

120 YEARS OF BANKING AND BEYOND



Sustainability Report
2016-2019 | Baseline Year Edition

120 YEARS OF **BANKING AND BEYOND**



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Report Parameters

Throughout this report, “NBE”, “the bank” or “we” refer to the National Bank of Egypt (Egypt) SAE. The National Bank of Egypt⁵ is an Egyptian joint-stock company and operates under the provisions of Companies Law No. 159 of 1981 and CBE Laws.

Editorial Policy

Driven by our leading position in the Nation as Egypt’s oldest and biggest bank, established in 1898, and served the Egyptian economy and society for more than 122 years, the NBE 2019 Sustainability Report is meant to provide a benchmark in sustainability reporting practices in the Egyptian Banking Sector. Through this report, we will present how we addressed our stakeholders’ material topics and enhanced our sustainability performance, as well as our management approach to national, regional, and global risks, challenges, and opportunities.

This Sustainability Report is aimed to present the overarching report of all other NBE’s Corporate Reports, through which we capitalize on and complement a number of other reports, including among others, Financial Reports, Annual Reports, Governance and Risk Reports.

Scope of the Report Period & Cycle Covered¹

This report covers three fiscal years for the period from 1 July 2016 to 30 June 2019. Some Information before and after these dates may be included to emphasize relevant context to the reporting period.

Referenced Reporting Guideline²

The report is prepared according to the Global Reporting Initiative Sustainability Reporting Standards: Comprehensive Option.

Date of Previous Sustainability Report:³ None.

Forward-Looking Statements

This Sustainability Report contains forward-looking statements on various future estimations and paramount considerations that are expected to emerge in the landscape of the banking industry nationally, regionally, and globally. While NBE’s proven agility allows swift adaptation, however, due to financial disruptions and the rapid dynamics of the technologies and the markets we serve, there is no assurance of the magnitude nor the pace of such changes.

Mistakes & Typographical Errors

Any errors discovered following the publication of the report will be corrected and displayed on our website. In consideration of the environment, our report is published, as a downloadable PDF file from our website.

For Further Information⁴

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¹ (102-50 / 102-52)
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01

WHO ARE WE


- I. 1 NBE at a Glance
- I.2 Board of Directors
- I.3 The Story Of Our Legend
- I.4 Strategy

About This Report

Driven by our leading position in the country as the nation's oldest and largest bank, established in 1898, we have served the Egyptian society and economy for more than 122 years. This report is the first sustainability report in Egypt presented as per the GRI Standards Comprehensive Option. Being NBE's first assured Sustainability Report, we are sharing with our readers the history of our bank and its role in Egypt since its establishment, and the major milestones achieved. This chronically narrated timeline provides a foundation that informs the readers of our position as a National Bank and our performance in the face of global trends.



The 2019 NBE Sustainability Report aims to serve multiple goals

1. 
An internal re-enforcement of our sustainability practices
 by reporting according to the GRI Standards & setting up a more standardized governing policy for the future.

2. 
A benchmark in sustainability reporting practices in the Egyptian Banking Sector
 by highlighting national priorities & areas where the banking sector - when collaborating - can support true inclusive financial services & economic growth.

3. 
A comprehensive external communication with our stakeholders
 through a set of key messages, specific to the sector & addressing global challenges, risks, & impacts.

Distinct sections of the report present our strategy, risks and outcome of stakeholder's engagements; all aimed to provide the necessary understanding of how we identify and prioritize our most critical topics that impact, or are impacted by our business.

An unmatched number of megaprojects, global and national partnerships, social investments, and our environmental/green lending portfolio are all part of our economic, social, and environmental impacts and practices. They are featured across the sections of this report to walk you through our journey towards sustainability since its inception.

Achieving those colossal duties, NBE believes and depends on the vigorous competencies of its human capital; the innovative talents behind our new products' development and an array of other advisory services aimed to educate and raise financial awareness among all Egyptians through 483 branches across the nation. The report presents NBE's commitment to the wellbeing and development of those brilliant minds behind the scene who never fail to produce and create true value to our customers.

Considered the School of Bankers, NBE's Know Your Customer, Business Conduct and Compliance are the fundamentals of its strong financial institutions, which can only be taught when employees are led by example. Governed by the highest caliber of experts on our Board of Directors, the bank's Committees, and Executive Management, NBE provide a safe and secure harbor for both its employees and customers. The report describes our robust Control Environment, that, not only, entails AML, CTF, Cyber Security and Data Privacy, but it equally provides an insight into our policies in regards of ethics, conflict of interests, critical concerns whistleblowing, and employees protection.

This report aims to present the over-arching publication of all other NBE's Corporate Reports, through which we capitalize on and complement several other reports, including but not limited to Financial, Annual, Governance and Risk Reports.

Message To Our Stakeholders'



“ Our first Sustainability Report redefines our banking purpose & performance from financial to EESG, marking our baseline year & drawing our vision for purpose-driven banking towards Economic Prosperity, Planet Conservation, & People’s Wellbeing. ”

Hisham Okasha
NBE Chairman

2020 celebrates a long and dedicated history of NBE’s 122 years of sustainable banking for the prosperity of the Egyptian people. Our first sustainability report profiles NBE’s performance beyond profit and in alignment with Economic, Environmental, Social and Governance (EESG) indicators. Sustainability as a global direction for the banking industry is not a new concept for us.

As the oldest financial institution in the country, we’ve always been keen on being the true apparatus of the local economy, the backbone of the Egyptian community and the environment. We could not have achieved this without the meaningful partnerships and values we create daily with our stakeholders in every business interaction. This report showcases the positive impact of our operations on our shareholders, regulators, human capital, community, suppliers, environment and clients.

Sustainability is integrated within our bank’s DNA and business strategy

As the largest public bank, improving the quality of life for our stakeholders across all societal segments and communities is our priority. We particularly focus on the most vulnerable communities, women, youth, low-income households and people with special needs. Our strategic sustainability framework is in alignment with local, regional and international development agendas. UN Sustainable Development Goals (SDGs) and Egypt Vision 2030 are our main pillars to guide our business lines and units and bring to the public financial independence. The estab-

lishment of our Strategic Sustainability function is distinctive as it falls under the Strategy Department, confirming our belief that sustainability is more than a peripheral or commercial activity. It is rather a part of NBE’s DNA and it represents a benchmark for a new era of responsible banking in Egypt.

We tailored a state-of-the-art business strategy that paired revenue-expansion goals to inclusive economic prosperity

Our inclusive growth strategy directly links between macro and microeconomic determinants of the Egyptian economy. Since 2016, Egypt has undergone a comprehensive economic reform program in which NBE was a key player for the monetary and fiscal policies constructed by the Central Bank of Egypt (CBE) and the government. Through an inclusive growth strategy, we maintained our position in leading the market share as the largest financial institution of Egypt and brought stability to the market. In times of adversity, we stood side-by-side with the Egyptian people to meet their financial needs. After the flotation of the Egyptian currency, we showed our support by offering high interest rate investment certificates with a total of EGP 545 bn. We contribute to national megaprojects by investing in large corporates in pivotal sectors of the economy, such as tourism, infrastructure, industrial and agricultural. In accordance with our endeavors for stimulating small businesses growth, we have strategically focused our enterprise banking on remote and under-

served regions with 45% of our current SMEs lending portfolio directed to the Upper-Egypt region to raise its competitiveness. Our work directly contributes to employability promotion and job creation for young Egyptian men and women.

NBE is leading financial inclusion efforts by raising financial knowledge and removing entry barriers for the unbanked in Egypt

Providing equal opportunities in terms of access to markets, resources and unbiased regulatory environment is our ingredient for successful strategic growth. NBE is leading financial inclusion efforts by facilitating access to capital and removing entry barriers for the unbanked, while offering value through financial literacy. Our products bring Egyptians closer to their dreams of a better life. As a main contributor to CBE’s initiatives, and through the National Mortgage Finance, we facilitated housing prospects for 68,321 families, 95% of which fall into low-income category. Our products present a new threshold of serving people’s needs at an affordable cost. Women, youth, low-income individuals and persons with special needs continue to be the main strategic priorities for NBE. Personalized products and services were attentively designed to accommodate their specific necessities and enable their financial health. Today, 40% of our Retail Liabilities Customers are in the EGP 0:1000 segment, while 40% of our customer base are women and 33% are youth.

NBE is a key driver for environmental protection through stimulating the transition to green economy in Egypt

Preserving the environment is more than a business risk for NBE, we consider ourselves the drivers of Egypt’s transition into a green economy. Over the last twenty years, we aligned our business with the country’s climate change outlook and we voluntarily funded green initiatives for energy efficiency and renewable energy. Since 1998, NBE as the Apex Bank, has cooperated with the Egyptian Environmental Affairs Agency (EEAA) and managed the finance of the Egyptian Pollution Abatement Program (EPAP). The program focuses on combating industrial pollution and promoting the concept of cleaner technology in order to mitigate GHG emissions (reducing 670 thousand tons of CO2 in 18,000 industrial facilities) in cement, iron and chemical industries. During the program’s three phases we cooperated with multiple development partners; the World Bank, the European Bank for Reconstruction and Development, the Japanese Development Bank and the German Development bank with over EUR 330 mn. NBE’s carbon footprint has been improving over the years as we took tremendous steps internally towards reducing GHG emissions by building solar systems for branches with total number of 28 stations. We thrive to continue directing the market’s attention towards green finance and the future of our natural resources.

Social protection, care and development are NBE’s community investment mantras

We invest in the communities in which we operate through strategic philanthropy that goes beyond corporate donations. Social protection, care and development are NBE’s mantras and correspond with social development national goals. We are pleased to have launched the first ever “Corporate Social Responsibility (CSR) Unit” in the Banking Sector in Egypt over

50 years ago. Since then, we have been the most impactful companion to the Egyptian community through our two arms; CSR Department and NBE Foundation. Our contribution mounting to an average of 9% of NBE’s Net profit, stands at EGP 6 bn in net funding since 2014. We work with our strategic partners to ensure Quality of Life for Egyptian citizens and address the most critical issues of community needs: Education, Health, Housing, Debt Relief, Women Empowerment and Disability Integration. NBE Foundation’s relief fund supported families suffering from personal debt burden (Al Gharmeen) with EGP 75 mn in tandem with Misr El Kheir NGO. Our funding is paired with an income generation program to support their life-long financial goals and to start small businesses in handicrafts. We received regional recognition for the past two years from the Arab Organization for Social Responsibility, being the only Egyptian bank with a golden excellence award in CSR.

NBE remains a responsible and inclusive employer for all Egyptians

Human capital is the driver of NBE. Our employees’ welfare, development and job safeguarding are at the core of our identity. As an employer of choice, we provide 360 degrees benefits to our workforce and follow a responsible growth culture. Economic wellbeing, social support, healthy working environment, transparent communication and a sense of belonging all characterize NBE’s staff. Mirroring the Egyptian demographics, diversity, inclusion and equal opportunities continue to be a core value for NBE. During the reporting period (2017-2019), we expanded our workforce to be more gender inclusive and special needs sensitive. We work with 20,474 diligent men and women, 27% of whom are female, while 9.5% are under the age of 30. Our people receive continuous professional development and mentoring through the latest know-hows of SMEs financing, Information Technology and Digital Transformation, among others. Through our robust workforce, we serve a wide number of customers across Egypt and bring over 9000 daily new stakeholders closer to their financial freedom.

Sustainability will no longer be a luxury; it is rather a necessity for human survival and for doing business

This report is coming out during a disruptive time for all humankind with the outbreak of the COVID-19 pandemic. It is a time for individual, social and environmental solidarity, where everyone plays a role in how to get through this together. Sustainability will no longer be a luxury; but rather a necessity for our survival and for doing business. In that light, and with the Board of Directors backing our plans, we established our New Strategic Sustainability Agenda, as a comprehensive 5-year plan. The Board announced and mandated the first step for the preparation of this report, marking a new era of monitoring, discussing, and reporting on NBE’s Sustainability efforts. This report is NBE’s first assured sustainability report prepared in accordance with the Global Reporting Initiative (GRI) standards. We are looking forward that this report will be leading the way towards a new benchmark in the Egyptian banking sector.

Sphere of Impacts

NBE is a unique bank with historical footing that stems from its distinctive position, one that encompasses our responsibility to the business, our commitment to the banking sector development and our duty to national priorities.

NBE IS AN IMPARTIAL & PROFESSIONAL FINANCIAL INTERMEDIARY

WE UPHOLD OUR RESPONSIBILITY TOWARDS OUR BUSINESS' STAKEHOLDERS



TO ACHIEVE THE BEST FINANCIAL PERFORMANCE

We encounter, similar to our peers across public, foreign, investment & private banks, the traditional & emerging disruptions & challenges whether political, social, economic or technological challenges. We focus on setting forth corporate agility, risk management & business development at the forefront of our priorities. We strive to adapt to the new digital pace, new customers trends, the upcoming younger generations' aspirations & the growing needs of SMEs. Our concerns & practices on Data Privacy, Cyber Security, AML/CTF push us to preserve a strong governance of the business.

WE UNDERSTAND OUR RESPONSIBILITY TOWARDS OUR SOCIAL COMMITMENT,



TO ALIGN TO AN INTERCONNECTED & VAST NUMBER OF NATIONAL DEVELOPMENT PRIORITIES.

In this regard, one of our major goals is to be the facilitator of the Central Bank of Egypt's initiatives towards several national priorities such as financial inclusion for all segments & across all services. We ensure that Economic, Environmental & Social issues are considered & integrated into our decisions & practices.

WE RECOGNIZE OUR PRESENCE IN ONE OF THE ENVIRONMENTALLY RICHEST COUNTRIES ACROSS THE GLOBE



TO PRESERVE THE WEALTH OF THE PLANET

With an unparalleled wealth of natural resources & biodiversity (land, seas & air). The impact of our actions is colossal to our business, to the environment & to our National Commitment. This might mitigate and/or reduce resulted emissions to improve our environmental impact, coupled with promoting economic activities & green practices. NBE is the first & largest lending entity to Green Projects, & our due diligence to Project Environment Assessment has become part of our underwriting process.



NBE at a Glance'



WEALTH OF EXPERTISE
20,771
WORKFORCE

LARGEST SMEs CUSTOMERS
71,211
45% DIRECTED TO UPPER-EGYPT

CUSTOMER BASE
77%
OUTSIDE GREATER CAIRO & ALEXANDRIA

THE EMPOWERMENT OF WOMEN
59.4%
OF OUR MICROLOANS

THE INCLUSIVE BANK OF ALL EGYPTIANS
12.4 mn
RETAIL CUSTOMERS

DIGITAL BANKING
2.9 mn

PIONEERING GREEN FINANCE
NBE was the Apex Bank in one of Egypt's largest initiatives by the Ministry of Environment (MoE) & the Egyptian Environmental Affairs Agency (EEAA).

ADVOCATE OF CLIMATE CHANGE ACTION
US\$ 150 mn
financing package was secured by NBE, dedicated to SMEs in the areas of climate change & social inclusion through employment programs.

THE LENDER OF CHOICE
29.5%
MARKET SHARE

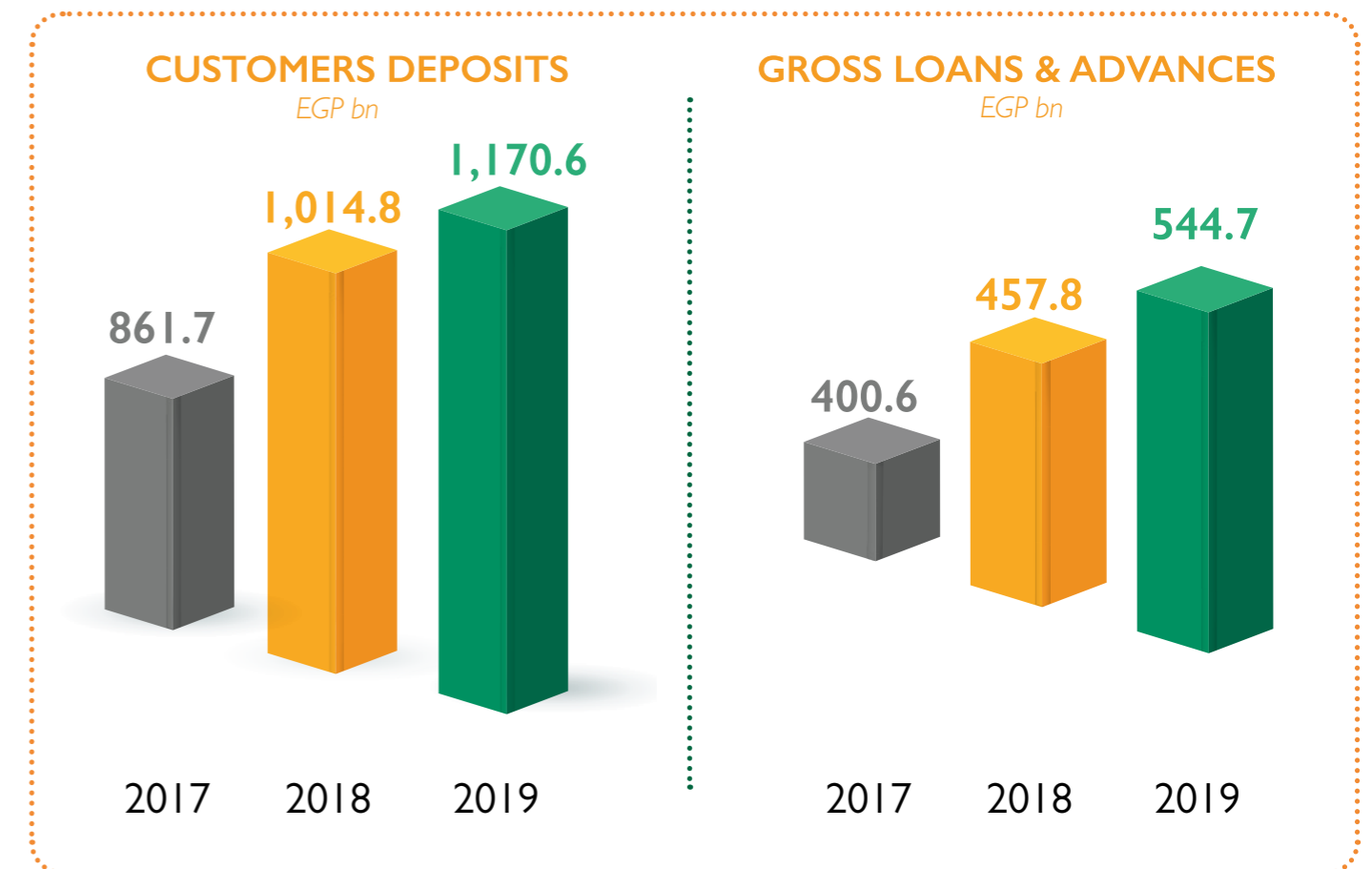
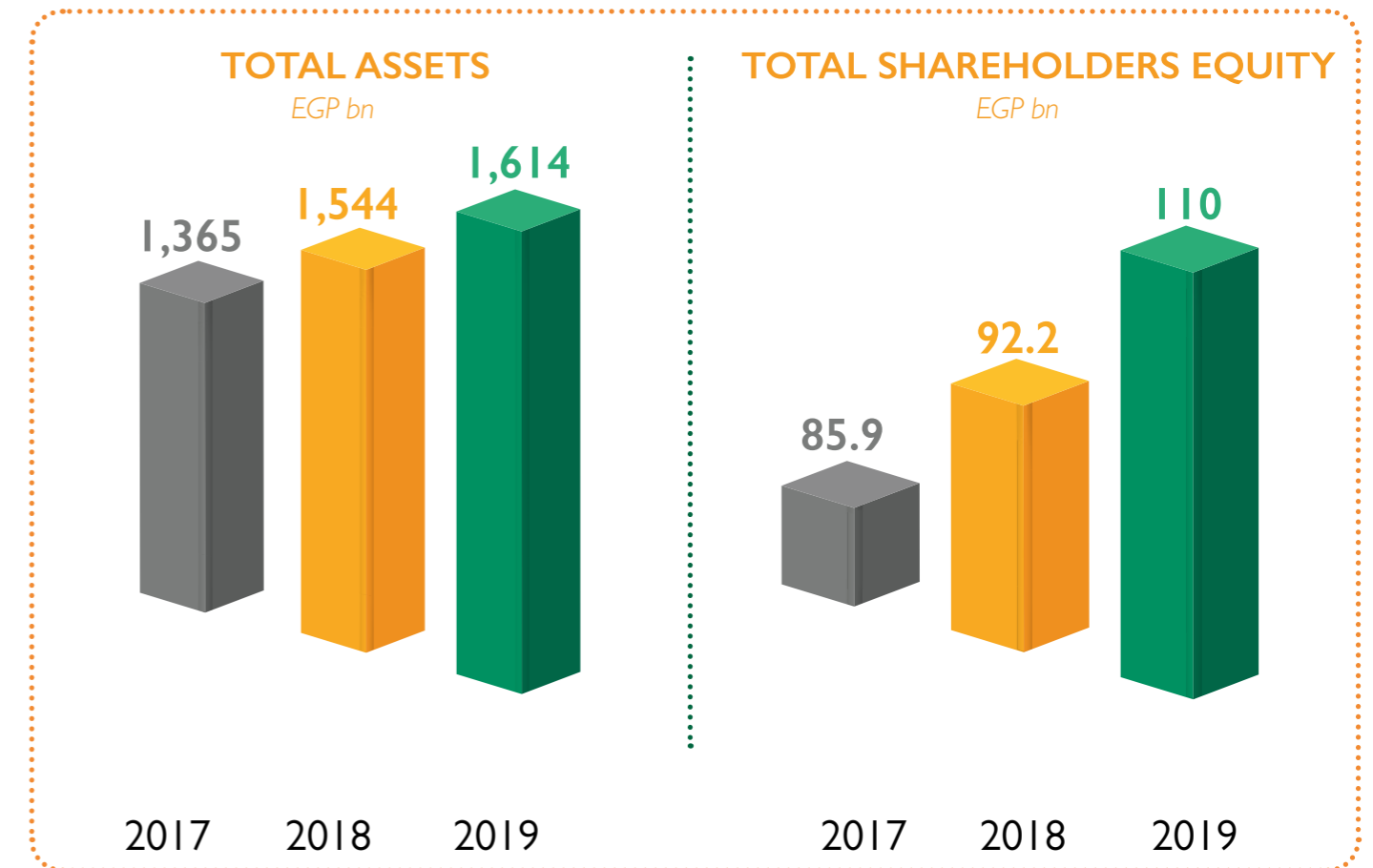
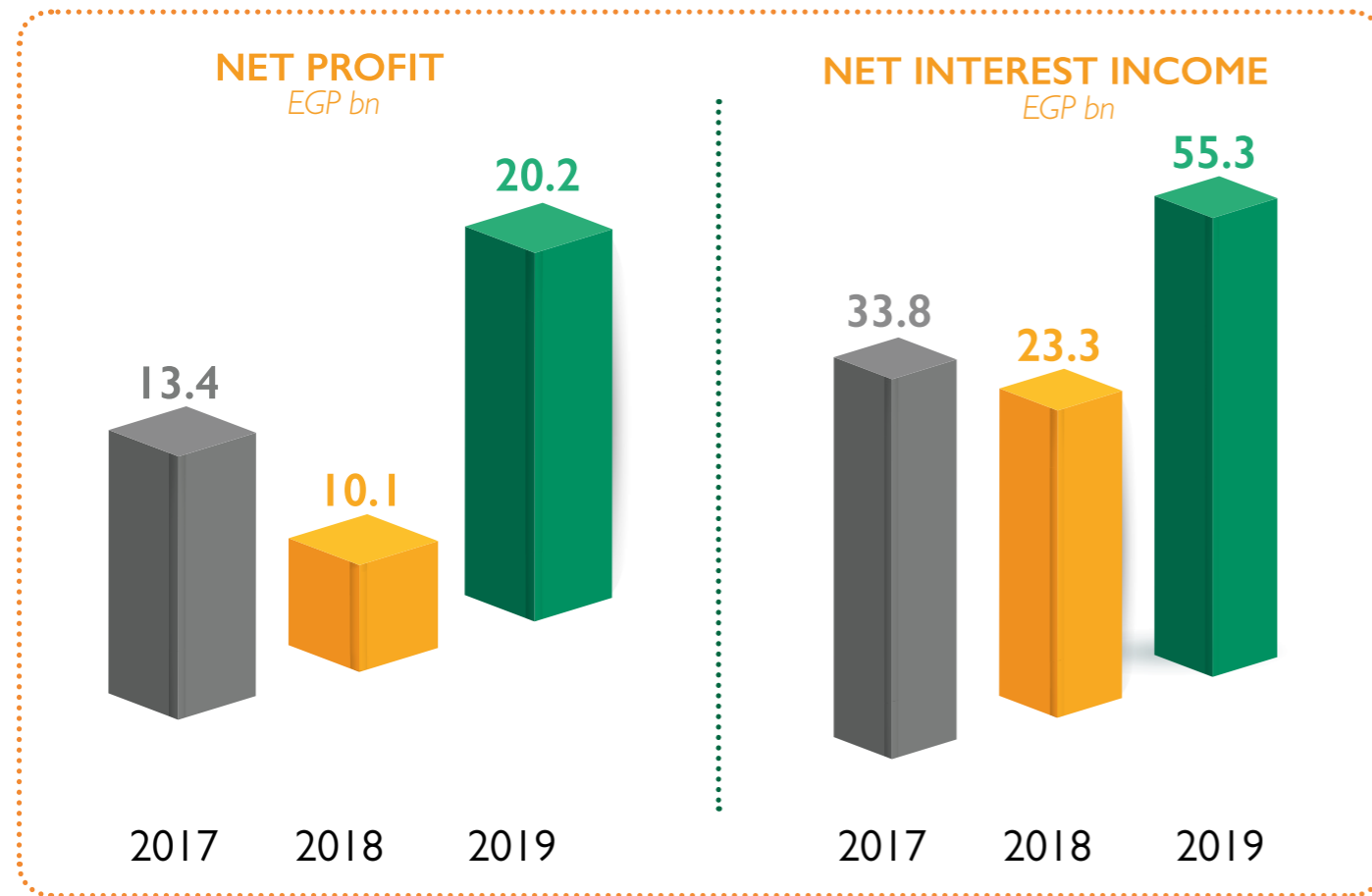
THE DEPOSITOR OF CHOICE
29.7%
MARKET SHARE

COMMUNITY INVESTMENT
EGP 3.38 bn
SOCIAL CONTRIBUTION

GOVERNANCE
14,136
Employees
attended Anti-money Laundering compliance, corruption and governance.

Performance & Key Financial Highlights¹

The bank's financial position witnessed an improvement during the reporting period, where the bank assets increased by about 9%, and recorded at the end of the FY 2019 about EGP 1.6 trillion. NBE shareholders' equity increased during the period (2017-2019) by 13%, supported by an increase in the bank Paid-up capital and retained earnings.

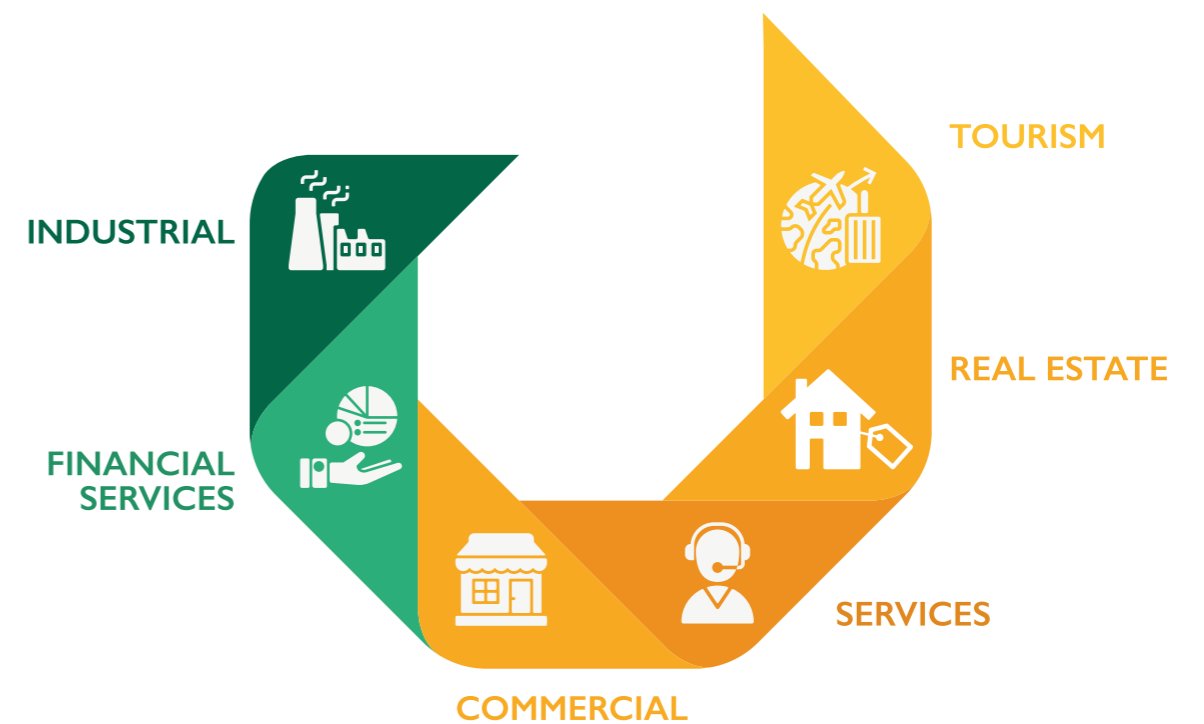




NBE'S SUBSIDIARIES ¹	NBE SHARE
1- National Bank of Egypt – NBE (UK)	100%
2- NBE-Dubai International Financial Centre	100%
3- Al Ahli Exchange	99.20%
4- Al Ahli Mortgage Finance	99.08%
5- National Bank of Egypt Khartoum	99.00%
6- Al Ahli Capital Holding Co.	98.95%
7- Al Ahli Leasing	98.50%

NBE'S ASSOCIATES

Our subsidiaries are the companies NBE has an equity share less than 50%
They are companies diversified over different sectors.



Awards & Recognition

THE ASIAN BANKER
ASIAN BANKING AWARDS FOR ASIAN FINANCIAL SERVICES COMPANY

BEST RETAIL BANK
2017-2018-2019

STRONGEST BANK IN EGYPT
2017/2019

BEST BANK IN TRADE FINANCE
2018

BEST TRANSACTION PROVIDER IN EGYPT
2017-2019




Bloomberg

BEST BANK IN SYNDICATED LOANS
2017


BEST BANK IN SYNDICATED LOANS (4 QS)
2017-2019





BEST RETAIL BANK


BEST DIGITAL BANK




 **AFRICAN BANKER AWARDS**


BEST BANK

BEST CSR



 **Linkedin**

RECRUITER OF CHOICE IN THE BANKING INDUSTRY IN EGYPT




 **emeafinance**
Europe • Middle East • Africa

15 AWARDS SYNDICATED LOANS



 **IBA GROUP**

GC POWERLIST THE LEGAL 500'S







 PCI DSS 	 THE SAFEST BANK 
 ISO 22301- 2012 	 BEST RETAIL BANK - BEST COMMERCIAL BANK 



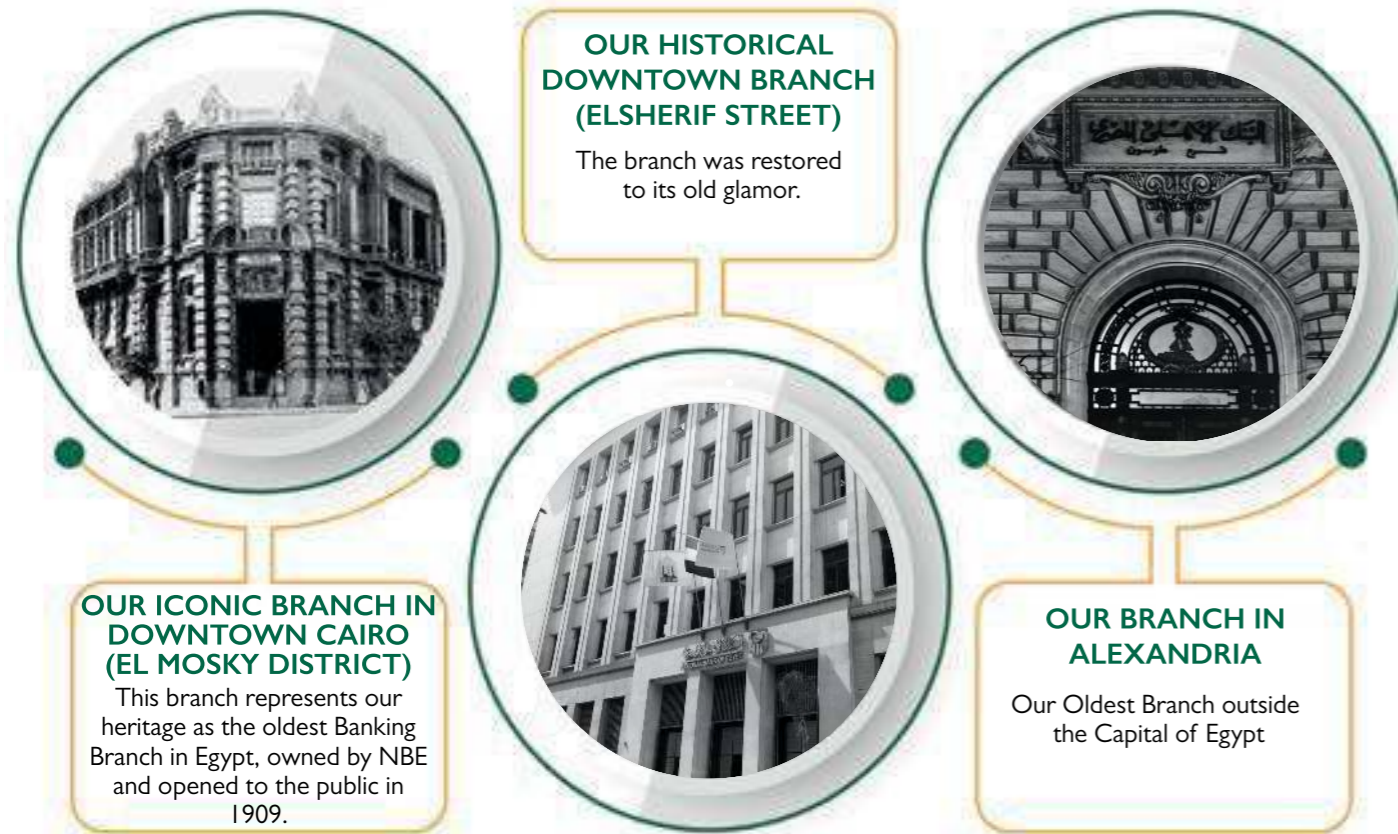
A Legendary History

NBE Presence through Time and Space

Our Historical Branches

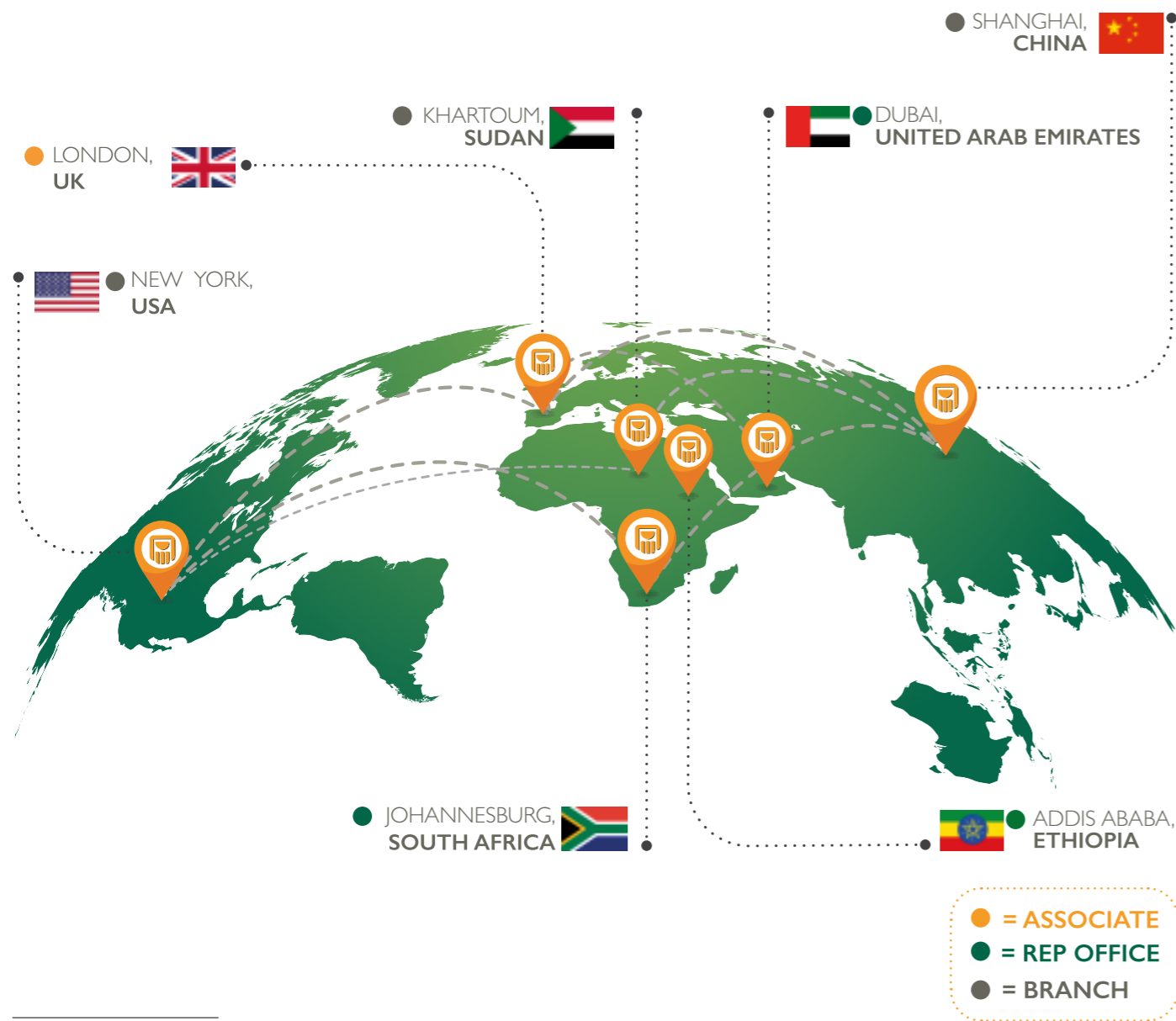
Being a deep-rooted Bank, our branches represent more than just our daily operations.

They speak of our heritage and our history. Our iconic branches are considered the oldest banking branches in Egypt, serving customers since 1909. With great pride in the history held within our walls, NBE has established its Building Renovation Plan, particularly for the network of Historical Establishments. Those branches were re-conditioned to house the latest banking facilities without compromising their heritage.

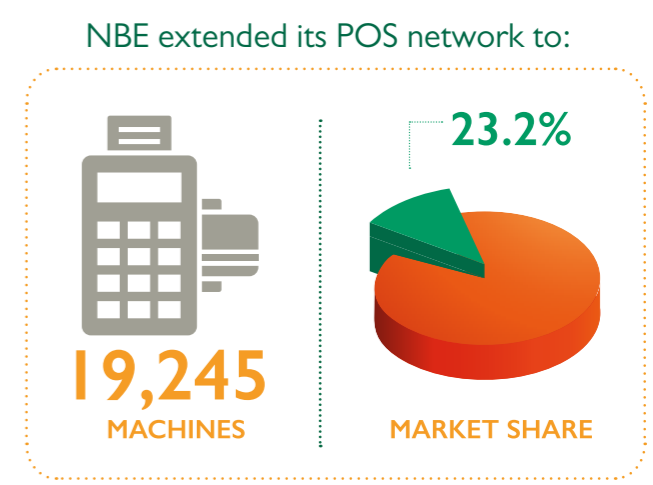
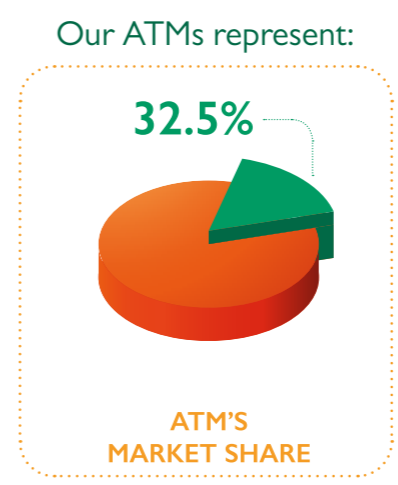
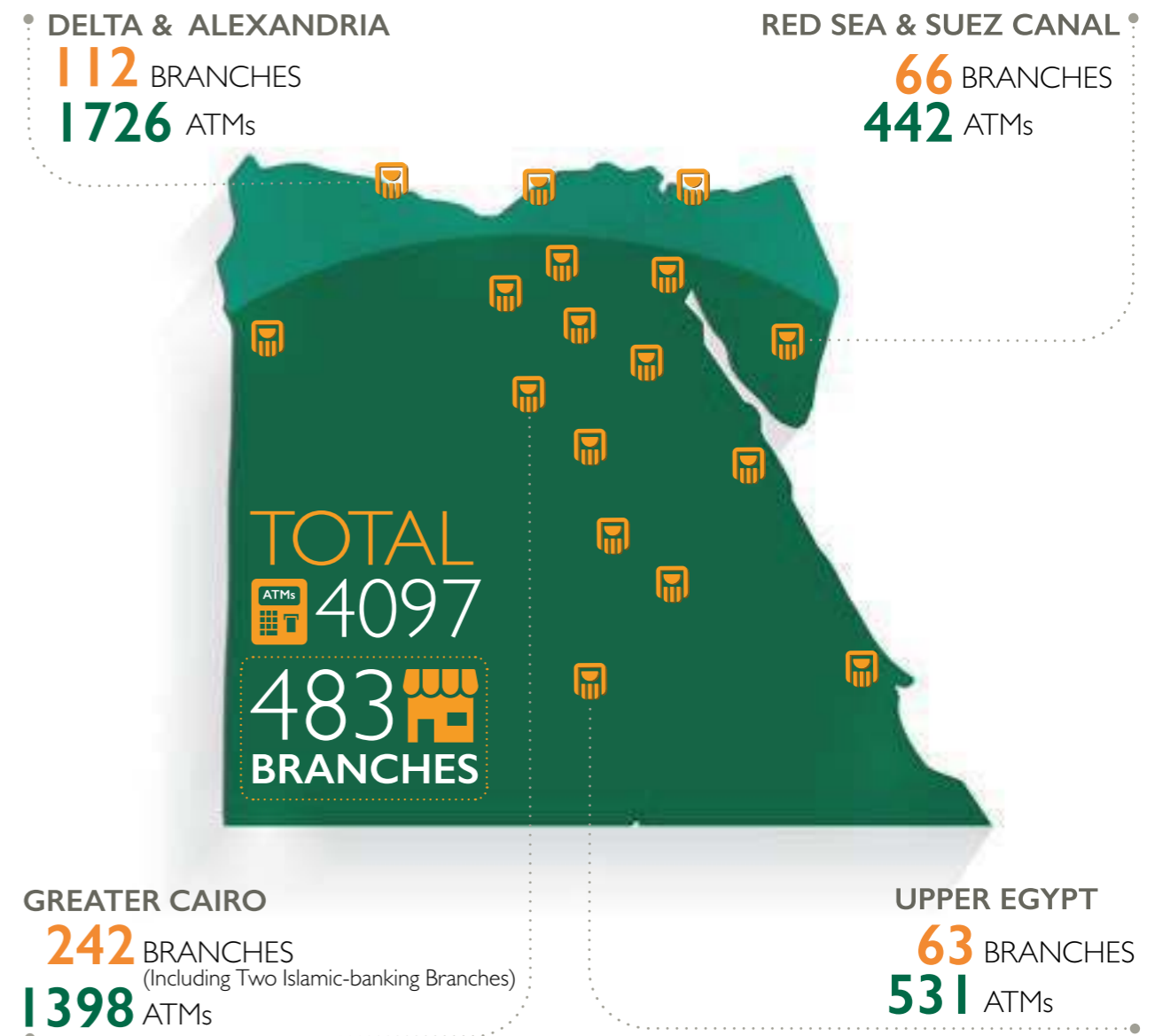


Geographical Presence: National & Global

NBE's Global presence has extended to 8 branches and Subsidiaries & 296 corresponding banks.



With a focus on extending our outreach across Egypt & for the underserved, our largest growth in number of branches & ATMs was in Upper Egypt & Delta, respectively.



Our Digital Branches

NBE has proudly launched its Flagship Digital Branch in 2018, as the first Digital Branch in Egypt.

By mid 2019, we have reached a total of 4 branches in Cairo and Alexandria

NBE is targeting 25 branches by the end of 2020 & expanding our outreach to other governorates



Our Board Of Directors



MR. HISHAM OKASHA

Chairman

- Joined NBE in April 2008 as Deputy Chairman responsible for the Risk, Operations, Compliance & Audit functions.
- During that period, he was instrumental in restructuring the functions under his supervision, which was an integral part of the Banking Reform Program undertaken by the Central Bank of Egypt (CBE).
- With a life-long expertise & leadership roles, he is the Deputy Chairman of the Federation of Egyptian Banks & sits on the boards of several NBE's financial subsidiaries in Egypt, Europe, & the MENA region. In addition to being on the board of several holding companies & institutions as an independent board member.
- He assumed several key roles in reputable financial & regulatory institutions; the last of which was the Head of the Offsite Supervision Unit at the Central Bank of Egypt after a long career in Commercial Banking.
- He held the position of independent member on the board of several holding companies & institutions.
- Mr. Okasha is an alumnus of the prestigious American University in Cairo, holding his Bachelor of Arts in Economics & Computer Science & Master's degree in Public Administration.
- He attended numerous professional programs & diplomas including the program on "Investment Appraisal & Management" from the Harvard Institute for International Development.

Chairing the Board of Directors for over seven years since 2013, Mr. Okasha has led the bank to a golden era of outstanding performance.

With 26 years of mastery commands and expertise in the Banking Sector, Mr. Okasha capitalized on our exceptional business strengths, human capital and strong financial position to revamp our technological infrastructure and steer the bank to a new age of digital transformation that has served over 1.4 mn customers in 2019.

With gallant and steady leaps, he ensured the Bank remained affront of disruptions and adversities. During his mandates, NBE has delivered a winning strategy that captured and addressed the needs of our stakeholders.

Supported by the unparalleled collective knowledge of NBE's Board of Directors the bank continues to be strongly positioned to lead the financial sector through a full-fledged business model that creates shared economic, social, and environmental values. [Read on: Governing for Excellence](#)



MR. YEHIA ABOU ELFOTOUH

*Deputy Chairman / Executive
SINCE 2016*

- More than 34 years of experience in banking in the areas of Credit Risk, Corporate banking, & Operations in National & International Banks.
- Selected in 2008 as a member of the NBE Task Force Group in charge of the establishment of the reform & development of public banks sectors with regards to the credit system & update of policies & procedures.
- From 2014 to 2016, Mr. Abou El-Foutouh has been an Executive Member in NBE's Board of Directors, supervising Credit, Marketing Risk & Operational Risks, Processing, & Debt Restructuring, among many other critical supervisory duties.
- During his former duties as Group Head of Credit Risk, Debt Recovery & Restructuring, he successfully contributed to the reduction of the Bank's NPL from L.E 30 Billion in 2008 to L.E 5 Billion.



MS. DALIA ELBAZ

*Deputy Chairman / Executive
SINCE 2017*

- A member of the Executive Committee since 2016, was formerly the Chief Operating Officer in December 2015.
- Currently responsible for the Risk & Banking Operations, Information Technology, Business Process Optimization, & Credit Administration, among others.
- She supervised the deployment of the new core banking system in addition to the upgrade & centralization of the banking operations as part of the NBE integrated strategy related to information technology & data security.
- El- Baz started her banking career since 1995, then joined NBE in December 2008. She contributed to NBE's revamping process for its Operational Risk Group as part of NBE's Business Development Plan & the establishment of NBE's Business Continuity Plan.



MR. TAREK KANDIL

Board Member/Non executive

- Has a distinguished banking ca-reer for 35 years including the two global financial institutions: Bank of America & Citigroup.
- Former Deputy Governor, Central Bank of Egypt from November 2007 to April 2009.
- Former Board Member of the Egypt an Stock Exchange, Sub Governor for Banking Supervision & Banking Reform, Central Bank of Egypt.
- Member of the board of Trustees of the General Authority for Investment & Free Zones &The Egyptian Anti-Money Laundering Unit.
- Chairman & Managing Director, Suez Canal Bank-May 2009 to April 2017.
- Vice Chairman and Chief Risk Officer for Saudi American. He is responsible for creating the credit risk review division covering a loan and investment portfolio of \$20 bn.



MR. AHMED SEDEIK

Board Member/Non executive

- An Economist and a Senior Financial Officer in high-profile multinational companies including Coca-cola, Pepsi, P&G and Citadel Holding
- With postgraduate degrees in investment evaluation from Harvard University and corporate finance from the European Institute of Business Administration (INSEAD),Mr. Sedeik has helped in the Business Development Plan in the National Bank of Egypt, NCB Capital, Carina, Stars Sports, Alamar Foods & Mountain View.
- His strongest expertise is in the executive management of product development, sustainable development, and quality transport.
- Experienced in both emerging &de-veloped markets, & in various fields such as consumer goods, retail, agricultural sector, direct investment, & real estate.



DR. GABER NASSAR

Board Member/Non executive

- An extensive valuable expertise in drafting international contracts, supported by a long career in the field:
- Public Law Professor at the faculty of Law, Cairo University.
- President of Cairo University 2013/2017.
General Rapporteur of the 50th Committee for the drafting of the Egyptian Constitution 2014.
- Former Vice-Chancellor of the Faculty of Law, Cairo University.
- Accredited Arbitrator to the Cairo Regional Center for International Commercial Arbitration.
- Member of the Egyptian Association for Political Economy & Legislation - Cairo.
- Member of the Qualitative Union of Consumer Protection Agencies (among the five interested members).



MS. SAHAR ELSALLAB

Board Member/Non executive

- Former Assistant Minister of Commerce & Industry for the development of internal trade & Investment.
- She held position of Vice Chairman & Managing Director of Commercial International Bank.
- Holder of Several Awards 8 Recognitions:
- Rank 6th in Forbes' Top 50 Arab businesswomen in 2008.
- Among the Top 100 Arab Women in 2011 by the Chief Executive Officer of South Africa Magazine.
- Considered one of the top 10 Egyptian women in 2011, according to Egypt's Companies Guide.



MR. ALI FARAMAWY

Board Member/Non executive

- Corporate Vice President Emerging Markets Digital Transformation Organization, at Microsoft.
- Leads Microsoft's Emerging Markets Digital Transformation organization, newly established in April 2017. He began his Microsoft career in October 1997 as the General Manager of Microsoft Egypt.
- Held a variety of technical, sales, managerial & executive roles in the Middle East and Europe, at organizations such as Dun & Bradstreet Software, NCR Corporation and Yokogawa-Marex.
- Served on a number of advisory committees & boards including the Advisory Committee for the President of South Africa and the US-Egypt Business council. He currently serves on the Board of Trustees for the American University in Cairo, as well as the Social Fund for Development in Egypt.



DR. ALI ELSAIEDI

Board Member/Non executive

- Egypt's Former Minister of Industry and Technological Development from 2001 to 2004.
- Former Minister of Electricity & Energy From 1999 to 2001.
- Former member of the Supreme Council of Science and Technology from 2008 to 2011. A former member of the Permanent Advisory Group on Nuclear Energy, International Atomic Energy Agency (IAEA) in Vienna from 2005 to 2012.
- Member of the Board of Directors of Banque Misr from 2005 to 2017 & Banque du Caire from 2005 to 2008.
- Chairman of the Executive Board of the Nuclear Power Plants Authority in Egypt from 1985 to 1993.

The Story Of Our Legend

Celebrating 122 years since its establishment, the National Bank of Egypt is the oldest Financial Institution in the Country.

With a capital of GBP 1 million in 1898, NBE has been recognized as the strongest and one of the most respected commercial banks of all times.

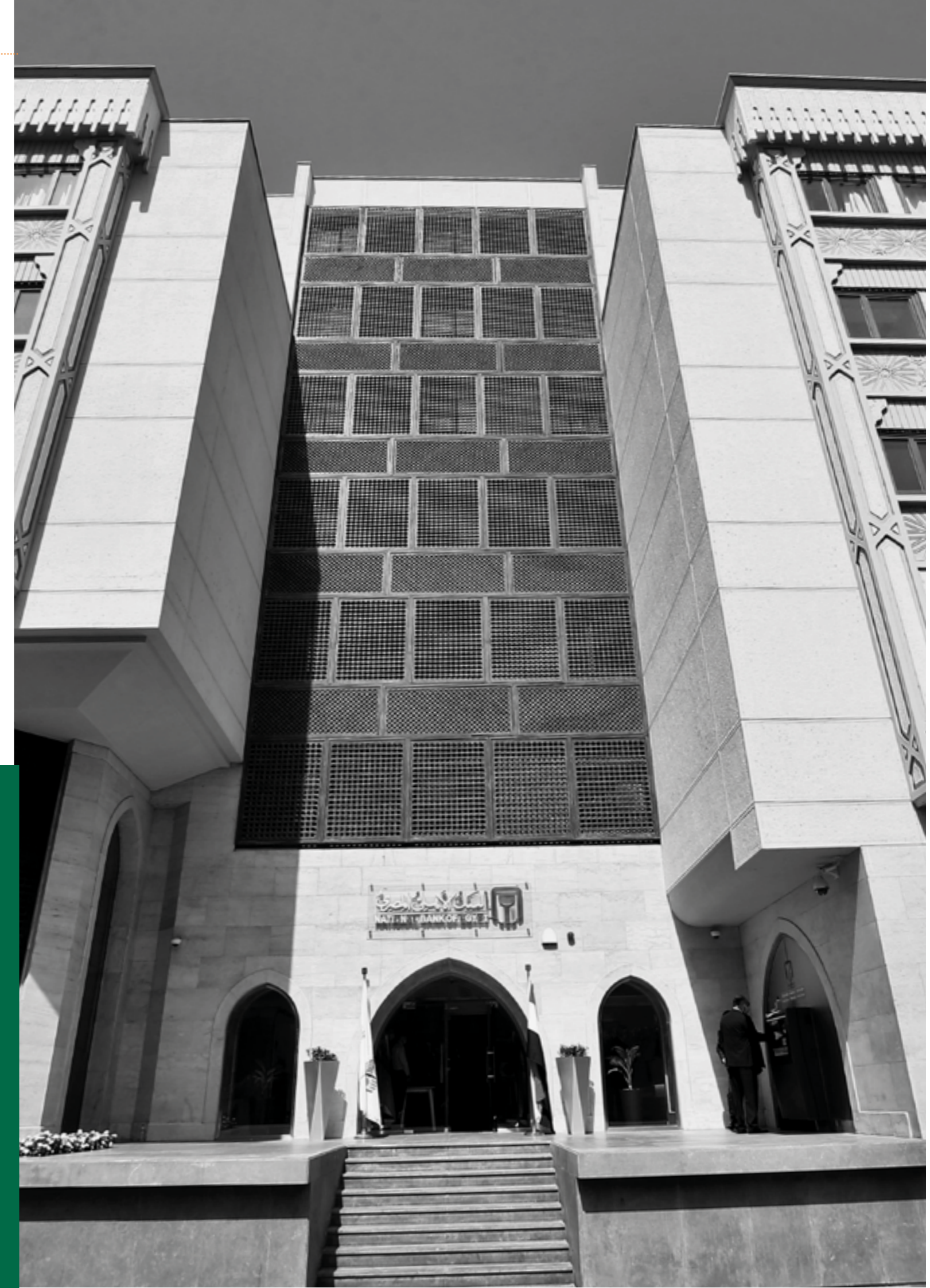
Immersed in the challenges and victories of our nation for 11 decades, NBE has always stood resilient to the test of time as the primary endorser and supported to the country's national economy. NBE financed Egypt's largest national projects and cares for the prosperity, stability, and growth of its citizens.

NBE's missions and operations have continuously evolved throughout history, facing the turmoil of all economic and political changes that Egypt experienced. Led by the savviest finance experts of their time, NBE's tenacity and resilience were demonstrated at every challenge.

The Bank was entrusted with issuing banknotes and handling government accounts. Then in the 1950s its activities evolved to undertaking the duties of the Central Bank.

In the 1960s, while continuing its duty as the Central Bank of Egypt, NBE has mastered its growth and focused on its commercial activities by expanding its services to reach all remote areas across the country.

The bank's national responsibility has proportionally expended to all commercial banking services available at the time, in addition to issuing and managing Investment Certificates on behalf of the government.



THE STORY OF OUR BRAND

The evolution of the NBE logo attests to our commitment to develop, grow, & remain contemporary while drawing on our country's heritage & our bank's history. The logo design expresses the position of the bank in the Egyptian society & pays homage to our ancient Egyptian and Arab civilization.

Over the years, the logo has morphed to reflect the inevitable evolution of the times & the bank itself. These changes demonstrate how the bank has managed to maintain its illustrious legacy, while keeping pace with modernization, technology, and the needs of a growing community.

NBE's logo reflects the bank's remarkable history of over one hundred years of leadership in the banking industry, with a design that evokes ancient Egypt.

Our original logo design is rooted in hieroglyphic symbolism: NBE is the house of wealth. It was developed in 1981 by Egyptian artist Abdel Salam El-Sherif, a prominent creator of Fine Arts.

Read the Story of our Brand:

<https://www.nbe.com.eg/NBE/E/#/ENNBELogostory>

MORE THAN

12
DECADES OF
DEVELOPMENT

Our History Timeline

NBE ESTABLISHED & ISSUED THE FIRST EGYPTIAN BANKNOTES

NBE was established as the governmental bank in charge of issuing the first Egyptian Banknotes. Its establishment had major contributions to the economic and urban development of the country. In addition to its main Cairo branch, other branches expanded across the Egyptian governorates, while the London branch was opened right after its launch.

1898 - 1900

NBE EXPANDED ITS PRESENCE & LENDING FACILITIES

The activities of NBE extended steadily in Egypt and Sudan. It expanded to Abyssinia after founding the Agricultural Bank and the Abyssinian Bank.

NBE was able to widen the scope of its activities, facilitating lending services in all governorates, as well as supporting the Egyptians in facing the economic crisis post world wars.

1900 - 1940

NBE ASSUMED A DUAL NATIONAL ROLE

Amidst the hardship of the global economic crisis and war conditions, NBE's National Role to serve the Egyptian Economy was defined.

Through a renewal of NBE's concession in 1940, the bank assumed a new responsibility to provide banking services as a Commercial Bank, while continuing to duties of the Central Bank in regulating the banking sector, issuing banknotes and supervisory on other commercial banks operating in Egypt.

1940 - 1960

NBE'S CONTRIBUTION TO CRITICAL INDUSTRIES

NBE continued its vital support to the economic development and reform policies. It worked on expanding the capital market and contributed to many sectors including industry, tourism, contracting housing and finance. It was a significant responsibility to respond to the global recession and the fallbacks after the Post 6th of October War.

NBE increased its external activities following the economic reform policy which included liberalizing foreign exchange transactions, opening to more financial markets, and contributing to the facilitation of exports.

1960 - 1980

NBE'S FIRST NETWORK OF COMPREHENSIVE NATIONAL AUTOMATED BRANCHES

NBE was among the first to improve banking services by developing new business methods introducing new innovative and computerized systems. Its branch network grew across the country reaching 185 branches and 100 affiliated offices distributed over 24 governorates.

NBE initiated the first investment fund. By 2009, it has grown to 8 investment funds and were managed by the Al Ahly Capital Holding, HC Investment Management and prime investment.

1980 - 2000

NBE GLOBALIZING ITS SERVICES ACROSS THREE CONTINENTS

- 1999 : NBE's representative office in Shanghai, considered the most important economic and business center in China, becoming a branch in 2008. It is the first Egyptian, Arab, and African bank operating in China.

- 2000 : NBE's New York branch.

- 2006 : NBE's representative office in the United Arab Emirates, and the financial institution at the Dubai International Financial Center.

- 2010 : NBE's representative office in Addis Ababa was established to strengthen its African position. This was followed by the establishment of a financial institution in Sudan for trade exchange enhancement between the two countries.

2000 - 2010

NBE REVAMPING ITS BANKING SERVICES & COMMUNITY CONTRIBUTION

- NBE launched its national e-commerce strategy in response to a large potential of growth in the market and to address a national need. NBE represents 70% of market share in the e-commerce space with a transaction volume of EGP 5.2 bn

- NBE is leading digital transformation and financial inclusion in Egypt

- o NBE lead the release of the national e-payment prepaid card "Meeza" in the market.

- o NBE opened the first electronic service branch in Egypt.

- o NBE opened the first Business Development Services Centers which reached a total 30 centers by end of 2019.

2010 - 2020

Strategy

Our Corporate Strategy echoes NBE's Mission Statement

“ To remain the leading entity in the Egyptian banking sector, NBE aims to maximize the efficiency of financial intermediation and promote financial inclusion, while safeguarding depositors' funds and maximizing returns to shareholders. This in return supports the development of the national economy and enhances the stability of the financial system. ”



NBE'S STRATEGY

Leveraging on synergies between the pillars



01 FINANCIAL INCLUSION

- Target the unbanked
- Introduce new products & services
- Simplify work procedures
- Diversify delivery channels



02 IMPROVE MARGINS

- Increase low cost deposits
- Concentrate on highly profitable products



03 DIGITAL BANKING

- Develop & deliver new products
- Expand on Mobile Banking services
- Introduce Smart Branches



04 MAXIMIZE NON-INTEREST INCOME

- Revisit fees & commissions
- Increase cross selling activities
- Sale of asset
- Divestment from non strategic investments



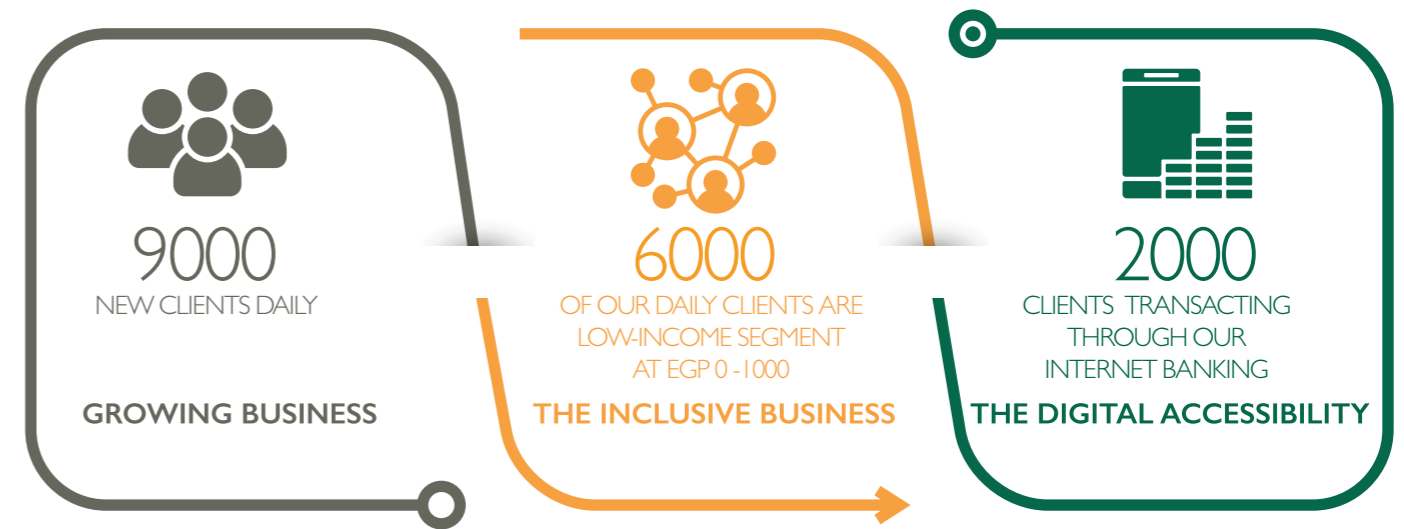
05 SUPPORT CBE & GOVERNMENT INITIATIVES

- SMEs Initiatives
- Mortgages Initiative



06 REDUCE CONCENTRATION RISK

- Decrease loans portfolio concentration
- Seek new facilities in FC



Delivering Growth From Areas of Strength

Finding an equilibrium across this widening spectrum of commitments, NBE delineated six Strategic Pillars that capitalize on the synergies inherited in our business model, where we create economic and social value to our stakeholders by adopting an approach of “delivering growth from areas of strength”.

Leveraging on Synergies

Restructuring for further growth, we have streamlined our goals and improved our synergies across our business lines and products to deliver three of our interconnected Strategy Goals:

- New and improved Digital Banking channels and digital products
- Customized financial and banking solutions to advance NBE's financial inclusion efforts
- Renewed services and advisory for SMEs and leading the largest housing-finance opportunities in the market.

Our Strategy has delivered outstanding results under those three pillars (Read results on : [Financial Inclusion](#), [Digital Banking](#), [SMEs and Supporting National Initiatives](#)). Those achievements incited new dynamics and created a vigorous thrust for our new Substantiality Framework, leading to the launch of NBE's Sustainability Plan 2020-2024, approved by the BoD in January 2019. (Read on : [Our Sustainability Strategic Framework](#))

Against a backdrop of cyber-security risks, Digital Banking acceleration was paired with a rigorous focus on the Data-privacy and Business Continuity measures. New crisis scenarios and response procedures are updated to our Crisis Management Plan to stay ahead of any unforeseen disruptions. (Read on : [Our Business Continuity](#))

Outstanding Performance

With the fast-changing macroeconomic environment and the interest rate stance, we attuned our strategic priorities and business plans accordingly.

By running a sustainable and responsible business, our financial results and growth continue to position NBE at the forefront of development. Our Value creation includes an outstanding financial performance and creation of wealth to our customers, suppliers and partners, as well as achieving wellbeing for our employees and local communities.

Throughout the reporting period, NBE maintained a set of commendable results from 2017 through 2019, in terms of volume and services nature. (Read details on : [Serving the Real Economy](#))

- With a continuous risk forecasting on exposure to liquidity risk and the volatility of future cash flows, as well as the fluctuations' effects of the prevailing market's interest rates, we built-up revenue growth over expenses.
- We achieved growth in deposits and net loans, an increase in net profit, an increase of total Shareholders' Equity and earnings per share (EPS).
- To highlight our extended care for our most prized asset: our employees profit share increased to EGP 3,027 million in 2019 against EGP194 million in 2018.

BEST REGIONAL MARKET POSITION

We come first in promoting development. NBE was named “Best Arab Bank in Socio-Economic Development for the Year 2018” at the Arab Banks Awards & Comendations of Excellence 2018

02

STRATEGIC SUSTAINABILITY FRAMEWORK

-
- 2.1 Sustainability Governance, Strategy, Management & Practices
 - 2.2 Risks & Impacts
 - 2.3 Stakeholders & Materiality
 - 2.4 Value Creation to National Priorities & the SDGs

Strategic Sustainability Framework¹

NBE: Serving The Three Pillars of Sustainability

Sustainability lies at the heart of the NBE's main goals. We acknowledge our role in creating prosperity to ALL Egyptians and we are committed to serving the Nation, the government, businesses, and individuals while preserving the rights and resources of future generations.

NBE embodies the UN Sustainable Development Goals (SDGs) across its entire spectrum of functions, while the three sustainability pillars (economic, social, and environmental) have guided NBE's operations early on since inception.

The interconnected nature of the SDGs and the three sustainability pillars presents various cross-cutting issues. We have capitalized on our legacy, expertise, and international experience to operate and set a model of "Shared Value". We have managed an extended and inter-related tradeoffs and synergies across the three pillars.

The SDGs provides a holistic agenda with a vision of peace and prosperity, for people and planet, now and into the future. At its core, the recognition of ending all forms of poverty goes hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our ecological system (Air-Earth, and Water).

Egypt's Vision 2030 for the Sustainable Development Agenda (SDA), represents the way towards inclusive development that adopts the principle of integrated partnership with all stakeholders; the government, the private sector, and civil society, in addition to local and international development partners aiming to promote financing for development.

We have capitalized on our legacy, expertise, & international experience to operate & set a model of "Shared Value".

The Transition Towards NBE's Sustainability Framework

In July 2018, NBE's Sustainability Framework started to take shape in synchronization with NBE's updates of its Strategy Pillars to align with the new CBE guidelines. [\(Read: The Winning Strategy\)](#)

Aligned with National Priorities and CBE's continuously evolving plans for financial inclusion, cashless society, and green financing, substantiality in NBE started its transition from a "CSR Activity" model, to a full-fledged framework late 2018, mandated by the Chairman, as the delegated authority to oversee the development of Substantiality Practices in the bank.

Engagement of Top Management

The development of our sustainability practices through operations and product development required a more technical and extensive engagement on the C-level. Dialogue and discussions included over 10 individual meetings with groups' heads throughout 2019.

Our Sustainability Framework has a direct reporting line to NBE's Chairman to ensure alignment with emerging risks, regulatory guidelines, national needs & business priorities.

Our Sustainability Governance

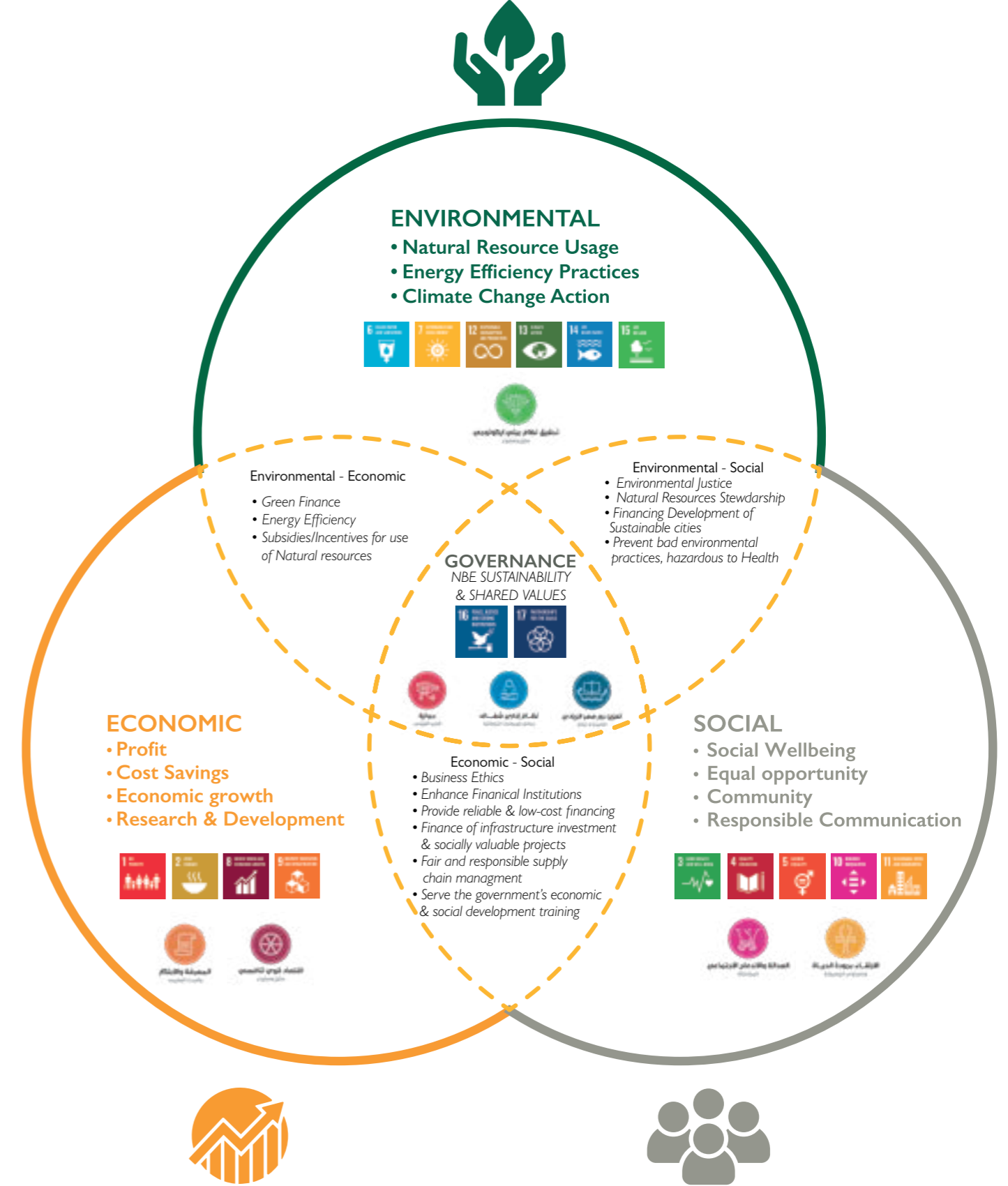
Currently operating and monitored through a dedicated unit under the NBE's Strategy, our Sustainability Framework has a direct reporting line to NBE's Chairman to ensure alignment with emerging risks, regulatory guidelines, national needs, and business priorities. The members of the Board are periodically presented with the results of social and environmental activities that take place under the new framework. The Frequency of reporting to the Chairman and Board is often increased in the event of emerging needs or new guidelines by the regulators.

The Chairman and Board discussions on economic, social, and environmental topics are part of NBE's identification process for critical topics and their impacts, risks, and opportunities. Implementation of the Board's decisions and due diligence process is then conducted under the Supervision of the Strategy Department and its affiliated Sustainability Unit. [\(Read more on : Stakeholders and Materiality\)](#)

NBE's New Strategic Substantiality Framework was approved by the Board of Directors in 2019 and a comprehensive 5-years plan was presented as part of the Board induction of NBE's future.

The Board has announced and mandated the start of the preparation of this report, marking a new era of monitoring, discussing, and reporting on NBE's Sustainability efforts.

EESG PRACTICES



Risks & Impacts

I. NBE's Risk Appetite

Our risk appetite is annually determined and reviewed by the Board of Directors, while considering strategic and business planning, and enforced by a robust framework. **(Read on: Risk Governance and Management)**

NBE's risk appetite statement is defined in both qualitative and quantitative terms and is integrated into our strategic planning processes and the lines of our business. Our risk appetite framework is guided by the following principles:

NBE's risk limits are guided by our risk principles and risk appetite which are linked to business decisions and strategies. These limits are reviewed and approved by the Board of Directors.

NBE utilizes an Enterprise Risk Management System (ERM) that provides integrated risk solutions to enhance the monitoring and measuring of the bank risks. The system incorporates Credit Risk Rating System and Loan Pricing ALM Risk Management, Hedge Accounting, Operational Risk Management, Basel Compliance, Risk Aggregation, Limit Management and Capital Planning. **(Read on: Risk Management)**

- 01 | Ensure strong capital adequacy
- 02 | Sound management of liquidity funding risks
- 03 | Maintain stability of earnings
- 04 | Address social & environmental risks

NBE'S MAIN FIVE CATEGORIES OF RISKS



2. Risk Management of Specific Risks

Credit Risk

LARGE CORPORATE CREDIT RISK

The Large corporate credit risk group is centralized to manage the inherent transactional credit risk associated with concluding business with large corporate and investment initiatives. The corporate portfolio is being managed on industrial basis to ensure specialization & vivid understanding of inherent risks associated with transactional credit within the industry.

MICRO, SMALL & MEDIUM-SIZED ENTERPRISES

While realizing the importance & capitalizing on the bank's stretched branch network, credit risk is being managed on geographical basis. This facilitates the understanding of the associated business environment. In this regard, the geographical spread facilitates quick response & streamline monitoring & control processes.

RETAIL CREDIT RISK

Our credit risk management system for retail banking is in line with the latest local and international practices regarding management of all the risks that the bank may face. This includes measuring and monitoring processes, where at the level of retail credit risk, we commit to monitor and follow up credit weaknesses, assessing credit risks & applying a digital credit assessment system.

Through continuous monitoring of maximum acceptable levels of risk, we ensure that these levels remain within the criteria set by the Risk Committee & the Board Management. We guarantee working to preserve the environment & business continuity through a robust integrated E2E CRM system adopted for card activities. This system will be gradually deployed/adopted for all product range offerings. This in turn, will automate the full risk assessment cycle & make it a paperless cycle.

COUNTRY & FINANCIAL INSTITUTIONS CREDIT RISK

Country & financial institutions credit risk are focused on managing correspondent banking risk & ensure quality credits extension, while overlooking & managing counterparty country risk.

PORTFOLIO MANAGEMENT

The portfolio management division is focused on measuring inherent risks & analyzing the impact on capital. This includes implementation of various stress scenarios to ensure capital sufficiency & adequate planning, in alignment with the implementation of Basel requirements.

Continuous assessment for capital is also a key factor, as well as presenting the necessary recommendations through ICAAP.

The portfolio risk management team is responsible for maintenance/validation of the risk measurement model, to ensure enhanced adoption of Risk culture in accordance to Basel Framework & international practices.

NON-PERFORMING LOANS & RECOVERY

It's a specialized centralized division with increased focus on recovering non-performing loans for both corporate & MSMEs.

Market Risk

The purpose of the Market Risk group is to measure/manage the risk associated with bank investment decisions and hedging transactions while analyzing the impact on profitability and liquidity to place the necessary action plans.

The group is focused on managing:

- FX & derivatives Risk through quantifying the impact of FX fluctuations on capital employed & profitability.
- Equity & Investment through measuring positions on trading book & strategic portfolios.
- Liquidity risk through measuring & managing asset liquidity and funding sufficiency.
- Fixed Income Risk for both trading & non-trading activities.
- Interest Rate Risk to quantify the impact of interest rate movements on capital & profitability.
- Quantitative Methods unit to continuously validate risk models, analyze economic early warning indicators & market data, & breakdown of Basel policies requirements & best practice implementation.
- Continuous assessment for liquidity sufficiency and present the necessary recommendations through ILAAP.

To ensure segregation of duties, tight control is undertaken by the Treasury Middle office team under operation.

Operational Risk

NBE operational risk management framework reflects an ongoing, proactive approach to maintain bank's business & operations success and continuity.

The framework consists of a homogeneous set of policies that include various tools and techniques for identifying, managing, mitigating, monitoring and reporting operational risks due to the complexity of the bank's activities and strategy.

Moreover, ORM framework is updated periodically in a way that supports the leveraging of our digital transformation and financial inclusion strategies, and ensures operational resilience.

NBE also has an ongoing interactive information risk management policy aiming to protect informational assets, as the business environment is constantly changing, and new threats & vulnerabilities emerge every day. In addition to the technologies used to support banking activities, products became more sophisticated to meet customers & regulatory demands within applying Financial inclusion concepts, therefore information Risk management has become more essential to lead and control the use of current and emerging technologies, as well as to meet business goals and security/regulatory requirements.

However, NBE's Business continuity management policy plays a real fundamental role in ensuring the organization readiness

to adapt and interact with unforeseen circumstances. It focuses on integrating emergency response, crisis management, disaster recovery, technology & business continuity in addition to organizational and operational site relocation.

NBE's BCM, which obtained a certificate of compliance with the international standard ISO 22301, concentrates on identifying and assessing potential threats and impacts to bank's business operations, and prepares a preset plan to deal with such threats. This plan provides a complete framework, applying organizational resilience concepts and ensuring the capability of an effective response that safeguards the bank's interests, reputation, brand and value-creating activities.

ALTERNATE SITES	NO. OF ALTERNATE SITES	NO. OF BUSINESS LINES
Inside Cairo	4	57
Outside Cairo	16	41
Total	20	98

More than 900 users were trained on the process of business continuity plan, through all business lines, allowing NBE's readiness to use the alternative sites and work at any time, in addition to other business continuity solutions applied, such as work from home solutions which ensures more flexibility of NBE's business continuity plan.

Cyber Security & Digital Risks

Digital transformation introduced a new security attack surface related to cyber and digital security risks, which needs enhanced security controls and measures to protect the environment against cyber threats. Information and cyber security risks enhance security measures and controls to mitigate the identified risks. This further enhances the proactive detection and monitoring of such risks to minimize the impact on the confidentiality, availability, and integrity of the Bank's information assets. The Bank follows a mature and secure software acquisition and development life cycle process. This process ensures embedding the necessary security requirements at the early stages of new projects or business initiatives, as well as implementing the necessary security measures and controls in alignment with NBE's security polices, industry standards, and regulations.

3. ESG & Our Sustainability Risks

Global and regional instability of the geopolitical sphere, economic/trade war disruptions, increasing environmental concerns, and its direct and indirect impact, in addition to the progressing of environmental, social and governance (ESG) agenda, has geared the financial system to move at a faster pace to accommodate associated risks.

Moreover, in a highly dynamic national context and the importance of the financial sector, sustainability has become an inevitable key consideration in our day-to-day risk management activities and decisions as a result of the increasing regulatory concerns and focuses, as well as NBE's commitment as a national bank. Accordingly, sustainable banking and sustainable finance

are now the main pillars in NBE's strategy.

As ESG regulatory agenda, best practices and legal and regulatory requirements evolves, NBE continues to align its risk management approach accordingly.

NBE's approaches, measures, and solutions to address risks are well defined across the sections of this report. All of them are well identified through the lens of ESG and Sustainability Pillars.

The following shows how ESG considerations are incorporated into our current risk practices and management, including operational planning and development of new products.

ENVIRONMENTAL

The 2019 global risks report (1), set three environmental risks among the top 20 globally. Our Material Risk Assessment process considers the impact of climate change on the business environment. NBE was the first bank that dealt with environmental issues and assisted in many environmental programs and initiatives. A Group Project Finance policy was launched & defines the rules for financing long-term infrastructure, industrial projects, & public services. The working group has identified sectors that NBE is keen to support with finance projects (e.g. EPAP). It also identified sectors to which the bank has a low appetite for lending. In addition, several sectors, considered to be incongruent with our views of sustainability, were identified for exclusion from future lending. We are working to incorporate these exclusions into credit risk policy as well. (Read on: Environmental Value Creation for Planet Regeneration)

SOCIAL

NBE's business model is built based on committing to value-creation relationships with employees, suppliers, customers, & the community at large; leading NBE to maintain its socially responsible business practices within its core business activities & services. People and Culture Risks, as well as associated frameworks & policies, have been developed to support NBE's ongoing ability to recruit, retain & develop staff, & to encourage employee engagement. (Read on: Social Value Creation for People)

GOVERNANCE

The Regulatory Compliance Risk Management Framework sets out the principles, & responsibilities to achieve compliance objectives. This is supported by policies designed to protect our customers against Anti-Money Laundering, Counter-Terrorism Financing, & Data Protection.

Through NBE's robust Anti - Money laundering framework, with its regulatory oversight by the central bank of Egypt and Money Laundering and Terrorist Financing Combating Unit, all of our customers are subject to the "Know Your Customer" (KYC) process at the boarding stage & on regular basis as set by the central bank policy.

Additionally, & as part of NBE's due diligence process, we screen customers against certain criteria including terrorism & sanctions. We monitor the activity of our customers' bank accounts & transactions to ensure any unusual activity is investigated & dealt with swiftly. These processes assure the safety of our business & our customers. All staff is requested to attend training for Financial Crime, which incorporates AML, CTF, Sanctions, & Fraud. (Read: Our Governance)

Social, Economic & Environmental SMEs Credit Risk Approach

Management Oversight:

SMEs financing has been identified as a key value driver for growth in light of their contribution in GDP and the nation's workforce. NBE's increased focus on SMEs financing commenced in 2009 by establishing and adopting a clear criteria for clients defined as SMEs. This comes on the premise of annual revenues, following to which specialized teams were formed with a clear segregation in duties amongst business development, risk assessment and management and credit control to maintain reliable control through the E2E lending process.

The SMEs Credit Risk group is focused on the development of a risk culture to effectively manage the organization's risk profile, while taking in consideration social and environmental aspects.

While realizing the importance and capitalizing on the bank's branch network, credit risk is being managed on geographical basis, with maintaining risk presence by way of semi-centralized structure located in all governorates to serve the purpose of:

- Understanding of the business environment.
- Swift response & feedback.
- Tight control.

Impact of Geographical Management of SMEs Risks

Mitigation of Risk

The geographical distribution facilitated proximity for clients, while the support of the investigation teams (at a branch level) facilitated a continuous stream of information flow and reduced concentration risk.

Having identified the target groups and capitalized on geographical coverage facilitated better understanding for key challenges to access finance.



THE CHALLENGES

Challenges include, but not limited to, financial illiteracy & awareness, stretched procedures & approval processes; inadequacy of service & product offering & high financial costs. Our financial inclusion efforts have been focused on mitigating key challenges of exclusion.



THE SOLUTION

Raising financial literacy and awareness, as a key goal, has been addressed through open dialogues.

Leading to direct assistance in preparation of document sets and basic financial interpretations and projections to assist and present credit files for client applications.

Focus groups were utilized to understand industry specifics to improve tailored product offerings.



THE OUTCOME

Standardized credit applications forms, documents sets, lending criteria, documentation requirement sets, KPIs & irregularities tolerance levels were defined. They are supported by a clearly defined processes & a specifically developed grading & scoring models, that were deployed to streamline lending in alignment with the ticket size & deal complexity.



THE IMPACT

The geographical spread cemented NBEs footprint for pioneering SMEs financing & was a key driver for our clients' growth. This has been evidenced by the transformation of 175 clients from SMEs to large corporates in essence of their respective annual T/O exceeding the SME revenue threshold.

Impact of Sectoral Management of SMEs Risks

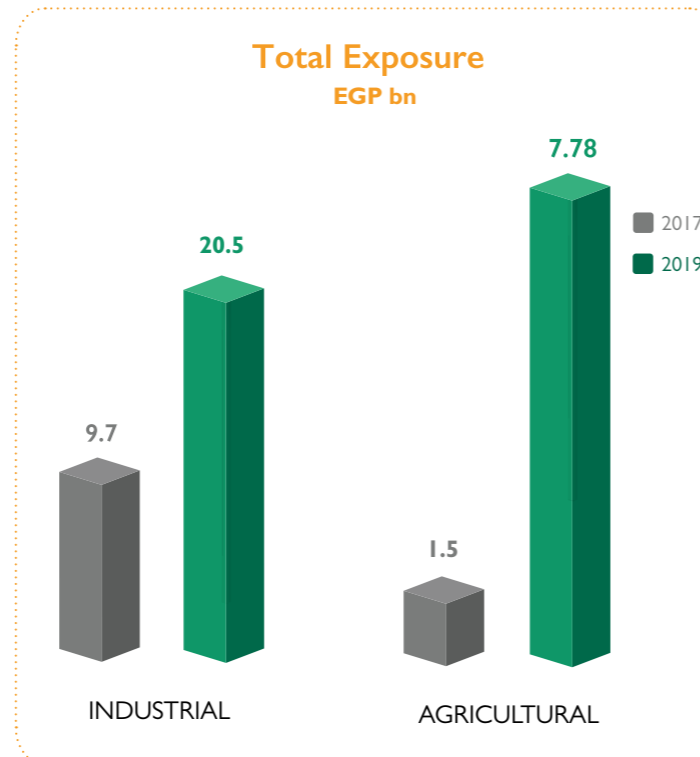
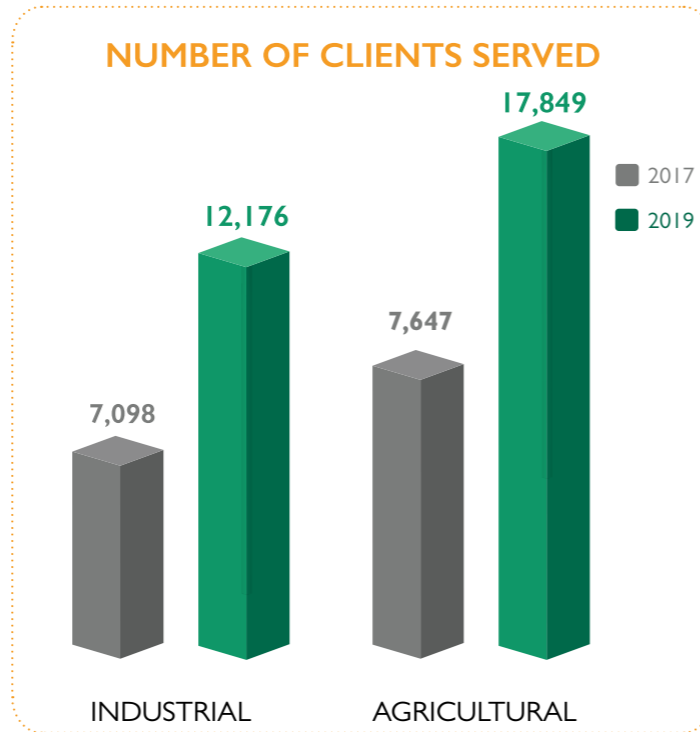
NBE's shared value has been one of our main approaches when it comes to SMEs strategic expansion plans. NBE is focused on promoting and extending finance to industrial and agribusiness activities for being a core contributor in the nations GDP with an immense impact on Economy and Environment.

Environmental Impact:

As a result, our share-wallets for the preceding were doubled to reach 12.7 and 16.6 thousand for industrial and agricultural activities, while our credit applications addressed and assessed environmental impact of transactional credit:

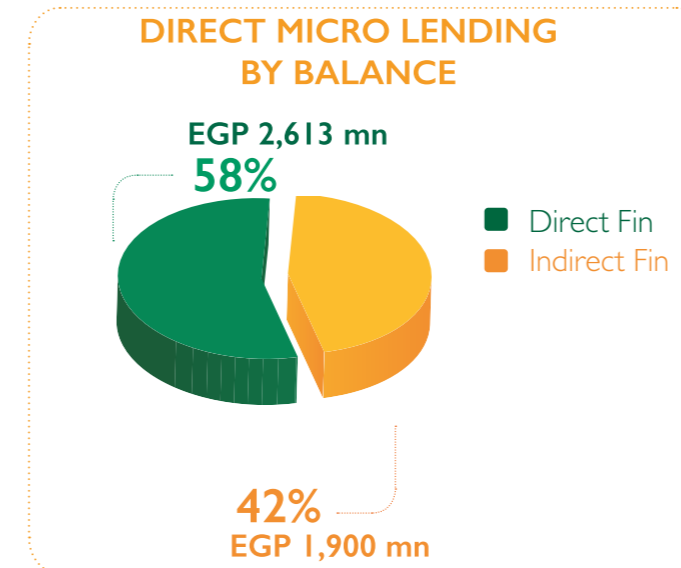
- For the industrial sector: assessment and monitoring of the extent of compliance and action plans in line with local regulatory requirements for industrial sector.
- For the Agriculture sector: finance priority is given for projects deploying pollution abatement, recycling facilities, renewable/alternate energy efficiency and transformation. For agricultural projects alternate irrigation and water saving come as a financing priority.

- For Bio Energy: finance has been extended to erect bioenergy production facilities and organic fertilizers from sewage and waste. Total funding amounted to EGP 28 mn includes: energy preservation initiatives with extending finance for innovative solutions through recycling of sewage waste water and agro wastes aimed to generate electric power with an hourly capacity reaching KW499 / hr for residential areas. This is in addition to replacement and transformation of industrial furnaces to bio-energy or renewable energy driven alongside organic fertilizers production with total financing amounting to EGP 40 mn.

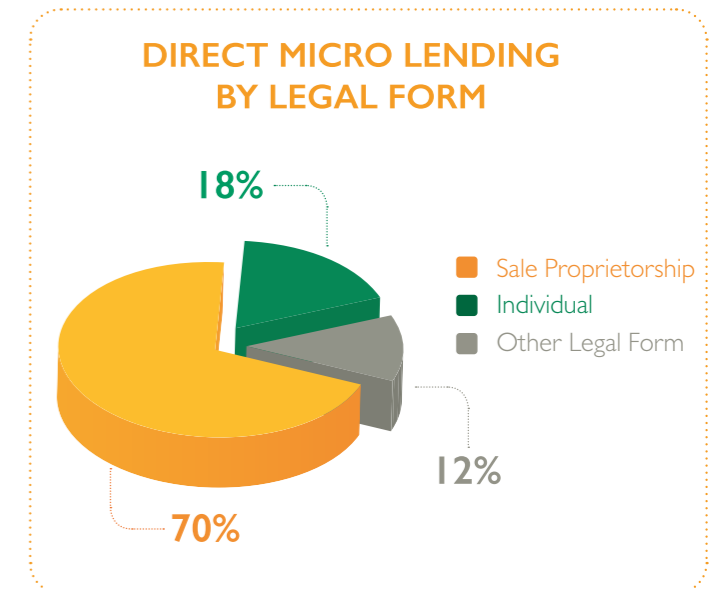


Economic Impact:

Mitigating risk by transferring credit risk to financiers allowed NBE to expand the breadth of its client base with a risk assessment measure that permitted NBE to penetrate micro segment directly and indirectly through offering tailored products or through micro financiers. As a result, new additional EGP 1.9 bn were indirectly financed through 33 intermediaries, along with NBE's direct financing services offered for 27.2 thousand clients amounting to EGP2.6 bn in June 2019



In regard to NBE's strong belief in avoiding gender inequality, the bank has embarked on extending finance to women in business. About 45 business women have benefited from this initiative. (Read on: Women in Business)



NBE has helped 9,500 individuals to become recognized legal entities and actively contribute to the economy, which has made them eligible for their first micro financing through NBE.

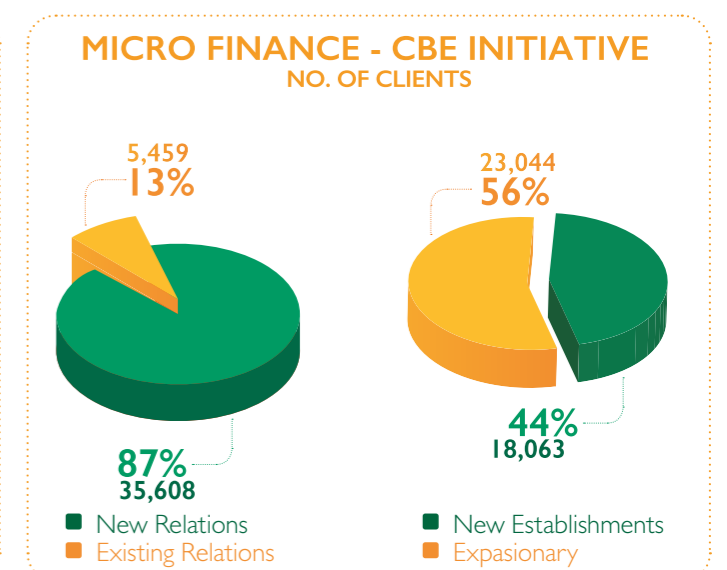
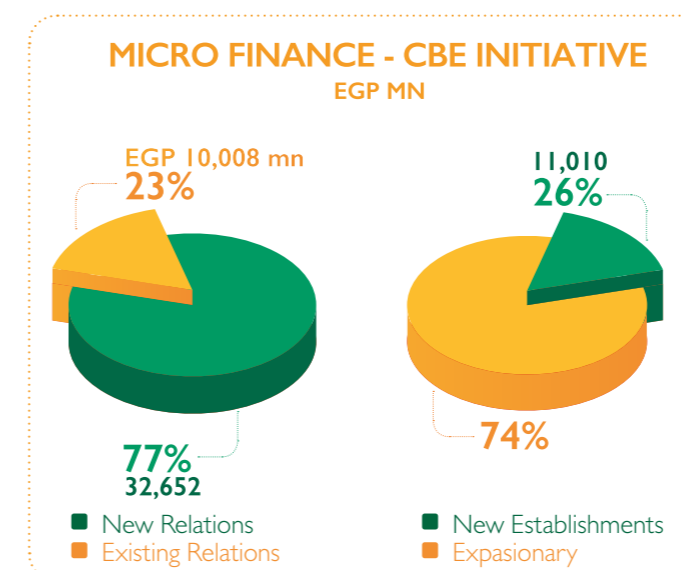
Social Impact:

Micro financing remains the main enabler to social wellbeing through economic prosperity. The alleviation of exclusion barriers has been front and center in our Risk Management approach to achieve NBE's strategic goal for financial inclusion.

NBE equally played an active role with new client registrations for the Central Bank Micro Initiative (Your Project). As a result, 200 clients have received their first micro financing through NBE in 2019.

NBE was able to increase its micro lending by 50% and it has successfully and actively assisted include 6000 new clients to become bankable and migrate to the formal economy

Financing new establishments represents 13% of the total client base and 25% of the afforded limits marked under the CBE small financing initiative amounting to EGP 11 bn.



Stakeholders & Materiality¹

Engaging Our Stakeholders

Robust relationships have always been one of NBE's strengths for delivering our strategy with long-term values to our stakeholders while allowing our Risk Management to gear our business resiliently and sustainability. With the complexity of our stakeholders' expectations, we are committed to share with our readers how we work diligently to operate and regulate our business in the multi-dimensional sphere that connects our strategy, risks and stakeholders' engagement. This leads in turn to, thus updating and improving our annual strategic priorities in a manner that addresses both our external and internal environment and creates proper value to each category of our stakeholders.

Our Stakeholders' Categories & Dialogue

The NBE sustainability issues were developed and reviewed in consultation with key stakeholder groups.

We believe that the key element to the success of our commitment is how integrally involved are those impacted by our business.

We consider their needs and expectations and identify the most material issues that we believe deliver the greatest value for each accordingly.

To identify our stakeholders, we followed an internal mapping process that is updated as our business develops, our nation grows, and our stakeholders continue to be involved in voicing their insights.

Our eight key stakeholders are identified into main categories, with whom we engage through various communication channels, that are most effective to each, depending on the frequency and magnitude of mutual impact.²



¹ (102-21 / 102-40 / 102-42 / 102-43 / 102-44)

	THE PUBLIC (EGYPT)	CUSTOMERS & CLIENTS	SHAREHOLDERS (STATE-OWNED)	EMPLOYEES	CENTRAL BANK OF EGYPT & OTHER REGULATORY BODIES	SUPPLIERS	COMMUNITY	ENVIRONMENT
NEEDS AND EXPECTATIONS	<ul style="list-style-type: none"> NBE to be Inclusive and accessible to all Egyptians and all residents, of all ages, ethnicities, religions, and occupations Responsible communication and marketing 	<ul style="list-style-type: none"> Data security, safety, and privacy Proximity Customer service and satisfaction Diversified and easy-to-use banking channels Banking Digital solutions Competitive rates and fees Innovative segmented products. E-banking and digital services Products, services, and rates Customer experience Responsiveness through all Customer touchpoints 	<ul style="list-style-type: none"> Clear strategy, Vision and Mission Business continuity Profitability, Growth, and return on investment. Business Ethics Alignment of Sustainability and business performance Strong corporate governance, risk management, and ratings. Transparency and disclosure Focus on non-performing assets Strategy implementation Cost and expenses Capital positioning Digital transformation Financial results Dividends distribution Financial inclusion 	<ul style="list-style-type: none"> Competitive salaries, benefits, and rewards Professional development Fairness and equal opportunity Working culture Talent attraction Engagement strategy 	<ul style="list-style-type: none"> Compliance with all legal and regulatory requirements Robust anti-corruption and bribery measures Strong risk management and governance Socioeconomic impact 	<ul style="list-style-type: none"> Fair and transparent tender process Transparent Vendor Assessment Fair selection of supplier Adequate Pricing Investment in local suppliers Based on ethical practices Timely payment 	<ul style="list-style-type: none"> Social and Economic Wellbeing through investment in infrastructure and operation of programs and projects serving Health Care, Education, Rural Development, & Women Empowerment Financial inclusion Support in sports activities Empowerment of youth, & celebration of local culture 	<ul style="list-style-type: none"> Green Lending Establishment of Green Buildings Monitoring our carbon footprint Energy Management Paper recycling Waste management Water management Monitoring of resources consumptions
CHANNEL OF COMMUNICATION	<ul style="list-style-type: none"> Printed Press Direct interactions and meetings Social Media Platforms Quarterly and annual financial disclosures and reports Press conference Roundtables Accessible Marketing Channels (Radio, TV, Roads) Weekly and monthly newsletter 	<ul style="list-style-type: none"> Annual customer satisfaction survey Customer Care Centre Relationship Managers Complaints Management Daily face-to-face interactions when customers visit our branches Emails Press releases Social media Account relationship management 	<ul style="list-style-type: none"> Annual General Meeting Board of Directors meetings Public reports Press Conferences and press releases Quarterly analyst calls 	<ul style="list-style-type: none"> Employee engagement survey Learning and development Training needs analysis Bi-annual and annual Employee Engagement Performance Appraisal Meetings 	<ul style="list-style-type: none"> Public disclosures Corporate Governance Report Group Compliance & Audit teams 	<ul style="list-style-type: none"> Tenders and RFPs Supplier audits Supplier e-portal 	<ul style="list-style-type: none"> National Development Forums NGO's partnerships and CSR activities 	<ul style="list-style-type: none"> Partnerships with national and global environmental organizations Compliance with national and international benchmarks and standards. Press releases Project partnerships to benefit the local community
OUR IMPACT	<ul style="list-style-type: none"> A bank of 122 years at the service of Egyptian Citizens & Corporates in Egypt & abroad. A bank, financial advisor, and partner of over ALL Egyptian Ministries. 	<ul style="list-style-type: none"> NBE operates in all 27 Egyptian Governments, serving the largest client base in the banking sector individually & as corporate entities. 	<ul style="list-style-type: none"> NBE is among the top banks in Egypt in terms of profitability & growth. NBE utilizes an integrated ERM system that assures strong governance & supports in mitigating risk 	<ul style="list-style-type: none"> The workforce consists of more than 20000 employees, nationally operating across 483 branches. NBE KPIs show an exceptionally low turnover rate, high diversity, and gender equality among all employees. 		<ul style="list-style-type: none"> Following the rules and regulations of procurement law, we work to provide all support to our suppliers and create sustainable employment and market opportunities for their own businesses. 	<ul style="list-style-type: none"> Community investment is a mandate in our strategy, being Egypt People's Bank, NBE is the No1 supporter of community development programs in the National Development Agenda 	<ul style="list-style-type: none"> We have the largest green lending portfolio in Egypt

Materiality¹

As a result of our stakeholder engagements, NBE compiles a comprehensive list of relevant economic, ethical, social, and environmental impact areas- a total of 55 topics that are in practice or emerging through our risk assessment. (Read: ESG & Our Sustainability Risks) The list of material issues is disseminated by our Strategy Department to be reviewed once again by each of the bank's departments that we consider as proxies to each of our stakeholder categories or group.



OUR MATERIAL TOPICS ARE CATEGORIZED BASED ON OUR MAIN FOCUS AREAS

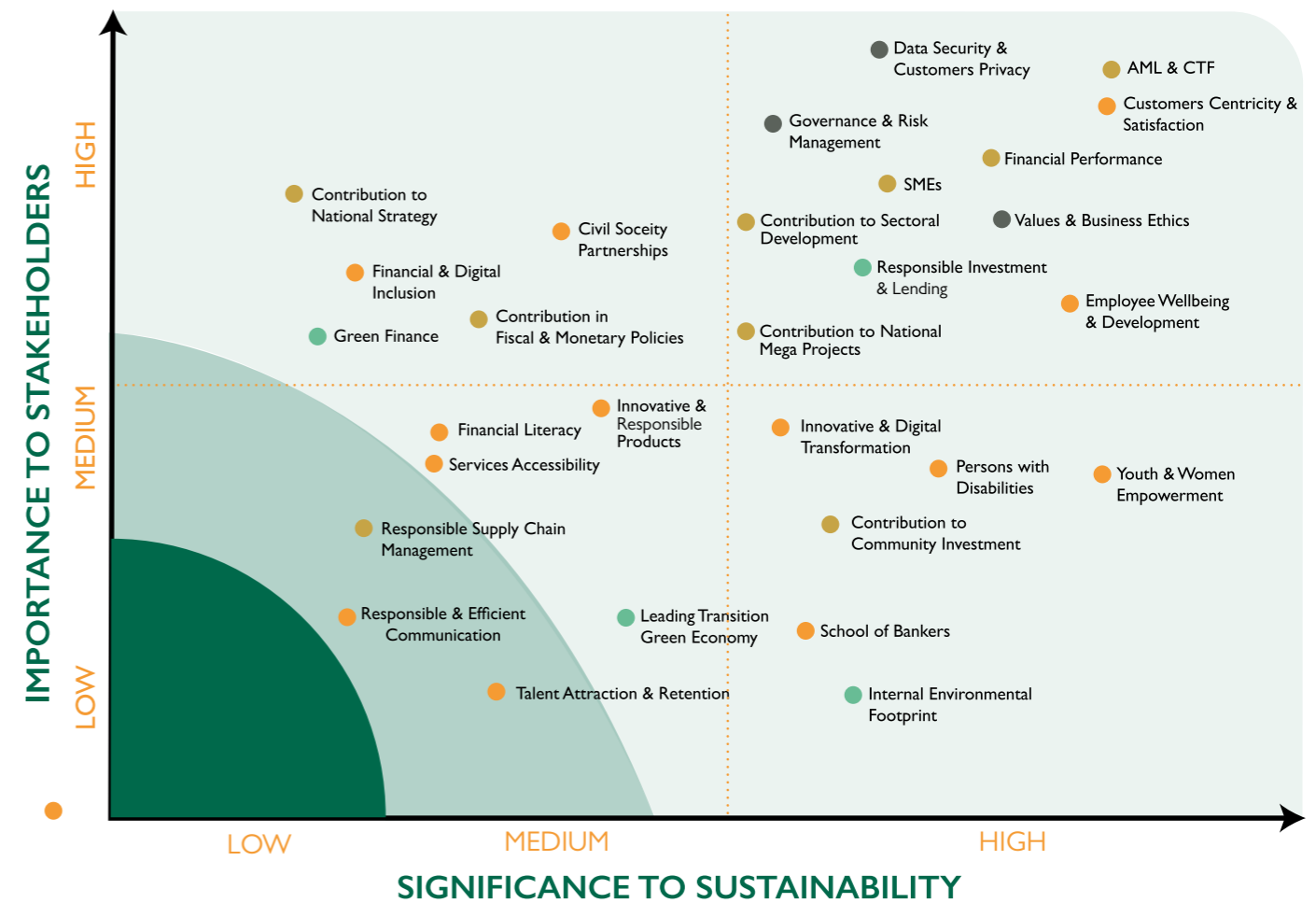


Material Topic¹ Prioritization & Boundaries

In line with the materiality assessment process set out in the GRI Standards, the result of this mapping allows us to identify and prioritize our material sustainability topics. We are able to focus on what matters most to our business, and stakeholders, while we identify the impact boundaries of each of our Material Topics.

Our Materiality Matrix comes as the final phase, where our material topics are exclusively updated in alignment to latest NBE Strategic Priorities of 2019 to ensure that the range of issues included provides a complete representation of the bank's significant sustainability impacts that are still in practice to date.

A list of material topics and their importance level has been concluded for the reporting years, and revisited in 2019, leading to our current list of material topics. This comprehensive and inclusive approach to materiality ensures a robust footing for future development of our sustainability practices, with an eye on our Strategic Directions. (Read on : Our Sustainability Strategic Framework)



Commitment to Egypt & the World¹

NBE contributes to the achievement of Egypt's National Priorities & the United Nations Sustainable Development Goals.

Our Value Creation Mapping highlights how our core business operations and activities create value with a global and national purpose, and impact.

At the forefront of our strategic performance: our Digital Approach for Financial Inclusion, supporting SMEs, e-commerce, empowering youth, green financing, and community investment; are among many more of our key impacts.



Value Creation to National Priorities & the SDGs





 **ECONOMIC ROLE**

Responsible Lending

NBE lending portfolio:
EGP 545 bn
Growth Rate of **19.1%** y-o-y

Retail lending:
EGP 73.2 bn
Growth Rate of **61%** y-o-y

Depositor of Choice

NBE is the banking destination for women, youth & low-income segment.

Deposits **1170 bn**
Market Share **29.7%**

Outstanding Support to SMEs

NBE's unprecedented growth of **32%** in Lending Portfolio to SMEs is the largest in the Egyptian Banking history.

Currently serving 71,211 businesses, with our portfolio value of EGP 57 bn in 2019. Our target is to reach EGP 100 bn by end of 2020.

Acceleration of E-Commerce

NBE is the largest E-commerce platform in Egypt with **EGP 5.2 bn** in volume of transaction, placing the bank at **70%** of market share of the e-commerce business.



 **ENVIRONMENTAL RESPONSIBILITY**

Pioneering Green Finance

The Private Public Sector Industry Project (PPSI)

NBE was the Apex Bank in one of Egypt's largest initiatives by Ministry of Environment (MOE) and Egyptian Environmental Affairs Agency (EEAA). Grant funds reached **EUR 7.17 mn.**

Cleaner Production Program

NBE funded the industrial sector with more than **EGP 1 bn** through the EPAP2 project, resulting in Carbon Emission Reduction of **650,000 tons CO₂** annually. The program was funded by the Aid Danish (DANIDA) & under the umbrella of the Federation of Egyptian Industries.

The Egyptian Pollution Abatement Program (EPAP I, II, & III)

Aimed to decrease pollution in project's hot spots by enabling private & public sector industrial enterprises to invest in pollution abatement measures.

Advocate of Climate Change Action

NBE is the first partner of the European Bank for Reconstruction & Development (EBRD) to finance climate-related projects.

NBE secured a **\$150 mn** financing package dedicated to SMEs in the areas of climate change & social inclusion through employment programs.

Reducing our Environmental Footprint

NBE took robust measures to enhance efficiency rationalization. Through our increased dependence on renewable energy, NBE has managed to reduce its carbon emissions by **206,000 tons** annually.



 SOCIAL CONTRIBUTION

The Inclusive Bank of Egyptians

12.4 mn customers.
40% of our clients hold liability accounts under EGP 1000 (\$60).

Unmatched outreach and simplified banking processes, with 6000 new clients daily inclusion.

Affordable Housing Lender

68,321 customers, where Low-income Households constitute 95% of our housing lending facility.

Women Empowerment

Women constitute 40% of our depositors 59.4% of our microloans for women-owned business.

School of Bankers: Young & Professionals

The Largest annual Youth Training (Internship) Programs within the Banking Sector. A total of 800 university students & 1500 fresh graduates were part of NBE's programs in 2019.

Micro-financing : Empowerment of low-income segment

NBE micro-financing services has supported over 26,081 financing outlets across Egypt, with financing balances exceeding EGP 2.2 bn by end of 2019 at a growth rate of about 69% over 2017. Our customer-base include 938 civil society organizations.

Financial Literacy

NBE's annual participation in the yearly Arab Financial Inclusion Week is among our most successful awareness and financial inclusion efforts. Our awareness campaigns have gone MOBILE. A fleet of NBE Mobile Convoys were deployed to Upper and Lower Egypt Governorates.

Digital Financial Inclusion

Supporting Transition to Cashless Society

By June 2019, two million "Meeza" cards issued across the country by the National Payments Council to boost the transition to a cash-less society & accelerate financial inclusion.

NBE provided access to the National "Meeza Card" to 297,905 citizens, reaching 1807 mn issued cards till end of March 2020.

Promoting Savings' Discipline for Youth

Signed agreements with 27 Egyptian universities

Issued over 1.2 mn cards & 4.2 mn pre-paid cards for students

Largest National Contributor to E-Government Payment

Facilitation of wages payments for 55% of all payroll-payments for Egyptian citizens through NBE electronic payment services.

NBE Digital Banking

Retail Customers:
over 1.3 mn, across our digital channels

Corporate Customers:
13,468 businesses, growing at 85% increase

Social Responsibility for Sustainable Communities

The Largest National Social Funder and Contributor to Social National Development Goals amounting to an average of 9% of NBE's Net profit at EGP 6 bn across distinct pillars: Health, Education, the Development of Youth, Poverty Elimination, Care for Special needs, Families in Debt, Development of Housing projects and Integrated Communities.

People with Special Needs

NBE leaves NO-ONE behind. We take measures to remove barriers for persons with special needs through accelerated services and priority queues and targeting to serve 4 mn customers.

Branches equipped for persons with physical disabilities. ATMs are voice-active for instructions. All branches with professionally trained employees on Sign Language. In 2019, our NBE family has welcomed 177 EMPLOYEES WITH SPECIAL NEEDS, who have also helped the bank to enrich its understanding of our customers' potential needs & barriers.

 GOVERNANCE



Anti-money Laundering & Combating Terrorist Financing

NBE adopts the latest technologies and methods in AML & CTF. Our transactions are monitored against sanctions & regulatory KYC measures.

our 14,136 employees through 2019, managing those areas, received more than 8 trainings in the field of financial crime (AML, CFT, Sanctions, Fraud) & compliance & governance.

Data Privacy & Security

NBE places the confidentiality & integrity of customers' data at the highest level of importance and compliance.

NBE is complaint with the PCI DSS (the Payment Card Industry Data Security Standard) and its main Data Center has been certified to ISO /IEC 27001 (the Information Security Management System – ISMS).