

# 06

## OUR GOVERNANCE

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# NBE's Governance Structure<sup>1</sup>

## The “Rule of Law” for the “Pulse of a Nation”

Being the largest and most historical financial institution in Egypt is an enormous responsibility, one that requires a true collaborative effort, with an integrated approach and a well calibrated balance of strong governance methods, an efficient delegation approach, a robust control environment and a masterful supervisory outcome.

To achieve this equilibrium, coupled with securing a strong business continuity, NBE's Board governs the institution with two strategic approaches in mind:

### A Unique Developmental Role

Performing in accordance with its National Responsibility that represents the foundation of NBE's historical role.

[Read: Our Sustainability in Motion](#)

### The Traditional Governance Role

Complying with its Fundamental Responsibility that entails main duties.

- Setting NBE's purpose, values, mission statement & goals.  
([Read: Our Values and code of Conduct](#))
- Implementing the bank's main strategies, policies & goals.  
([Read: The Winning Strategy](#))
- Determining risk appetite and risk tolerance.  
([Read: Our Risk Management](#))
- Ensuring the quality and integrity of financial control, internal control, & financial robustness of the bank.  
([Read: Our Control Environment](#))
- Managing capital in line with the business objectives in consideration of the dividend policy & the targeted growth rates. ([Read: Our Financial Highlights](#))
- defining authorities and delegations to enable & facilitate Approving and updating the organizational structure & the achievement of senior management's responsibilities & to maintain an effective decision-making & governance.  
([Read: Our Board Committees & Delegation of Authority](#))





# Our Values & Code of Conduct<sup>1</sup>

Our overarching National Value is to promote responsible, healthy, and fair competition in the Egyptian Banking Sector where the wellbeing of our citizens is above all, while respecting the interests of all banks individually and collectively.

## Our Corporate Values

- **Responsibility and Commitment:** acknowledge that we are responsible for our words and actions and committed to comply with all NBE regulations.
- **Teamwork:** collaborate and cooperate in order to achieve our goals.
- **Professionalism:** always act professionally and adeptly in order to serve our customers and the society.
- **Integrity:** always work according to our values even if they are against our own self-interest



NBE seeks the best and safest working environments for its employees, one that instills wellbeing, promotes creativity, and empowers them all through confidence.

NBE expects its employees to adhere to the highest standards of conduct.

In the complex and stringent world of the banking sector, a countless number of emerging conditions are encountered. Managing banking and people comes with an infinite number of scenarios that are as vast as the human mind can encompass. Our guiding document, "The Code of Ethics" covers comprehensive guidelines on interconnected topics, such as, but not limited to:

- 01 Employees' behaviors
- 02 Complying with legal & regulatory requirements, rules, & regulations
- 03 AML & CTF
- 04 Information security
- 05 No racial discrimination or harassment
- 06 Honesty & integrity
- 07 Internal/external fraudulent activities
- 08 Public statements & announcements
- 09 Accepting gifts or money from customers, vendors or third parties
- 10 Employees' complaints
- 11 Drugs & alcohol prohibition
- 12 Accountability for NBE's assets & property
- 13 Use of NBE's communication systems, equipment, & networks
- 14 Protecting NBE's & Customers' Data
- 15 Accounting Systems, Security & Safety of Banking Transactions & Financial Reporting
- 16 Conflict of Interest

NBE accords an uncompromising diligence and focus on the Code of Conduct by all its employees and operations.

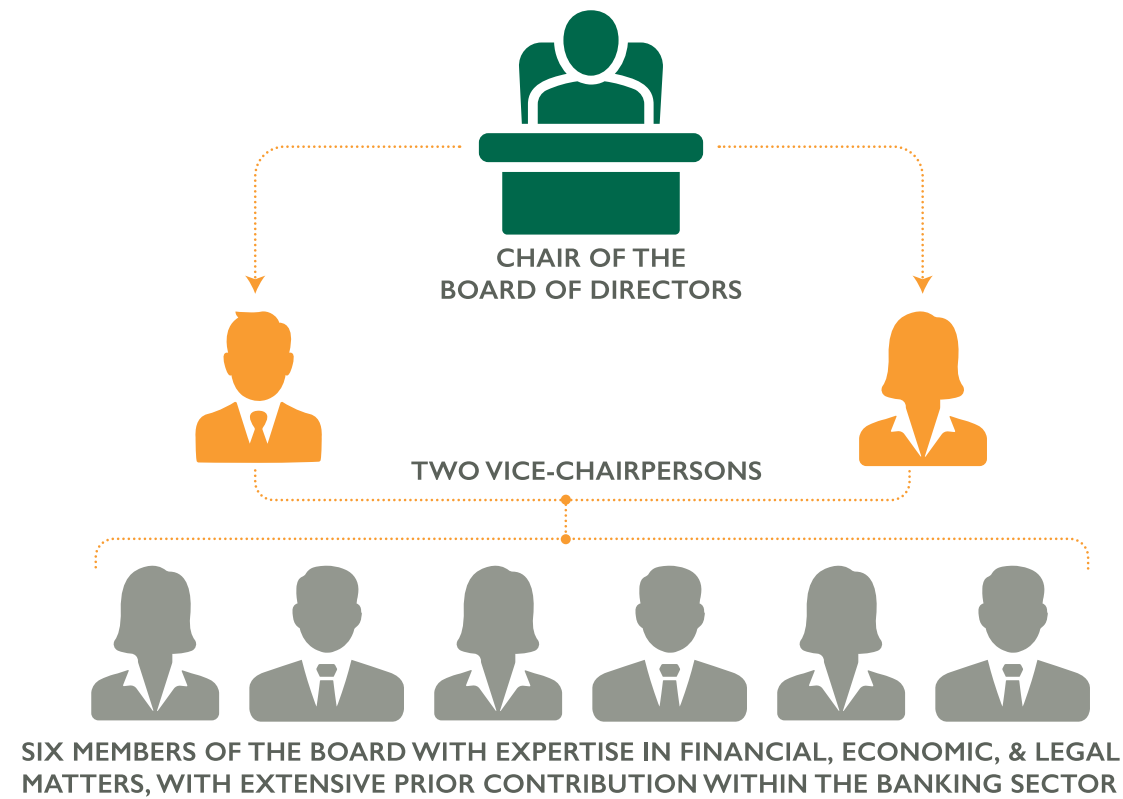
Hence, NBE's Regulatory Compliance and Corporate Governance Group is delegated by the Board of Directors to oversee, monitor, and ensure that NBE operate according to the Values of NBE. A dedicated Office of Ethics under the group is responsible of monitoring, receiving, and managing concerns in that regard. ([Read: Critical Concerns and Advice on Ethics](#))

NBE's Code of Ethics is the governing guide to our Corporate Values, Ethics, Conduct, Advice. NBE's Whistleblowing and Whistle-blower Protection Policy aims at providing a safe channel for the employees so as to eliminate their fears and to assure them that they will be protected against any retaliation or harm as a result of reporting such practices. The policy provides protection to whistle-blowers who report any malpractices that do not comply with the Code of Ethics for NBE's Staff and Senior Management.



## Nomination & Selection of the Board of Directors<sup>1</sup>

The Board of Directors of the National Bank of Egypt is nominated in accordance with the Laws of Central Bank of Egypt (article 90, Law 88 for the year 2003) and NBE's binding by-laws.



The Prime Minister of Egypt appoints the Chairman and members of the Board of Directors, with consideration of input from the Governor of the Central Bank. The two Vice-persons are appointed by the PM after consultation with the appointed Chair. The Board is appointed for a tenure of three years.

Given the critical positioning of the National Bank of Egypt and its role as Egypt's primary public bank, the appointment of the Members gives great weight and consideration to the magnitude of expertise, and diversity of the Chair and each of the members.



## Diversity of the Board

An unmatched collective mastery of skills and capability are engulged in the years of experience for each of the members, extending across their commands of Financial, Legal or Economic affairs, and a proven global banking expertise.

The Chair and each board member also capture extensive industry-level knowledge, respective to their fields, through other multiple significant positions and commitments that they have formerly or presently hold. (Read on : Board of Directors)

Needless to note that economic, social, environmental, and political knowledge is a default knowledge base that all appointed members of the National Bank of Egypt have to ensure that steering the business complies with and addresses national priorities, emerging risks, disruptive external changes, and best global practices. (Read: Strategic Sustainability Framework)

Non-executive directors are directors who are not full-time employees at NBE, do not receive any monthly or annual salary from NBE, and do not provide any paid counseling. The Board discloses in its annual report the names of all non-executive directors who are deemed independent from management and do not have any kind of relationship that may prejudice their objectivity in decision making.

### Collective Knowledge of the Board of Directors<sup>1</sup>

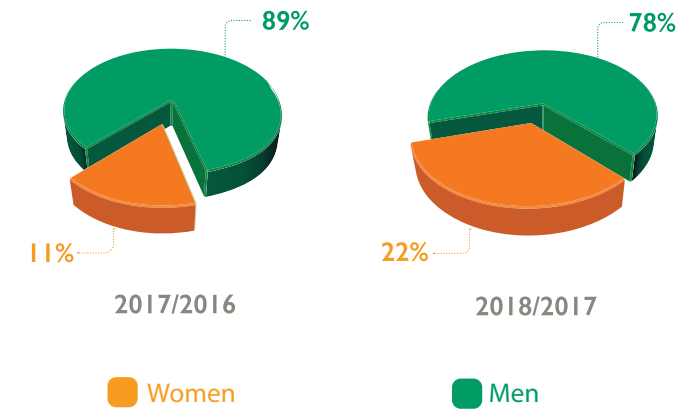
Keeping momentum, stride, and necessary control to uphold to the bank's obligations in the midst of rapid technologies, environmental responsibility, social needs and economic commitments requires continuous and relentless measures to enhance the collective knowledge of the Board Members on those particular topics.

Internally, induction sessions and internal reporting on the bank's sustainability practices has taken a front-seat in the bank's new direction, leading to the preparation and the development of this report — NBE's first assured sustainability Report. (Read more on : Strategic Sustainability Framework)

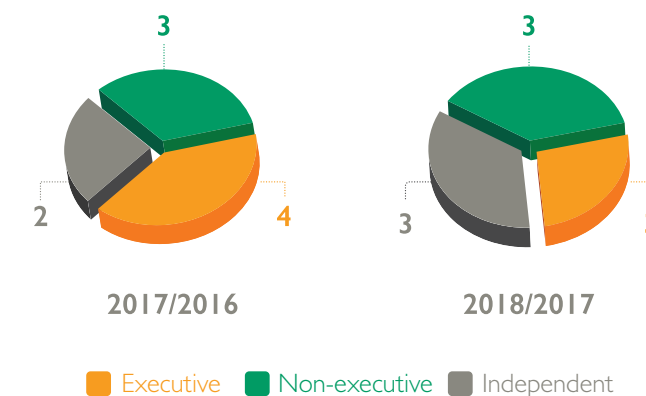
**NBE's industry-level stakeholders' engagement is also considered a main element to inform our Board Members on the latest and most critical emerging topics as part of our core measures to ensure an evolving knowledge curve is well adopted.**

On a global level, our latest event took place in 2019, where several of our Board Members have attended a specialized training program conducted by the Banking Institute of Directors (IOD) in London, UK.

### GENDER DIVERSITY



### TYPE OF MEMBERSHIP





## Chair of the Board<sup>1</sup>

The Chair is appointed by the Prime Minister of Egypt and in accordance to the Egyptian Law governing the Banking Sector. As Egypt's prime public sector bank, the chair of NBE's Board of Directors hold a unique set of duties in the management of the bank and its operations, making the Chair also an executive officer of the bank.

Mr. Hisham Okasha is NBE's Current Chair, since 2008.

His mandate has included his years as Deputy Chairman and Chairman of the Bank.

Given the unprecedented growth and strategic goals achieved by NBE under his leadership, and stemming of the critical role of the bank as a key financial facilitator in Egypt's Economic Reform Program, it was decided by Egypt's PM that Mr. Okasha continues as Chair of the Board for another renewed term, effective from September 2017.

## Role of the Chairman

Like no other leadership, the role of the Chairman of the National Bank of Egypt has always been a duty served with a Patriotic Vigor and a National oversight of the wellbeing of the millions of Egyptians that NBE has been increasingly serving for over 122 years.

In addition to his responsibility to perform his main duties toward achieving the strategic directions of the bank and overseeing the executive management of its goals, his duties also encompass top-tier Leadership and Executive Roles, among other responsibilities.

## Executive Role

As an Executive Chair, the Chairman's duties extend to ensure the direct involvement with the Head of Groups (C-level executives) through the Executive Committee Meetings (which the Chair Presides).

The Chair is also in charge of monitoring and evaluating the mechanism related to the promptness and effectiveness of the implementation of the Board decisions. [\(Read: Executive Committee\)](#)

He also ensures that adequate and accurate information is available in a timely manner to members of the Board and shareholders, while daily monitoring the bank's strategy implementation. [\(Read: Executive Committee and The Wining Strategy\)](#)

## Board Committee<sup>2</sup>

The Board establishes permanent or temporary committees from among its members and NBE employees, to assist the Board in carrying out its oversight responsibilities. The purpose and functions of each committee is determined by the Board, along with the means of operation and allowances for members from NBE members. These Committees include the Internal Audit Committee, the Executive Committee in accordance with the CBE, Banking Sector and Money Law No. 88/2003 and its executive regulations, in addition to the Risk Committee, the Remuneration and Compensation Committee, and the Corporate Governance and Nomination Committee as per the banking governance instructions issued by the CBE.

The Board Committees play an important role in supporting the board's decision-making process, as their power and authority emerge from the board's assignment. Although the Board may delegate certain powers and authorities, but at all times, it is still held responsible.

Each committee have an approved written charter that outlines its membership, functions, frequency of meetings, quorum and rules of convening, decision-making rules, committee's secretary, call for meetings, agenda, and board reporting.

## Leadership Role

Facilitating and mediating a healthy flow of Governance Practices has been part of the Chair's Core Duties, particularly when appointed for multiple Board Tenures.

As the bank of ALL EGYPTIANS, the "Voice of Real Change" does not only rely on engaging and listening to our stakeholders, but it also fundamentally and foremost rests on the Board's internal engagement on all critical and emerging matters.

The Chairman's role entails crafting management of internal engagements, by:

- Encouraging debate & constructive criticism as part of the decision-making process.
- Strengthening the engagement, & in turn the trust, among all Board Members, & across the bank with NBE's senior management.
- Providing a well-defined & comprehensive induction program for new members of the board, designed to complement & address material topics to allow knowledgeable decision-making. [\(Read: Collective knowledge of the Board\)](#)
- Overseeing that all Board Members carry out self-evaluation. [\(Read: Evaluation of Board Performance\)](#)
- Ensuring that all members & employees respect the NBE Conflict of Interest Policy. [\(Read: Critical Concerns & Advice on Ethics\)](#)

## Main Committees

### Audit Committee

The Audit Committee's functions are determined in accordance with the Law of the Central Bank, the Banking Sector and Money and its scope of work approved by the Board. The main role of the Audit Committee is to review the Bank's financial statements, ensure the effectiveness of internal control and oversee the performance of internal and external auditors, compliance and AML/CFT functions at the Bank.

As per Banking Sector and Money Law No. 88/2003, the committee holds a meeting at least every three months. The committee has convened 7,3 and 6 meetings during the fiscal years ending June 2017, 2018, and 2019, respectively.

### Executive Committee

The Executive Committee's functions are determined in accordance with the Law of the Central Bank, the Banking Sector and Money and its scope of work approved by the Board. The main role of the Executive Committee is to implement the Bank's strategy, direct the Bank's activities and review the reports submitted to it by different divisions and departments of the Bank.

The Executive Committee is constituted by the Board from executive directors and senior executives.

The committee has convened 18,10 and 11 meetings during the fiscal years ending June 2017, 2018 and 2019, respectively.

### Risk Committee

The Risk Committee's functions are determined in accordance with the CBE's governance instructions and its scope of work approved by the Board. The main role of Risk Committee is to develop, implement and monitor the Bank's risk management strategy and identify risk policies.

The committee reviews risk procedures and its framework, and identifies relevant roles and responsibilities across the Bank.

The Risk Committee is mainly comprised of non-executive directors, provided that its members shall not be less than three and the head of the committee shall be a non-executive director.

The committee has convened 6,2 and 4 meetings during the fiscal years ending June 2017, 2018, and 2019, respectively.

### Remuneration & Compensation Committee

The Remuneration and Compensation Committee's functions are determined in accordance with the CBE's governance instructions and its scope of work approved by the Board. The main role of the committee is to review the framework of benefits, compensation and remuneration.

The Committee is composed of three non-executive directors, and the head of the committee is preferred to be an independent director.

The committee has convened one annual meeting during each of the fiscal years ending June 2017, 2018, and 2019.

### Corporate Governance & Nomination Committee<sup>1</sup>

The Governance and Nomination Committee's functions are determined in accordance with the CBE's governance instructions and its scope of work approved by the Board. The main role of the committee is to oversee governance practices in the Bank, ensure that the Bank applies good governance measures and propose any amendments it considers significant to the governance policies approved by the Board.

The Governance and Nomination Committee consists of three non-executive directors, and the head of the committee is preferred to be an independent director.

The committee has convened one annual meeting during each of the fiscal years ending June 2017, 2018, and 2019.

<sup>1</sup> 102-23  
<sup>2</sup> 102-19



## The Board Performance<sup>2</sup>

*Evaluating the performance of the Board of Directors is a core practice that have ensured the historical & current success of NBE and its ability to perform its duty towards Egypt & our clients.*

We consider that strong performance of the members and the committees is part of our readiness for emerging disruptions or new national needs. This makes it a core element of our business continuity ability in the face of short-term risks and on the path for long-term strategic achievements.

### EVALUATING THE BOARD'S PERFORMANCE

The board follows strict system for annual self-assessment to determine whether the Board and its committees are functioning effectively as a whole and as individuals.

The individual assessment of each director identifies the effectiveness of the member's contributions to the board's meetings and committees, and whether he/she has fulfilled his/her duties.

The Chairman is in charge of evaluating the directors' performance by determining the strengths and weaknesses in the board.

## Management Committees<sup>1</sup>

In view of implementing strategic plans to develop and ameliorate the Bank and maintaining a good workflow and acceptable risk appetite, the Board may approve the composition of management committees to assist the executive management in carrying out its responsibilities, especially in relation to operating activities.

Management committees are mainly composed of executive directors, executive management and the Bank's staff. Each committee has a separate charter which defines its duties and responsibilities and shall be approved by the Board.



## Remuneration

In NBE, serving millions of citizens is founded on an unwavering relationship and proximity to our clients. That's why acquiring the best expertise to the governing body, and the most talented and competent employees to our bank, cannot be compromised. Wages, benefits, and compensations are core to the economy, leading to the social wellbeing of all individuals.

The Remuneration and Compensation Committee is delegated by the Board to execute the fundamental duty of fair value and payments to both the Board and employees with a focus that the Percentage increase in annual total compensation ratio is maintained at 1:1. We take pride in our diligent efforts to balance a healthy value that serves all levels of employment.<sup>1</sup>

### Stakeholders' Involvement in Remuneration<sup>2</sup>

NBE respects and complies with the laws, regulations and its own internal policy in setting remuneration for both the Board and employees. We seek guidance from our stakeholders' opinions when fit and necessary.

Our main stakeholders in the process of determining remuneration are The Prime Minister of Egypt, The central Bank of Egypt, the Ministry of Labor, and the Chief Human Resources Officer.

- The Prime Minister of Egypt, under whose Authority the Chair and the Board are appointed, also sets the Remuneration of the Board's Chair and Members in accordance with the provisions of the law and the State's Executive Rules.
- The Board of Director complies to the Egyptian Labor Law (No12 of 2003) that regulate and protect the right of all employees for the minimum wages.
- We take guidance from the Central Bank Law No. 88 of 2003.

### Remuneration Policies & Process<sup>3</sup>

NBE's Reward Policy and internal Reward System complement and complies to ALL laws and takes into account our stakeholders as indicated above. Our Internal Policy is accordingly composed of multiple crucial factors and driven by the best interest of both the bank and the rewarded individuals:

Rewards and wages are compatible with the nature of the work environment and nature of duties of each type of employment or service provided for the bank.

Policies are designed to reward the achievement of targets in the short-term, as well as the acquiring of strategic goals in the long-term.

Policies recommended updates are presented to the Board of Directors for approval based on the risk level.

Policies are disclosed & include the total value of the top 20 salaries and compensations including compensation, allowances, fringe benefits, & any other cash benefits.

The Committee determines the remunerations of the senior executives and provide proposals on the remunerations of the Board Member. Both determination and proposals include salaries, allowances, benefits in kind, and any other elements of a financial nature. NBE respects a maximum Annual total compensation ratio at 40 to 1 and in line with Laws and Central Bank directives.

The Committee performs robust due diligence related to the determination of the remuneration of the bank's internal control functions (risk management, compliance management, internal audit, & inspection management) & linked to the achievements of goals without prejudice to their independence.

The Committee regularly reviews the salaries in relation to other institutions in the industry to ensure the bank's ability to attract & retain the best elements. The recommendation & opinions of the chief of human resources are taken into consideration & is invited to attend committee meetings.

The committee regularly reviews & updates its policies when deemed necessary in regard to compensations & benefits & takes into consideration the level of risks to which the bank is exposed at a given time.

### Consideration of Remuneration for Board Members:

- The bank's long-term goals are taken into account in setting salary and remuneration policies which include Economic, environmental, and social topics as an integral part of performance indicators in NBE.
- When proposing the remuneration of non-executive board members (including the committee attendance allowances), their actual participation and contribution to the board meetings and decisions are taken into consideration.
- Variable pay is controllable in a manner to avoid impairing NBE's ability to support its capital base.
- The amount of variables is determined and may be capped. Risk exposure, particularly liquidity risk, and the required capital to cover such risk, are taken into account.
- For risk-sensitive positions, their variable pays mirrors NBE's performance and its risk exposure. It can only be fixed for no more than one year and disbursed based on performance evaluation standards provided by NBE.



# Our Control Environment

## Internal Audit Function

The importance of internal audit function is to ensure the effectiveness and adequacy of NBE's internal controls and governance with the objective of providing a comprehensive vision to the Audit Committee, the senior management and Board on internal control and governance. In addition, the internal audit evaluates the efficiency and adequacy of the procedures adopted by the Bank's different departments and business lines.

The internal audit function is completely independent of other activities being reviewed, which is reflected in the Bank's organizational structure and the powers vested to it. This enables its staff to fulfill the assigned tasks with full objectivity and impartiality. The internal audit department reports directly to the Audit Committee, which submits its reports to the Board to ensure independence.

## Compliance Function

The compliance function is intended to establish and implement firm, effective and advanced control policies, systems and tools to ensure NBE's compliance at all times with the existing rules according to applicable legislation and regulatory instructions at the local and international levels. This enables the Bank to face and combat any potential risks relating to the abuse of NBE for illegal or suspicious purposes, particularly financial crimes including money laundering activities. NBE should be well-aware of non-compliance risks. Such risks may include financial loss, legal or regulatory sanctions and/or jeopardy of the Bank's reputation.

As a result, NBE may severely suffer because of its failure to comply with the laws and standards that should be followed and rules and regulations issued by regulatory bodies inside Egypt and abroad. Accordingly, the responsibility for maintaining the Bank's good reputation does not fall upon the Compliance Group solely; rather it is the responsibility of all NBE's employees.

The Compliance Officer is independent and submits his/her report directly to the Audit Committee and/or the Board.

All mandates, policies and regulations related to NBE Control Environment are disclosed and published Online:

NBE • Governance Manual :

<https://www.NBE.com.eg/AssetsManager/00b173c8-d202-46d2-8f3a-4444519cfb78.pdf>

NBE • Compliance Policy:

<https://www.NBE.com.eg/AssetsManager/8ea6a983-2836-44c5-923a-fe7ba8d508df.pdf>





## Our Risk Management<sup>1</sup>

The Board and the Senior Management of the Bank are ultimately responsible for the Bank's risk management arrangements which encompass the risk profile, risk appetite, management of capital, management of liquidity, recovery plan and resolution pack as per the approved Internal Capital Adequacy Assessment Process (ICAAP), Individual Liquidity Assessment Process (ILAAP), risk policies and its pertaining procedure manuals.

The Risk Management Group performs its functions independently. It is responsible for overseeing the bank's risk activities, including defining and evaluating risks exposure and risk limits, developing and implementing the risk framework across the bank, and disseminating the culture of risk mitigation; all in line with the approval of the Board of Directors to NBE's risk tolerance.

### The Compliance Function is an integral part of NBE's three lines of defense

#### First line of defense

Under the first line of defense, operational management, in this case the Bank's business divisions and branches, has the ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

#### Second line of defense

The second line of defense consists of the activities covered by internal control departments (compliance, risk management, and other control departments). This line of defense monitors and facilitates the implementation of effective risk management practices.

#### Third line of defense

Internal audit forms NBE's third line of defense. An independent internal audit function will provide assurance to the Bank's BoD and senior management. This assurance covers the effectiveness of the first and second lines of defense.

Our risk Group has established an early warning system related to breaches of the bank's risk limits, and in line with the principles of governance. It reports directly to the risk committee and the Board of Directors to allow appropriate decision-making, particularly the results of the stress tests. [Read: Our Risks & Impacts](#)

Risk groups are highly selected with the focus to identify and quantify inherent risks to maximize returns and optimize capital allocation. Sever stress scenarios are deployed to place strategic action plans to manage situations of stress.



### Risk Review & Re-Assessment:

This process is applied to all risks which could have a significant impact on the bank if they were to materialize. Such material risk represents the bank's risk profile and is reviewed and reassessed at least annually as part of the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP).

The Bank risk management framework is based on a set of core guidance principles that ensure streamlined/well defined segregated roles and responsibilities powered the underlying practices:

- 01 | Well defined policies & procedures
- 02 | Risk Monitoring & Control
- 03 | Risk Measurement / ICAAP / ILAAP
- 04 | Capital & Liquidity stress test
- 05 | Watertight risk controls
- 06 | Contingency Funding Plans
- 07 | Well deployed risk mitigation techniques
- 08 | Recovery Plans & Resolution Pack

Emerging enterprise risks are identified annually to empower conscious risk-taking. These enterprise-level risks are closely linked to NBE strategy. The bank faces an assortment of external pressures which influence our internal risk profile. The bank Risk Framework is central to the identification and management of these risks. For example: Technology risk, Cyber risk, Regulatory impact risk, Fraud risk, Information risk, Conduct risk, and Third-party risk.

### ERM Framework

Enterprise Risk Management (ERM) framework ensures a consistent approach to managing risk across the group, together with a clear risk appetite aligned to our group strategy. NBE takes a holistic and forward-looking view of risks we face, continuously assessing both current and emerging risks.

NBE has embarked on further developing and integrating the deployed risk measurement/management tools for more reliable capital and liquidity planning to pioneer the launch of Enterprise Risk Management solution under a single platform along -side compliance to IFRS9 smooth adoption.

*NBE's ERM hosts Credit Risk rating & Scoring models, Loan pricing, ALM & Liquidity Risk Management, Basel Reporting, Risk aggregation & capital Planning in addition to Operational Risk Management & Business continuity.*





## Conflict of Interest<sup>1</sup>

Aimed to protect the interest of our shareholders and depositors and the integrity of the bank, our Conflict of Interest Policy applies to all our employees, senior executives, advisors, members of the board or any related companies. The Policy is part of NBE's corporate governance policy and mentioned in the code of ethics . (Read: [Our Values & Code of conduct](#))

The Board of Directors guarantees equal treatment and avoids the preferential treatment of entities directly or indirectly related to the bank, in accordance with the regulations. The Board of Directors guarantees to protect individuals who prepare conflict of interest report.

All individuals covered under the policy are required to disclose a written statement with regards to all other individuals or entities related directly or indirectly to the bank activities, including but not limited to:

- 01 Board members & key executives disclose all direct or indirect financial benefits (to them or on behalf of other parties) in relation to agreements, contracts, & all matters that can directly affect the bank.
- 02 A member of the board of directors, whether in his personal capacity or as a representative of others, may not also be a member of the board of directors of other banks that is subject to the supervision of the Central Bank of Egypt or to carry out any of the management's work or consulting therein.
- 03 The bank is prohibited from providing financing or submitting amounts under the account or credit facilities or guarantees of any kind to the chairman and members of Board of Directors or their spouses or children or their relatives up to the second degree, or any entity where they are partners or shareholders.
- 04 The bank can issue electronic payment cards to members of its board of directors, which will be used as a discount on their current account payables.
- 05 After the presentation to the Board of Directors, the Governor of the Central Bank has the right to request the removal of one or more of those stipulated in the previous paragraph if it is proven through the inspection of banks that they violate the safety rules for the depositors' money and the bank's assets. The person concerned reserves the right to file a grievance with the Central Bank.

In 2019, the Compliance and Corporate Governance Group has reviewed 165 cases to ensure that Policy is respected. Cases included employees' relatives loan approvals, outsourcing work, and outsourcing services.

## Anti-Money Laundering & Terrorist Financing

NBE adopts the software, technologies, and methods to ensure a robust and an automated electronic examination and control of all transactions that take place through our bank, this includes, but not limited to:



Examination of all parties (on any banking operations) against sanctions.



Monitoring transactions to ensure their suitability with the customer's financial solvency in light of applying the "Know Your Customer" rule.



Regularly updating policies related to combating Money Laundering & Terrorist Financing, in accordance with the latest developments issued by local and international legislative bodies, as well as all instructions issued by the Financial Action Group FATF .

The "Banking Compliance Group" prepares an annual report on the Anti-Money Laundering and Terrorist Financing and it is presented to the Board of Directors to express its comments and take the necessary measures where necessary.

### • NBE AWARDS •

**NBE AWARDED  
"THE SAFEST BANK IN EGYPT  
FOR THE YEAR 2019" BY THE  
GLOBAL FINANCE MAGAZINE**



A total of

**14,136** Employees



received more than 8 trainings in the field of Corruption, Anti-money laundering, compliance, & governance including:



ANTI-MONEY LAUNDERING PROGRAMS



A CODE OF CONDUCT



TAX COMPLIANCE ACT ON THE US ACCOUNTS FATCA



KNOW YOUR CUSTOMER





## Critical Concerns & Advice on Ethics<sup>1</sup>

It is only under a framework of protection, fairness, and integrity that our employees can acquire the confidence to act transparently and confidently against any misbehaviors, illegal, or unethical conduct.

Reporting critical concerns to the highest governing body is key to establish both internal and external trust and loyalty, and it is protected by the Board of Directors and the bank's policies in that regard. Our Whistle-blowing Policy provides a protective and confidential channel for reporting individuals to come forward without fear of discrimination, nor retaliation.

This Policy aims at supporting mechanisms for whistle-blowing of illegal and unethical practices to the management whenever concerns arise about an employee who might be engaging/has engaged in an act that violates NBE's Code of Ethics, instruction or by-laws, or any other act that constitutes a crime or a misdemeanor pursuant to the applicable laws and regulations. The Compliance Group is responsible for regularly reviewing and updating the Code of Ethics and whistleblowing policy biennially or when required and verifying its conformity with NBE's policies, procedures, and any updates as well as developments at the Bank. The whistleblowing policy includes clear communication channels that ensure an effective and secure process for communicating critical concerns to the Board of Directors.

Our Ethics Office is a dedicated destination for all our employees to provide a professional and confidential communication with any reporting person who can choose to keep his/her participation confidential or present it in person to the Ethics Office. the office is also dedicated to receiving and welcoming all individuals who seek advice or have concerns on ethical issues. the office provides the same mechanisms of confidentiality and it is operated through the most competent officers to provide advice.<sup>2</sup>

**A dedicated Whistleblower Hotline & email (exclusively to the Compliance Group) is made available & operated by the Ethics Officer to guarantee independent, professional, confidential reporting & whistleblower & advice-seekers' protection.**

After verifying the reported violation(s), the Compliance Group investigate - in coordination with the Internal Auditing Division and the Legal Division- to make the necessary remedial measures in view of the damages arising out of the violation(s). In the case of an employee's established violation of instructions included herein, the penalties by disciplinary regulations by NBE's BoD is applied. In 2019, the total reported concerns have reached (11) cases.<sup>3</sup>

NBE Whistle-blowing and Whistle-blower Protection Policy is published Online:

<https://www.NBE.com.eg/AssetsManager/e9577ca6-017f-4498-95f4-4db3091ccdd7.pdf>

<sup>1</sup> 102-33 / 102-34/ 102-17

<sup>2</sup> 102-17

<sup>3</sup> 102-34







07

THE WAY FORWARD



# The Way Forward

Looking into the future, NBE continues to uphold responsibility towards its business to achieve the best financial performance. We understand our role as a National and Public Sector Bank and our responsibility towards social and environmental contributions.

To address those twining commitments, sustainability is stream-lined into our core business activities, today and onwards, allowing us to perform in the best interest of each of our stakeholders. Moreover, NBE endorses, advocates and champions Egypt's National Priorities in alignment with the (8) Goals of Egypt Vision 2030, in addition to carrying our extended contribution to the (17) UN Global Development Goals (SDGs).

We will continue our fundamental role in the development of the real economy toward an equitable social distribution. By helping the government, businesses, and individuals to perform their obligations, conduct their operations and enabling investments in new developments, we play a key role in every segment of human activities, social and economic.

The current mapping of our core business activities to both Egypt 2030 and the SDGs has set a defined plan to our future key indicators. Diversified Lending Portfolio, Financial Inclusion, Youth and Women Empowerment, investment in national infrastructure, households' long-term needs, and green financing are all material topics that have resonated into our strategy, presently and in the future.

**With a population of 100 million Egyptians, no-one-set of targets are inherently better, nor indefinitely optimum. For that end, the key to our continued future success lies in**

1. Our business resilience
2. Strategic agility to adapt swiftly
3. Efficiently to the needs and priorities of all stakeholders & to the public good; with one ultimate eventual goal: **NO-ONE is left behind.**

Evidently, the implementation of Egypt vision 2030 requires collaborative and coordinated efforts from all partners. NBE, through its partnerships and networks, will provide a capable hand for achieving targets and goals of the national sustainable development agenda, in turn, the global development agenda.

**With the COVID19- pandemic, we are witnessing firsthand how banks are playing a critical role in supporting their countries to navigate numerous challenges. NBE's response to the crisis is now a central priority as it directly affects our stakeholders & the nation at large**

Yet, in the midst of this twin global health and economic crises, concerns about climate change may seem to be standing still, while in reality its threat will not fade away. A systemic shift towards a low-carbon/climate-resilient economy continues to be pressing. And while we weather the storms of those saddening threats to people, livelihood and economies, we will continue our parallel role to help navigate the global Climate Action through Responsible/Green Financing.

**We will continue our parallel role to help navigate the global Climate Action through Responsible/Green Financing.**

The state's approach towards creating sustainable financial instruments confirms its keenness to place appropriate sustainable development frameworks as highest priority, which has become evident by observing its initiation of standards-setting for issuing green bonds, implementing green credit lines and other supportive initiatives.

Consequently, NBE, shall continue financing environmental projects, as well as supporting the private sector towards compatibility with national environmental obligations and implementing initiatives related to climate change. In parallel, the bank will be moving forward towards articulating its Green Finance strategy and considering the necessary steps towards initiating Responsible Banking practices.

**The bank will be moving forward towards articulating its Green Finance strategy and considering the necessary steps towards initiating Responsible Banking practices.**

Furthermore, in line with CBE instructions, dedicated Financial Inclusion departments are being established across all public and private banks in Egypt. This independent business units will be responsible of the preparation of medium-term strategies.

NBE's ultimate goal is that, by the time the world recovers from today's global crisis, our progress towards the Social Wellbeing, Financial Inclusion, and Climate Change would bring us all closer to a more better future for our youth, both socially and economically.

**To this purpose, NBE is in the process of developing its 3-5 years financial inclusion strategy in alignment with the NBE's Sustainability Framework.**





# 08

## SPECIAL EDITION: COVID-19 CRISIS RESPONSE



# Special Edition: COVID-19 Crisis Response

The National Bank of Egypt has responded vibrantly to the rapidly-evolving COVID-19 pandemic through excessive support measures, adaptation policies and continuous community involvement to alleviate the pressure of households and businesses, but most of all, to protect the lives of the people in Egypt.

As the primary supporter of the state and the Egyptian citizens, the NBE has taken several actions to secure operational continuity, social safety, and enough liquidity to address and mitigate the adverse economic impact of COVID-19 on the Egyptian market.

For our people at the National Bank of Egypt, we have activated strong measures to ensure their physical and economic safety and at the same time to be able to stand strong together and serve safely and adequately our customers and partners.

For the people of Egypt, we have expanded our products seeking to facilitate our clients' immediate needs and we have increased our digital banking services, encouraging customers to use online and mobile banking tools to stay fully connected while reducing the traffic in our branches to prevent the circulation of the coronavirus.

In this context, in collaboration with the Central Bank of Egypt, we have also postponed the payment commitments of our clients and help them through different schemes to encounter their financial difficulties due to the pandemic situation.

Since March, we have been working cooperatively with the Egyptian government, the Egyptian Banking Federation, and civil society organizations and we have provided significant financial aid to relieve the national economic impact of COVID-19 crisis and secure the provision of medical supplies, ventilation units and quarantine equipment for the affected people in Egypt.

We actively continue our role as the bank of the people of Egypt and we mobilize both our teams and expertise to ease the citizens' lives during these testing times. To inform you more about NBE's COVID 19 response, our efforts are documented below as per GRI guidelines and framework.



	ACTIVITY	NBE EFFORTS
STRATEGIC	Health Culture	<p><b>NBE SOCIAL CAPITAL: HUMAN RESOURCES</b></p> <p><b>SAFEGUARDING EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• "Protect them" Campaign حملة احميهم is an internal daily HR email announcement to raise awareness on COVID 19 and protecting employees' health and keeping their families and community safe, as well as maintaining a connection and feeling of solidarity during difficult times</li> <li>• hand sanitizers units installed across all NBE's branches and gloves and offices. Disposable facial masks provided daily.</li> <li>• Providing online and e-education and training platforms for all NBE employees.</li> </ul> <p><b>SAFEGUARDING CLIENTS</b></p> <ul style="list-style-type: none"> <li>• NBEATMs: Providing clients with disposable gloves and face masks when using ATMs.</li> <li>• NBE's Branches: Practicing social distancing by allowing the presence of a certain number of clients to be inside the bank while providing an outdoor seating area to avoid crowds inside branches.</li> <li>• NBE Products: Activating and issuing 68,000 new debit cards for the total of pre-paid cards to reach 49,000 New Ahly Certificates with %15 interest rate, Retail, SMEs and Corporate loan installment exemption for 6 months .</li> <li>• NBE Call Center: NBE clients can sign up for NBE Ahly Net and NBE Phone Cash through the call center &amp; website in alliance with our digital transformation, as well as receive and solve clients' complaints.</li> </ul>
	Responsible Corporate Political Activity	<p><b>NBE BOARD MEMBERS</b></p> <ul style="list-style-type: none"> <li>• In collaboration with CBE: Eliminating ATMs withdrawal fees for other peer banks, daily withdrawal limits, eased loan procedures.. etc.</li> <li>• In collaboration with the Government of Egypt: NBE donated 80 million EGP for Tahya Misr fund through medical and protective supplies and ventilation units.</li> <li>• In Collaboration with the Egyptian Banking Federation: NBE donated 80 million EGP to relief economic consequences of the crisis.</li> </ul>
	Responsible Communication & Marketing	<p><b>NBE CHAIRMAN DEPUTY</b></p> <ul style="list-style-type: none"> <li>• Media (TV): Through speaking of NBE's role in handling the COVID 19- crisis presented in several TV shows.</li> <li>• NBE re-directed and donated its entire Ramadan 2020 marketing campaign to COVID 19 crisis response.</li> </ul> <p><b>DIGITAL BANKING ACCELERATION</b></p> <ul style="list-style-type: none"> <li>• Moving into and activating digital banking and online banking tools.</li> <li>• NBE provided the opportunity for clients to join NBE online, mobile banking, 6000 new clients for e-wallets and NBE phone cash. Issue NBE Certificates through NBE website and call center. 46,000 new banking operation daily using NBE Mobile Banking.</li> </ul>

POLICIES & BENEFITS	ACTIVITY	NBE EFFORTS
	Health Promotion & Wellness	<b>TRANSPARENCY &amp; ACCOUNTABILITY</b> <ul style="list-style-type: none"> <li>"Your Health Matters" Campaign حملة صحتك تهمنا internal periodical HR email announcement with any COVID 19 affected NBE office, branch or floor is being transparently reported &amp; immediate protective measures take place including closure for 14 days &amp; self-quarantine for employees through exceptional leave, in addition to positive communication with all employees.</li> </ul>
	Paid Family & Medical Leave	<b>PROTECTING OUR MOST VULNERABLE</b> <ul style="list-style-type: none"> <li>Exceptional leave for working mothers with children under 12 years' old</li> <li>Exceptional medical leave for any employee considered a suspected case of COVID 19.</li> <li>Exceptional leave for 50% of any department's employees based on rotating work schedule.</li> <li>Employees with chronic diseases were granted 14 days of paid exceptional leave at the beginning of COVID 19 spread.</li> </ul>
	Health Insurance	<b>KEEPING OUR EMPLOYEES INSURED</b> <ul style="list-style-type: none"> <li>All NBE employees are insured with Al Ahly Medical Company, a fully-fledged insurance program with a huge medical network all over Egypt.</li> <li>NBE medical applications are updated to facilitate the process of medical billing approval for employees.</li> </ul>
	Equality, Diversity & Impartiality	<b>Social Inclusion</b> <ul style="list-style-type: none"> <li>All NBE outsourced employees (including support staff who are requested to stay home on exceptional leave) are being fully paid, which accounts for diversity for all employees regardless of their employment grade.</li> </ul>
	Financial Literacy	<b>FOREFRONT OF FINANCIAL AWARENESS</b> <ul style="list-style-type: none"> <li>NBE provided portable ATMs, particularly for areas with high density.</li> <li>Availability of online purchase and donations without a fee.</li> <li>According to CBE guidelines, NBE ATM withdrawal fees has been exempted.</li> <li>According to CBE guidelines, NBE is now granting loans and funds to profiles that were previously on probation.</li> </ul> <b>PRACTICING RESPONSIBLE LENDING</b> <ul style="list-style-type: none"> <li>NBE achieved 14 million banking operations through ATMs with the amount of 26 billion with 468,000 on average daily.</li> <li>NBE attracted 43,000 new clients with an average of 1500 client per day since the COVID-19 breakout.</li> <li>2.5 million new clients utilizing Ahly Net services.</li> <li>373,000 banking operation through Ahly Net with an average of 12,500 operation daily.</li> </ul>

WORKFORCE & OPERATIONS	ACTIVITY	NBE EFFORTS
	Work Time	<b>PRACTICING SOCIAL DISTANCING</b> <ul style="list-style-type: none"> <li>50% attendance Policy for all NBE employees.</li> <li>Work from Home policy and empowering NBE employees with secured mobile phones, email access,VPN and laptops.</li> <li>Working hours reduced to 9:00 am till 2:00 PM and bus scheduled adjusted new working hours</li> </ul>
	Job Security	<b>MAINTAINING &amp; SECURING OUR EMPLOYEES</b> <ul style="list-style-type: none"> <li>NBE's employees are contracted for unlimited time based on yearly appraisal, no employees were let go of, nor any downsizing took place as an effect of COVID-19.</li> </ul>
	Pay Practices	<b>EMPOWERING OUR EMPLOYEES FINANCIALLY</b> <ul style="list-style-type: none"> <li>NBE salaries are paid on time each month and not affected by COVID 19.</li> <li>NBE postponed employees' installment loans for the period of 6 months started from March 2020.</li> </ul>
	Occupational H&S	<b>SAFETY FIRST</b> <ul style="list-style-type: none"> <li>Sanitizing gates at the entrance of each NBE office, branch and building, as well as measuring the temperature of all employees.</li> <li>A pharmacy unit &amp; clinic with medical staff is available in each NBE office.</li> </ul>
COMMUNITY	Physical Environment	<b>OFFICE SPACE CARE</b> <ul style="list-style-type: none"> <li>NBE offices are sanitized &amp; sterilized periodically &amp; all surfaces are cleaned.</li> </ul>
	Community Impacts	<b>SAVING THE ECONOMY THROUGH CIVIC ENGAGEMENT</b> <ul style="list-style-type: none"> <li>NBE in cooperation with civil society organizations are studying the issuance of sub-loans to the sectors affected by COVID 19.</li> </ul>
	Social Capital & Cohesion	<b>SOLIDARITY WITH OUR COMMUNITIES</b> <ul style="list-style-type: none"> <li>Constant updates and feedback on COVID 19 through HR internal emails.</li> <li>According to CBE guidelines, for all clients who are unable to pay, NBE postponed retail and corporates installment loans for 6 months effective March 2020.</li> <li>NBE adopted all CBE related initiatives (ex: mortgage loans for lower - income brackets, SMEs fund in affected sectors, Tourism sector fund..etc).</li> </ul>
	Community Involvement	<b>COMMUNITY INVESTMENT IN HEALTH</b> <ul style="list-style-type: none"> <li>NBE donated 10 million EGP for university hospitals (medical supplies, beds &amp; quarantine sections).</li> <li>NBE donated 10 million EGP to the Citizens' Donation Account, and final contribution will be matched by NBE.</li> <li>NBE in cooperation with the Ministry of Health (MoH) &amp; Ahl Mizr Foundation, prepared 200 beds in Fever Hospital مستشفى الحميات for medical quarantine of COVID 19 patients, ventilation units, and medical supplies.</li> </ul>



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## Independent Assurance Statement

**To:** Mr. Hisham Okasha  
Chairman of the Board of Directors  
The National Bank of Egypt

### Introduction

DCarbon is a leading sustainability and environmental consultancy based in Egypt and registered under the Egyptian law no. 159 for the year 1981 and its executive regulation. DCarbon assists public and private organizations in understanding and addressing their economic, environmental, and social impact. DCarbon is a member and partner with multiple global establishments in the field of corporate sustainability. We are a certified training partner of the Global Reporting Initiative (GRI), a GRI Gold Community member, and an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

DCarbon has been engaged by the **National Bank of Egypt (NBE)** to perform an independent assurance on its 2019 Sustainability reporting process ('the Report') to evaluate the adherence to the GRI reporting principles and disclosures in accordance with the **GRI Standards: Comprehensive option**.

### Assurance Scope, Boundary and Limitations

Given the **NBE's** position as a National Bank and its pivotal role in the country, while considering the extent of the National Reform Programs undertaken by the Government of Egypt (GoE), the scope of assurance has included data and information for the reporting period between 1<sup>st</sup> of July 2017 to 30<sup>th</sup> of June 2019 for the Bank's operations in Egypt, as well as historical and multiple descriptive overviews of the national context.

The boundary of the report comprises data and information capturing **NBE's** operational business lines and supported by several regulatory publications and data. The boundary equally includes the Bank's Head Office supporting functions and stakeholder engagements as part of this assurance and as indicated in the report.

### The assurance do not cover the following:

- Data and information outside the reporting period indicating looking-forward statements by the NBE
- Verification statements indicating testimonials, opinions, success stories, and/or aspirations
- Verification of claims (limited to data and information presented)



## Assurance Methodology

The assurance procedures and principles used for this engagement were drawn from back-end reviews and data verification conducted by the assurance team while taking into consideration Egypt's National Sustainable Development Agenda 2030 as well as regulations of the Central Bank of Egypt. The nature, time and extent of procedures developed by the assurance team depended on its engagements with the bank, the provided data, and the approval of the NBE's Board of Directors.

The Bank was responsible for the identification of material sustainability issues, establishing and maintaining appropriate internal performance management and the relevant internal control systems for the reported data.

### Assurance procedures to obtain evidence about the reliability of the disclosures:

- Review of strategy, internal policies, and procedure documents as provided by the Bank.
- Review of materiality and stakeholder engagement framework and activities as deployed by the Bank.
- Assessment of procedures used for data collection and reporting process in accordance with the GRI Standards, including data collection through surveys, questionnaires, and/or writing prompts; where applicable and/or available.
- Evaluation of processing and monitoring mechanisms of data collection required for disclosures.
- Verification that the report has been prepared in accordance with GRI Standards: Comprehensive Option and GRI Topic-specific Disclosures of material topics as listed in the report.
- Review of the Report to ensure that there is no misrepresentation of disclosures as per the assurance scope and findings.

### Level of Assurance

Reasonable Assurance was performed for disclosures covering the following: financial performance, governance, compliance and risk management, strategy, stakeholder engagement practices, materiality assessment, scale of the organization, products and services, market presence, macroeconomic/national impacts, financial and digital inclusion products, financial literacy, and social investment-related activities.

Limited Assurance was performed for disclosures about employees and procurement practices.





## Assurance team

The assurance team consisted of DCarbon's multidisciplinary independent team of experts in auditing environmental, social and economic information and abiding by our values of integrity, confidentiality, professional competencies, objectivity, and due attention.

Sustainability, Risk and Materiality Audits: Dr. Ehab Shalaby

Economic Audit: Dr. Ahmed Yehia Belal

Environmental Audit: Mr. Hesham Eissa

Social, Strategy and Governance Audits: Ms. May Elwany

## Conclusion

On the basis of our assurance engagement, considering the risk of material error and all necessary explanations received from the Bank, we confirm sufficient evidence to our assurance conclusion. Based on the activities performed and evidence received, the Report;

- Provides a credible and fair representation of the organization's sustainability profile and an application of the Global Reporting Initiative Principles.
- Includes data statements and figures that achieve an adequate level of reliability and accuracy

Our assurance findings also provide confidence that the **National Bank of Egypt** has prepared this Report in accordance with the **GRI Standards: Comprehensive option**.

On behalf of the assurance team  
November 29, 2020  
Cairo, Egypt

DR. 

**Ehab Shalaby, Ph.D.**  
Chairman and CEO, DCarbon







*At the Forefront of a Sustainable Egypt*