the bank provides to its employees and their dependents. The budget for employee medical services increased 24% in 2018, and a medical committee has been formed to review and enhance the service.

For the first time, Banque du Caire participated in Korn Ferry's annual salary survey, which provides a useful comparison of our financial and non-financial compensation against banking industry peers.

Training

Banque du Caire aims to provide its employees with a fulfilling work experience through training programs built specifically to help them develop new skills and progress through their careers. Our new performance management system helps us identify employees' personal strengths and determine how they can use their skills to meet the bank's strategic objectives while accomplishing their career goals.

Training is integral to the performance management cycle, and so Banque du Caire offers a variety of training programs to enhance employees' soft, technical, and productivity skills. In 2018, the budget for training was increased by 26%, allowing 4,495 staff—almost 60% of the total employee population—to attend 20,443 training sessions, including 28 sessions overseas.

The Human Resources Group continues to work on aligning our training offerings with international standards for employee development in our sector.

In 2019, advances in HR policies, systems, and practices will make vital contributions to Banque du Caire's organizational reform. Partnering with management and business lines will be key to delivering sustainable organizational performance and progress on digital transformation, which will enable the bank to deliver on overall strategy.

102%

more hires y-o-y

7,741

total employees

38%

increase in compensation for entry-level positions

y-o-y growth in training opportunities

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Information Technology

Banque du Caire is embarking on a transformational journey to apply innovative technology across its business

> transition to future banking, laying the groundwork to distinguish Banque du Caire from its competitors with clearly differentiated digital offerings. The pillars of the bank's IT strategy aim to strengthen the technological foundations needed for business transformation. right product offering to the right customer at the right time through data analytics capabilities, empowering operations and productivity, and modernizing and applying continual improvements to infrastructure. In addition, the strategy delivers improved IT security, IT quality assurance and excellence, and enhanced IT staff skills to perform and leverage leading banking governance frameworks.

The IT division has been restructured and will continue to evolve to ensure the optimum support needed to the bank's strategic ambitions and drive a modern service-delivery organization, from strategy, planning, following teams: IT Strategy and Governance, IT Applications, IT Banking Solution Transformations, IT Infrastructure and Technology, IT Operations, and IT microfinance loan collections through Fawry. Admin and Finance. These teams have worked tirelessly including new digital and payment solutions, initiatives upgraded throughout the bank, and the infrastructure

Banque du Caire's IT division is spearheading the bank's for financial inclusion, and other innovations. The team also supports new branch openings and compliance with regulatory requirements.

2018 Highlights

As part of Banque du Caire's ongoing upgrades to specifically: empowering product innovation and control, IT infrastructure, the bank is introducing a new core enabling a customer experience that makes Banque du banking system from Temenos and has established Caire's offerings the "bank of choice", delivering the a dedicated project management team to oversee the system transformation. The system will add new technological and functional future capabilities.

The year also witnessed the IT division's efforts to work on establishing frameworks for internet and mobile banking, laying down the foundation for the bank's Omnichannel strategic approach. A cardless ATM technologies through solid IT strategic planning and solution for cash deposits and withdrawals was made available through Banque du Caire's mobile wallet and. as mandated by the CBE, was made interoperable with EBC-Tahweel. Banque du Caire debit and prepaid cards were integrated into the governmental POS network through EBC and a solution for Arsenal prepaid ATM cards was implemented. The division assisted in the and architecture to development, quality delivery and introduction of "step-up" loans, giving a competitive operations with strong governance. The IT division advantage to Banque du Caire Ioan offering. Other has approximately 120 employees who work in the financial services were implemented, including automated collection of government payments on behalf of the CBE, automated issuing of AMAN certificates, and

to revamp the bank's legacy infrastructure, stabilizing On the level of IT infrastructure aspects, we completed and modernizing the systems and platforms that a project to increase data-storage capacity and to underpin the bank's operations, providing a high level modernize our Unix-based and Intel-based servers of operational stability needed to deliver new banking with high availability and strong disaster recovery. experiences and innovative products and services Network infrastructure and connectivity were





The pillars of the bank's IT strategy aim to strengthen the technological foundations needed for business transformation.

and development of the bank's contact center was license. If granted, it will allow us to take a leading role also completed in addition to the introduction of the in payments through QR codes. new telesales center. The improvements covered end-user productivity devices with 6,280 new PCs and The IT division will continue its serious efforts to realize network was enhanced by an additional 684 ATMs.

Account Opening Centralization project was completed, banking system will move forward. and a telesales functionality was implemented. The Financial Transaction Analysis System was implemented, Ongoing replacement of 6,280 end-user PCs will and the establishment of an accounting system for continue as per the rollout plan, as well as the financial risks was supported. The Swift Alliance 7.2 expansion of the bank's ATM network to cover 314 upgrade was completed, internal systems to aid the new locations, upgrade 252 outdated ATMs and compliance department were set up, and the CBE's finan- adding 118 new ATMs in branches, offering customers cial-inclusion reporting requirements were met.

Forward-Looking Strategy

are a key enabler of our long-term growth strategy. As will be launched. the bank focuses on client needs and adapting quickly and flexibly to our customers, the importance of robust, modern IT underpinnings grows.

CBE regulations for mobile wallet acceptability set a benchmark around 10% of usage. As such, Banque du Caire plans to boost the number of mobile wallet users among our customers. Solutions to increase the volume of mobile wallet use are being explored, including enrolling more bill aggregators and offering both utility payments and peer-to-peer payments. As part of our strategy to support the CBE's push toward a cashless society and bolster financial inclusion, Banque

for 140 branches were modernized. The transfer du Caire has applied to the CBE for a mobile acquiring

1,200 new IP phones. The data center, headquarters, Banque du Caire's IT strategy and to capitalize on the and emergency center will soon receive the same growing digitalization of banking services through modernizations and upgrades. Banque du Caire's ATM internet banking and mobile banking. In order to give the bank advanced data analysis capabilities, a data warehouse and analytics projects are being planned, Internal productivity systems also received attention. The and the project management office for our new core

an enhanced banking experience. An automated settlement program for ATMs will also be initiated. As part of the drive for continual IT improvements, a Banque du Caire's IT platforms and product capabilities program for IT Service Management and Excellence



Banque du Caire is restructuring its IT infrastructure in support of the CBE's push towards financial inclusion and a cashless society.

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Banque du Caire maintains a robust and active Legal division that directly contributes to maintaining its leading market position while protecting the interests of both the bank and its stakeholders

> Banque du Caire's Legal division is the bank's main source for legal and regulatory guidance. It is a core In 2018, the division was able to successfully carry out pillar of the bank's transformation and expansion efforts, providing required legal support that aligns with the bank's strategies. The division is comprised of a highly qualified and specialized legal team of 109 attorneys and 83 administrators who assist the bank in not only meeting its legal obligations but driving relevant internal procedures and external regulations. its transformational strategy. Through 10 distinct departments (Litigation, Execution, Attachments, Investigation, Advisory, Contracts, Estates and Taxes, Real Estate Registration, Supervision and Follow-up, and the Administrative Secretariat) the Legal division provides the bank's executive management, other divisions, and branches with prompt and precise legal consultations in a manner that complies with local laws, regulations, and directives.

The division plays an active role in drafting and enforcing legal contracts in addition to reviewing and updating regulatory paperwork that complies with latest developments across the banking industry. It represents Banque du Caire before legal, judicial, and relevant governmental and non-governmental entities. The Legal division is committed to maintaining efficient and rapid response mechanisms to address relevant requests from all departments and divisions, an effort it supports by constantly working to educate employees across divisions on the legal and regulatory matters pertaining to them.

litigation involving the bank while continuing to deliver on all its communicated mandates. The division has been an active participant throughout the year in carrying out the bank's transformation strategy by ensuring that departments and divisions bank-wide adhere to

Forward-Looking Strategy

The division will continue to do its part in helping Banque du Caire transform into a more modernized, digital institution by facilitating all regulatory and legal frameworks pertaining to the strategy. In the year to come, it will expand its capabilities and the team's competencies to better serve the bank's operations as it embarks on a new chapter in its growth story.



The Legal division provides the bank's executive management, other divisions, and branches with prompt and precise legal consultations.



Change, Transformation, & Reengineering

Change, Transformation, and Reengineering plays a vital role in driving change across the bank by leveraging its resources while adhering to Project Management certified methodologies to ensure that projects are managed and implemented in a controlled environment

> a relatively new division for the bank, having been composed of 21 highly qualified individuals, tasked with restructured in 2018 under the umbrella of 'Change, Transformation, and Reengineering' to align with the bank's and Treasury. Digital and Infrastructure. Retail and SME. over-arching strategy. The division works hand in hand with different business units to drive targeted change through the projects and programmes implemented as per the pipeline compatible with the bank's strategy. Today, organizations around the world are working to build and increase project success rates. At Banque du Caire, the division is considered the guardian and orchestrator micro level, foundation project management responsibilities include the coordination and completion of projects on time within budget and scope, in addition to overseeing all aspects of projects, assigning responsibili-

and standards. Initiatives already implemented or in the coming year. currently being explored include:

- Portfolio planning, governance assurance, and reporting
- Integrated planning
- Status reporting and communication planning
- Risk and issue management
- Stakeholder management
- Financial management and benefits tracking
- Project demand and resource management
- Project quality assurance
- Ensuring compliance with the organization's management policy

Its strategy is directly aligned with that of the Board

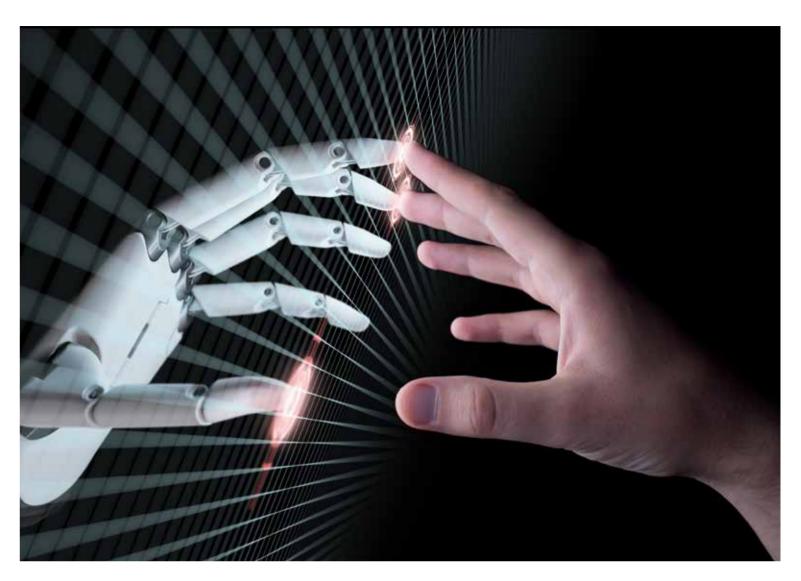
Banque du Caire's Project Management Office is chairman. Change, Transformation, and Reengineering is overseeing the bank's five key business lines: Corporate Capital Projects, and PMO.

2018 Highlights

In 2018, Change, Transformation, and Reengineering set out to draft and complete a clear operational enterprise change management capabilities to support framework for the division, including defining roles and their ability to adapt to changing business environments responsibilities, and educating the entire organization on the division's fundamental role within the bank. Operationally, the team succeeded in delivering on for driving change throughout the organization. On a a number of key projects for the bank, including managing the overall rebranding of Banque du Caire through several channels using clear and proper change management governance. The division's success in introducing a project management framework applied ties, monitoring, and summarizing progress of the project. in the rebranding process is now being considered the new standard for planning and implementation, The division also focuses on refining existing practices accordingly, the bank aims to introduce this project and introducing improvements to operating procedures management approach across the wider organization

> In terms of infrastructure projects, the division streamlined processes related to budgeting and branch network expansion, having successfully completed the addition of five new branches throughout the year. In addition, the division also led the centralization of the account opening processes and upgraded the SWIFT database. It also worked on delivering the bank's ATM expansion strategy and successfully relocated the bank's new call center.

project management framework and document The division has also been key to the bank's digital transformation strategy, working with numerous internal stakeholders to manage the digital transformation for Banque du Caire. Notably, it helped of Directors, with the team reporting directly to the kick-start the bank's internet and mobile banking



strategy, which is in the first stages of rollout. During the year, Change, Transformation, and Reengineering including the Fawry cardless loan collection, mobile cardless payments, and e-remittance process.

Moreover, the division was instrumental in upgrading the systems and processes governing the Treasury and Capital Markets division and laid the groundwork for the Retail and SME division to rollout a new wealth segment for affluent customers as well as the governmentbacked Meeza card offering.

Change, Transformation, and Reengineering re-engineered numerous internal processes, including the first phase of the legal workflow system, OFSAA, AML, reconciliation international standards.

Forward-Looking Strategy

Going into 2019, Change, Transformation, and new members throughout the course of 2019. Reengineering remains committed to delivering on its strategy and ensuring the bank meets its operational and growth targets.

During the year, the division will implement several automation and process reengineering initiatives also helped to implement several new initiatives to increase operational efficiency and reduce processing turnaround time, enhancing the customer experience and staff productivity. The team will also work to finalize strategic partnerships to provide new products supporting financial inclusion. The division's first target will be to introduce a new mobile wallet service targeted to microfinance entities. Other initiatives for the year ahead include seeing to completion the full rebranding and renovation of the bank in terms of the branch network, ATM network, and head offices. The division also aims to complete the implementation of the bank's internet and mobile banking platforms to bring innovative solutions to the market that ultimately work to onboard more system, and IFRS 9 ensuring the bank's compliance with unbanked customers into the banking system along with enhancing the customer experience. To ensure that the division is adequately staffed to deliver on these initiatives, the team aims to add at least nine

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Banque du Caire's Finance is central to the effective delivery of business strategy and financial targets

> Banque du Caire's Finance is essential to the The division introduced key financial analytical methods, functionality of the bank. Its chief responsibility is allowing for the upgrade of management reports and to ensure the bank meets its strategic goals in a the effective management of business performance. controlled manner while optimizing profitability and Financial reporting processes have been streamlined and returns to shareholders. With a team of 80 highly improved to enhance turnaround times and safeguard qualified individuals, the Finance division supports the timely publishing of financial statements. The division the bank's goals by providing key performance also upgraded the automated management reporting management analytics to guide decision making. This system to further enhance decision making all while use of analytics allows the division to act as a strategic working to implement the new core banking system as business partner and financial advisor, and Banque du a key means to support growth. To align with the bank's Caire's dynamic approach to strategy building in this overall transformation efforts, Finance was restructured regard keeps it a step ahead of others in the industry.

On the ground, the division is responsible for financial planning, financial performance analytics and decision support, financial control, financial reporting, regulatory reporting, and taxation, fulfilling its duties in line with the highest levels of financial integrity. It aligns its activities with national Egyptian Accounting Standards, CBE guidelines, and international best practice.

2018 Highlights

2018 was a remarkably successful year for Banque du Caire. Throughout the year, Finance played a key role division aims to maintain strict compliance with in supporting the bank during a period of realignment, growth, and overall transformation. The division led the process of developing the banks' five-year strategic plan to reflect its priorities and ambitions for growth. It also played a central role in effectively managing and restructuring the bank's balance sheet, rebalancing its product mix and investments, and introducing transfer pricing mechanisms to bolster the bank's net interest margin in an environment that is on launching an investor relations division to instill overcome with declining interest rates.

to allow for more effective management, adding several new calibers to the team.

Forward-Looking Strategy

Looking ahead, Finance aims to further solidify its standing as a trusted business partner, effectively engaging with the business to execute business strategies and drive business growth. This will be achieved by providing analytics and insights that guide performance management and influence business decision-making, identifying initiatives to enhance performance and returns, and ensuring robust cost and capital management. Most importantly, the effective financial controls and successfully manage relationships with regulators, auditors, and the board.

The division also aims to build the capabilities of the team to ensure that the functional responsibility of Finance is not only upheld, but improved as it works to strengthen its position as a key financial advisor within the bank. Furthermore, the division is currently working effective communication channels with investors.





Cairo International Bank, Uganda

Cairo International Bank, Uganda provides Banque du Caire's key corporate clients an entry point into the COMESA market and is a hub for the bank's presence throughout the African continent

> and serves approximately 26,621 clients. Banque du recovery rates. Caire holds a 62.33% stake in Cairo International Bank, Uganda, with the remaining shares held by Banque 2018 saw Cairo International Bank, Uganda adopt Misr and the National Bank of Egypt.

2018 Highlights

Banque du Caire is working to establish Cairo restructuring and strategic realignment began to International Bank, Uganda as a hub for further yield results in 2018. By year-end, the total value of involvement in East Africa and the COMESA bloc. It loans and advances stood at UGX 58.19 billion, up by aims to leverage its longstanding position in a major nearly a quarter from the previous year. Its loan-to-African market to create further opportunities for its deposit ratio climbed by 8 percentage points to 72% Egyptian clients in the investment and trade spaces. over the course of the year, as total deposits grew by To this end, Banque du Caire is working to efficiently 9% to reach UGX 80.55 billion. Meanwhile, the boost to expand Cairo International Bank, Uganda's business operational efficiency was manifested in an improving in the beachhead Ugandan market. As the Ugandan loan-to-asset ratio, which at year-end 2018 stood economy has picked up steam over recent quarters, at 46% after having averaged 38% between 2013 Cairo International Bank, Uganda has sought to play and 2017. Such early signs bode well for the future a role in the expansion of credit to public and private success of its plans for expansion and growth. sector entities.

Cairo International Bank, Uganda underwent a In the year ahead, Cairo International Bank, Uganda

Cairo International Bank, Uganda is a commercial wide-ranging expertise in a variety of sectors was bank that has been operating in Uganda since 1995 appointed in 2018 to lead Cairo International Bank, and is part and parcel of Banque du Caire's mission to Uganda's expansion over the next five years. The bank have a leading role not only in Egypt but throughout aims to expand steadily into the corporate and wealth Africa. The bank benefits from the solid ties existing management segments, while bolstering its competibetween Ugandan and Egyptian businesses and has tiveness in the core SME space. Experienced cadres helped to facilitate the growing volume of investment have been recruited for the positions of Managing in Ugandan firms by major Egyptian corporations. Director and Executive Director to drive forward the Cairo International Bank, Uganda operates eight bank's growth strategy. Cairo International Bank, branches across the country, employing over 140 Uganda also began to overhaul its credit approval highly skilled employees. The bank has traditionally processes, with the aim of improving asset quality, specialized in conventional SME and retail finance while engaging Ugandan collection agencies to boost

> a long-term strategy of shoring up its capital adequacy, a move that will facilitate its expansion into previously underpenetrated segments. Comprehensive

Forward-Looking Strategy

comprehensive restructuring process during 2018, will seek to sustain the momentum it has built in with an eve to boosting operational efficiency and recent years. The bank's priority will be to expand its financial performance. A new Board of Directors with share of the Ugandan credit market, an objective it

will pursue by three means. First, Cairo International Bank, Uganda will work to penetrate Uganda's growing markets for corporate credit and wealth management, diversifying its revenue streams and burnishing its market profile. Establishing closer ties with the Bank of Uganda will be a priority as Cairo International Bank, Uganda seeks to see through this comprehensive re-orientation of its business model. Secondly, the bank will work to refine the quality of its existing core offerings. This will be achieved with the help of an upgraded core banking system, which will enable the bank to further tailor its financial solutions and boost operational efficiency. Moreover, in line with Banque du Caire's global rebranding strategy, Cairo International Bank, Uganda will continue working to enhance its profile among market participants and will relocate to a new head office in 2019. Finally, management will work to leverage enhanced human capital resources as a driving force for sustainable growth and value creation. To this end, CIB Uganda will begin implementing plans to attract, retain, and train high-caliber professionals.

58.2 UGX

total value of loans and advances.



The bank benefits from the solid ties existing between Ugandan and Egyptian businesses and has helped to facilitate the growing volume of investment in Ugandan firms by major Egyptian corporations.

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Cairo Leasing Corporation

To complement its operations, Banque du Caire established Cairo Leasing Corporation to enhance synergies with its corporate offering

> Banque du Caire established Cairo Leasing Corporation team efficiently and profitably accommodated this (CLC) as a fully owned subsidiary in March 2018. CLC provides corporate clients with tailored leasing the company took a highly customer-centric approach products and services and assists them in meeting to originating, structuring, and underwriting financial capital expenditure requirements on assets including facilities, with positive results. By year-end 2018, CLC real estate, plants and machinery, transportation had entered into direct and indirect leasing agreements, fleets, and IT systems, among others.

> its corporate banking activities and gain a secure CLC secured contracts worth a total value of EGP 588 foothold in Egypt's expanding and competitive million and has assembled an asset base worth EGP leasing market. CLC is distinguished from its peers by 745 million. a fine-tuned operational model that enables its highly experienced team to issue prompt credit decisions and develop innovative solutions that deepen the as a major presence in Egypt's nascent leasing space. company's market footprint. In a short space of This success was in large part due to Banque du Caire's time, CLC has received an overwhelmingly positive careful investments in human resources, training response from the market, establishing a large base and development, as well as a highly competitive of clients operating in some of Egypt's most lucrative and rigorous recruitment process. A quality team business sectors.

> CLC relies on Banque du Caire's reputation as one of the largest banks in Egypt, providing powerful synergies from the bank has proven crucial in differentiating The bank's support enables CLC to make the best use and spurring increased business uptake. Efficient of its resources, creating opportunities to transfer its portfolio management, highly motivated staff, and a capabilities to its clients, and help them succeed in their wide-reaching marketing effort were core to CLC's early business endeavors.

2018 Highlights

CLC enjoyed a strong 2018 considering it was the first Forward-Looking Strategy of its operations, with the company breaking even in its first full quarter of operations and attracting a high Caire's full backing in its mission to create lasting value volume of business soon after its entrance into the for its stakeholders. The bank is highly committed market. Business volume grew rapidly between the start to developing an overarching group structure that

upsurge. In keeping with the bank's overall strategy, resulting in a net profit after tax of EGP 8.9 million. This represents a highly satisfactory return on equity The bank established the company to complement of approximately 18%. Amid rising business volumes,

> Developments in 2018 saw CLC swiftly established combined with cutting edge operational systems allow CLC to leverage the magnitude of increase in business volumes. Highly refined credit guidelines inherited successes and will continue to be crucial as the company seeks to entrench its footprint over the coming quarters.

Moving forward, CLC will continue to enjoy Banque du of operations and year-end 2018, and CLC's experienced integrates a wide variety of financial services under its brand and will continue to allocate the resources needed to broaden its impact on Egypt's non-bank financial institution space. The successes enjoyed by CLC in its first year of operations have left it with a solid platform from which to pursue expansion into new sectors, segments, and geographic area. With the company's brand equity established on a secure footing and its market share continuing to expand, in 2019 management intends to consolidate and leverage these gains in maintaining the cost efficiency and high productivity that have proven so crucial to CLC's early successes. CLC will move ahead with the introduction of innovative new leasing products in 2019, further differentiating its offering and doubling down on its customer-centric business model. Finally, CLC is working to obtain the licensing that will enable it to operate as a full-fledged financial institution in the near future, with the aim of firmly establishing itself as a major force in the leasing space while developing into one of the bank's flagship entities.





The bank established the company to complement its corporate banking activities and gain a secure foothold in Egypt's expanding and competitive leasing market.

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Corporate Governance

Banque du Caire's corporate governance frameworks are aligned with global and local best practices and ensure the bank operates in a transparent, sustainable, and efficient manner that drives value for all stakeholders of the bank

> Banque du Caire adheres to a comprehensive corporate in a way that makes sure to uphold sound strategies, governance framework that guards the interests of stakeholders and the integrity of its brand. The bank workplace. In 2018, the bank took steps to strengthen new structures and strategies to better support its Board of Directors, Executive Management Team, and Governance and Nominations Committee.

The bank understands that rigorous corporate governance is crucial to the success of its business, as it ensures that it protects the interests of customers, shareholders, employees, and the communities in which it works. Its commitment to integrity had led the bank to develop an institutional culture that motivates all employees—from its Board of Directors and executive managers to its front-liners—to work diligently and efficiently. It is also well-established that financial institutions that are clearly committed to rigorous corporate governance have a higher market value to book value. Furthermore, by adhering to the highest standards of ethics and integrity in its operations, Banque du Caire is playing an active role in the stable and sustainable development of a corruption-free, transparent, and ethical banking industry.

Board of Directors

Banque du Caire's Board of Directors is comprised of eight members including the Chairman, the two Vice Chairmen, and five independent Non-Executive Members. Every member of the board goes above and beyond in their duties to support the bank's operations, ensure compliance with laws and strategies, key policies, and frameworks that pursue the bank's long-term success. It performs its duties

leadership, and risk management oversight. The bank boasts the youngest and one of the most diverse complies with all laws and regulatory requirements boards in Egypt's banking sector; only two board in the Egyptian market and requires that employees members have pursued careers solely as bankers. embody the highest standards of ethical behavior in the The varied experience and perspectives of the board members ensure that they engage in a dynamic and its governance framework through implementing innovative decision-making process when refining and implementing the bank's institutional vision.

- Mr. Tarek Fayed, Chairman of the Board
- Mr. Amr El Shafei, Executive Vice Chairman
- Mr. Hazem Hegazy, Executive Vice Chairman
- Ms. Amal Esmat, Non-executive Board Member
- Mr. Tamer Wagih, Non-executive Board Member
- Mr. Rami El Borai, Non-executive Board Member
- Mr. Wael 7iada Non-executive Board Member
- Mr. Ashraf Bakry, Non-executive Board Member

2018 Board Committees

To assist in the discharge of its duties, Banque du Caire's Board of Trustees has created five committees with individual charters and mandates that set out its responsibilities and composition requirements. Committees regulations, and guide its growth as an institution. hold regular meetings throughout the year as well as ad It is primarily focused on setting the bank's values, hoc meetings as necessary to assist the board in fulfilling its responsibilities in an effective manner.

Audit Committee

This committee assists the board in fulfilling its oversight duties regarding the bank's financial reporting process and internal control systems. It supervises Banque du Caire's internal audit process, compliance function, and external audit process. This committee met nine times in 2018.

- Mr. Wael Ziada, Non-executive Board Member
- Mr. Rami El Borai, Non-executive Board Member
- Ms. Amal Fsmat Non-executive Board Member

Risk Management Committee

The Risk Management Committee oversees the bank's risk assessment and management functions, ensuring compliance with board-approved risk strategies and policies. The committee met four times in 2018.

- Ms. Amal Esmat. Non-executive Board Member
- Mr. Wael Ziada, Non-executive Board Member
- Mr. Ashraf Bakry, Non-executive Board Member

Executive Committee

The Executive Committee oversees Banque du Caire's corporate and investment portfolio with the aim of ensuring quality and allocation of funds in line with overarching strategic goals. This committee met 41 times in 2018.

- Mr. Tarek Fayed, Chairman of the Board
- Mr. Amr El Shafei, Executive Vice Chairman
- Mr. Hazem Hegazy, Executive Vice Chairman
- Ms. Hala El Kasar, Chief Risk Officer
- Ms. Soha El Turky, Chief Financial Officer
- Mr. Mohamed Alv, Treasurer

Remuneration Committee

The Remuneration Committee advises the board on appropriate compensation for board members and executive officers. This committee ensures that Banque du Caire's compensation schemes are consistent with the bank's strategic goals and that they enable the institution to recruit and retain top talent. The committee met four times in 2018.

- Mr. Ashraf Bakry, Non-executive Board Member
- Mr. Rami El Borai, Non-executive Board Member
- Mr. Tamer Wagih, Non-executive Board Member

Corporate Governance and Nominations Committee

This committee assists the board in its general governance oversight responsibilities and its effort to promote a culture of integrity and rigorous corporate governance within the bank. Additionally, the committee assists in identifying and nominating candidates for director positions. The committee met two times in 2018.

- Mr. Rami El Borai, Non-executive Board Member
- Mr. Tamer Wagih, Non-executive Board Member
- Mr. Wael Ziada, Non-executive Board Member

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Risk Management

Risk management is the lynchpin of Banque du Caire's strategy to operate a sustainable institution. The bank's Risk Management formulates vigorous risk management strategies that align with the institution's strategic goals and protect the bank from various risks

> Banque du Caire takes pride in being one of the first risk awareness training to build an effective risk local banks to establish a dedicated risk management culture throughout the institution. Banque du Caire's function in 2009, prior to the Central Bank of Egypt having risk management is distinguished by a dynamic and issued unified governance policies to govern the entire evolving culture of risk awareness given its acute banking system. Through the years, the division has understanding that employees form the bank's first continuously worked to establish, update, and enhance line of defense when it comes to risk management. To the bank's risk policies and frameworks to align with this end, employees are continuously encouraged to both local laws and regulations as well as international adhere to and understand the bank's risk strategies, best practices with an eye on building one of the nation's risk tolerance, risk appetite, and compliance measures leading ethical, transparent institutions. Across all levels of through a variety of internal channels. operation, including the bank's key operational functions, support lines, and branches, Banque du Caire works to Banque du Caire believes that effective risk management continuously evaluate, report, and manage potential risk that could in any way hinder both day to day operations or the implementation of any forward-looking strategies. Through a team of some of the most highly qualified risk officers in the Egyptian banking industry today, Risk Management formulates policies, procedures, and frameworks that set the tone for the entire organization and ensure the bank operates in a transparent, ethical, and sustainable manner.

Banque du Caire invests heavily in ensuring that each individual at every level of the bank is given extensive

- Accountability: including identification and escalation of risks by all individuals in the organization.
- Ownership: risk characterization, assessment, and management within each business line.

Risk Management at Banque du Caire is responsible for implementing the bank's risk profile as outlined by the Board of Directors and executive management. At Banque du Caire, risk management is viewed as a The division performs a comprehensive analysis of part of the individual duties of every employee. Both all potential associated risks to the bank including the board and management view themselves as credit risk, market risk, liquidity risk, and operational responsible for identifying the wider bank risk profile in risk. The division provides regular reporting to the order to establish an adequate balance between risks Risk Committee of the overall risk profile, limits, and the required level of returns. As such, the board and concentrations, and thresholds that guide Banque du management have put in place comprehensive policies
Caire's risk environment. The division also provides and frameworks to establish controls on the levels of executive management with information regarding risk while continuously working to enhance the bank's the bank's risk measures and navigates the business risk strategy. This ensures that both the board and direction based on risk assessment and mitigation. As management maintain comprehensive and effective such, Banque du Caire ensures that Risk Management oversight of the bank's risk frameworks and processes. has at its disposal the most efficient tools and mechanisms to carry out its duties.



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Risk Group Governance

Risk Drivers

Risk drivers include but are not limited to:

- Economic environment
- Regulatory or government policy
- Competitor or market evolution
- Business decisions
- Process or execution error
- Internal and external fraud
- IT security breaches
- Natural disasters

Banque du Caire has a risk identification process measures. designed to facilitate the first line of defense's responsibility to identify material risks inherent to the The division also employs Early Warning Signals bank, catalogue them in a central repository, and review the most material risks on a regular basis. The second line of defense reviews and challenges the first line's identification of risks, maintains the central repository, respective industries and help in determining the and provides consolidated bank-wide results to the Risk procedures to remedy each case. Committee and Bank Management.

enabler for early risk detection, assessment, and for defining suitable mitigative actions.

Types of Risks

grouped in the following risk types:

Credit Risk

The Credit Risk Management function measures, manages, and monitors credit risk across the bank's businesses. To measure credit risk, the bank employs several methodologies for estimating the likelihood and risk management, and collection processes.

As part of its mandate to constantly carry out periodic reviews of client creditworthiness, the bank utilizes the Obligor risk rating system to assign a risk rating reflecting creditworthiness and a probability of default based on financial indicators, qualitative assessments, and macroeconomic analysis. It adheres to local and international best practices used by leading industry practitioners and is fully compliant with the standards set by the Basel Committee, which warrants regular reviews of creditworthiness for credit clients with credit facilities. This mechanism allows the bank to proactively detect any unfavorable indicators that would require preemptive

(EWS) to mitigate risks that relate to the bank's credit customers. EWS encompass various financial and non-financial KPIs that cover clients and their

Banque du Caire has developed policies and practices that The risk group framework has been developed as an are designed to preserve the independence and integrity of approval and decision-making processes. More specifically, this is for extending credit to ensure credit risks are accurately assessed, approved, periodically monitored, and managed actively at both the transaction Banque du Caire's main risks are categorized and and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters, and guidelines for management of distressed exposures.

The organization has established and implemented a framework for managing credit risk across all businesses. This includes defining risk appetite, credit limits, credit of obligor or counterparty default. Methodologies for policies and processes for all business lines, namely measuring credit risk vary depending on several factors, corporates, SMEs, Fls, NBFls, retail, and microfinance. including type of asset, risk measurement parameters
This is accompanied by periodically conducting portfolio reviews, stress tests, updated risk ratings, and classification triggers.



Market Risk

Market Risk Management monitors the impact of the As part of this process, lines of business identify key change in the economic conditions on the bank's balance operational risks inherent in their activities, address sheet. The Market Risk Management function reports to gaps or deficiencies identified, and define corrective the bank's Chief Risk Officer, Market Risk Management actions to reduce residual risk. seeks to manage risk by facilitating efficient risk/ return decisions while reducing volatility in operating In addition to the self-assessment process, the bank performance. Market Risk Management has established tracks and monitors events that have led to or could its risk policy and framework for monitoring trading and lead to actual operational risk losses. Responsible investment limits.

Liquidity Risk

The liquidity risk function's primary objective is to provide assessment, measurement, monitoring, and ORM provides oversight of these activities and may control of liquidity risk across the bank. At an aggregate level, Banque du Caire's goal is to maintain sufficient funding in amount and tenor to fully fund customer or emerging risk. ORM screens all new and updated assets and to provide an appropriate amount of cash and high-quality liquid assets, even in times of stress.

Operational Risk (ORM)

or failure of internal processes, people, and systems, Outsource or third-party risk is the process of ensuring or from external events including legal risk.

financial losses, litigation and regulatory fines, as regular evaluation of vendors. well as other damages to the bank.

Banque du Caire utilizes a structured risk and control Cybersecurity risk is an important, continuous, and evolving self-assessment process, which is executed by the focus for the organization. Banque de Caire devotes lines of business in accordance with the minimum standards established by ORM. This is to identify, improve the security of the bank's digital infrastructure and assess, mitigate, and manage operating risk.

lines of business analyze their losses to evaluate the effectiveness of their control environment and to determine the remediation efforts.

also perform independent assessments of significant operational risk events and areas of concentrated activities, procedures, and functions to secure risk identification and assessment as pre-fact process prior to implementation.

that the use of service providers and IT suppliers is within the acceptable potential for business continuity and does Operational risk is inherent in the bank's activities on not cause disruption or a negative impact on business and can manifest itself in various ways, including performance. Banque du Caire developed outsource fraudulent acts, business interruptions, cybersecurity policies to select and assess the needs of the outsource attacks, non-conformant employee behavior, (third party) and set up the contractual agreements, non-compliance with applicable laws and regulations, non-disclosure, and service level agreement to stay or failure of vendors to perform in accordance with abreast of any legal risks and to maintain a level of their agreements. These events could result in satisfaction of the service provided. This includes

Cybersecurity Risk

significant resources to protecting and continuing to other technology assets.



The most material risks inherent to the bank are identified, reviewed, and updated on a regular basis by our risk management team.

98 • Banque du Caire • Annual Report 2018 Annual Report 2018 Banque du Caire 99 Banque du Caire's security efforts are designed to protect earnings and capital, liquidity outflows, fines, penalties, against, among other things, cybersecurity attacks by or qualitative impacts, such as reputation damage, loss of unauthorized parties attempting to obtain access to clients, and regulatory and enforcement actions. confidential information, destroy data, disrupt or degrade service, sabotage systems, or cause other damage. Risk Appetite Banque du Caire continues to make significant investments Banque du Caire maintains a rigorous set of measures in enhancing its cyber defense capabilities in order to to adequately align the bank's risk appetite with its understand the full spectrum of digital risks in the operating strategies. The bank utilizes the Internal Capital Adequacy environment, enhance defenses, and enhance resilience Assessment Process (ICAAP) to measure the availability of against cybersecurity threats.

capital and liquidity levels in relation to its risk appetite and risk tolerance.

There may be many consequences of risks manifesting,
The bank also conducts regular stress testing, which including quantitative consequences namely: reduction in provides a simulation of various potential scenarios

Impact of Risks

Risk Type	Mitigation Measures	Tools
Credit Risk	The bank works to ensure that loan and credit facility counterparties maintain healthy creditworthiness as well as present adequate collaterals	 Early Warning Signals (EWS) Obligor risk rating systems Facility risk rating Forward Looking Probability of Default (PDs) Target Market & Risk Acceptance Criteria (TMRACs) Portfolio concentrations and thresholds
Market Risk	The bank continuously monitors the markets in which it operates to assess any market dynamics that could affect the bank in any material way	 Forecasting of interest rates and FX Interest rate stress tests IRRBB Maturity GAPs
Operational Risk	The bank maintains operational resilience by actively recognizing potential crises, as well as safeguarding data protection	Key risk indicatorsSelf-control risk assessmentHeat mapLoss collection database
Concentration Risk	The bank adheres to its recognized risk profile by maintaining a balanced exposure across its loan and credit portfolio	 Target Market and Risk Acceptance Criteria (TMRACs) Portfolio concentration and thresholds Individual / granularity concentration ICAAP
Liquidity Risk	The bank meticulously monitors capital adequacy in meeting its short- and long-term obligations while examining the effects of various scenarios on the bank's liquidity position	NSFRLCRLiquidity stress tests



that measure the degree to which the bank's asset and techniques. The Security-Operating Center was bank's strategy.

Banque du Caire also uses the Target Market and Going into 2019, Banque du Caire will place a higher Risk Acceptance Criteria (TMRACs) for clients in emphasis on cybersecurity and data protection major economic sectors to manage their credit risk as part of its risk management framework. Digital portfolio on an ongoing basis. TMRACs contribute banking is expected to play a greater role in the bank's to enhancing the bank's credit risk management and ongoing transformation, particularly as it expands help to efficiently channel its resources toward viable its microfinance and SME operations and as it target markets.

2018 Highlights

In 2018, as part of Banque du Caire's transformation will be an even greater role for active data analytics agenda, the division restructured several departments and modelling throughout the division, with analytics within Risk Management to upgrade the work process. playing a vital role in providing adequate economic The risk group has updated its policies, and internal forecasts and opportunities that steer the bank's procedures as well as setting up the key risk indicators, operations towards higher value creation. early warning signals, TMRACs, and enhancing information security.

The division worked on localization of Moody's Risk Analyst and calibrating the Obligor risk ratings as a prerequisite for the IFRS 9 implementation. The bank implemented the IFRS 9 and ICAAP frameworks in addition to shifting from a retroactive probability of default (PD) model to a more forward-looking PD impairments strategy. These tools provide the bank with a dynamic measure as to how the various correlating factors within different economic scenarios affect its operations.

The team completed the liquidity contingency plan as well as the Basel III requirement for Interest Rate Risk in the Banking Book (IRRBB).

The Operational Risk Team completed the majority of the functions of risk control self-assessment, initiated the KRIs process, and completed the outsource and third party policy. Most importantly, the division created a new awareness program across the institution to elevate operational risk awareness among the employees, while automating the loss collection incidents with an internal web based system with user roles and automatic reports, performing annual BCP and evacuation testing.

2018 was a year to elevate the bank's information and cyber security awareness, security measures

and capital base can withstand losses. The bank's established along with the installation of firewalls executive management oversees all phases of stress and security solutions over the email, internet, and testing to ensure results are handled in the most web pages. It was a year of building the foundation in efficient and effective way possible to align with the preparation for the digital banking takeoff slated for 2019.

Forward-Looking Strategy

transforms into a digital institution. As such, Banque du Caire recognizes the importance of integrating enhanced cybersecurity techniques and tools. There



Both the board and management view themselves as responsible for identifying the wider bank risk profile in order to establish an adequate balance between risks and the required level of returns.

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Compliance

Banque du Caire works to uphold the rigorous compliance structures that ensure the smooth running of the entire organization

> responsible for identifying, evaluating, recommending, and reporting compliance-related risks that may include legal or legislative penalties, financial losses, or damage to the bank's reputation as a result of a failure to comply with applicable laws and regulations. The division is frameworks throughout the bank. It also ensures that directed by a rigorous set of frameworks, polices, and procedures that align with international best practices Compliance Act (FATCA) to ensure that all accounts are and promote the highest level of integrity throughout compliant with regulations set forth by the US Internal the organization.

> Falling directly under the purview of the Chairman 2018 Highlights and the Board of Directors, Compliance swiftly and efficiently handles disciplinary issues across the bank's diverse activities. The Audit Committee approves annual compliance plans and oversees their implementation supported management, the Board of Directors, in accordance with CBE regulations and the bank's own and the Governance Committee to establish a Compliance Charter. Compliance reports regularly to comprehensive set of reworked governance guidelines the Audit Committee, the Chairman, and the CEO on issues of compliance, while preparing quarterly periodic reports to ensure the entire organization is kept abreast of any changes to policy or compliance issues that require attention. The division works closely with the risk and internal audit functions of the bank to provide aligning with best practices in the banking industry in a stronghold that protects the bank against a myriad of terms of external reporting. compliance risks.

> The Banque du Caire Compliance Charter is the main tool by which the bank outlines its compliance framework and adequate policies for implementation. The charter ensures that all controls, legislations, and regulations are intrinsically rooted in applied policies and procedures, which are reviewed on a consistent basis to make sure they works to safeguard the bank against risk and liability. are aligned with relevant global and local best practices. In cooperation with Risk Management, the division will Anti-Money Laundering and Terrorism Financing (AML) is one of the most important mandates for Compliance given the sheer size of the bank's cross-border transactions. of compliance and risk throughout the bank.

> Banque du Caire's Compliance is an independent function As such, the department maintains strong focus on the effective monitoring of bank accounts and transactions in addition to screening accounts and transactions against sanctioned lists and countries. It develops, implements, and maintains an extensive set of AML compliance the bank is compliant with the Foreign Account Tax and Revenue Service (IRS).

During 2018, the bank's Compliance took strides to enhance its individual charters and the bank's overall corporate governance framework. The division to meet legislative and regulatory requirements across the bank's lines of business. In 2018, the bank was successfully able to conduct external quality assurance testing with PwC, including a FATCA Health Check, in line with its mandate to continually work on

Forward-Looking Strategy

In the year to come, the bank's Compliance will work to continually enhance its efficiencies, reporting structures, and turnaround times. It will work to update its compliance frameworks and policies in line with best practices and raise staff awareness of key compliance issues as it expand training and development programs offered to staff to foster a culture that upholds the highest standards



Internal Audit

Banque du Caire's Internal Audit works consistently to maintain world-class compliance and audit structures throughout the bank, its affiliates, and subsidiaries

> Banque du Caire's Internal Audit is an integral part 2018 Highlights of the bank's control structure, working to ensure that the bank conducts all business at the highest ethical and legal standards through the provision of independent, objective assurance capacities to all stakeholders. Banque du Caire's Internal Audit works division put in place an effective yet dynamic annual plan under the direct supervision of the Audit Committee, for the year in line with the bank's internal reorganization Chairman, and the CEO to ensure the bank's agenda. The plan was reviewed throughout the year to compliance with regulatory and internal regulations, respond to shifting benchmarks both within the bank and policies, and guidelines to drive the bank's strategy to become a sustainable and transparent institution.

The division works to create, update, and report on the bank's internal policies and procedures in line with best practices through providing risk-based assurance, advice, and insight throughout the organization. The division provides key information and recommendations on the adequacy and effectiveness of the bank's internal control system, its operational framework, and risk and governance. This provides management with valuable and reliable audit opinions that allow them to dynamically react to emerging risks, make strategic decisions, and formulate the bank's long-term strategy.

Internal Audit ensures that the bank adheres to executive management in order to build an effective proper execution, documentation, and compliance while improving the effectiveness of governance, risk management, and control processes. The team is made up of some of the most highly trained professionals selected through a rigorous competency profile benchmark. They possess a diverse skill set ranging from generalist auditors to those specialized in the financial sector, affording them the proper tools to conduct analytical reviews and assessments throughout the bank's operations.

Throughout the year, Internal Audit continued to build on its audit and inspection competencies and pressed on with the bank's strategy to align its internal structures with world-class governance and compliance standards. The on the external level.

The year also saw the bank effectively monitor its risk management system, ensuring the effectiveness of the bank's risk assessment objectives while identifying and assessing risks that arose during the year. The division is also tasked with the review of a number of key functions within the bank, including monitoring the efficiency of the control system, conformity with relevant policies, use of resources, use of computer systems, the quality of the credit portfolio, among others.

The team conducted regular field inspections, investigations, and other audit responsibilities required by the Board of Directors, the Audit Committee, and compliance culture throughout the bank. The division made sure all new and current employees were kept up to date and trained on the best practices of governance, compliance with the bank's principles of integrity, and the state's regulations as pertaining to financial institutions.

Internal Audit also coordinated with oversight bodies, including external auditors, to determine the most efficient and effective frameworks to aid the bank in meeting its internal restructuring agenda.



Forward-Looking Strategy

Over the next three years, Banque du Caire plans to take active steps to further improve its internal audit functions as it works to transform the bank into a more modern institution. This is set to include the introduction of a risk-based methodology framework to govern the entire function as well as a standalone IT-Audit division to go hand in hand with the bank's compliance while improving the digitalization strategy. The bank will also encourage the pursuit of further qualifications for its audit staff (inducing CIA, CISA, CFE, CQA, and credit course training risk management, and control programs) as it works to build up their knowledge of fraud detection techniques and enhance the bank's overall control and risk culture. The division will also streamline the relationships and coordination between various control departments, improve its internal administrative function, and build on its already year-long track record of success in the industry.



Internal Audit ensures that the bank adheres to proper execution, documentation and effectiveness of governance, processes.

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Supporting Egypt's Economic Development

For six decades, Banque du Caire has been committed to supporting communities, creating opportunities and paving a pathway to prosperity for a broad cross-section of Egyptian society

> As one of Egypt's oldest and most prominent banks, Banque du Caire has firmly embraced its economic and social responsibility toward the communities in which it operates. As such, we have always strived to lead by safe and equitable work experience for our employees. All example, particularly in the areas of corporate citizenship Banque du Caire employees receive a living wage, and we and sustainable business practices.

> and has managed to become a pioneer in the industry through vast efforts exerted in the Egyptian market. Today, it continues to enjoy a leadership position in the micro, small, and medium sized market, joining the CBE's efforts in promoting financial inclusion to unbanked and underbanked segments of society by utilizing digital solutions and leveraging a widespread network of branches and distribution channels to reach the most remote areas. We also provide microfinancing to fund projects spearheaded by women, youth, and underprivileged entrepreneurs to bolster their incomes, create jobs, and ultimately boost the country's sustainable and we do not permit harassment of any kind inside or outside economic growth.

Investing in Communities

Banque du Caire's robust corporate social responsibility program targets a variety of crucial societal needs and vulnerable populations across the country. To maximize the impact of our efforts, we have aligned our CSR agenda with the targets of the Egyptian government's Vision 2030.

Since becoming a member of the United Nations Global Compact (UNGC), the world's largest voluntary sustainability initiative in 2016, we have realigned our areas of human rights, fair labor standards, environmental sustainability, and anti-corruption.

Human Rights and Fair Labor Standards

Banque du Caire's commitment to human rights and fair labor standards is demonstrated through our efforts to provide a regularly review and adjust our compensation schemes to reflect inflation. In 2018, we expanded our healthcare coverage Banque du Caire is a leader in the microfinance sphere, for all our employees and their families to meet rising costs of living. To ensure our people have a positive work experience and are equipped with the tools they need to succeed, we provide a variety of training programs in accordance with international industry standards. In 2018, the bank reviewed its appraisal process to better help employees achieve their individual professional goals.

> Banque du Caire strives to create an environment where all employees have equal opportunities to thrive. We do not discriminate on the basis of race, color, ethnicity, gender, sexual orientation, age, religion, marital status, or disability, the workplace. In line with Egyptian laws and our commitment to human rights, we condemn all instances of forced labor and child labor, and we ensure that all of our people have official employment status.

> In addition, as part of the bank's efforts to promote inclusivity and the rights of disabled individuals, we have installed ramps in approximately 30% of our branches, making them wheelchair-accessible, with plans to expand further on this effort.

To foster connections across our staff, our Employee Services Committee plans regular social activities, and our internal practices and operating procedures to reflect our Sports Committee coordinates opportunities for 47 teams commitment to the UNGC's 10 principles focusing on the (750 employees in total) to participate in a variety of sports tournaments throughout the year.



Minimizing our Environmental Impact

Banque du Caire honors its commitment to the environment by taking concrete steps to increase the sustainability of our operations and decrease our carbon footprint. The bank abides by environmental guidelines in all its day to day operations with every stakeholder and seeks to become a leader in environmentally sustainable practices.

All forms of technology and electronic devices used across the bank are monitored and regularly updated to maximize energy efficiency and reduce emissions. In addition, we have introduced highly efficient LED lighting in branches across governorates and are currently exploring opportunities to transition to solar power. A combination of double-glass windows and Energy Star certified air conditioners are also installed in our main building to support this goal.

We are continually making changes to become a paperless bank through digital solutions, and we rely on a specialized supplier to recycle all our printer ink cartridges.

In our continuous efforts to reduce water and energy consumption, Banque du Caire installed an ecofriendly plumbing system and has also partnered with a waste management company to further minimize the environmental impact of its operations.

As part of its CSR strategy, Banque du Caire has also undertaken several initiatives to promote sustainable development. The bank played an active role in supporting planting rooftops. Additionally, from the bank's position as a leader in microfinance, we have provided funding to purchase tricycles for several disabled individuals to operate as a source of their livelihood.

Fighting Corruption

To safeguard against all forms of corruption within our organization, Banque du Caire has established a strict culture of compliance. Our robust corporate governance framework complies with the regulations established by Egyptian law and the CBE. All employees are required funding studies executed by the children's cancer hospital. to participate in compliance, corporate governance, and anti-money laundering training sessions on a regular basis. In addition, employees are made fully aware of the bank's Code of Ethics, whistleblower policy, and Egypt's first hospital specialized in the treatment of burns. anti-money laundering policy.

Corporate Social Responsibility

Over the years, Banque du Caire has undertaken a variety of CSR projects across the country and spearheaded initiatives to support the most vulnerable members of 366 k

CSR beneficiaries in 2018.

society in the areas of education, food security, culture, vocational training, economic development, infrastructure, youth, women, and individuals with special needs. The bank prioritizes sustainability as a key factor in all partnerships and projects it funds. In many cases, we have developed lasting relationships with the communities we serve and the partners who help us achieve our goals.

Healthcare Initiatives

Banque du Caire strives to improve the healthcare system the people of Helwan develop an agricultural project by in Egypt by regularly donating medical equipment and financing cutting-edge technology for hospitals and medical providers across the country. In addition to the donations, the bank arranges the necessary training for doctors to learn how to properly and safely operate the donated equipment and conduct maintenance to ensure the sustainability of

> In 2018, the bank led the fight against cancer by purchasing mammogram devices to support several NGO efforts in the early detection and treatment of breast cancer, as well as This year, we were also a proud bronze sponsor of a charity marathon held in Ismalia to raise money for a new cancer hospital. We also provided funding for a children's ICU at

> Banque du Caire also collaborated with an established NGO in launching the first floating hospital. The boat sailed across governorates in Upper Egypt and offered treatment for women and children for diseases like anemia and breast cancer, among others.



Being a committed employer

- Developing talents and encouraging leadership
- Creating brand ambassadors
- Inclusive staff engagement
- Collaborative management
- Maintaining employee safety and wellbeing
- Fair treatment and freedom of association



Customers

Being an outstanding partner for our customers

- Providing innovative products and services
- Preserving long term relationships
- Brand loyalty
- Financial inclusion

BDC in 2018



Civil Society

Serving civil society

- Acting ethically and responsibly
- Supporting healthcare, education, and Egypt's
- Supporting people with disabilities by financing financial inclusion projects
- Protecting culture and heritage
- Developing Egyptian society and programs for underprivileged villages



Environment

Being an environmentally friendly player

- Increasing the sustainability of our operations and decreasing our carbon footprint
- Maximizing energy efficiency and reducing CO2
- Reducing water and energy consumption
- Introducing solar energy initiatives
- Increasing greenery on houses roofs

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medical convoy beneficiaries

animal convoy beneficiaries

vocational training beneficiaries

Education Initiatives

In line with Egypt's 2030 Vision, the bank's sustainable development strategy seeks to promote inclusive development through cultivating prosperity and achieving social and economic justice.

We firmly believe in the power of education as a key driver of economic development and a main pillar in achieving prosperity. We have therefore established several scholarships for students to attend some of Egypt's universities including Nile University, Zewail University, Ganoub Al Wadi University, Assiut University, and others.

We have been providing five students with full scholarships to Nile University annually since 2016, and in 2018, the bank awarded 25 scholarships to students at Zewail University to study nanotechnology and other innovative sciences for the first time.

Additionally, Banque du Caire has been a strong advocate of community schools, a new concept that supports students at the primary level who live in remote areas across the country in learning efficiently and effectively. The bank backs this initiative by funding 30 students in community schools in the Fayoum governorate.

Qawafel El Kheir - Charitable Convoys

Each year, Banque du Caire's CSR team identifies the areas with the highest poverty rates and in need of support. For the sixth year in a row, Banque du Caire has organized Qawafel El Kheir convoys during the months of Ramadan and winter to help eradicate hunger and alleviate poverty, as well as foster community development and improve housing infrastructure across Egypt.

In 2018, our convoys distributed Ramadan food packages to 2,000 families, and funded 100 eye surgeries. Through this initiative we also provided roofing for 50 houses and installed water connections for 60 houses in four governorates (Aswan, Qena, Minia, and Beni Suef) across 288

full student scholarships

739

renovated houses

200

new water pipes for homes

Egypt. Several Banque du Caire employees also volunteered to take part in the convoys by providing assistance and distributing the packages.

Sustainable Development in Al Qora'an Village

We are incredibly proud to have developed a sustainable development project to improve the overall quality of life in the community of Al Qora'an Village in Sohag, Upper Egypt. We aim to revitalize the community by improving infrastructure, education, healthcare, and employment by providing vocational training to members of the community.

After conducting a needs assessment, we completely renovated 89 of the most dilapidated houses in the village by installing new roofs, electricity, and bathrooms. Additionally, we constructed a 2.6 km pipeline to supply drinking water to more than 200 homes. Banque du Caire also funded the complete renovation of Al Qora'an Village's primary possible, we collaborate with other organizations to school and equipped its classrooms with a variety of new maximize our impact and link our efforts with broader learning tools and equipment. This project also included the national and global projects to address pressing social, construction of two healthcare units in the village equipped economic, and environmental issues. In 2016, we joined with medical supplies to treat several concerns, diseases, the UNGC, the world's largest voluntary CSR initiative with and emergencies. We will also be organizing biannual medical over 10,000 participants. Since then, we have aligned our convoys to provide free exams, medicine, and surgeries as own sustainable business strategy and operations with well as veterinary convoys to treat farm animals as they are the UNGC's 10 principles focusing on the areas of human an important source of food and income in the village.

to staff at the village's new healthcare units will be provided most disadvantaged communities. on a regular basis for the first year after launch. Additionally, initiative that equipped them with the skills needed to generate income through personal projects. Trainees were taught important skills in areas such as plumbing, electricity, and air conditioning installation.

Economic Initiatives

Banque du Caire is one of Egypt's leading providers of microfinancing. This has helped define the bank's CSR strategy to focus on employment, job creation, and vocational education and training. The bank successfully contributed to curbing unemployment in Sohag by providing 500 youth with job opportunities in handicrafts. Additionally, the bank has financed projects for individuals with disabilities under its microfinancing initiative to promote financial self-sufficiency.

Partnerships for Sustainability

Banque du Caire's commitment to sustainability extends beyond our internally developed initiatives. Whenever 105

beneficiaries from incomegeneration projects

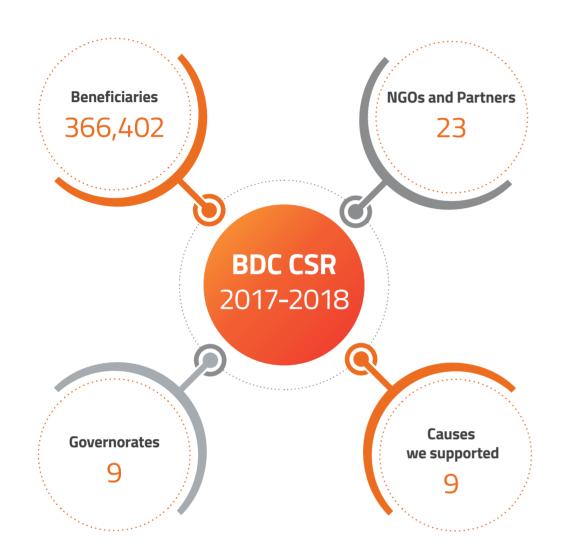
teachers trained

rights, fair labor standards, environmental sustainability. and anti-corruption. For over a decade, the bank has been This crucial human capital development project facilitated the a proud member of the Federation of Egyptian Banks, a training of 73 teachers in seven primary schools in Al Qora'an coalition that aims to transform the overall quality of life in Village and the surrounding area. Further technical support a comprehensive and sustainable manner for the country's

140 men and women benefitted from the vocational training Over the years, we have developed a large number of meaningful working partnerships with a variety of local and international NGOs that share our vision for transforming Egyptian society and supporting the country's most vulnerable communities. During 2018, we supported the following organizations:

- Contributed funding to Al Asmarat, a national project to rehouse Egyptians living in slums to better housing in safer neighborhoods.
- Donated to several NGOs working with special needs
- Donated 724 Aman Insurance certificates to vulnerable individuals in Beni Suef
- Provided winter clothes to underprivileged families in Upper Egypt during the cold winter months.
- Built new roofs for 85 households and provided winter necessities to 1,000 families in the Aswan governorate.

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Causes



Health











Environment

Education

Women Empowerment

Financial Inclusion

Gender Equality



Rights for the Disabled



Development



We have a social responsibility, a constitutional opportunity, and a moral obligation to help others.

























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IM AUDITOR'S REPORT

Translation Originally Issued in Arabic

BDO Khaled & Co.
Public Accountants & Advisers

KPMG – Hazem Hassan Public Accountants & Consultants Accountability State Authority Central Department of Banking Supervision

AUDITORS' REPORT

To the Shareholders of Banque Du Caire (S.A.E)

Report on the Separate financial statements

We have audited the accompanying separate financial statements of Banque Du Caire (Egyptian Joint Stock Company) which comprise the separate financial position as at 31 December 2018 and the separate statements of income, cash flows and changes in shareholders' equity statement 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 the 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 Bank's financial statements issued by the Central Bank of Egypt on 16 December 2008 and with the requirements of applicable Egyptian laws and regulations. Management's responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error, this 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 separate financial statements whether due to fraud or error. In making those risk assessments, the auditors' considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the accompanying separate financial statements referred to above present fairly, in all material respects, the separate financial position of Banque Du Caire as at 31 December 2018 and of its separate financial performance and its separate cash flows for the year then ended in accordance with rules of preparation and presentation of Bank's financial statements issued by the Central Bank of Egypt on 16 December 2008 and with the requirements of applicable Egyptian laws and regulations relating the preparation of this separate financial statement.

Report on other legal and regulatory requirements

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

The separate financial information included in the Board of Directors' report, prepared in accordance with the provisions of Law No. 159 of 1981 and its executive regulations are in agreement with the Bank's accounting records within the limit that such information is recorded therein.

Mohamed Mortada Abd ElHamed

and Auditors and Section 2 Advisors and Auditors and Auditors register No. 308
Accounting and Auditors register No. 5911
Financial Regulator Authority No. 157
BDO Khaled & Co.

Fellow of the Egyptian Society of Accountants

Auditors

Hatem Abd El Moneim Montasser

KPMG Hazem Hassan

Public Accountants and Consultant

Financial Regulator Authority No. 225 KPMG Hazem Hassan Public accountants & Consultants Enas Abdallah El Sherif

Member of the Egyptian Society

of Accountants and Auditors.

Accountability State Authority

Cairo in: 12 March 2019

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Separate Financial Position

As at 31 December 2018 (All amounts - EGP' 000)

	Note No.	31/12/2018	31/12/2017
Assets			
Cash and balances with Central Bank	(14)	4,335,961	10,914,893
Due from banks	(15)	53,099,718	29,649,142
Treasury bills and other governmental notes	(16)	16,030,154	36,073,453
Loans and advances to banks	(17)	537,408	
Loans and advances to customers	(18)	61,809,668	41,715,787
Financial investments			
Investment in Available for sale	(19)	2,273,950	749,522
Investment in Held to maturity	(19)	23,453,116	25,319,282
Investments in subsidiaries and associates	(20)	293,107	216,745
Intangible assets	(21)	21,090	14,593
Other assets	(22)	3,165,621	2,012,060
Deferred tax assets	(29)	294,886	242,174
Fixed assets	(23)	373,132	308,444
Total assets		165,687,811	147,216,095
Liabilities and Equity			
Liabilities			
Due to banks	(24)	16,929,940	7,881,596
Customer's deposits	(25)	131,298,406	122,187,112
Other loans	(26)	3,218,887	2,651,221
Other liabilities	(27)	2,182,827	3,922,073
Other provisions	(28)	452,374	546,655
Deferred tax liabilities	(29)	36,810	28,403
Retirement benefit liabilities	(30)	947,834	762,815
Total liabilities		155,067,078	137,979,875
Equity			
Issued and paid up capital	(31)	2,250,000	2,250,000
Reserves	(32)	2,421,095	2,515,615
Difference between the present value and face value for subordinated deposit		2,453,230	2,650,751
Retained earnings	(32)	3,496,408	1,819,854
Total equity		10,620,733	9,236,220
Total liabilities and Shareholders' equity		165,687,811	147,216,095

⁻ The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Soha Elturky

Tarek Fayed

Chief Financial Officer

Chairman & Chief Executive Officer

SOHA ELTURKY

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Separate Income Statement

For the year ended 31 December 2018 (All amounts - EGP' 000)

	Note No.	31/12/2018	31/12/2017
Interest and similar income	(6)	18,593,248	16,503,013
Interest and similar expense	(6)	(12,110,266)	(11,790,223)
Net interest income		6,482,982	4,712,790
Fee and commission income	(7)	1,167,900	902,963
Fee and commission expense	(7)	(34,271)	(25,444)
Net fee and commission income		1,133,629	877,519
Dividend income	(8)	116,545	71,493
(Loss) / Gains from financial investments	(19)	(3,894)	11,459
Impairment loss on loans and advances	(11)	(904,842)	(658,493)
Administrative expenses	(9)	(3,089,761)	(2,732,590)
Other operating revenue (expenses)	(10)	156,206	16,678
Net profit before income tax		3,890,865	2,298,856
Income tax expense	(12)	(1,409,912)	(1,491,335)
Net profit for the year		2,480,953	807,521
Earnings per share (EGP/share)-Basic	(13)	3.96	1.26

⁻ The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Soha Elturky

Chief Financial Officer

SOHA ELTURKY

Tarek Fayed

Chairman & Chief Executive Officer

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⁻ Auditors' Report (attached).

⁻ Auditors' Report (attached).

Separate Statement of Cash Flow

For the year ended 31 December 2018 (All amounts - EGP' 000)

	Note No.	31/12/2018	31/12/2017
Cash Flows from Operating Activities			
Net profit before income tax		3,890,865	2,298,856
Adjustments to Reconcile Net profit to Cash Flows from Operating Activities			
Fixed assets depreciation	(23)	75,213	54,202
Intangible assets amortization	(21)	8,079	4,126
Net impairment loss for loans and advances	(11)	904,842	658,493
Other provision formed	(28)	110,907	212,126
Other impairment for other assets	(22)	7,361	586
Other provisions no longer required	(22,28)	(89,272)	(35,814)
Gain from the sale of fixed assets	(10)	(89)	(1,095)
Foreign currency translation differences of other provision	(28)	3,537	(5,270)
Other provision used (other than loans' provision)	(28)	(119,740)	(5,229)
Proceeds from other provisions other than loan provisions	(28)	25	
Impairment loss for associates accompanies	(19)	21,637	
<u>Dividends income</u>	(8)	(116,545)	(71,493)
Amortization bonds reserve		(23,949)	(38,095)
Operating profit before changes in assets and liabilities provided from operation activities	ng	4,672,871	3,071,393
Net (Increase) Decrease in Assets			
Due from banks	(14,15)	2,037,228	(4,202,206)
Treasury bills and other governmental notes	(16)	17,953,318	(8,064,114)
Loans and advances to banks	(17)	(537,408)	
Loans and advances to customers	(18)	(20,998,722)	(3,416)
Other assets	(22)	(1,113,981)	104,962
Net Increase (Decrease) in liabilities			
Due to banks	(24)	9,048,344	(1,759,490)
Customers' deposits	(25)	9,111,294	15,463,923
Other liabilities	(27)	(1,462,848)	504,013
Retirement benefit liabilities	(30)	185,019	152,957
Income Taxes Paid		(1,730,516)	(1,361,743)
Net cash flow provided from operating activities		17,164,599	3,906,279
Cash Flows from Investing Activities			
Payments to purchase fixed assets and preparation of branches	(23)	(139,903)	(90,937)
Proceeds from the sale of fixed assets	(10,23)	91	1,102
Proceeds from the sale of available for sale financial investments	(19)	154,760	65,683
Payment for purchases of available for sale financial investments	(19)	(1,791,221)	(97,885)
Proceeds from held to maturity financial investments	(19)	4,397,814	3,967,764
Payment for purchases of held to maturity financial investments	(19)	(2,531,648)	(4,137,944)
Payments for investments in subsidiaries and associates	(20)	(98,000)	(17,395)
Payments to purchase intangible assets	(21)	(14,576)	(14,233)
<u>Dividends</u> received		69,767	52,626
Net Cash Flows provided from (used in) investing activities		47,084	(271,219)

Separate Statement of Cash Flow

For the year ended 31 December 2018 (continued) (All amounts - EGP' 000)

	Note No.	31/12/2018	31/12/2017
Cash Flows from Financing Activities			
Proceeds from other loans	(26)	465,138	554,224
Payments for other loans	(26)	(94,993)	(834,405)
Dividends Paid	(32)	(762,937)	(1,366,673)
Banque Misr subordinated deposit			2,000,000
Net Cash Flows (used in) provided from Financing Activities		(392,792)	353,146
Net increase in cash and cash equivalent during the year		16,818,891	3,988,206
Beginning balance of cash and cash equivalent		35,179,106	31,190,900
Cash and cash equivalent at the end of the year		51,997,997	35,179,106
Cash and Cash Equivalent are Represented in the following:			
Cash and due from the Central Bank of Egypt		4,335,961	10,914,893
Due from banks		53,099,718	29,649,142
Treasury bills and other governmental notes		16,030,154	36,073,453
Due from the central bank of Egypt within the mandatory reserve percentage		(1,600,021)	(7,646,329)
Deposits with banks with maturity more than 3 months		(4,128,870)	(119,790)
Treasury bills and other governmental notes (with maturity more than 3 months)		(15,738,945)	(33,692,263)
Total cash and cash equivalent	(34)	51,997,997	35,179,106

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Soha Elturky

Tarek Fayed

Chief Financial Officer

Chairman & Chief Executive Officer

SOHA ELTURKY

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⁻ Auditors' Report (attached).

shareholders' equity Statement of changes Separate

For the year ended 31 December 2018 (All amounts - EGP' 000)

(All amounts are shown in thousands Egyptian pounds)	Note No	Issued and paid up capital	Reserve	and Face value for subordinated deposit	e value dinated deposit Retained Earnings	Total
Balance as at 31/12/2016		2,250,000	1,925,386	1,579,892	2,836,102	8,591,380
Dividends for the year 2016		-	1	1	(1,366,673)	(1,366,673)
Transferred to legal reserve			110,356	-	(110,356)	1
Transferred to general banking risk reserve		1	(177,305)	1	177,305	1
Transferred to capital reserve		1	1,231	1	(1,231)	1
Net changes in fair value for available for sale investments		1	133,133	1	1	133,133
Different between the present value and Face value for subordinated time deposit		-	;	1,070,859	:	1,070,859
Net profit for the year ended 31 December 2017		1	;	1	807,521	807,521
Risk reserve for implementing IFRS 9		:	522,814	1	(522,814)	:
Balance as at 31/12/2017		2,250,000	2,515,615	2,650,751	1,819,854	9,236,220
Balance as at 31/12/2017		2,250,000	2,515,615	2,650,751	1,819,854	9,236,220
Dividends for the year 2017		1	1	1	(762,937)	(762,937)
Transferred to legal reserve		:	40,321	1	(40,321)	1
Transferred to general banking risk reserve		:	97	1	(46)	!
Transferred to capital reserve		:	1,095	1	(1,095)	1
Net changes in fair value for available for sale investments		:	(112,033)	1	:	(112,033)
Different between the present value and face value for subordinated time deposit		1	;	(197,521)	:	(197,521)
Net changes in fair value reserve - held to maturity		:	(23,949)	1	;	(23,949)
Net profit for the year ended 31 December 2018		-	1	1	2,480,953	2,480,953
Balance as at 31/12/2018	(31,32)	2,250,000	2,421,095	2,453,230	3,496,408	10,620,733

The accompanying notes from (1) to (41) are an integral part of these : - Auditors' Report (attached).

SOHA

Banque de Caire (Egyptian joint stock company)

Translation Originally Issued in Arabic

Notes to the Separate Financial **Statements**

For the year ended 31 December 2018

(All amounts stated in the notes are in thousands of Egyptian pounds unless otherwise stated)

General Information:

Banque Du Caire S.A.E. was established as a commercial bank on 15 May 1952 under the provisions of the National Commercial Law for 1883 that was later replaced by the Commercial Law No. 17 for 1999.

The address of its registered head office is as follows: 6 Dr. Moustafa Abo Zahraa Street, Nasr City, Cairo, Egypt.

Banque Du Caire offers its banking services that related to its activity in Egypt through 232 branches, offices and units. The Bank employees 7,741 employees at the statements preparation date For the year ended 31 December 2018.

On May 2007, Bank Misr acquired all shares of Banque Due Caire, and its ownership has transferred to bank Misr on Egyptian Stock Exchange.

On May 2009 the Minister of Finance approved selling 5 shares stock to Misr for Investment and Misr Abu Dhabi for Real State. As a result, the bank became subject to Egyptian Companies Law No. 159 of 1981 and its Executive Regulations.

On March 28, 2010, the amendment of the Bank's Articles of Association was approved for Law 159 of 1981 in the Office of Investment Documentation under the Registration Document No. 176 of 2010 and its impact by registration on 30 March 2010.

On May 2010, Banque misr established Misr Financial Investment company with 99.99% contribution share of its capital to act as its investment arm.

On June 2010, Banque misr transferred some of long term investments (including Banque Du Caire) to Misr Financial Investment company.

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr Financial

On 27 June 2010 Extraordinary General Assembly approved amendment on article of association (article 42) amending the fiscal year to start on 1st of January instead of 1st of July and ends on 31 December instead of 30 June of the following year.

On 27 December 2016 Extraordinary General Assembly approved amendment on article of association (article 6) which increase bank's capital by the value of retained earnings amounting to LE 650 million, and determine the bank's authorized capital by LE 10 billion, and determine the bank's issued capital by LE 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each and the bank's shareholders structure became as follows:

Misr Financial Investment company	562,499,985 shares
Banque Misr	8 shares
Misr Abu Dhabi for Real Estate company	7 shares

On 29 December 2016 article 6 capital increase has been amended in the commercial register and at investment prospectus latest publication number 43396 issued on 30 January 2017 amending article 7.

On 15 July 2018, Extraordinary General Assembly approved to amend article 6 to add Banque Misr instead of Misr Investment Company.

The Board of Directors approved the separate financial statements for the year ended 31 December 2018 on 10 March 2019.

2. Summary of significant accounting policies:

Following are the significant accounting policies applied in the preparation of Separate financial statements. These policies have been consistently applied for all years presented unless otherwise stated.

2-1Basis of Preparing Financial Statements:

The financial statements have been prepared in accordance with the Egyptian Accounting standards" (EAS) issued in 2006 and their amendments and accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on 16 December 2008 with the standards referred to, and on the basis of historical cost as modified by the revaluation of financial assets and liabilities held for trading and the financial assets and liabilities at fair value through profit or loss and the financial investments available for sale and all derivatives contacts. The separate financial statements have been prepared in accordance with the provisions of the relevant local laws.

The bank prepared consolidated financial statement for the bank and subsidiaries companies 'accordance with the Egyptian Accounting standards and accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on 16 December 2008 with the standards referred to, The subsidiaries are fully consolidated in the consolidated financial statements, in which the Bank has, directly and indirectly through subsidiaries, more than half of the voting rights or has the ability to control the financial and operating policies of the subsidiary irrespective of the type of activity, The consolidated financial statements of the Bank can be obtained from the Bank's management.

The investments in subsidiaries and associates are presented in the Bank's separate financial statements and accounted for at cost less impairment losses. The Bank's separate financial statements are read in therewith consolidated financial statements as at and for the financial years ended 31 December 2017 in order to obtain complete information on the Bank's financial position and The results of its operations, its cash flows and changes in its ownership rights.

2-2 Investments in Subsidiaries and Associates:

Investments in subsidiaries and associates are accounted for using the cost method; which represent the bank direct ownership shares and not based on financial results and not on net assets of the invested in companies.

2-2-1 Subsidiary Companies:

Subsidiaries are entities (including Special Purpose Entities / SPEs) over which the bank exercises a direct or indirect control over its financial and operating policies to obtain benefits from its activities. The Bank usually has a shareholding of more than half of its voting rights, and with existence and effect of future voting rights that can be exercised or transferred at the present time are taken into consideration when evaluating whether the Bank has the ability to control the Company.

2-2-2 Associate Companies:

Associates are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.

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

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

Investments in subsidiaries and associates are accounted for using the cost method; distributions after the acquisition date are recognized as dividend income in the income statement whereas any distributions from pre-acquisition profits reduce the carrying amount of the investments.

2-3 Segment Reports

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and return 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 risk and returns different from those of segments operating in other economic environments.

2-4 Foreign Currencies Translation

2-4-1 Functional and presentation currency

Bank's financial statements are presented in Egyptian pounds, which is the bank's functional and presentation currency.

2-4-2 Transactions and balances denominated in foreign currencies

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial year are recorded using the prevailing exchange rates at the date transactions. Monetary assets and liabilities in foreign currencies are re-translated at the end of the year using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the reevaluation are recognized in the income statements under the following items:
- Net trading income or net income from financial instruments classified at fair value through profit and loss for assets / liabilities held for trading or classified at inception in fair value, through profit and loss according to their type.
- Other operating revenue (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as investments available for sale (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income". The differences relating to changes in exchange rates are recognized in "other operating income (expenses). "Differences resulting from changes in fair value are recognized under "fair value reserve available for sale investments" in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments available for sale are recognized with "fair value reserve- available for sale investments" under the shareholders' equity.

2-5 Treasury Bills

Treasury bills are recognized at cost of acquisition and presented in the balance sheet at the nominal value net of unearned revenue balance with measured by amortize cost with used effective interest rate.

2-6 Financial Assets

The bank classifies its financial assets in the following categories: Financial assets at fair value through profit or loss; loans and receivables; held to maturity financial assets; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

2-6-1 Financial assets at fair vaule through profit and loss:

Listed financial assets held for trading represented in stocks, assets are designated at fair value through profit and loss.

A financial asset is classified as trading if it is acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term recognized profit. Derivatives are also categorized as trading unless they are designated as hedging instruments.

Financial assets are classified initially at fair value through profit or loss in the following cases: -

- When it significantly reduces measurement that would arise if the related derivatives were treated as trading and the underlying financial instruments were carried at amortized cost for loans and advances to customers or banks and debt securities in issue
- When managing certain investments, such as equity investments, which are evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management, then they are designated at fair value through profit and loss.
- Financial instruments such as kept debt instruments which includes one or more derivative and had strong effect on cash flows of such instrument but it is not considered closely related to it and it could be split then it is designated at fair value through profit and loss.
- Profit and loss resulting from changes in derivatives fair value managed with assets or financial obligation classified initially at fair value through profit and loss at the income statement "financial interest net income at fair value"
- Financial instruments derivatives are not reclassified at fair value through profit and loss during keeping or validity period, also it is not transferred from financial instrument at fair value through profit and loss unless the bank has specified it at the initial recognition as a financial instrument at fair value through profit and loss

2-6-2 Loans and advances

Loans and advances represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of:

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

2-6-3 Held-to-maturity financial investment:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the bank has positive intent and ability to hold to maturity. Reclassification will be made to Available-for sale category in case the bank has, during the current financial year sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.

2-6-4 Available-for-sale investments:

Available for sale financial investments are non-derivatives financial assets the bank has the intention to hold and maintain for an indefinite period and may be sold in response to needs for liquidity or to changes in interest rate, exchange rate or equity prices.

The following is applied to financial assets:

- Purchases and sales transaction of financial assets held for trading, held to maturity financial investments, and available for sale financial investments are recognized in the ordinary way on the trade date on which the bank is committed to purchase or sell the asset.
- Financial assets are initially recognized at fair value in addition to the transaction cost for all financial assets not carried at fair value through profits or loss. Financial assets classified at fair value in profit or loss will be recognized at fair value only, where the cost of the transaction appears in the income statement as net trading income.
- Financial assets are derecognized when the contractual rights validity to receive cash flows from the assets expires or when the bank transfer most of asset risks and returns associated with the ownership to another party. while a financial liability is derecognized when they expire by either discharging, cancellation or the expiration of the contractual period.
- Available –for– sale financial assets and financial assets classified at fair value through profit and loss shall be subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost
- Gains and losses resulting from changes in the fair value of assets classified at fair value through profit and loss shall be recognized in the income statement in the period in which they are made, while the gains and losses arising from changes in the fair value of the available for sale investments shall be directly recognized in shareholders' equity statement, until the asset is derecognized or impaired. In which case, the cumulative profit and losses previously recognized in shareholders' equity statement shall be recognized in the income statement.
- Income calculated at the amortized cost method and gains and losses on foreign currencies related to the assets with monetary nature classified as available-for-sale assets shall be recognized in the income statement. Dividends resulting from equity instruments classified as available for sale shall be recognized in the income statement when the right of the bank to receive payment is 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 establishes fair value using valuation techniques. These include the use of recent independent transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants if the bank had been unable to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

- The Bank reallocates the financial asset previously allocated within the range of financial instruments available for sale, which is defined as loans and debts (bonds or loans), from available for sale to the group of loans and receivables or financial assets held to maturity all on a case by case basis when the Bank has the intention and ability to hold these financial assets in the foreseeable future or until maturity and reclassifies them at fair value in the date of reclassification, Any profits or losses on those assets that have been recognized previously in equity and in the following manner:
- 1) In case of reclassified financial asset with fixed maturity, then amortized profit or losses over the remaining life of the investment retained until the maturity date at effective yield
- Method and differences between value at amortized cost and value on an accrual basis will be amortized over the remaining life of the financial asset using the effective yield method, and in case of future decay in value of the financial asset then any gain or loss previously recognized in equity will by directly recognized in profits and losses.
- 2) In the case of financial asset which has no fixed maturity, profit or loss is included in shareholder's equity until it is sold or disposed of, then it will be recognized in the profit and loss. In case of future impairment in the financial asset value then any gain or loss previously recognized in equity, will be directly recognized within the profits and losses.
- If the Bank amend its estimates for receivables or payables, then settlement of the book value of the financial asset (or group of financial assets) will be adjusted to reflect the actual cash inflows and the adjusted estimates to be recalculated in book value and then calculates the present value of estimated future cash flows at the effective interest rate of the financial instrument and recognized as revenue or expense in the profit and loss.
- In all cases, if the bank reclassifies financial asset as above and at a later date increases its estimate of the proceeds of future cash flows resulting from the increase in the recoverable asset, then this increase is to be recognized as an adjustment of the effective interest rate starting from the change in estimation date and not an adjustment of the original book value in the change in estimation date.

2-7 Offsetting of Financial instruments

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

Agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase are presented based on the net basis in the balance sheet within the item of treasury bills and other governmental notes.

2-8 Financial Derivatives

Derivatives are recognized initially and subsequently at fair value. Fair values are obtained from quoted active market prices, recent transactions or using valuation techniques including discounted cash flow models and option pricing models. Derivatives are classified as assets when their 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. Then, these embedded derivatives are measured at fair value with changes in fair value is recognized in the income statement through net trading income. Embedded derivatives are not separated unless the bank chooses to designate hybrid contact at fair value in profit or loss.

2-9 Recognition of Deferred Gains and Losses on the First Day

The instruments that are evaluated with fair value is the best evidence on the fair value for the instrument in the transaction date is transaction price (the fair value for sender or receiver). However, if it is inferred on the same date over the fair value of the instrument based on transaction prices in the published markets and the initial recognition of these financial instruments at the transaction price, which is the best indicator of fair value, although the value that is obtained from the valuation model may be different, no immediate recognition of profit or loss from the difference between the transaction price and the amount of the output of the model, which is known as "first Day profit and loss" and is included in other assets in case of loss or other obligations in the case of profit.

The deferred profit or loss recognition is determined on case by case basis, either by amortizing over transaction life time or till be able to determine the fair value of the tool using the declared markets inputs, or recognizing it at the transaction settlement, the instrument is measured subsequently and the bank immediately recognizes the difference between the transaction price and fair value in the income statement.

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2-10 Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest rate.

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and 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 are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset has been classified as nonperforming or impairment then related, interest income is not recognized and it is allocated in marginal balance sheet and it is recognized as income on monetary bases according to the following:

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans
- When loans or receivables are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis when it is collected and this is after redeeming all dues of consumer loans, real estate and housing for personnel loans also small loans for economic activities. For loans granted to corporate, interest income is recognized on cash basis after the Bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year, Interest income will not be recognized as revenue until full payment of the loan balance before the rescheduling and client is considered to be performing.

2-11 Fee and Commission Income

Fees due from servicing the loan or facility shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans or receivables shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2-10). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees which the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

2-12 Dividend Income

Dividends are recognized in the income statement when decision is taken by the competent authority of declaring the right of collection.

2-13 Purchase and Resale Agreements and Sale and Repurchase Agreements

The financial instruments sold under repurchase agreements within the assets of the balances of treasury bills and other governmental notes in the financial position. Whereas, the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the balance sheet. The difference between the sell price and repurchase price is recognized as a return over the period of the agreement by applying the effective interest rate method.

2-14 Impairment of Financial Assets

2-14-1 Financial assets recorded at amortized 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 and impairment losses are incurred 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') and that loss event (or events) 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:

- Significant financial difficulties of the issuer or obligor
- Breach of loan contract such as default in interest or principle payment
- Initiation of bankruptcy proceedings or liquidation;
- Deterioration of the borrower's competitive position;
- The Bank, for reasons of economic or legal financial difficulties of the borrower, grant the borrower a concession that may not be agreed upon in normal circumstances;
- Deterioration in the value of collateral; and
- Downgrading the credit status.
- The objective evidence of impairment loss for group of financial assets is the clear data indication of a decline that can be measured in future cash flows expected from this group since its initial recognition, although not possible to determine the decrease of each asset separately, for example increasing the number of failures in payment for One of the banking products.
- The estimated period between a losses occurring and its identification is determined by local management for each identified portfolio.
- The Bank first evaluate 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.
- Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.
- If no impairment losses result from the previous assessment of impairment in this case the asset included in a collective assessment of impairment.
- The amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in the income statement.
- In addition to the impairment recognized in the income statement as referred to in the previous point the bank is compliant as of 31/12/2010 and it was the first time the bank applies new provisions policies for loans and advances impairment as assets exposed to credit risk which is measured by effective cost value including related credit engagements based on credit level determined by CBE in case there is excess in the calculated impairment credit losses according to the requested portions for financial reporting it is directed as general banking reserve in the shareholder's equity deducted from retained profits. The reserve is amended with either increase or decrease whenever convenient. This reserve is undistributable unless there is an approval from the CBE. The note (35 -A) is the movement on general Banking Risk Reserve during the period
- 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 evidence for asset impairment. For practicality, the Bank may measure impairment on the basis of an instrument's fair value using a published market price.
- for the purpose of a collective evaluation of impairment, financial assets are grouped on the biases of similar credit risk characteristics that is on the biases of the bank 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 such assets by being indicative debtors ability to pay all amounts due according to the contractual terms for subject asset
- when calculating impairment for some financial assets based on historical default; the future cash flows are calculated based on the contractual cash flows of the assets and the historical assets losses —whose credit risk are similar to those the bank holds—the historical losses are amended based on the currently published data to reflect current conditions so as to include the current conditions not previously / historically existing and to offset the historically existing conditions that are no more existing
- Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related reliable data from time to time such as changes in unemployment rates, property prices, payment status, or any other factors might lead to changes in the probability of losses in the Bank and their magnitude. The methodology and assumptions used for estimating future cash flows are regularly reviewed by the Bank.
- The book value is directly reduced by the impairment losses for all financial assets, which is measured at effective cost value except for customer balances where it is treated by forming a provision. When the customer balance is unable to collect it is written off by deducting the provision, which any collection from loans previously written off is added to it, and this provision is recognized in the income statement

2-14-2 Financial investments available for sale

At each balance sheet date, the bank assesses whether there is objective evidence that any financial assets or a group of financial assets classified as available for sale or held to maturity has been impaired. A significant or prolonged decline in the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence that the assets is impaired.

The Decrease Consider significant cause it become 10% From cost of book value and the decrease consider to be extended if it continue for year more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

If, in a subsequent year, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2-15 Investment properties

The investment properties represent lands and buildings owned by the Bank In order to obtain rental returns or capital gains and therefore does not include real estate assets which the bank operates through or those that have been ceded to the bank as settlement of debts and it are treated as fixed assets and the bank applies cost value method in the way applies with other similar fixed assets

2-16 Intangible Assets (Computer Software)

- Software developing and maintenance fees are recognized as expense in the income statement when paid and it is recognized as intangible asset as expenses related to specific programs under the bank's control and it is expected to realize economic gains for more than 1 year
- Developing which leads to improvement and increase in the original IT program are ecognized as expenses and it is added to the IT program cost IT programs costs- recognized as an asset- are amortized through the period of expected benefit in no more than 3 years percent 33.3%

2-17 Fixed Assets

- All fixed assets are reported at historical cost minus depreciation and impairment losses, the historical cost includes the charges directly
 related to acquisition of fixed assets items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate
 asset, as appropriate, only when it is probable that future economic benefit associated with the item 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 and fixed assets includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.
- Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life Fixed assets depreciation percentage represented as follow:

Buildings & Constructions	5%	20 year
Furniture	20%	5 year
Machinery & Equipment	20%	5 year
Vehicles	25%	4 year
Computers & Automat systems	20%	5 year
Fixtures & fittings	33.3%	3 year
Fixtures &fittings rental	33.3%	3 year

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Assets that are subject to amortization are reviewed for determining the extent of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- The recoverable amount is the greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

2-18 Other Assets:

This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued interest, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, Not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt

- Deduction for impairment losses), insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.
- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the statement of income under other operating income (expenses) If the impairment loss decreases in any subsequent period and the impairment can be objectively related to an event occurring after the impairment loss is recognized, the recognized impairment loss To the income statement provided that such de-recognition does not result in a carrying amount of the asset at the date of the reversal of the impairment loss that exceeds the amount to which the asset could have been had such impairment losses not been recognized.

With respect to the assets to which the bank is entitled to pay debts, the following shall be considered:

- In accordance with the provisions of Article 60 of the Law of the Central Bank and the banking system and the cash issued by Law No. 88 of 2003, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank For a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:
 - Within one year from the date of the devolution of ownership to the movable.
 - Within five years from the date of the devolution of property in relation to the property.
 - The Board of Directors of the Central Bank of Egypt may extend the period if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
 - The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent period and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the statement of income provided that such a recovery does not result in the impairment loss The asset could have been made to it if such impairment losses had not been recognized.
- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts less the selling costs whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under "Other operating expenses), taking into account the disposal of such assets within the period specified in accordance with the provisions of the law. If these assets are not disposed of within the period specified in Article 60 of Law 88 of 2003, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank are included in the balance sheet. Are recognized in the statement of income under "other operating income (expenses)".

2-19 Impairment of Non-financial Assets

- 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. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment
- An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

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2-20 Lease

• All leasing contracts shall be considered operational leasing ones.

2-20-1 Lease

Operating lease payments less any discounts granted to lessee is recognized as expenses in the income statement using the straight-line method over the contract term.

2-20-2 Leasing out

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the income statement using the straight-line method over the contract term.

2-21 Cash and Cash Equivalent

For the purposes of presentation of the statement of cash flows, cash and cash equivalents include balances due within three months from date of acquisition, Cash and balances with Central Bank of Egypt other than the mandatory reserve, and current accounts with banks and treasury bills and other governmental notes.

2-22 Other Provision

- Provisions for restricting costs and legal claims are recognized when: the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- When there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
- Provisions no longer required are reversed in other operating income (expense).
- Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is booked using the present value unless time consideration has a significant effect. Except provision for tax claims, formed by amounts to be paid.

2-23 Financial Collateral Contracts

These are contracts issued by the bank to guarantee loans or debit current accounts presented to banks' clients by other parties and in this case the bank is required to pay certain compensations to beneficiary against losses occurred due to delay in payments at maturity date according to the debt conditions. These guarantees are paid to banks, institutions and others on behalf of banks clients. They are initially recognized at fair value in the balance sheet at the date of granting the guarantee reflecting the guarantee fees some time later. bank commitment is measured initially by the amount of guarantee (after deducting calculated amortized recognized for guarantee fees in the income statement by using straight line method through the life of the guarantee) or the best estimate for requested payments to settle any financial obligation resulted from this guarantee which ever higher Estimates are based on previous experience of similar transactions, historical losses and it is supported by the management opinion .Any increase in obligation related to that guarantee is recognized at the income statement under other operating income (expenses)

2-24 Employee Benefits

2-24-1 Employee benefits - Short Term

Represented in salaries, wages social insurance, paid annual vacations bonus if due within 12 months from the end of the fiscal year as well as non-financial benefits such as medical care, housing, transportation providing free goods and services for current employees

Employee benefits - Short Term's recognized in the income statement as expenses for the relevant period

2-24-2 Early Retirement Benefits

The benefits of early Retirement are the compensation payable to employees referred to early retirement. The Bank recognizes such compensation as a liability and expense only when the Bank is demonstrably committed to performing any of the following:

- A-Termination of the employment of an employee or group employees prior to the normal retirement date or
- B-The compensation of early Retirement as a result of an offer to encourage voluntary employment.

The Bank is demonstrably committed to pay termination only when there is a detailed system for termination of service and there is no actual possibility to withdraw this system.

The detailed system includes the following as a minimum:

- A-The position and work of the employees whose services will be ended and their approximate number.
- B-The compensation of the Retirement for each category or job.
- C- The date of the system will be applied, the implementation must occurs as soon as possible, and the period of completion of the implementation should be such that material changes to the system are excluded

2-24-3 Medical Care

The bank provides medical care benefit to retired employees, where of this benefit condition of being in service until retirement age or to complete the minimum requirement of being in service and it is calculated as determined benefit system

- retired employees medical care obligation is calculated at current value at the date of the financial statement after deducting obligation fair value, and debit (credit) unrealized profit (losses) as well as the cost of additional benefits related to previous periods
- Retired employees medical care obligation is annually calculated (expected future cash flows) through Actuarial in the project unit credit method Retired employees medical care obligation current value is determined by deducting expected cash flows in respect to interest rate of government bonds in the same currency of benefits and in almost the same maturity dates.
- auctorial profit(loss) resulting from amendments, changes of auctorial expectations are recognized in the income statement for profits or loss exceeding 10% of the system assets or 10% of the estimated benefits determined at the year before which ever higher, where this increase in profit or loss is recognized in the income statement through the expected average remaining working periods.

Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting period in service, in this case the previous service cost are amortized in straight line method in their due period.

2-24-4 Retirement Benefit:

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 79 for the year 1975 and its amendments shares are paid for each period and they are recognized in the income statement as salaries and wages under administrative expenses for the period employees in service The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

2-25 Income Tax

- Income tax on the profit or loss for the year includes the tax of the current year, deferred tax, and is recognized in the income statement. except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.
- The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.
- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.
- The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.

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2-26 Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

2-27 Capital

2-27-1 Cost of capital

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

2-27-2 Dividends

Dividends shall be recognized through deducting the same from shareholders' equity in the period where the General Assembly meeting shareholder approves these dividends. They include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law.

2-28 Custody Activity

The bank has a custodian activity were it manage assets related to individuals or custody purpose or retirement fund and it is not recognized at the financial position as it is not a bank asset or profit

2-29 Subordinated Deposits (from Central Bank of Egypt –Banque Misr)

The deposit is recognized at current value, calculated using a discount rate equal to the rate of return on government bonds that approximates the deposit term at the date of entry into force of the deposit. The difference between the nominal value of the deposit and its present value within the ownership rights is defined as nominal value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial period to the nominal value at the maturity date, Nominal value on the date of maturity.

2-30 Comparatives

Whenever necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial Risk Management

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodic review of risk management and control environment independently.

Risk Categories

The following associated risks of bank's activities:

- **A-Credit risk:** (Including country risk): represents risk of losses arising from the inability of the Bank's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk also includes the replacement risk linked to market transactions. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability.
- **B-Market risk:** Represents risk of loss resulting from changes in market prices and interest rates.
- **C-Operational risk:** (Including legal, compliance, accounting, environmental, reputational risks, etc.): represents risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events. Additionally, operational risks may also take the form of compliance risk, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations.

- **D-Structural interest and exchange rate risk:** Represents risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from changes in interest or exchange rates. Structural interest and exchange rate risk arises from banking commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).
- **E-Liquidity risk:** Represents the risk that bank might not be able to meet its obligations as they become due The Bank dedicates significant resources to constantly adapt its risk management to its activities and ensures that its risk management framework operates in full compliance with the following fundamental principles:

Full independence of risk assessment departments from the operating divisions.

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

More specifically, the Risk Division:

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

The Assets and Liabilities Unit under the Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely liquidity and structural risks (resulting from interest rate, exchange rate and liquidity) as well as the bank's long term financing, management of capital requirements and equity structure. The Internal Legal Counsel deals with compliance and legal risks. Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the assets and liabilities management under Finance Division. The Bank's Risk Committee is in charge of reviewing all the bank's key risk management issues and meets at least on quarterly basis. Risk Committee's meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.). On the other hand, the Assets and Liabilities management committee (ALCO) is competent for determining policies and planning risks to deal with finance risks and liquidity risks. All new products and activities or products under development must be submitted to the New Product Committee.

This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the available information and processing systems. Operational risks, permanent control and audit (periodic) control process are supervised by the Audit and Accounts Committee that meets on a quarterly basis. Finally, the Bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the External Audi

A. Credit Risk

The bank is exposed to credit risk which is the risk of default of one party to meet its contractual obligations, the credit risk is considered as the most important risk the bank faces. Credit risk is mainly represented in lending and investments activities which are represented bank's assets contain debt instruments. Credit risk is also found in the financial instruments off- balance sheet. like loan commitments.

A-1 Credit Risk Measurement

Loans and facilities to banks and customers

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

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

The daily management of the banks activities involves measures of credit risk based on the expected loss model required by Basel committee on banking supervision. those operational measures could be inconsistent with the impairment loss according to IAS 26 which adopts the realized losses model and not the expected losses

The bank evaluates the default risk for each customer using internal evaluation methods to determine the rating for the different customer's categories. these methods were improved taking into consideration statistical analysis` and the professional judgment of the credit officers to reach the appropriate rating the customers are classified into 4 ratings

Rating scale shown in the following table reflects the possibility of default for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk

The customer rating and the rating process are reviewed and improved when necessary

The bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers default

Banks internal ratings scale

Description of the grade	Bank's rating
Performing loans	1
Regular watching	2
Watch list	3
Non- performing loans	4

- The position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans, the position is the book value, for commitments, the bank includes all actual withdrawals, in addition to any expected withdrawals till the date of the late payment if any.
- The expected losses or specific losses represent the bank expectation of loss as of the date when the settlement is due, which is loan loss percentage that
- · differ according to the type of facility, the availability of guarantees and any other credit cover

Debt instruments and treasury bills

Concerning debt instruments and bills, the bank uses the external foreign rating such as the rating of "Standard and Poor's" or of similar agencies to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers.

A-2 Risk Limit control and Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

- The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.
- Limits of credit for any borrower including banks are divided into sublimit which include amounts in and off the balance sheet and daily risk limit related to trading items such as forward foreign exchange contracts and actual amounts are compared daily with determined limits.
- Also credit risk exposure is managed by the periodical analysis of the present as well as the possible borrower's ability on fulfilling their obligations and also by amendment of the lending limits if appropriate.

The following are some means of mitigating risk:

- Collateral

The bank employs a range of policies and controls to mitigate credit risk. Among the methods implemented is to obtain collateral against the extended funds.

The bank has set guiding rules for defined types of acceptable collaterals.

Among the main types of collaterals to loans and advances are the following:

- Mortgage
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Usually corporate lending is for a longer term and secured whereas credit facilities extended to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of a loan or facility impairment appear.

- Credit related commitments

- The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bear the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree that direct loan.
- Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bear expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

A-3 Impairment policies and provisions

- The internal systems of aforementioned assessments (note C-1) focus to a great extent on the planning of the credit quality, from initially recognition of credit and investment activities. However, the impairment losses incurred every period end only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.
- The impairment loss provision at the end of the fiscal year is derived from the four internal ratings; however, the majority of the provision results from the last two ratings. The following table shows the percentage for the items within financial position relate to loans and facilities and the relevant impairment for each of the bank's internal ratings:

31/12	31/12/2018 31/12/2017		
Loans and advances	Impairment loss provision	Loans and advances	Impairment loss provision
(%)	(%)	(%)	(%)
64.76	6.56	74.55	4.64
31.08	32.01	17.55	17.34
0.85	11.57	2.92	11.00
3.31	49.86	4.98	67.02
100%	100%	100%_	100%
	Loans and advances (%) 64.76 31.08 0.85 3.31	Loans and advances loss provision (%) (%) 64.76 6.56 31.08 32.01 0.85 11.57 3.31 49.86	Loans and advances Impairment loss provision Loans and advances (%) (%) (%) 64.76 6.56 74.55 31.08 32.01 17.55 0.85 11.57 2.92 3.31 49.86 4.98

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The tools of internal evaluation help the management define whether there is objective evidence on the existence of impairment according with rules of the Central Bank of Egypt and the Egyptian Accounting Standard no. 26 (financial instruments – recognition and measurement) and depending on the following indicators the bank has defined:

- Great financial difficulties facing the borrower or debtor.
- Breach of the loan agreement's terms such as the non-payment.
- · Expectation of the borrower's bankruptcy, entrance into liquidation case, or restructuring of the finance granted.
- Deterioration of the competitive position of the borrower.
- For economic or legal reasons related to the borrower's financial difficulties, the bank grants privileges and concessions to the borrower, which may not be approved thereby in normal circumstances.
- Deterioration of the collateral's value.
- Deterioration of the credit situation.
- The bank's policies require review of all financial assets, which exceed defined relative importance at least annually or more if necessary. The impairment charge is to be defined to accounts that have been assessed on an individual basis by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts being made.
- The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment, and statistical methods as detailed below in note (A-4).

A-4 The General Model for Measurement of Banking Risk

In addition to the four-creditworthiness ratings shown in (note no. A-1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and performance of payments thereof.

The bank calculates the provision required for the impairment of these assets exposed to credit risk, including credit related commitments based on defined rates set by the Central Bank of Egypt. In case the impairment loss provision required according to Central Bank of Egypt's rules exceeds the provisions as required for the purposes of the preparation of the financial statements according to the Egyptian Accounting Standards (EAS), that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such provision shall not be subject to distribution, Note (A-32) shows the "general banking risk reserve" movement during the year. Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk:

		Internal Provision' Ratio		
CBE Rating	Rating's Meaning	required	Rating	Meaning of Internal Rating
1	Low risk		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 follow up
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

The Maximum Limit for Credit Risk before Collateral

Credit risk exposures of financial position items:

	31/12/2018	31/12/2017
The Financial position Item Exposed to Credit Risk:		
Cash and balances with Central Bank	1,600,021	7,646,329
Due from banks	53,099,718	29,649,142
Treasury bills and other governmental notes	17,657,826	36,918,687
Loans and advances to banks	537,408	
Loans and advances to customers:		
- Loans to individuals (Retail):-		
-Overdraft accounts	906,696	915,825
-Credit cards	198,765	128,883
-personal loans	23,332,451	21,255,147
-Mortgage loans	1,703,247	895,804
Loans to corporate:		
- Overdraft accounts	9,341,705	5,323,605
-Direct loans	13,584,758	5,368,616
-Syndicated loans	16,122,708	10,543,604
-Discount document	239,898	132,634
Financial investments available for sale		
-Debt instruments	1,559,057	1,468
Financial investments held to maturity		
-Debt instruments	23,397,133	25,263,299
Other assets *	2,238,476	1,516,282
Total	165,519,867_	145,559,325

The previous table represents the loans without taking into consideration impairment losses and unearned interests as disclosed in notes (17) and (18)

(*) The above – mentioned other assets represents in accrued revenues.

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Off balance sheet items exposed to credit risk

	31/12/2018	31/12/2017
Financial guarantees	1,707,526	1,587,766
Non-revocable credit related commitments for loans and other liabilities	4,207,193	1,627,378
Letter of credit	1,753,353	707,894
Letters of guarantee	8,418,629	5,520,302
Total	16,086,701	9,443,340

- The previous table represents the maximum limit of exposure as at 31 December 2018 and as at 31 December 2017, without taking into consideration any financial guarantees.
- As illustrated in the previous table 39.53% of the maximum limit exposed to credit risk arises from loans and advances to customers (30.62%:31 December 2017), where investments in debt instrument represent 15.08% (17.36%:31 December 2017)
- The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:
- 95.84% of the loans and advances portfolio is categorized in the top two grades of the internal rating system (92.10%: 31 December 2017).
- 78.39% of loans and advances portfolio are considered to be neither past due nor impaired (71.78%: 31 December 2017).
- Loans and advances that are not impaired represent 96.69 % from total loans portfolio (2017: 95.02%) including past due loans but not impaired represent 18.30% from total loans portfolio (2017: 23.23%).
- Loans and advances that assessed individually are valued EGP 2,165,468 thousands with impairment losses 82.49% from its book value (2017: EGP 2,220,406 thousand with impairment losses 84,40% from its book value)

A-6 Loans and advances

The following is the position of loans and advances' balances as regarding credit worthiness:

	31/12/	2018	31/12/	2017
Loans and advances terms of credit risk rating	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	51,293,826	537,408	31,990,107	
With past due but not impaired	11,970,934		10,353,605	
Individually impaired	2,165,468		2,220,406	
Total	65,430,228	537,408	44,564,118	
(Less):Impairment loss provision	(3,582,768)		(2,795,990)	
(Less):Unearned interest	(6,278)		(8,924)	
(Less):Unamortized bills discount	(31,514)		(43,417)	
Net	61,809,668	537,408	41,715,787	

- Total impairment of loans and advances amounted EGP 3,582,768 thousands as at 31 December 2018 of which EGP 1,786,299 thousands represents impairment of individual loans and the balance of EGP 1,796,469 thousands represents the provision for impairment based on the similar group of assets in the credit portfolio 31 December 2017: Provision for loans and advances amounted EGP 2,795,990 thousands of which EGP 1,873,924 thousands represents impairment of individual loans and the balance of EGP 922,066 thousands represents impairment provision on a similar group basis in the credit portfolio. Additional information on provision for impairment losses on loans and advances is provided in notes (17) and (18).
- During the current accounting year loans and facilities increased by 46.82%

31-Dec-18		Retail	ail			Corporate			
Grade	Over drafts	Credit cards	Personal Ioans	Mortgage	Over drafts	Direct Ioans	Syndicated Ioans	Total Loans and advances to to	Loans and advances to banks
1 Performing loans	969'906	189,418	22,766,445	1,672,715	4,444,430	4,042,141	3,399,645	37,421,490	537,408
2 Regular watching	;	;	!	!	264,626	6,205,631	7,402,079	13,872,336	!
3 Watch list	1	!	1	!	1	1	;	;	!
Total	969'906	189,418	22,766,445	1,672,715	4,709,056	10,247,772	10,801,724	51,293,826	537,408

		Retail				Corporate			
Grade	Over drafts	Credit cards	Personal Ioans	Mortgage	Over drafts	Direct Ioans	Syndicated	Total Loans and advances to to	Loans and advances to banks
1 Performing loans	915,825	124,126	20,686,140	884,198	1,553,920	1,781,527	1,805,085	27,750,821	1
2 Regular watching	1	1	1	1	746,825	1,083,623	2,403,737	4,234,185	1
3 Watch list	1	1	1	1	5,101	1	1	5,101	1
Total	915,825	124,126	20,686,140	884,198	2,305,846	2,865,150	4,208,822	31,990,107	:

Loans and advances past due but not impaired:

These are loans and advances with delays up to 90 days but are not considered impaired unless there is another information to the contrary, a loans and facilities to customers with past dues but not impaired and the fair value of their collaterals are represented in following:

		Corpor	ate	
31-Dec-18	Overdrafts	Direct loans	Syndicated loans	Total
Past dues up to 30 days	4,637,384	1,733,065	4,392,866	10,763,315
Past dues more 30 to 60 days	38,668	31,417		70,085
Past dues than 60 to 90 days	188,887	8,092		196,979
Past dues than 90 days	7,608	4,829	928,118	940,555
Total	4,872,547	1,777,403	5,320,984	11,970,934

		Corpor	ate	
31-Dec-17	Overdrafts	Direct loans	Syndicated loans	Total
Past dues up to 30 days	1,146,019	350,116	4,203,924	5,700,059
Past dues more 30 to 60 days	1,625,315	35,426	518,723	2,179,464
Past dues than 60 to 90 days	56,290	15,423	249,894	321,607
Past dues than 90 days	322,769	467,465	1,362,241	2,152,475
Total	3,150,393	868,430	6,334,782	10,353,605

Individually impaired loans

Loans and advances to customers

The loans and advances which are subject to impairment on an individual basis, before taking into consideration cash flow from the collateral amounted to EGP 2,165,468 thousand as at 31 December 2018 (2017: EGP 2,220,406 thousand).

Herein below, is the analysis of the gross value of loans and advances subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans:

		Indiv	idual			Corp	orate	
31-Dec-18	Overdrafts		Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans		9,347	566,006	30,532		1,559,583	2	2,165,468

· The fair value of collaterals held by the Bank against above loans is totaled EGP 48,980 thousand

		Indiv	idual			Corp	orate	
31-Dec-17	Overdrafts		Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans		4,757	569,007	11,606		1,635,036		2,220,406

- The fair value of collaterals held by the Bank against above loans is totaled EGP 5,019 thousand
- At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent periods, the fair value is updated by the market prices or the similar assets' prices.

All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications 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 long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 2,206,023 thousand as at 31 December 2018 (2017 EGP 2,699,359 thousand

Loans and advances to customers

	31/12/2018	31/12/2017
Corporate		
- Direct loans	32,457	24,227
Syndicated loans	2,168,952	2,672,062
Individual		
Personal loans	4,614	3,070
Total	2,206,023	2,699,359

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills at the end of financial year, based on the assessment of Standard & Poor's ratings or its equivalent:

FITCH	Treasury bills and other governmental notes	Bonds available for sale	Bonds Held to maturity	Other investment held to maturity	Total	Year
В	16,030,154	1,559,057	23,341,020	56,113	40,986,344	2,018
В	36,073,453	1,468	25,207,186	56,113	61,338,220	2,017

A-8 Acquisition of collaterals

• Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal periods set by the Central Bank of Egypt to dispose acquired assets.

A-9 The concentration of financial assets' risks exposed to credit risk Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year.

The bank has allocated to regions based on the country of domicile of its counterparties

	Ara	ab Republic of Egyp	t		
	Cairo	Alex and Delta - Sinia	Upper Egypt	Out of Arab Republic of Egypt	Total
Treasury bills and other governmental notes	18,554,784				18,554,784
Loans and advances to banks				537,408	537,408
Loans and advances to customers					
Retail:					
-Overdraft	391,402	413,255	102,039		906,696
-Credit cards	107,355	70,477	20,933		198,765
-Personal loans	8,296,443	9,013,996	6,022,012		23,332,451
-Mortgages loans	1,300,615	107,840	294,792		1,703,247
Loans to corporate:					
- Overdraft	8,752,117	572,382	17,206		9,341,705
-Direct loans	11,887,973	1,501,616	195,169		13,584,758
-Syndicated loans	15,396,439	57,677	668,592		16,122,708
Discounted documents				239,898	239,898
Available for sale investments					
-Debt instrument	589,170			969,887	1,559,057
Held to maturity investments					
-Debt instrument	23,397,133				23,397,133
Other assets*	2,110,674	82,543	45,259		2,238,476
Total at 31/12/2018	90,784,105	11,819,786	7,366,002	1,747,193	111,717,086
Total at 31/12/2017	91,469,147	10,191,798	6,584,042		108,244,987

 $[\]label{eq:total-continuous} \mbox{(*)} \qquad \mbox{The above - mentioned other assets represents in accrued revenues.}$

		Financial	Manufacturing	Real estate	Wholesale and retail trade	Government sector O	nment sector Other activities	Individual	Total
537,408	Treasury bills and other governmental notes	1		1	1	18,554,784	;	!	18,554,784
	Loans and advances to banks	537,408	1	!	!	;	;	!	537,408
	Loans and advances to customers individual:								
198,765 1,703,247 2,388,090 2,388,090 903,237 903,239,855 903,237 903,237 903,237 903,238 903,237 903,237 903,238 903,237 903,238 903,237 903,237 903,238 903,237 903,237 903,238 903,237 903,238 903,237 900,238 900,238 900,238 900,238 900,238 900,238 900,238 900,238	- Overdrafts	1	1	1	1	1	1	969'906	969'906
1,703,247	- Credit cards	1	1	1	1	1	!	198,765	198,765
1,703,247	- Personal loans	;	;	;	1	1	;	23,332,451	23,332,451
2,388,090 443,182 726,261 3,252,058 2,532,114 903,237 766,336 15,736 1,644,265 10,255,184 903,237 766,336 15,736 1,644,265 10,255,184 4,715,299 3,374,231 265,715 7,153,455 614,008 1,559,057 1,559,057 23,397,133 23,397,133	- Mortgages	!	!	1,703,247	!	1	!	;	1,703,247
2,388,090 443,182 726,261 3,252,058 2,532,114 903,237 766,336 15,736 1,644,265 10,255,184 903,237 766,336 15,736 1,644,265 10,255,184 4,715,299 3,374,231 265,715 7,153,455 614,008 1,559,057 2,238,476 1,773,306 8,006,626 6,286,996 1,007,712 55,560,752 6,380,72 22,299,855 7	Corporate:								
903,237 766,336 15,736 1,644,265 10,255,184 4,715,299 3,374,231 265,715 7,153,455 614,008 4,715,299 3,374,231 265,715 7,153,455 614,008	- Overdrafts	;	2,388,090	443,182	726,261	3,252,058	2,532,114	;	9,341,705
4,715,299 3,374,231 265,715 7,153,455 614,008 4,715,299 3,374,231 265,715 7,153,455 614,008	- Direct loans	;	903,237	766,336	15,736	1,644,265	10,255,184	-	13,584,758
551 551 552	- Syndicated loans	;	4,715,299	3,374,231	265,715	7,153,455	614,008	-	16,122,708
5 1,559,057	Discount documents	239,898	!	;	1	1	;	1	239,898
1,559,057 1,559,057	Available for sale investments:								
23,397,133 21,397,133	-Debt instruments	1	1	1	1	1,559,057	;	;	1,559,057
23,397,133	Held to maturity Investment								
2,238,476 2,238,476 777,306 8,006,626 6,286,996 1,007,712 55,560,752 15,639,782 24,437,912 131,205 6,020,559 1,750,186 707,307 70,995,603 6,340,272 22,299,855 7	-Debt instruments	;	;	1	1	23,397,133	;	;	23,397,133
777,306 8,006,626 6,286,996 1,007,712 55,560,752 15,639,782 24,437,912 131,205 6,020,559 1,750,186 707,307 70,995,603 6,340,272 22,299,855	- Other assets (*)	!	!	1	1		2,238,476	1	2,238,476
131,205 6,020,559 1,750,186 707,307 70,995,603 6,340,272 22,299,855	Total as at 31 December 2018	777,306	8,006,626	6,286,996	1,007,712	55,560,752	15,639,782	24,437,912	111,717,086
	Total as at 31 December 2017	131,205	6,020,559	1,750,186	707,307	70,995,603	6,340,272	22,299,855	108,244,987

B. Market risk

Market risk represented as fluctuations in fair value or future cash flow, including 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.

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.

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 the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk 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 (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding year2' until positions can be closed (10 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 Soft VAR Limits, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management.

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 Stress VAR, combined with trading Normal 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 Board of Directors.

Summary of value at risk

VAR as per the risk type

	12 month till the end of current year 2018			12 month till the end of compared year 2017		
	Average	High	Low	Average	High	Low
Foreign exchange risk	2,462	19,621	122	1,908	19,168	79
VAR	2,462	19,621	122	1,908	19,168	79

VAR for Non trading portfolio as per the risk type

	12 month till the end of current year 2018			12 month till the end of compared year 2017		
	Average	High	Low	Average	High	Low
Foreign exchange risk	2,462	19,621	122	1,908	19,168	79
VAR	2,462	19,621	122	1,908	19,168	79

B-1 The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot The following table includes the book value of financial instruments distributed into its component currencies' and translated to EGP

31-Dec-18	EGP	USD	Euro	GBP	Other Currency	Total
Financial Assets						
Cash and due from Central Bank of Egypt	2,966,470	1,171,600	64,514	8,130	125,247	4,335,961
Due from banks	33,599,552	19,030,497	97,138	266,540	105,991	53,099,718
Treasury bills and other governmental notes	7,210,881	7,400,556	1,418,717			16,030,154
Loans and advances to banks		537,408				537,408
Loans and advances to customers	50,189,307	11,498,386	121,384	27	564	61,809,668
Financial Investments						
-Available for sale	961,995	1,227,658	84,219		78	2,273,950
held to maturity investments	23,453,116					23,453,116
Investments in subsidiaries and associates	231,198	61,909				293,107
Total financial Assets	118,612,519	40,928,014	1,785,972	274,697	231,880	161,833,082
Financial liabilities						
Due to banks	410,303	16,299,575	218,998	522	542	16,929,940
Customers' deposits	104,799,093	24,561,328	1,524,421	273,853	139,711	131,298,406
Other loans	2,797,917	420,970				3,218,887
Total financial Liabilities	108,007,313	41,281,873	1,743,419	274,375	140,253	151,447,233
Net Financial Position	10,605,206	(353,859)	42,553	322	91,627	10,385,849
31-Dec-17						
Total financial assets	111,509,090	30,493,132	2,166,832	282,643	187,126	144,638,823
Total financial liabilities	100,452,005	29,692,905	2,171,853	271,503	131,662	132,719,928
Net Financial Position	11,057,085	800,227	(5,021)	11,140	55,464	11,918,895

B-2 Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and treasury department in the bank daily monitors this.

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The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of repricing dates or maturity dates whichever is sooner:

31-Dec-18	Up to 1 month	1-3 months	3 -12 months	1-3 Years	Over 3 Years	Due in next day or non – bearing interest	Total
Financial Assets							
Cash and balances with Central Bank						4,335,961	4,335,961
Due from banks	39,020,442	10,576,049	3,239,200			264,027	53,099,718
Treasury bills and other governmental notes	2,423,486	2,968,406	13,162,892				18,554,784
Loans and advances to banks				537,408			537,408
Loans and advances to customers	935,824	3,104,989	10,027,610	10,321,689	22,083,881	18,956,235	65,430,228
Financial Investments							
-Available for sale				404,672	1,154,385	714,893	2,273,950
-Held to maturity		817,661	6,353,756	10,226,378	5,999,338	55,983	23,453,116
Total financial assets	42,379,752	17,467,105	32,783,458	21,490,147	29,237,604	24,327,099	167,685,165

31-Dec-18	Up to 1 month	1-3 months	3 -12 months	1-3 Years	Over 3 Years	Due in next day or non - bearing interest	Total
Financial liabilities							
Due to banks	11,277,298	3,045,312	2,239,200			368,130	16,929,940
Customer's deposits	14,501,910	8,859,868	25,118,881	52,106,391	9,219,271	21,492,085	131,298,406
Other loans	65,625	34,816	295,330	830,773	1,964,637	27,706	3,218,887
Total financial liabilities	25,844,833	11,939,996	27,653,411	52,937,164	11,183,908	21,887,921	151,447,233
Total interest re-pricing gap	16,534,919	5,527,109	5,130,047	(31,447,017)	18,053,696	2,439,178	16,237,932
As at 31 December 2017							
Total financial assets	25,349,150	23,284,722	36,779,208	21,965,716	21,578,720	21,591,895	150,549,411
Total financial liabilities	17,114,630	15,038,765	54,643,790	29,513,267	3,961,135	12,448,343	132,719,929
Total interest re-pricing gap	8,234,520	8,245,957	(17,864,582)	(7,547,551)	17,617,585	9,143,552	17,829,482

The above table does not include other financial assets and financial liabilities due to unavailability of data required to be distributed based on the price of repricing date on maturity dates whichever is sooner

C. liquidity Risl

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

C-1 Liquidity risk management process

Monitoring liquidity risk includes the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen;
- · Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

C-2 Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

C-3 Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the maturities assumption for non-contractual products are based on their behavior studies.

31-Dec-18	Up to 1	One to three Months	Three months to one year	One year to three years	Over three Years	Total
Financial liabilities			, , , , , , , , , , , , , , , , , , , ,			10101
Due to banks	11,424,048	3,206,387	2,356,673	21,441	21,433	17,029,982
Customer's deposits	25,889,070	9,729,720	25,130,618	70,294,622	25,617,382	156,661,412
Other loans	119,954	60,944	382,313	951,456	2,006,515	3,521,182
Total liabilities (contractual maturity dates)	37,433,072	12,997,051	27,869,604	71,267,519	27,645,330	177,212,576
Total assets (contractual maturity dates)	53,128,687	17,689,480	38,740,794	37,345,303	54,441,525	201,345,789
31-Dec-17	Up to 1 month	One to three Months	Three months to one year	One year to three years	Over three Years	Total
31-Dec-17 Financial liabilities						Total
						Total 7,897,420
Financial liabilities	month	Months	to one year	three years	Years	
Financial liabilities Due to banks Customer's	1,483,999	Months 6,311,921	to one year 101,500	three years	Years 	7,897,420
Financial liabilities Due to banks Customer's deposits	1,483,999 28,582,809	6,311,921 7,934,697	101,500 40,216,436	three years 50,577,841	Years 19,407,614	7,897,420 146,719,397

The above table does not include other financial assets and financial liabilities due to unavailability of data required to be categorized by the earlier of reprising or contractual maturity dates at year-end.

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, 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 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.

D. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the financial position at their fair value:

	Book	Value	Fair \	/alue
	Current year 31/12/2018	Compared year 31/12/2017	Current year 31/12/2018	Compared year 31/12/2017
Financial Assets				
Due from banks	53,099,718	29,649,142	53,612,930	29,716,376
Treasury bills and governmental notes	17,657,826	36,918,687	17,622,516	36,861,117
Loans to banks	537,408		537,408	
Loans to customers				
- Individual	26,141,159	23,195,659	26,055,001	21,826,758
- Corporate Entities	39,289,069	21,368,459	39,289,069	21,368,459
Financial Investments				
-Available for sale-	714,893	748,054	893,714	748,054
-Held to maturity	23,453,116	25,319,282	22,690,854	24,766,064
Financial liabilities				
Due to banks	16,929,940	7,881,596	16,976,979	7,885,453
Customer deposits:				
- Individual	95,781,166	96,967,941	105,659,999	107,312,963
- Corporate Entities	35,517,240	25,219,189	35,596,860	25,241,483
Other loans	3,218,887	2,651,221	3,218,887	2,651,221

D-1 Financial instruments measured at fair value

The financial assets represented in debt instrument or equity securities, and classified as held for trading are measured at fair value, changes on these investments are recognized immediately in profit or loss.

For debt instrument that are classified as investment available for sale, changes are recognized in other comprehensive income until the investment is sold or impaired.

Equity instrument classified as investment available for sale, which represent quoted shares, are measured at fair value. Equity securities classified as investment available for sale are measured at cost if there is no quoted price in active market and the fair value cannot reliably have measured.

D-2 Financial instruments not measured at fair value

Held-to-maturity financial investments

Held-to-maturity investments include governmental securities and not quoted in active market. The fair value of these governmental securities is disclosed based on its quoted price at the end of each financial period.

E. Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the financial position 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 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 quarterly basis. Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 11.25%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier One (Basic capital):

Tier one comprises of

- 1) Paid-up capital (after deducting the book value of treasury shares).
- 2) Retained earnings.
- 3) Reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier Two (Supportive capital):

Consist of the following: -

- 1) General risk provision according to the impairment provision guidelines the Central Bank of Egypt to the maximum of 1.25% risk weighted assets and contingent liabilities.
- 2) Subordinated loans / deposits with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity).
- 3) 45% of the increase in fair value than book value for available for sale, held to maturity, subsidiaries and associates investments.
- When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier I.
- Assets risk weight scale ranging from zero to 100% 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 financial position items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital requirements.

The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy criterion according to Basel II and Leverage Ratio.

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1- The capital adequacy ratio

	31/12/2018	31/12/2017
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	2,250,000	2,250,000
General reserve	186,147	184,253
Legal reserve	561,904	523,477
Other reserves	709,451	706,230
IFRS9 Reserve	522,814	
Retained earnings	997,866	1,357,624
Profit for the period	1,960,070	
CBE's discounted subordinated deposit	2,453,230	2,650,750
Total deductions from tier 1 capital common equity	(684,891)	(517,187)
Total qualifying tier 1 capital	8,956,591	7,155,147
Tier 2 capital (Supportive capital)		
Equal banking risk provisions	871,201	661,349
Subordinate deposits	1,546,771	1,349,249
45% of translation reserve	21,206	
45% of the Increase in fair value than the book value for available for sale, held to maturity investments and investment in subsidiaries and associates and translation differences	94,343	178,864
Total Tier 2 (Supportive capital)	2,533,521	2,189,462
Total capital	11,490,112	9,344,609
Risk weighted assets and contingent liabilities		
Total risk weighted assets and contingent liabilities for credit exposure	69,696,111	52,907,922
Total market risk	879,819	1,243,010
Total operational risk	9,551,200	7,983,360
Total risk weighted assets and contingent liabilities	80,127,130	62,134,292
* Capital adequacy ratio (%)	14.34%	15,04%

 $[\]ensuremath{^*}$ The capital adequacy ratio prepared based on $\ensuremath{\,^{\text{consolidation}}}$ Financial statements

2- Leverage Ratio

	31/12/2018	31/12/2017
Total qualifying tier 1 capital	8,956,591	7,155,147
Total on-balance sheet exposure, financial derivatives and financial securities	167,045,087	148,192,367
Total off balance sheet exposure	7,366,420	4,459,083
Total on and off balance sheet exposure	174,411,507_	152,651,450
Leverage (%)	5.14%	4,69%

• According to letter of CBE on 15 Jan 2017, the board of directors of CBE's accepted on 28 December 2016 for the following decision:-

The bank applied the elimination of CBE subordinated deposits as well as the shareholders of the Bank in an exceptional manner with recognizing the difference in owner equity under the name "Different between the present value and Face value for subordinated deposit" and the deposit at the end of each financial period so that the value to the nominal value on the date of maturity and so on the above mentioned differences.

4. Significant accounting estimates and assumptions

The bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next financial year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances. The main accounts that depending on significant accounting estimates and assumptions as follow:-

a- Impairment losses for loans and advances

- Total impairment of loans and advances amounted to EGP 3,582,768 thousands as at 31 December 2018, of which EGP 1,786,299 thousands represents impairment of individual loans and the balance of EGP 1,796,469 thousands represents the provision for impairment based on the similar group of assets in the credit portfolio 31 December 2017: Provision for loans and advances amounted to EGP 2,795,990 thousand of which EGP 1,873,924 thousands represents impairment of individual loans and the balance of EGP 922,066 thousand represents impairment provision on a similar group basis in the credit portfolio. Additional information on provision for impairment losses on loans and advances is provided in notes (17) and (18).
- The Bank reviews the portfolio of loans and advances at least quarterly; The Bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The Bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis.
- This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the Bank or local or economic circumstances related to default. On scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question.
- The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on experience.

b- Impairment of available for sale equity investments

• The Bank recognize impairment loss relating to available for sale equity investments when there is a significant or prolonged decline in the fair value below its cost. A judgment is required to determine that the decline is significant or prolonged. In making this judgment the Bank evaluates among other factors the volatility in share price. In addition, impairment loss recognized when there is evidence of deterioration in the investee financial position or operating /finance cash flow industry and sector performance technology changes.

c- Fair value of derivatives

• The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they 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. To the extent practical, 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.

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d- Held-to-maturity investments

• Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances (selling an insignificant amount of held-to-maturity investments near to maturity date) then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition, the Bank should suspend classifying investments as held to maturity caption for 2 years.

e- Income taxes

• The bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5. Segment analysis

a- Segment activity

Segment activity involves operating activities; assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises: Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

Other activities:

Includes other banking operations, such money management

h- Ry geographical segment

Revenue and Expense according to geographical		Alex, Delta &		
segment at 31 December 2018	Cairo	Sinai	Upper Egypt	Total
Revenue according to geographical segment	16,385,902	2,243,631	1,244,266	19,873,799
Expenses according to geographical segment	(7,890,041)	(6,314,768)	(1,778,125)	(15,982,934)
The result by segment	8,495,861	(4,071,137)	(533,859)	3,890,865
Profit before tax				3,890,865
Tax				(1,409,912)
Profit for the year				2,480,953
Assets & Liabilities according to geographical segments				
31-Dec-18				
Geographical Segments Assets	144,031,075	14,462,999	7,193,737	165,687,811
Total Assets				165,687,811
Geographical Segments Liabilities	83,331,374	57,136,660	14,599,044	155,067,078
Total Liabilities				155,067,078
Geographical segments of other items				
Depreciation at 31 December 2018				82,285
Revenue and Expense according to geographical		Alex, Delta &		
segment at 31 December 2017	Cairo	Sinai	Upper Egypt	Tota
Revenue according to geographical segment	14,726,838	1,854,359	907,731	17,488,928
Evnences according to geographical segment	(0.0/.0.015)	(1, 881, 681,)	(1 257 272)	/15 190 072

Cairo	Alex, Delta & Sinai	Upper Egypt	Tota
14,726,838	1,854,359	907,731	17,488,92
(9,048,015)	(4,884,684)	(1,257,373)	(15,190,07
5,678,823	(3,030,325)	(349,642)	2,298,85
			2,298,85
			(1,491,33
			807,5
128,006,936	12,901,156	6,308,003	147,216,0
128,006,936	12,901,156	6,308,003	147,216,0 147,216,0
71,367,390	53,032,918	13,579,567	137,979,8
			137,979,8
	14,726,838 (9,048,015) 5,678,823 128,006,936	14,726,838 1,854,359 (9,048,015) (4,884,684) 5,678,823 (3,030,325) 128,006,936 12,901,156	14,726,838 1,854,359 907,731 (9,048,015) (4,884,684) (1,257,373) 5,678,823 (3,030,325) (349,642) 128,006,936 12,901,156 6,308,003

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6. Net interest income

	31/12/2018	31/12/2017
Interest income on loans and similar income:		
Loans and advances :		
- banks	5,712	
- customers	7,177,944	5,300,783
Total	7,183,656	5,300,783
Treasury bills	3,415,302	3,903,284
Deposits and current accounts	4,096,675	3,726,455
Investments in debt instrument available for sale& held to maturity	3,897,615	3,572,460
Other		31
Total	18,593,248	16,503,013
Interest expense on deposits and similar charges:		
Deposits and current accounts:		
- banks	(249,140)	(173,806)
- customers	(11,741,512)	(11,539,572)
Total	(11,990,652)	(11,713,378)
Other	(119,614)	(76,845)
Total	(12,110,266)	(11,790,223)
Net Interest income	6,482,982	4,712,790

7. Net fee and commission income

	31/12/2018	31/12/2017
Fees and commissions revenues:		
Fees and commissions related to credit	600,814	498,133
Trust and custody fee	11,326	6,610
Other fees	555,760	398,220
	1,167,900	902,963
Fees and commissions expenses		
Brokerage service	(21,707)	(16,271)
Other	(12,564)	(9,173)
Total	(34,271)	(25,444)
Net income from Fee and commissions	1,133,629	877,519

8. Dividend income

	31/12/2018	31/12/2017
Available for sale investments	62,170	55,180
Associate and subsidiaries companies	54,375	16,313
Total	116,545	71,493

9. Administrative expense

	31/12/2018	31/12/2017
Employees cost		
Wages and salaries*	(1,622,394)	(1,676,849)
Social insurance	(84,661)	(66,734)
Other retirement benefit (30)	(258,400)	(207,774)
	(1,965,455)	(1,951,357)
Other	(1,124,306)	(781,233)
Total	(3,089,761)	(2,732,590)

^{*}The current year and comparative figures includes EGP 15 million representing the Bank's share in the contributions of the Bank's Special Insurance fund.

10. Other operating revenue (expenses)

	31/12/2018	31/12/2017
Gains of translated monetary assets and liabilities in foreign currencies	176,350	183,350
Gains of sale property and equipment	89	1,095
Other provisions formed (note : 22&28)	89,272	35,814
Other provisions used (note : 22&28)	(118,268)	(211,235)
Other	8,763	7,654
Total	156,206	16,678

11. . Impairment loss on loans and advances

	31/12/2018	31/12/2017
Loans and advances to customers	(904,842)	(658,493)
Total	(904,842)	(658,493)

12. Income tax expense

	31/12/2018	31/12/2017
Current tax	(1,454,217)	(1,484,613)
Deferred tax (Note 29)	44,305	(6,722)
Total	(1,409,912)	(1,491,335)
Profit before income tax	3,890,865	2,298,856
Tax Rate	22.5%	22.5%
Income tax calculated on account profit	875,445	517,243
Expenses are not deductible	534,467	974,092
Net tax	1,409,912	1,491,335
Effective tax rate	36.24%	64.87%

13. Earnings Per Share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average of common stock issued during the year.

	31/12/2018	31/12/2017
Net profit for the year	2,480,953	807,521
BOD share of profit	(11,000)	(3,143)
Employees share of profit	(241,839)	(98,390)
Net profit for the year attributable to distribution	2,228,114	705,988
The weighted average number of shares	562,500	562,500
Basic earnings per share in (EGP)	3.96	1.26

14. Cash and due from Central Bank of Egypt

	31/12/2018	31/12/2017
Cash	2,735,940	3,268,564
Balances at Central Bank of Egypt within the mandatory reserve ratio	1,600,021	7,646,329
Total	4,335,961	10,914,893
Non-interest bearing balances	4,335,961	10,914,893
Current balances	4,335,961	10,914,893

15. Due from Banks

31/12/2018	31/12/2017
244,927	111,322
52,854,791	29,537,820
53,099,718	29,649,142
30,800,315	16,847,969
20,313,948	10,268,952
1,985,455_	2,532,221
53,099,718	29,649,142
244,927	111,322
52,854,791_	29,537,820
53,099,718	29,649,142
53,099,718	29,649,142
	244,927 52,854,791 53,099,718 30,800,315 20,313,948 1,985,455 53,099,718 244,927 52,854,791 53,099,718

16. Treasury bills and other governmental notes

Represent the treasury bills issued by the Arabic republic of Egypt

	31/12/2018	31/12/2017
Treasury bills due 91 days	300,000	2,383,730
Treasury bills due 182 days	300,000	4,450,725
Treasury bills due 273 days	2,100,000	11,340,425
Treasury bills due 364 days	15,854,784	21,177,574
Total	18,554,784	39,352,454
Less :Unearned income	(896,958)	(2,433,767)
Total (1)	17,657,826	36,918,687
Treasury bills with repurchase agreement within 3 months	(1,627,672)	(845,234)
Total (2)	(1,627,672)	(845,234)
Total (1+2)	16,030,154	36,073,453

^{*} The nominal value for treasury bills amounted to 1,832,300 thousand EGP as of 31 December 2018 and 916,275 thousand EGP as of 31 December 2017 which mortgaged to CBE for real estate financing.

17. Loans and advances to banks(net)

	31/12/2018	31/12/2017
Time and Term Loans*	537,408	
Total	537,408	
Less: Impairment loss provision		
Net loans and advances Banks	537,408	
Non-Current balances	537,408	

18. Loans and advances to customers(net)

	31/12/2018	31/12/2017
Retail		
Overdraft accounts	906,696	915,825
Credit cards	198,765	128,883
Personal loans	23,332,451	21,255,147
Mortgage loans	1,703,247	895,804
Total (1)	26,141,159	23,195,659
Corporate including small loans for economic activities		
Overdraft accounts	9,341,705	5,323,605
Direct loans	13,584,758	5,368,616
Syndicated loans	16,122,708	10,543,604
Discount documents	239,898	132,634
Total (2)	39,289,069	21,368,459
Total loans and advances to customers (1)+(2)	65,430,228	44,564,118
Less: Impairment loss provision	(3,582,768)	(2,795,990)
Interest In Suspense	(6,278)	(8,924)
Unearned discount of documents	(31,514)	(43,417)
Net loans and advances to customers	61,809,668	41,715,787
Total is distributed as follow:-		
Current balances	15,010,893	10,636,594
Non-current balances	50,419,335	33,927,524
Total	65,430,228	44,564,118

An analysis of the movement in the impairment provision for loans and advances to customers during the year.

	31/12/2018	31/12/2017
Balance at the beginning of the year	2,795,990	2,162,461
Impairment charges	904,842	658,493
Provision uses during financial year	(147,391)	(9,865)
Proceeds from written off debts	9,957	5,802
Foreign currencies revaluation differences	19,370	(44,987)
Transferred from other provisions during year		24,086
Balance at the end of the year.	3,582,768	2,795,990

19. Financial investment

Available for sale	31/12/2018	31/12/2017
a) Debt Instruments		
- Listed debt instruments at fair value	1,559,057	1,468
b) Equity instruments		
- Listed debt instruments at fair value	79	92
- Unlisted instruments	349,614	321,500
c) Investment Certificates		
- Unlisted Certificate	365,200	426,462
Total financial investment available for sale (1)	2,273,950	749,522
Held to maturity		
a) Debt Instruments-at amortized cost		
- Listed debt instruments	23,341,020	25,207,186
- Unlisted debt instruments	56,113	56,113
b) Investment Certificates - cost		
- Unlisted Certificate	55,983	55,983
Total financial investment held to maturity (2)	23,453,116	25,319,282
Total financial investments (1)+(2)	25,727,066	26,068,804
Current balances	7,576,169	25,207,278
Non-current balances	18,150,897	861,526
Total	25,727,066	26,068,804
Fixed interest debt instruments	24,956,190	25,264,767
Total	24,956,190	25,264,767

• The following are the most significant available for sale investments - unquoted equity instruments that are valued at cost:

	31/12/2018	31/12/2017
African export – import bank	244,323	244,323

- The bank is unlisted.
- The main purpose of establishing the bank is funding and facilitating the trading business between African countries and the rest of the world, which makes it difficult to find similar listed banks.
- The bank owns a small share in African export import bank (3.88%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

	31/12/2018	31/12/2017
MISR Bank Europe	84,218	52,776

- The banks is unlisted
- The main purpose of establishing the bank is to organize the trade with middle Europe and Egypt, the bank has only one branch that makes it difficult to find similar listed banks.
- The bank owns a small share in MISR Bank Europe (10%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The Net equity for the bank is Positive according to its financial statement, which is reflecting the absence of any indicators of impairment in the investment value.

	31/12/2018	31/12/2017
Arab trade financing program – ATFP	11,028	11,028

- Arab trade financing program is unlisted.
- Arab trade financing program aims to enhance and develops Arab trading, in addition to improve the competitive abilities of Arab exporters. This goal has been achieved by provide funding in the form of credit lines for exporters and importers to the member's countries through local organizations that has been designated by the central bank or any other concerned organization in Arab countries, which makes it difficult to find similar listed programs.
- The bank owns a small share in Arab trade financing program (0.33%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.
- Amount paid to the ministry of finance prepaid for the purchase of treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which states that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% interest.

The flowing movements in financial investments through in the year

	Available for Sale	Held to Maturity	Total
Balance of 1/1/2018	749,522	25,319,282	26,068,804
Additions	1,791,024	2,523,899	4,314,923
Disposals (sales / redemption)	(148,560)	(4,397,814)	(4,546,374)
Monetary assets foreign currency evaluation differences	(2,911)		(2,911)
Securitization Bonds	(1,468)		(1,468)
Changes in the fair value	(112,033)	(23,949)	(135,982)
Net amortization of premium and discount of issuance	(1,624)	31,698	30,074
Balance as at 31/12/2018	2,273,950	23,453,116	25,727,066

	Available for Sale	Held to Maturity	Total
Balance as of 1/1/2017	546,091	25,149,102	25,695,193
Additions	97,885	4,137,944	4,235,829
Disposals (sales / redemption)	(31,041)	(3,956,381)	(3,987,422)
Monetary assets foreign currency evaluation differences	(230)		(230)
Securitization Bonds	(34,386)		(34,386)
Changes in the fair value	171,229	(38,096)	133,133
Net amortization of premium and discount of issuance	(26)	26,713	26,687
Balance as at 31/12/2017	749,522	25,319,282	26,068,804

(Loss) / Gains on financial investments

	31/12/2018	31/12/2017
Impairment losses available for sale for inactive shares	(3,108)	(230)
Transferred from FV reserve resulting from selling financial investments	(5)	
Gain from selling Treasury bills	18,161	11,687
Gain (loss) from sell listed Equity instruments	(21,638)	
Gain (loss) from sell available for sale	2,696	2
Total	(3,894)	11,459

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20. Investment in Subsidiary and Associate Companies

31/12/2018 Company	Currency	Country of residence	Assets	Liabilities (without equity)	Revenues	Profit/ Loss	Share %	Value
CIB Kampala	USHS	Uganda	568,366	377,403	69,871	(5,549)	62	61,909
Cairo leasing	EGP	Egypt					98	98,000
Nile Holding Company for Development and Investment	EGP	Egypt	230,458	152	25,428	19,911	33	50,000
Financial Sector Mutual Fund	EGP	Egypt	534,308	14,709	145,355	121,193	29	83,198
Port Said National Company for food security *	EGP	Egypt	3,213	660		7	34	
Total			1,336,345	392,924	240,654	135,562		293,107

^{*} Investments have been considered impaired in prior years

The following table shows the structure of subsidiaries & associates shareholders at 31/12/2018.

				Percentag	e of Ownership%
	CIB Kampala	Nile Holding Company	Financial Sector Mutual Fund	Port Said National Company	Cairo Leasing
	%	%	%	%	%
Banque Du Caire	62,33	33.33	28.62	34	97.99
National Bank of Egypt	13.63	33.33	38.16	29	
Banque Misr	24.04	33.34			
Misr Insurance Co.			15		
Misr Life Insurance Co.			18.22		
Principle Bank for Development & Agricultural Credit.				26	
Port Said Development Fund				5	
Insurance Fund for employee at Banque Du Caire					2
Other (Individuals & Corporate)				6	0.01
Total	100.00%	100.00%	100.00%	100.00%	100.00%

21. INTANGIBLE ASSETS

Intangible assets represent the Bank's computer software programs

	31/12/2018	31/12/2017
Beginning balance of the year		
Cost	102,264	88,031
Accumulated amortization	(87,671)	(83,545)
Net book value at the beginning of the year	14,593	4,486
Additions during the year	14,576	14,233
Amortization for the year	(8,079)	(4,126)
Net book value at the end of the year	21,090	14,593

22. Other Assets

31/12/2018	31/12/2017
2,238,476	1,516,282
214,570	32,111
298,398	42,862
22,189	22,189
27,290	26,121
250,307	274,967
119,992	122,985
132,958	116,596
(138,559)	(142,053)
3,165,621	2,012,060
	2,238,476 214,570 298,398 22,189 27,290 250,307 119,992 132,958 (138,559)

^{*} Assets reverted to the bank in settlement of debts included the amount 2,440 thousand EGP which represent assets not recorded yet under the bank's name and the legal procedures to be recorded are in proses.

An analysis of the movement in the impairment provision for other assets during the year

	31/12/2018	31/12/2017
Balance at the beginning of the year	142,053	127,615
Impairment charges at income statement of the year	7,361	586
Provision uses during financial year	(10,601)	(5,814)
Provisions proceeds during financial year	8	19,666
Transferred to revenue	(262)	
Balance at the end of year	138,559	142,053

23. Fixed assets

	Land	Buildings & Land Constructions	Integrated automated systems	Vehicles	Machinery & Other Equipment	Furniture	Fixtures & fittings	Fixtures & fittings rental	Total
Balances at 01/01/2017									
Cost	77,883	410,878	418,566	20,228	38,749	75,006	107,874	1	1,149,184
Accumulated depreciation	1	(307,916)	(368,336)	(17,097)	(33,166)	(29'09)	(90,295)	1	(877,467)
Net book value at 01/01/2017	77,883	102,962	50,230	3,131	5,583	14,349	17,579	:	271,717
Additions	-	11,301	31,381	995'9	974	22,375	18,340	!	90,937
Transferred*	-	1	!	1	1	-	(12,996)	12,996	1
Disposals	!	1	(1,283)	!	(223)	(623)	1	1	(2,129)
Disposals' accumulated depreciation	-	1	1,275	1	223	623	-	1	2,121
Depreciation	+	(13,441)	(19,163)	(2,438)	(1,817)	(6,424)	(10,919)	1	(54,202)
Net book value at 31/12/2017	778,883	100,822	62,440	7,259	4,740	30,300	12,004	12,996	308,444
Balances at 01/01/2018									
Cost	77,883	422,180	448,665	76,794	39,500	96,758	113,218	12,996	1,237,994
Accumulated depreciation	!	(321,358)	(386,225)	(19,535)	(34,760)	(66,458)	(101,214)	1	(929,550)
Net book value	77,883	100,822	62,440	7,259	4,740	30,300	12,004	12,996	308,444
Balances at 31/12/2018									
Net book value at 01/01/2018	77,883	100,822	62,440	7,259	4,740	30,300	12,004	12,996	308,444
Additions	1	11,194	53,394	21,447	10,524	16,992	18,959	7,393	139,903
Disposals	1	1	(3)	(101)	(56)	(107)	1	1	(237)
Disposals' accumulated depreciation	1	1	m	101	56	105	1	1	235
Depreciation	1	(13,977)	(28,358)	(4,563)	(3,264)	(10,109)	(6,682)	(5,260)	(75,213)
Net book value at 31/12/2018	77,883	98,039	87,476	24,143	12,000	37,181	21,281	15,129	373,132
Balances at 31/12/2018									
Cost	77,883	433,374	502,056	48,140	866'67	113,643	132,177	20,389	1,377,660
Accumulated depreciation	1	(335,335)	(414,580)	(23,997)	(37,998)	(76,462)	(110,896)	(5,260)	(1,004,528)
Net book value	77,883	98,039	87,476	24,143	12,000	37,181	21,281	15,129	373,132

*Represents transfers among categories.

24. Due to Banks

	31/12/2018	31/12/2017
Current accounts	368,130	348,009
Deposit	16,561,810	7,533,587
Total	16,929,940	7,881,596
Central Bank of Egypt*	98,179	43,506
Local Banks	6,827,891	1,351,293
Foreign Banks	10,003,870	6,486,797
Total	16,929,940_	7,881,596
Balances without interest	368,130	348,009
Balances with Fixed interest	16,561,810	7,533,587
	16,929,940	7,881,596
Current balances	16,929,940	7,881,596
	16,929,940	7,881,596

 $^{{}^* \}text{The balances due to the Central Bank represent receipts from government agencies for the Central Bank of Egypt}$

25. Customers' deposits

	31/12/2018	31/12/2017
Demand deposits	16,560,129	8,601,633
Term and notice deposits	19,947,409	20,663,949
certificates of Savings and deposits	51,806,777	56,741,794
Saving deposits	40,627,064	34,199,327
Other deposits	2,357,027_	1,980,409
Total	131,298,406	122,187,112
Corporate deposits	35,517,240	25,219,171
Retail deposits	95,781,166	96,967,941
Total	131,298,406	122,187,112
Balances without interest	15,723,258	6,678,632
Balances with fixed interest	115,575,148_	115,508,480
Total	131,298,406	122,187,112
		,,

26. Other loans

	Currency	Interest rate %	31/12/2018	31/12/2017
Social fund for development loan	EGP	7.6-7.65-9.50%	1,251,147	965,145
Arabic Trade Financing Program	US Dollar	3.70%	62,698	70,911
Sanad fund for SMSE	US Dollar	6M+3,1Libor	179,136	177,277
Green for growth fund	US Dollar	6M+3,1Libor	179,136	88,639
CBE subordinated deposit*	EGP		580,999	494,153
Banque Misr subordinated deposit**	EGP		965,771	855,096
Total			3,218,887	2,651,221
Current balances			399,060	277,568
Non- current balances			2,819,827	2,373,653
Total			3,218,887	2,651,221

^{*} Bank Du Caire has been granted a subordinated deposit from CBE by amount.EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.

27. Other Liabilities

	31/12/2018	31/12/2017
Accrued interest	691,050	1,026,246
Prepaid revenues	125,901	115,435
Accrued expenses	118,491	84,248
Clearing Checks	289,034	256,414
Tax authority	392,030	698,042
Creditors	178,014	427,848
Other credit balances	388,307	1,313,840
Total	2,182,827	3,922,073

28. Other Provisions

	31/12/2018	31/12/2017
Balance at the beginning of the year	546,655	423,686
Foreign currency exchange	3,537	(5,270)
Provision charged to income statement during the year	110,907	212,126
Reversed during the year	(89,010)	(34,887)
Utilized during the year	(119,740)	(5,229)
Proceed during the year	25	
Transferred to loan provision		(24,086)
Transferred to provision of impairment of other assets		(19,685)
Balance at the end of the year	452,374	546,655
Other provisions details:		
Provision for operation risks	7,815	2,374
Provision for covering the risk of banks activities clearance		172,832
Provision for legal claims	244,110	188,228
Provision for other claims	24,936	24,685
Provision for income tax claims	94,723	52,217
Provision for impairment losses on contingent liabilities-corporate	65,032	99,447
Provision for impairment losses on contingent liabilities-SMEs	15,758	6,872
Total	452,374	546,655

^{*} Bank Du Caire has been granted a subordinated deposit from banque misr by amount. EGP 2 Billion for 7 years with interest to meet the requirements of capital adequacy standard from 31/12/2017 due to 31/12/2024.

29. Deferred income tax

Deferred income tax was recognize on the temporary difference according to the obligation method using tax rate 22.5%.

Clearing is made between assets and differed liabilities if the bank has legal rights to make clearing between assets and deferred tax liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

Deferred tax assets &liabilities resulting from temporary differences attributable to the following:

	Deferred tax assets	Deferred tax liabilities
	31/12/2018	31/12/2018
Fixed assets		(36,810)
provisions (other than the provision for loan impairment)	294,886	
Total deferred tax assets (liabilities)	294,886	(36,810)
Net deferred tax assets (liabilities)	258,076	

Movement during the year

	31/12/2018	31/12/2018
Beginning of year balance	242,174	(28,403)
Additions/exclusions	52,712	(8,407)
End of year balance	294,886	(36,810)

Unrecognized deferred taxes (assets) Item

	31/12/2018	31/12/2017
Impairment loan loss provision other than 80%	716,555	559,198
Other provisions	227,789	138,725
Total	944,344	697,923

30. Retirement benefit liabilities

	31/12/2018	31/12/2017
Liabilities included in the financial position		
Medical benefits after retirement	947,834	762,815
Recognized in income statement		
Medical benefits after retirement	258,400	207,774
Amount recognized in financial position represented in		
Present value of unfinanced liabilities	1,473,860	1,133,372
Unrecognized auctorial losses	(526,026)	(370,557)
Balance included in financial position	947,834	762,815
Liabilities movement during the year		
Beginning balance	762,815	609,858
Current service cost	28,503	17,806
Interest cost	202,302	170,208
Recognized auctorial losses	27,595,	19,760
Paid benefits	(73,381)	(54,817)
Ending balance	947,834	762,815
Amount recognized in income statement represented in		
Current service cost	28,503	17,806
Interest cost	202,302	170,208
Recognized auctorial losses	27,595	19,760
Ending balance (included in the cost of employees note 9)	258,400	207,774

31. Issued and paid up capital

The Bank's authorized capital amounted to EGP 10 billion. The issued capital amounted to EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each.

32. Reserves and retained earnings

Reserves

	31/12/2018	31/12/2017
General reserve	184,253	184,253
General Banking Risk Reserve	233,180	233,134
Legal reserve	561,904	521,583
Fair value reserve – investments in available for sale	209,493	345,475
Capital reserve	270,520	269,425
Regular reserve	438,931	438,931
Risk reserve for implementing IFRS 9*	522,814	522,814
Total reserve at the end of the year	2,421,095	2,515,615

^{*} Formed in implementation of the Central Bank's instructions in implementing IFRS 9 standard.

Movement through the year at reserves

a) General banking risk reserves

	31/12/2018	31/12/2017
Beginning balance for the year	233,134	410,441
Transferred from (to) retained earnings	46	(177,307)
Ending balance	233,180	233,134

b) Legal reserves

	31/12/2018	31/12/2017
Beginning balance for the year	521,583	411,227
Transferred from profit during the year	40,321	110,356
Ending balance	561,904	521,583

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 100% of the capital, which is a non-distributable reserve.

c) Fair value reserve – financial investment available for sale:

	31/12/2018	31/12/2017
Beginning balance for the year	345,475	212,342
Net change in fair value for available for sale investments (after tax)	(135,982)	133,133
Ending balance	209,493	345,475

Retained earnings

	31/12/2018	31/12/2017
Beginning balance	1,819,854	2,836,102
Net profits for the year	2,480,953	807,521
Transferred from general banking risk reserve		177,305
Transferred to risk reserve for implementing IFRS 9		(522,814)
Dividends of previous financial year		
Shareholder's share of profit	(661,404)	(1,133,860)
BOD share of profit	(3,143)	(4,397)
Employees share of profit	(98,390)	(228,416)
Transferred to general banking risk reserve	(46)	
Transferred to legal reserve	(40,321)	(110,356)
Transferred to capital reserve	(1,095)	(1,231)
Ending balance	3,496,408	1,819,854

33. Dividends

Dividends are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder's general assembly, dividends, employee's shares and board of director's bonus will be presented to the general assembly, which will be held to approve the end of year financials after which it will be recognized in shareholder's equity under retained earnings for the year.

34. Cash and cash equivalent

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no later than three months from the acquisition date

	31/12/2018	13/12/2017
Cash and due from the Central Bank of Egypt	2,735,940	3,268,565
Due from banks	48,970,848	29,529,351
Treasury bills and other governmental notes	291,209	2,381,190
	51,997,997	35,179,106

35. Contingent Liabilities and Commitments

A- Legal Claims:

There are a number of existing legal cases filed against the bank as of 31/12/2018 where no provision was allocated for this purpose, as there is expected losses

B- Capital commitments

The bank capital commitments amounted to EGP 116,451 thousand which are represented in purchases of machines, tools, Software and the management have enough confidence of making enough profits and availability of finance to cover those commitments.

Also, the commitments related to financial were not yet required to pay until year end including an amount of EGP 547,775 thousand related to available for sale financial investments

C- Commitments related to loans, guarantees, and facilities

	31/12/2018	31/12/2017
Loans commitments	4,207,193	1,627,378
Accepted Documentation	400,667	97,184
Letters of credit (import)	1,537,993	651,469
Letters of credit (export)	215,360	56,425
Letters of guarantee	8,418,629	5,520,302
	14,779,842	7,952,758

D- Operating Lease commitments

	31/12/2018	31/12/2017
Lacathan 1 was		
Less than 1 year	604	604

36. Related party transactions

The Bank parent company's "Egypt Investment Financial Company" established by banque Misr as its investment arm with equity share of 99.9 % of its capital, and it owns 99.99% of banque du caire shares, the remaining shares are owned by other investors.

- The bank share in CIB kampala 62.33%
- The bank share in Cairo leasing company 98%
- The bank share in African export import bank 3.88%

As the following our transaction with banque Misr (Shareholder related party on 31/12/2018)

	31/12/2018	31/12/2017
Due from banks		
Current accounts	55	221
Deposits	2,000,000	2,000,000
Other assets		
Accrued revenues	931	
Other	8,648	9,602
Other loans		
Present value for subordinated deposit	965,771	855,097
Shareholder equity		
Different between the present value and face value for subordinated deposit	1,034,229	1,144,903

As the following our transaction with CIB Kampala (subsidiary company)

	31/12/2018	31/12/2017
Due from banks		
Deposits	8,742	
Current accounts	1,412	8,574

As the following our transaction with Cairo Leasing company (subsidiary company)

	31/12/2018	31/12/2017
Loans and advances to customers		
Corporate loans	412,184	
Other assets		
Accrued revenues	5,618	
Customers' deposits		
Demand deposits	52,558	

As the following our transaction with African export – import bank (Investment in available for sale)

	31/12/2018	31/12/2017
Due to banks		
Deposits	4,478,400	
Other liabilities		
Accrued interest	1,541	

37. Mutual funds Banque Du Caire

A- Banque Du Caire first fund (with accumulated return)

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with nominal value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to IC's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the nominal value was amended to EGP 10 instead of EGP 100, the amendments have been effective from June 2007.

The number of outstanding certificates as of 31 December 2018 was 740,660 certificate with a redeemable value of EGP 116.39 each. 500,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 7,190,969, which should be held by the Bank till the end of the Fund's period as required by laws.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 1,659,439 for year ended 31 December 2018 (2017: EGP 2,505,068), which is presented under the item of "other fees and commissions income" in the profit or loss statement.

B- Bangue Du Caire Fund II (Money Market Fund) - daily

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for Asset Management Company.

The number of certificates at the initial offering was 10 million certificate with nominal value EGP each, 3,641,935 certificates (amounting EGP 41,291,797) were allocated to the Bank as 31 December 2018.

The number of outstanding certificates as of 31 December 2018 was 98,365,091 certificate with a redeemable value of EGP 25.23 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 8,907,702 for year ended 31 December 2018 (2017: EGP 6,664,287), which is presented under the item of "other fees and commissions income" in the profit or loss statement.

C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law (CMA) No. 95 for the year 1992.

HC Securities manage the Fund. The number of certificates was 5 million certificate amounted to EGP 50 million with nominal value EGP 10 each according to the approval No. 625 dated 27 July 2011 from the Capital Market Authority (CMA), the fund's period is 25 years.

The number of outstanding certificates as of 31 December 2018 was 622,860 certificate with a redeemable value of EGP 15.78 each.250,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 2,500,000, which should be held by the Bank till the end of the Fund's period as required by law.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 54,159 for year ended 31 December 2018 (2017: EGP 52,215) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

D- Banque Du Caire fixed income Fund (Al Thabet)

On 8 May 2012 Bank Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund (Al Thabet), and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering period is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company.

The fund consists of 1 million certificates amounted to EGP 100 million with a nominal value of EGP100 per certificate each.

The number of outstanding certificates as of 31 December 2018 was 99,453 certificate with a redeemable value of EGP 180.19 each. 50,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 5,000,000, which should be held by the Bank till the end of the Fund's period as required by law.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 116,113 for year ended 31 December 2018 (2017: EGP 540,704) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

38. Top Management Salaries and Benefits

According to Banks Corporate Governance and Internal Control Regulations issued on 26 July 2016, the net average monthly salaries and remunerations earned by the largest 20 members jointly is EGP 18,361,444 during the year ended 31 December 2018

39. Tax Position

39-1 Corporate Tax

1- Period from beginning of the activity till 31 December 2014

- Inspection and payment of corporate tax has been done from the beginning of the activity till 31 December 2014 except the following:
- For years 1991/1992 the bank have paid tax differences amounts and raised lawsuit and there was preliminary adjudication in favor of the bank during 2013 and the tax authority objected to this adjudication and the case is still pending before the courts.
- For years 2011, 2012 tax position has been examined and submit a request for reconciliation regarding them and is being finalized.

2- Period from 2015, till 2017

- Financial years 2015& 2016 tax position has been examined and the results of the examination were not officially notified
- Financial year 2017 was submitted on legal date and without tax entitlement

39-2 Stamp Duty

1- Period from beginning of the activity till 31 July 2006

All Bank's branches have been inspected till 31/7/2006, the receipt Tax forms are being received

2- Period from 1/8/2006 till 31/12/2009

The bank were examined and paid tax for that period and finalized.

3- Period from 1/1/2010 till 31/12/2017

Were examined as following:

- Period from 1/1/2010 till 31/3/2013
- Has been examined and objected to its outcome and the file was referred to the Appeals Committee did not meet the date of the meeting after this has been our bank to pay the full claim until the completion of the recipient
- Period from 30/6/2013 till 31/12/2015
- Were examined and resulted in no entitlement stamp tax.
- For financial year 2016 till 2017
- The bank has paid on legal time and not examined yet.

39-3 Salary Tax

1- Period from beginning of the activity till 2004

The Bank's salary tax has been settled finally.

2- The period from 2005 till 2010

The settlement of the differences resulting from the examination of this period, with the exception of two shadow items, has been resolved and they have been referred to the Appeal Committee, which was issued with the support of the bank and our bank will forward the matter to the administrative court for adjudication.

3-The years from 2011 till 2014

The Bank's salary tax has been examined and objected and the file was referred to an internal committee and it has not yet made a decision and our bank provided the provisions for this differences and fines for delay

4-The years from 2015 till 2017

The tax authority does not inspect till and the bank provided the provision for this period and our bank pay amounts under the tax account on a monthly basis and to submit the tax returns and settlements in the legal deadlines and payment of tax differences due to the reality of these settlements and our bank is discretionary for the period from 2015 to 2017 may result in differences in points disputed

39-4 Sales Tax

1- The periods from 2002 to 2015

The period have been inspected and the bank paid, and challenged the claims in the legal deadlines and discordant dispute before the administrative judiciary.

2- The period from 2016 till 2018

The bank provided the provision for this period, pending the determination of the continued registration of our bank or not, as our bank is not addressed to the sales tax and registration in it was by mistake and also not to be subject to the banking business value added tax in accordance with the provisions of Law 67 of 2016

39-5 Real estate tax

Regulation No. 117 for the year 2014 has been issued amending the regulation No. 196 for the year 2008, which was applied from 1/7/2013. The branches and departments of our bank and the models of rights due to the tax payable on excessive rental values before the appeals committees and hedge our bank.

40. Translation

These financial statements are a translation into English from the original Arabic statements. The original Arabic statements are the official financial statements.

41. Important Events:

IFRS 9 Financial Instruments

IFRS 9 issued finally in July 2014, the Central Bank of Egypt on January 28, 2018 issued its instructions to banks to comply with the requirements of IFRS 9 as of January 1, 2019. The final instructions were issued in February, 2019.

Standard 9 establishes the bases and measurement of financial assets and operations. Also, the bases of calculation the impairment of financial assets

IFRS 9 replaces the IAS 39 Financial Instruments: Recognition and Measurement

Classification and Measurement:

The application of Standard 9 affects the classification and measurement of financial assets and is not expected to have a significant impact on the classification and measurement of financial liabilities.

In accordance with the requirements of IFRS 9, the classification and measurement of financial assets will depend primarily on the business models through which assets are managed and the contractual cash flow characteristics associated with them. These factors determine whether the financial asset is measured at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income. IFRS 9 has eliminated IAS 39 Financial Assets (Held to Maturity, Loans and Facilities, Available for Sale)

Impairment of financial assets:

Impairment of financial assets measured at amortized cost and fair value through other comprehensive income, as well as commitments for loans or financial guarantees. On initial recognition, the expected credit loss (ECL) resulting from the probability of default is calculated over the next 12 months. In the event of a material increase in credit risk, the expected credit losses (ECL) arising from the expected probability of default are calculated over the life of the financial instrument.

Financial assets for which credit loss is expected to be calculated over the next 12 months are classified as Tier 1 and financial assets that have experienced a significant increase in credit risk are classified in Stage 2 while financial assets that have been impaired are classified as impaired. Stage 3. The Bank periodically reviews the extent to which credit risk of the financial instrument has increased since the initial recognition.

The estimate of expected credit losses should be neutral and weighted and should include all relevant historical, future and forecasted information including future economic projections as of the reporting date as well as the time value

For money. Accordingly, the estimated credit loss in accordance with IFRS 9 is a forward-looking estimate as compared to IAS 39.

The Bank is in the process of applying the requirements of IFRS 9 effective January 2019. In accordance with the Central Bank of Egypt instructions issued on 28 January 2018, the Bank has established a risk reserve of 1% of total weighted risk weighted credit risk of the net profit after tax for 2017 amounting to EGP 552,814 thousand (the change in equity) is accounted for as part of the capital basic and is used after obtaining the approval of the Central Bank of Egypt

Soha Elturky

Chief Financial Officer

SOHA ELTURKY

Tarek Fayed

Chairman & Chief Executive Officer





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