Annual Governance Report

2024

الـبنـك الأهـلي المصـري
NATIONAL BANK OF EGYPT

Table of Contents

1. Undertaking to comply with the principles of governance

The National Bank of Egypt (NBE) shall apply the highest standards of corporate governance through fully complying with the Central Bank and Banking Sector Law promulgated under Law No. 194 of 2020, the Central Bank of Egypt's (CBE) directives on governance and internal control at banks, the relevant directives and laws, and the best practices in corporate governance issued by international organizations (the Basel Committee on Banking Supervision (BCBS) and the Organization for Economic Cooperation and Development (OECD). Corporate governance is one of the Bank's key pillars for promoting transparency and disclosure, in line with its commitment to protect the rights of stakeholders. NBE is always keen to ensure its compliance with all the relevant laws and directives, and to update its internal policies and processes to reflect the latest regulatory directives and best international practices.

The board directors, executive management and all the Bank's staff undertake to comply with NBE's Governance Manual and Code of Ethics for NBE's Staff and Senior Management, as well as any relevant regulatory directives.

2. NBE's ownership structure and legal framework

NBE, an Egyptian joint stock company (S.A.E), was established on the 25th of June 1898. It is a fully state-owned bank that undertakes all banking activities performed by commercial banks. The Bank is governed by all the directives issued by the CBE and laws regulating the business activities of commercial banks. In addition, NBE's foreign units and subsidiaries abroad comply with the applicable laws and directives in countries in which they exist.

3. The Board of Directors

3.1 Board of Directors composition

NBE's Board of Directors (BoD) composition for the term ending on 19/09/2024 is as follows:

- Mr. Hisham Ahmed Mahmoud Okasha - Chairman – executive
- Mr. Yehia Aboulfotouh Ibrahim - Deputy Chairman - executive
- Ms. Dalia Abdallah Mohamed El-Baz - Deputy Chairman - executive
- Ms. Sahar Mohamed Ali El-Sallab - Director - non-executive
- Dr. Ali Fahmy Ibrahim El-Saedy - Director - non-executive
- Mr. Sherif Joseph Alexan Wahba - Director - non-executive
- Mr. Ahmed Mohamed Helmy Mohamed Seddik Suliman - Director - non-executive
- Mr. Atef Ahmed Helmy Naguib - Director - non-executive
- Mr. Mohamed Hany Mahmoud Salah El Din - Director - non-executive

In light of the Prime Minister's Decree No. 3008 of 2024, NBE's BoD was reconstituted for a three-year term starting from 19/09/2024 as follows:

- Mr. Mohamed Kamal Al Din Barakat – Chairman - non-executive
- Mr. Mohamed Mahmoud Ahmed El-Etreby – CEO – executive
- Mr. Yehia Aboulfotouh Ibrahim - Deputy CEO - executive
- Ms. Soha Sayed Mohamed Ali El-Turky - Deputy CEO - executive
- Ms. Omaima Omar Mohamed Farahat - Director - non-executive
- Mr. Alaa Aldin Abdel Qader Abdel Rahman Elseesi - Director - non-executive
- Mr. Omar Mohamed Abdel Aziz Khattab - Director - non-executive
- Mr. Atef Ahmed Helmy Naguib - Director - non-executive

Mr. Mohamed Kamal

Chairman(non-executive)

Date of appointment as Chairman – non-executive: September 2024.

With over 40 years of banking experience, Barakat maintains a proven track record of achievements in senior management positions.

Prior to joining NBE in 2024, Barakat served as the Deputy Chairman and Managing Director of the Arab International Bank (AIB). He held several other positions, including the General Manager of the Egyptian American Bank (EAB), the Deputy Chairman and Managing Director of the Egyptian Gulf Bank (EG Bank), the Chairman of Banque Misr (BM), the Chairman and General Manager of Banque Misr Lebanon (BML), the Chairman of the Supervisory Board of Misr Bank – Europe (MBE), and the Chairman of Banque du Caire (BDC). Barakat was a board member and nominated deputy chairman of Cairo Amman Bank in Jordan; a board member of the Anti-Money Laundering Unit; and the Chairman of the Federation of Egyptian Banks (FEB) and the Union of Arab Banks (UAB).

In addition to his banking experience and achievements, Barakat contributed as an active member to several boards, public associations, and committees, including the CBE's Board of Directors, where he was selected to serve on the Banking Reform Committee and the Audit Committee. He also served as a board member of the Egyptian Banking Institute (EBI), Deputy Chairman of the Union of Arab Banks (UAB), a member of Mastercard Advisory Board (Middle East and Africa), a member of Visa Regional Board (Central Europe, Middle East and Africa), and a member of Visa Advisory Board - Middle East and Africa.

In addition to his solid experience in the banking sector, Barakat assumed key roles at several companies operating across various sectors. He held the position of Chairman of the International Company for Touristic Investments (owning Conrad Cairo Hotel), a board member of Suez Canal Company for Technology Settling "SCTS" (owning 6th of October University, in which he was a member of the Board of Trustees), a non-executive Chairman of SCTS, a board member of EgyptAir Holding Company, a non-executive board member of Telecom Egypt, and a board member of TSFE Financial Services & Fintech Subfund. Barakat holds a Bachelor's Degree in Accounting from Alexandria University, and an MBA degree from the University of San Francisco, USA.

Mr. Mohamed El-Etreby

CEO

Date of appointment as a CEO: September 2024

El-Etreby has an extensive banking career spanning over 40 years, with a proven track record of successful leadership in managing financial institutions. His vast experience has been instrumental in driving growth, spearheading digitalization, and modernizing business infrastructure. Before joining NBE in 2024, El-Etreby served as Chairman of Banque Misr (BM), where he led a massive expansion of the bank to serve over 13 million customers in 12 countries, and successfully modernized its business operations and service infrastructure. He focused particularly on digitalization, establishing two key pillars within the bank, i.e. digitalization and transformation management. Moreover, he oversaw strategic acquisitions, including CI Capital, thereby strengthening the bank's corporate portfolio. During his tenure at Banque Misr, El-Etreby played a crucial role in enhancing the bank's performance, and his leadership has been pivotal in aligning the bank's strategic objectives with its growth and transformation agenda.

Before serving as BM's Chairman, El-Etreby was the CEO and Managing Director of the Egyptian Gulf Bank (EG Bank). He was appointed Chairman of the Egyptian Arab Land Bank (EALB), after serving as CEO of the Arab Investment Bank. He spent six years as Deputy Chairman and board member of EALB. El-Etreby started his banking career in 1977 at the Arab African International Bank (AAIB) before joining Misr International Bank (currently known as Qatar National Bank Alahli, QNB), where he spent over 22 years in various senior positions in core banking. Currently, El-Etreby chairs the boards of several institutions, including Banque Misr Group, the Union of Arab Banks (UAB), the Federation of Egyptian Banks (FEB), and the Board of Trustees of Banque Misr Foundation for Community Development. Mr. El-Etreby holds a Bachelor's Degree in Commerce from Ain Shams University.

Ms. Soha El-Turky

Deputy CEO – Director (executive)

Date of appointment as Deputy CEO: September 2024

Ms. El-Turky boasts 30 years of experience across several regional and global organizations in Egypt and abroad. Her extensive career has equipped her with a cross-functional professional expertise in the private and public sectors, underpinned by a strong business acumen that drives strategic initiatives and fosters organizational change and transformation.

Prior to her current role, she held the position of Vice President / Finance Group at the European Bank for Reconstruction and Development (EBRD), headquartered in the UK. Notably, she was the first Vice President in the bank's history to be appointed from the Southern and Eastern Mediterranean region. Ms. El-Turky held leading positions at Citibank and Barclays, as well as other local and regional banks including Abu Dhabi Islamic Bank (ADIB) and Banque Du Caire (BDC). Ms. El-Turky currently sits on the boards of several institutions in Egypt and abroad.

Ms. El-Turky has repeatedly been recognized by Forbes Middle East as one of the Top 100 Women in Business in the Middle East.

She holds a Bachelor's degree in Business Administration and an MBA degree from the American University in Cairo (AUC), and a Postgraduate Diploma in Financial Strategy from the University of Oxford, UK.

Mr. Yehia Aboulfotouh

Deputy CEO – Director (executive)

Date of appointment as Deputy CEO: September 2024

Abou ElFotouh has more than 35 years of professional experience in the banking sector. He started his career after graduation at Banque Misr's Documentary Credits Department. He then joined the Operations Department at Bank of America. After that, he joined the Arab Bank and received the credit course in 1995. He joined the Credit Marketing Division, then the Credit Risk Division until 2003. He was promoted in the credit and risk field until he became the Business Development Manager of South Cairo Region.

In April 2008, he was picked out among the team which joined NBE as part of the Bank's reform and development program under the banking sector reform plan. Abou ElFotouh took part in enhancing NBE's credit framework, updating the policies, regulations, procedures and forms used in credit origination and analysis, and promoting risk awareness.

He was assigned to supervise the Special Cases Division, where he led a comprehensive restructuring, transforming it into the Debt Recovery and Restructuring Division. In 2008, the Bank's portfolio accounted for EGP 26 bn., with NPL ratio of 25% He successfully managed this transformation with his team, reducing NPL ratio to 15% of the Bank's total credit portfolio. Abou ElFotouh was also mandated to oversee the Corporate Credit Risk Division, in addition to his role in debt recovery and restructuring. In 2014, he was selected as an executive member of NBE's board. He supervised Credit, Market and Operational Risk, Credit Administration and Follow-up, Debt Recovery and Restructuring, Operations, Internal Control, Information Technology, and Administrative Support Divisions. In 2016, he was appointed as NBE's Deputy Chairman. He headed all corporate business divisions, the Investments and Investment Trustees, Treasury, Financial Institutions, Retail Banking, Branches, and Administrative Support. In September 2024, he was reappointed as NBE's Deputy CEO. Abou ElFotouh holds a Bachelor's Degree in Accounting from Cairo University.

Ms. Omaima Farahat

Director (non-executive)

Date of appointment as Director (non-executive):
September 2024

Ms. Farahat has more than 30 years of professional experience in the banking sector, particularly in corporate banking, investment banking, and transformation management. Her wide-ranging career has been key in driving strategic growth and managing critical transformations at several prominent financial institutions. Before joining NBE in 2024, she served as the Chairperson of the Arab Investment Bank (AIBANK) during October 2018–October 2020.

Ms. Farahat was the Head of Corporate Banking and Deputy CEO at Ahli United Bank (AUB). She co-founded the transformation team that guided the bank through the transition period, following the acquisition of Delta International Bank - Egypt by the International Bank of Bahrain (AUB) in 2006. She began her banking career in the Corporate Banking Group at the Commercial International Bank (CIB), where she established and led the investment banking team after leading a corporate banking team. Ms. Farahat holds a Bachelor's Degree in Computer Science and Business Administration from the American University in Cairo (AUC).

Mr. Alaa Aldin Elseesi

Director (non-executive)

Date of appointment as Director (non-executive):
September 2024

Elseesi enjoys more than 35 years of experience in commercial banking, investment banking, and equity brokerage. His expertise includes risk management, business development, Islamic banking, corporate finance, and capital market research. Before joining NBE in 2024, he held several positions, notably at the National Bank of Kuwait (NBK), where he led the bank's Risk Group as the Senior General Manager and Chief Risk Officer, and headed the Business Group as the Senior General Manager, including Compliance, Corporate Governance, Policies and Procedures, and Internal Control Divisions. Elseesi also assumed several roles at Bank AlJazira, Saudi Arabia, and served as the Executive Director and Head of Investment Banking at HC Group (a Morgan Stanley Dean Witter company). He also worked at Sanwa Limited and the American Finance House in Los Angeles, USA.

Elseesi also served on the boards of NBK Capital, the Egyptian Credit Bureau (I-Score), the National Bank of Kuwait (NBK), and the United Finance Company, a subsidiary of The United Bank (UB). He holds a Bachelor of Science degree in Civil Engineering and a Master's degree in Construction Management and Business Administration from Washington University in St. Louis, Missouri, USA.

Mr. Omar Khattab

Director (non-executive)

Date of appointment as Director (non-executive):
September 2024

Khattab has more than 40 years of professional experience in banking, investment and financial management, including treasury and financial institutions management and investment. His extensive experience has been pivotal to achieving corporate success. Prior to joining NBE in 2024, Khattab assumed several roles, notably at the Arab African International Bank (AAIB), where he served as General Manager and Deputy General Manager in the Investment and Treasury Department. He led the dealing room and served as Chief Trader and Head of the Dealing Room Department. Before joining AAIB, he held positions at the Arab International Bank (AIB) and SAIB Bank, focused on international transactions and customer's accounts.

Kattab is the Chairman of the Arab African Investment Holding (AAIH) Co., the Arab African International Securities (AAIS) Co., and the Egyptian Company for Metal Construction (Metalco). He is also a board member of the Egyptian Ferroalloys Company (EFACO), the National Postal Authority (Egypt Post), and WAVZ Digital Transformation. He chairs the Investment Committee of the National Postal Authority, and is a member of the Investment Committee of the Chemical Industries Holding Company (CIHC). Moreover, he presides the Financial Markets Association (ACI Egypt), and represents Egypt at ACI Financial Markets Association in Paris (ACI FMA - Paris). Khattab holds a Bachelor of Commerce from Cairo University, and a Master of Business Administration (banking and finance) from the Arab Academy for Science, Technology and Maritime Transport (AAST).

Mr. Atef Naguib

Director (non-executive)

Date of appointment as a Director (non-executive):
January 2020

Naguib has more than 40 years of experience in business, telecommunications, and information technology. He held a number of executive management positions at three of Fortune 100 Companies, such as NCR, AT&T and Oracle, in the United States, Europe, and Middle East and Africa. He was the CEO of NCR UAE, the CEO of Oracle Egypt, and the Chairman of Orange Egypt. He led these institutions towards success in terms of business and social impact. Before joining NBE in 2020, he contributed to the development of the digital society in Egypt and the Middle East and Africa as the Chairman of the Chamber of Information Technology and Telecommunication (CIT), a member of the American Chamber of Commerce (AmCham), a founding member of the Arab Federation for Digital Economy, a senior advisor at Orange for the Middle East and Africa region, and an ambassador of Orange for Smart Africa. During his tenure as the Minister of Communications and Information Technology in Egypt, he was responsible for transforming Egypt's economy into a global digital economy, as envisioned in the National ICT Strategy 2013 -2020.

Naguib was nominated for the position of President of the General Assembly of the Arab Federation for Digital Economy, where he was responsible for membership strategy and digital transformation in the Arab world. He chaired the World Summit on the Information Society (WSIS10+), a high-level event in Geneva, and was awarded the International Telecommunication Union's (ITU) Gold Medal for his active role in developing countries. ACUD recognized Egypt's digital transformation strategy as a model for the developing countries. Naguib served for ten years in the Egyptian Armed Forces in the field of telecommunications and information technology.

He was also a board member of SAMENA and held a number of positions on the boards of directors and boards of trustees of various institutions, organizations, universities, and non-governmental organizations (NGOs). He supported several African organizations, including the African Union (AU), Smart Africa, and the African Development Bank (AfDB), and participated in several events and conferences promoting digital transformation in Africa. Naguib holds a Bachelor's degree in Electricity and Telecommunications Engineering (with honors) from the Military Technical College, a Master's degree in Information Technology from Ain Shams University, and a Diploma in Computer Science from Ain Shams University.

3.2 Directors' Remuneration

The compensation, allowances, and remuneration of NBE's Chairman and Directors shall be determined by the General Assembly.

3.3 The Board's Responsibilities

NBE is managed by a Board of Directors, which is mainly responsible for identifying and achieving the Bank's strategic objectives. It is also responsible for overseeing the performance of senior management and ensuring that effective internal control and risk management systems are in place to maintain the Bank’s reputation and stability in the long term. The Board shall be responsible for the following:

1. Approve and monitor the implementation of the Bank’s key strategies, policies, and objectives, ensure that they are communicated to the Bank’s staff, and develop an action plan that contains the following as a minimum:
    - NBE's scope of business and risk exposure;
    - NBE's current and future objectives, to be specific and measurable; and
    - A separate budget for each of the Bank's activities, along with the expected financial results.
2. Ensure that the Bank’s strategic plan clearly states the required capital at present and the targeted capital, as well as the expected capital expenditure and external sources of capital, which should be in line with the strategic objectives. The dividends policy and targeted growth rates should be taken into consideration.
3. Verify that the methods of risk measurement and management are commensurate with the complexity of the Bank’s activities and risk exposure.
4. Make sure that the Bank’s organizational structure reflects the segregation of duties among control and executive functions and different business lines, while avoiding conflicts of interest with respect to the execution and approval of transactions, in order to achieve an appropriate distribution of powers and responsibilities and ensure that a sound reporting system is adopted.
5. Ensure that the principle of dual control is applied within each and every function.

6. Approve the Bank's organizational structure, and outline the matrix of responsibilities and authorities, in addition to selecting senior management officers.
7. Approve the selection of the Bank's control officers (i.e., Risk, Audit, and Compliance), and ensure their efficient performance by carrying out an annual appraisal of the heads of these divisions by the relevant Board committees.
8. Ensure that the senior management undertakes the duties assigned within the responsibilities and authorities delegated by the Board, in alignment with the risk management framework and the relevant policies and standards approved by the Board.
9. Approve and regularly review the efficiency and effectiveness of internal control policies, and discuss them with the Bank's control officers to ensure that an appropriate and effective internal control system is in place.
10. Monitor the execution of the corrective measures taken in response to the remarks made by the Internal Audit Division, auditors, and the Central Bank of Egypt (CBE) on the internal control evaluation, in coordination with the Audit Committee and the senior management.
11. Verify that there is an effective information system that ensures efficient reporting and provides all management levels with key information in a timely manner.
12. Supervise the design and monitoring of internal controls related to anti-money laundering and combating the financing of terrorism (AML/ CFT).
13. Ensure continued compliance with AML/ CFT requirements, and document its AML/ CFT roles and responsibilities, as well as its decisions in this regard, as follows:
    - Adopt the AML/ CFT policies,
    - Approve the periodic audit reports on AML/CFT prepared by the Audit Committee,
    - Make sure that ML/ TF risks are accurately and thoroughly assessed in order to develop appropriate policies for managing the relevant risks.
    - Approve, and monitor compliance with, the Bank's ML/TF risk appetite across all the Bank's business lines, which shall be reviewed periodically as determined by the Board, and
    - Ensure that the Compliance Division is adequately supported by sufficient staffing, qualified personnel, electronic systems and appropriate tools; verify that the Division is adequately independent and equipped with the tools to maintain the confidentiality of information it receives in relation to the reports of unusual and suspicious transactions; and ascertain the adequacy of measures taken by the Division for the effective implementation of the approved AML/CFT policies, procedures and internal controls.
14. Approve a plan with a set of assumptions to manage severe incidents that may occur in the banking sector or NBE, any likely exposures to sustain financial distress that may affect NBE's solvency, liquidity or profitability and the corrective actions necessary to restore financial soundness in case that any of such assumptions occurs; and monitor the executive management's adherence to such plan, provided that it is updated biannually or whenever any critical change is introduced to NBE's activities, structure or exposures, or to the plan assumptions.

15. Promote the interests of shareholders, depositors, employees, and other stakeholders, with priority given to the interests of depositors.
16. Have an adequate understanding of the legal and regulatory environments in which the Bank operates, and ensure compliance with laws and regulatory controls.
17. Allocate sufficient time and reasonable efforts by all board members to ensure that the Board effectively fulfills its duties.
18. Oversee the Bank's operations, without assuming executive functions.
19. Establish a general framework for managing any potential conflicts of interest involving the Bank, board members, senior management, employees, shareholders, advisors, and any other relevant parties.
20. Avoid any conflict of interest with respect to the Board's duties and responsibilities. If any potential conflict of interest arises in relation to the duties or responsibilities of a board member, s/he shall disclose such interest and refrain from participating in decision-making or voting.
21. Approve professional standards to be followed by the board members, senior management, and all employees, while focusing on enhancing individual and collective responsibility.
    - Disseminate the governance culture at the level of the Bank's senior management, which is reflected on the performance of all other management levels.
    - Develop a code of ethics for all the Bank's employees, including clear standards, acceptable and unacceptable behavior, and values to be upheld. A copy of the code must be made available to all employees, who shall sign it to acknowledge their understanding of, and compliance with, its provisions.
22. Develop the rules and procedures necessary for forming the Board's committees and approving their charters. A committee's charter must outline its duties, functions, powers, duration, quorum, frequency of meetings, and decision-making rules and procedures, including how the committee shall report to the Board. The Board shall regularly monitor the progress of the committee's work to ensure the effectiveness of its role.
23. Ensure that the CBE is furnished with a copy of the minutes of meetings of non-executive directors with the Chairman (with no executive directors present), the meetings of non-executive directors with the Chief Risk Officer (with no executive directors present), and the meetings of non-executive directors with the auditors (with no executive directors present), within one month from the meeting date.
24. Approve NBE's risk appetite.
25. Approve the governance policy and relevant policies; determine the best approach to apply governance according to the volume and complexity of the Bank's activities, risk appetite, and business model; and regularly assess the efficiency and effectiveness of the Bank's governance and internal control policies and practices. The Board shall undertake the following:

- Establish a whistleblowing policy for reporting any violations or illegal practices, which shall include a mechanism to protect whistleblowers and ensure strict confidentiality, with a view to encouraging employees to promptly disclose and report any violations, provided that such reporting is based on documents or specific information.
- Ensure that the Bank has an internal policy in place to manage any potential conflict of interest, including the requirements necessary to verify that transactions involving related parties are carried out at arm's length basis, without prejudice to the interests of shareholders, depositors and the Bank as a whole. The Board shall make the necessary disclosure, including disclosure to the CBE, about any transactions that may involve any potential conflict of interest,
- Establish a corporate social responsibility (CSR) policy that outlines the Bank's role in community development through economic, social, and environmental channels.
- Adopt and periodically review the Disclosure Policy, and oversee its implementation in compliance with the provisions of the Central Bank Law and relevant directives.
- Approve the internal recruitment policy which sets criteria and rules to ensure that the experience and qualifications of the Bank's employees match their respective job requirements. The policy incorporates a mechanism for nominating, appointing, and supervising senior managers, monitoring their performance, and holding them accountable. In addition, a job succession plan is to be in place.
- Approve all the Bank's internal policies, including, but not limited to, the risk management policy, the information technology policy, the IT governance policy, the information security, and confidentiality policy, the AML/CFT policy, and the remuneration and compensation policy.
- Ensure that the Bank's internal policies are reviewed at least every three years and updated as necessary, subject to the Board's approval; and ascertain that work procedures are updated, where necessary, to reflect any amendments made to the relevant policies.

26. Ensure that the policies cover the presentation of all products and operations to Risk and Compliance officers, after being reviewed by the officers of the competent groups and before being submitted to the relevant committees and the Board.
27. Approve all by-laws, including the remuneration and compensation policy, as per the Labour Law promulgated by Law No. 2003/12; sign-off the wages, incentives and allowances schedule; set one or more mechanisms to compensate staff according to their performance, as well as the quantity and quality of their accomplishments, in addition to investigation and disciplinary action mechanism; where such mechanisms are used regardless of the laws and regulations applicable in the public sector and public business sector companies; and review and periodically re-evaluate these policies in line with the Bank’s risk appetite.
28. Approve the rules of extending credit to customers and the procedures adopted to ensure customers’ creditworthiness and the validity of the submitted information, facility-granting procedures, and relevant control system; and review periodical reports on NBE’s credit portfolio.

29. Verify that necessary actions are taken to measure, follow up and control interest rate risks associated with non-trading positions, in line with the strategies and policies approved by the Board in this regard. Therefore, the Board shall approve the following:
    - Appropriate limits for interest rate risks associated with non-trading positions, indicating necessary actions and required approvals in case of any exceptions and ensuring compliance with the said limits continuously;
    - Adequate methods to measure interest rate risks associated with non-trading positions;
    - Procedures of evaluating and updating scenarios of interest rate shocks, stress testing and basic assumptions used in interest rate risk analysis for non-trading positions;
    - Comprehensive reporting and review systems in relation to interest rate risks associated with non-trading positions; and
    - Effective internal control systems and management information systems (MIS).
30. Approve the Bank's quarterly risk assessment, especially investment and credit portfolio risk and the procedures taken in this regard, which is submitted to the Board by the Risk Committee; and ensure that all necessary actions are taken to address any future risk.
31. Approve the Bank's balance sheet.
32. Approve NBE's financial statements after obtaining the approval of the Audit Committee.
33. Conduct periodic reviews of the arrangements and agreements concluded with auditors to ensure they are commensurate with the Bank's business volume and nature.
34. Ensure the credibility and adequacy of financial and accounting rules, including the rules of preparing financial statements.

In assuming these responsibilities, the Board shall observe the legitimate interests of depositors and other relevant stakeholders, and ensure that the Bank maintains a sound and effective relationship with all regulatory bodies.

3.3.1 Board's responsibilities towards its subsidiaries and foreign branches

NBE's Board shall be aware of the risks and other factors that may affect the Bank as a group, including its financial subsidiaries and foreign branches. Adequate control shall be exercised over the financial subsidiaries, while respecting the independent legal and regulatory responsibilities that may apply to Sub-Boards.

To assume these responsibilities, NBE's Board shall:

35. Establish an organizational and governance framework that defines the duties and responsibilities of the Bank and its financial subsidiaries and foreign branches.
36. Develop an appropriate organizational structure of the Board and/or executive management that helps exercise effective control over the business activities of financial subsidiaries and foreign branches and accounts for the nature of risks to which the Bank, as well as its subsidiaries and foreign branches, may be exposed.

37. Assess whether the Bank's governance framework includes adequate policies, procedures, and controls to address the risks in the course of business activities and through different legal entities within the Bank's group.
38. Ensure that a sound conflict of interest policy is in place and provides for good management and regulation of transactions between the Bank and its financial subsidiaries and branches in such a manner that would prevent any conflicts of interest.
39. Adopt clear strategies for establishing new financial subsidiaries and foreign branches and ensure that these strategies are commensurate with the Bank's policies and interests.
40. Verify that the Bank has adequate resources to monitor the compliance of financial subsidiaries and foreign branches with all legal and regulatory requirements and applicable governance rules.
41. Maintain a sound relationship with all regulators of financial subsidiaries and foreign branches through their boards/ senior management or via direct contact with such regulators.
42. Approve the policies and procedures of foreign branches.
43. Follow up on the performance of foreign branches and financial subsidiaries through the reports submitted to the Board.

3.4 Responsibilities of Chairman (non-executive)

The Chairman is primarily responsible for the proper and effective performance of the Board and its committees. S/he shall have the experience and competence required to fulfill these responsibilities, including:

1. Ensure that the Board's decisions are soundly made based on full awareness of the subject matter, and that a proper mechanism is available so that decisions can be effectively and timely implemented and followed up on.
2. Encourage discussion and active participation by all directors, particularly non-executive directors, and make sure that opposing opinions have an avenue to be voiced and discussed within the framework of the decision-making process.
3. Make sure that the Board performs its duties in the best interest of the Bank and its customers, avoiding any potential conflict of interest.
4. Create adequate room for non-executive directors to monitor the performance of senior management.
5. Foster the relationship between the Board as a whole and the senior management by inviting senior managers to attend the meetings of the Board and its committees, as necessary.
6. Ensure the flow of adequate and accurate information on a timely basis to the directors.
7. Verify the efficient performance of the Board and its committees pursuant to the governance system applicable at the Bank.

8. Ensure that all board members conduct self-assessments on an annual basis, or take actions deemed appropriate according to the assessment results to ensure the Board's effective performance.
9. Call for Board meetings on a regular basis, in compliance with the Bank's Articles of Association and relevant laws and regulations.
10. Coordinate with the senior management and the Board Secretariat with respect to the Board's agenda.
11. Make sure that an orientation program is initiated for new board members to better inform them about their duties and help them fulfil the respective responsibilities in an efficient manner.
12. Ensure that an annual training program is in place to continuously develop the technical skills of board members, particularly those hired from outside the banking sector.
13. Notify the Bank's General Assembly to take the action it deems appropriate in case a board or a committee member is absent in more than one-third of the Board/ committee meetings during a year.

3.5 Responsibilities of the CEO (Managing Director)

The Chief Executive Officer (Managing Director) oversees the management of the Bank's operations and activities under the supervision of the Board. The CEO's responsibilities are as follows:

1. Represent (by himself or his legal representative) NBE before the judiciary and third parties.
2. Have (by himself or any executive director delegated by the Board for this purpose) the authority to sign individually for the Bank.
3. Have the right to authorize several managers or agents to sign for the Bank individually or jointly.
4. Request the Chairman to call for a Board meeting, provided that the invitation is accompanied by an agenda containing the matters to be discussed.
5. Manage the Bank's executive and day-to-day operations, and ensure that the senior management implements the approved strategies and policies, and that the granted financial powers are consistent with the approved financial regulations.
6. Approve amendments to the charters of existing management committees, and submit these amendments to the Board for information.
7. Approve the delegation of specific powers/ authorities to senior management officers without disclaiming responsibility for those powers/authorities, and submit the same to the Board for information.
8. Verify that the Bank's organizational chart and procedures reflect the principles of transparency and disclosure to ensure effective management; clearly define the powers and responsibilities for distribution of duties of senior management; avoid any potential conflict of interest; and strengthen the independence of control functions.

9. Ensure that the senior management has the experience, knowledge, capacities, and skills to perform their duties and lead employees effectively. Senior management is primarily responsible to the Board for the Bank's performance.

10. Ascertain that the senior management members, within their respective powers, monitor the performance of department and division managers with respect to the Bank's activities and operations; and ensure employees' proper performance and adherence to internal policies, work procedures, and CBE's directives.

11. Ensure that the senior management prepares job descriptions for all the Bank's functions, activities, and operations, and that more than one person participates in making important decisions to guarantee objectivity and avoid any conflict of interest.

12. Ascertain that the senior management develops, applies, and reviews policies and action plans of internal control divisions, and obtains the necessary Board approval, particularly with respect to managing risks to which the Bank may be exposed, in accordance with the applicable laws and regulations.

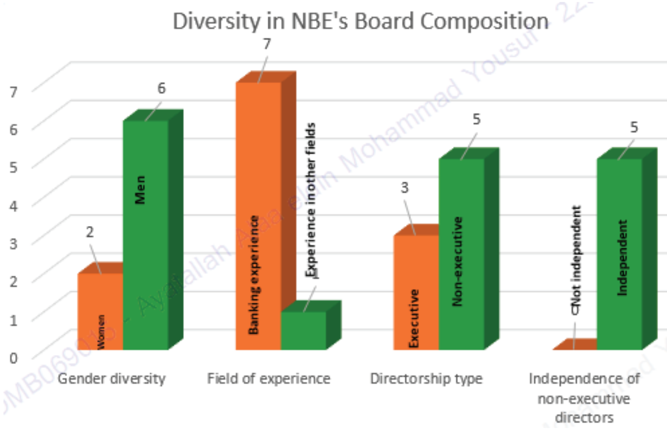
13. Ensure that the senior management evaluates and monitors the efficiency and effectiveness of the Bank’s internal control system, in order to tighten internal control and meet regulatory and legal requirements.

14. Verify that the senior management submits recommendations to the Board on the changes required to be made to the Bank's organizational chart or operational policies, and report any significant changes in risk magnitude and trend as well as the potential impact on the Bank's revenues and sound financial position.

3.6 Diversity in NBE's Board Composition

The diversity in the composition of the boards of major organizations is a key pillar to the success of any organization and the implementation of sound governance principles. Diversity increases a board’s effectiveness and helps it make sound decisions in a timely manner.

The composition of NBE’s Board ensures the appropriate balance between the skillset, experiences, and knowledge of its members, as well as the necessary independence of the Board. The composition of NBE’s existing Board is diverse at the individual level, as each director is a prominent figure in their field. It is similarly diverse at the collective level in terms of experience, gender diversity, and directorship type, creating the required integration and balance and making it the ideal board composition for leading NBE.



3.7 Fiduciary duties of directors

Each director commits to abide by, respect, and comply with the relevant laws and legislation, as well as the BoD's manual and responsibilities, and the Code of Ethics for NBE's Staff and Senior Management.

Directors shall, at all times, act on the basis of clear information in good faith and with due care and diligence. They shall exert the highest levels of care and diligence to safeguard the interests of the Bank and all stakeholders.

Directors shall pay great attention to pressing ahead with the ongoing improvement of the Bank's procedures and practices while complying with NBE's policies and standards. They shall also encourage knowledge acquisition at all levels to contribute to achieving success at the personal level as directors and at the level of the Bank and BoD as a single unit.

Directors shall preserve the confidentiality of the information entrusted to them, noting that all NBE's information that is not available to the public shall be deemed confidential. Directors shall protect and ensure the effective use of NBE's assets to serve the purposes of the Bank.

In addition, the Board shall ensure that the Bank is committed to conducting its business according to the following principles:

- Complying with the applicable provisions of laws, regulations, resolutions, directives, and internal policies and notifying the CBE of any relevant grave violations.
- Developing effective risk management strategies and systems, preserving assets, maintaining adequate financial and non-financial resources, and developing the plans necessary to preserve the Bank's entity and continuity.
- Carrying out the Bank's business activities in full transparency and integrity.
- Exercising due diligence in accordance with banking rules and norms, as well as protecting customers' rights.
- Applying governance and internal control rules, implementing succession plans, promoting competition, and improving business processes and the work environment.
- Collaborating with the CBE with credibility and transparency.
- Avoiding conflicts of interest and establishing effective frameworks to manage any conflict of interest.

3.8 Evaluating Board's performance efficiency

NBE's Board follows a strict system for annual self-assessment, where each director assesses his/her own performance as well as the performance of the Board as a whole and its committees. Moreover, mutual assessments are carried out among all directors, including the Chairman. The purpose of the assessment is to ensure the Board's effective performance and fulfillment of its duties, identify areas for improvement that may lead to better outcomes and positively impact its decisions, and evaluate the extent to which directors fulfill their duties and meet the requirements for enhancing their efficiency. The assessment shall be approved by the Board, and the relevant results and recommendations shall be submitted to the CBE.

A compiled report highlighting the key findings of all assessments, along with the relevant proposals and recommendations, shall be submitted to the Corporate Governance and Nomination Committee to be then presented to the Board for approval. The Chairman shall take any measures s/he deems appropriate to ensure the Board's reliable performance. The Board shall take appropriate action if any director fails to meet the minimum acceptable performance standards.

3.9 The Board's Secretariat

Banks must assign the tasks of "Board Secretariat" to a competent person with sufficient knowledge and understanding of banking activities, and may form a Secretariat Department. The key tasks of the Board Secretariat include, but are not limited to, the following:

1. Prepare for Board meetings, set the agenda, arrange the information and details related to the agenda, and send the same to all directors well ahead of each meeting.

2. Take, sign, and send meeting minutes for review to the directors, attending in person or virtually; and keep meeting recordings made using an ad hoc recorder that allows recordings to be secure, with the Bank's records for an adequate period of time in accordance with the Bank's policies and applicable legal and regulatory requirements.

3. Submit the Board and committee meeting minutes for approval in their subsequent meetings, with a copy (in Arabic) furnished by the CBE within one month of the meeting date.
4. Ensure that all directors, participating by phone or video calls, have received all the relevant documents and meeting agenda.
5. Count the number of Board meetings held annually, take meeting attendance, document whether attendance was in person, by phone, or video calls, and ensure compliance with the applicable rules.
6. Follow up on the implementation of Board decisions according to the mechanism set for this purpose, and raise this matter at the beginning of every Board meeting.
7. File and record all information and documents relevant to the Board decisions and items presented to the Board, and make sure that the same is made available to the CBE.
8. Coordinate with all the Bank's department and division heads to submit their business results to the Board.
9. Coordinate with all Board committees to ensure effective communication between these committees and the Board.
10. Provide appropriate channels for effective communication and exchange of information in a thorough, accurate, and timely manner between directors and senior management.
11. Ensure that the directors are aware of the major supervisory or legal responsibilities introduced due to any developments in the operation/business activities of the Bank or any change to the Bank's legal and regulatory framework.
12. Provide new directors with the necessary information about the Bank, and schedule their orientation program.
13. Take detailed notes of the discussions and recommendations made by each director in the meetings of the Board and its committees, and record the names of attendees (including directors or otherwise) in the meeting minutes.

Ms. Maha El-Shazly is the secretary of NBE’s Board of Directors.

3.10 The Board's delegations

- The Board may delegate some of its powers and authorities to certain committees/senior management officers, without disclaiming its responsibility for such powers and authorities. Such delegation is granted based on the duties and tasks indicated in the charter of each committee/job descriptions of senior management officers, and in accordance with the relevant laws and regulations.
- Powers are delegated in order to facilitate the Bank's business. Delegations are granted by the Board. Delegated powers may be amended only by a Board decision.
- Any delegation granted by the Board shall be specific in terms of its subject and validity period.
- A person to whom an authority has been delegated may not, in turn, sub-delegate this authority wholly or partially to another person unless the Board's delegation explicitly authorizes it. It is strictly prohibited to divide the obligation or transaction indicated in the delegation into two or more parts, as this would be in breach of the applicable rules.

3.11 Board meetings

- Board meetings are held on a regular basis at least six times over a year, subject to the CBE's instructions in this regard, upon an invitation from the Chairman, or upon a request by the majority of the directors. The CEO/Managing Director may request the Chairman to call for a meeting, provided that the invitation is accompanied by the agenda to be discussed.
- Board meetings shall be held at NBE's Head Office, and may be held outside the Head Office, provided that the meeting is held inside the Arab Republic of Egypt.
- Board meetings are valid if the majority of directors attend, provided that the Chairman and CEO, or their substitutes in case of their absence, attend the meeting, with full adherence to all CBE's instructions in this regard.
- No director may be absent for more than one-third of the Board meetings during a year; otherwise, the Chairman shall notify NBE's General Assembly to take the action it deems appropriate.
- Board decisions are passed by majority votes of the attendees. In case of a tie, the Chairman, or his substitute, shall have a casting vote.
- A director may attend the meetings of the Board and its committees on behalf of another director twice a year as a maximum. Attendance by delegation shall not be deemed in-person attendance.

- Directors may participate in Board meetings via phone or video calls, in accordance with the applicable rules and instructions.
- The Board may request any senior management officer to attend a meeting, if necessary.
- The meeting agenda, along with the relevant documents, shall be sent to the directors at least 5 days prior to the meeting.
- The minutes of Board meetings shall be regularly registered after each meeting in a special record signed by the Chairman and the Secretary. The same rules and procedures governing the General Assembly's records shall apply to this record. A copy of the meeting minutes (in Arabic) shall be submitted to the CBE within one month of the meeting date.

Meetings of non-executive directors

- Non-executive directors shall meet at least once annually with the Chairman's presence, without the attendance of the executive directors (last meeting was held on 27/08/2024).
- Non-executive directors shall meet at least once annually with the external auditors, without the attendance of the executive directors, in the presence of the Heads of Internal Audit and Compliance (last meeting was held on 24/12/2024).
- Non-executive directors shall meet at least once annually with the Head of Risk Division, without the attendance of the executive directors (last meeting was held on 27/08/2024).

3.11.1 Participation in Board meetings via secured audio-visual means of communication

Directors may participate in Board meetings via any secured audio-visual means of communication in accordance with the following conditions:

1. The Bank’s Articles of Association provide for participation in meetings by phone or video calls, with clear procedures adopted by the Board for holding meetings by such means.
2. Directors shall, in, principle attend meetings in person; failing which, directors may participate via video or phone calls after notifying the Chairman and the Secretary, no more than twice a year for any one director, provided that a majority of the Board attend in person and subject to the instructions issued by the CBE in this regard.
3. Directors’ participation via video call shall be deemed an in-person participation in Board meetings. Directors shall be entitled to vote and be counted for establishing the quorum and issuing valid decisions.
4. The applications used to participate in meetings by phone or video call shall be properly secured.

Board meetings during the period from 01/01/2024 till 31/12/2024:

Directors	Attendance
Mr. Hisham Ahmed Okasha	8/8
Mr. Yehia Aboulfotouh Ibrahim	8/8
Ms. Dalia Abdallah Mohamed El-Baz	8/8
Dr. Ali Fahmy Ibrahim El-Saedy	8/8
Mr. Ahmed Mohamed Helmy Mohamed Seddik Suliman	8/8
Ms. Sahar Mohamed Ali El-Sallab	8/8
Mr. Atef Ahmed Helmy Naguib	8/8
Mr. Sherif Joseph Alexan Wahba	5/8
Mr. Mohamed Hany Mahmoud Salah El Din	8/8

Directors	Attendance
Mr. Mohamed Kamal Al Din Barakat	5/5
Mr. Mohamed Mahmoud Ahmed El-Etreby	5/5
Mr. Yehia Aboulfotouh Ibrahim	5/5
Ms. Soha Sayed Mohamed Ali El-Turky	5/5
Ms. Omaima Omar Mohamed Farahat	5/5
Mr. Alaa Aldin Abdel Qader Abdel Rahman Elseesi	5/5
Mr. Omar Mohamed Abdel Aziz Khattab	5/5
Mr. Atef Ahmed Helmy Naguib	5/5

4. The Board's Committees

They are committees formed by the Board, subject to the Central Bank and Banking Sector Law No. 194 of 2020, CBE's governance and internal control instructions, and relevant regulations. The Board Committees play a key role in supporting the Board's decision-making process:

- The Bank's Board shall ensure that the necessary rules and procedures are in place to form the Board Committees and approve the work charter that outlines the committees' duties, responsibilities, powers, term, quorum, frequency of meeting, decision-making framework, and the business procedures specific to each committee, including the mechanism by which each committee presents its work to the Board. Furthermore, the Board should continuously oversee the committees' activities to ensure the efficacy of their role.

- It is necessary to guarantee that committees have easy access to sufficient information from senior management and have the ability to utilize external resources and independent consultation to complete the duties entrusted to them. Moreover, committees must document the outcomes of their meetings and recommendations, and present the minutes to the Board on a regular basis.

- Board committees shall be chaired by non-executive directors, preferably independent directors. A director may chair more than one committee, except for the Head of the Audit Committee.

- Committee members may attend meetings by phone or video calls, subject to adherence to the technical controls.

- If a member is absent for more than one-third of the committee meetings during a year, the Chairman shall be notified to take the measures necessary to ensure regular attendance.

- Each committee shall prepare a periodic report, including its conclusions and recommendations, for submission to the Board.

- Adequate channels of communication between the committees shall be made available for the effective performance of their duties.

- Board committees include the following:

1. Audit Committee;
2. Risk Committee;
3. Remuneration and Compensation Committee; and
4. Corporate Governance and Nomination Committee.

Board committees' meetings during the period from 01/01/2024 till 31/12/2024 are reviewed as follows:

Audit Committee:

The Audit Committee's functions are determined in accordance with the CBE's governance instructions and its charter approved by the Board. The leading 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, as well as the compliance and AML/CFT functions at the Bank.

The Committee is composed of three non-executive directors, and its Head may not chair another committee. The Board may add an external member with adequate experience and sufficient knowledge in financial, audit and accounting fields after obtaining the approval of CBE's Governor according to the Central Bank and Banking Sector Law No. 194 of 2020.

Key activities of the Audit Committee in 2024:

- Reviewed the Bank's financial statements and notes to the accounts on a quarterly basis, as well as the financial statements for FY 2023, which were discussed with the Bank's officers and external auditors.
- Oversaw and reviewed the work of the Internal Audit and Inspection Group, approved the Group's triennial and annual plans, discussed its use of resources, and examined and reviewed the comments made by the Internal Audit and Inspection Group and presented to the Committee and checked the results of following up on the fulfillment of such comments.
- Reviewed the CBE's inspection report and the results of following up on the corrective measures taken by the Bank's various units.
- Followed up on the finalization of the Bank's internal control assessment report in accordance with COSO framework 2023, in coordination with all relevant divisions, external auditors and the competent accounting firm.
- Discussed the policies, controls and procedures in relation to compliance, anti-money laundering, combating financial crimes and protecting customers' rights; and communicate and discuss all legislation and regulations issued by the regulatory and control bodies to which the Bank is subject.

Meetings of the Audit Committee during the period from 01/01/2024 till 31/12/2024

Members	Status	Attendance
Head		
Dr. Ali Fahmy Ibrahim El-Saedy	Non-executive director	5/5
Members		
Ms. Sahar Mohamed Ali El-Sallab	Non-executive director	5/5
Mr. Mohamed Hany Mahmoud Salah El Din	Non-executive director	5/5

Members	Status	Attendance
Head		
Mr. Omar Mohamed Abdel Aziz Khattab	Non-executive director	2/2
Members		
Ms. Omaima Omar Mohamed Farahat	Non-executive director	2/2
Mr. Alaa Aldin Abdel Qader Abdel Rahman Elseesi	Non-executive director	2/2

Risk Committee:

The Risk Committee's terms of reference are determined in accordance with the CBE's governance instructions and its charter approved by the Board. The leading role of Risk Committee is to ensure that the Bank has a risk framework in place which must be developed by the different risk divisions, and encompassing their risk policies in line with NBE's governance framework and principles. The Committee reviews risk management functions and the degree of compliance with risk policies through reports submitted to the Committee.

The Risk Committee shall be composed of an odd number of members, not less than three. The majority of its members shall be non-executive directors. The Head of the Committee shall be a non-executive director. Furthermore, some members of the Committee must have experience in risk management.

Key activities of the Risk Committee in 2024:

- The Risk Committee ensured that the Bank had an effective risk management framework in place, and reviewed and discussed the policies of various risk units to ascertain that such policies align with governance principles. The Committee's role extended to include reviewing the organizational chart of risk divisions, monitoring their functions, and verifying their compliance with the approved policies through the periodic reports received from the different risk units, which provided the Committee with a clear view of the current risk profile and risk developments. The Committee also evaluated the measures taken to address any developments, reflecting a proactive approach to risk management.

- The Committee paid special attention to enhancing the Bank's resilience and recoverability. It reviewed and discussed the stress tests of the credit portfolio, as well as the recovery plan, which lists the available recovery options to ensure the Bank's resilience and business continuity in case of crises. It also tackled the ICAAP report, which outlines the Bank's capital adequacy to address potential risks. In addition, it discussed and expressed opinions and feedback on debt write-offs presented to the Board for approval in accordance with CBE's instructions in this regard. The Committee also verified that the values of in-kind collateral provided for credit facilities were reviewed, and determined the procedures to be taken to address any depreciation of such collateral, in order to protect the Bank's rights

- Notably, the Risk Committee followed up and gave recommendations on implementing the Enterprise Risk Management (ERM) system, which was first introduced in the Egyptian banking sector by NBE, as it was the first bank in Egypt to implement such an integrated system for managing all types of risks.

- The Committee's efforts effectively strengthened the Bank's risk management framework, supported its financial stability, and affirmed its commitment to the relevant regulations. Furthermore, the Risk Committee's charter was amended in 2024 to align with the new directives issued by the CBE in September 2024.

Meetings of the Risk Committee during the period from 01/01/2024 till 31/12/2024

Members	Status	Attendance
Head		
Ms. Sahar Mohamed Ali El-Sallab	Non-executive director	3/3
Members:		
Ms. Dalia Abdallah Mohamed El-Baz	Executive director	3/3
Mr. Ahmed Mohamed Helmy Mohamed Seddik Suliman	Non-executive director	3/3
Mr. Sherif Joseph Alexan Wahba	Non-executive director	3/3

Members	Status	Attendance
Head		
Mr. Alaa Aldin Abdel Qader Abdel Rahman Elseesi	Non-executive director	3/3
Members:		
Mr. Yehia Aboulfotouh Ibrahim	Executive director	3/3
Ms. Omaima Omar Mohamed Farahat	Non-executive director	3/3

Remuneration and Compensation Committee:

The Remuneration and Compensation Committee's terms of reference are determined in accordance with the CBE's governance instructions and its work charter as approved by the Board. The leading role of the Committee is to set the overall framework of salaries, benefits, compensation, and remuneration.

The Remuneration and Compensation Committee consists of an odd number of non-executive directors, not less than three, and the head of the Committee is preferred to be an independent director.

Meetings of the Remuneration and Compensation Committee during the period from 01/01/2024 till 31/12/2024

Members	Status	Attendance
Head		
Mr. Atef Ahmed Helmy Naguib	Non-executive director	1/1
Members:		
Mr. Sherif Joseph Alexan Wahba	Non-executive director	1/1
Ms. Sahar Mohamed Ali El-Sallab	Non-executive director	1/1

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee's terms of reference are determined in accordance with the CBE's governance instructions and its work charter as approved by the Board. The leading 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 appropriate for the governance policies approved by the Board.

The Corporate Governance and Nomination Committee consists of an odd number of non-executive directors, not less than three, and the head of the Committee is preferred to be an independent non-executive director.

Key activities of the Corporate Governance and Nomination Committee in 2024:

- Ensured periodic evaluation of the Bank's governance framework and updated and reviewed the policies of the Corporate Governance Division.
- Reviewed the Annual Governance Report for 2023.
- Examined the report on the results of directors' self-assessment and assessment of the Board's performance.
- Reviewed the reports on the quarterly meetings of the Bank's committees.
- Examined the HR presentation on the directors' orientation program for the Board next term.

Meetings of the Corporate Governance and Nomination Committee during the period from 01/01/2024 till 31/12/2024

Members	Status	Attendance
Head		
Mr. Ahmed Mohamed Helmy Mohamed Seddik Suliman	Non-executive director	4/4
Members:		
Dr. Ali Fahmy Ibrahim El-Saiedi	Non-executive director	4/4
Mr. Mohamed Hany Mahmoud Salah El Din	Non-executive director	4/4

Members	Status	Attendance
Head		
Mr. Atef Ahmed Helmy Naguib	Non-executive director	1/1
Members:		
Ms. Omaima Omar Mohamed Farahat	Non-executive director	1/1
Mr. Omar Mohamed Abdel Aziz Khattab	Non-executive director	1/1

5. Meetings of the General Assembly

The Bank's General Assembly shall be formed in accordance with the Central Bank and Banking Sector Law No. 194 of 2020, by virtue of a decree by the Prime Minister, from individuals with banking, financial, economic, legal, and accounting experience. The General Assembly convened on 19/09/2024 to approve the financial statements for the fiscal year ending on 31 December 2023.

6. Segregation of duties between the Board and the senior management:

Cooperation between the Board and senior management is a main pillar of effective governance. This is reflected in clearly identifying their respective powers and duties. The Board plays a significant role in guidance and leadership, while the role of senior management is to oversee the Bank's operations on a daily basis, and implement the relevant strategies and policies developed and approved by the Board. Moreover, the Board and directors should act independently of senior management. There should be no relationships which may affect the objectivity of decision-making.

Furthermore, the Bank must have an organizational chart in place, which clearly states the powers and responsibilities of the Board, its committees, and the senior management. The chart must reflect transparency, accountability, and segregation of duties by establishing an effective framework that ensures ongoing supervision and effective control at various functional levels. The CBE must be provided with the said chart after being approved by the Board, as well as any relevant amendments.

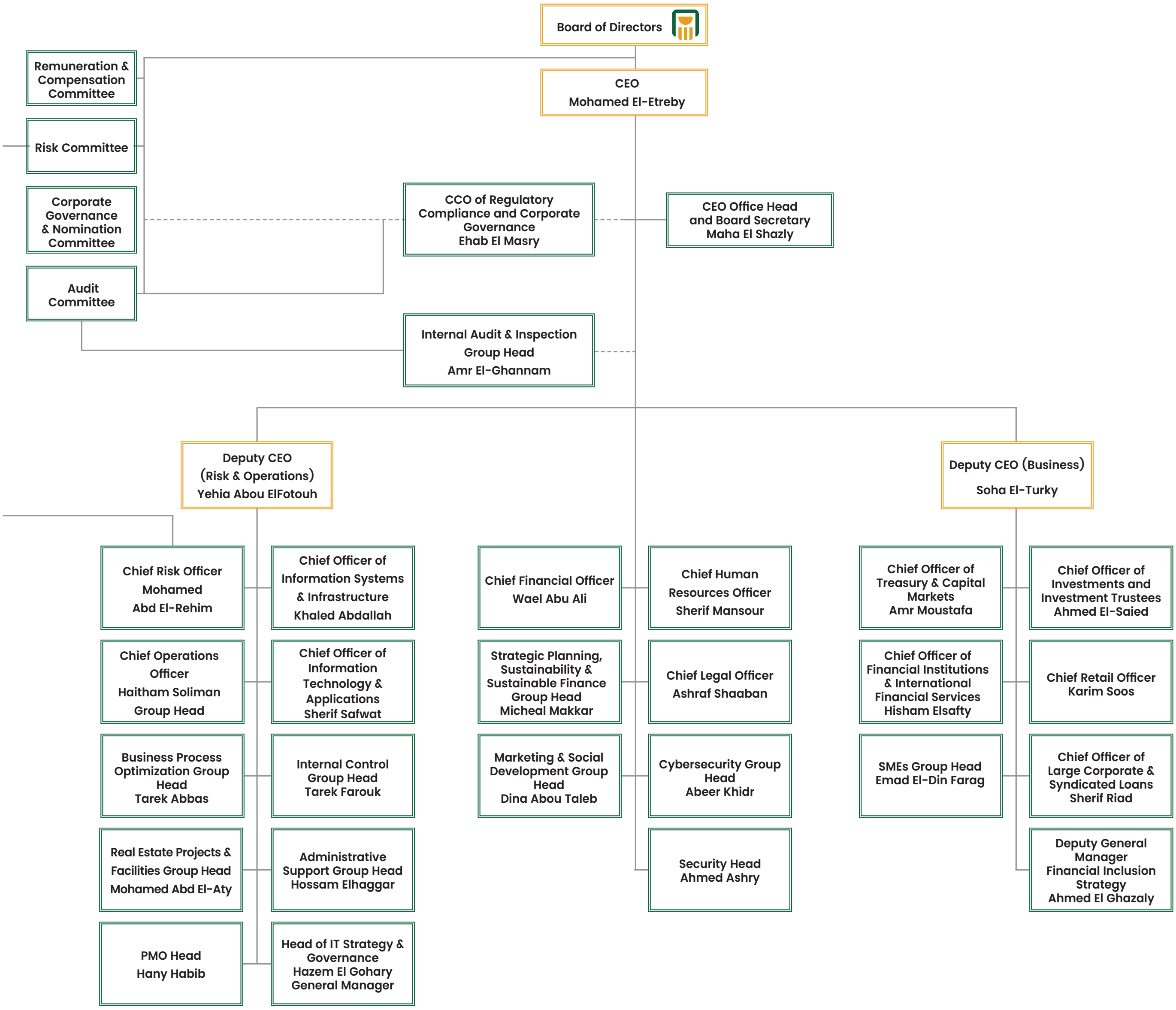
NBE's organizational structure shall consist of at least four management levels, defining the powers and responsibilities of each level as follows:

- Oversight level represented by the Board and Board Committees;
- Management level represented by senior management;
- Executive level represented by officials responsible for the direct supervision of NBE's various departments; and
- Control level represented by the Bank's independent internal control functions (Risk, Regulatory Compliance and Corporate Governance, and Internal Audit and Inspection Groups).

The Bank's organizational chart and procedures should reflect transparency and disclosure to ensure effective management, clearly define the powers and responsibilities of different senior managers, avoid any potential conflict of interest, and emphasize the independence of control functions. Senior management officers should have the experience, knowledge, capacities and skills necessary to perform their duties and lead employees effectively, as senior management is primarily responsible before the Board for the Bank's performance. Senior management officers should, within their respective powers, monitor the performance of department and division managers with respect to the Bank's activities and operations, and ensure employees' proper performance and adherence to internal policies, procedures and CBE's instructions. Senior management is also responsible for developing job descriptions for all the Bank's functions, activities and operations, and ensuring that more than one person participates in making important decisions to guarantee objectivity and avoid any conflict of interest.

7. Organizational chart:

NBE's organizational chart reflects transparency, accountability, and segregation of duties through establishing an effective system of controls and balances to ensure continuous supervision and effective control at various functional levels.



8. Internal Control and its Objectives:

Internal control is a process whereby all the Bank's activities and operations are regularly monitored and reviewed by the Board, senior management and all the Bank's committees and employees as part of an integrated system aimed at strengthening the Bank's internal control function. The Board and senior management are responsible for setting the internal control culture, which makes all employees at all levels aware of the nature of their respective roles and responsibilities.

Internal control aims to ensure the efficiency of managing all the Bank's activities and operations in order to optimally utilize resources and manage assets to maximize profits and avoid losses by ensuring the following as a minimum:

1. The efficiency of the compliance function, as well as the compliance of the Bank's activities and operations with laws and regulatory instructions, and their alignment with policies, procedures, and bylaws of the Bank.

2. The efficiency of risk management function and the adoption of adequate procedures to mitigate risk.

3. The efficiency and effectiveness of internal audit function, including audit of all the Bank's activities.

4. The effectiveness of management information systems (MIS) as well as accurate and adequate reporting to support decision-making.

Internal control divisions:

Internal control is composed of the Internal Audit and Inspection, Risk, and Compliance Groups. It is necessary to ensure that the duties of officials at these Groups are independent from one another, as well as from the Bank's other groups. Communication shall be direct between the control groups and the Board and its Committees. Officials at these Groups must, through the relevant Board Committees, notify the Board of any violations identified by them.

8.1 Regulatory Compliance and Corporate Governance Group:

The Compliance Group is responsible for managing compliance risks across the Bank. It directly reports to the Audit Committee. The Chief Compliance Officer (CCO) of the Regulatory Compliance and Corporate Governance Group directly submits his/her reports to the Audit Committee, which, in turn, presents its reports to the Board of Directors.

The compliance policy approved by the Board of Directors aims to ensure adherence to the laws and regulatory instructions as well as the Bank's policies and procedures, and verify that the policy is communicated to all Bank employees, each in relation to their respective functions.

The CCO shall not assume any other regulatory or executive functions within the Bank. The appointment of the CCO shall be subject to the approval of the CBE which shall also be notified upon his/her removal or resignation. The reasons of approving the decision of resignation or removal must be disclosed, after being approved by the Bank's Board of Directors.

Ehab El Masry is the CCO of Regulatory Compliance and Corporate Governance.

8.2 Risk Group:

The Risk Group is responsible for identifying, measuring, monitoring, and controlling the risks to which the Bank may be exposed, as well as identifying risk trends, monitoring their development and mitigating risks. The Group shall also develop the Bank's risk policy and prepare reports covering all types of risks, taking into account the degree and likelihood of interrelation among different types of risks, in alignment with the Bank's risk appetite and maximum risk limits approved by the Board of Directors. The Group directly reports to the Risk Committee, to which the Risk Compliance Officer (CRO) submits periodic reports; the Committee, in turn, presents these reports to the Board of Directors.

The CRO shall be independent from other executive and control functions within the Bank, enabling his/her effective participation in decisions related to the Bank's major risks and in a manner that allows him/her to submit reports on all types of risks, without any impediments, directly to the Risk Committee and, where necessary, to the Board of Directors. The appointment of the CRO shall be subject to the CBE's approval, and the CBE shall be notified upon their removal or resignation. The reasons for approving the resignation or removal shall be disclosed following the approval of the Bank's Board of Directors.

Mohamed Abd El-Rehim is the Chief Risk Officer.

8.3 Internal Audit and Inspection Group:

The Internal Audit and Inspection Group is responsible for evaluating the adequacy of the Bank’s internal policies and procedures in light of regulatory developments and market developments, the compliance of all divisions with them, and the effectiveness of their implementation. Moreover, it follows up on the corrective actions taken in light of its comments and the remarks from the external auditors and the CBE. It also assesses the adequacy of the Bank's internal control function (including Risk and Compliance), and reports the relevant comments.

The internal audit function is completely independent of other audited activities, which is reflected in the Bank's organizational chart and the powers vested in it. This enables its staff to carry out their tasks with full objectivity and impartiality, and ensures that they have easy access to adequate information to perform their tasks efficiently. The Internal Audit and Inspection Group reports directly to the Audit Committee, which reports, in turn, to the Board. The CBE's prior approval is required for the appointment of the Head of Internal Audit and Inspection Group, in accordance with the applicable rules. The CBE must be notified of his/her resignation or termination of service, and the reasons for accepting such resignation or termination must be disclosed after obtaining the Board's approval.

Amr El-Ghannam is the Head of Internal Audit and Inspection Group.

8.4 External Auditors:

Subject to Article (124) of the Central Bank and Banking Sector Law promulgated under Law No. 194 of 2020, the Bank’s accounts shall be audited by two auditors selected by the Bank from the relevant register in accordance with the rules set by the Board. The auditors shall be responsible for the results included in their report, particularly with respect to the credit portfolio and the risks arising from credit, investments and risky assets, pursuant to Article (127) of the Central Bank and Banking Sector Law promulgated under Law No. 194 of 2020.

The Bank's external auditors are currently the Accountability State Authority (ASA) and Saleh, Barsoum & Abdel Aziz – Grant Thornton, then BDO Khaled & Co.

The Board undertakes a vital role in ensuring direct contact between the external auditors and the Bank’s Audit Committee to which they directly report. The non-executive directors meet with the external auditors - without senior management - at least once a year, in the presence of the CCO of the Regulatory Compliance and Corporate Governance Group and the Head of the Internal Audit and Inspection Group (the last meeting was held on 24/12/2024).

9. Key governance activities in 2024:

- Filled in the CBE's forms with the information of the directors and the Board's committees on a biannual basis.
- Filled in the information related to the Governance in the Internal Capital Adequacy Assessment (ICAAP) Report according to the financial position ended on 31/12/2024.
- Ensured that the Chairman and directors filled in the Board performance evaluation forms and the self-assessment forms, and that the Chairman completed the performance evaluation of all directors.
- Reviewed and updated the Code of Ethics for NBE's Staff and Senior Management, which was approved by the Board on 26/6/2024.
- Prepared a report of the committees' meetings during the period from 01/10/2023 to 31/12/2023, and informed the Governance and Nomination Committee thereof on 20/02/2024.
- Prepared a report of the committees' meetings in 2023, compared to committees held in 2022, and informed the Governance and Nomination Committee thereof on 20/02/2024.
- Had the proposed orientation program for directors in the next Board term presented by the Human Resources at the Governance and Nomination Committee held on 20/02/2024.
- Prepared and presented the Annual Governance Report for 2023 to the Governance and Nomination Committee on 24/04/2024, which was approved by the Board on 26/05/2024 and updated on NBE's website.
- Prepared and presented the directors' self-assessment form and the Board performance evaluation form to the Governance and Nomination Committee on 24/04/2024.
- Reviewed the HR presentation on the directors' orientation program for the Board next term at the Governance and Nomination Committee held on 24/04/2024.
- Reviewed social development strategy and marketing and external communication strategy at the Governance and Nomination Committee held on 24/04/2024.
- Amended the charters of 41 committees, and had them approved by the Board.
- Considered 34 case reports in accordance with the Whistleblowing and Whistleblower Protection Policy.
- Prepared and forwarded to the Governance and Nomination Committee on 29/05/2024, a report on the committee's meetings during the period from 01/01/2024 to 31/03/2024.
- Updated the Governance Manual, and obtained the relevant approval of the Board on 26/06/2024.
- Briefed the Board on all letters and correspondence issued by the CBE during the reporting period.

- Briefed the Board on the memorandum of CBE's approvals of divergence from CBE's established rates.
- Prepared, and informed the Governance and Nomination Committee on 09/09/2024 of a report on the committee's meetings during the period from 1/04/2024 to 30/06/2024.
- Prepared, and informed the Governance and Nomination Committee on 09/12/2024 of a report on the committee's meetings during the period from 01/07/2024 to 30/09/2024.
- Reviewed and renewed the delegations granted by the Board, and obtained the relevant approval of the Board on 30/09/2024.
- Reviewed and renewed, and informed the Board on 30/09/2024 of, the delegations granted by the Bank's CEO.
- Prepared the gap analysis in accordance with the governance and internal control instructions, and informed the Governance and Nomination Committee of the key resulting amendments on 30/09/2024.

10. Transparency and disclosure

- Having in place a mechanism for disclosure and transparency strengthens the efficiency and viability of NBE's business. Being keen on the application of professional transparency and disclosure standards, NBE ensures full, clear and timely disclosure of all its important financial and non-financial information, considering the volume and complexity of its operations, ownership structure, and risk appetite. All NBE's stakeholders must be aware of the Bank's strategies and have access to adequate information in order to evaluate its performance.
- NBE provides several channels of communication to exchange information, including the annual report, reports to regulatory authorities, and its website.

11. Conflict of Interest Policy

- The Board adopts an internal policy to manage any potential conflict of interest, so as to ensure that the transactions of all the Bank's related parties are carried out independently, without prejudice to the interests of shareholders, depositors and the Bank in general. The Board must make the necessary disclosures, including disclosure to the CBE about any transactions that may involve any potential conflict of interest. The Board must observe the following:
- Developing a general framework for managing any potential conflict of interest involving the Bank, its directors, senior management, employees, shareholders, advisors and any other related parties.
- Avoiding any conflict of interest in the Board's duties and responsibilities. If any potential conflict of interest arises with respect to the duties or responsibilities of a director, s/he must disclose such conflict and refrain from participating in decision-making or voting.

- When discussing any matter that involves a conflict of interest or any commercial transaction between the Bank and any of its directors or any other party related to the said director, the director shall disclose such matter at the Board's meeting, which shall be discussed in the absence of the relevant director who shall abstain from voting in any form on such matter.
- NBE's employees must avoid any potential conflict of interest. Any conflict of interest must be reported to the CCO of Regulatory Compliance and Corporate Governance.

12. Code of Ethics for NBE's Staff and Senior Management

A bank's success in achieving its objectives depends primarily on the trust vested by its customers. Employees, by virtue of their duties, are the basis of such trust. Therefore, they must make their best efforts to provide outstanding banking service. They must meet legal and regulatory requirements, and maintain objectivity in preserving the Bank's assets and confidential information and in dealing with customers. Moreover, employees must ensure confidentiality of customer information, observing honesty, integrity and honor.

NBE is committed to the highest ethical and professional standards which form the basis of its core values. Therefore, the Bank set a Code of Ethics for NBE's Staff to serve as a guide for implementing best practices in accordance with the highest professional standards. The Code also serves as a manual for all employees in their daily work and decisions, helping maintain customers' trust and the Bank's position. It is approved by the Board.

The Code of Ethics for NBE's Staff and Senior Management serves as a general statement clarifying work procedures and policies at the Bank. All employees must read and comply with all the rules and controls contained in the Code, and are therefore fully responsible for its contents. Any failure to comply with the instructions mentioned in the Code, the employment contract, the acknowledgments signed by employees upon recruitment or during their term of service, and all the governing rules may cause the employee to be subject to investigation and/or to be exposed to civil, criminal or administrative penalties or disciplinary actions in accordance with the applicable laws and the Bank's Regulation of Penalties.

13. Whistleblowing and Whistleblower Protection Policy:

NBE's Whistleblowing and Whistleblower Protection Policy primarily aims to ensure honest and ethical conduct through a strong culture that promotes integrity and transparency, and to ensure that violators are held accountable. To this end, the Policy provides a safe channel for employees to eliminate their fears and assure them that they will be protected against any retaliation or harm resulting from reporting illegal or unethical violations.

The Policy is intended to protect whistleblowers who report violations of the Code of Ethics for NBE's Staff and Senior Management, helping to uncover any illegal or unethical behavior. It also aims to enhance whistleblowing mechanisms available for any staff member whenever s/he has concerns that an employee may have violated NBE's Code of Ethics, instructions or regulations, or committed any other act that may constitute a crime or a violation in accordance with the applicable laws and regulations.

Whistleblowing differs from submitting a complaint in the interests sought. The whistleblower seeks the Bank's best interests and upholds the highest ethical and professional standards, without any personal interests, unlike in the case of a complaint.

Whistleblowing reports are submitted directly to the Audit Committee to ensure independence. A total of 34 cases were handled during the reporting period, along with responding to related inquiries.