

# ANNUAL REPORT

2020



Board of Directors' Report on Bank Activities  
& Financial Statements for the Year Ended 31<sup>st</sup> December 2020.

A WORLD OF REAL POSSIBILITIES

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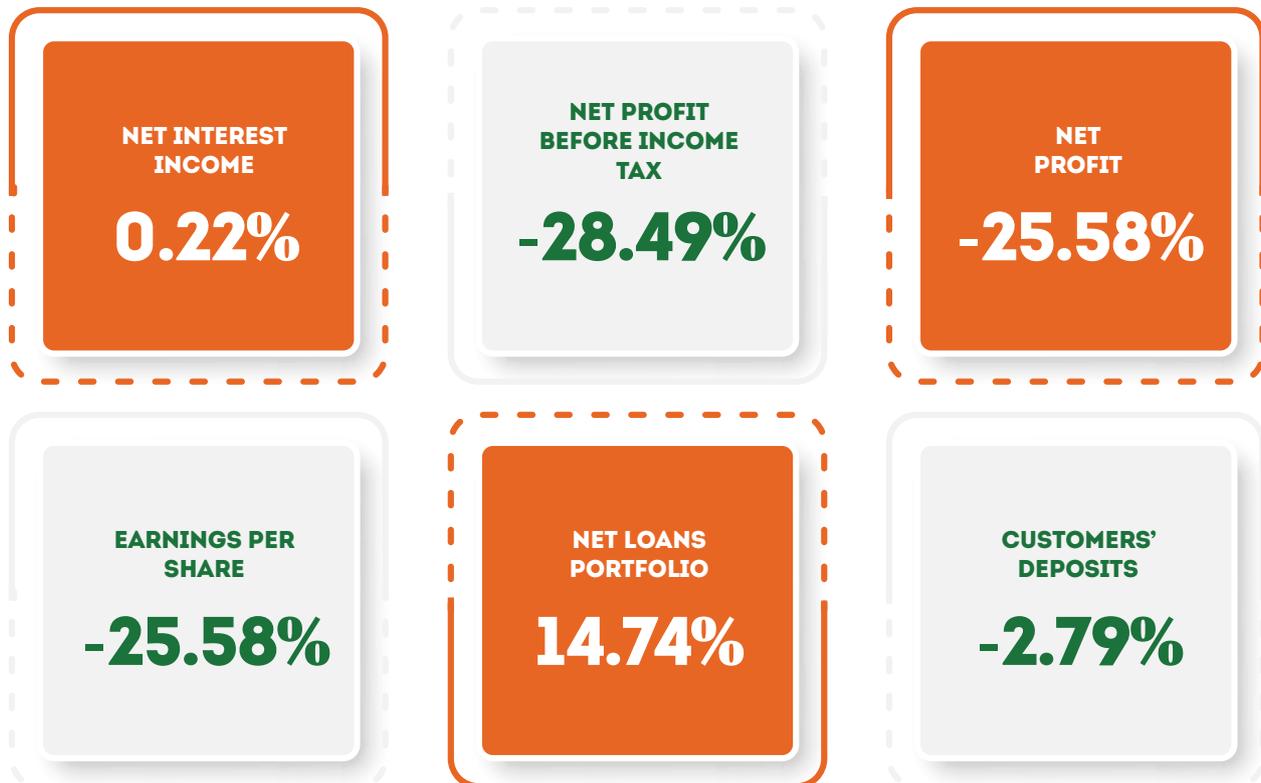
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Bank of INTESA  **SNPAOLO**



## BOARD OF DIRECTOR'S REPORT 2020



- ◆ Net loans portfolio up by 14.74% to EGP 47.96 Billion.
- ◆ Customers' deposits down by 2.79% to EGP 85.01 Billion.
- ◆ Net interest income up by 0.20% to EGP 6,023 Million.
- ◆ Net Profit before income tax down by 28.49% to reach EGP 3,178 Million.
- ◆ Net profit for the year down by 25.58% to record EGP 2,485 Million.
- ◆ Cost to income ratio reached 44.4% in 2020 vs. 39.3% in 2019.
- ◆ Capital Adequacy ratio increased by 2% at level of 20.92% in 2020 vs. 18.92% in 2019.
- ◆ Earnings per share down by 26.4% to reach EGP 5.53 per share.

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# ABOUT ALEXBANK

## ABOUT THE BANK

ALEXBANK is today one of Egypt's leading private sector banks, participated by the Intesa Sanpaolo Group since 2007.

ALEXBANK owns one of the largest private sector branch networks with a total of 211 branches located in every major Egyptian governorate employing over 4,274 individuals who proudly serve about 1.5 million customers, playing a vital role in Egypt's economic present and future. ALEXBANK actively serves the widest spectrum of segments by providing value added financial products, services and solutions to Retail, Small Business, Medium and Corporate Enterprises.

ALEXBANK is currently in the midst of a radical digital transformation aimed at providing our customers with the most unique of banking experiences , via our seamless multi-channel experience incorporating Internet & Mobile Banking, Cards, Electronic wallets, and the latest generation of point-of-sale & ATMs, all powered through the power of Big Data and empowered by key players in the Fintech ecosystem.



## BOARD OF DIRECTORS



### DR. ZIAD AHMED BAHAA EL-DIN

Non-Executive Chairman of the Board of Directors Representative of Intesa Sanpaolo

Dr. Bahaa El-Din has occupied a number of high-level political and economic appointments, most notably as Egypt's Deputy Prime Minister and Minister of International Cooperation, Executive Chairman of the Financial Regulatory Authority (FRA), Executive Chairman of the Egyptian General Authority for Investment and Free Zones (GAFI), the Legal Advisor to Egypt's former Minister of Economy and board member in the Central Bank of Egypt.

Dr. Bahaa El-Din, is currently the Managing Partner of Bahaa-Eldin Law Office (in Cooperation with BonelliErede) and the Managing Partner of Thebes Consultancy, and has more than 30 years of experience in the fields of legal consultancy, compliance and governance of financial institutions.

Dr. Bahaa El-Din currently holds the positions of non-executive Board Member at AXA -Egypt, MTI, Samcrete for Industrial Development, Arabian Cement Company, NBE-UK, Saray Capital - DIFC, and Hassan Allam Holding.

In the field of volunteer work, Dr. Bahaa El-Din is a member of the Board of Trustees of the Cairo Regional Centre for International Commercial Arbitration, a Member of the Board of Trustees of the American University in Cairo, and Chairman of the Ahmed Bahaa El-Din Cultural Foundation in Assiut.

Dr. Bahaa El-Din earned his PhD in Financial Law from the London School of Economics in 1997, and his Master's Degree in International Business Law from the University of London in 1989. He earned his undergraduate degrees in law from Cairo University in 1986 and in economics from the American University in Cairo in 1987.

## MRS. ELENA BRENO

**Non-Executive Vice Chairman of the Board of Directors Representative of Intesa Sanpaolo**

Mrs. Elena Breno holds 23 years of extensive experience in the banking industry.

Graduated with full honors in Business Administration at Bocconi University in Milan, Mrs. Breno started her professional career in 1995 in the Risk Advisory Service Team of Bankers Trust Co in London and afterward she moved to Merrill Lynch's Global Power Group in New York. In 1997, she came back to Italy as senior consultant for Bain & Co, strongly involved in several strategic projects with a focus on the wealth management, commercial and investment banking sectors.

In 2001, she joined the Sanpaolo Group (now Intesa Sanpaolo) as Head of Business Development in the Asset Management Department, afterwards she took the responsibility of the Planning and Control of BIM (Banca IMI) the Group's investment banking and the responsibility of the commercial activities of Eurizon Vita, insurance company of Intesa Sanpaolo Group. She had the opportunity to know the competitive dynamics, product and service models of these significant growing business areas.

In 2009, Mrs. Breno started her experience in the International Subsidiaries Banks Division, which is landed of the Central Eastern Europe and North Africa businesses of Intesa Sanpaolo Group. She currently supports the top management in assessing and defining the strategy and the business plans in line with the commercial targets, the risk appetite and the regulatory frameworks, being also involved in analyzing the international subsidiaries profitability by business lines.

Mrs. Breno is a strong advocate for Inclusion, diversity and women leadership and a firm believer in transparency, integrity and meritocracy. Working in a Group that has a massive footprint in sustainable development and active CSR, Breno collaborated with several associations in the development arena.

Mrs. Breno is currently the Vice chairman, with previous experience as a member of Intesa Sanpaolo Slovenia's Supervisory Board, Audit Committee, and Risk Committee, and Board Member of Sanpaolo Bank Albania Sh. A (Albania), Eurizon Tutela Spa (Italy) and EurizonLife Ltd (Ireland).





## **MR. DANTE CAMPIONI**

**Chief Executive Officer and Managing Director**

Dante Campioni joined ALEXBANK in January, 2015 as Chief Executive Officer & Managing Director.

Campioni brings with him strong commercial expertise gained from his diversified experience through different business units in the Intesa Sanpaolo Group, which started in 1979. His extensive Italian and international business experience featured several assignments within the Group, both in and outside Italy. Amongst the other, for about 4 years, he held the position of General Manager at the Singapore Branch of Sanpaolo IMI, he was then the Head of Europe and Mediterranean Area at the London Hub of Sanpaolo IMI for about 6 years, then Head of Corporate Banking and International Development Division in 2006/2007 at Banca IMI Milan, the Group's investment banking arm, then the Head of Business of Mediocredito Italiano (ISP Group entity specialized in SMEs advisory and Financing) for more than 3 years.

Before his assignment in ALEXBANK, Campioni headed the Liguria and South West Piedmont region for about 3 years, one of largest Italian Areas within the ISP domestic network. Before Egypt, starting from Parma - his hometown. Campioni's global path included Amsterdam, Frankfurt, Singapore, and London, in addition to Milan, Turin, Rome, Florence and Genoa in Italy.

## MR. EDUARDO BOMBIERI

Executive Board Member and Deputy CEO



As of September 2015, Mr. Eduardo Bombieri, Deputy CEO and Board Member, joined ALEXBANK.

Mr. Bombieri joins ALEXBANK with a rich and broad international experience gained from working across various positions in several countries.

He started his international career in London in Structured Finance followed by over 10 years in the United States where he was heading Banca Intesa's International Desk.

Mr. Bombieri later managed Banca Intesa's Los Angeles Branch and finally their New York Branch, as well.

He also spent several years in Milan, where he was responsible for the set up and management of the International Corporate unit, and was later appointed head of ISP's International Credit.

Before joining ALEXBANK, Mr. Bombieri was deputy CEO and Board Member in CIB, the Hungarian subsidiary of ISP.



## **MR. GIOVANNI BERGAMINI**

**Non-Executive Board Member Representative of Intesa Sanpaolo**

With over 34 years of experience in the field of Banking, Mr. Giovanni Bergamini brings valuable experience to his current role as member of the Board of Directors and Chairman of the Audit Committee in ALEXBANK Egypt. Mr. Bergamini also acts as an independent member of other two entities of the ISP Group, Intesa Sanpaolo Romania and B.C. Eximbank S.A. - Moldavia, with the same roles in Board of Directors and Audit Committee.”

Prior to his current role, Mr. Bergamini worked for over 34 years in the field of banking. From June 1978 to January 1997, Mr. Bergamini progressed quite rapidly from the role of employee in Back Office to managing tasks in retail and corporate segment in a regional network. In January 1997 Mr. Bergamini was requested to move to Head Office in Internal Audit Division and from since then his career entirely progressed in the area of the third level of controls.

Starting from 2002, Mr. Bergamini progressively was involved on activities focused of the Bank’s International network and from May 2010 was nominated Head of the IA Office competent for ISP Group South Eastern Banks. Mr. Bergamini took the roles of Chairman of the Audit Committee in Privredna Banka Zagreb (Croatia), in Banca Intesa (Serbia) and Intesa Sanpaolo Banka (Bosna I Hercegovina), and of Permanent Invitee in Intesa Sanpaolo Bank Romania, and was confirmed as independent Chairman in the AC of those Banks from the date of his accession to the pension status in September 2012.

## MR. ALESSANDRO D'ORIA

Non-Executive Board Member Representative of Intesa Sanpaolo



Alessandro D'Oría began his extensive experience in the Intesa Sanpaolo Group in 1987, covering many positions. He started his career in the network, initially as branch manager in Puglia and subsequently area manager in several regions, in the south and north east of Italy.

In 2011, he assumed the role of the Head of Area Puglia within the Banca dei Territori Division until 2015, when he became Head of Direzione Regionale of Milan and province, being responsible for approximately 400 branches. Finally, in 2017 he joined the International Subsidiary Banks Division as Head of the Retail sub-department, in charge of mass and small business segments, pricing, cards and payments.

He launched, with the support of the Retail team in ISBD and in collaboration with the Subsidiaries, the ongoing business transformation project named "Adopting Group Distribution Model", aimed at fostering a proactive sales approach and building a stronger relationship with customers within the ISBD network. Last February, he was appointed Head of the Retail and Wealth Management Department, which includes Affluent and Private segments, Multichannel and CRM activities. Alessandro holds a bachelor degree in Economics and corporate organization.



## **DR. EHAB MOHAMMED HASSAN ABOUAISH**

**Non-Executive Board Member Representative of the Public Domain**

Dr. Abouaish holds a BA degree on Business Administration, MSc on Financial Management of Financial Institutions and a PhD on Financial Services from Nottingham University Business School (UK) 2001.

On 2005 he got the Fulbright visiting scholars and research grant in George Washington University (USA). He has a large number of published researches and studies on international journals and conferences.

Before being appointed as Vice Minister of Finance for Public Treasury on June 2018, he served as Vice-Dean for Postgraduate Studies, Research and International Affairs, Faculty of Commerce, Cairo University from September (2014) - June (2016), and Dean of Faculty of Commerce, Cairo University June (2016) – June (2018).

Professionally he served as Chairman of the Board of Directors the Centre of Research and Commercial Studies, Cairo University. Chairman of the Risk Management Committee (ERM), Misr Insurance Company. Member of a number of Board of Directors of private companies. He acted as Managerial Consultant and participated on a large number of institutional reforms and development programs and consultations on different managerial fields for Egyptian and Arabian companies for more than 15 years.

## **SHERINE HAMED EL SHARKAWY**

**Non-Executive Board Member Representative of the Public Domain**



Mrs. Sherine El Sharkawy holds a BA degree on Economics, Sep. 1986 – Jun. 1990, The American University in Cairo (AUC), Egypt.

M Sc in Finance and Investment, Sep. 1997 – Jul. 1998, University of Exeter, United Kingdom.

Member of the Association of Graduates from British Universities in Egypt, Member of the German Arab Chamber of Industry and Commerce in Egypt & Member of the Egyptian Junior Businessmen Association in Egypt.

From June 1991 to August 1997, Manager, Credit Department, The Commercial International Bank (Previously the Chase National Bank), then Director & Head of Direct Investment, The Commercial International Bank in Cairo from August 1998 to June 2007, then Senior General Manager – Corporate Finance – Ahli United Bank (Egypt), March 2008 – Dec. 2009., she is currently Deputy Minister of Finance for Economic Affairs.

## LETTER FROM THE CHAIRMAN



**DR. ZIAD AHMED BAHAA EL-DIN**

Non-Executive Chairman of the Board of Directors Representative of Intesa Sanpaolo

Dear Colleagues,

On behalf of Alexbank Board of Directors, I would like to start our Annual Report for the year 2020 by paying tribute to our employees for the outstanding results, continuous growth and professional performance during the Covid-19 year which left our bank and the whole world suffering from severe health, economic and social implications.

Not only have we been able to provide our banking services regularly and achieve results that made us all proud, but also have managed to excel under very difficult circumstances. From quickly responding to pandemic-related needs, shifting to remote work and customer service, complying with the highest health and safety standards, to providing health care to our employees, including those diagnosed with Covid-19, our many accomplishments reflect Alexbank and Intesa Sanpaolo's values that put our employees' health and wellbeing and workplace safety first, which is also very important from both a social and human responsibility and productivity perspective.

However, Bank of Alexandria was not spared from the consequences of the pandemic. Rather, many employees and their families were exposed to the disease, and almost no house was without its repercussions. The family of the bank lost dear colleagues who left a great void

behind them. We renew our prayers for them with mercy and would like to express our sincerest condolences to their families and loved ones.

Bank of Alexandria has succeeded in continuing to work, grow and serve the Egyptian banking market in these circumstances, as vigorously as other businesses in other economic sectors throughout the country. Egypt has succeeded in dealing with the difficult economic conditions with wisdom and balance. This enabled the economy to continue to be active and grow. Work in factories and sites of production and construction is hardly affected. In 2020, many important policies and legislation were issued to support economic growth. Chief among them is a new law to supervise banks, bringing Egypt into a new era of electronic financial transactions and supporting modern supervision systems.

Unfortunately, coronavirus risks and repercussions still exist and even escalated by the beginning of 2021. However, it seems that the world has started to reap the fruits of the international efforts to develop a vaccine against the coronavirus, which spur hope that the virus will be soon conquered. Despite this crisis, we will proceed to work, exert our utmost and best efforts so that Bank of Alexandria may always be at the forefront of the Egyptian banks and institutions which are keen on serving their customers and safeguarding the country's interests.

Finally, I would like to extend my deep thanks and appreciation to Bank of Alexandria's Executive Management for its sincere efforts, prudent leadership and remarkable achievements in the previous year, to ISP Group for its ongoing support and to my colleagues of the Board Members for their valuable contributions and instant follow-up. I wish good health and safety to all the Bank's employees and stakeholders, and welfare to our country, Egypt.

# GLOBAL AND LOCAL ECONOMY IN 2020

## INTERNATIONAL DEVELOPMENTS: AN EXCEPTIONAL YEAR

2020 was marked by the outbreak of Covid-19, resulting in over 87 million cases worldwide and the death of almost 1.9 million people.

## GLOBAL ECONOMY HIT HARD

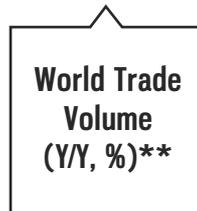
The global economy was hit by a dual shock on both demand and supply sides, leading to an estimated contraction in 2020 by about 4.4% against 2019, and the loss of millions of jobs around the world. Oil prices have reached record low, to the extent that the price of US oil has turned negative for the first time in history in April. All countries have adopted mutli-trillion Dollars stimulus packages, with different magnitudes, to confront the consequences of the pandemic through direct financial aid, tax relief, loan guarantees, loan moratorium, and public investments.



**-4.4**



**-10.4**



**277**



**332**



**88-115**



\*Forecast in 2020 against 2.8% in 2019

\*\*Forecast in 2020 against 1% in 2019

\*\*\*365% of GDP

Source: IMF, WB, ILO, IIF

## EMERGING MARKETS: BETTER THAN EXPECTED PERFORMANCE

Although Emerging Markets (EM) have been negatively affected by the decline in FDIs, remittances and exports, they have proved somewhat resilient in 2020, led by the fast recovery of China and the return of capital inflows in March looking for high yields. The MSCI EM Index went up more than 54% from its low point on the 23rd of March last year, when global stocks plunged as the virus began to spread rapidly and MECI EM Currency Index has recovered as well against the US Dollar. The vast majority of emerging markets avoided debt defaults and significant restructurings.



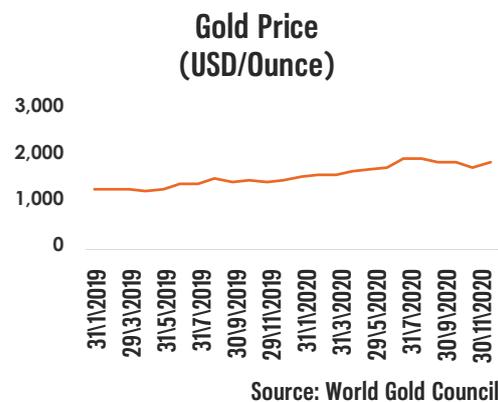
\*Morgan Stanley Capital International (MSCI) is an index used to measure equity market performance in EMs.

Source: MSCI



## VARIOUS INVESTMENT TRENDS

- ◆ **Gold Remains Attractive**  
Uncertainty about the global economy and the efficiency of vaccine distribution, central banks' increasing investments in the yellow metal and weakening US Dollar have contributed in turning to gold as a safe haven.
- ◆ **Disconnect Between Wall Street and Main Street**  
While most companies have stumbled during the current crisis, the US Stock Market has reached new peaks.
- ◆ **Increasing Appetite For Riskier Assets**  
Cryptocurrencies have hit a new high, where the Bitcoin's price has exceeded USD40k.

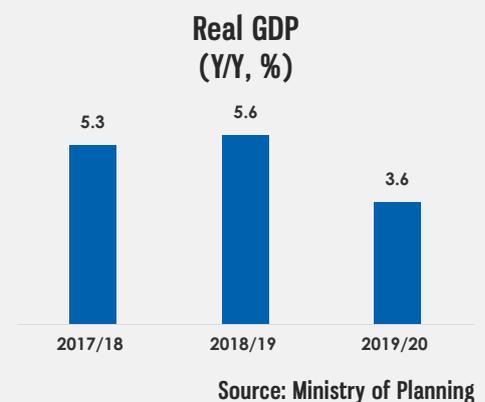


## THE EGYPTIAN ECONOMY SHOWS RESILIENCE

The Egyptian government has adopted a balanced approach to tackle the consequences of the pandemic, including the implementation of a partial lockdown and increasing government expenditures.

### GDP & ECONOMIC ACTIVITY

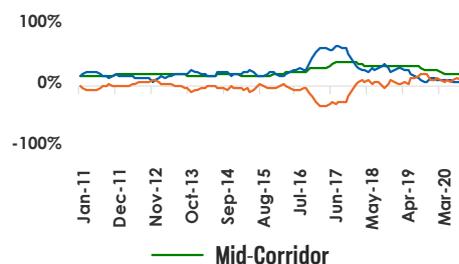
- ◆ In spite of missing the original target of 6% for GDP (Y/Y) in 2019/20, the Egyptian economy has recorded one of the highest growth rates in the world, reaching 3.6%. This growth was led by Oil Refining, Trade and General Government Expenditures. On the other hand, Tourism, Non-Oil Manufacturing and Extractions activities have witnessed the highest decline in their contribution to real growth.
- ◆ Unemployment rate has risen to 9.6% in Q2 2020 against 7.7% in the previous quarter, before decreasing again in Q3 2020 to 7.3%.



## INFLATION & MONETARY POLICY

- ◆ Annual headline CPI went down to an average of 5% during 11M 2020 compared to 9.6% one year earlier due to subdued demand. This slowdown has urged the Central Bank of Egypt (CBE) to lower key interest rates by 400 pbs to support different economic activities, while keeping real interest rate (Mid Corridor minus Annual CPI) high at 3.2% as of November 2020. The CBE's next inflation target has been set at 7% ( $\pm 2$  percentage points) on average during Q4 2022 down from 9% ( $\pm 3$  percentage points) on average during Q4 2020.
- ◆ Accordingly, yield on the 3-M T-Bills has declined to 12.627% by the end of year against 14.823% in the beginning of 2020.

### Inflation & Interest Rates



Source: Central Bank of Egypt

## FISCAL BALANCE & PUBLIC DEBT

The Egyptian government has taken a number of measures to contain the economic impacts of Covid-19, including:

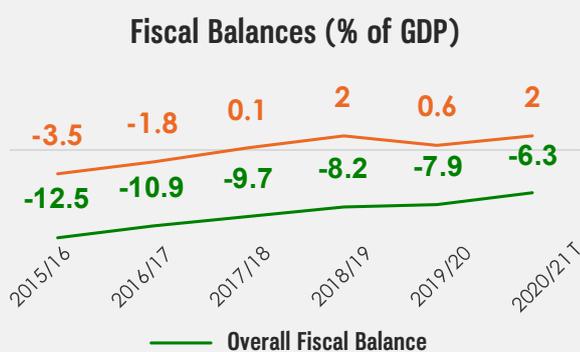
- ◆ Allocating almost EGP100 billion (2% of GDP) to combat the virus outbreak.
- ◆ Providing a monthly financial aid (EGP500) for seasonal employment.
- ◆ Postponing electricity and natural gas payments for 6 months for touristic and aviation companies.
- ◆ Suspending the implementation of the tax on agricultural land for two years.
- ◆ Reducing natural gas and electricity prices to the industrial sector.
- ◆ Postponing an outstanding property tax on factories and touristic institutions for three months.
- ◆ Offering EGP3 billion loans guaranteed by the government to tourism companies at low interest rates (5%) to fund wages and basic expenses.
- ◆ Imposing “a financial development fee” on a number of items including gasoline and diesel fuel, athlete contracts, the licensing of sporting services, and pet animal food, with the aim of adding EGP15 billion to state revenues (no effect on domestic oil prices).
- ◆ Deducting 1% from the salaries of public and private sectors' employees and 0.5% from pensions for 12 months.
- ◆ Waiving 50% of the late fees on monthly jet fuel payments EgyptAir owes to the Egyptian General Petroleum Company (EGPC).

### Fiscal Response to COVID-19 (EGP MN)

MEASURES	2019/20	2020/21	TOTAL	% OF GDP
Additional Health Expenditure	8.2	5.5	13.7	0.2
Support to Households	8.2	28.9	37.1	0.6
Support to Firms	31.5	27.3	58.8	1.0
<b>TOTAL</b>	<b>47.9</b>	<b>61.7</b>	<b>109.6</b>	<b>1.9</b>

## FISCAL PERFORMANCE

- ◆ The Egyptian government was able to contain the budget deficit over the past 5 years from 12.5% of GDP in 2015/16 to 7.9% in 2019/20, and it targets lowering the ratio to 6.3% in the current fiscal year. Meanwhile, The IMF expects public debt to rise to 93% of GDP in 2020/21 before falling below 75% of GDP in 2025/26. The authorities have continued to shift toward issuance of longer term debt instruments to extend the maturity profile of public debt, with the average maturity of tradable debt increasing to 3.9 years in 2019/20 from 2.8 years in 2018/19.
- ◆ To protect the most vulnerable, coverage of the main cash transfer program Takaful and Karama has been expanded by 400k to reach 3.6 million households. The authorities are also working on a further expansion of coverage to 4 million households by June 2021 with financial support from NGOs.



\*T stands for Targeted / Source: Ministry Of Finance

## EXTERNAL POSITION

- ◆ Current account deficit remained broadly stable throughout 2019/20, with the first half of the fiscal year posting an improvement and the second half, bearing the weight of the COVID-19 pandemic. It outperformed all expectations, due to the improvement in non-oil trade balance and the pickup in remittances.

## Balance of Payments

USD BN	2018/19	2019/20	CHG (Y/Y, %)
<b>Trade Balance</b>	-38.0	-36.5	-4.1%
<b>Exports</b>	28.5	26.4	-7.4%
Petroleum	11.6	8.5	-26.6%
Other Exports	16.9	17.9	5.7%
<b>Imports</b>	-66.5	-62.8	-5.5%
Petroleum	-11.5	-8.9	-22.9%
Other Imports	-55	-53.9	-198.1%
<b>Suez Canal</b>	5.7	5.8	1.3%
<b>Tourism</b>	12.6	9.9	-21.6%
<b>Remittances</b>	25.2	27.8	10.4%
<b>CA* Balance</b>	-10.9	-11.2	2.5%
<b>FDI (net)</b>	8.2	7.5	-9.5%
<b>Portfolio Investment (net)</b>	4.2	-7.3	...
<b>OVERALL BALANCE OF PAYMENTS</b>	-0.1	-8.6	...

\*Current Account

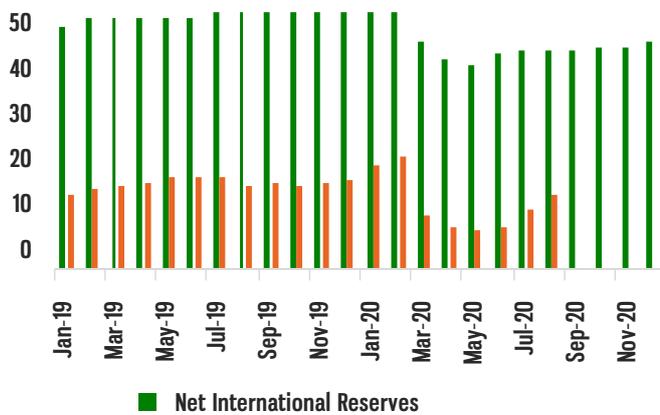
- ◆ Total inflows of FDI decreased by 3.4%, while total outflows edged up by 2.8%. This resulted in a contraction of 9.5% in net inflows of FDI in Egypt, to post USD7.5 billion as an outcome of: (1) The contraction of 68.2% in net investments in the oil sector, (2) The decline of USD383.4 million in net investments in the non-oil sectors.
- ◆ Portfolio investment in Egypt shifted to net outflows of USD7.3 billion (from net inflows of USD 4.2 billion in the previous FY), impacted by the departure of investments of non-residents in light of the shock of Covid-19 pandemic that hit international financial markets; however, inflows started to recover in June. Foreign reserves have lost almost USD9.5 billion, reaching USD36 billion in May 2020, before gradually increasing until reaching USD40.1 billion in December.
- ◆ JP Morgan said that Egypt was the only Middle East and Africa country to retain the confidence of world's big credit rating agencies; Standard & Poor's, Moody's, and Fitch Ratings. The three agencies have affirmed the country's credit rating, signaling the confidence in the Egyptian economy.

- ◆ Egyptian authorities were able to secure almost USD 23 billion foreign funds from multiple sources in 2020, as follows:

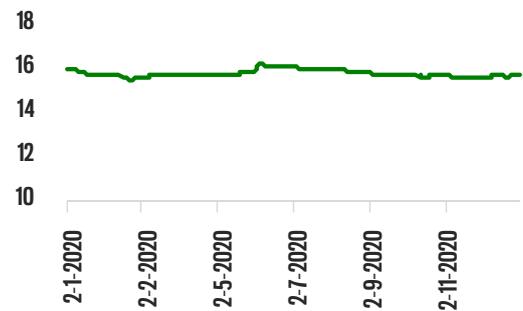
AMOUNT	DESCRIPTION
USD 5.2 BN	Stand-By-Agreement with the IMF.
USD 2.8 BN	Repaid Finance Agreement with the IMF.
USD 5 BN	Eurobonds.
USD 5.9 BN	1Y USD T-Bills.
EUR 1.3 BN	1Y EUR T-Bills.
USD 2 BN	Islamic Finance.
USD 0.75 BN	Green Bonds.

- ◆ Due to these factors, the Egyptian Pound was one of the top performing currencies in EMs during 2020, slightly appreciating by 2% against the US Dollar.

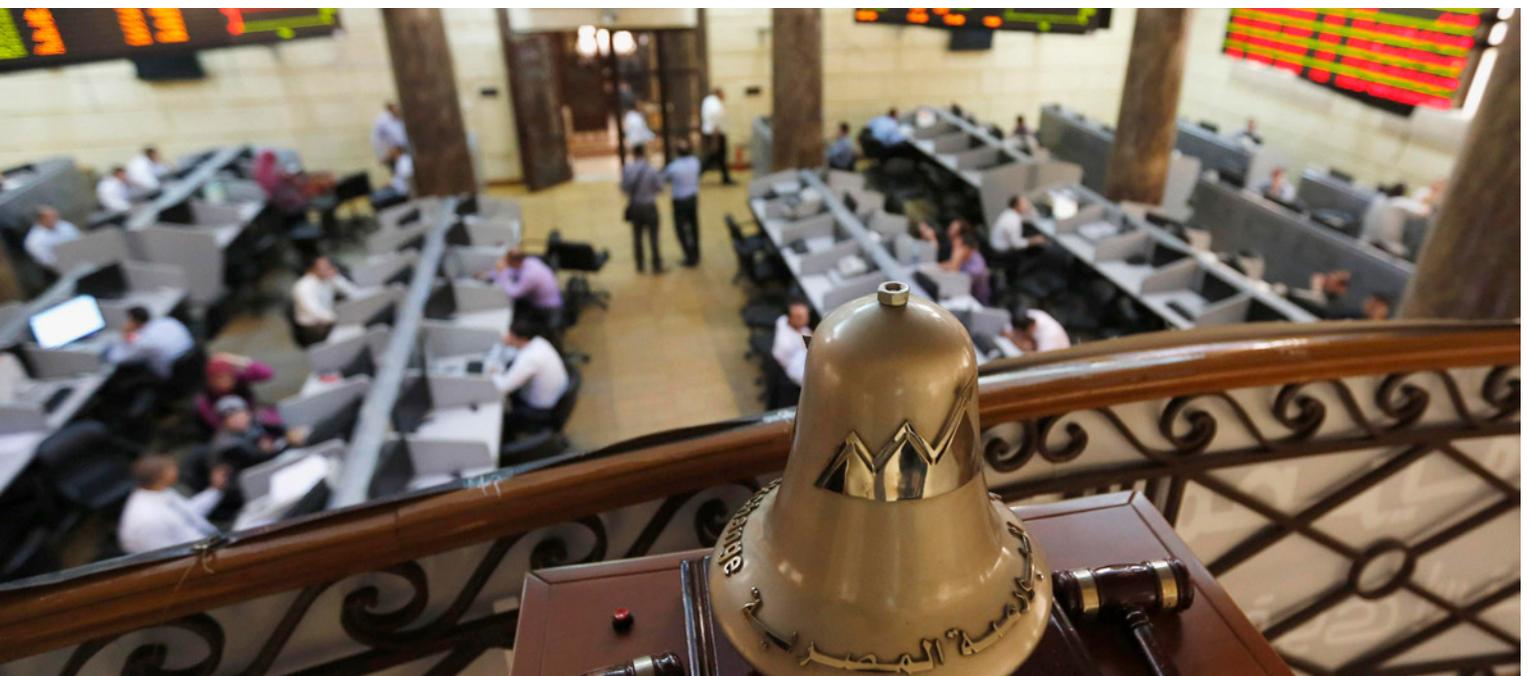
External Position (USD BN)



Exchange Rate



Source: CBE



# COVID-19

## COVID-19 FINANCIAL IMPACT

The outbreak of the coronavirus “Novel COVID-19 pandemic” has spread across geographies globally, causing disruption to business and economic activities, which brought uncertainties in the local and global economic environment. Both domestic and global financial and monetary authorities have announced various support measures across the globe to address potential negative impacts.

Due to of the above, there is a tangible business disruption in many business sectors in the economic environment. The bank is closely monitoring the situation, as the bank has activated the business continuity plan and remote working have been implemented and as per the government directions some staff are working from home and other risk management procedures to manage the potential business disruption due to this outbreak and its impact on the banking operations and financial performance of the bank.

Due to the uncertainty resulting from the outbreak and in anticipation of the expected economic slowdown. The bank is closely monitoring its portfolio of financial instruments to determine the impact of this outbreak on the various quantitative and qualitative factors to identify significant increases in credit risks (SICR) related to the sectors most affected by the crisis according to the best estimates, in light of the available information on previous events and current conditions, and based on the assumptions related to the expected economic performance.

As result; the bank’s management started to study the formation of the necessary provisions expected to reduce the impact of this outbreak on the portfolio of financial instruments, loans and receivable during the current year by revisiting the forward-looking macro-economic factors and the likelihood of economic scenarios for ECL calculation and Loss Given default (LGD) with increase of average of 7% and Probability of default (PD) is being reassessed and increased by average of 1.3% and the coverage ratio for the past due is increased from 20% to 40% considering the expected delinquency after the CBE initiative by September 2020.

Accordingly, the bank has started studying the potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets of the bank at the end of March 2020 and the ECL calculated by 30 June 2020 were mainly increased as result of the COVID-19 impact and these are considered to represent management’s best assessment based on observable information.

However, the markets remain volatile and the amounts disclosed remain sensitive to market fluctuations with the possibility of creating additional provisions as a precautionary step with the end of repayment holidays announced by the Central Bank of Egypt on March 16, 2020 (the postponement of does not automatically trigger a significant increase in the credit risk and staging for the purpose of calculating expected credit losses) to all borrowers in particular classes of financial instruments until the clarity of the actual performance of the portfolio.

The Bank’s approach is to maintain a prudent Liquidity position with a Liability driven strategy, as almost the entire funding base is customer based; which is a core component of the Risk Appetite. The Bank has a well-established Contingency Funding Plan (CFP), where Liquidity Risk is assessed in line with all Regulatory and Internal Liquidity Measurements, and Basel II requirements; including Liquidity Stress Testing; Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

## COVID-19 BUSINESS CONTINUITY PLAN

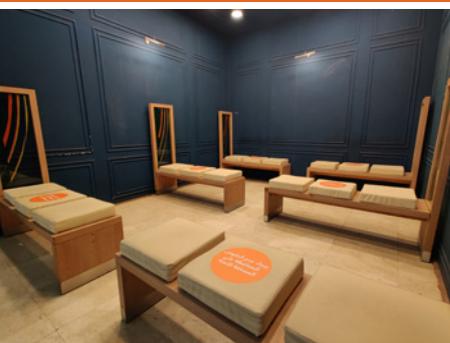
Since March 18th, CGC (Crisis Governance Committee) meetings have been organized on regular basis to review the situation nationally, share emerging information, review measures put in place, and agree on necessary decisions and next steps.

- ◆ Continuous monitoring of the global virus outbreak, local developments, and internal occurrences in addition to regular internal communications with all Bank staff to provide updates on the latest status of the health crisis, safety measures to apply and maintain in the workplace as well as activating continuously amended internal continuity plans.
- ◆ Rigorous application of all regulations and circulations by the CBE related to COVID-19 to support clients during the critical phase, including postponement of loan installments, cancellation of transfer fees and ATM withdrawal fees.
- ◆ Establishment of a clear strategy imposing strict quarantine guidelines for all members of staff that have been in contact with positive-tested individuals in order to ensure staff and clients are shielded from potentially infected individuals.
- ◆ Systematic monitoring of socio-political consequences of the crisis for the Bank as well as for all our stakeholders.

## COVID-19 HEALTH & HYGIENE

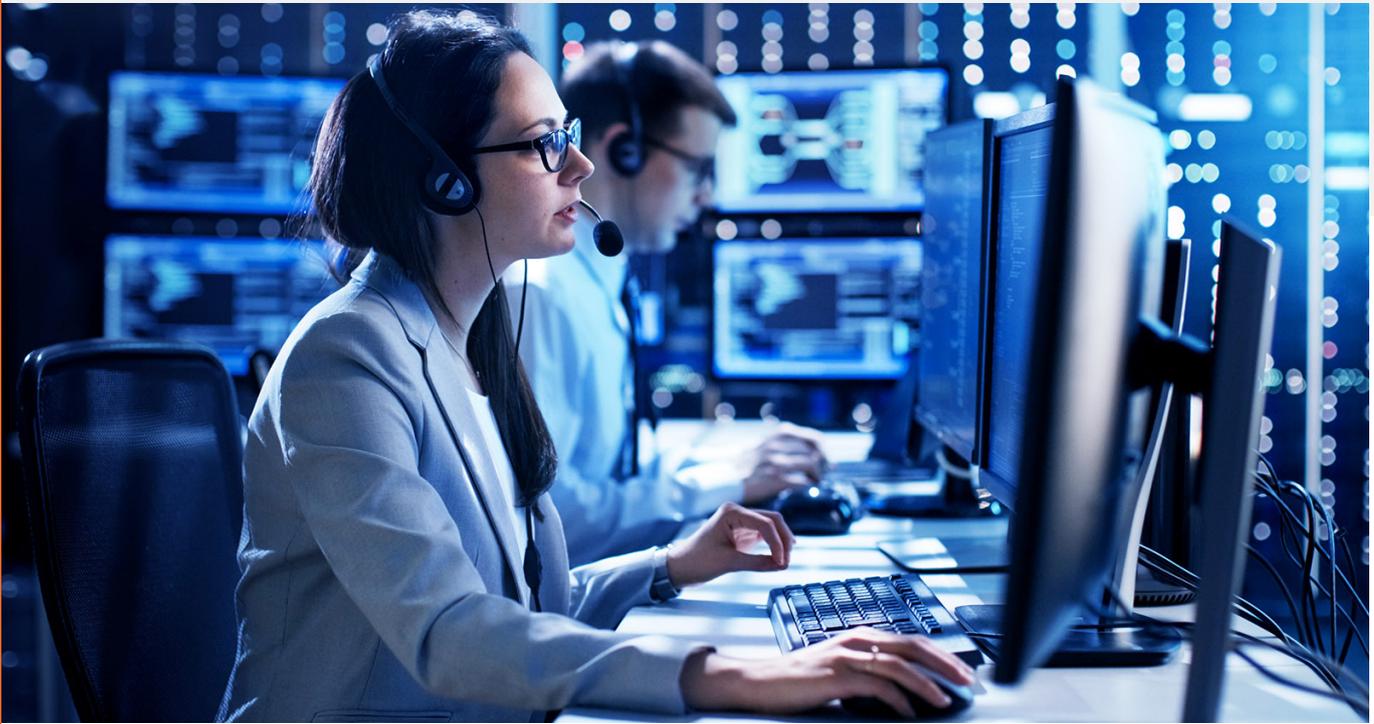
The Bank maintains the standardized sanitization processes for all its branches daily, in accordance with Ministry of Health standards in addition to also applying Nanotechnology, a market first, to ensure an even higher level of decontamination.

- ◆ All branches and ALEXBANK buildings have been covered by a sanitization process using Nano technology, which prevents viral dissemination via air and surfaces for a period of one year.
- ◆ Sterilizing materials are available in all branches for use by staff and customers before entering a branch, in addition to distributing thousands of masks to customers at times when it was challenging to find facemasks in the market. We continue to provide masks on exceptional basis.
- ◆ All staff wear facemasks during their presence in any and all Bank premises. As additional precautionary measures, face shields for employees have been distributed across all branches.
- ◆ ALEXBANK's Medical Unit has carried out a review of the medical history of all staff to identify those with chronic diseases and other serious health conditions rendering them especially vulnerable to COVID-19. The review has led to allowing the identified employees to work remotely from the safety of their homes with full salary entitlement.
- ◆ To date, more than 600 PCR tests have been conducted for ALEXBANK employees who have sought certainty, noting that all positive cases conducted more than one PCR test to guarantee they are negative before resuming working from the office.
- ◆ All medical expenses accumulated by positive cases have been covered by the Bank and sick leave with full salary entitlements have been provided. Furthermore, a survey was disseminated among COVID-positive staff members to evaluate and collect their feedback on the support provided by the Bank during their isolation and treatment in order to insure best possible support is presented perpetually.



- ◆ The Bank has arranged a mobile air-conditioned bus whereby suspicious cases would take an appointment to conduct the PCR in order to minimize the risk of infection in case of negative case and to facilitate the process.

- ◆ Mirroring our parent company for possible maximum protection of employee's health and safety, we launched a flu vaccination campaign for all employees free of charge accompanied with a structured communication plan for the available distribution centers of the vaccine across the governorates in November 2020.



## COVID-19 MITIGATING THE BUSINESS IMPACT

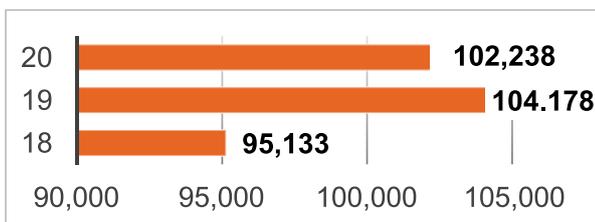
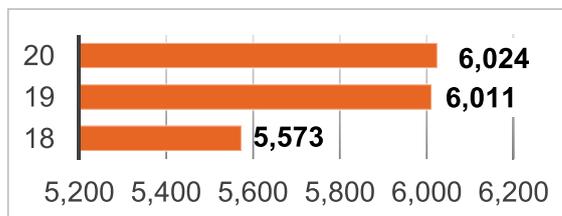
Various solutions have been applied on each function depending on the nature of its work and its business requirements. These solutions include smart working, relocation strategies, splitting of teams, rotation plans as well as enhancements of ALEXBANK's digital banking services to ensure social distancing and Business Continuity at all times.

- ◆ All meetings, whenever possible, have taken place virtually.
- ◆ ALEXBANK availed smart working measures for over 72% of its Head Office staff to ensure their safety as well as Business Continuity.
- ◆ Onsite staff was reduced gradually to reach 20% for Head Offices. At the beginning of September 2020, this proportion increased to reach 50%, while it has been reduced to 35% again in mid-November 2020.
- ◆ Business continuity plans have been prepared and applied on all branches. In case of the closure of a branch, the nearest branch geographically will act as its substitute branch. The decisions are made and revisited by the CGC continuously.
- ◆ All safety measures have been applied in branches, including availing a seating area outside branches, social distancing inside the branches, and ensuring all clients are wearing masks in branches at all times.
- ◆ The use of digital channels to minimize the number of clients in branches have been encouraged throughout the past year, including undergoing enhancements of ALEXBANK's digital banking services and ensuring satisfactory services provided by automated channels.

# FINANCIAL HIGHLIGHTS

## NET INTEREST INCOME (EGP MLN)

Net interest income increased by EGP 13 million or 0.22% in 2020 vs. 2019.

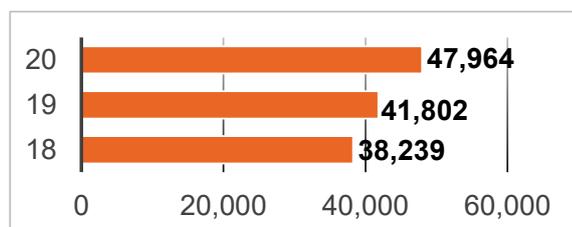
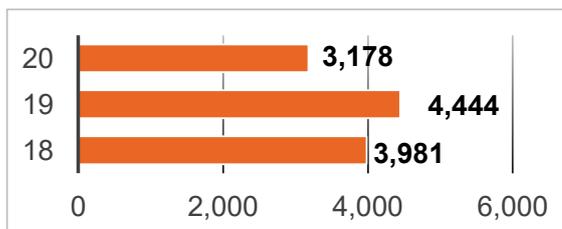


## TOTAL ASSETS (EGP MLN)

Total Assets decreased by EGP 2 billion or 1.9% in 2020 vs. 2019.

## NET PROFIT BEFORE INCOME TAX (EGP MLN)

Net Profit before income tax decreased by EGP 1,266 million or 28.49% in 2020 vs. 2019.

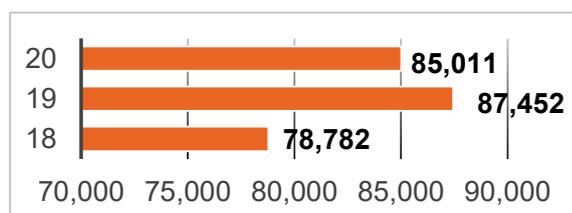
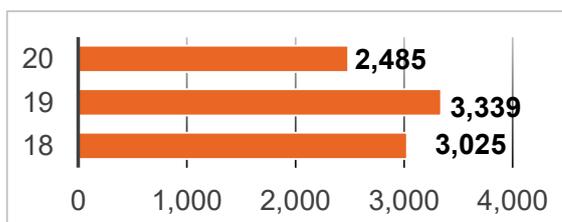


## NET LOANS (EGP MLN)

Total net loans increased by EGP 6.16 billion or 14.74% in 2020 vs. 2019.

## NET PROFIT (EGP MLN)

Net Profit for the year decreased by EGP 854 million or 25.58% in 2020 vs. 2019.



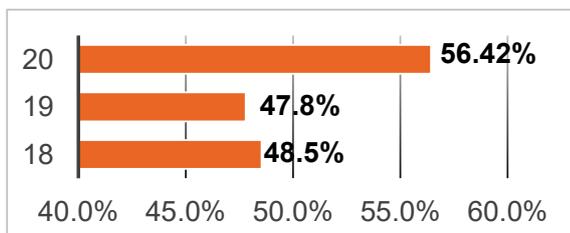
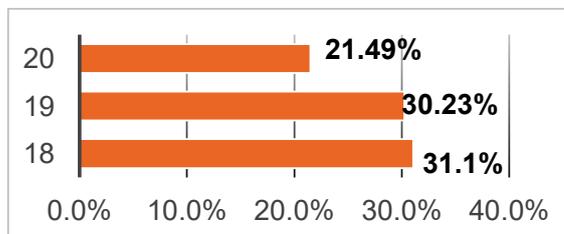
## CUSTOMERS' DEPOSITS (EGP MLN)

Customers' deposits decreased by EGP 2.44 billion or 2.79% in 2020 vs. 2019.

# FINANCIAL HIGHLIGHTS

## RETURN ON AVERAGE EQUITY (%)

Return on Average Equity decreased by -8.7 bps in 2020 vs. 2019.

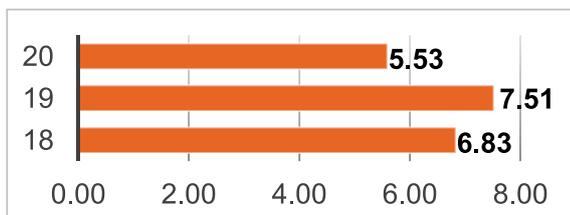
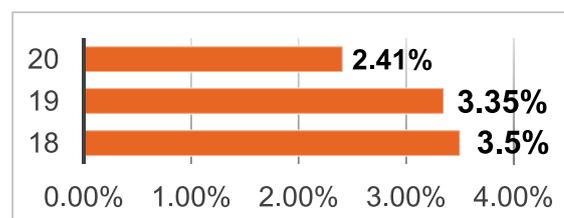


## LOANS (NET)/DEPOSITS (%)

Net Loans to deposits ratio increased by 8.6 bps in 2020 vs. 2019.

## RETURN ON AVERAGE ASSETS (%)

Return on Average Assets decreased by -0.9 bps in 2020 vs. 2019.

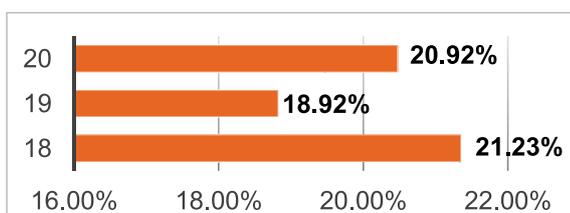
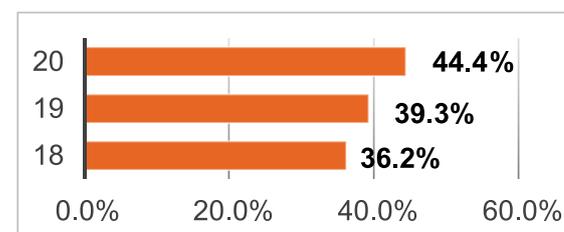


## EARNINGS PER SHARE (EGP)

Earnings per share decreased by EGP 1.98 in 2020 vs. 2019.

## COST / INCOME (%)

Cost to income increased by +5.1 bps in 2020 vs. 2019.



## CAPITAL ADEQUACY (BASEL II) (%)

Capital Adequacy ratio increased by 2.0 bps in 2020 vs. 2019.

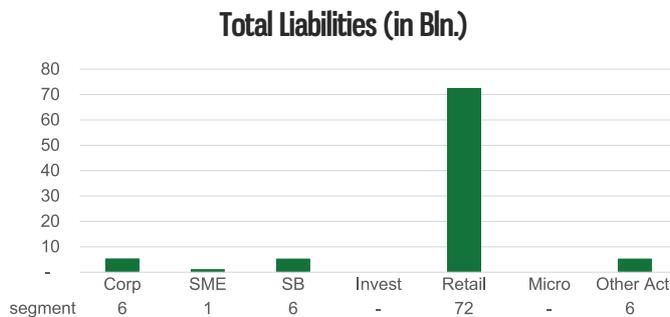
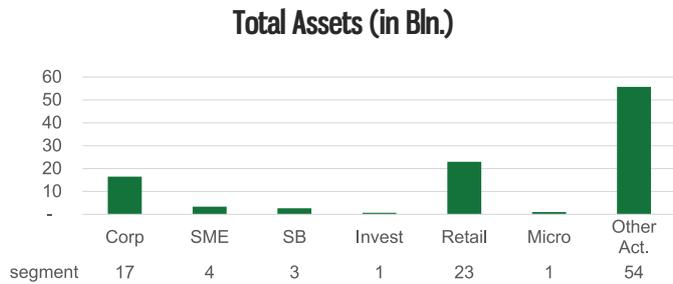
# COMMENTS ON OPERATIONS

ALEXBANK reported a remarkable set of results in FY 2020 taking in consideration the economic effect of Covid-19, with consolidated net income up 0.65% y-o-y to EGP 6.67 billion. Net interest income reached EGP 6.02 billion, up 0.22% from 2019. While net fees and commission income grew 5% over the previous year to EGP 651 million.

Net profit recorded 2,485 million in FY 2020. The Bank was able to maintain its operational efficiency in 2020, with the cost-to-income ratio standing at 44.4% compared to 39.3% in 2019. Return on average equity (ROAE) recorded 21.49% from 30.23% in 2019. Return on average assets (ROAA) recorded 2.41% for 2020, from 3.35% in 2019.

ALEXBANK taxation team succeed to finish tax inspection process for a particular year ahead of the following year end, ALEXBANK Also implemented an automation process from calculating and deducting Stamp duties on loans and facilities – “Fiscal stamp as well development fees as per Law No.83 Y 2020, ALEXBANK has registered in Large tax payers center electronic gate which is powered by IBM – SAP and E-finance and start submitting all type of taxes digitally in addition to electronic payment through E-finance.”

Total assets stood at EGP 102.24 billion FY2020, down by 1.9% from EGP 104.18 billion In 2019 segmented as follows.



Total Liabilities recorded EGP 90.70 billion FY2020, down by 2.04% from EGP 92.59 billion In 2019 segmented as follows.

Gross loan portfolio stood at EGP 50.63 billion at year-end, growing 14.25% from EGP 44.32 billion y-o-y. While customer deposits recorded 85.01 billion, down by 2.79% from 87.45 billion in 2019.

Through the Bank’s conservative risk-management strategy, asset quality remained resilient in 2020 while booking provisions adequate to mitigate any potential risks. Provision expense for 2020 amounted to EGP 513 million, bringing the loan-loss provision balance to EGP 2.42 million.

NPLs represented 3.98% of the gross loan portfolio, cushioned by a solid 53.53% coverage ratio.

Total tier capital was EGP 11.42 billion. and 20.92% of risk-weighted assets as of December-2020, Tier I capital was EGP 10.86 billion (as affected by the application of the new Banking law# 194 FY 2020).

The Bank comfortably maintained a liquidity position above CBE requirements and Basel II guidelines, in both local currency and foreign currency. Local currency CBE liquidity ratio remained well above the regulator's 20% requirement, recording 44.39% as of December-2020, while Foreign currency CBE liquidity ratio reached 34.85%, above the threshold of 25%.

NSFR was 230.99% for local currency and 174.12% for foreign currency, and LCR was 2595.99% for local currency and 366.32% for foreign currency, comfortably above the 100% Basel II requirement.

21.98% from Net loans concentrated in SME lending exceeding the required 20% as per CBE instructions.



## BALANCE SHEET

### ASSETS

Change

	31 DEC 2020	31 DEC 2019	VAR	(%)
	EGP MILLION	EGP MILLION		
Cash and balances at Central Bank of Egypt	4,475	5,975	-1,500	-25.1 %
Due from banks	13,609	31,119	-17,510	-56.3 %
Treasury bills and other	25,664	18,047	7,617	42.2 %
Loans and advances to customers	47,964	41,802	6,162	14.7 %
Financial assets classified at fair value through profit and loss	7	7	...	0.00 %
<b>Financial investments</b>				
Financial assets classified at fair value through other	7,431	4,948	2,483	50.2 %
Financial assets classified at fair value through profit and loss	56	50	6	12.00 %
Investment in associates	66	77	-11	-14.3 %
Intangible assets	148	152	-4	-2.6 %
Deferred tax assets	198	...	198	-100.00 %
Other assets	1,996	1,367	599	43.8 %
Fixed assets	654	634	20	3.15 %
<b>Total assets</b>	<b>102,238</b>	<b>104,178</b>	<b>-1,940</b>	<b>-1.9 %</b>

Total Assets decreased by 1.9% or EGP 1.94 billion, to reach EGP 102.238 billions, mainly due to the following:

- ◆ Cash and Balances with the CBE recorded EGP 4,475 million (down by 25.1%) vs EGP 5,975 in FY 2019, mainly due to the decrease in the mandatory reserve by EGP 1,448.
- ◆ Due from banks recorded EGP 13,609 million vs EGP 31,119 million in 2019 (down by 56.3%), due to a decrease in Deposits with CBE by EGP 16,411 million along with a decrease in interbank placements by EGP 1,343 million.
- ◆ On the other hand Treasury Bills increased in net book value reaching EGP 25,664 million comparing to EGP 18,047 million at end of FY 2019 (up by 42.2%).
- ◆ Net Loans and advances (Performing and Non-performing) to customers reached EGP 47.96 Billion, adding EGP 6.16 Billion. or 14.7% YTD, affected by the capitalized interest of 6 months postponed by CBE moratorium. Major effect is mainly an increase in the retail loans of EGP +2,982 million or +14.5% concentrated in personal loans, and in corporate loans by EGP 3,332 million or +14% concentrated in overdraft .

While Gross NPLs has increased by 6.69% or EGP 126 million, representing 3.98% of the gross loan portfolio.

- ◆ Financial investments classified through other comprehensive income increased by EGP +2,483 million (+50.2%) to reach EGP 7,431 million vs EGP 4,948 million in FY 2019, mainly due to the increase in investments in government bonds.
- ◆ Net intangible Assets decreased by EGP 4 million due to new additions by EGP 103 million while amortization expenses increased to reach EGP 107 million.
- ◆ Net fixed assets increased by EGP 20 million due to total depreciation expenses by EGP 112 million offset by new additions by amount EGP +132 million.



## LIABILITIES

Change

	31 DEC 2020	31 DEC 2019	VAR	(%)
	EGP MILLION	EGP MILLION		
<b>Liabilities and shareholders' equality liabilities</b>				
Due from banks	499	457	42	9.19 %
Customers' deposits	85,011	87,452	-2,441	-2.79 %
Other loans	813	908	-95	-10.46 %
Other liabilities	2,204	1,671	533	31.82 %
Other provisions	402	276	126	45.65 %
Current income tax liabilities	577	587	-10	-1.69 %
Deferred tax liabilities	...	172	-172	-100.00 %
Retirement benefits obligations	1,196	1,065	131	12.30 %
<b>Total liabilities</b>	<b>90,702</b>	<b>92,588</b>	<b>-1,886</b>	<b>-2.04 %</b>

Total Liabilities decreased by 2.04% or EGP 1,885 million to record EGP 90.7 billion, mainly due to the following:

- ◆ Due to banks increased by EGP 42 million (up by 9.19%) to reach EGP 499 million mainly in due to banks Placements for EGP 79 million against a decrease in due to banks current accounts by EGP 37 million.
- ◆ Customer Deposits recorded EGP 85.11 billion down by 2,441 million (2.79%) YOY comparing to EGP 87.45 billion in FY 2019.
- ◆ The post retirement medical benefits increased by EGP 131 million (12.30%) than FY 2019.

## SHAREHOLDERS' EQUITY

Change

	31 DEC 2020	31 DEC 2019	VAR	(%)
	EGP MILLION	EGP MILLION		
<b>Shareholders' Equity</b>				
Share capital	800	800	...	0.00 %
Reserves	1,801	1,834	-33	-1.80 %
Retained earnings	8,936	8,955	-19	-0.21 %
<b>Total shareholders' equity</b>	<b>11,536</b>	<b>11,590</b>	<b>-54</b>	<b>-0.46 %</b>
<b>Total liabilities and shareholders' equity</b>	<b>102,238</b>	<b>104,178</b>	<b>1,939</b>	<b>-1.9 %</b>

Total Shareholders' Equity decreased by EGP 54 million down by 0.46% due to the following:

- ◆ Decrease of retained earnings by EGP 19 million down by 0.21% to record EGP 8,936 million against EGP 8,955 million by end of 2019.
- ◆ Decrease in the reserves by EGP 33 million, affected mainly by decrease in Fair value reserve for investments through O.C. I.

# INCOME STATEMENT

## STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

			Change	
	FOR THE YEAR END 31 DEC 2020	FOR THE YEAR END 31 DEC 2019	VAR	(%)
	EGP MILLION	EGP MILLION		
Interest and similar income	10,868	13,210	-2,341	-17.7 %
Interest and similar expense	-4,845	-7,199	-2,354	-32.7 %
<b>Net interest income</b>	<b>6,023</b>	<b>6,011</b>	<b>12</b>	<b>0.22 %</b>
Fee and commission income	947	927	20	2.2 %
Fee and commission expense	-296	-307	11	-3.6 %
<b>Net fee and commission income</b>	<b>651</b>	<b>620</b>	<b>31</b>	<b>5.0 %</b>
<b>Net income</b>	<b>6,674</b>	<b>6,631</b>	<b>43</b>	<b>0.65 %</b>
Dividends' income	3	49	-46	-93.9 %
Net income from financial assets classified at fair value through profit and loss	-1	1	-2	0.00 %
Change in financial assets classified at fair value through profit and loss	5	-41	46	-112.20 %
Net trading income	84	88	-4	-4.5 %
Gain/(Losses) from financial investments	9	...	9	100.00 %
Bank's share in undistributed profit of associated companies	-5	4	-9	-225.00 %
impairment (charge)/ recovery on credit losses	-513	115	-628	-542.24 %
Administrative expenses	-2,968	-2,634	-334	12.7 %
Other operating revenues/ (expenses)	-110	230	-340	-147.83 %
<b>Net profit before income tax</b>	<b>3,178</b>	<b>4,444</b>	<b>-1,266</b>	<b>-28.49 %</b>
Income tax expense	-693	-1,104	411	-37.2 %
<b>Net profit for the year</b>	<b>2,485</b>	<b>3,339</b>	<b>-854</b>	<b>-25.58 %</b>
Earnings per share (EGP/share) - Basic	5.59	7.51	-1.92	-25.6 %
Cost to income ratio	44.4 %	39.3 %	5.1 %	12.98 %

## **NET PROFIT RECORDED EGP 2,485 MILLION VERSUS EGP 3,339 MILLION FY2019 (DOWN BY EGP 854 MILLION, A 25.58 % FROM FY2019)**

### ◆ **Net Income**

Net income reached EGP 6,674 Million. up by 0.65% vs. fourth-quarter 2019, caused mainly by increase in both net interest income and net fee and commission income compared to FY2019.

#### ◇ **Net Interest Income**

Net interest income reached EGP 6,023 Million. up 0.22% YoY.

Derived mainly due to CBE moratorium policies to counter the economic damage caused by Covid-19 pandemic by decreasing interest rates.

#### ◇ **Net fee and commission income**

Net fee and commission income reached EGP 651 Million. up by 5% YoY.

increase in fees and commission income by EGP 20 Million and decrease in fees and commission expense by EGP 11 Million, resulted with netting effect of EGP 31 Million increase compared to FY2019.

### ◆ **Dividends income**

Decreased by EGP 46 million (down by 93.9% YoY) to record EGP 3 Million versus EGP 49 million in FY 2019.

## **INCOME TAX EXPENSES**

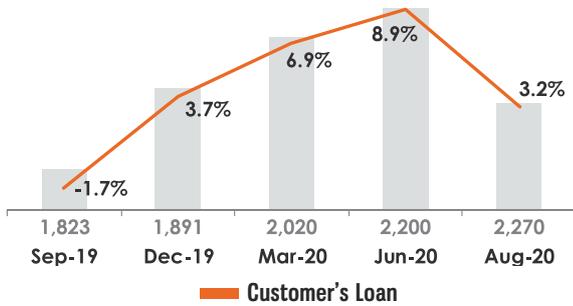
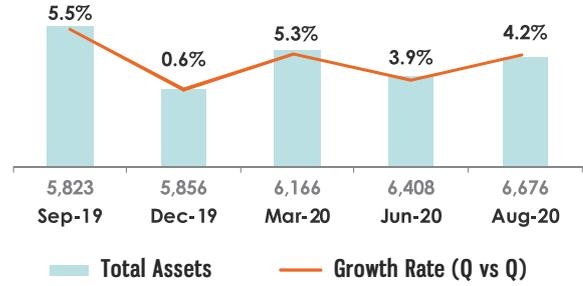
- ◆ Decreased by EGP 411 million to reach EGP 693 million versus EGP 1,104 million in FY 2019.



# MARKET SHARE

## Total Assets

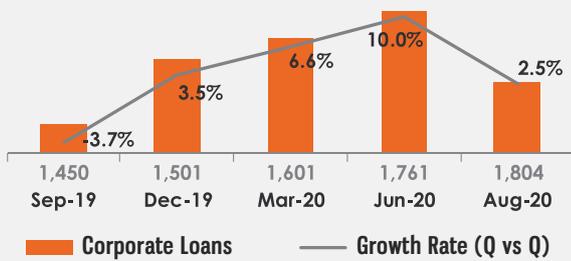
Total Assets market share increased in August-20 by 18.4% compared to August-19.



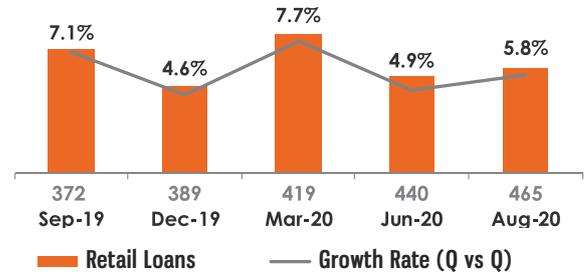
## Customers' Loans

Total Loans market share increased by total of 25.4% in August-20, due to the Increase in corporate loans market share by 24.6% and in Retail loans by 28.3% between August-19 and August-20.

## Corporate Loans

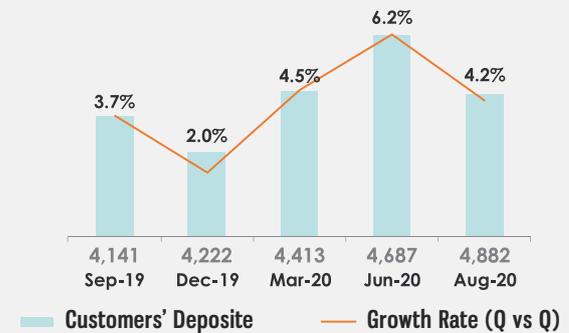


## Retail Loans

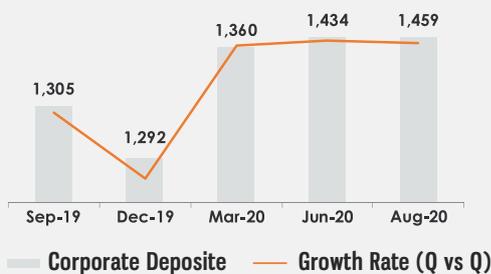


## Customers' Deposite

Total Customer Deposits market share increased by total of 21.7% in August-20, due to the Increase in corporate deposits market share by 21.1% and in Retail deposits by 22% between August-19 and August-20.



## Corporate Deposite



## Retail Deposite



# CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

Established in 1954, ALEXBANK has leveraged its resources as a financial institution to serve its community and country. With nearly 5,000 employees working towards the expansion of our 175 branches and head offices, ALEXBANK is consistently working towards strengthening its developmental framework. As such, the CSR & Sustainable Development Office introduced a four-year strategy in order to strengthen efforts to create shared value for all.



## THE CSR & SUSTAINABLE DEVELOPMENT OFFICE STRATEGY 2018–2021

Introduced in 2018, the CSR & Sustainable Development Office Strategy aims to mirror parent company Intesa Sanpaolo Group's four-year Business Plan as well as contribute to Egypt Vision 2030. Moreover, it enables us to solidify our commitment to establishing sound environmental governance, introducing efficient community development initiatives and promoting financial inclusion. The Strategy aims to address the following:

- ◆ Sustainable Finance.
- ◆ Community Development.
- ◆ Environmental & Social Governance.

As we conclude the third year of the Strategy, the CSR & Sustainable Development Office is proud to report its initiatives have benefitted thousands of citizens in the year 2020.

For more information on the social and environmental initiatives being undertaken by ALEXBANK, all previous editions of our Sustainability Report are available on our website as well as information on how to reach relevant functions via phone or email in the "Contact Us" tab.



## OUR RESPONSE TO COVID-19

With COVID-19 occupying the headlines and agendas of all governments, corporates and civil society organizations worldwide taking us all by surprise and disrupting the stability, health and well-being of humans globally with extreme repercussions on the most vulnerable, ALEXBANK being one of the leading banks in Corporate Social Responsibility has joined forces with all relevant stakeholders to respond to the needs of the community members and customers while prioritizing the health and safety of its own employees.

Supporting our community members and partners to navigate safely the unprecedented outbreak of COVID-19, we have been successful to respond swiftly to the persisting community needs via a manifold relief plan consisting of:

- ◆ Delivery over 15,000 food boxes support packages across Egypt through donations from the bank and the bank's employees in partnership with the Egyptian Food Bank through the "Doing Good Challenge" between private sector entities.
- ◆ Providing medical support to the Italian Hospital in Cairo dealing with COVID-19 patients through donating 6 ventilators. Donating six ventilators to the Italian hospital in Cairo.
- ◆ The Federation of Egyptian Banks had coordinated a collective donation campaign from banks where ALEXBANK contributed with EGP 6,000,000.
- ◆ Sent a series of awareness SMS's raising awareness on COVID-19 precautions to 1,927 project beneficiaries.

### ◆ Ebd3 men Masr Goes Digital in Response to COVID-19

To help bridge the gap between our Ebd3 men Masr (EMM) handcrafters and purchasers, ALEXBANK, under the auspices of Ministry of Social Solidarity, had partnered with its long-standing strategic partner, Sawiris Foundation for Social Development and Egypt's leading online commerce platform Jumia Egypt in April 2020 to introduce the launch of an exclusive Ebd3 men Masr online shopping experience on Jumia store. This online store directly impacts more than 5,000 artisans.

We are happy to have onboarded more partners into this successful project like Drosos Foundation, El Nidaa, That, and Yadaweya. Further, the National Council for Women in collaboration with the International Labor Organization is to contribute in increasing purchases of products creatively produced by 38 women artisans.

Since the launch of EMM page on Jumia, the initiative has transcended with store sales of over 2,000 products with total sales revenue exceeding EGP 306,000. Currently, more than 2,200 products are available for purchase on Jumia and more products are being added on a monthly basis.



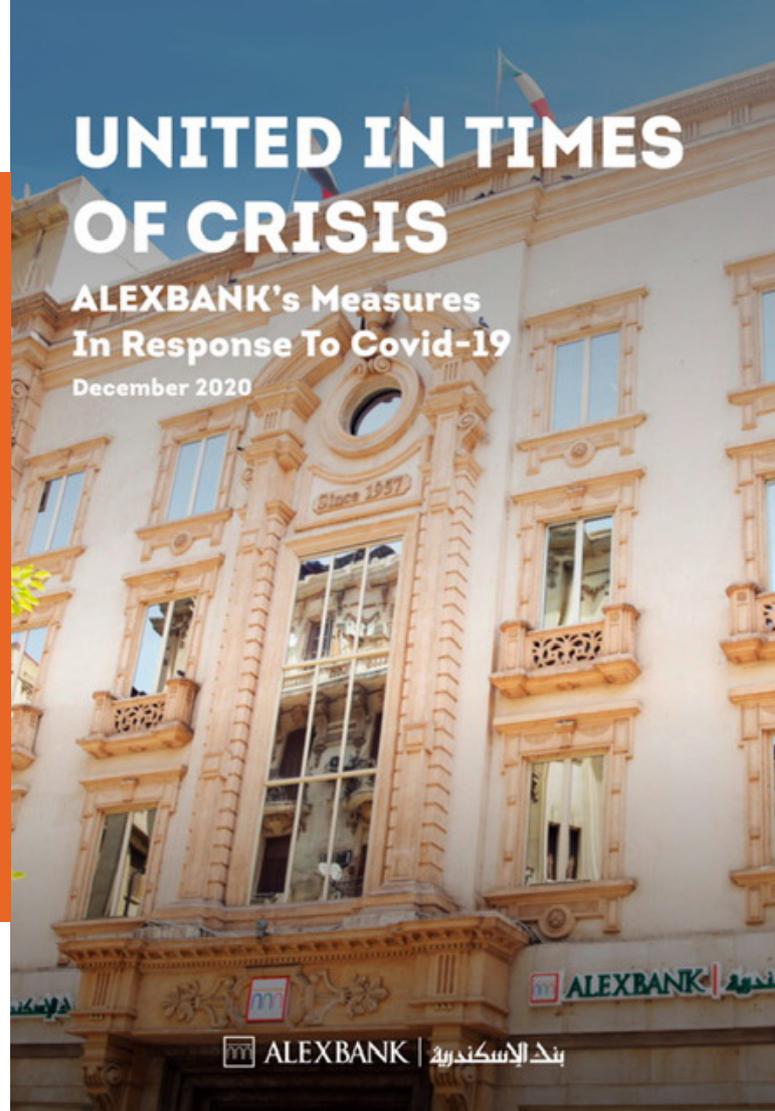
### ◆ COVID-19 Response Map Publication

As a response to the unexpected emergence of the COVID-19 pandemic, ALEXBANK has tailored a report that maps out the bank's crisis management actions in ensuring the safety of its stakeholders. The report details the measures taken towards its staff through its policies of flexible working operations, its clients through ALEXBANK's financial services & products as well as complying to Central Bank of Egypt's policy regarding postponing debt, and the communities ALEXBANK operates in by extending the reach of our beneficiaries through online platforms that sell their products. The report has been launched on ALEXBANK's website in both Arabic and English.

# UNITED IN TIMES OF CRISIS

## ALEXBANK's Measures In Response To Covid-19

December 2020



## SUSTAINABLE FINANCE



### ◆ “Hady Body” Financial Literacy Board Game

Due to the current and growing worldwide threat of COVID – 19 many of our field activities have paused. However, we believe in the importance of remaining in touch with our beneficiaries and are therefore looking to digitize our “Hady Body”, our financial literacy board game. This way, children across different governorates in Egypt can still play the game, with no health or safety risks. After two years of success roll-outs in schools reaching up to 12,00 children across Egypt, the the game, which teaches children how to spend, save and donate, shall now be availed through a digital platform that can simultaneously entertain and educate children aged 8-12.

Fully aligned with Intesa Sanpaolo Group and the CSR & Sustainable Development Office 2018-2021 Strategy, the game will not only fulfill our goal of raising financial literacy but will further solidify our commitment to promoting financial concepts ideas and practices digitally.

## ◆ World Saving's Day Celebration and International Financial Inclusion Week

Arab Financial Inclusion Week is an initiative that aims to raise awareness on the importance of financial literacy and inclusion in promoting development. In 2020, and in observation of strict social distancing and limitation of gathering restrictions, we raised awareness about the Central Bank of Egypt (CBE) direction, capitalizing on the World Saving's day Celebration and International Financial Inclusion week (15th -31st October 2020) digitally. On LinkedIn, we raised awareness on the CBE's financial inclusion efforts as well as on our initiatives aligning with the regulator, Egypt Vision 2030, Intesa Sanpaolo Group's Business Plan (2019-2020) and the Sustainable Development Goals (SDGs). Moreover, we participated in ISBD's We Financial Education Webinar "Sharing Experiences" with the Museum of Saving in Milan, during which ISBD banks were invited to share their country-specific experiences.

## ◆ Accessible Branches

ALEXBANK's Accessibility project, aims to make ALEXBANK branches more accessible to People with Disabilities (PWDs). Financial inclusion is a key priority for ALEXBANK. In line with the CBE's mandate and regulations as well as the CSR & Sustainable Development Office Strategy (2018-2021), this accessibility initiative ensures that more segments of the Egyptian population have access to financial services as well as opportunities towards financial inclusion in addition to positioning ALEXBANK as an inclusive and responsible employer.

The main purpose of the project is to make ALEXBANK branches accessible to PWDs according to international standards and best practices. Our approach is to enable access to people living with disabilities in two contexts: (1) as a regular client who can access all services offered in our branches and (2) as an employee providing PWDs an equal opportunity to contribute to the banking industry. In 2020, ALEXBANK continued to advance the Physical Accessibility project. Together with Helm Consulting, we conducted two Disability Equality Training (DET) sessions to 30 ALEXBANK front-liner employees enabling them to adequately manage relationships with PwD.

## ◆ Digital Savings Groups

In July 2019, the "National Digital Savings Groups" project was launched by the Central Bank of Egypt. In partnership with ALEXBANK, National Council for Women (NCW), CARE International Egypt Foundation and Vodafone Egypt. Influenced by CARE International Egypt's Saving Groups model, ALEXBANK has been working to advance this method for poverty alleviation by encouraging savings and lending as investment into income generating activities. Moreover, this project is considered an initial step towards partial digitalization, aiming to act as an enhancement over the traditional method allowing for safer transactions while paving the way for the development of the project. The project also includes training on financial literacy, entrepreneurship and social skills, while engaging men and boys to ensure the meaningful implementation and success of the project.

Thus far in the pilot phase, ALEXBANK has onboarded 200 into 10 savings groups across Asyut and Beni Suef. National IDs were further issued for 100 women and loans were granted to 61 women, 13 out of which were used by the women for income generating activities. Additionally, 78 women in 5 savings groups received financial literacy session.



As for the Post-Pilot Phase of the Digital Savings Groups Project, the plan is to enable 3,100 beneficiaries to attain access to the digital savings platform that will enable them both socially, as well as economically. Furthermore, ALEXBANK is making an additional contribution in form of a social non-financial service - a micro-insurance package for the women in the digital savings groups, which covers medical costs for accidental death, permanent disability due to accident, funeral expenses in case of accidental death, accidental medical reimbursement, critical illness (including female cancer) female cancer treatment and in-hospital stays.

### ◆ Ebd3 men Masr Microloan

Ebd3 men Masr (EMM) is ALEXBANK's sustainability flagship initiative. Its literal translation is "creativity from Egypt". It refers to the innovation in the presentation of the Egyptian traditional heritage and crafts inherent in its projects. EMM is a creating shared value platform that empowers traditional handicrafts producers and young product designers and entrepreneurs. It offers them support in developing their businesses as well as better market access. To date, the project has impacted more than 4000 craftsmen, 90% of which are women and 60% youth, across 15 governorates in Egypt.

Over the past years, the beneficiaries of EMM have developed and have become banked in numerous ways, most prominently through PoS acquiring services. As an extension to our financial inclusion activities we designed a microloan to these handcrafters in order to further empower them. This EMM microloan was launched in 2019 and expected to create business value for ALEXBANK in the sense of serving the underbanked handicrafts men and women under EMM who were not encouraged to borrow from under the conventional microfinance umbrella. The loan is accompanied with a business skills and financial literacy component that is designed to enhance their ability to grow their businesses successfully. An average loan size of EGP 50,000 is normally required in advance of exhibitions, for the purchase of raw materials and fixed assets. A microloan product branded EMM will enable ALEXBANK to capture this target segment, which has been the focus of CSR & Sustainable Development initiatives for several years. It will allow the Bank to eventually achieve the objective of shared value: business for ALEXBANK and social value for the handicraft community.

Over the project's period through 2019 and 2020, 39 microloans have been disbursed.

## COMMUNITY INVESTMENT PROJECTS



### ◆ Ghalya: ALEXBANK Women's empowerment platform



Ghalya by ALEXBANK

Through our Corporate Social Responsibility and Sustainable Development Office, Ghalya's initiative was launched with our strategic partner the National Council of Women (NCW) in line with their national campaign "Ta' Marboota" early in 2020 to provide a space for female-led projects. Ghalya's platform focuses on addressing common problems facing women in Egypt such as early marriage, homeless girls, gender equality, and to boost women empowerment through our tools to drive women entrepreneurs to success.



### ◇ Launch of Ghalya Initiative in light of International Women Day

ALEXBANK chose to celebrate the day in partnership with Egypt's female led social enterprise The Doodle Factory, 2,400 female staff, 200 female leaders and influencers were presented with a "Ghalya" gift box. Proceeds from the gift box have been redirected to support over 10,000 children with liver diseases through the purchasing of intensive care monitors for the Yassin Abdel Gaafar Charity Center for Liver Diseases. Ghalya launch announcement has been made at the Women Economic Forum taking place for the first time in Egypt where all conference giveaways were "By Women For Women" benefitting 500 female artisans.



Photograph by Ahmed Hayman

### ◇ Combatting Early Marriage in Manial Shiha

ALEXBANK has been working with Appropriate Communication Techniques for Development (ACT) to combat violence against girls and women of Manial Shiha to provide women to receive micro loans and project management related trainings. In 2020, ALEXBANK helped uplift the social and economic status of 25 young women in Manial Shiha through educating them, providing them with psychological support and economically empowering them through micro-projects in the field of hand-crafts.

### ◇ Bagaweet (previously known as Red Sea Crafts)

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### ◇ My Craft, My Chanc

We launched a partnership with Helwan for Community Development Foundation [Bashayer Helwan] where the NGO is executing an empowerment project to 450 direct beneficiaries of the local community members of Helwan, with the majority of their target audience being women (83.3%). The project aims to provide trainings in basic literacy, spreading health awareness, handcrafts trainings, and provides family planning services. The project also contributes to improving indirect beneficiaries and families by supporting breadwinner, spreading awareness of their legal and social rights among themselves and the members of their community. This project is consistent with the Country's national strategy for the empowerment of women by focusing on increasing their contribution to the economic development through combatting the root causes hindering their active participation.



◆ Ebda3 Men Masr

◆ The Calligrapher – Phase II



“The Calligrapher” is a project designed to revive the art of calligraphy and restore public appeal towards it in Egypt. Its implementation involves two phases that include professional workshops and trainings for 24 participants covering aspects relevant to management skills. Due to COVID-19, the second phase of the project called “Post-Graduation Support Program” was executed online & was aimed to provide an opportunity for practicing artists who graduated from the First Phase to share their professional and technical expertise on a wider scale through educational courses to teach some Arabic lines to support the continuity of learning during the gathering restriction period, to sell their products that reflect the power of Islamic art, and to introduce them the professional arena and on a wider scale.

◆ EMM Goes Social; Ebda3 Men Masr Launches Its Social Media Channel

ALEXBANK launched its flagship initiative’s Facebook and Instagram accounts to compensate for the decreasing capacity of organizing physical exhibitions and increase reliance on digital platforms to maintain the artisans’ sales and marketing opportunities. To date, we have around 1,390 followers on Instagram and 400 on Facebook.

◆ “Ebda3 men Masr” Online Store on Jumia

ALEXBANK launched an Ebda3 men Masr online store on Jumia in response to COVID-19’s unexpected obstacles, in order for us to bridge the gap between our talented artisans and the market. This project is under the auspices of the Ministry of Social Solidarity and is in collaboration with many partners, of which is our strategic partner Sawiris Foundation for Social Development, and has recently on-boarded Drosos Foundation and El Nidaa.



**SOME STORIES ARE TOLD,  
BUT THE BEST STORIES  
ARE CRAFTED.**



◇ “Ebda3 Men Masr” at El Gouna Film Festival

In light of ALEXBANK being a strategic partner to the 4th edition of the annual Gouna Film Festival 2020 (GFF20), taking place in the red sea resort town of El Gouna from October 24th to October 30th, we seized the opportunity to showcase the success of the Bank’s flagship CSR initiative “Ebda3 men Masr” and provide direct sales opportunities to its network of 10,000 artisans to date.



The Ebda3 men Masr Cabana was in partnership with ALEXBANK’S strategic partner in impact Sawiris Foundation for Social Development (SFSD) , the cabanas primarily served to assist artisans under the Ebda3 Men Masr online store on Jumia in selling their products, through displaying and selling a wide range of EMM products -in co-branded environment-friendly bags-, displaying all print and digital media for the aim of the initiative and the stories behind its artisans and also enabling visitors to shop online through EMM online store on the spot. Additionally, the cabana hosted daily live crafts performances where our artisans, representing different crafts, will tell the story of their work with their hands. Over the week, over 60,000 EGP of products were sold supporting artisans in distress.

Moreover, ALEXBANK and SFSD partnered in “Gifts with Impact” to build the capacity of 250 Red Sea craftswomen and source the cabana giveaways from the workshop’s outcome to leave all festival visitors a memorable gift by the hands and heart of local artisans. Inspired by the theme “Culture of Dreams”, Ebda3 men Masr” by ALEXBANK brings you “Stars In The Sky” brooches to wear with pride and celebrate our never forgotten late TV and cinema icons in partnership with El Gouna Film Festival. This comes as part of a unique collaboration of impact between “Ebda3 men Masr” by ALEXBANK, Thaat Social Enterprise and the UNHCR empowering 58 Egyptian, Sudanese, Eritrean, Syrian and Yemeni women who crafted those brooches by their hands and hearts specially for GFF20 attendees.



## ◇ Gifts with Impact

### ◇ Khotoot: The Annual Corporate Gift

Reviving Arabic calligraphy through the art piece titled “Khotoot” (which literally translates to “lines” or “calligraphy”) by sending a message of hope to all our partners and clients in time of despair “Hope for the best and you shall find it”. Each piece is carefully written by Egyptian calligrapher Khaled Mujahed, placed in wooden frames by The Reader’s Corner Bookshop and colored with sheets of gold. 285 customers/partners have received the gift made by 15 different craftsmen.

### ◇ Ashry: Annual Ramadan Pack for Employees

“Ashry”, a crochet bag that reflects the special nature of Upper Egypt mixed with a very distinct Nubian character, with a name inspired by the Nubian language, this is a bag that symbolizes beauty as well as an expression of our appreciation towards our culture and heritage.



### ◇ Ministry of International Cooperation and United Nations Development Partners Annual Meeting

In the meeting of Announcing a New Global Partnerships Narrative, showcasing Egypt’s cooperation with its partnerships and promote the Sustainable Development Goals, ALEXBANK has contributed by sourcing the conference kit by the hands of 30 local female craftswomen.

## ◆ Economic Empowerment and Job Creation

### ◇ Cotton for Life

Since 2015 and for 5 years, ALEXBANK in collaboration with Filmar Nile Textile, has been supporting the revival of Egypt’s White Gold; Egyptian Cotton. The first phase of the partnership between ALEXBANK and Filmar Nile Textile, a textile company in Borg Al Arab area in Alexandria has come to an end in 2020. To date, the program has impacted over 150,000 students from 134 technical schools situated across Kafr El Sheikh, Damietta, and Alexandria governorates, to promote for sustainable cotton production in Egypt and enhance the students’ employability opportunities.



### ◇ Creating Ambassadors

Under the auspices of the Ministry of Tourism and Antiquities and in partnership with Rhythm Training Solutions, 500 workers who are in direct interaction with tourists at the top historical spots in Egypt are given capacity building and hospitality trainings that equips them with the soft skills they need to make all tourists feel welcomed. Our aim is Creating Ambassadors that are capable of representing Egypt in popular touristic attractions in 5 governorates to date (Aswan, Luxor, Cairo, Giza and Alexandria).

## ◆ Education

### ◆ Champion Teachers & Empowering Pioneers

For the 5th year in a row, ALEXBANK continues to support Educate Me's programs towards better education in Egypt, the partnership targets 173 teachers and 300 students in Cairo, Fayoum, Luxor, Suhag, Beni Suef. Due to COVID-19, the second and current phase of the Champion Teachers program takes place online through Zoom meetings and the student camp has been turned to an edutainment game that will be distributed among students.

### ◆ Crafts and Connection (Herfa Wa Tawasol)

In partnership with Star Care Egypt, ALEXBANK has contributed to Tawasol NGO's new community school that was opened in December 1st, 2020, seeking to provide students with access to holistic education and health services. The school is set to welcome 500 community members and an initial investment of EGP 500,000 has been pursued by ALEXBANK. Moreover, the Bank has funded one floor to create a space in which students will be offered handicrafts workshops under the CSR & Sustainable Development office flagship initiative Ebda3 men Masr.

### ◆ Diakonia Development Center

In partnership with the Italian Embassy in Cairo, the project tackles development in the areas of education and social assistance to 300 less fortunate children with disabilities. It targets the uplifting of 3 development centers (a preschool in Ezbet El Nakhel, an educational center for PwDs, and a space for workshops for children with disabilities).

### ◆ Improving the Living Conditions of Marginalized Children: "My Nursery, My Future"

Under the Auspices of the Ministry of Social Solidarity and in Partnership with Sawiris Foundation for Social Development and Kheir we Baraka NGO with the aim to upgrade 75 nurseries in the governorates of Giza and Aswan over the course of three years, by housing children aged from 2 to 6 years old, providing them with educational opportunities, and access to better health services.





## ◆ Wellbeing and Social Empowerment

### ◇ Awladna/Our Children

ALEXBANK contributes to the capacity building and development the talents of children with disabilities in multiple fields of arts including music, performance, cinema, through various trainings, workshops. These trainings culminated into an Annual Arts Festival where the children showcase their talents. This year's festival is named "Wahshtouna" (we have missed you) since it has been a long while of physical distancing due to the COVID-19 outbreak.

### ◇ Development of Orphanages for the Rehabilitation of Youth and Aftercare Services

In Partnership with Sawiris Foundation for Social Development, Wataneya and Drosos (December 2019- January 2021), the project in support of "Wataneya Society for the Development of Orphanages" enables 111 youth from Cairo, Giza, Fayoum and Daqahleya who have been in care homes to be swiftly integrated into society and connects them to better socio-economic opportunities.

### ◇ Improving the Living Conditions of Children in Street Situation (Ana El Masry)

ALEXBANK's 3rd year to be supporting AEM with Sawiris Foundation for Social Development, focusing on the provision of long-term accommodation for the full rehabilitation of children at risk. The programs entail medical care, as well as educational and vocational training, in addition to sports, arts, and entertainment activities and facilities, which targeted 1,330 children.

### ◇ Improving the Living Conditions of Girls in Street Situation (Banati)

ALEXBANK's for the fifth year and third year with Sawiris Foundation for Social Development is continuing its support of Banati Foundation, responding to the needs and problems of girls in street situations to help reintegrate them back into society through multiple interventions that provide safe and supporting psycho-social environments, access to education opportunities, enhancing children's skillset counselling and case management, and health services according to their needs. Banati program is impacting 1,313 girls.



## ◆ Health and Wellbeing

### ◇ Magdy Yacoub Heart Foundation's Global Heart Center

The CSR & Sustainable Development Office is still supporting Magdy Yacoub Heart Foundation (MYF) through the three-year partnership (2019 – 2021). ALEXBANK has agreed to support the establishment of an echocardiography room in the Global Heart Centre in Cairo that aims to accommodate 80,000 patients. The Global Heart Centre is a project of great significance to heart patients from low income families ALEXBANK's echocardiography room is planned to benefit 12,000 patients.

## ◆ Integrated Development

### ◇ One Dream – Phase 1

Carrying on our prosperous partnership with Sawiris Foundation for Social Development, Shorouk Misr, and Star Care Egypt on One Dream project supporting the association for the protection of the environment with the aim to improve the living conditions of garbage collectors in Mansheyet Nasser and communities involved in garbage recycling in the Tora area. Through phase 1, carried out over 2020, the project was able to build 6 classrooms for pre-nursey, provide 10 literacy classes, offer medical screening for 3,000 individuals and offering 1,000 patients medication. They were also able to dedicate some of their resources to COVID-19 relief projects including; sanitary products, food. In addition to dedicating areas and medical rooms for the treatment.



Photograph by Ahmed Hayman

### ◇ El Tareek

In partnership with Sawiris Foundation for Social Development, Al Ahram Beverages, Shorouk Misr and Siwa Community Development and Environment Protection Association, El Tareek project continues to preserve the environment, improve the standard of living, promote poverty reduction and diversify employment opportunities in the city of Siwa. Thus far, 8 women have been trained to enhance their skills as nurses, 12 public awareness sessions were held for 296 individuals to shed light on anemia and 891 families were covered, assisting 1979 adults and 2296 children. Beyond physical health, the project also tackled environmental health through the training of 19 men in the water management sector and 15 men on the installation and maintenance of solar units.



## EVENTS FOR IMPACT

### ◆ Yes Yoga Day

On November 7th, ALEXBANK hosted a day-long festival called “Yes Yoga Day” under the slogan “Say Yes to No Violence” to mark the International Day for the Elimination of Violence Against Women, commemorating women and raising awareness on women-centric issues underlined in Egypt. The event was held in Nine Pyramids Lounge and consisted of an entire day of yoga sessions and a panel of community leaders that reflected on the cause and shed light on the struggles Egyptian women face. The panel included female leaders like our CSR & Sustainable Development Head Laila Hosny; Azza Kamel, Chairman of the Board of Trustees of Appropriate Communication Techniques for Development Center (ACT); and Fayza Abdel Wahed, a fellow project beneficiary. Male community leaders were also invited to the panel, like Essam El Adawy, an expert in the field of development, and Ahmed Mahmoud, Advisor to the Chairman of Al-Ahram Press Foundation for Electronic Development and Digital Content and a Journalist at Al-Ahram Economic magazine.

The proceeds, which resulted in an approximate of 70,000 EGP, will be directed to the on-going project between ACT and ALEXBANK named “Combating Early Marriage in Manial Shiha” which works to combat early marriage for women and girls in Manial Shiha area, Giza Governorate. The project impacts 600 women and girls by improving their medical, educational, psychological and social conditions.



### ◆ Kite Competition - Qaitbey area of the ‘City of the Dead

On the 6th of July, Sultan Foundation hosted a kite competition, where the kids in the Qaitbey area, in specific the Desert of the Mamluks part of the ‘City of the Dead’, designed kites inspired by Sultan Qaitbey after whom the neighborhood is named after as well as by the outstanding works of architecture that he created there. ALEXBANK provided the participating children with awards as well as 3 grand prize winners. Creating and flying the kites signified a message of hope and had an amazing impact on the overall morale of the children during these difficult times.

### ◆ Mini Shelters Activations (Annual Heroes Iftar Adjustment)

For the past three years, the Annual Heroes Iftar– co-hosted by ALEXBANK, SFSD, and Samusocial International Egypt, has been taking place to celebrate the partnership’s achievements and give more than 600 children an unforgettable experience. This year, unfortunately due to the COVID-19 outbreak and the suspension of large-scale activities accompanied with it we have organized mini activations for each and every shelter on its own premises. The Activations consisted of performances, games and fun activities as well as giveaways distribution, while considering protective measures against COVID-19 are in place 1,366 children in 9 shelters across Egypt have been impacted by the activations.

### ◆ Judging ENACTUS Youth Competition of Financial Inclusion and Economic Development

For the second year in a row, ALEXBANK partnered with Enactus NGO to sponsor, assist, and guide university students to develop innovative solutions and projects to financially include marginalized communities, with results expected to impact 100,000 – 130,000 people in marginalized local communities.

ENACTUS Egypt monitored and selected 35 universities to showcase their innovative business solutions. The solutions were presented in July 2020 through an online platform (in support of maintaining social distancing amid COVID-19) showcasing top innovation projects designed by the students from 35 universities pertaining to 16 different Governorates. ALEXBANK Office and Department heads, as well as external partners participated as judges and business leaders to determine the ENACTUS team and student entrepreneurs who were named National Champions and were thus given the opportunity to represent Egypt on a global platform at the ENACTUS World Cup in September 2020.

The top two finalists were Cairo University whose Electronic Waste project named “The Cost of Evolution” came in 2nd place and El Azhar University’s Shrimp Waste Initiative in Al Qaroun Lake, El Fayoum “Chitoshrimp” came in 1st place, thereby preserving Egypt’s title for two years in a row.



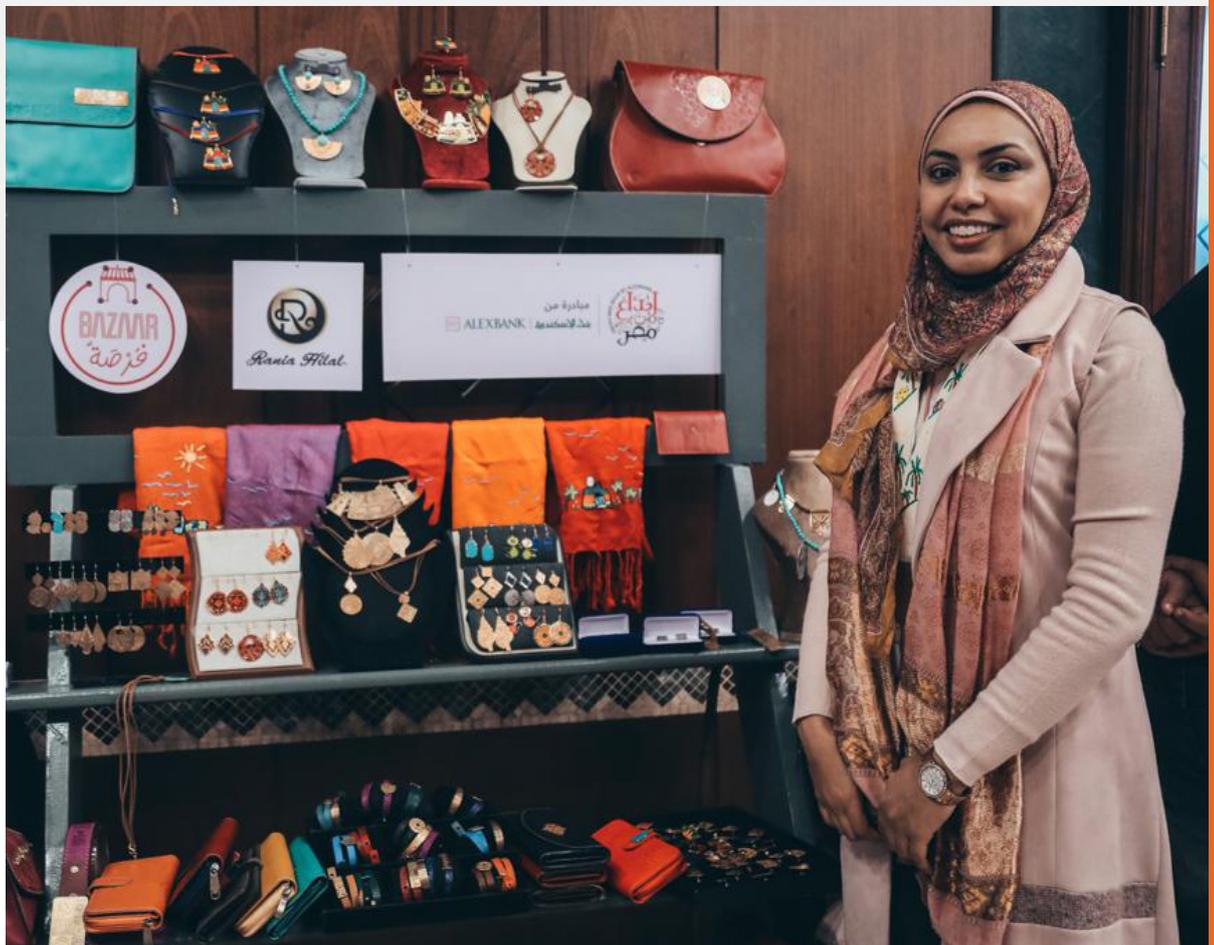
## EMPLOYEE ENGAGEMENT ACTIVITIES

The CSR & Sustainable Development Office is consistently working towards the introduction of initiatives that engage ALEXBANK employees. Over 2020, we have executed multiple projects to establish a connection between employees and the causes we support to reinforce the application of the creating shared value approach.

### ◆ Monthly Forsa Bazaar

Forsa is a monthly bazaar that takes place in the Kasr El Nil branch to showcase the works of Egyptian artisans and social enterprises. The bazaar provides employees with a unique opportunity to shop for diverse products to support local emerging industries, highlighting their efforts to introduce sustainable products in the Egyptian market as well as preserve Egypt's heritage. More importantly, each edition of the bazaar aims to shed light on the causes the Bank is working towards alleviating, providing visitors with a convenient opportunity to donate and support local organizations. In 2020, Forsa Bazaar took place in the first 3 months of the year under the themes New Year, Valentine's Day and Women International Day benefitting over 30 exhibitors, then its occurrence has been put on hold due to the COVID-19 pandemic which resulted in decreasing the employees presence at the HQ.

This year however witnessed ALEXBANK taking its monthly Forsa Bazaar to the Central Bank of Egypt in celebration of International Women's Day benefitting over 19 female exhibitors.



### ◆ The Doing Good Challenge

The Bank encouraged its employees to match the Bank's donation to the Egyptian Food Bank supporting daily workers employees' donations managed to provide 6,738 families with food boxes covering the family needs for a month. It is worth noting that 70% of employees participated.

### ◆ "Make Their Wishes Come True"

In partnership with Tawasol, an NGO working towards empowering Egyptian youth, the Make Their Wishes Come True initiative took place over the month of Ramadan, providing employees with an opportunity to grant a child's wish. For the second year in a row, throughout the Holy Month of Ramadan, employees had the opportunity to grant the wishes for one boy & one girl on each working day. This year in partnership with Gannat El Kholoud, an NGO working towards developing marginalized communities in Mansheyet Nasser. Daily email announcements were sent to employees who were able to grant the wishes of 40 children, gifting them with toys, clothes, mobile phones and bicycles.

### ◆ Greater Bairam/Eid El Adha'20 Sacrifice Voucher

ALEXBANK collaborated with the Egyptian Food Bank offering sacrifice vouchers for Greater Bairam feeding 3,700 families.

### ◆ PinkTOBER Activation

In light of October being the global Breast Cancer Awareness Month, several activities have taken place benefitting both our employees and affected community members:

#### ◇ Baheya Employee Visit

The Bank has brought back Employee Visits in October to Baheya breast cancer hospital. ALEXBANK employees distributed Ghalya kits to Baheya's Female fighters.

#### ◇ Breast Cancer Awareness Sessions

ALEXBANK has arranged for online awareness sessions on breast cancer and self-checks to all female employees. Two awareness sessions occurred on multiple weekends and were conducted by Baheya doctors to provide an insightful medical information on breast cancer and early detection.



#### ◇ Mammograms and Sonars for Employees

In Partnership with the Medical Department, we provided breast cancer check-ups through Baheya's mammograms and sonars services, where the medical department will cover the costs starting from October 2020 to March 2021 to all female employees above 40 years old, under the slogan "There Is Life in Early Detection".

## IMPACTFUL REPORTING & COMMUNICATION

In order to promote transparency and accountability among our stakeholders, the CSR & Sustainable Development Office utilizes different mediums to report on the changes taking place at ALEXBANK.

### ◆ Sustainability Report 2019: Creating Connections to Empower Egyptian Youth

Following the success of ALEXBANK's first and second annual Sustainability Reports, a third edition was published to highlight the changes and developments that took place over the year 2019 to advance the Bank's efforts to promote social and environmental welfare in Egypt. ALEXBANK's annual Sustainability Report is a collaborative effort, highlighting all bank functions and their efforts to promote sustainable practice. Furthermore, the Report is Global Reporting Initiative (GRI) certified, highlighting our commitment to meet international guidelines for sustainability reporting. Our 2019 Sustainability Report is available in the publications section on ALEXBANK's official website in English and Arabic.

All editions of the Sustainability Reports can be found on the ALEXBANK website (link: <https://www.alexbank.com/en/retail/about-us/sustainability/publications.html>).

### ◆ Sustainability News & Topics

Sustainability News & Topics is a bi-annual publication that was introduced in January 2018 to highlight the initiatives being instigated by the CSR & Sustainable Development Office to promote sustainable practice and create shared value for all. It's bi-annual nature allows the Bank to keep its community informed, as well as strengthen communication channels by ensuring our stakeholders are updated more frequently. All previous editions of this publication are available on ALEXBANK's official website in English and Arabic.

All editions of the Sustainability News & Topics can be found on the ALEXBANK website (link: <https://www.alexbank.com/en/retail/about-us/sustainability/publications.html>).

### ◆ Digital Sustainability Awareness Campaign

LinkedIn is one of ALEXBANK's most influential online platforms, boasting nearly 200,000 followers, most of whom are youth. As such, the CSR & Sustainable Development Office launches periodically environmental & social awareness campaigns online to address issues that impact several Egyptian communities on a daily basis.

This year, LinkedIn posts were focused on raising awareness on social problems communities face as well as celebrating and recognizing marginalized communities. Further, several posts featured environmentally-friendly habits we can adopt to mitigate climate change and live a healthier life. For instance, we celebrated United Nations' International Day of Persons with Disabilities and reminded readers of our initiative for accessible branches to people with disabilities and our employment efforts of inclusion, gaining a high reception of 118 likes.

In addition to several international days, we also recognized International Day for the Elimination of Violence Against Women and featured Yes Yoga Day, receiving 95 likes. Regarding environmental topics, our posts actively reminded readers of the harms of indoor smoking and single-use plastics, receiving around 100 likes to each post.



## MEMBERSHIPS & ENDORSEMENTS

ALEXBANK's memberships and endorsements define our commitment to promoting sustainability through multiple international frameworks and incorporating diversity in our approach.



### ◆ Equator Principles

We have been adoptees of the Equator Principles since 2012 and implement the framework for managing the impacts on the environment and on local communities that may arise from financing large projects.



### ◆ The United Nations Global Compact (UNGC)

ALEXBANK has been a signatory of the United Nations Global Compact initiative since 2014. The UNGC policies are multifaceted, addressing ten universal principles to promote environmental welfare, human rights and ethical practice. The Bank's membership ensures business operations are approached through a framework that is both ethical and sustainable.



### ◆ Federation of Egyptian Banks (FEB)

Since 2013, ALEXBANK has been an active member of the FEB and its Social Development Steering Committee of the Social Development Committee, which has successfully encouraged Egyptian banks to contribute 2% of their net profit to the development of informal areas in Egypt. This initiative embraces several sub-projects within an integrated development approach that targets education, sustainable agriculture, youth employability, and the economic empowerment of women.



### ◆ United Nations Environment Programme – Finance Initiative (UNEP FI)

UNEP FI is a partnership between the United Nations Environment Programme and the global financial sector created in the wake of the 1992 Earth Summit. Following in the footsteps of our parent company Intesa Sanpaolo, who has been a member of the UNEP FI since 2006, ALEXBANK became one of the first banks in Egypt to join UNEP FI in 2019. In the same year, ALEXBANK has also become a Founding Signatory of the Principles for Responsible Banking (Alignment, Impact & Target Setting, Clients & Customers, Stakeholders, Governance & Culture, Transparency & Accountability). The Principles' aim is to align the financial sector activities with the UN SDGs and are in line with ALEXBANK's 4-year CSR & Sustainable Development Strategy (2018-2021) and Intesa Sanpaolo Group's Business Plan for the same period.

We look forward to continuing building a company we are all proud to be a part of as we confront urgent environmental and social issues responsibly. Our first reporting on the implementation of the principles for Responsible Banking is expected to occur in 2021 in line with our membership commitments.



## TRAINING ACTIVITIES IN 2020



NUMBER OF  
TRAINEES

**3740**

employees representing 89% of  
staff population.



NUMBER OF  
TRAINING HOURS

**116540**

hours



AVERAGE TRAINING  
HOUR/TRAINEE

**31**

hours

### SOME OF THE MAJOR TRAINING PROGRAMS IN 2020

#### ◆ Managerial & Interpersonal Skills

##### ◇ Advanced Management Program (No. of Participants 5)

This course focuses on a number of high-impact topics directly related to the effective management of uncertainty in an integrated manner. These include: Leadership, Strategic Planning, Marketing Strategy, Business Simulation.

##### ◇ Mediterranean Leadership Journey Program (No. of Participants 2)

This course covers the basic elements of business unit and corporate level strategy, including industry analysis, positioning, and competitive interaction. Central strategic challenges facing senior managers and CEOs are addressed by introducing a framework for making decisions in a multi-business context in various arenas - from corporate change to business diversification.

##### ◇ Interpersonal skills Academy (No. of Participants 120)

This courses provide ALEXBANK Head Office team with the essential skill set critical for excelling in their professional career path. The topics provided through the Academy are based on research of the key personal and interpersonal traits that influence and empower business interactions and relationships.

##### ◇ Data Analysis and Reporting Techniques (No. of Participants 17)

The main purpose of this program is to introduce Business Intelligence, hands-on, to allow you to clean, normalize, and interpret large volumes of data.

The participants also will be able to establish historical relationships, analyze the current situation and predict future strategies.

## ◆ Control Programs

### ◆ Detecting Forgery & Falsification (No. of Participants 602)

The main purpose of this program is to introduce Business Intelligence, hands-on, to allow you to clean, normalize, and interpret large volumes of data. The participants also will be able to establish historical relationships, analyze the current situation and predict future strategies.

### ◆ Specific training to prevent bribery/ AML (No. of Participants 2921)

These courses are designed to enable participants to prevent bribery / Money Laundering in their daily work with a special focus on the bank policies and procedures main topics were as follows:

- ◆ AML& Compliance.
- ◆ Anti Fraud in WU Remittance.
- ◆ Red Flags & Embargoes.
- ◆ Customer Protection.
- ◆ FATCA.
- ◆ Internal Control.



## ◆ Technical Courses for Head Office Functions & Commercial Roles

### ◆ Credit Academy in Cooperation with Frankfurt School (No. of Participants 53)

In the framework of EBRD Technical assistance ALEXBANK Credit and SME officers got Certificates in the fields of Risk Management, Agricultural Finance, Digital Finance and Microfinance.

### ◆ Credit Certificate (No. of Participants 9)

This Certificate provides participants with fundamentals of Credit as well as other techniques involving risk of trade operations from a credit perspective. Moreover, it gives the candidates perspective on the legal issues that govern the scope of credit activities. And allows participants to successfully complete final desk based on real case studies.

### ◆ SME Problem Loan Workout and Debt Restructuring in Egypt (No. of Participants 40)

The objective of this programs are provide delegates with a developed understanding of the as methods used in early problem loan workouts for SME companies in distress as well as the Early Warning Signals that indicate problems confronting corporate SMEs clients operating in Egypt.



◇ **Branch Managers Academy  
(No. of Participants 92)**

The objective of this training program is to enhance the participants leadership and technical skills to enable them lead their teams at Branches in the most effective way and achieve more than their target.

◇ **Future Academy (No. of Participants 53)**

This program is designed for Heads of Customer Service and Heads of Operations at Branches to strengthen Supervisor skills in order to create 2nd lines for Branch Managers.

◇ **Small Business Academy  
(No. of Participants 20)**

The objective of this training program is to improve interpersonal & technical skills for Small Business RM's to help them achieve their target.

◇ **Sales Techniques  
(No. of Participants 490)**

Those programs is designed for Branches Network Roles (CS, Magnifica, SB) to strengthen their selling skills capabilities in order to enable them go beyond achieving their target, by using the following techniques: (SPIN, Assertive Selling, Relationship selling, Consultative Selling, Negotiation selling).



◆ **General Inductions**

◇ **Summer Internship Induction “LEAP”  
(No. of Participants 200)**

200 university Student got one month Virtual internship program in cooperation with EBI and Impact, aiming at raising their knowledge about banking sector, promoting a Financial inclusion culture and introducing ALEXBANK core values, how it operates, its products & services, and enhancing their communication and business skills. The program was consisting of 6 main pillars; Interpersonal skills, Functional Skills, Technical Skills, ALEXBANK Talks, engagement activities and graduation project.

◇ **General Induction  
(No. of Participants 172)**

Virtual Induction, aiming at providing our new hires with all the needed information about the banks' different functions in order to perform their roles in the most effective way, they also receive system training related to the required applications along with their main responsibilities within their functions.

# FINANCIAL STATEMENTS

## FINANCIAL POSITION

	31 DEC 2020	31 DEC 2019
	EGP MILLION	EGP MILLION
<b>Assets</b>		
Cash and balances at Central Bank of Egypt	4,475	5,975
Due from banks	13,609	31,119
Treasury bills and other governmental notes	25,664	18,047
Loans and advances to customers	47,964	41,802
Financial assets classified at fair value through profit and loss	7	7
<b>Financial investments</b>		
Financial assets classified at fair value through other comprehensive income	7,431	4,948
Financial assets classified at fair value through profit and loss	56	50
Investment in associates	66	77
Intangible assets	148	152
Deffered tax assets	198	...
Other assets	1,966	1,367
Fixed assets	654	634
<b>Total assets</b>	<b>102,238</b>	<b>104,178</b>
<b>Liabilities</b>		
Due to banks	499	457
Customers' deposits	85,011	87,452
Other loans	813	908
Other liabilities	2,204	1,671
Other provisions	402	276
Current income tax liabilities	577	587
Deferred tax liabilities	...	172
Retirement benefits obligations	1,196	1,065
<b>Total Liabilities</b>	<b>90,702</b>	<b>92,588</b>
<b>Shareholders' equity</b>		
Share capital	800	800
Reserves	1,801	1,834
Retained earnings	8,936	8,955
<b>Total shareholders' equity</b>	<b>11,536</b>	<b>11,590</b>
<b>Total liabilities and shareholders' equity</b>	<b>102,238</b>	<b>104,178</b>

## STATEMENT OF INCOME

	FOR THE YEAR END 31 DEC 2020	FOR THE YEAR END 31 DEC 2019
	EGP MILLION	EGP MILLION
Interest and similar income	10,868	13,210
Interest and similar expense	-4,845	-7,199
<b>Net interest income</b>	<b>6,023</b>	<b>6,011</b>
Fee and commission income	947	927
Fee and commission expense	-296	-307
<b>Net fee and commission income</b>	<b>651</b>	<b>620</b>
<b>Net income</b>	<b>6,674</b>	<b>6,631</b>
Dividends' income	3	49
Net income from financial assets classified at fair value through profit and loss	-1	1
Change in financial assets classified at fair value through profit and loss	5	-41
Net trading income	84	88
Gain/ (losses) from financial investments	9	...
Bank's share in undistributed profit of associated companies	-5	4
Impairment (charge)/ recovery on credit losses	-513	116
Administrative expenses	-2,968	-2,634
Other operating revenues/ (expenses)	-110	230
<b>Net profit before income tax</b>	<b>3,178</b>	<b>4,444</b>
Income tax expense	-693	-1,104
<b>Net profit for the year</b>	<b>2,485</b>	<b>3,339</b>
<b>Earnings per share (EGP/share) - Basic</b>	<b>5.53</b>	<b>7.51</b>
<b>Cost to income ratio</b>	<b>44.4%</b>	<b>39.3%</b>

## STATEMENT OF OTHER COMPREHENSIVE INCOME

	FOR THE YEAR END 31 DEC 2020	FOR THE YEAR END 31 DEC 2019
	EGP 000	EGP 000
Net profit for the period	2,485,112	3,339,375
<b>Other comprehensive income that may be reclassified to the income statement</b>		
Net change in fair value - debt instruments	-30,941	278,434
	<b>-30,941</b>	<b>278,434</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>		
Net change in fair value in financial instruments (shareholders' equity) by fair value through other comprehensive income	-2,726	126,866
Recycled net change in fair value in financial instruments (shareholders' equity) after reclassification to associate entity	...	-8,739
<b>Comprehensive income for the year after tax</b>	<b>-33,667</b>	<b>396,561</b>
<b>Total comprehensive income attributable to shareholders' for the year</b>	<b>2,451,445</b>	<b>3,735,936</b>

## STATEMENT OF CASH FLOWS

### Cash flows from operating activities

Net profit before tax

### Adjustments to reconcile net profit to cash flows from operating activities

Depreciation and amortization

Impairment (recovery) loss on loans and advances

Other provisions (recovery) formed

Impairment (recovery) loss treasury bills

Impairment (recovery) loss treasury bonds

Impairment (recovery) loss due to banks

Net income from financial assets classified at fair value through profit and loss

Provisions used (other than loans provision)

Foreign currencies revaluation differences of other provisions

Foreign currencies revaluation differences of other loans

Change in financial assets by fair value through profit and loss

Revaluation differences of financial investments

Revaluation differences of fair value reserves

Interest income from treasury bills and bonds - impact of the recalculation of bonds by the amortized cost

(Gains) / Losses from sale of fixed assets

Dividend income

Gains from sale of financial investments

Issued discount amortization

Bank's share in undistributed profit of associated companies

FOR THE YEAR END  
31 DEC 2020

FOR THE YEAR END  
31 DEC 2019

EGP 000

EGP 000

3,178,450

4,443,581

219,607

202,895

512,626

-115,788

146,337

-138,236

-2,454

-82

-68

-18

-15,554

-12,759

1,218

-985

-13,035

-30,457

827

-6,847

-12,382

-57,457

4,747

-40,895

-14

447

10

-531

...

225

-35

421

-2,639

-48,868

...

-11

-26

-207

5,431

-3,757

### Operating profits before changes in assets and liabilities used in operating activities

4,023,046

4,190,671

### Net decrease/(increase) in assets and (decrease)/increase in liabilities

Balances with Central Bank within the mandatory reserve percentage

1,448,314

-2,024,379

Due from banks

3,674,954

-3,674,954

Treasury bills and other governmental notes

-18,448,010

11,847,468

Loans and advances to customers

-6,692,428

-3,882,902

Financial assets classified at fair value through profit and loss

-1,215

-1,463

Financial assets by fair value through profit and loss

6,098

-26,968

Other assets

-655,418

-134,222

Due to banks

42,053

37,712

Customers' deposits

-2,441,028

8,669,801

Other liabilities

532,662

-881,602

Retirement benefits obligations

131,223

123,106

Paid taxes

-1,100,282

-1,040,848

### Net cash flows(used in) provided from operating activities

-19,480,031

13,201,420



## STATEMENT OF CASH FLOWS CONT'D

	FOR THE YEAR END 31 DEC 2020	FOR THE YEAR END 31 DEC 2019
<b>Cash flows from investing activities</b>	<b>EGP 000</b>	<b>EGP 000</b>
Payments to purchase fixed assets and branches preparations	-101,690	-155,907
Proceeds from sale of fixed assets	35	5,133
Proceeds from sale of financial investments other than financial assets held -for- trading	9,060	30,457
Payments to purchase financial investments other than financial assets held -for- trading	-2,498,250	-2,026,954
Payments to purchase intangible assets	-67,778	-16,715
Dividends Received (include dividends from associates)	7,800	52,350
<b>Net cash flows (used in) investing activities</b>	<b>-2,650,823</b>	<b>-2,111,636</b>
<b>Cash flows from financing activities</b>		
Proceeds from other loans	87,352	376,843
Payments of other loans	-169,308	-190,114
Dividends paid	-2,504,681	-2,211,321
<b>Net cash flows (used in) financing activities</b>	<b>-2,586,637</b>	<b>-2,024,592</b>
Net change in cash and cash equivalents during the year	-24,717,491	9,065,192
Cash and cash equivalents at the beginning of the year	39,984,403	30,919,211
<b>Cash and cash equivalents at the end of the year</b>	<b>15,266,912</b>	<b>39,984,403</b>
<b>Cash and cash equivalents are represented in the following</b>		
Cash and balances with Central Bank of Egypt	4,475,534	5,975,427
Due from banks	13,609,262	31,118,632
Treasury bills and other governmental notes	25,663,606	18,047,092
Balances with Central Bank within the mandatory reserve percentage	-2,817,884	-4,266,198
Deposits with banks with maturity more than three months *	...	-3,674,954
Treasury bills and other governmental notes (with maturity more than 3 months)*	-25,663,606	-7,215,596
<b>Cash and cash equivalents</b>	<b>15,266,912</b>	<b>39,984,403</b>

\* From the date of acquisition.

**Non-Cash transactions** For the purpose of preparing the statement of cash flows the following non - cash transactions were eliminated:

EGP 34,926

From both payments to purchase intangible assets and the change in debit balances, which represent the amounts, transferred from assets under construction.

EGP 17,366

From both loans and advances to customers and the change in debit balances, which represent the amounts of assets reverted to the bank.

EGP 30,833

From both fixed assets and the change in debit balances, which represent the amounts of assets reverted to the bank.

EGP 33,668

From both changes in fair value reserve and financial investments (investments valuation differences).

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL
	EGP 000	EGP 000	EGP 000	EGP 000
Balance as at 31 December 2018	800,000	1,846,982	7,857,503	10,504,485
<b>IFRS 9 First Time Adoption Impact</b>				
FTA impact of Impairment on Treasury Bills	...	-6,230	...	-6,230
FTA impact of Impairment on Treasury Bonds	...	-173	...	-173
FTA impact of Impairment on Due from Banks	...	-51,767	...	-51,767
FTA impact of Impairment on Loans and Advances to Customers	...	-437,407	...	-437,407
FTA impact of Impairment on Loans Commitments	...	41,152	...	41,152
Impact of Reclassification and Measurement to Financial Assets Classified at fair value Through profit and loss	...	...	8,156	8,156
Impact of Reclassification to Financial Assets Classified at Fair value Through profit and loss	...	-31,761	31,761	...
<b>Balance as at 31 December 2018 (After First Time Adoption)</b>	<b>800,000</b>	<b>1,360,796</b>	<b>7,897,420</b>	<b>10,058,216</b>
Net profit for the period ended 31 December 2019	...	...	3,339,375	3,339,375
Investments Fair Value Reserve classified at Fair value Through OCI	...	405,300	...	405,300
Investments Fair Value Reserve impact of classified investment in associate	...	-8,739	8,739	...
Tax effect on Investments Fair Value Reserve classified at Fair value Through OCI transferred to retained earnings	...	...	-1,966	-1,966
<b>Net profit for the year ended 30 December 2019</b>	<b>...</b>	<b>396,561</b>	<b>3,346,148</b>	<b>3,742,709</b>
Transferred to Special capital reserve	...	7	-7	...
Dividends paid for the year 2018	...	...	-2,211,321	-2,211,321
Net change in General Banking Risks Reserve	...	25	-25	...
Transferred to Banking Risks Reserve - Credit	...	77,025	-77,025	...
	<b>800,000</b>	<b>1,834,414</b>	<b>8,955,190</b>	<b>11,589,604</b>
<b>Balance as at 31 December 2019</b>	<b>800,000</b>	<b>1,834,414</b>	<b>8,955,190</b>	<b>11,589,604</b>
Net profit for the year ended 31 December 2020	...	...	2,485,112	2,485,112
Investments Fair Value Reserve classified at Fair value Through OCI	...	-33,667	...	-33,667
Dividends paid for the year 2019	...	...	-2,504,681	-2,504,681
Net change in General Banking Risks Reserve	...	-200	200	...
<b>Balance as at 31 December 2020</b>	<b>800,000</b>	<b>1,800,547</b>	<b>8,935,821</b>	<b>11,536,368</b>

## STATEMENT OF PROFIT APPROPRIATION (PROPOSED)

	FOR THE YEAR END 31 DEC 2020	FOR THE YEAR END 31 DEC 2019
	EGP 000	EGP 000
Net profit for the year (from income statement)	2,485,112	3,339,375
<b>Deduct/Add:</b>		
Gain from sale of Fixed assets transferred from capital reserve according to law	-35	...
Bank Risk Reserves	...	201
<b>Appropriated profit for the year</b>	<b>2,485,077</b>	<b>3,339,576</b>
Retained earnings at year beginning-adjusted	6,450,709	5,615,814
<b>Total</b>	<b>8,935,786</b>	<b>8,955,390</b>
<b>Appropriation</b>		
Legal reserve (*)	...	...
Shareholders' Dividends	...	2,170,724
Banking system support and development fund (**)	24,851	...
Employees' profit share	248,508	333,957
Retained earnings (at year end)	8,662,427	6,450,709
<b>Total</b>	<b>8,935,786</b>	<b>8,955,390</b>

(\*) In accordance with the Bank's Articles of Association, deduction should stop when it reach 50% of the issued share capital and paid-up (started from 2015).

(\*\*) According to article 178 the central bank and banking system law No.194 for year 2020, to deduct an amount not exceeding 1% of the distributable year net profits for the benefit of the Support and development fund.



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