

Risk Group

The role of risk management is becoming increasingly strategic as the Egyptian banking sector continues to evolve amidst macroeconomic changes and accelerating digital transformation. For CIB, a well-established bank with 50 years of strong performance in commercial banking, the path forward requires balancing growth ambitions with disciplined risk management. The Risk Group contributes to strategic decision-making by aligning the Bank's risk appetite with budget growth objectives, integrating advanced analytics and technology to streamline operations, and ensuring that controls remain robust to keep risk exposures within acceptable limits. In 2025, the Risk Group focused on:

1. Advancing the integration of ESG risk factors into the risk management framework, in line with regulatory requirements and evolving global practices.
2. Strengthening governance while ensuring compliance with regulatory requirements.
3. Prudent capital and liquidity.
4. Maintaining a proactive and diverse Risk Management framework, integrating all potential risks, to ensure that combined effect is within the Bank's risk appetite.

Credit Risk

Institutional Banking Risk

Throughout 2025, Institutional Banking Risk successfully balanced growth with stringent risk management, ensuring portfolio's continued health and quality. This approach involved:

- Maintaining robust risk assessment and mitigation process which entailed the revamping of related policies, approval authorities' matrices, credit approval processes and workflow introducing radical changes capitalizing on the expertise of related business lines to strengthen decision-making and streamline workflow.
- Monitoring portfolio performance and present adjustment by revising and reassessing risk limits and appetite parameters to ensure a dynamic link between growth in capital and lending capacity.
- Leveraging new market opportunities by inaugurating the Commercial Banking segment and

setting the relevant approval authorities and related guidelines to ensure a smooth onboarding of these borrowers to the Bank's systems.

- Aligning the level of disclosure with the assessed level of risk, and in collaboration with the business, introducing a segregation of the Corporate Portfolio "Swim Lane" to facilitate informed decision-making with minimal turnaround time.

The Risk Group's strategy for the coming years focuses on supporting the Bank's sustainable growth by integrating digitization and data automation into risk management functions. This entails recalibrating the risk appetite, improving analytical capabilities, streamlining decision-making processes, and minimizing the cost of risk.

Business Banking

The SME portfolio continued its strong growth in 2025, supported by acquisition quality and industry diversification. In parallel, Business Banking successfully followed an agile delivery approach, marking a key milestone in the Bank's digital transformation journey. This process re-engineering and automation of policy rules and procedures enabled a near straight-through-processing (STP), thereby enhancing efficiency, decision-making quality, and turn-around time. In addition, the Business Banking Group introduced enhancements to the credit approval process to drive growth, empower control functions, and improve overall customer experience.

Consumer Banking

As CIB celebrates its 50th anniversary, the Consumer Banking Risk function reflected on a journey of continuous evolution, from foundational risk governance and manual assessments to a sophisticated, analytics-driven ecosystem that stands as a key enabler of the Bank's long-term value creation. The pioneering stage of automation introduced automation of underwriting, instant credit decisions, and advanced scorecards, supported by enhanced risk analytics that deepened insights and strengthened decision-making.

Throughout 2025, the Retail portfolio achieved sustainable growth while maintaining robust portfolio quality. Strategic milestones were achieved in enhancing end-to-end workflows, embedding data-driven and instant credit-decisioning capabilities, and elevating governance frameworks to ensure greater consistency and agility in credit assessment, thereby reinforcing CIB's position as a data-driven, forward-looking institution.

Lending models backed by machine-learning were introduced to responsibly expand credit access to new customer segments, enabling digital onboarding and supporting the Bank's strategy for scalable, high-quality growth.

Liquidity and Interest Rate Risk Thresholds

CIB maintained strong liquidity positions in both local currency (LCY) and foreign currency (FCY), supported by robust buffers, despite heightened global and domestic risk profiles. High-Quality Liquid Assets (HQLA) remained at ample levels, with the LCY CBE liquidity ratio standing at 55% as of December 2025, well above the regulatory threshold of 20%, and the FCY liquidity ratio reaching 51% against the 25% requirement. Furthermore, the Net Stable Funding Ratio (NSFR) stood at 186% for LCY and 186% for FCY, while the Liquidity Coverage Ratio (LCR) reached 549% for LCY and 567% for FCY, significantly exceeding the 100% regulatory and Basel standards. The Bank's interest rate risk in the banking book (IRRBB) also demonstrated resilience, enabling the balance sheet to capitalize on the prevailing volatile interest rate environment.

Operational Risk Management

Operational Risk Management continued to be a critical foundation for the successful execution of the Bank's strategy. The uncertainties the organization faces across its operations remain a central area of management's focus. This is supported by structured processes that provide a systematic approach to identifying and assessing operational exposures, alongside the design and implementation of appropriate mitigating controls.

Key objectives of operational risk management include:

- Setting policies and procedures to enable management to meet their risk management responsibilities, while the second line of defense provides robust, independent and effective oversight.
- Delivering and overseeing operational risk capabilities owned and used by business leaders to enable sound risk decisions over the long term.
- Delivering a consistent and aggregated measurement of operational risk that provides clear and relevant insights.

Risk Change Management

The risk change management system oversees the Risk Group's system transformation agenda by driving technology-enabled process simplification, automation, and enhanced reporting. It also ensures alignment with agile principles while serving as a second line of defense, overseeing risk-related change initiatives, managing business requirements, and facilitating effective stakeholder engagement across functions.

Third-Party Risk

CIB strengthened its Third-Party Risk Management framework through strategic enhancements that reinforced governance, accountability, and resilience. Key initiatives included the introduction of a new tool for risk assessment and scenario analysis, the revamp of core tools, and the launch of Egypt's first Third-Party Handbook, setting a new industry benchmark. Oversight of critical relationships was deepened through improved monitoring practices. The outsourcing framework was refined to meet regulatory standards, supported by tailored training and updated policies, with governance reporting and escalation protocols ensuring transparency and timely decision-making.

Security and Technology Risks

The Security & Technology Risk Management Function was developed as an independent second line of defense within the Risk Group to ensure the effective management of Security and Technology Risks. The department's scope was expanded over the years, developing the appropriate capabilities,

structures and operating model, building a foundation of a maturing risk management program by instilling a consistent, standardized approach to risk assessments, risk scoring, reporting metrics and governance.

In 2025, the scope was further extended to build a comprehensive risk universe that covers all relevant security and technology risks through Control Self Assessments for Information Technology, as well as Security and Resilience Management for CIB Egypt and its subsidiaries.

To support the business strategy, digital transformation, and growth, Cyber Risk Assessments were conducted for the newly-introduced and enhanced digital services, ensuring all associated security and technology risks are well-managed with appropriate mitigation strategies, enhancing the comprehensiveness of the risk register and ensuring key risks domains are covered with applicable risk scenarios.

Environmental, Social, and Governance (ESG) Risks

During 2025, the Bank advanced its ESG risk management capabilities through continued refinement of its frameworks and assessment tools. The Bank continued to enhance its integration of ESG and climate-related factors within its overall risk management frameworks and business practices.

A key priority was the development of robust climate risk management practices. CIB is advancing a phased roadmap to integrate climate risk across its core risk processes, and is strengthening internal capabilities and methodologies to remain aligned with global developments. As such, the Bank continued to use qualitative and quantitative assessments, including scenario analysis and stress testing, to assess the potential impacts of physical and transition climate risks on other traditional risk categories. These efforts support a progressive alignment with global best practice, while recognizing the evolving nature of climate science, modelling techniques, and data availability. ESG risk information is disclosed annually within the Bank’s Sustainability Report, providing transparency on CIB’s evolving practices, initiatives, and alignment with international best practices.

Reputation Risk

CIB is committed to maintaining a strong and positive reputation through a comprehensive and forward-looking reputation risk framework. During 2025, and in line with the Bank’s strategy, efforts focused on deepening the integration of reputation risk framework across all business lines, through enhanced monitoring, analytics, and awareness. This included proactive identification, assessment, and mitigation of potential risks, social media monitoring, and leveraging insights from stakeholders’ perception. By fostering a culture of integrity, transparency, and ethical behavior, as well as embedding reputation awareness into daily operations, CIB continues to safeguard its brand, strengthen stakeholder trust, and ensure long-term sustainability.

Model Risk

CIB continued to strengthen its model risk framework through enhanced governance, improved documentation, and ongoing monitoring. A comprehensive model inventory, supported by a risk-based classification matrix, enables effective prioritization and oversight of all models. Continued focus was placed on enhancing model validation practices.

Risk Culture

CIB places significant priority on sustaining a strong and consistent risk culture across the Bank. To reinforce a risk-aware mindset, the Bank delivers a broad range of developmental initiatives that include continuous training programs, role-specific learning modules, and advanced courses focused on best risk practices. These efforts ensure that employees are well prepared to recognize, evaluate, and address potential risks within their areas of responsibility, supporting practical conduct and enhancing the bank’s overall risk management framework.

