



THE BANK TO TRUST

Governance Policies -2024

# CODE OF CORPORATE GOVERNANCE

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## Governance Policies -2024

### Code of Corporate Governance

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# Glossary



<b>CBE</b>	-----	Central Bank of Egypt
<b>CIB</b>	-----	Commercial International Bank
<b>GA</b>	-----	General Assembly
<b>BOD</b>	-----	Board of Directors
<b>NED</b>	-----	Non-Executive Director
<b>GNC</b>	-----	Governance and Nomination Committee
<b>CG</b>	-----	Corporate Governance
<b>CEO</b>	-----	Chief Executive Officer
<b>CRO</b>	-----	Chief Risk Officer
<b>CSR</b>	-----	Corporate Social Responsibility
<b>ERM</b>	-----	Enterprise Risk Management
<b>FRA</b>	-----	Financial Regulatory Authority
<b>IAG</b>	-----	Internal Audit Group
<b>IT</b>	-----	Information Technology
<b>LOB</b>	-----	Line of Business
<b>OECD</b>	-----	Organization for Economic Co-operation and Development
<b>SOP</b>	-----	Standard Operating Procedures
<b>ESG</b>	-----	Environmental, Social and Governance

01



# Introduction



# 01

## Introduction

The Commercial International Bank (CIB) has adopted the Corporate Governance (CG) guidelines for a long time. Together with the Bank's Statutes and Bylaws, the charters of the Board Committees, and the complementary policies (conflict of interest, disclosure, and code of conduct) this code sets forth the governance framework of the CIB in an effort to enhance long-term values of shareholders, staff, other stakeholders and the community.

The CIB's CG structure includes highly professional executive directors and senior management, competent board committees, independent non-executive directors (NEDs) of experience and integrity, and a set of internal policies and processes that help the Board and senior management to make the proper decisions. CG issues rate high within CIB, both in terms of aligning the interests of shareholders and managers and the monitoring of management through information disclosure and transparent reporting. Our CG framework ensures that timely and accurate disclosure occurs with respect to material matters regarding the Bank, its ownership, operations and financial performance. It also advocates the equal treatment of all shareholders with sound protection for their voting rights.

The CIB's code of CG is prepared in accordance with the CBE Corporate Governance Guidelines issued on August 23rd, 2011 and related circulars, Law 194 for the year 2020, the FRA regulations, and the international best practices such as the principles of corporate governance of the OECD.

CIB's code of CG aims at making the CG system documented, transparent and understandable; its purpose is to provide more confidence to international and national investors, customers, staff and the general public in the management and supervision of the Bank.

As a general rule the code will be reviewed annually by the Governance Group and the Board Governance and Nomination Committee against the local and international best practices and be adjusted, if necessary. Moreover, if any amendments are required during the year, the Code will be updated accordingly.

# 02



## Definition of Corporate Governance

## 02

# Definition of Corporate Governance

Corporate governance refers to the set of rules, policies and procedures through which the management of the Bank is directed and controlled, these rules provide the best balance between the interests of the Bank's Management, its Board of Directors, its shareholders and other stakeholders.



*\* Locally following the CBE Guidelines of Corporate Governance, and adopting the international best practices specially that CIB is listed in the London Stock Exchange and traded in the OTCQX.*



## **Board of Directors**



## 03

# Board of Directors

Commercial International Bank is headed by a competent Board of Directors that is primarily responsible for setting the bank's strategic objectives, overseeing its implementation, providing oversight of senior management, and ensuring the effectiveness of bank's internal control systems and risk management to secure its reputation and its long-term sustainability. The Board fulfills their duties and responsibilities in accordance with the applicable laws and the CIB's Statute and within a framework of good corporate governance practices. The Charter of the Board of Directors complements the Code and provides the detailed role and responsibilities of the Board.

### 3.1 Composition

To maintain balance and independence, the Board should be composed, at all times, of an appropriate combination of directors, as follows:

- appropriate number of executive directors, not to exceed two;
- Shareholder representatives as elected by the GA;
- A majority of independent directors, who collectively possess the experience and knowledge from different domains;
- At least two of the above directors should be females;
- The Chairperson of the board must be a non-executive director, and the same person may not assume the chairmanship of the Bank's BoD and the duties of the CEO

Taking into account that the term of membership of the NED shall not exceed two terms with a maximum period of six consecutive or separate years. And it may be extended for one additional term (three years), with strong justification and with the approval of CBE.

Such combination should ensure that no individual or small group of individuals could dominate the Board's decision taking

### 3.2 Independence and Balance

CIB maintains an appropriate balance and independence of its Board, with majority of qualified NEDs who possess the competencies and experience in different fields, therefore are capable of exercising sound objective judgment. The Bank independence level amongst its directors is in line with the international best practice. Moreover, CIB is keen to maintain gender diversity in the composition of its Board, with two females on the Board complying with CBE and FRA directives.

A Director shall be independent under the following conditions:

- a) Is, or has not been he/she or any of his/her relatives up to the second degree, within the last three years, a staff member of the Bank or any of its affiliates;
- b) Has no family relationship with any of the Board Members, the Executive Management, or any of their related parties up to the 4th degree.
- c) Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the Bank;
- d) Does not receive any salary from the Bank other than what the General Assembly approves;

- e) Is not a shareholder of the Bank or an officer of, or otherwise associated directly with, a substantial shareholder of the Bank;
- f) Has not been for the last three years an employee or a partner in any of the Bank's external audit firms;
- g) Has not been for the last three years a principal of a material professional advisor or a material consultant to the Bank or any of its affiliates or an employee materially associated with the service provided;
- h) Is not, nor is any of his/her immediate family members, a material supplier of the Bank or any of its affiliates or otherwise associated directly or indirectly with a material supplier;
- i) Has not exceeded six consecutive years as board member;
- j) Does not, nor does any of his/her relevant family member up to the second degree, have any direct or indirect interest in the contracts concluded with the Bank or any of its affiliates during the two years preceding his/her appointment unless these contracts are based on tenders and without preferential terms

### 3.3 Key Role of the Non-Executive Chairperson and the CEO:

CIB has a unique unitary or single-tier board structure, chaired by the Non-Executive Chairperson, while the CEO is responsible for the day-to-day business activities of the Bank. This resolves the issue of concentrating the power in one hand and fulfills the right balance of executives and non-executives inside the Board where this division of responsibilities and positions being occupied by two different individuals is complying with CBE Corporate Governance related circular dated November 11th 2021 and FRA regulations.

The unitary board, is the most appropriate structure considering CIB's business and its complexity and in view of the Bank's policies and risk framework. It does not only enhance the Board's oversight function but also preserves the balance and independence inside the board allowing all members to freely and objectively express their views away from management and conflict of interest. While the Board provides supervisory and leadership role, the CEO is responsible for setting and implementing the Bank's policies and strategies as approved by the Board.

#### The Non-Executive Chairperson

The Chairperson should fulfil the responsibilities stipulated in the companies, banking and other relevant laws and regulations, ensure the overall proper functioning of the Board and its committees. The Chairperson contributes to enhancing the Board and Committees effectiveness with the objective of maintaining a robust governance culture and support a strict regulatory compliance environment.

#### The Managing Director/CEO:

The Managing Director/CEO leads the day-to-day business operations of the Bank, maintains an effective and cohesive senior management team for the Bank to achieve its goals and meets its short-term operational and long-term strategic goals.

### 3.4 Key Role of the Lead Director:

The directors of the Board could appoint a NED (preferably Independent) to serve as the Lead Director, to enhance the Board's independence and transparency and helps in maintaining a smooth relationship between the non-executives and the executive team as well as the Bank's senior management. The Lead director provides leadership to ensure that the

Board functions independently of management of the Bank and other non-independent directors. The Lead director is responsible for presiding at any meeting of the Board at which the Chairperson is not present (having been delegated by the Chairperson) or on topics where the Chairperson or the Board raises a possible conflict. The Lead Director discusses with individual directors their self-assessment responses and sharing with the Governance and Nomination Committee comments and recommendations, if any. He/She as well ensures that new directors to the Board have received the proper induction, as well as working with the Chairperson to ensure that the appropriate committee structure is in place and assisting the Governance and Nomination Committee in making recommendations for appointments to such committees. Moreover, the Lead Director works with the Chairperson and the CEO to ensure that the Board is provided with the necessary resources, including external advisors and consultants to the Board as considered appropriate, to allow it to efficiently carry out its responsibilities as well as bringing to the attention of the Chairperson and the CEO any issues that are or may prevent the Board from fulfilling its duties. On top of that, The Lead Director ensures that NEDs meet with the external auditors at least once annually, without the presence of senior management. In case the Lead Director acts as Chair of the Audit committee, it is the responsibility of the Governance and Nomination Committee to warrant that such meeting takes place.

### 3.5 Directors' Obligations:

In carrying out the functions of their posts within the scope of their mandates, but shall incur no personal responsibility in connection with the Bank's undertakings, members are accountable for the following:

- k) To understand their oversight role and their fiduciary "duty of loyalty" and "duty of care" to the bank and its shareholders;
- l) To act in the Bank's interest in exercising their rights and performing their duties reasonably and in good faith;
- m) Not to divulge any confidential information on the Bank's activities that becomes known to them, protect such information from unlawful and unauthorized disclosure, and not to use such information in their own interests or the interests of other persons;
- n) To refrain from actions that may result in a conflict between their personal interests and the interests of the Bank;
- o) Not to conclude any material contract with another company in which he/she is a member of its board or a part of its management or the Bank owns a majority of its stake without prior consent of the General Assembly.
- p) To inform the board of directors of any transaction submitted to the board that he/she has an interest in, for this matter to be recorded in the minutes of meeting, and to recuse from voting in such cases, and the board of directors must inform the first following General Assembly;
- q) To devote sufficient time and energy to fulfilling their responsibilities;
- r) Not and shall not accept, whether in their personal capacity or as representatives of others, Board Membership in another bank or a credit granting company that operates in Egypt, or conduct any administrative work or provide any consultation;
- s) Board representation at companies where the Bank owns a stake is accepted, and for other companies where the Bank has no stake the Head of Corporate Governance clearance is required;
- t) Chairperson, Board members, their families up to second degree relatives, or any entity where they are board members, partners, shareholders and have actual control are not allowed to be granted any kind of credit facility, guarantee or preferential interest rates in any way from the Bank, except for fully secured facilities according to article (123) of Law No. 194 for the year 2020

### 3.6 Secretary of the board

CIB Secretary of the Board must be a competent caliber of profound experience and integrity, and is responsible for, but not limited to, the following:

- a) Preparing the agenda of the board meetings and supplying the directors in a timely manner with the relevant information and data regarding the issues to be discussed and ensuring that adequate time is available for their review before the meeting date;
- b) Recording the minutes of the Board prior to delivering them to the Board directors for review and concurrence and maintaining it in its special register;
- c) Following up on the implementation of the Board's resolutions within the framework set in this respect;
- d) Maintaining all relevant documents in relation to the board resolutions or the issues presented to the board and ensuring that the directors receive adequate information in a timely manner;
- e) Liaising with all Board committees to ensure proper communication and smooth information flows between the Board and its committees;
- f) Liaising with the heads of departments to submit their activity reports to the Board;
- g) Making sure that the directors are updated with any new supervisory or legislative responsibilities that may arise as a result of new developments in the bank's business or its activities or any of the governing laws. This should be done within the framework of his/her role and without interference with the responsibilities of the relevant departments;
- h) Preparing all documents related to new directors and providing them with the necessary information about the bank and introducing them to the directors on board;
- i) Preparing for the Bank's annual General Assembly and Extraordinary Assembly as necessary. This includes agenda preparation, minutes recording and all other logistics required by the governing laws in relation thereto;
- j) Ensuring that comments or issues raised by the Shareholders have been replied to.

The relevant SOP describes in details the role of the secretary of the Board.

### 3.7 Responsibilities of the Board

In fulfilling the following key responsibilities, the Board shall maintain permanent interaction and dialogue and a climate of respect and trust with the Executive Management.

- a) Approving the Bank's overall strategy and goals, that are appropriate to the size and complexity of the Bank, while monitoring its implementation, and ensuring that all staff are aware of it;
- b) Selecting, appointing and monitoring the performance of key senior executives and determining their responsibilities, along with approving the overall organizational structure of the Bank;
- c) Overseeing the qualification and independence of the Bank's external auditors, including approving the terms of the audit and non-audit engagements and assessing their performance;
- d) Regularly meet with the key senior executives, internal audit, and external auditors, discuss the applied policies, and follow up on the progress of achieving the Bank's strategic objectives;
- e) Ensuring that senior management implements policies to identify, prevent or manage, and disclose potential conflict of interest, which may arise as a result of the various activities and roles of the bank as well as those which may arise as a result of its affiliation or transactions with other affiliates;
- f) Reviewing and approving such continuous and material disclosure documents as may be required in conformity with the



laws, regulations and listing requirements to which the Bank is subject, or as determined by the Board from time to time;

g) Ensuring the periodic review of the governance practices, and the spread of the governance culture within the Bank and with our customers;

h) Approving Bank's policies and ensuring the safety of all Bank's data, while ensuring that the Bank has the proper focus on risk, which includes a clear definition of the Bank's risk appetite and the constant monitoring of the risk profile in relation to such appetite. This includes overseeing and ensuring the existence of an effective process for identifying, assessing and mitigating risks;

i) Reviewing the adequacy of the Bank's capital;

j) Reviewing and approving interim and annual financial positions and statements as well as the directors' annual report submitted to the Shareholders;

k) Forming, reviewing and evaluating the Board's various Committees and approving its respective charters outlining the roles, responsibilities, and authorities of each committee;

l) Ensuring the existence of a clear succession plan for senior and key executive positions;

m) Approving the agenda of the General Assembly meetings and all related issues to be presented to the shareholders;

n) Defining a broad Corporate Social Responsibility framework, together with supervising and assessing the Bank's CSR related objectives and activities.

### 3.8 Evaluation of the Board and its Committees

The board and its directors should annually survey the effectiveness and contribution of the Board and its committees, including the operation of the Board, the Board structure, the adequacy of information provided to directors, and the effectiveness of the Chair in managing the meetings of the Board and the strategic direction of the Bank. The evaluation of the Board or a Board Committee will be undertaken in light of their respective charters. The Board should also undertake annual self-assessment of individual directors to ensure that each director continues to contribute effectively and to demonstrate commitment to the directorship role as well as skills development needs. It is the lead director responsibility to review the results of these assessment and to share with the Board common remarks and recommendations if any. The Board shall engage an independent, external consultant to conduct a comprehensive evaluation of the Board's performance, effectiveness, and adherence to governance best practices at least once every three years, taking into consideration the relevant legal and regulatory requirements.

# 04



## Board Committees

## 04 Board Committees

The following Board committees assist the Board in taking over and fulfilling their responsibilities, each committee Chairperson is responsible to brief the Board of Directors about the major points and highlights raised in the committee he/she chairs. The related Charters are an integral part of each committee duties.

### 4.1 Board Audit Committee

The Board Audit Committee shall consist of three NEDs, appointed by the BoD. The majority of the committee members must be independent including the Chairperson. Noting that the committee's Chairperson must not be Chair of the Board or any of its committees.

Some of the major responsibilities of the Board Audit Committee include:

- a) Follow up the work of the Internal Audit Group, especially in regards to the efficiency of the internal control system, through the reports presented by the Chief Audit Executive;
- b) Approve the annual audit plan presented by the IAG;
- c) Suggest the appointment/termination of the external auditors, determine their fees, discuss the audit plan they submit and approve it and evaluate their performance;
- d) Endorse the prepared financial statements and ensure its consistency with the rules of disclosure issued by the CBE and the Financial Regulatory Authority (FRA);
- e) Oversee the Compliance Group performance and ensure that a proper compliance risk framework is in place, and that no violation of the set policies, procedures and laws exists.

### 4.2 The Board Risk Committee

The Board Risk Committee shall consist of three members, with the majority being NEDs, including the Committee Chairperson.

Some of the major responsibilities of the Board Risk Committee include:

- a) Oversee and ensure the existence of a risk management structure, organization and effective process for identifying, assessing and mitigating risks and the adequacy of the existing Risk Management Methodologies;
- b) Oversee senior managements' activities in managing credit, market, liquidity, operational, legal, compliance, reputation and other risks, facing or might be facing the Bank via reports from the Risk Group;
- c) Concur on risk policies and make necessary recommendations to the Board regarding all risk related responsibilities, including the review of major Risk Management requirements.

### 4.3 The Board Compensation Committee

The Board Compensation Committee shall consist of three NEDs, of whom one is appointed as the Chairperson of the committee.

Some of the major responsibilities of the Board Compensation Committee include:

- a) Provide guidance to the Board with regard to the appropriate compensation to the Board of Directors as well as Bank's executive officers. The compensation should encompass all financial aspects including salaries, allowances, benefits, stock option and any other financial element;
- b) Determine the compensation of the control functions (Risk, Compliance, and Internal Audit) in a way that is based principally on the achievement of their objectives and does not compromise their independence;
- c) Review market data to assess the Bank's competitive position with respect to key senior executives' compensation, to ensure the Bank's ability to attract and retain the best calibers;
- d) Set out and periodically review policies and compensation strategies and programs that encompass total remuneration of the Bank's executive officers and key personnel;
- e) Review corporate goals and objectives of key senior executive officers and evaluate their performance accordingly, and set their compensation level based on this evaluation. In determining the long-term incentive component, the committee shall consider the Bank's performance and relative shareholders' return.

### 4.4 The Board Governance and Nomination Committee

The Board Governance and Nomination Committee shall consist of three NEDs (preferably independent), of whom one is appointed as the Chairperson of the committee.

Some of the major responsibilities of the Board Governance and Nomination Committee include:

- a) Ensure that CG standards are appropriate to the size and complexity of the Bank and that are well-defined and efficiently enforced;
- b) Review the Bank's annual CG report and annual report, particularly the disclosure section and all governance related issues within the report;
- c) Follow-up as necessary on the Board's evaluation reports;
- d) Review and consider the comments raised by CBE Audit with regards to the Bank's CG structure;
- e) Identify, screen and review individuals qualified to serve as board directors, and nominate them to the Board. As well as suggesting to the Board the appointment, renewal or termination of an executive.

### 4.5 The Board Operations and IT Committee

The Board Operations and IT Committee shall consist of three NEDs and the Board shall designate the committee's Chair.

Some of the major responsibilities of the Board Operations and IT Committee include:

- a) Review the Bank's information security, and various aspects of compliance with payment directives, APIs, data protection and that adequate attention, resources and human capital skillsets are availed.
- b) Review the technology risk exposure of the Bank and the steps management has taken to monitor and control such exposure. This would include taking note of matters or relevance referred by the Audit and the Risk Committees, Technology items in the external auditors' management letters, and overseeing the necessary corrective actions take place.



- c) Provide oversight and prioritization for operations transformation / streamlining initiatives and technology projects, monitoring their progress till implementation and assessing how much of the original business case is achieved.
- d) Ensure management is actively and effectively assessing the leveraging of data & analytics, digital, artificial intelligence and mobility to transform the business, manage risks and achieve cost efficiency through new age processes and tools/techniques. Whether on its own or via partnerships with relevant credible players in the ecosystem
- e) Monitor Operations streamlining and business process re-engineering initiatives and their post implementation results.

#### 4.6 The Board Sustainability Committee

The Board Sustainability Committee shall consist of three non-executive members, with the majority being independent directors.

The Board Sustainability Committee's purpose is to provide the Bank with strategic guidance and to oversee the Bank's implementation of ESG as a core component and value of CIB and its operations, recognizing the Board's ESG-related fiduciary responsibilities and stewardship.

Some of the major responsibilities of the Board Sustainability Committee include:

- a) Review and recommend to CIB board the Sustainable Finance Policy and Framework Architecture and Strategy;
- b) Ensure that adequate and effective control processes are in place and that risks and opportunities relating to sustainability and responsibility are well identified and managed by management;
- c) Oversee the implementation of Sustainable Finance Policy & Strategy through quarterly reports from Bank's Sustainable Finance team.





## **Executive Committees**

## 05 Executive Committees

The executive committees are delegated from the CEO and Managing Director to run the Bank's day-to-day operations and execute the bank strategy as approved by the Board and in compliance to the Bank's policies. Executive committees include without limitation the Executive Committee, High Lending and Investment Committee, Management Risk Committee and Non-Performing Loans and Investment Committee.

### Executive Committee

The Executive Committee shall consist of a minimum of five members, with at least one executive director to be assisted by executive officers of the Bank.

The CEO and MD is the Committee's Chairperson and shall appoint the committee members. The Board recommendations can be applied by the CEO and MD. The formation of the committee is to be shared with the Board for notification.

In fulfilling its role, the Executive Committee is supported by a set of sub-committees. Some of the major responsibilities of the Executive Committee include, but not limited to:

- a) Determine the strategic aspirations of the Bank and its subsidiaries and translate them into financial and non-financial key performance indicators;
- b) Consider and recommend to the Board strategic options and plans whenever the opportunity arises;
- c) Review and concur the Bank budget before submission to the Board;
- d) Review and concur all major and strategic initiatives in CIB, addressing detailed financials, capital and operating budgets;
- e) Monitor the progress of key transformation and digitalization initiatives, identifying hurdles and ways to overcome them;
- f) Ensure that the Bank operates in an ethical, safe and sound manner, with integrity and in compliance with the applicable laws and regulations;
- g) Review and recommend changes to the organizational structure and the associated job descriptions where required;
- h) Concur and recommend the proposals of disposing bank's properties including assets owned in settlements of debts prior to obtaining final approval from the Board of Director;
- i) Approve all kinds of outsourcing proposals and major sponsorships for the bank that would impact the Bank's reputation;
- j) Review and approve annual/interim reviews and special status reports related to the Bank's strategic subsidiaries and affiliates.



## **Key Roles of the Executive Management**



## 06

## Key Roles of the Executive Management

The organizational structure of the Bank reflects the highest level of transparency, accountability and segregation of duties and authorities, through the establishment of an effective system of check and balance to ensure continuous supervision and effective control at different LOBs.

CIB's internal policies and procedures should mandate a dual control system for carrying out the day-to-day business activities of the Bank.

**CIB Senior Management plays a supervisory role through the following key responsibilities:**

- a) Executing the strategy approved by the Board;
- b) Interacting with the Board members for reporting;
- c) Planning and directing the work of the respective LOB;
- d) Ensuring clarity of goals and objectives of the respective LOB;
- e) Monitoring the work of the respective LOB, and taking corrective actions when necessary;
- f) Working across functions with peers in other LOB to ensure collaboration for shared goals;
- g) Playing a hands-on role in improving operations and redesigning work of the respective LOB;
- h) Creating competitive breakthroughs by linking process improvements to the strategy;
- i) Empowering staff to act on their own to achieve the Bank's objectives;
- j) Setting policies appropriate to the size and complexity of the Bank (for example, but not limited to, credit policy, investment policy, business banking policy, treasury policy), and present it to the Board for approval;
- k) Ensuring that the implementation of the approved strategy is regularly reviewed and that actions are taken to address deviations from the strategy where necessary;
- l) Providing strategic direction and leadership of their teams, consistent with the Bank's vision and strategy;
- m) Directing the activities of their respective LOB, in alignment with the Bank's policies and regulations.



## Relation with Shareholders

## 07

## Relation with Shareholders

The Board is responsible for ensuring accurate and timely disclosure of any material event, and that a satisfactory dialogue with shareholders takes place through practical and efficient channels. Open channels of communication (phones, emails and meetings) with investors are constantly available through a dedicated Investor Relations department. To ensure the effectiveness of such meetings and dialogues, the following at least should be fulfilled:

- a) The chairperson should ensure that the views of shareholders are communicated to the board as a whole, and in particular those related to the bank's strategies and governance structure;
- b) Non-executive and independent directors meet with shareholders during the General Assembly Meetings to get their views with respect to the bank's strategies;
- c) The board should disclose in the annual report the steps they have taken to ensure that the members of the board, and, in particular, the NEDs, develop an understanding of the views of major shareholders about the bank and its performance.

The Board should constructively use the Annual General Assembly Meetings to communicate with shareholders and to encourage their active participation in the meetings. Shareholders should be notified on timely manner with the date, place and agenda of the assembly meeting as well as full information regarding the issues to be discussed and those requiring assembly resolutions. The Chairperson ensures that the chairpersons of the Audit, Governance and Nomination and Compensation Committees are ready to respond to shareholders' inquiries during the meeting. Meantime, the board should give shareholders the opportunity to direct their inquiries to the board either verbally or in writing as stipulated by the Companies' Law 159/1981. It is essential to inform the General Assembly about important deals; such as transactions conducted with related parties.



## Internal Controls



## 08 Internal Controls

To ensure having an effective governance structure, the Board needs to liaise with and support the internal control functions (Risk, Compliance, Internal Audit & Governance). Both the Board and Senior Management should constructively use the outcome of the work conducted by these functions, and use their gap analysis reports and findings to take the necessary corrective action.

It is necessary to segregate the roles of the internal control functions so that each works independently from the other and that each function is able to communicate directly with the board and senior management.

### 8.1 Risk Function

The Risk Group (RG) provides independent risk oversight and supports the Enterprise Risk Management (ERM) framework across the organization by managing different types of Financial and Non-Financial Risks. The framework applies Identifying, Measuring, Managing, Monitoring and Reporting (IMMMR) initiatives for all Principal Risks, in order to manage risk exposure against limits, appetite and tolerance levels set by the BOD. The group proactively assists in recognizing potential adverse events and establishes appropriate risk responses.

The key practices of the Risk Group include:

- a) Day-to-day monitoring of the following key areas: credit, investment, market, operational, conduct, third party, liquidity, interest rate, security, reputational, regulatory, social and environmental risks (referred to as Principal Risks), as well as the establishment of a holistic risk management framework;
- b) Evaluate the risk management framework, when necessary, in accordance to the market conditions;
- c) Ensure that the risk management framework reflects the Bank's risk appetite approved by the Board, and that the risk tolerance is appropriate to the Bank's capital;
- d) Ensure having the proper information reporting system, that highlights the Bank's adherence to the risk management framework, in order to detect any deviation and suggest corrective actions;
- e) Report to the Board Risk Committee in a manner that enables the Board to properly evaluate the presented risks and take the appropriate decisions, especially concerning the stress testing results.

### 8.2 Compliance Function

Compliance is a multi-dimensional function with strong practices that protect CIB from the risk of regulatory fines, material financial losses, and a loss of reputation due to failure to comply with regulations, rules, and internal/external policies. It also provides intrinsic benefits, such as constructive communication, improved business practices, and a better understanding of the regulatory environment.

**Compliance Group:**

At CIB, Compliance Group ensures that the relevant controls and regulations are embedded in the Bank's policies and procedures which are periodically reviewed to ensure they are up to date, to ensure that risks identified by the bank are appropriately mitigated.

The Compliance Group is an independent function that reports to the Board Audit Committee and it consists of five departments as follows:

**1- Financial Crime**

It is established to combat financial crime through its diversified units which are: AML transaction monitoring, sanctions, screening, customer's due diligence, Analytics & MIS, anti-bribery & corruption and staff accounts monitoring units, also leads the advisory, awareness and oversight role as related to financial crime.

**2- Regulatory Compliance**

Manages the overall relation with the Bank's different regulators through its regulatory affairs unit, offering the advisory compliance services. This team ensures clear, accurate and transparent communication with the relevant local and international regulators, and it ensures the proper implementation of regulations across the Bank.

**3- Compliance Monitoring and Testing**

Acts as the monitoring and testing arm of Compliance with the strategic objective of conducting bank-wide compliance risk assessment and providing assurance based on risk-based reviews. The team is also responsible for the evaluation of the compliance environment at a bank-wide level.

**4- Conduct Risk & Customers' Rights Protection**

Identifying and assessing Conduct risks to ensure they are well within the Bank's Risk Appetite. Oversees customers' complaints mechanism in coordination with the different customer service and support departments, ensures the treating customers fairly, transparency, confidentiality and information secrecy, spreads awareness and financial literacy to bank's customers, ensures compliance to regulatory guidelines and internal policies when providing products or services, financial advice and information; and upon advertising and launching products or services.

**5- Whistle Blowing:**

It is responsible for stipulations of the CIB Whistle Blowing policy by encouraging people to speak-up and raise any concerns for any inappropriate behaviors and practices that contradict with the CIB core values. This function is obliged to safeguard and protect the identity of whistle blowers.

**8.3 Internal Audit Function**

CIB Internal Audit Group (IAG) is backed by a prudent Board Audit Committee, to ensure the independence of the IAG as the Third Line of Defense, reviewing activities of the first two lines of defense based on the risk-based audit plan and the methodology approved by the Board Audit Committee. The key practices of the Internal Audit Group include:

- a) Provide the Board Audit Committee with the gap analysis reports of their findings, and follow up on the implementation of the necessary remedial actions;
- b) Provide independent assurance to the Board Audit Committee, Senior Management and the regulators on the efficiency

and effectiveness of the Bank's internal control systems, and report any findings discovered;

c) Provide reasonable assurance on the implementation of the Enterprise Risk Management (ERM) and assure that the three lines of defense are in complete alignment with the objectives and strategy of the bank, and that the group is in full synergy with the Compliance Group and Risk Group, without breaching its independence.

#### 8.4 Corporate Governance Function

CIB Corporate Governance Group aims to support in the reinforcement and strengthening of governance principles, follow up their implementation and enhance their effectiveness.

The Corporate Governance Group reports to the Governance and Nomination Committee, and administratively to the Chief Executive Officer and Managing Director.

The key practices of the Corporate Governance Group include:

- a) Establish the essential principles and key elements of governance which assist in the development and improvement of the bank's performance so as to contribute in achieving the strategic goals set up by the Board, follow up on its application and increase its effectiveness;
- b) Oversee the implementation of the disclosure and transparency principles and the governance culture throughout the bank's business and activities;
- c) Develop, and oversee the application of, the bank's general framework and work principles through the bank's Code of Conduct and Conflict of Interest Policy;
- d) Set up the internal governance guidelines and outline the relevant code of Corporate Governance;
- e) Support the clarity of relationships between the Board and stakeholders;
- f) Prepare the report on the bank's commitment to corporate governance.



## External Controls

## 09

## External Controls

CIB's Board effectively utilizes the work carried out by the appointed external auditors to ensure that the Bank adheres to all the regulatory requirements. CIB external auditors are appointed every five years in order to ensure objectivity, and in adherence to the CBE instructions. CIB's external auditors have direct access to the Board Audit Committee and are able to provide them directly with the interim and annual financial positions and statements. NEDs meet with the external auditors at least once annually without the presence of senior management and executive Board Members.

CIB's Board of Directors and Senior Management fully support the role of the external audit function (taking into account Article 105 of the Companies' Law<sup>159</sup>) and monitor the integrity of the Bank's financial statements to ensure that they reflect the Bank's performance and reveal its bona fide financial position.

More to the point, external auditors engaged in the audit mission on the Bank cannot be a family member up to the 2<sup>nd</sup> degree of an executive staff of the Bank or any of its affiliates. External Auditors, their families up to second degree relatives, or any entity where they are board members, partners, shareholders and have actual control are not allowed to be granted any kind of finance, credit facility, guarantee, or preferential interest rates in any way from the Bank, except for fully secured facilities according to article (123) of Law No. 194 for the year 2020. External Auditors engaged in the audit mission on the Bank shall not be a shareholder of the bank and shall not review the accounts of more than two banks at the same time.





# 10



## Conflict of Interest

# 10

## Conflict of Interest

In light of the staff and board members' awareness of the Conflict-of-Interest Policy, disclosure of matters pertaining to conflict of interest must be made. More to the point, all CIB workforce should be aware of, and forthcoming about any conflict of interest between the Bank and personal, professional, and business interest. This includes potential and actual conflict of interest, as well as perceptions of conflict of interest. The relevant Conflict of interest Policy is an integral part of the code, provides more details, and is available on the Bank's intranet.





## **Disclosure and Transparency**

## 11

## Disclosure and Transparency

CIB complies with the disclosure requirements as mandated by the regulators as well as those considered to be best practice standards. The investment community, including the media, regulators and individuals who may invest or have invested in CIB's securities, should have equal access to Material Information that may affect investment decisions. Accordingly, CIB ensures that communications to the Investing Public about the Bank are: (a) timely, factual and accurate; and (b) consistent and broadly disseminated in accordance with all applicable legal and regulatory requirements.

To ensure being transparent to the public a Blackout Period is applied to Material Risk Takers (Insiders), in accordance with the local and foreign regulators and international best practices. The relevant Disclosure Policy is an integral part of the code and provides more details.



12



## Whistle-Blowing



## 12 Whistle-Blowing

CIB encourages its staff and/or outsiders who have genuine concerns about suspected misconduct to come forward and express their concern, with confidence that their identity will be safeguarded and without fear of reprimand, punishment or victimization. It is the responsibility of the Whistle Blowing Manager and the Chief Compliance Officer to receive, investigate, take appropriate action and bring to resolution all concerns raised by a whistle blower. For more details, please refer to the Whistle-Blowing Policy.



13



## Code of Conduct

# 13

## Code of Conduct

CIB's Code of Conduct sets out the standards expected from all staff, providing staff with a comprehensive frame of reference and calls for equal opportunity and fair competition and treatment among all of our staff. Our core values are integrity, client focus, innovation, hard work, teamwork, respect to the individual, and mannerism and we require that our staff work in accordance with these values. Staff members have formal channels to direct their grievance, through dedicated Staff Issues and Ethics Committee and Staff Petition Committee. A separate Bank Code of Conduct is available on the Bank's website and intranet, and is an integral part of the Code of CG. More to the point, the Governance Group conducts induction sessions for newcomers to the Bank highlighting the code of conduct regulations and the importance of complying with its contents.



14



## **Sustainability & Corporate Social Responsibility**

## 14

## Sustainability & Corporate Social Responsibility

This policy document aligns with and implements relevant Sustainability Environmental, Social & Governance (ESG) principles, standards, frameworks and best practices while adhering to applicable national laws and regulations. Furthermore, the policy shall observe and implement Sustainability System components as mentioned in the Sustainable Finance Policy and ensure that relevant Environmental, Social & Governance (ESG) indicators are well measured, monitored, controlled and reported consistently and comparably to enhance proper enforcement, accountability and transparency.





15



## Community Development

# 15

## Community Development

The CIB has been involved in a number of initiatives over the past decade to enhance the quality of health and nutrition services in the Egyptian society, with special attention paid to underprivileged children as a part of its corporate social responsibility activities. Seeing the positive impact these initiatives had on the lives of children in Egypt, the Bank took an active measure to turn away from ad hoc philanthropy and move towards more effective, sustainable initiatives, through the establishment of the CIB Foundation.



The CIB Foundation, established in 2010, is a non-profit organization dedicated to the enhancement of health and nutrition services extended to underprivileged children, and especially those with limited access to quality healthcare in Egypt. Registered under the Ministry of Social Solidarity - as per the Ministry's Decree No. 588 of 2010. The Foundation sought to transform the standalone charity model to promote sustainable development initiatives that strives to improve access to healthcare and promote positive, life-changing community initiatives.

With the generous support of CIB shareholders, the Bank channels an ongoing allocation of a percentage of its annual net profit to the Foundation, and support it with the human factor needed through staff volunteering in the charitable activities of the foundation.

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## **Policy Governance**

## 16 Policy Governance

The Policy shall be annually reviewed to be concurred by the Executive Committee and the Governance and Nomination Committee to be finally approved by the Board of Directors.





#### **Governance Policies -2024**

#### **Code of Corporate Governance**

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