

IFC Partners With Egypt's Commercial International Bank in Managing Climate Risk, Boosting Sustainability

Cairo, Egypt, March 22, 2023—IFC is partnering with the Commercial International Bank (CIB), Egypt's largest private sector bank, in developing and implementing a robust climate risk management framework—to ensure the bank's stability, regulatory compliance, and ultimately address the financing needs of its clients.

The advisory project will include an initial portfolio screening against climate risk and the development of scenario planning and stress testing methodology for CIB, a long-term IFC partner. The goal is to assist the bank in assessing its climate risk exposure, and ensuring any climate-related financial risks are disclosed in its portfolio.

The new initiative follows IFC's investment in CIB's landmark issuance of Egypt's first private sector green bond in 2021. With support from IFC, CIB also developed the first credit line fully dedicated to certified green building in North Africa.

"Climate-related financial risks are increasingly becoming more relevant for financial institutions," said **CIB's Chief Risk Officer, Talha Karim**. "Central banks, financial supervisors, investors, and other parties around the world are taking a keen interest in risks and opportunities deriving from climate strategies. CIB believes that climate-related risks are cross cutting drivers of the existing risk categories such as Credit, Operational, Market, Liquidity and Reputational Risks. IFC's partnership with CIB will further enhance the Bank's process of integrating the climate-related risks into the existing risk management framework, as well as to support aligning with the evolving international standards and the best practices in this regard".

This latest project, supported by the Germany Federal Ministry for Economic Affairs and Climate Action (BMWK), is part of IFC's climate program, which aims to scale up private sector financing in the financial sector for climate mitigation and adaptation projects, while helping to mitigate climate risks. Addressing climate change is a priority for the World Bank Group, which is committed to align 100 percent of all new financing operations with the goals of the Paris Agreement by fiscal year 2025.

"Climate change is the defining issue of our time. Banks, like all institutions, must adapt to the risks it poses," said **Sérgio Pimenta, IFC's Vice President for Africa**. "We're delighted CIB is once again leading the way in accelerating the green transition and laying the foundations for a stronger, more sustainable financial sector, which can manage climate risks and meet the needs of its stakeholders."

"Focused on engaging all stakeholders in addressing climate action, the partnership agreement signed between the IFC and CIB will provide technical consultation services to CIB, supporting the development of a climate risk management framework, which includes training and capacity building. This is not the first cooperation between the CIB and IFC, as in 2021, \$100 million was dedicated to Egypt's first private sector green bond to help unlock finance for climate-smart projects, reduce greenhouse gas emissions, and support the country's transition to a greener economy," said **Egypt's Minister of International Cooperation H.E. Dr. Rania A. Al-Mashat**

"CIB's journey with climate risk started in 2020 when we first joined the Task Force on Climate-Related Financial Disclosures (TCFD) and aligned with the Equator Principles in accordance with international standards and best practices," said **Dr. Dalia Abdel Kader, CIB's Chief Sustainability Officer**. "Now, building on the success of CIB's collaboration with the IFC and the issuance of the Green Bond, which helped us further develop our Environmental, Social Risk Management (ESRM) system, CIB is keen to take its partnership with the IFC to the next level. Given the complexity of climate risk management, we see our new IFC partnership as a great addition to substantiate our climate risk management experience, and will help us further integrate climate risk management within our strategies and systems."

Egypt is a priority for IFC in Africa. IFC's current investment portfolio in the country stands at \$1.5 billion and its advisory portfolio amounts to \$32.5 million. IFC's climate investments in Egypt amount to \$1.8

billion since 2016, including mobilization, with a focus on renewable energy, green financing for financial institutions, industrial and commercial energy efficiency, and green buildings.

About IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises.