



Qatar National Bank ALAHLI (QNB ALAHLI)

Sustainability Report
2019-2021



Message from the Chairman of the Board of Directors



Mr. Ali Rashid Al Mohannadi
Chairman - Non - Executive

On behalf of the Board of Directors, I am pleased to introduce QNB ALAHLI's first Sustainability Report for the reporting period 2019-2021, which records the development of our ongoing Environmental, Social and Governance (ESG) journey.

QNB ALAHLI, as one of the leading financial institutions in Egypt, plays a vital role in contributing to the financial stability and economic growth of the Egyptian banking sector, whilst also helping to shape the future of the people and communities we serve. As such, we aim to deliver long-term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and communities. Our sustainability practices stem from our commitment to being a responsible partner to all stakeholders.

In line with QNB Group's purpose to promote prosperity and sustainable growth, we also here at QNB ALAHLI aim to deliver on the Group's purpose with a focus on the Egyptian market. As part of our strategy, we are committed to address the topics of sustainability and climate change across our businesses, operations and activities. As the second largest private bank in Egypt, we have a prominent role to play and have a responsibility to support, develop, and implement means for a sustainable transition of our society.

In line with our international and national commitments, we will continue to disclose our ESG progress and developments. This report was developed in alignment with the Global Reporting Initiative (GRI) Standards, United Nations Sustainable Development Goals (UNSDGs), Egypt's Sustainable Development Agenda, and QNB Group Sustainability Strategy.

I want to express my deep appreciation to our customers, employees, partners and all our stakeholders for their trust, commitment and support. Together, we are empowered to shape a brighter future and support the transition towards a more environmentally friendly and socially equitable future for all.

Message from QNB ALAHLI's Chief Executive Officer (CEO)



Mr. MOHAMED BEDEIR
QNB ALAHLI's Chief Executive Officer

On behalf of the Board of Directors, I am pleased to present QNB ALAHLI's first sustainability report covering the period 2019-2021, that marks our sustainability approach to create value to all of our stakeholders through three key pillars: sustainable finance, sustainable operations and beyond banking. This report represents the inauguration of our sustainability reporting journey that further addresses our stakeholders' informational needs in a manner that is consistent with international best practices.

In light of this, and with regards to the Chairman's statement, we continuously work to embed a culture of sustainability into the DNA of the organization, through implementing sustainable strategies that integrate the Environmental, Social, Governance (ESG) pillars into the business, which allows us to support our customers, not just in the present, but also into the future. Applying Sustainability Key Performance Indicators (KPIs) approach that is based on setting sustainability initiatives/projects targeted across all divisions. We continue to measure and control sustainability performance by setting KPIs in the division's scorecard to ensure the achievement of a global sustainability business plan. These Key Performance Indicator (KPIs) are not standard and were tailored to match each division's business nature.

At QNB ALAHLI, we are proud of our approach, delivering profit with purpose and creating shared value for our stakeholders by leveraging our distinct competitive advantage in the Egyptian market.

Innovation shapes our distinction and lies at the core of QNB ALAHLI's overall strategy with the belief that Innovation leads to growth, competitive intelligence, and competitive advantage. QNB ALAHLI was one of the leading banks to launch state-of-the-art digital products and services and expanded its digital value offerings to cater to the needs of our customer base, while coping with the directives of the government to transform to a cashless society.

We follow our Group's sustainability framework that consists of three pillars: sustainable finance, sustainable operations and beyond banking. This framework guides us to achieve a sustainable financial performance through reducing risks, capturing new business opportunities and strengthening our brand. We believe that sustainable finance is the most significant way through which we can support national and global sustainable development goals and reduce reputational risks in our portfolio while capitalizing on business opportunities arising from the transition to a greener inclusive economy.

In 2021, QNB ALAHLI developed its Environmental and Social Risk Policy Framework, which aims to integrate Environmental, Social, & Governance (ESG) criteria into our financing activities, business operations and across the supply chain to ensure ethical and efficient operations.

We are proudly one of the first banks to meet the Central Bank of Egypt's target for Small and Medium Enterprises (SME's) from the total bank's loan portfolio of 25% in 2021 and 20% in 2020 one year before the set targeted date.

We are the first bank in Egypt to participate in the Green Economy Financing Facility (GEFF), which is a financing program dedicated to finance sustainable energy projects. QNB ALAHLI supported Solariz Egypt, to build a 7MW ground mounted solar power plant located at El Ain El Sokhna. The solar plant project was recognized as the Middle East Region project of the year by the Association of Energy Engineers.

Our Corporate Social Responsibility (CSR) policy focuses primarily on the sectors of health care, education, youth development, social development, financial capacity development, and disaster recovery that provides the bank with a genuine opportunity to support the communities that are most deficient in these areas, which have a significant impact on their livelihoods.

We seek to optimize our employees' potential to build a workforce that can thrive now and into the future, through providing learning and development opportunities, innovative training and career advancement opportunities. Our staff's annual training penetration ratio was 83% in 2021, exceeding our target of 75 percent.

On the following pages of this report, we aim to communicate our sustainability approach and share with our stakeholders how QNB ALAHLI addresses to the concept of responsible banking.

QNB ALAHLI Sustainability Report 2021

We are pleased to present QNB ALAHLI's first sustainability report for the reporting period 2019-2021, which highlights the progress and development in our sustainability journey. This report was developed in alignment with the following international and national standards:

- > Global Reporting Initiative (GRI) Standards: Core Option;
- > United Nations Sustainable Development Goals (UNSDGs);
- > Egypt's Sustainable Development Agenda: Vision 2030



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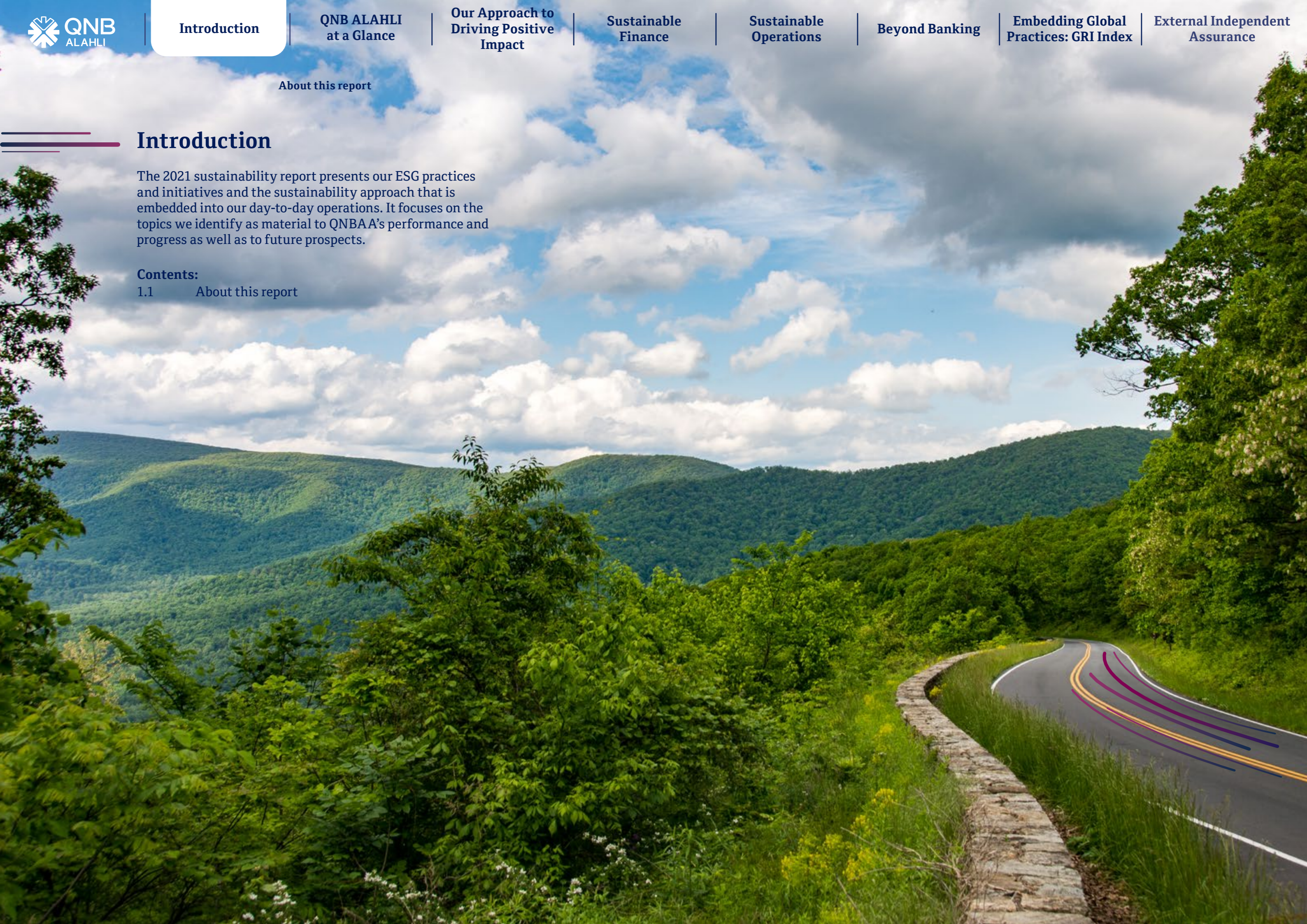
[About this report](#)

Introduction

The 2021 sustainability report presents our ESG practices and initiatives and the sustainability approach that is embedded into our day-to-day operations. It focuses on the topics we identify as material to QNBAA's performance and progress as well as to future prospects.

Contents:

1.1 [About this report](#)



1.1 About this report

This report marks the first sustainability report of QNB ALAHLI. Throughout this report, “QNB ALAHLI”, “QNB AA”, “the bank” or “we” refer to Qatar National Bank ALAHLI, which is an Egyptian joint-stock company established in April 1978 and operates under the provisions of Companies Law No. 159 of 1981 and CBE Laws.

Reporting Period

This report covers three fiscal years for the period from 1st of January 2019 to 31st of December 2021. Some Information before and after these dates may be included to emphasize relevant context to the reporting period.

In consideration of the environment, our report is published, as a downloadable PDF file from our website.

Scope of the Report

This Sustainability Report is the first line of reports that will be published thereafter on an annual basis. The report highlights QNB ALAHLI’s sustainability approach through three key pillars: sustainable finance, sustainable operations and beyond banking.

Through this report, we will present how we addressed our stakeholders’ material topics and enhanced our sustainability performance, as well as our management approach to national, regional & global risks, challenges, and opportunities.

This Sustainability Report capitalizes on and complements several other reports, including Financial Reports, Annual Reports, Governance, and Risk Reports.

Reference Reporting Guideline

The report is prepared according to the Global Reporting Initiative Sustainability Reporting (GRI) Standards: Core Option. This report goes in line with the recent sustainable finance guidelines and regulations of the Central Bank of Egypt (CBE) and is aligned with Global Sustainable Development Goals (SDGs) and Egypt’s Vision 2030.

Date of Previous Sustainability Report

None

Currency

All financial data within this report is shown in Egyptian Pound unless stated otherwise.

For Further Information

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Forward Looking Statements

This Sustainability Report may contain forward-looking statements that are expected in the landscape of the banking industry both nationally and regionally. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections or result expressed or implied by such forward-looking statements.

QNB ALAHLI at a Glance

QNB ALAHLI is one of the leading financial institutions in Egypt, which offers a wide range of financial products and solutions to our retail, SMEs and corporate customers. Our Vision is to become the First Choice Bank to our customers, our stakeholders and our community.

Contents:

- 2.1 About our Group
- 2.2 QNB ALAHLI in a Glimpse
- 2.3 Vision and Core Values
- 2.4 Brief History (timeline)
- 2.5 Our Subsidiaries
- 2.6 Financial Performance Highlights
- 2.7 Awards and Recognition



2.1 About our Group

QNB Group, founded in 1964, is the Middle East and Africa's largest financial institution. QNB is a highly rated bank with a significant international presence, operating in over thirty-one countries across three continents, employing over twenty-eight thousand people, serving more than 25 million customers across our network.

- The largest bank in Middle East and Africa (MEA) and one of the leading banks in Middle East, Africa and South East Asia (MEASEA)

31+ Countries

3 Continents

28,000+ Employees

25+ Million Customers

Assets: QAR 1,093 bn

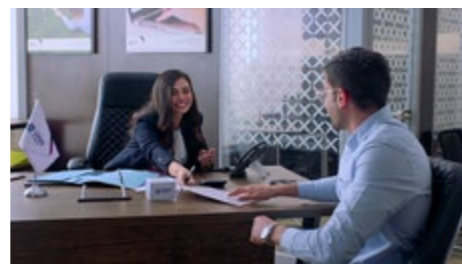
Net profits: QAR13.2 bn

2.2 QNB ALAHLI in a Glimpse

QNB ALAHLI (QNB AA) is one of the leading financial institutions in Egypt established in April 1978 and ranked as the second largest private bank in Egypt. Since its launch, QNB ALAHLI has succeeded in becoming a strong player in the banking sector. QNB ALAHLI has been guided by a sense of purpose since its inception: to become Egypt's First Choice Bank. The bank presents an extensive range of services, tailored financial solutions and sound advice, to accompany its clients in their walk of life. With a customer-centric approach, QNB ALAHLI endeavored to attain its customers' satisfaction throughout its nationwide network of branches and its state-of-the-art full-fledged platform of digital services. QNB ALAHLI serves a wide spectrum of customers: Individuals, Enterprises (Small and Medium size Enterprises & Business Banking), and Corporate and Investment customers. The bank established a number of subsidiaries in many specialized fields, contributing to the bank's best positioning in Egypt's financial and banking activities, including QNB ALAHLI Leasing, QNB ALAHLI Life Insurance and QNB ALAHLI Factoring companies. Furthermore, QNB ALAHLI is in line with the world's digital transformation, encouraging and implementing an innovative environment to exceed its customers' expectations. Inspired by the Sustainable Development Goals (SDGs), Egypt Vision 2030, and the QNB Group's values of Integrity, Transparency, Operational Excellence, and Social Responsibility. We aim to embed sustainability in the DNA of our organization, including our financing activities, day-to-day operations and through our relationship with the community we serve.

Our Business:

1. Retail Banking: A broad array of retail banking products and services across a multichannel network with 231 branches and an ATM network of more than 870 machines.



2. SME's' Banking: QNB ALAHLI, as a pioneer in the Egyptian market, has focused extensively on this important segment through our established business line dedicated to the SME's' needs and the comprehensive development of this sector. The SME's business line has developed a comprehensive suite of banking services specifically designed to meet the needs of SME's with three specialized programs: consulting, financing & services.



3. Corporate and Investment Banking: QNB ALAHLI provides dedicated products in corporate banking, financial advisory, project financing, structured financing, trade financing, cash management, and foreign exchange with its competitive offerings.



4. Our Subsidiaries:

The Bank established a number of subsidiaries in specialized fields such as:

- QNB ALAHLI Leasing
- QNB ALAHLI Life Insurance
- QNB ALAHLI Factoring



2.3 Vision and Core Values

Vision:

To become the First Choice Bank in Egypt.

QNB ALAHLI believes that generating value for our clients is the key to becoming Egypt's first choice bank. The bank's vision is to keep close to its clients through offering a wide range of products that serves every financial need of corporates, medium, and small enterprises, or individuals. To achieve this vision, our bank expanded its network of branches that reached 231 branches covering all governorates, along with digital platforms and multi-channel automated tools to reach clients through a network of 873 ATMs and a dedicated call center available 24/7. In addition to this, QNB ALAHLI leverages innovation as the fundamental asset that shapes our distinction.

Our Values:



• **Operational Excellence**

Improve customer experience



• **Integrity**

At all times and in any situation, we work with integrity, trust, and honesty.



• **Transparency**

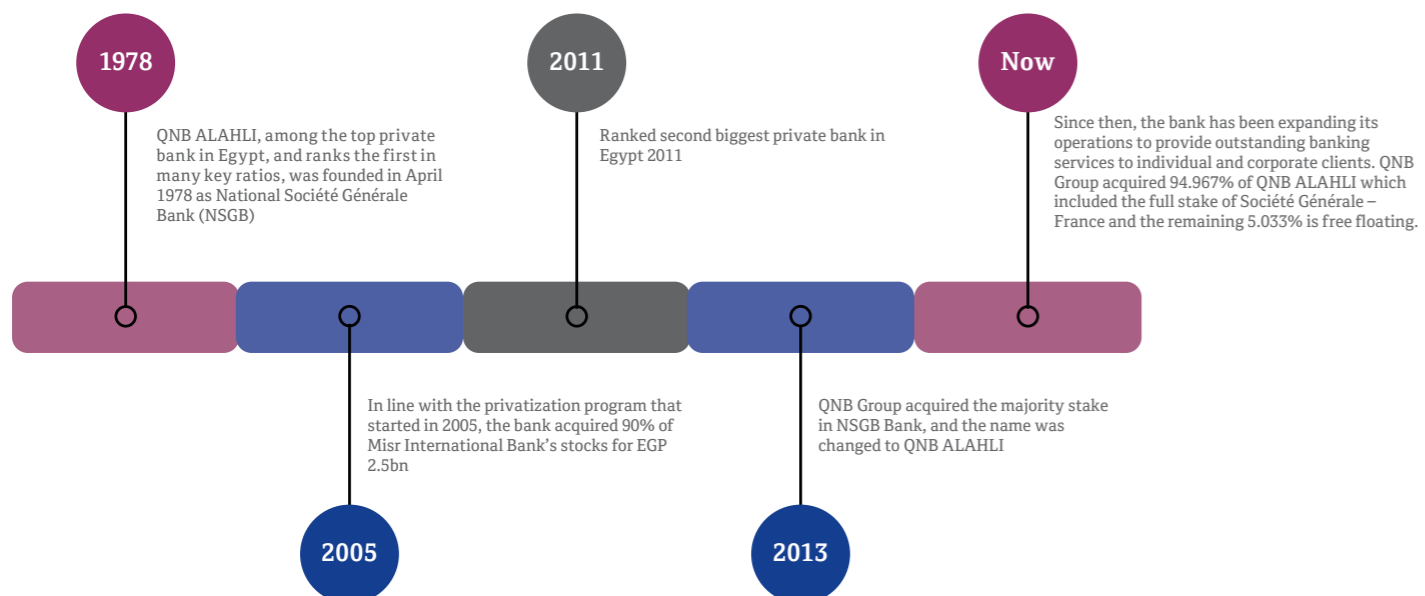
Ensure all products, processes and interactions are transparent and fair



• **Performance Driven**

Nurture a performance driven merit-based culture – “Excel in everything we do”

2.4 Brief History



2.5 Our Subsidiaries

The bank established a number of subsidiaries in a variety of specialized fields, all of which contributed to the bank's leading position in Egypt's financial and banking activities. The bank's subsidiaries are as follows:

QNB ALAHLI Leasing Company:

The QNB ALAHLI Leasing Company was founded in 1997 as one of the first companies to enter the Egyptian leasing market. It is now one of the leading leasing companies in the Egyptian market, and it has been able to maintain its leadership position since its inception. QNB ALAHLI increased its stake in QNB ALAHLI Leasing Co. from 60% to 99.9% in 2013.

QNB ALAHLI Life Insurance Company:

The QNB ALAHLI Life Insurance Company was established in 2003. The company is authorized by Financial Regulatory Authority "FRA" to operate in Egypt and sell a diverse range of individual and corporate life insurance products to a wide and varied range of clients. The company has created a broad range of products that address the most important customer needs. QNB ALAHLI increased its stake in QNB ALAHLI Life Insurance from 25% to 99.9% in January 2014.

QNB ALAHLI Factoring Company:

The QNB ALAHLI Factoring Company began operations in 2012. It is a financial institution that specializes in all types of factoring activities and provides factoring services both locally and globally. QNB ALAHLI Factoring has all the means, competencies, and quick business solutions to meet the needs of customers, primarily in the areas of financial and commercial operations and micro-niches. This is due to its extensive knowledge of the Egyptian and global markets, as well as its international network expertise. QNB ALAHLI's stake represents 99.9%.

2.6 Financial Performance Highlights

2.6.1 Consolidated Financial Highlights 2021:

	2019	2020	2021
Assets	EGP 273,014 million	EGP 290,163 million	EGP 359,569 million
Net profit	EGP 8,522 million	EGP 7,492 million	EGP 7,627 million
Customer Deposits	EGP 209,065 million	EGP 233,322 million	EGP 295,492 million
Earnings Per share	EGP 7.63	EGP 3.08	EGP 3.10
Capital Adequacy Ratio (Basel II)	20.7%	21.5%	22.8%
Number of Branches:	227	231	231
Number of ATMs:	490	611	873

- One of the first banks to meet the Central Bank of Egypt's target for SME's from the total bank's loan portfolio of 25% in 2021 and 20% in 2020 - one year before the set targeted date.
- First bank in Egypt to participate in the **Green Economy Financing Facility "GEFF"** which is a financing program dedicated to financing sustainable energy projects.
- QNB ALAHLI launched the female value proposition "Laky Package", to serve the diversified banking needs of women with an exceptional banking experience.
- The bank developed the Mother Donation Account which is a depositary product allowing mothers to donate to their children without obtaining the consent of the legal guardian.
- QNB ALAHLI is a market leader in renewable energy projects being the 1st bank in Egypt to set a framework for financing solar **Independent Power Producers "IPP"** scheme by financing largest industrial roof top solar power plant in Egypt, Middle East & Africa. This solar power plant was the 1st in Egypt to obtain the net metering license which was recognized by the Association of Energy Engineers as the Middle East Region project of the year.
- QNB ALAHLI is one of the 12 banks participating in the Nilepreneurs initiative, by establishing two business development centers to support start-up projects aiming to complement & maximize the value-added of the financial services provided by the bank.

- Our staff's annual training within the learning and development had reached a penetration ratio of 83% in 2021, exceeding our target of 75 percent. The total training hours provided to our staff and management reached 113,236 hours in 2021, and every employee was provided an average training time of 17 hours, an increase of 54% compared to the previous year.
- QNB ALAHLI introduced sustainable practices into the day-to-day operations by applying a sustainability KPIs approach that is based on setting sustainability initiatives/projects targeted across all divisions. We continue to measure and control sustainability performance by setting KPIs in the division's scorecard to ensure the achievement of a global sustainability business plan. These KPIs are not standard and were tailored to match each division's business nature.

2.7 Awards and Recognition

- Best Corporate Bank 2021 - by Global Banking and Finance
- Best SME's Bank 2021 - by Global Banking and Finance
- Best Retail Bank 2021 - by Global Banking and Finance
- Best Trade Finance Bank 2021 - by Global Banking and Finance
- Best Digital Banking Products and Services 2021 - by Global Banking and Finance
- Best Bank for Treasury Services 2021 - by Global Banking and Finance
- Best E-banking product 2021 - Mobile Banking Egypt by International Finance Magazine
- Best Retail Bank Egypt 2021 - by International Finance Magazine
- Best SME's Bank – Egypt 2021 - by Capital Finance Magazine
- Best Retail Bank – Egypt 2021 - by Capital Finance Magazine
- Elite Quality recognition Award 2021 for payments STP rate 99.87% issued through MT202.- by J.P. Morgan
- Best bank for SME's - Pan Africa 2021 - by EMEA Finance
- Best Foreign Bank in Egypt 2021 - by EMEA Finance
- Most Active Issuing Bank in Egypt 2021 by European Bank for Reconstruction and Development (EBRD).
- Best E-Banking Product - Mobile Banking 2021 - International Finance Magazine.

Our Approach to Driving Positive Impact

Our approach aims to deliver long-term value in financial, environmental, social and ethical terms for the benefit of our customers, shareholders, employees, and communities we serve. Our sustainability framework allows us to embed a culture of sustainability into the DNA of the organization.

Contents:

- 3.1 Our Corporate Strategy
- 3.2 Our Value Creation Model
- 3.3 Innovation Shapes our distinction
- 3.4 QNB ALAHLI Sustainability Framework
- 3.5 Listening to our Stakeholders
- 3.6 Materiality Assessment
- 3.7 External Commitments

3.1 Our Corporate Strategy

We seek to contribute to our Group’s aspiration to become a leading bank in MEASEA. Based on our solid performance, we remained resilient in spite of the challenging year following the COVID-19 Pandemic. We continued to be one of the best performing and strongest banks in Egypt, with our vision of becoming the first-choice bank in Egypt.



We remain focused on small and medium enterprises (SME's), tailoring our products and services to the changing market needs. We capitalize on our multichannel distribution model and continuously enhance our variety of channels to ensure convenience, reach, and reliability.

QNB ALAHLI aspires to become the best performing bank and strongest bank in Egypt in terms of:

- 1. Size:**
 We aim to deliver the fastest growth in the market on assets, deposits, and loans.
- 2. Profitability:**
 We aspire to achieve best-in-class profitability as measured by return on assets (ROA) and return on equity (ROE).
- 3. Strength:**
 We aim to maintain coverage of more than 100% on an annual basis.
- 4. Efficiency:**
 We aspire to become the most efficient bank with the lowest cost-to-income ratio and the best quality of assets with None Performing Loans (NPL).

We continuously seek to increase efficiency. Through Lean Six Sigma analysis, and Business Process Reengineering "BPR", we aim to eliminate waste in order to render all bank procedures as efficient as possible. We are constantly working to reduce processing time in order to eliminate waste and enhance consumer convenience. The average approval time for retail express loans reached 2 working days; SME facilities have an approval cycle of less than 15 working days; and corporate facilities have an approval cycle of less than 25 working days thanks to Lean Six Sigma.

For more details on QNB ALAHLI’s strategy:

Please Read: <https://www.qnbalahli.com/sites/qnb/qnbegypt/document/en/enAnnualreport2020>

3.2 Our Value Creation Model

QNB ALAHLI focuses primarily on creating shared value for our stakeholders by leveraging our distinct competitive advantage in the Egyptian market. This includes prominent returns for our stakeholders, a wide range of benefits for our customers, and the contribution we make to the Egyptian economy and our social responsibility. We help generate, grow, and protect wealth for all our clients through our wide range of banking services, which we aspire to continuously develop and enhance.

We deliver:

- The highest levels of service to our customers in the most ethical and professional manner;
- Economic development and social contribution in the local communities of various regions;
- Long-term sustainable returns for investors in a growing range of diversified markets;
- Fulfilling careers for our highly motivated and engaged employees.

QNB ALAHLI Creating and delivering Value	Customers	<ul style="list-style-type: none"> > Service quality > Multichannel presence > Innovation
	Communities	<ul style="list-style-type: none"> > Employer of choice > Social responsibility > Supporting sustainable development
	Stakeholders	<ul style="list-style-type: none"> > Total shareholder returns > Profitability and sustained growth > Risk management

Our presence had been expanding across the years in the market along with a growing market share developed by our various distribution channels:

- 231 Branches
- 128 Call Center CSRs
- 873 ATMs
- A dedicated call center available 24/7
- 59,496 POS
- 1,612 RMs, covering the following business areas:

Retail Banking

Corporate and SME's Banking

Large Corporate and Investment Banking

Direct Banking

Contact Center

Acquiring Business

QNB ALAHLI factoring, leasing, life insurance and business

3.3 Innovation Shapes our Distinction

Innovation lies at the core of QNB ALAHLI's overall strategy, with the belief that Innovation leads to growth, competitive intelligence, and competitive advantage. QNB ALAHLI genuinely believes that innovation is the key to realizing its vision of becoming the First Choice Bank in Egypt through driving greater value and ensuring that it's a business ready for the future. We recognize innovation as a crucial element in delivering our aspiration and strategy, supported by dedicated resources who are committed to unlocking new opportunities, delivering value, and expanding the innovation culture and mindset across the whole organization. While we seek to improve the overall customer experience through the new products and services, we are capitalizing upon our Innovation Platform to explore new ways of working.

3.3.1 QNB BEYOND The Gateway To New Disruptive Innovations & Initiatives at QNB ALAHLI

We started our innovation efforts in 2005 and have established an innovation process where employees across QNB ALAHLI can submit ideas to our Innovation Team which are validated, sharpened and tested for feasibility. This process aims to leverage our pool of employees to generate ideas as we believe that our employees are well-placed to spot market trends and identify customer behaviors. The innovation lies at the core of QNB ALAHLI's overall strategy with the belief that innovation leads to growth, competitive intelligence, and competitive advantage. To foster innovation inside QNB ALAHLI, the Innovation Program offers financial incentives to the winners once the project is completed. It is worth mentioning that these ideas save costs and generate profits.

QNB ALAHLI's plans and targets for digital services for the year 2021 onwards are:

- Launch new innovative digital products that increase usage and give QNB ALAHLI a competitive edge, which increases market share and achieves maximum growth in profitability.
- Continue to enhance the set of services offered through Mobile Banking, E-Wallet, cash management.
- Launch **Instant Payment Network "IPN"** with CBE which marks the first implementation of open banking in Egypt. IPN allows customers to manage all their bank accounts via mobile phones using one convenient interface, in addition to offering the ability of instant financial transfers either on weekdays or official holidays.

3.3.2 Digital Value Offering

The Egyptian government, through CBE and other entities, aims to shift to a cashless society and support electronic payments all over Egypt. QNB ALAHLI was one of the leading banks to launch state-of-the-art digital products and services to cater to the needs of our customer base, while coping with the directives of the government to achieve digital transformation, transform to a cashless society and introduce innovative banking services. QNB ALAHLI strived to offer exceptional banking experiences to customers by launching a number of initiatives focusing on digitalized services that provide easier, more convenient banking experiences and achieve the highest level of customer satisfaction by making financial technology accessible to everyone.

The outbreak of COVID-19 has doubled the importance of electronic payments and collection in light of the precautionary measures, and the Ministry of Finance is cooperating with the banking sector to allow the payment of governmental dues in administrative offices through QR Code, electronic wallets in mobile phones, in addition to ATM Debit cards, Automated payroll cards, prepaid cards and credit cards linked to bank accounts.

Aligning with the above initiatives and governmental directives, QNB ALAHLI was a pioneer in offering contactless and cashless payment solutions, which allowed our customers to perform transactions, safely and securely. We were the first bank to launch the **Wearable Payment wristband**, offering the latest tap-and pay contactless payment technology. **The wearable payment wristband** is one of the most advanced, fast, and safe means of payment in the world, which is widely accepted, especially among young generations, as technology represents a major part of their lifestyle and daily activities. The wearable payment wristband depends on the technology of contactless payments to enable the wristband wearer to pay for his/ her purchases in any store or service outlet using electronic points of sale that read the wristband data remotely.

In collaboration with Visa, QNB ALAHLI was the first bank in Egypt to introduce the **Visa Scan to Pay (previously m-Visa)** service allowing customers to enjoy cashless payments and offering a B2B

mobile payment service using QR Code technology. Expanding the QR Acceptance service and diversifying payment solutions. Another initiative to promote digital transformation, QNB ALAHLI launched the **PAYnGO app**, a digital alternative to conventional payment cards and POS. The new app is a convenient and easy way for both consumers and merchants to make payments only through smart phones. The **PAYnGO** service is part of the integrated solutions package provided by the bank to companies of all sizes under the umbrella of supply chain finance programs with easy terms and competitive prices. **QNB ALAHLI PAYnGO** allows merchants to accept payments from their clients through smartphones and to follow the sales and payments instantaneously, through the application. **PAYnGO** boosts the bank's leading position in innovative and digital services, particularly among smartphone users in the local market, giving them an opportunity to facilitate financial transactions with merchants. We successfully deployed more than 30,000 POS machines with QR and contactless features, across Egypt, covering underserved areas and capitalizing on our wide multichannel model and our experienced relationship managers reaching more than 59,000 POS machines serving our customers.

Amidst the global lockdown, QNB ALAHLI offered the **"Ma'ak online" service**, as the first step in expanding internet banking, enabling new customers to open accounts online and begin their online banking experience. QNB ALAHLI **Ma'ak online** is the online onboarding platform, which only requires one visit to any branch to open the main account. Allowing a practical, safe, and secure customer experience, the electronic tool is the sole platform through which the customer can interact with the bank to benefit from our saving products. As we continuously expand and enhance the services available on our Internet and Mobile Banking platforms to ensure convenience and allow our customers to execute transactions remotely, in 2021 we successfully upgraded our mobile banking platform to execute international transfers. **Our E-wallet** has also become an integral part of our value proposition, offering a wide variety of services to customers and non-customers ensuring convenience, security, and reliability. We always improve and diversify the services offered through our E-wallet allowing users to perform various transactions directly using their smartphones. Electronic payment products and solutions come as a part of the initiatives of the Central Bank of Egypt to transform Egypt into a cashless society, which is a strategic goal that QNB ALAHLI seeks to achieve through its innovative services and products. In the midst of a challenging year, our digital products and services have allowed us to stay reachable and accessible to all our customers.

Additionally, QNB ALAHLI launched the latest innovative **SWIFT GPI services** for international payments in cooperation with the Society for Worldwide Interbank Financial Telecommunication (SWIFT). This cooperation aims to help bank customers (both individuals and corporates) track down remittances in real time, starting from the time of issuance until the money is deposited into the beneficiary account. The initiative accelerates remittances through a network of corresponding banks and offers full transparency for every transaction, making the new service a game changer for international remittances.

The year 2021 witnessed the launching of the new **Instant Payment Network "IPN"** service, which is an electronic payment tool that allows customers and banks to carry out instant transfers with appropriate banking services. **"IPN"** facilitates EGP money transfers between the different sources of funds like Bank Accounts, Wallets, and Meeza Cards around the clock 24*7, while allowing easy &

smooth fast transfers which is an additional value proposition to our customers. Also, we launched additional features to Internet Banking Service such as prepaid card request, supplementary card request, Card transaction installment, and Card dispute. Moreover, we launched **Robotic Process Automation "RPA"** for 8 processes which resulted in an efficiency gain in the bank's operations reaching up to 89%. Some of selected enhanced processes include **Automated Clearing House "ACH"**, payroll account opening, and some activities inside the deposits center.

In addition to this, in 2021, QNB ALAHLI subscribed to the **BUNA Payments Platform**, which is a platform provided by the Arab Monetary Fund for settling payments in different currencies between selected Arab banks. Another remarkable digital initiative is the automation of the loan early settlement process for Corporate and SME's clients. As well as launching electronic advice to clients via E-mail for some Trade Finance activities. Also, expanding POS & ATMs network mainly in remote areas according to Central Bank of Egypt Initiatives, which resulted in adding 345 new ATMs to QNB ALAHLI's network reaching 873 ATMs in 2021.



3.4 QNB ALAHLI Sustainability Framework

QNB ALAHLI creates a more sustainable future for its employees, customers, and the communities it serves. QNB ALAHLI follows the QNB Group's sustainability framework which paves the way for us to become a signatory to the United Nations Global Compact (UNGC). We shall be committed to imbedding the UNGC principles within our operational framework. We continuously work to embed a culture of sustainability into the DNA of the organization, through implementing sustainable strategies that integrate the ESG pillars into the business, which allows us to support our customers, not only in the present, but also into the future. This includes environmental aspects, such as climate change and resource scarcity, as well as social aspects, such as human rights, financial inclusion, and data privacy. It also includes corporate governance aspects, such as board composition, anti-

corruption, and ethical business practices. Collectively, these ESG (Environmental, Social and Governance) factors shape our approach and priorities. Leveraging on this, we have adopted a proactive approach to sustainability that strengthens QNB ALAHLI’s business resilience and supports sustainable financial performance. Additionally, this proactive approach reduces risk, opens new business opportunities, improves brand value and reputation, provides a platform for innovation, helps in attracting and retaining diverse staff, achieves sustainable growth, cuts costs, and reinforces stakeholders’ relations.

As a support to embed the Sustainability culture into the organization, QNB ALAHLI also introduced sustainable practices into the day-to-day operations by applying a sustainability Key Performance Indicators “KPIs” approach that is based on setting sustainability initiatives/projects targeted across all divisions. We continue to measure and control sustainability performance by setting KPIs in the division’s scorecard to ensure the achievement of a global sustainability business plan. These KPIs are not standard and were tailored to match each division’s business nature.

Our sustainability framework consists of three pillars: sustainable finance, sustainable operations, and beyond banking. Under each pillar we have identified the sustainability topics most material to our business and stakeholders, along with a series of action plans to improve our performance.

Pillar	Sustainable Finance	Sustainable Operations	Beyond Banking
Purpose	Sustainable finance is the integration of ESG criteria into QNB ALAHLI’s financing activities to deliver profit with purpose.	Sustainable operations are the integration of ESG criteria into our business operations and across our supply chain to ensure we operate ethically and efficiently	Beyond banking refers to QNB ALAHLI’s Corporate Social Responsibility (CSR) activities in the communities in which we operate.
Material Topics	QNB ALAHLI’s material topics identified within sustainable finance are: - sustainable investment, lending, products and services. - customer experience and responsible engagement. - financial inclusion, accessibility, and education - supporting SME's and entrepreneurship; and Sustainable Operations: - customer privacy and data security. - digital innovation and transformation	QNB ALAHLI’s material topics identified within sustainable operations are: - governance, compliance, and risk management; - employee value proposition; - diversity and inclusion; - responsible procurement and supply chain. - environmental impact of operations	QNB ALAHLI’s material topic identified within beyond banking is: - community investment and socioeconomic development

3.5 Listening to our Stakeholders

3.5.1 Stakeholder Mapping

QNB ALAHLI recognizes the importance of openly and actively engaging with stakeholders. We believe that creating sustainable shared value is the essence of our business success. Engaging with our key stakeholder groups – our customers, investors, employees, regulators and government, community, suppliers, and partners allows us to take into account their needs and expectations, while developing our strategy and policies.

Our stakeholders are groups that are directly affected by our business and operations (customers, employees, suppliers), invest in our business (investors), have oversight and influence on our activities (regulators and government), as well as those who are indirectly impacted in the communities we serve (society). The relevance of these stakeholder groups is reviewed on an annual basis.

3.5.2 Stakeholder Engagement

Our Stakeholder Groups



Stakeholder	Internal/External	Priority Topics	Methods of Engagement
Customers	External	<ul style="list-style-type: none"> Customer privacy - Quality Service - Customer Satisfaction - Financial inclusion and literacy - Competitive rates and fees - Diversified and easy-to-use digital banking - Mobile & Online Banking - E-Payment Products - Responsible Banking 	<ul style="list-style-type: none"> - Annual customer satisfaction survey - Customer care center - Complaints management - Network of Branches - Relationship Management - Customer contact points
Regulators and Government (Ex: Central Bank of Egypt and Public Authorities)	External	<ul style="list-style-type: none"> - Compliance with all regulatory requirements, Data collection, reporting and monitoring such as: Central Bank of Egypt (CBE), Ministry of Trade & Industry and Ministry of Finance. - Strong risk management and governance - Financial Inclusion - Digital Transformation 	<ul style="list-style-type: none"> - Public disclosures (e.g., Annual and Corporate Governance Report)
Investors	External	<ul style="list-style-type: none"> - Strong and stable returns - Robust corporate governance, risk management and ratings - Transparency and disclosure 	<ul style="list-style-type: none"> - General Assembly meetings - Public reports - Financial positions
Supply Chain	External	<ul style="list-style-type: none"> - Timely Payment - Fair and Transparent relationship - On time service provision 	<ul style="list-style-type: none"> - Bidding - Tendering - Prices & offers negotiations - Partnerships
Employees	Internal	<ul style="list-style-type: none"> - Training and Development - Employee Engagement - Competitive Salaries and Benefits - Equality and Inclusion - Business ethics and responsible banking 	<ul style="list-style-type: none"> - Employee engagement survey - Learning and development programs - Training needs analysis - Whistleblowing & Grievance Mechanism
Communities	External	<ul style="list-style-type: none"> - CSR activities - Supporting Youth - Providing job opportunities - Protecting the environment 	<ul style="list-style-type: none"> - Products and services with environmental or social benefits - CSR activities - HR recruitment plan - Seminars
Partners and Experts	External	Partnership, collaborations and providing finance for creating positive impact to the society and environment in which the bank operates. Examples <ul style="list-style-type: none"> - EBRD is one of our main partners in our sustainable financing programs as well as financing our Trade activities 	<ul style="list-style-type: none"> - Meetings - Contracts

3.6 Materiality Assessment

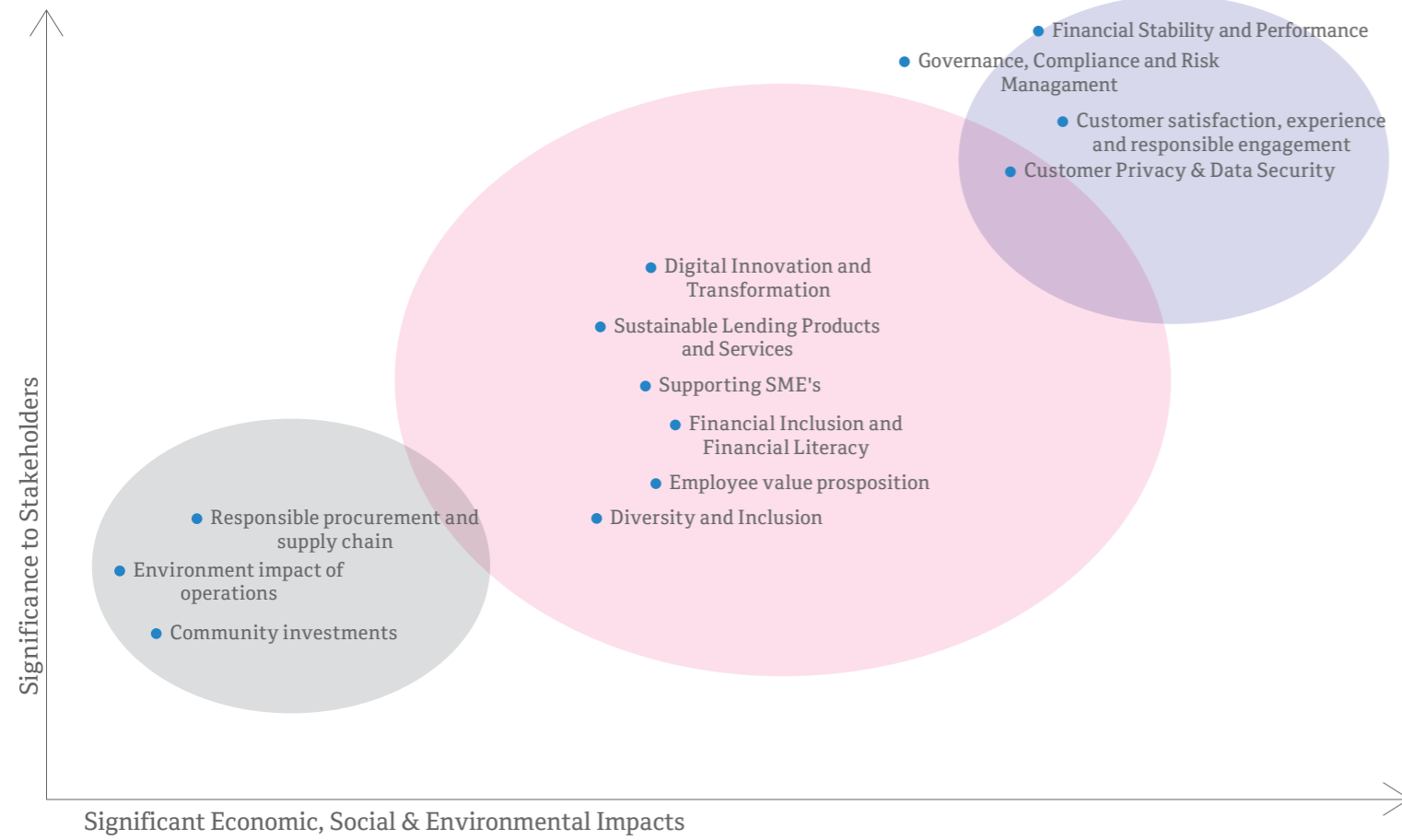
In preparing this report, QNB ALAHLI has undertaken an inaugural materiality assessment exercise guided by the GRI Reporting standards that are followed in this report. Materiality assessment is a process that reflects the economic, environmental, social, and governance topics that are most material to the bank and its stakeholders.

QNB ALAHLI has adopted a participatory approach across all bank departments asking them to identify their stakeholders, state the frequency of engagement, and the material topics relevant to this stakeholder. This process ensured that all stakeholders' concerns were taken into consideration and formulated a baseline for QNB ALAHLI's material topics.

As a result of our stakeholder engagements, QNB ALAHLI compiles a comprehensive list of relevant economic, ethical, social, and environmental impact areas. With the assistance of an external consultant, the bank was then involved in prioritizing and selecting the topics that are material to the bank's success and concurrently material to stakeholders. Nevertheless, Material issues were chosen in alignment with UN Sustainable Development Goals (SDGs), Egypt Vision 2030, the Central Bank of Egypt's Financial Inclusion Strategy, Strategic Directions, and QNB Group's Strategy and Material Topics. Our approach to materiality provides the foundation of our sustainability strategy and ensures that we address the issues of most relevance to all our stakeholders.

The bank has identified 13 material issues as follows:

QNB-AA Materiality Matrix



Material topics alignment with UNSDGs

1. Financial Stability and Performance	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE			
2. Governance, compliance and Risk Management	16 PEACE, JUSTICE AND STRONG INSTITUTIONS				
3. Customer satisfaction, experience, and responsible engagement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION				
4. Customer Privacy & Data Security	16 PEACE, JUSTICE AND STRONG INSTITUTIONS				
5. Digital Innovation and Transformation	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES		
6. Sustainable lending products and services	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION		
7. Supporting SME's	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE			
8. Financial Inclusion and Financial Literacy	1 NO POVERTY	10 REDUCED INEQUALITIES			
9. Employee value proposition	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH			
10. Diversity and Inclusion	5 GENDER EQUALITY	10 REDUCED INEQUALITIES			
11. Responsible procurement and supply chain	12 RESPONSIBLE CONSUMPTION AND PRODUCTION				
12. Environmental impact of operations	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION		
13. Community Investments	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY

3.7 External Commitments

Sustainable progress at QNB ALAHLI is driven by our commitment to advance solutions that address climate change around the world in support of the transition to a low-carbon economy. Recognizing the need for urgent action, we have set out our sustainability strategy to be aligned with the United Nations Sustainable Development Goals (SDGs), the United Nations Global Compact (UNGC), and the Sustainable Development Strategy (SDS): Egypt Vision 2030.

The United Nations' Sustainable Development Goals (SDGs) are the principle global framework for sustainability. Their aim is to protect the planet, end poverty, fight inequalities and ensure prosperity.

The United Nations Global Compact (UNGC) is the world's largest corporate sustainability initiative and consists of ten principles to promote better business practices in the areas of human rights, labor, the environment, and anti-corruption.

Egypt Vision 2030 is a national agenda that represents the country's long-term strategic plan to accomplish and re-establish the principles and goals of sustainable development in all sectors and across all Egyptian government agencies.

QNB ALAHLI's Products & Services alignment with the United Nations Sustainable Development Goals "UNSDGs":

Product/ Service/ Initiative	Mapping with SDGs	Mapping with SDS: Egypt vision 2030
Green Loan: Solar Loan is offered to our retail clients in order to finance the purchase of solar energy systems such as full solar power systems, roof solar panels, solar batteries, and other solar energy equipment. This loan is available to all clients in order to align with the direction of supporting green products for a more sustainable green environment.		
Electric Car Loan: We offer an electric car loan to assist our clients in financing the purchase of electric vehicles with a competitive interest rate compared to other auto loan schemes. This will help with the decrease of air pollution and associated health hazards. as well as enhancing road safety.		
Car Loan to Substitute Cars for Dual Fuel: We participated in the Central Bank of Egypt's initiative of "Go Green-Substitute Cars for Dual Fuel," providing Incentivized loans with special interest rates for customers replacing old cars with environmentally friendly vehicles, in order to reduce air pollution from conventional combustion engines.		
Green Economy Financing Facility "GEFF I": We are one of the first banks in Egypt to participate in the "GEFF" which is a financing program launched by the European Bank for Reconstruction & Development "EBRD" and other international development financial institutions, and backed by the European Union "EU". GEFF is dedicated to finance sustainable energy projects through term financing coupled with free technical assistance/ advisory as well as incentive grants funded by the "EU".		

Product/ Service/ Initiative	Mapping with SDGs	Mapping with SDS: Egypt vision 2030
Green Economy Financing Facility "GEFF -II" <ul style="list-style-type: none"> QNB ALAHLI is the first bank in Egypt to benefit from a loan of USD 50 million under the GCF GEFF Regional Egypt Framework, the second Green Economy Financing Facility (GEFF II) in the country with a special focus on SME's, women-led businesses, and green financing. QNB ALAHLI will extend the EBRD's financing to private sub-borrowers, including individual households and SME's, that operate across the residential, agribusiness, industrial, commercial and services sectors who are developing green, energy efficiency, water efficiency, renewable energy, and resource efficiency projects. This will promote the use of high-performance technologies and services in the field of climate mitigation and climate adaptation activities and help with the transition to a greener economy in the country. It is the first Program of this kind with both a retail and a residential segment in Egypt and the southern and eastern Mediterranean (SEMED) region. 		
Value Chain: A special financing program that provides loans coupled with free technical assistance/advisory as well as incentive grants to finance SME's operating in various value chains.		
Supporting SME's To support Egypt's socioeconomic advancement, we are focusing our efforts on the Small and Medium Enterprises (SME's) sector, which is considered an engine of development in Egypt. We are expanding in the SME sector by utilizing a multifaceted strategy to increase the number of clients, diversify economic activities, and increase the amount of credit facilities. Our SME's portfolio is currently more than 25% of total Credit portfolios, the highest ratio in Egypt.		
SME's' Nilepreneurs Initiative & Business Development (BDS) Centers: QNB ALAHLI is one of the 12 banks participating in the Nilepreneurs initiative, which is a national initiative sponsored by the Central Bank of Egypt and implemented by Nile University in collaboration with different Egyptian Ministries among other entities. This initiative addresses young people, micro, and small enterprises that are not equipped enough to reach banks and deal with them during the initial stages of their project's life. QNB ALAHLI participated in the Nilepreneurs initiative by establishing two business development centers in Mansoura & Kafr EL Sheikh for providing nonfinancial services to start-up projects aiming to complement & maximize the value-added of the financial services provided by the bank.		

Product/ Service/ Initiative	Mapping with SDGs	Mapping with SDS: Egypt vision 2030
Egyptian Pollution Abatement Program: We aim to fund projects aimed towards curbing industrial pollution. The program's goal is to increase pollution-reduction investments to improve ambient air and water quality in the two most significant environmental hotspots.		
Digitalization: We were one of the first banks to launch cutting-edge digital products and services to meet the needs of our customers while adhering to the government's digital transformation directives. We offer a variety of digital services and solutions, including internet banking, digital wallets, mobile banking, cash flow management, and POS services.	 	
Youth Offer (YO!): A program that offers teenagers aged 16 to 21 a bundle of selected banking products and services at a lower cost (minimal annual fees) in order to meet their basic financial needs and expose them to the banking sector, allowing them to begin to engage in the financial field.		
Affordable Mortgage Finance Program: Under the initiative of Egypt's central bank, we are offering mortgage finance loans at a subsidized rate to various groups of clients based on income level to finance the purchase of residential units.	 	
Nahr El Kheir Charity Donations: A simple and convenient way for clients to donate to charities. Interest is paid to the Misr ElKheir charity organization on a monthly or quarterly basis, depending on the client's preference. Clients can choose to donate CD interest to zakat or charity sadaka. When the CD matures, the original CD amount is refunded to the client's account.	 	

Product/ Service/ Initiative	Mapping with SDGs	Mapping with SDS: Egypt vision 2030
Tahya Misr Charity Donations: The Tahya Misr CD is a fast and straightforward way for clients to make donations and contribute to Egyptian society. On a quarterly basis, interest is credited to the Tahya Misr Fund, and clients can donate the CD amount at maturity.	 	
Services for Clients with Disabilities: We have 31 branches that provide special and devoted services to deaf, mute, and blind customers. Our employees at each of our 31 branches have been trained to provide this level of customer service.		
Education Loan: This loan is designed for our payroll clients who wish to upgrade their educational level, pursue their career goals, or ensure a better education for their children. It covers the financing of courses, diplomas, mini-MBA, MBA, Masters, PHD, and university/school fees from any educational institution.		
Medical Coverage: We offer medical coverage to all our employees and their families. Medical coverage originated from a fundamental necessity—individuals seeking to protect themselves and their families from unforeseen healthcare issues. People's health is a vital part of more sustainable, resilient, and inclusive development.	 	
Breast Cancer Insurance: Free Breast Cancer Insurance Coverage offers all female primary credit card holders diagnosed with breast cancer an amount of EGP25,000 as support for medical expenses.		
Women Package (Laky): This is a banking package designed specifically for women to meet their different banking needs and provide them with an exceptional banking experience.		
Responsible Procurement: We encourage our suppliers to respect the environmental and social standards. Our corporate responsibility extends beyond our internal processes and encompasses the whole supply chain.		

Sustainable Finance

Sustainable finance is the integration of ESG criteria into QNBAA's financing activities to deliver profit with purpose. QNBAA strives to expand its sustainable finance with the ambition to help customers manage their E&S risks, support the transition to greener and more socially equitable business practices, and improve access to finance for SMEs and underserved groups.

Contents:

- 4.1 Responsible Finance (Reference to ESRM Framework)
- 4.2 Financial Inclusion
- 4.3 Supporting SMEs
- 4.4 Women Empowerment
- 4.5 Responsible Communication
- 4.6 Customer Privacy and Data Security



4. Sustainable Finance

At QNB ALAHLI, we follow a Group-wide Sustainability policy. A key pillar to the bank's sustainability framework is sustainable finance. We define "sustainable finance" as the integration of ESG criteria into QNB ALAHLI's financing activities to deliver profit with purpose. Our ambition is to support customers to manage their risks, lend to businesses that contribute towards sustainable development goals, improve access to finance for SME's and underrepresented groups, and provide responsible customer service. Sustainable finance is the most significant way in which QNB ALAHLI can support national and global sustainable development goals. Moreover, it enables us to reduce reputational risks in our portfolio while capitalizing business opportunities arising from the transition to a greener, more inclusive economy. QNB ALAHLI's 'Sustainable Finance' addresses are:

- 1. Environmental and Social Risk Policy "ESRP" Framework in lending:** As part of QNB ALAHLI's strategic direction to sustainable financing, we developed our "ESRP" Framework which sets the bank's general approach to environmental & social matters in its lending activities.
- 2. Sustainable lending portfolio:** We will gradually work on our 'green and social lending portfolio' to contribute towards sustainable development goals.
- 3. Sustainable products and services:** We will develop and widen our product range to include products and services that address an environmental or social challenge, such as the promotion of financial inclusion or mitigation of climate change.
- 4. Sustainable investing:** We will widen the scope of our internal capacity to assess among other concept, ESG risks and opportunities associated with QNB ALAHLI's and our customers' investments.
- 5. SME's, microenterprises, and entrepreneurs:** We will support the growth of SME's, microenterprises, and entrepreneurs with access to finance, and improve the financial inclusion of unbanked or underserved communities.
- 6. Responsible customer communication and marketing:** We will provide transparent and responsible financial advice and communication to our customers to enable better financial decisions.
- 7. Customer privacy and data protection:** We will ensure customer information is protected and respect the right to privacy within the guidelines of all applicable privacy and data protection laws and regulations.

4.1 Responsible Finance (Reference to ESRP Framework)

4.1.1. Environmental and Social Risk Policy "ESRP" Framework

QNB ALAHLI follows an Environmental and Social Risk Policy (ESRP) Framework that applies to the internal operation of the bank as well as the lending activity. Our ESRP enables the bank to proactively identify and manage exposure to E&S risks in our financing activities to a reasonable degree, and our ambitions are to develop it further.

QNB ALAHLI is targeting to work with its clients to identify, assess and manage E&S risks. Such collaboration promotes sustainable performance and can lead to improved financial, environmental, and social outcomes.

In this context, an Environmental and Social Risk Policy Framework "ESRP Policy Framework" has been developed to set forth QNB ALAHLI's approach to environmental & social matters through its sustainable financing and operations. Our ESRP clearly articulates exclusions, sectors deemed high risk, and risk categorization.

QNB ALAHLI's ESRP Policy framework comes in alignment with QNB Group's Sustainability Policy, Strategy.

4.1.2 Operational Excellence

Amid a challenging global environment, our customer-centric approach remains the driver in all our endeavors. We continuously enhance our value proposition to cater to all clients' needs and provide the best service at all times and under any circumstances. Our business model is set towards providing a diversified range of banking services and creating new products to satisfy the evolving needs of our customers, gain their trust, and eventually position ourselves at the forefront of the banking scene on a national scale. Our business model incorporates:

I. Retail Banking

QNB ALAHLI has managed to capitalize on its leading position as a pioneer in developing and industrializing a world-class retail banking service, where QNB ALAHLI adopted a unique market segmentation approach to be able to structure products and solutions that meet the requirements of each segment. In 2021, QNB ALAHLI served 1,258,718 retail customers through a broad array of financial products and services. We strive to enhance the value proposition for affluent markets, expand the current ATM network, targeting untapped areas, increase cards' acquisition and utilization and continue to develop mortgage finance and enrich banking tools.

Our retail department has worked to shift the mindset of retail customers for over 3 years towards a cashless society. We capitalize on the Central Bank of Egypt "CBE" initiatives and financial inclusion to target the unbanked clients with special concentration on the unprivileged segments such as women, youth, people with special needs and elder customers.

We also participated in several financial and digital literacy sessions to educate clients about bank's financial products, services, and contactless means of payments. Hence, dedicated products and services were launched to fit these goals such as Women Package, mother donation account, and wearable wristbands. The department has worked with different stakeholders across the bank to achieve sustainable development goals and Go-Green initiatives. Furthermore, a more comprehensive approach was followed towards providing our retail clients with distinguished products that serve the environment such as solar loans, electric car loans, & Go Green -Substitute Cars to Work with Dual Fuel, or with social benefits such as Mortgage finance loans, youth offer, supporting the SME's, women empowerment, and many more with social impact.

II. SME's Banking

QNB ALAHLI has capitalized on its trust in the power of SME's to push growth and deliver sustained development, perhaps just as importantly manages to support its SME customers through the peaks of the economic cycle. We work on supporting medium and very small enterprises' growth, enhancing merchant acquiring value proposition, offering and promoting non-financial services to entrepreneurs and capitalizing on direct channels to increase customer acquisition. Our SME's customers reached 9,740 clients in 2021, an increase of around 9% from the previous year. More details on QNB ALAHLI's SME's Banking to be illustrated in the following sections.

III. Corporate Banking

QNB ALAHLI provides dedicated products in corporate banking, financial advisory, project financing, structured financing, working capital financing, domestic/global trade financing, payroll financing agreements, cash management, and foreign exchange with its competitive offerings, it has managed to establish a strong bond with its various corporate clientele whether large domestic corporations, subsidiaries of multinational companies, medium caps, as well as SME's. We aim to enrich the role of Global Transaction banking, increase share of wallet and profitability in large corporations, continue to develop project finance and grow export business & expand digital offering.

Our Large Corporate Finance & Investment is QNB ALAHLI's entity specialized in managing relationships with selected major clients (Egyptian and Multinational groups and companies). Large Corporate Finance & Investment team endeavors to increase QNB ALAHLI's market share, preserve the bank's leading position in the market, promote the bank's image as a trusted universal bank and maintain the superior asset quality of the bank and its strong profitability track record. In order to do this, QNB ALAHLI's Large Corporate Finance & Investment is entrusted to further enhance the commercial cooperation and synergies with the bank's different business lines and subsidiaries and put it in focus as one of the most effective tools that optimize business results.

Large Corporate Finance & Investment activities continue to be well recognized in the Egyptian market leveraging on QNB ALAHLI's solid position as one of the largest private banks in Egypt, in addition to our strong expertise represented by our highly qualified and dedicated Team. We managed to support different business sectors and maintain very strong and long-standing relationships not only with public and private financial institutions, but also with prominent and active Egyptian and multinational companies, as well as several public and private holding companies and groups operating in all the different economic sectors in Egypt. Our footprint has been materialized in supporting the economy, evidenced by our presence with large corporations and major projects, where the bank continued to play major roles in large-ticket transactions in sectors such as food and beverages, oil & gas, and contracting. In addition, the bank played a key role in Egypt's largest issuance in the history of the local corporate bonds. We are also assuming a leading role in the Egyptian solar energy market by recognizing the role that small & medium scale solar developers can play in the market alongside the mega-scale developers. During 2018, QNB ALAHLI was the first bank in Egypt to finance the first on-grid IPP roof top industrial solar power plant in Egypt.

Composition of loan portfolio			
Value of loan portfolio by size	2019	2020	2021
Total value of retail banking loan portfolio (figures in EGP millions)	27	32	36
Microenterprise (figures in EGP millions)	141	414	1,248
SME's (figures in EGP millions)	31,434	35,336	39,483
Large/ Corporate and institutional banking customers (figs in EGP millions)	104,007	105,924	107,755

4.1.3 Sustainable Products and Services

We continue to develop our sustainable product offering to encourage sustainable practices among our clients and enable sustainable economic activities. We rolled out a range of products and services that are designed to deliver environmental and social benefits and mitigate the negative impact on the economy, environment, and the society. These include:

A- Green Finance

i. Green/ Solar Loan

Green Loan is offered to finance our clients' purchases of solar energy systems such as full solar power systems, roof solar panels, solar batteries, and other solar energy products. This loan is offered to all client types, payroll, non- payroll employed clients and self-employed to be aligned with the direction of promoting green products for a more sustainable green environment.

ii. Agreements with the European Bank for Reconstruction and Development "EBRD"

Back to a strong relationship that started in 2016, QNB ALAHLI participated in a loan agreement with the "EBRD" for a financing program launched by the "EBRD" and other international development financial institutions and backed by the European Union known as Green Economy Financing Facility I.

In 2021, The European Bank for Reconstruction and Development (EBRD) boosted small businesses and green investments in Egypt by extending a USD 50 million loan to QNB ALAHLI. This loan includes USD 7.5 million of concessional finance from the Green Climate Fund known as Green Economy Financing Facility II, which was used to extend the EBRD's financing to private sub-borrowers, including individual households and SME's, operating in the residential, agribusiness, industrial, commercial and service sectors, who are developing green, energy efficiency, water efficiency, renewable energy and resource efficiency projects. This program promoted the use of high-performance technologies and services in climate-mitigation and climate-adaptation activities and helped with the transition to a greener economy. In Egypt and the southern and eastern Mediterranean region, it is the first program of this kind to have both a retail and a residential segment.

QNB ALAHLI is one of the first bank in Egypt to benefit from these financing programs; to date, the cooperation between the EBRD and QNB ALAHLI on various projects is worth more than US\$ 720 million cumulatively, and has a special focus on SME's, women-led businesses and green financing, coupled with free technical assistance/advisory as well as incentive grants.

iii. Solariz Egypt Solar Plant Project

QNB ALAHLI is playing a leading role in the Egyptian solar energy market by supporting solar developers and providing them with innovative financing and advisory solutions. For example, we supported our client, Solariz Egypt, to build a 7MW ground mounted solar power plant located at El Ain El Sokhna. The solar plant project was recognized as the Middle East Region project of the year by the Association of Energy Engineers. Solariz Egypt completed the construction of the solar power plant in early 2020. Over its 25-year lifetime the power plant is estimated to generate and sell approximately 294 GWh of electricity. Once connected

to the grid, the plant will result in an estimated reduction in CO2 emissions equivalent to 170,868 tons per annum, which is equivalent to around 730,000 trees planted over the lifetime of the plant. This project was financed under the EBRD's Green Economy Financing Facility Program.

iv. Value Chain

Moreover, continuing to the remarkable partnership between QNB ALAHLI & EBRD for the promotion of a greener economy, QNB ALAHLI cooperated with EBRD & EU to launch a special financing program "Value Chain" that provides loans coupled with free technical assistance/advisory as well as incentive grants to finance SME's operating in various value chains to support their competitiveness and growth by strengthening product quality and adding value, improving standards and creating an enabling environment for exports.

v. Electric Car Loan

We offer an electric car loan to assist our clients in financing the purchase of electric vehicles. The interest rate is 1% lower than the default rates of other auto loan schemes. This will help with the decrease of air pollution and associated health hazards as well as enhancing road safety.

vi. Car Loan to Substitute Cars to Work with Dual Fuel

In 2021, QNB ALAHLI participated in the Central Bank of Egypt's initiative of "Go Green -Substitute Cars to Work with Dual Fuel", providing incentivized loans with special interest rates for customers replacing old cars with environmentally friendly vehicles, to reduce air pollution from conventional combustion engines.

B- Social Lending (Products/ Services with Social Benefits)

i. Micro and Very Small Enterprises Finance

- **MVSE's scoring program for lending credit facilities:**

QNB ALAHLI provides new lending programs with preferential interest rates (according to the CBE initiatives) to finance micro and small enterprises.

MVSE refers to micro-finance & very small enterprises. According to the CBE definitions and our internal segmentation, their sales turnover is less than 1 million for micro and from EGP 1 million up to EGP 10 million for very small. It is considered one of the SME segments that represents the largest base of clientele in the market, lowest by sales turnover and lowest by banking penetration. It is a crucial segment that has the important employment of skilled and unskilled labor and is a source of new clients needed for building segments targeted by financial inclusion.

ii. Micro Finance Lending

QNB ALAHLI pays attention and expands its banking relationships to finance micro enterprises in rural and remote areas and target considerable microfinance lending to women.

QNB ALAHLI started the relationship with microfinance in the 2000s, providing credit facilities and helping them expand their micro lending to individuals and micro enterprises aiming to alleviate poverty, qualify the informal sector, women’s economic empowerment, and enhance living standards in rural and remote areas. Also, we organized financial inclusion and literacy sessions for some of their clients.

We have a strong funded portfolio directed to this important sector reaching around EGP 664 million in 12/2021.

iii. Supporting real estate financing initiatives

We offer a dedicated mortgage finance program with a subsidized interest rate under the initiative of the Central Bank of Egypt, where we are offering mortgage finance loans at a subsidized rate for four different categories of clients depending on income bracket; 1- Lower income clients, 2- Low income clients (both lower and low income categories are covered by a risk default insurance policy), 3- Middle income clients and 4-Upper middle income clients to finance the purchase of affordable housing units through dealing with our bank.

iv. Education Loan

This loan is designed for QNB ALAHLI Payroll clients who wish to upgrade their educational level, pursue their career ambitions, or ensure better education for their children. It covers the financing of courses, diplomas, mini-MBA, MBA, Masters, PHD, university/school fees from any educational institution. Education Loan allows our clients to pursue their postgraduate education or to ensure a better education for their children.

v. Agyalna Package

We launched Agyalna Package in 2015, which is a pool of selected banking products and services offered to children between the ages of 7 to 16 years old that allows them to experience the banking world, through learning the value of money and when to do saving and spending, under the supervision of the guardian. We offer a savings account and prepaid card encouraging children to enjoy their banking experience.

vi. Nahr El Kheir Charity Certificates

An easy and convenient tool launched in 2017, that allows clients to make donations. Interest is donated to Misr ElKheir charity organization on monthly or quarterly basis depending on client preference. Original CD amount is refunded back to the client’s account

at CD maturity. Clients can choose to donate CD interest either to zakat or as charity sadaka. Consequently, this CD enables clients to make regular donations and without any worries.

vii. Tahya Misr Charity Donations

Tahya Misr CD is an easy and convenient method that allows clients to make donations and contribute to Egyptian society, interest is credited to Tahya Misr Fund (to contribute to Egyptian society on quarterly basis, also clients can donate the CD amount at maturity.

The Tahya Misr Fund was established to implement national development projects in all fields. Tahya Misr CD allows clients to donate either interest only or CD amounts to the fund as a contribution to the welfare of Egyptian society. Consequently, this CD enables clients to make regular donations to the Egyptian economy.



Social lending (EGP millions)	2019	2020	2021	UN SDGs
Socio-economic advancement and empowerment (e.g., SME, microfinance, female-led businesses)	31,574	35,749	40,731	
Social housing (e.g., community or social housing projects)	519	843	1,526	
NGO loans	792	324	663	
Total social lending	32,885	36,918	42,921	

4.2 Financial Inclusion

Financial Inclusion in Egypt has been placed as a top priority for the Egyptian government and the Central Bank of Egypt during the last few years as an integral part of Egypt’s Vision 2030 to achieve sustainable development. QNB ALAHLI plays a leading role in supporting the national financial inclusion agenda through targeting the inclusion of more societal groups into the formal banking system and escalating digital financial inclusion. QNB ALAHLI’s financial inclusion strategy is based on contributing positively and effectively by attracting new client segments and increasing the number of individual clients to open bank accounts and transfer their financial transactions from cash to non-cash banking transactions. QNB ALAHLI achieves this by continuing the policies that it started several years ago, the most important of which can be mentioned as follows:

- Focus on underrepresented and far groups from the banking sector, such as women, youth, and disabled.
- Facilitate the account opening process and provide simple & accessible products to different social groups by developing new banking products.
- Increase financial and banking awareness by holding financial literacy sessions targeting schools, universities, & underserved people in rural areas.
- Develop electronic digital services.

In 2020, a multi-year Financial Inclusion Strategy has been set in place, establishing a structured and well-formulated competitive approach towards including more segments within the QNB ALAHLI customer portfolio. Our financial inclusion strategy aims to promote economic and social empowerment and eliminate inequality. We target to provide financial products and services to meet the economic needs of every individual, particularly the disadvantaged people including youth, women, freelancers, micro enterprises, unbanked people, people with disabilities and special needs and pensioners. This ranges from current accounts, corporate internet banking service, corporate deposit cards, prepaid Meeza cards, time deposits, as well as payment acceptance such as POS, QR, and m-Visa scan to pay.

Main Pillars of the Financial Inclusion Strategy Involves:

1. Targeted segments:

Among which are mainly the following:

- SME's, Microfinance & entrepreneurs
- Retail sector, with specific focus on Youth & Women
- Merchants
- People with disability

2. Distribution Channels:

QNB ALAHLI continues to aspire to extend and strengthen its variety of distribution channels to reach out to more potential clients and fulfill their banking needs, which are mainly the following:

- Large network of branches among Egyptian governorates
- Qualified Relationship Managers dedicated per segment
- Strong and extensive ATM Network
- Direct banking teams dedicated to attracting new potential clients
- Dedicated B2B acquisition channel focusing on attracting merchants
- Contact Center
- Digital Channels

3. Value Proposition:

QNB ALAHLI targets to continue offering the best value proposition tailored for different segments and sectors. Main targeted efforts include:

- Continuous development of products and services
- Launching a financial inclusion account with simplified KYC requirements for retail & MVSEs in 2021
- Developing and promoting digital services (POS, QR, Meeza Pre-paid card, mobile & internet banking, E-wallet)
- Promoting Mortgage Financing programs with specific emphasis on initiatives aimed at the medium and low-income segments
- Continue to capitalize on successful partnerships with the Mortgage Finance Fund.
- Continue offering non-financial services capitalizing on BDS hubs

4. Activities & events:

To achieve targeted objectives, the following main activities are set in place on an annual basis:

- Active contribution in Financial Inclusion annual CBE events & activities
- Financial Awareness campaigns & sessions
- Corporate Social Responsibility extensive activities targeted for segments in need
- Marketing & communication plans
- Training programs to continuously develop qualified calibers

4.2.1 Financial Inclusion Events

Since 2017, QNB ALAHLI has participated in the Arab Financial Inclusion Week initiative held by the CBE and succeeded in attracting new unbanked clients through offering a free account opening fee and special interest rate along with a free YO! package for teens especially in events held in universities and clubs. In 2019, QNB ALAHLI participated in the four financial inclusion initiatives taking place in the Arab Financial Inclusion Week throughout the year; Women's Financial Inclusion in celebration of International Women's Day during March, Financial Inclusion initiative in celebration of Financial Inclusion day during April, Financial Inclusion initiatives in celebration of International day for Youth during August and Financial Inclusion initiatives in celebration of international day for savings during October. Working hours were extended during the initiative periods, and selected branches worked weekends. Financial inclusion materials were printed and distributed amongst all social segments, and were also published on the Bank's website, Facebook page and several other platforms. We also used the internal channels available at branches (LCD Screens), informing the walk-in clients / non-customer through informative message, using ATMs network (Available in branches & off sites), Outdoors LED Screens, external Digital Platforms, Google Display Network "GDN", external Physical Locations (Clubs / Universities), online and physical financial literacy sessions.

In 2021, QNB ALAHLI participated effectively in the six CBE financial inclusion events with special commercial offers and an online or physical presence in external locations and succeeded in attracting 75,378 new retail clients during these events. Also, the bank participated effectively in the CBE's initiative "Hayah Kareema" in its Pilot and First Phases targeting the less privileged villages in Egypt, Assiut, and Quena Governorates, where QNB ALAHLI has managed to conduct several financial literacy sessions.

Year 2021 witnesses 6 initiatives for Financial Inclusion which are:

- March 2021- Women Month Financial Inclusion
- April 2021- Celebration for Arab Financial Inclusion Day
- August 2021- Youth Financial Inclusion
- September 2021- Celebration of Farmers Day
- October 2021- International Saving Day
- December 2021- Disability Day

4.2.2 Promoting Financial Literacy

QNB ALAHLI excelled in its efforts to promote financial literacy and raise awareness of minor and unbanked population segments on why and how to access financial products and services in the Egyptian formal financial sector. To increase the financial literacy among the school students, several school trips were coordinated with schools in Egypt to have class trips to one of the QNB ALAHLI branches. Students were introduced to the branch business operating model and a lecture was given on the history of money, bank's roles, and a broad generic presentation on our product range. The bank has created Agyalna Magazine, which is an educational publication distributed to children upon account opening to provide educational information for children on the history of money, the economic cycle, and role of the bank as well as simple games for this age group, hence

promoting financial literacy from a younger age and associating the brand of QNB ALAHLI as being "the first choice bank" for this generation, onwards. A pool of selected banking products and services were dedicated to children from 7 to 16 years old to allow them to experience the banking world, through learning the value of money, while saving and spending, under the supervision of their guardian.

Besides, financial literacy sessions were held in many different places, focusing on the youth segment, and including governmental schools in different governorates and sessions were given to 180 teachers from different governorates in the ministry of education to highlight the importance of financial literacy to students of different ages and to communicate relevant retail banking products to them allowing them to relay the same message to their students. We succeeded in providing financial literacy sessions to more segments of society which reached 2357 participants in 2021.

Financial Literacy	2019	2020	2021
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	500	1600	2357

4.2.3 Tailored Financial Products and Services

QNB ALAHLI enhanced its existing products and services portfolio to further support all segments of society. We continuously work to provide financial products and services to fulfill the economic needs of different groups, particularly minorities and unprivileged people, as follows:

● Youth Offer (YO!)

QNB ALAHLI enhanced and developed the youth offer "Yo! Package" to match current youth needs by adding several benefits such as wearable wristbands and custody services. We offer a package of selected banking products and services at a discounted price (minimal annual fees) to teenagers from 16 to 21 years old to cover their basic banking needs and introduce them to the banking world. Consequently, teens will start becoming part of the financial sector and QNB ALAHLI will start building its future loyal clientele base. In addition to the comprehensive range of products offered by our bank, including packages, accounts, cards, as well as electronic payment methods.

● Services for people with special needs (deaf, blind, and mute people)

QNB ALAHLI has enhanced the services for clients with special needs where additional services have been launched such as priority in branches queuing system, and chat service through Mobile banking services, and additional Ramps were installed in selected branches to facilitate entry and exit to the branch and accessibility to the ATMs as well. In addition, the bank has:

- 31 branches offering special and dedicated services to cater for the banking needs of deaf, mute, and blind customers.

- 6 branches out of the 31 branches have ramps for disabled.

- Employees at the branches offering special needs service are offered sign language certified training and Special training on how to deal with clients with special needs
- For blind customers, A CD to be handed to the client with all the general terms and conditions for the services performed, that the client can listen to after departing the branch.

● Freelancers “Value proposition” Program

QNB ALAHLI launched a facility program with simplified documents for Freelancer's “Value proposition” to fit the specific needs of this segment by offering facilities to untapped customers. The facility program includes Simplified documents for Freelancers, competitive interest rates, free life insurance coverage and loan durations that start at 12 months and reach up to 60 months.

● Pensioner’s package

We offer a package tailored to fit the specific needs of this age group offering increasingly competitive interest rates and unrivaled benefits for our clients over 45 years old to fully enjoy a personalized banking experience.

● Unbanked and Underprivileged Support

QNB ALAHLI has developed a strategy to support and empower the unbanked and underprivileged segments. The strategy aims to:

- * Implement a multi-channel communication to ensure access to the largest number of new customers from the unbanked and underprivileged customers.
- * Have a comprehensive and suitable geographic presence to address different segments of customers.
- * Focus on providing the best competitive advantage to maintain the growth of the portfolio and continue to attract more new customers, especially the target groups, through the following main pillars:
- * Continue to promote the various products offered with a focus on digital services and prepaid cards as the Meza Card and E-wallet.
- * Target more growth in mortgage finance portfolio for middle-income and low-income customers.

● Supporting Microenterprises

We launched financial inclusion accounts for micro enterprises and the Economic Sector, facilitating the opening of accounts procedures with the least amount of documentation and providing them with banking services and products that meet the needs of their businesses. In addition, to keep pace with the digital trend, we are providing electronic payment acceptance products to overcome the traditional cash collection risk and decrease cash usage.

● Digital Banking Products

We view digital products as a tool to promote financial inclusion through providing a variety of digital channels to replace cash transactions such as online payment sites and mobile applications. We also provide supporting tools for targeting unbanked clients and new segments to use various digital products. We offer digital channels and services such as:

- Mobile Banking
- Internet Banking for Retail clients
- Internet Banking for Corporate clients
- ACH Corpay for Corporate clients
- E-wallet Phone Bank
- E-mail
- Swift Global Payments institution “GPI”: QNB ALAHLI is a member of the GPI, a system for sending and receiving funds quickly and securely to anyone, anywhere in the world, with full transparency over where a payment is at any moment. SWIFT GPI improves cross-border payments across the correspondent banking network with the benefits of speed, tracking, & transparency.
- Straight through processing “STP” (i.e., an automation feature that facilitates remittance processes with no manual intervention, which speeds the remittance process)
- Integrate Robotic Process Automation solution, which is computerized robots to perform routine tasks.

4.2.4 Enhancing our Proximity and Accessibility

One of QNB ALAHLI’s strategic goals is to expand its branch network and increase the number of ATMs year over year, targeting mainly untapped areas to enrich its customer base and facilitate access to our ATMs’ services for more segments. In addition, QNB ALAHLI participated effectively in the CBE's initiative regarding ATMs’ expansion and deployment across Egypt’s Governorates. QNB ALAHLI keeps enhancing its multi-channel automated tools to reach its clients through a network of ATMs across Egypt that reached more than 870 ATMs in 2021, which allowed the bank to expand its services in the underserved areas and accelerate the financial inclusion of the segments in these areas. We expand our ATMs to target untapped areas, such as Behira, Kafr Elshikh, Beni Suef, Fayoum, Damietta, Ismailia, Assuit. The successful implementation of the bank’s ATM expansion plan has seen the further spread of QNB ALAHLI’s services across Egypt, in addition to launching the Drive-Thru ATMs, which all come as a useful solution to support the social distancing environment. The New Branch Committee meets on a monthly basis to set and implement the Network Capex expansion plan, in terms of opening new branches, expansions, relocation of existing branches, major and minor renovations, rent, renewals, etc.

Number of Branches & ATM's	2019	2020	2021
Total number of branches	227	231	231
Total number of ATM's	490	611	873

A sample of the Existing branches opened under the Financial Inclusion Approach:

Area Name	Branch Name
Greater Cairo	ElMassah New Admin. Capital
	Hadayek ElAhram
Delta & Suez Canal	El Shohada
	Tanta Stadium
	New Damietta
	Belqas
	Desouk
	Menouf
	Fakous
	City Mall Shebeen El Kom
Red Sea & Upper Egypt	Wahat Al-Silicon
	Hurghada City Center
Marsa Matrouh & New Alamein	ElMassah ElAlmeen

4.2.5 Escalating Digital Financial Inclusion

Aligning with our group’s approach to expanding access to financial services, QNB ALAHLI has prioritized digital Financial Inclusion by incorporating the latest advanced technologies, transformative payment systems, and practical applications at an affordable cost to customers. New options that have been added to our ATMs include:

- The e-Wallet Cardless transactions were introduced in 2019 (Dispense and Deposit).
- The Meeza transactions were introduced in December 2019. Meeza is the Egyptian National Payment Scheme (NPS) developed by the Egyptian Banks Company (EBC) under the supervision of The Central Bank of Egypt, based on the national payment council directions. The network’s

objective is to contribute positively in the transformation towards a less cash-based society by availing various payment methods suitable for all Egyptian citizens. It is considered as an entry for financial inclusion. Meeza card initiative provides a new electronic pay that allows QNB ALAHLI to expand electronic payment channels and the movement towards digital transformation seeking to cope with the world's most up-to-date technology.

We offer a broad array of digital services targeting women, youth and unbanked segments as follows:

Client Segments	Digital Service	Date of launch
Women	QR Acceptance Merchant Wallet	June-2021
	E-Commerce Acceptance	Nov-2016
Youth	mVisa Person to Person and Virtual card	Mar-2017
	Payment Wristband	Mar-2020
Unbanked	E-Wallet (individual)	Feb-2019
	QR Acceptance Merchant Wallet	June-2021
	Meeza Card	2020

4.3 Supporting SME's

QNB ALAHLI, as a pioneer in the Egyptian market, has focused extensively on this important segment through our established department dedicated to the study of SME's' needs and the comprehensive development of this sector. Our SME's department is responsible for planning, directing and controlling SME's' banking and microfinance activities to achieve the bank's SME's and MVSEs targets. The department also monitors trends to ensure QNB ALAHLI is a leading financial institution across all products & services offered to SME's & Microfinance segments, leads all SME's & Microfinance projects and developments.

QNB ALAHLI developed a comprehensive suite of banking services specifically designed to meet the needs of SME's with three specialized programs; consulting, financing & services; answering the needs of such important segments with high added values for them and their business. QNB ALAHLI's model was strongly recognized by the Central Bank of Egypt and awarded the "Shield of Honor" for accomplishing the challenge for realizing and achieving the SME's target two years in a row. QNB ALAHLI is one of the first banks to meet the Central Bank of Egypt's target for SME's from the total bank's loan portfolio of 25% in 2021 and 20% in 2020 one year before the set targeted date, with a rich loans and deposits portfolio availing real access to finance and other liabilities products to a very large clientele base along with favorable and ambitious recorded growth rates.

We believe that this promising economic sector contributes to the national economy by creating job opportunities that support a broad sector of society. It also has a crucial impact on the growth of the economy, as the companies within the industry grow and further contribute to the sustainable development of the sector. In this regard, QNB ALAHLI increased its market share in the promising SME sector by using a multi-faceted strategy to increase the number of customers, diversify economic activities, grow the amount of credit granted and deposits received, and maintain a very low rate of nonperforming loans. The bank adopted a dynamic strategic plan to support the development of the SME sector in alignment with the SME initiative launched by the Central Bank of Egypt. Our 2021 Plan for SME's was focused on targeting key growth areas, including:

1. Business drivers: CBE initiatives, Specialized lending programs targeting Agribusiness, short term loan to finance working capital requirements, automated workflow & CPM, Leveraging on Multilateral team to offer grants to SME clients especially in the area of sustainability /women & green.
2. Value Proposition: Expand acquiring channels & designing fully fledged packages of products and services
3. Maximize profit: Set guidelines for achieving maximum profits and ensure cross selling of products and services.
4. Risk Control: Signed new portfolio guaranteed scheme with credit guarantee company (CGC) & maintain strong early warning indicators & portfolio follow up on a monthly basis.
5. Enhance Capacity building: Set a training plan with the HR team approved by the management to certify all SME's RMs in coordination with Egyptian banking Institute "EBI".

4.3.1 SME's Dedicated Banking Services

To support SME's, we expanded the geographical distribution of our branches all over the governorates to facilitates reaching of clients, established a business model supported by selected & dedicated SME relationship managers geographically distributed and developed Specialized lending programs serving all sectors' needs, automated workflow and scoring modules, and monitored Service Level Agreements (SLAs) for granting facilities to ensure customer satisfaction and lengthen the lending cycle, and simplified the checklist for requested documents. Taking advantage of the wide geographical coverage, we offer our dedicated services to SME's through 231 branches supported by dedicated, experienced SME's relationship managers. Call Center services have also been extended to support and serve this important sector.

Moreover, we provide SME's tailored financial products and services to satisfy their evolving needs, as follows:

- **SME's Finance**

Various types of facilities are offered to SME clients covering the various financial needs (Working capital facilities – MTL – STL – Trade Finance, etc.). We offer SME's short-term credit

facilities including overdraft supported by commercial papers, assigned contracts, export documents or local purchasing orders as well as Point of Sale (POS) proceeds. We also offer MTL for the expansion and development of existing projects that entails presenting the best medium- and long-term financing solutions with competitive prices for different financing needs as financing production lines or machinery, equipment, transportation vehicles, administration offices, warehouses, etc. In accordance with the CBE initiative for Small and Medium Enterprises, either start up or existing clients/projects are financed with the lowest decreasing interest rates.

- **SME's Fast Injection Finance**

Starting in 2016, QNB ALAHLI tailored a fast-lending program to cover the urgent needs of SME clients in a short processing time frame. Our SME Fast Injection Finance financing program offers a fast and easy process designed to serve the urgent needs of SME clients.

- **MSMEDA SME's finance**

Financing programs designed to serve the SME's' clients with preferential interest rates through the agreement with MSMEDA and to finance both working capital needs and CAPEX purchases.

- **SME's Finance under Protocols**

Signing various protocols (ex. Industrial Development Authority "IDA", Damietta Furniture City "DFC", Roubeky protocol for leather sector, & ITIDA protocol for the IT sector) to offer tailored finance to specific sectors under the SME's. The DFC protocol aims to provide MVSE clients with financing to purchase specialized workshops in the furniture industry. Rubeiky is another protocol which aims to finance the various clients who have been transferred to the Leather City in the Roubicky area.

- **SME's Packages**

QNB ALAHLI offers a selection of SME packages that are designed to satisfy the different business needs of SME and MVSE-sized enterprises.

These packages include a wide range of banking products and services that help clients manage their day-to-day business smoothly. SME's packages are pools of products and services bundled together to serve the banking needs of SME's clients (including four different packages to suit different SME segments). The bank's packages provide them with the best solution to manage their cash flow, including, but not limited to, current accounts, POS, cash net, free cheque books, Corporate Payment Services (CPS), and business debit/credit cards.

- **Online SME Application**

QNB ALAHLI was, once again, a market leader for SME's applying for credit facilities online. Allowing clients to apply for credit facilities by filling out an e-form online through the QNB ALAHLI website, aiming to offer a convenient tool of communication for interested clients during challenging times and still ensure their safety and connection. In addition to integrating other services for SME clients, such as payroll and point-of-sale, QNB ALAHLI is a market

leader in digitized SME products and services, with a diverse portfolio that includes cash management, trade net services, and cash payment services, as well as products that facilitate, secure, and increase sales volume, such as POS, PAYnGO, and e-commerce.

4.3.2 Business Development Services Centers "BDS centers":

QNB ALAHLI is one of 12 banks participating in the Nilepreneurs initiative, which is a national initiative sponsored by the Central Bank of Egypt and implemented by Nile University in collaboration with different Egyptian Ministries among other entities. This initiative addresses young people, micro, and small enterprises that are not equipped enough to reach banks and deal with them during the preliminary stages of their project's life. QNB ALAHLI participated in the Nilepreneurs initiative by establishing two business development centers in Mansoura & Kafr EL Sheikh and expanded by end of 2021 by adding 3 new satellite offices in New Damietta, Shebeen El Kom & Beni Suf for providing nonfinancial services to start-up projects aiming to complement & maximize the value-added of the financial services provided by the bank.

The availability of financing was not just the main obstacle faced by start-ups and young entrepreneurs, other challenges are also faced, including the availability of the project's feasibility study, product design and marketing, management structure, and other services such as training and capacity-building. In this regard, QNB ALAHLI provided these start-ups and young entrepreneurs with special workshops to empower and strengthen their administrative, managerial, and legal competencies. In addition, QNB ALAHLI provided these start-ups with the required training programs for project management, quality enhancement, products or services branding, coding & tracking, and other advisory & consultancy services to guarantee the success of their projects.

As part of the Nilepreneurs initiative sponsored by QNB ALAHLI, "BDS" centers are able to provide several non-financial services to young entrepreneurs and existing businesses or projects. The initiatives emphasize that the Egyptian economy & society are full of innovative ideas that can realize success from a unique experience that leads to economic advancement by depending primarily on young entrepreneurs and youth as long as they receive the needed advisory and capacity building to turn the idea into a project. The matter that creates job opportunities and improves the financial conditions for larger segments in the society, as well as encouraging the bank to continue supporting such initiatives.

The efforts of our BDS Centers have succeeded in achieving the following:

- i. **Transformation of business owners from the informal sector to the formal sector under the financial inclusion initiative**

As a result of the support provided by the "BDS" centers, one of the emerging projects manufacturing dairy products was able to transform its business from an informal to a formal sector. The project started with a basic hand-made dairy factory for cheese manufacturing, where the distribution of cheese products was used to be done in a very primitive technique in Dakahleya Governorate. At that time, the project faced some difficulties such as the need for finance to develop the business, generate an appropriate profit margin, and open up new business opportunities.

The “BDS” center financed the expansion of the project, in addition to obtaining the required approvals and licenses. Also, facilitating the availability of finance, providing financial literacy sessions on digital products and services to ease the transactions and payments with suppliers and traders; as well as, developing the business to export its products to Arab countries, North Africa, and Europe as per the required specifications.

ii Women Empowerment

The role of QNB ALAHLI’s “BDS” centers extends to women empowerment through incubating women-led projects for one of the female customers who wanted to increase her income by starting up a new project for manufacturing wood clamps from wood trees. The “BDS” centers supported the project by developing complete market & feasibility studies and fulfilling all the required documents for extending finance to the project. In 2019 the factory was established with a wider range of wood products and to guarantee the continuity of the project, bundle of services have been rendered such as networking with suppliers and marketing the product to home appliances merchants, in addition to supporting the entrance of new materials and new equipment. Currently, the project is very well established and operates with a high level of efficiency along with opening new job opportunities for both ladies and youth.

iii Support to Projects facing the Covid-pandemic

In light of the growing demand for sanitizing and detergent products, QNB ALAHLI “BDS” centers were able to support a project producing perfumes and detergents, by giving advice on market opportunities, sourcing of raw materials to meet the increasing market demand for sanitizing and detergent products as a result of the pandemic.

“BDS” centers also assisted in the preparation of the financial statements, feasibility studies, and empowered clients capabilities to receive the needed finance for their projects. Moreover, “BDS” centers provided POS machines for facilitating transactions with traders and suppliers, offered assistance in the marketing of the products in different areas, and connected the project owner with several clients and suppliers.

v. Support to different business sectors:

“BDS” centers also supported young entrepreneurs working in different business sectors such as cement, steel, fuel stations, car service centers, food & beverage...etc. All these projects were transformed from informal to formal businesses enjoying the banking experience.

4.3.3 Creative Design Incubator Sponsorship

Business incubators aim to develop entrepreneurs by providing them with the necessary financial and technical services. Under the auspices of the Central Bank of Egypt's Nilepreneurs initiative, QNB ALAHLI sponsored the Creative Design Incubator hub (a business incubator for furniture design) at Nile University for five years. The initiative aims to create awareness about the creative industry, its importance in driving economic growth and as a source of competitiveness and differentiation. The incubator aimed to support the innovative ideas of new designers and startups in the furniture industry while offering technical, managerial, and financial assistance to new businesses, in order to unleash the full potential of the younger generation, create new growth opportunities for the Egyptian economy, and create new jobs for the youth.

4.3.4 Cooperation Protocols and Partnerships for SME's growth

QNB ALAHLI has signed crucial cooperation protocols to reinforce the banks’ strategic direction with regard to SME's and offer support to industrial and commercial institutions.

Partner's Name	Description of the Objective & outcome of the Partnership
Cooperation protocol with Cairo Company for Investment, Urban, and Industrial Development	To fund the industrial units within the new leather manufacturing city in Robiki which is considered an integrated industrial complex in the east Cairo region applying the latest technologies.
Cooperation protocol with the industrial development authority (IDA).	To fund the industrial projects located within the industrial complexes spread across the country’s cities like Sadat, Badr, Port Saied industrial cities
Cooperation protocol with Damietta furniture city (DFC).	To fund the purchase of the furniture manufacturing units located in New Damietta city which enhances and supports this important national industry
Credit Guarantee Agreement with the Credit Guarantee Co. “CGC	To share risk for Micro, Small, & Medium Enterprises “MSME's” which helps to extend QNB ALAHLI risk appetite further and reduce collaterals requested.
Rubeiky (Leather City)	Another protocol which aims to finance the various clients who have been transferred to the Leather City in the Roubicky area.
Value Chain/EBRD	QNB ALAHLI cooperated with EBRD & EU to launch a special financing program “Value Chain” that provides loans coupled with free technical assistance/advisory as well as incentive grants to finance SME's operating in various value chains.
EBRD Financing Programs	Financing programs with a special focus on small and medium-sized enterprises (SME's) that offer innovative products with an entire range of solutions as free technical assistance and cash grants/incentives to clients.

4.4 Women Empowerment

QNB ALAHLI considers women empowerment as one of the top priorities for the bank and an integral part of its financial inclusion strategy. Our bank pays constant attention to this important segment because of its active role in society. The bank has provided tailored financial products and services and participated in several initiatives aimed at empowering and supporting women to enhance their social and economic wellbeing. An annual plan is drawn up for the initiatives and projects targeted for the development of this category.

4.4.1 Laky Package

Aligning with Women's Empowerment Initiatives, QNB ALAHLI launched the female value proposition "Laky Package" to serve the diversified banking needs of women, where the bank developed its depositary by creating an initiative that is considered the first in the market to allow mothers to donate to their children. The Laky package targets mainly women to suit their different banking needs, providing them with an exceptional banking experience. The package offers women a wide range of benefits, including:

- Annual Super savings & Daily savings accounts designed for women that provide competitive interest rates on savings with easy access to their money at any time.
- Issuance of a free supplementary credit card to their loved ones.
- Secured online shopping over the net using QNB ALAHLI internet card and receive a 25% discount on QNB ALAHLI's internet card issuance fee.
- Enjoy a special discount on Safe Boxes where laky clients can place their valued and cherished belongings without worrying.
- Various ongoing credit card offers throughout the year.
- Eligibility for a special discount on Break option which allows for the postponement of cash loan installments for up to 3 months.

4.4.2 Promoting Women's Health and Wellbeing

To promote women's health and wellbeing, QNB ALAHLI created an initiative to offer free breast cancer insurance coverage, offering all female primary credit card holders diagnosed with breast cancer an amount of EGP25,000 as support for medical expenses. The bank also provided a grace period for women's loans during pregnancy.

4.4.3 Cooperation with EBRD for Women Empowerment

Moreover, the bank organized training courses and workshops for several female entrepreneurs in cooperation with the European Bank for Reconstruction and Development. The program aims to provide financial and technical support to start-ups led by young females, including free training, advisory services, finance, and banking services. Twenty-five female entrepreneurs were invited to attend a workshop at QNB ALAHLI's head office premises with the EBRD to discuss means of financing for their projects and communicate about our Women in Business program and all other relevant products to encourage women to start new projects or enhance their existing ones. The bank also provided training across our branch network in all governorates, especially Delta and Upper Egypt, on how to facilitate procedures for women to obtain all banking services and financial advice for their projects, whether they are partners in management or owners of these projects. In cooperation with the European Bank for Reconstruction and Development (EBRD), the European

Union (EU) and the Chamber of Handicrafts, we organized a bazaar at our headquarters to display women entrepreneurs' handicraft products, household products and accessories for the bank's employees. During the bazaar, QNB ALAHLI opened new accounts for women entrepreneurs using the Ma'ak Online application and explained how to use them.

4.4.4 Tailored Financial Literacy Sessions for Women

In 2021, QNB ALAHLI participated in several financial literacy sessions targeting women, in coordination with several entities such as the Women's council in Kafr EL-Sheikh targeting female farmers. Also, financial literacy sessions were provided in Fayoum targeting fisher women, city of the dead "Mishka" targeting craftswomen, and the "I Make This" digital platform targeting female business owners and entrepreneurs.

4.5 Responsible Communication

4.5.1 Our Communication Strategy

QNB ALAHLI communication department oversees and manages all channels of communication implementing the bank's vision in accordance with group guidelines and values across QNB ALAHLI and its subsidiaries. The department ensures the proper execution of the group's corporate identity both internally and across the external network, and positively contributes to the bank's growth and development while utilizing communication vehicles to convey the image and corporate identity of QNB ALAHLI. Our communication strategy aims to:

- Maintain Brand look & feel internally and externally.
- Brand authenticity.
- Maintain and enhance quality by analyzing population trends and engagement.
- Maintain and enhance e-Word of mouth.

The strategic vision of QNB ALAHLI is to be "The First Choice Bank" in Egypt, guided by our solid corporate values. The communication department establishes several strategic goals that better serve the bank's vision through targeting to:

- Enhance customer experience digitally through Developing customized digital advertising campaigns.
- Strengthen external communication & public relations by ensuring efficient and timely distribution of the latest news related to different products and services and awards. Also, establish benchmarks against the competition.
- Maintain Brand loyalty through internal and external communication channels.
- Explore potential opportunities for supporting business growth through different unconventional approaches and communications techniques.
- Maintain and enhance the local brand value.
- Ensure conveying the message to all target audiences that QNB "is a forward-thinking bank" – Thinks Beyond, a modern and technologically advanced bank, an innovative bank, and an approachable bank throughout advertising and publicity messaging.

The communication department strives to convey our brand value both internally and externally:

Internally:	Externally:
<ul style="list-style-type: none"> • QNB ALAHLI values are the main framework of its corporate culture since being performance-driven, our Operational excellence is achieved through continuous improvement, integrity, and teamwork • Our employee’s expertise and knowledge plays a significant role as well in QNB ALAHLI culture reflecting a continuous career development and talent management that enhances our Employee Value Proposition “EVP” • QNB ALAHLI customer experience is delivered through its employee’s belief that an employee Experience has a ripple effect on Customer satisfaction, behaviors such as maintaining a continuous customer /employee healthy relationship while respecting the bank’s SLA symbolize QNB ALAHLI objective of customer excellence. • To thrive at QNB ALAHLI, employees experience a challenging environment that refines their knowledge and expertise through creative thinking and enthusiastic behavior leading to a winning competition among peers. • A typical QNB ALAHLI person is a devoted, engaged, and well-educated employee • The most attractive thing about QNB ALAHLI as an employer is its EVP adding to QNB ALAHLI employee’s success stories inside and outside the bank premises that make candidates tries fiercely to join this distinguished organization • Leavers usually recommend QNB ALAHLI as a great place to work as when joining other entities, they feel the true EVP implemented in QNB ALAHLI in addition to the culture of being one big family that all members support each other’s is a true symbol of working together to achieve one big goal. 	<ul style="list-style-type: none"> • The customer is always sure that he selected the right Financial Partner during his journey. • QNB ALAHLI is always keen to convey the appropriate consultancy and advisory to its clients. • Customers perceives QNB ALAHLI as the right partner leveraging on the time platform. • The potential customer will be confident in pursuing in his life goals right now rather than standstill waiting for the time to be right.

4.5.2 Ethical Marketing & Communication

At QNB ALAHLI, we work diligently to ensure responsible customer relationships in line with our Code of Ethics and the group’s communication policy. Our corporate communication internal policies ensure ethical marketing and communication, as follows:

- Implementation of the Group’s guidelines and values across QNB ALAHLI and its subsidiaries
- Ensuring the proper execution of the group's corporate identity internally and across external networks
- Establish a communication strategy that positively contributes to the bank’s growth and development, while utilizing communication vehicles to convey QNB ALAHLI’s image and corporate identity.
- Managing and implementing all external channels of communication intended for message dissemination to customers, while coordinating with other internal stakeholders.
- Other employees are not permitted to make statements on behalf of the bank.
- The communication department is the assigned department for handling all statements, press releases, announcements, and broadcast appearances after management approval.
- Employees are bound by professional confidentiality with regard to all information that is for internal use or relating to customers and competitors.

4.5.3 Transparent Information and Fair Advice

Our communication is conducted in an ethical and clear manner with our internal and external stakeholders, and our customers are provided with transparent information and fair advice regarding the bank’s consumer finance products and services. Regular training and coaching sessions were conducted for the network staff (branch managers, relationship managers, and call center team) online to make sure that they are updated with the new products' features and any new regulations to ensure that the right message is delivered to the customer. In 2021, 93% of our employees were trained in responsible marketing and communication. In addition, new products are presented to be approved by the new product committee, and all advertisements and leaflets related to consumer finance are reviewed by the Compliance Department before being published to ensure that they comply with regulations. There are also regular internal audit missions as well as quality mystery shopping campaigns conducted to make sure of maintaining a healthy selling environment. Besides, clients are always notified of changes to our tariffs and rates as soon as they are available.

Responsible customer communication and marketing	2019	2020	2021
Employees trained in responsible marketing and communication (%)	96%	87%	93%

4.5.4 Customer Satisfaction

Customer satisfaction is at the core of the bank’s strategic growth. QNB ALAHLI had a dedicated department called Total Quality Management ("TQM") in place since the 1990s for customer satisfaction and delight. The Total Quality Department is part of our Strategy Division, which oversees all activities and tasks to maintain the desired level of excellence, quality, and customer satisfaction. The Quality Department plans, directs, and controls all activities of the Total Quality Department to ensure best practices in quality management. The department also seeks permanent improvement of the means of operation via the staff’s involvement in total quality management

approaches and promotion of good practices and establishes quality awareness inside the bank and its subsidiaries as part of QNB ALAHLI's culture. The department formed a partnership with IPSOS, which is a provider for mystery shopping activities, and performs random assessments on all QNB ALAHLI's quality aspects.

We implemented several initiatives to facilitate engagement with and feedback to customers, with the aim of enhancing the QNB ALAHLI customer experience, as follows.

1. Quality tips: weekly tips are sent to all retail relationship managers covering the most important quality of service aspects like communication, staff appearance, business etiquette, etc.
2. Monthly quiz: A one-question quiz is distributed to retail relationship managers and the call center inbound team. The quiz is raised from the repetitive complaints raised during the month. After the agreed deadline to receive the replies, the model answer is sent to participants. This initiative enhances product awareness to improve customer satisfaction based on customer feedback.
3. Branch Tablet: The main purpose of this project was to create an electronic portal in the waiting area of the branches that provides various services to our customers (Arabic & English interface) in a professional and presentable way, introduces products and services features, terms and conditions, and any needed documents, measures customer satisfaction on the spot in the branch, and receives complaints and suggestions that are directed automatically to the (Automated Complaint Management tool).

4.5.5 Effective Complaint Management

Effective complaints management is fundamental to providing high-quality customer service and establishing a mechanism for obtaining continuous feedback from customers and resolving their disputes. All clients' complaints are handled carefully by our dedicated department, the "TQM". Complaints are received through different channels such as: CBE, contact center, branches, internet banking, quality e-mail, social media, and follow up with the concerned department/branch. The quality department has to inform the customer through SMS once they receive the complaint and once the complaint is resolved. The reported complaints are sourced between the "TQM" and the Contact Center Department.

4.5.6 Customer Satisfaction Survey:

Total Quality Management's main pillar is to focus on the customer's satisfaction in all interactions within the bank. This is based on the feedback received from our customers through our External Satisfaction Surveys. These Surveys are our imperative tool for improving our service quality, enabling the bank to have a clear view of the positive and negative perceptions. Therefore, ensuring our customers loyalty, leading to a plan to improve weak areas of our operations and take corrective actions. Satisfaction surveys also reveal data that can be used to access the customer satisfaction rates of our competitors.

4.6 Customer Privacy and Data Security

We continuously work on ensuring customer privacy and securing personal information with the highest care and diligence to maintain our customers' trust and confidence.

4.6.1 Data Security Management Approach

QNB ALAHLI's approach to identifying and addressing threats and vulnerabilities to data security is through our Infosec team, which performs risk assessments for all new banking technology products/ projects, to ensure they comply with Information Security "InfoSec" standards and after any significant changes to the IT environment. Current controls are evaluated, and residual risks are rated according to severity. All residual risks are handled by the IT security operations team to mitigate and close them. InfoSec policies and procedures are in place to formalize operations and to be referenced by all bank staff on information security issues. Some phishing/spam and social engineering attempts took place by fraudsters against several bank employees, but without any financial losses known or reported to us". Accordingly, we always send awareness emails, share face-to-face and online training with newcomers, and hold annual online InfoSec training courses for all staff to raise their awareness of how to react to these emails and how to report them to the InfoSec team. We take serious and necessary actions in response to identified breaches of customer privacy and identified leaks, thefts, or losses of customer data.

Data Security Breaches	2019	2020	2021
Number of data security breaches	0	0	0
Number of data security breaches involving customers' personally identifiable information	0	0	0
Percentage of data security breaches involving customers' personally identifiable information	0	0	0

4.6.2 Fraud Prevention

QNB ALAHLI implemented fraud prevention services and fraud monitoring tools to prevent fraud. Our fraud prevention tools and initiatives are as follows:

- **Digital Operation:**

We integrated a fraud monitoring tool dedicated to online transactions.

- **Card and E-payment operation:**

- Introducing new monitoring rules to the Egyptian Banks Company (EBC) Fraud Monitoring system for Mezza Local Cards (MFS) and setting the appropriate fraud parameters for fraud detection and meeting the Anti-Money Laundry Compliance red flags.

- Revise system monitoring parameters to detect newly observed fraudulent activities, Anti-Money Laundering (AML) activities, and trends and introduce phishing prevention system rules.
- Rules were created to block merchants' terminals related to phishing attacks on fully authenticated sites.
- Subscribing to Mastercard Safety Net for Issuers/Acquirers to check the reported/rejected transactions for any suspicion that might require further action/investigation.
- Monitoring for AML Red Flags in Card, POS, QR, and m-Visa Transactions
- Phishing Cases: SMS template to educate clients.
- Moving to a new acquiring platform with a new merchant fraud monitoring system (Pilot phase).
- Using the SAS application for the facilitator to be able to control money laundry and blacklist.
- **For QNB ALAHLI ATMs:**
 - a) Install the "SPS-kit" Anti-Skimming Devices.
 - b) A physical inspection of the ATM is conducted regularly.
 - c) Video Surveillance for all ATMs (portrait camera + cash exit shutter camera): provides valuable information on unauthorized withdrawals, disputes, and so on.
- **Training awareness courses/ circular mails:**
 - a) QNB ALAHLI provides forgery and fraud training courses to staff (newcomers, tellers, customer service, operations, and so on) in collaboration with an external provider in order to raise staff awareness of various fraud techniques.
 - b) In the event of a material incident, regular alert emails are sent to network branches/head office.
 - C) Anti-Fraud, Info-sec, and AML-Obligatory E-Learning Courses are conducted for the Risk Domain Staff.
 - D) Attending online training courses is conducted by the scheme for staff awareness and business update
- **Anti-Fraud Unit:**
 - An Anti-Fraud unit is established to enhance the fraud risk awareness, training, and controls and analyze the fraud incidents with the corrective action plan.
 - An alert email is sent to Network branches and head office divisions in the event of a material incident.
 - The Anti-Fraud unit was transferred to be under the Compliance Division.



Sustainable Operations

Sustainable operations is the integration of ESG criteria into our business operations and across our supply chain to ensure we operate ethically and efficiently. Our ambition is to promote equality throughout our workforce, reduce carbon emissions generated by our operations, ensure a responsible supply chain and build a strong corporate governance and robust risk management that is resilient to all expected risks.

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- 5.1 A Responsible Business Culture
- 5.2 Employee Value Proposition
- 5.3 Environmental Impact of Operations
- 5.4 Responsible Procurement



5.1 A Responsible Business Culture

5.1.1 Our Corporate Governance

Since its inception, QNB ALAHLI has adopted a robust and a sound corporate governance structure, in line with international best practices, enabling the bank to ensure sustainable and responsible operations. The Bank considers corporate governance as a core culture, long-term vision, and strategy that should be applied sustainably to create value for all of our stakeholders and maintain the confidence of our shareholders, customers, and staff. QNB ALAHLI strives to implement the most robust standards of corporate governance to ensure the principles of responsibility, accountability, fairness, and transparency that are the prerequisites of sound corporate governance to ensure appropriate disclosure and transparency across our organization. Accordingly, the bank has developed the Corporate Governance Department, whose role is to ensure that QNB ALAHLI's management comes in line with the best international practices of corporate governance in order to achieve a balance between maintaining sustainable operations and protecting the interests of our stakeholders. To promote transparency, the corporate governance department ensures full disclosure of substantial information and fundamental events accurately, transparently, and on time.

Our Corporate Governance is based on four main pillars:

Responsibility

Accountability

Fairness

Transparency

Structure of Board of Directors

Our Board of Directors (BOD) represents the highest governing body of QNB ALAHLI, consisting of nine members, with a minimum of five members selected by the general assembly from among the shareholders. We have a diverse Board of Directors that has the full knowledge and necessary experience to fulfill their responsibilities and effectively direct the bank's operations in order to achieve the bank's goals while satisfying the interests of the bank's stakeholders. All members are committed to empowering the Bank to maintain sustainable operations and create value for all its stakeholders.

To ensure that the board decisions are not dominated by a specific person or a small group, the board includes both executive and non-executive members. The BOD must have at least two executive members, and the majority of the board members must be non-executives. It is permissible to include two experienced members at most on the Board of Directors. Election of the board members takes place through applying the cumulative voting system by providing each shareholder with a number of votes equal to the number of shares he owns, so that he can grant them to one or more candidates to ensure proportional representation in the BOD membership. The board of directors shall appoint a chairperson, a vice-chairman, and one or more managing directors from among its members, and in the absence of the chairperson and vice-chairman, the eldest member shall chair the board.

Current round of Board of Directors:

Name	Position
Mr. Ali Rashid Ali Al-Mohannadi	Chairman - Non-Executive
Mr. Assem Mohamed Fahmy Mohamed Ragab	Vice Chairman - Non-Executive
Mr. Mohamed Mahmoud Ali Bedeir	CEO & Executive Board Member
Ms. Heba Ali Ghaith Al-Tamimi	Non-Executive Board Member
Mr. Tarek Abdel-Raouf Magdy Fayed	Executive Board Member
Mr. Adel Ali Mohamed Al-Malki	Non-Executive Board Member
Mr. Abdullah Nasser Salem Al-Khalifa	Non-Executive Board Member
Ms. Shikha Salem Abdullah Al-Dosari	Non-Executive Board Member
Mr. Khaled Ahmed Khalifa Al-Sada	Non-Executive Board Member
Mr. Nedhal Shafi Hassan Al-Nuaimi	Non-Executive Board Member
SHK. Hamad Talal A.A. Al-Thani	Non-Executive Board Member

Board's Committees

In accordance with banks' corporate governance regulations issued by the Central Bank of Egypt and other applicable laws and regulations, QNB ALAHLI's Board of Directors assigned a number of committees to assist the BOD in achieving the bank's objectives optimally. Each BOD committee is composed of at least three members and has a Terms of Reference (ToR) which regulates its objective, scope of responsibilities, regularity, membership and attendance quorum. Our Board of Directors monitors the activities of the committees regularly to verify that they are fulfilling their mandates, and the committees report to the Board of Directors with absolute transparency.

Board Committee	Members	Responsibility	Frequency of Meetings
Executive Committee	The Committee is composed of executive members of the BOD and the Senior Executive Management.	Responsible for implementing the Bank's strategy and steering all the Bank's business and activities, in addition to reviewing the submitted issues by all Bank division and departments	Committee meetings are held as needed
Audit & Compliance Committee	The Committee comprises of three non-Executive Board members having adequate expertise in financial, accounting and auditing standards	Responsible for reviewing the bank financial statements and ensuring the effectiveness of the internal control environment. The committee follows up the performance of Internal audit and compliance departments in addition to the external auditors' mandates.	Committee meetings are held at least four times a year and submit its reports to the Board of Directors
Risk Committee	The Committee comprises of at least three members of the Board of Directors with a majority of non-executive members	Responsible for developing and monitoring the Bank's risk management strategy and determining hedge policies for potential risks. It also reviews procedures and the overall risk management framework. Besides, the committee also defines the relevant roles and responsibilities throughout the Bank	Committee meetings are held at least twice a year and submit its report to the Board of Directors
Corporate Governance & Nomination Committee	The Committee is composed of three non-executive members having adequate expertise in governance's standard and awareness of the regulatory environment.	The committee supervises the Bank's corporate governance practices and ensures that rational governance's rules and procedures are effectively applied. The committee proposes appropriate changes in corporate governance policies, in addition to reviewing all nomination proposals for Board members or the reformation of the BOD.	The committee meets twice a year and submits its report to the Board of Directors
Compensation & Benefits Committee	The committee is composed of three non-executive board members having adequate expertise of organizational structure and human resources issues.	The committee is responsible for managing human resources activities, including setting the annual budget and reviewing the annual staff benefits and remunerations.	The committee meets at least once a year and submits its report to the Board of Directors.

5.1.2 Our Code of Conduct

QNB ALAHLI follows QNB Group's code of conduct. This code was developed to act as a guideline encompassing the majority of the expected behaviors, standard social norms, regulations, and responsibilities for each individual in any QNB location. It sets expectations for all QNB ALAHLI employees in terms of their values and code of conduct for business. Our employees are encouraged to abide by the code of conduct to feel a sense of ownership and enhance their compliance, engagement, and productivity.

5.1.3 Internal Audit

The Bank places high value on internal audit, which is regarded as an independent function that assists the Board of Directors and the Audit & Compliance Committee in carrying out their duties in the best interests of our stakeholders. The internal audit is headed by the Chief Internal Auditor, who reports quarterly the activities of the internal audit during that period to the Audit and Compliance Committee. The Internal Audit team consists of individuals with experience from leading financial institutions and audit firms. For the purpose of fulfilling its role in its professional capacity, Internal Audit is authorized to have full and unrestricted access to any of the bank's records, documentation, systems, properties, and personnel, including Executive Management and the BOD.

The Role of our Internal Audit Includes:

- To provide assurance and consulting services to the Board of Directors to evaluate and enhance the effectiveness of governance, risk management, and control processes.
- To develop a systematic and structured approach to assess the bank's methods and systems of internal control and risk management procedures.
- To ensure the corporate governance rules are applied properly for all departments and operational, financial, and legal activities.
- To maintain a quality assurance and improvement program that covers all aspects of the internal audit activity to increase the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- Internal Audit continues to develop its data analytics capability and extrapolation techniques to be able to identify systemic issues and execute efficient audits.

All activities of QNB ALAHLI's branches, departments, and subsidiaries are part of the Integral Audit universe. The audit universe is carefully monitored and progressively refined to consider and reflect QNB ALAHLI's business strategy, growth, and emerging risks. The audit plan is continually reviewed and adjusted in response to the change in QNB ALAHLI's risk structure resulting from changes in QNB ALAHLI's business activities, operations, systems, and controls. The annual audit plan was developed using the Risk-Based Approach and the best practices for assessing the risks of all QNB ALAHLI's businesses and activities.

The Internal Audit charter and policy have been developed in line with the Basel Committee on Banking Supervision’s recommended standards and the IIA’s International Standards. According to the Basel guidelines, QNB ALAHLI has adopted the “Three Lines of Defense” model, which includes:



Business and Process Functions: These functions are held responsible for identifying, assessing, and controlling the risks associated with their activities.



Risk and Control Functions: These functions are responsible for ensuring that the risks involved in the business and process units have been appropriately defined and managed. It includes risk management, compliance, legal, financial, and permanent controls.



Internal Audit Function: It independently assesses the effectiveness of the processes created in the first and second lines of control.

5.1.4 Compliance & Business Ethics

Compliance is deeply rooted in QNB ALAHLI’s business activities, as the bank ensures that all activities are conducted in line with the applicable banking rules, laws, regulations, and best practices. Monitoring Compliance is one of the major responsibilities of the Compliance division, which is reported to the Audit & Compliance Committee that has been delegated by the BOD to monitor compliance risk.

QNB ALAHLI has developed an independent compliance department which is responsible for identifying, monitoring, and evaluating non-compliance risks and assisting the bank with technical opinions and continuous monitoring of compliance risks. The compliance department has implemented a regular follow-up to ensure that CBE’s new regulations and international laws are communicated to relevant stakeholders to assure proper implementation of these regulations. The bank has started to perform an onsite compliance review to assure the compliance of all the bank’s activities with the CBE regulations and exerted efforts to guarantee the effective implementation of all FATCA requirements.

I. Our Adherence Values

QNB ALAHLI strictly adheres to the code of ethics and other principles including prudence and due care, with the objective to align with the QNB Group’s values and meet leading international standards. Adherence to ethical behavior that satisfies high professional standards is at the core of QNB ALAHLI’s core values, which belong to the values of the group. All the bank’s employees have to strictly abide by the following core values:

- 1- All staff are not allowed to provide misleading data or information on products and services provided or not comply with the laws and regulations regarding responsible communication.
- 2- The bank’s employees are not allowed to accept transactions or enter into relationships that violate our Code of Ethics or the laws.
- 3- Employees must refuse to engage in client relationships with clients for whom the banks will not be able to obtain sufficient information to meet due diligence.

II. Fighting Financial Crime & Corruption

QNB ALAHLI has always been a trusted partner to all of our clients and stakeholders, which is a sacred responsibility that we fulfil through our commitment to taking all appropriate measures to combat money laundering and terrorist financing, which pose a serious global risk to all financial institutions. We exert all efforts to reduce the risk of our products and services being used for money laundering and terrorist financing purposes. Adhering to local and international legislation, QNB ALAHLI has adopted policies and procedures for combating money laundering that comply with international and local laws, which target addressing and mitigating risk related to money laundering. Hence, the bank has adopted an efficient automated tool for monitoring customer transactions that helps to identify and analyze unusual patterns or suspicious behaviors among the customers, in addition to other tools and reporting channels initiated for an efficient risk mitigation process.

This highlights the role of our Know Your Customer "KYC" which is customer due diligence that QNB ALAHLI must perform to identify the clients and relevant information before beginning any business relations. KYC policies are becoming increasingly important globally to prevent money laundering and terrorism financing. Beyond name matching, a key aspect of KYC controls is to monitor transactions of a customer against their recorded profile, and history on the customer's account(s). QNB ALAHLI applies customer due diligence principles to identify its clients' risk before opening personal account and during business relations in case of suspicions or doubts regarding previously obtained customer identification data. This assists the Bank in determining whether a transaction or activity is suspicious and requires reporting to the authorities. The Bank updated its KYC policy is as follows:

- New high-risk or sensitive customer criteria have been incorporated into the policy, which requires the Compliance Division to evaluate and approve the relationship for acceptance and on-boarding.
- We assess existing and new products and services for compliance and AML risks and continuously update the bank’s strategy and procedures to incorporate AML risks related to such products and services.

Fighting money laundering is practiced on all levels, including both the head office level and the branch level, due to the huge volume of banking transactions done through QNB ALAHLI’s branches or its electronic channels, as well as the complexity of some products. To foster a culture of compliance at QNB ALAHLI, we provide regular yearly training to the bank’s staff to improve their Anti-Money Laundering and Combating Financial Crimes “AML/CFT” awareness, communicate new regulations and whistleblowing policies, in addition to special trainings conducted for more awareness improvement in new trends in AML/CFT related issues. QNB ALAHLI’s compliance division adopted the Group’s Compliance Training Strategy & Programs for 2021 to promote a compliance culture and awareness of key risks and risk mitigation actions. Training aims to raise awareness of AML/CFT sanctions, KYC, and fraud.

Whistleblowing

QNB ALAHLI encourages and empowers its employees with all possible channels and appropriate means to voice their complaints. Our Compliance Team considers whistleblowing a top priority and a key element of its effective compliance program. Our whistleblowing policy declares that any illegal act could be reported to Compliance through secured channels, in addition to our Code of Conduct that highlights QNB ALAHLI's gift-acceptance policy and ethical behavior for QNB ALAHLI staff. The whistleblowing policy and procedures define whistleblowing, who could blow the whistle, and the channels that could be utilized to whistle-blow, including email and the whistle-blowing hot-line. We consider whistleblowing a granted right to all our employees, which enables them to raise serious concerns when they believe a potential noncompliance incident took place with valid justification.

Grievance Mechanisms

Besides, QNB ALAHLI has a formal grievance mechanism that aims to encourage our staff to freely express and communicate their concerns, complaints, and grievances to HR. The grievance procedure requires each employee to submit an official complaint to HR, after which the necessary investigation is conducted, the recommendation is submitted to management for validation, and the employee is notified of the decision.

5.1.5 Risk Management Framework

A. Robust Risk Management

As we strive to increase the value of our business, we vigorously manage risk as an integral part of our operations. Since our sustainable performance depends on our ability to identify, assess, and manage risks at all levels, QNB ALAHLI has a robust risk management framework that ensures a crucial balance between risk and return, in line with the group's risk management framework and best risk management practices. QNB ALAHLI's Risk Appetite statement articulates the risk culture, governance, and boundaries of QNB ALAHLI. The Risk Appetite Statement provides a framework for QNB ALAHLI's integrated approach towards risk-taking and is reviewed, reassessed, and agreed upon alongside the bank's strategic and financial planning process.

Our Risk Division manages various risk exposures of QNB ALAHLI through a five-step integrated approach, as follows:



Risk Identification and Understanding: This is the initial step in our risk management framework, which includes defining the acceptable risks and developing a risk appetite for those risks, based on which the risk division establishes and communicates relevant controls, responsibilities, and authorities.



Risk Assessment: The second step entails a process of evaluating each risk and agreeing on the measurement and reporting approach using relevant methodologies and models to calculate provisions and capital requirements.



Risk Control: Risk control is implemented through limit structures, reporting requirements, pre-defined key risk indicators, and early warning indicators for each risk. The Risk Division performs continuous monitoring of risk controls and adherence to limits to ensure adherence to the applied directions. The monitoring includes ongoing processes that are built into the daily activities as well as the findings and recommendations of internal and external audits and inspections.



Risk Reporting: This step includes the reporting of key risk indicators and sensitivities, which are comprehensively communicated to the supervising committees.



Risk Challenging: The last step in our risk management framework is risk appetite and risk profile testing. This includes testing of the bank's risk appetite and risk profile to assess the risk/return profile and develop the relevant mitigating actions.

Our BOD and risk committee have to approve our risk profile and appetite, and then it is cascaded to every division, department, and employee at the bank. QNB ALAHLI adopts a robust and integrated risk management approach. Our risk division develops and regularly updates risk policies and appetite to correspond with the surrounding conditions and achieve the risk management objective, oversees compliance with policies and banking regulations, and engages in the daily process of key activities to ensure the implementation of policies and regulations. Besides, the QNB ALAHLI risk division reports risk indicators and performance, reviews bank procedures, sets required action plans to mitigate identified risks, and analyses new bank products for any identified risks.

Identification of Key Risks & Risk Control:

The risk division oversees the identification of principal risks, and the material risks are reported to the risk committee together with a regular evaluation of the effectiveness of the risk-operating controls. We are working hard to enhance our risk identification framework to ensure timely early-warning indicators and decision-making. This has resulted in effective control of the non-performing portfolio, operational risk losses, cyber and other fraud protection, prevention, and exposure to market risk. As a financial institution, we usually face the following risks:

Risks	Management Approach
Credit Risk	To keep credit risk under control, we have implemented a strict credit risk management framework in which any credit risk exposure requires approval from the relevant committee as per credit authorities based on a thorough credit study and risk recommendation made in accordance with the Risk Policy approved by the Board of Directors. Besides, the bank follows a provisioning policy based on a calculation of the default rate that is reviewed annually and linked to the risk rating for each counterparty, while a case-by-case assessment is made for any irregular case
Operational Risk	We made further significant improvements to our operational risk frameworks, reflecting the growing complexity of our business as it continues to expand locally and invested in new tools that are aligned with international standards, providing better analysis of all operational risk events and risks. Our tools for operational risk management include incident reporting for any actual operational loss cases, Risk and Control Self-Assessment "RCSA" Exercises, Key Risk Indicator "KRI" Exercises, and permanent supervision (PS), which are completed periodically, with effective processes to identify, investigate, and escalate, when necessary, any operational failures and/or losses.
Liquidity Risk	Our contingency funding plan helps ensure that the bank can prudently and efficiently manage extraordinary and unexpected fluctuations in liquidity. In addition, QNB ALAHLI maintains liquidity pools of deemed high-quality assets that could act as a buffer in times of stress.
Cyber Threats	In 2020, we continued our strategic investment plan in technologies and constantly deployed the strongest controls and processes to maintain our systems and customers' data secure and protect the bank from constantly evolving sophisticated cyber-attacks. The bank was awarded the PCI-DSS certification in October 2018 and was rectified in 2019, and 2020, and the SWIFT Customer Security Certification from SWIFT International in 2019, which signals our continuous efforts to protect customers' data and ensure their privacy.
Market Risk	We adopt a comprehensive framework of limits that reflects a limited risk appetite to manage market risks. Oversight of market risk is delegated by the BOD to the bank's Assets and Liability Management Committee (ALCO) Committee.
Reputational Risk	QNB ALAHLI closely monitors its reputational risk to maintain our stakeholders' confidence and customer satisfaction and avoid any negative impacts on the liquidity or capital of the bank or a change in its credit rating. QNB ALAHLI Communication team monitors all media sites for any negative news about QNB ALAHLI, including social media sites through outsourced agents. Any reputational incidents are reported to the Risk Division for analysis & reporting to the Risk Committee and all material incidents are recorded in the Incident Register.
Compliance, Regulatory and Legal risks	QNB ALAHLI strives to avoid any non-compliance with all laws and regulations to eliminate any associated reputational or operational risks. QNB ALAHLI handles the legal issues through QNB ALAHLI's Legal Department, while the regulatory and compliance issues are handled by the bank's compliance department.
Country Risk	Limits for country risk exposures are defined once a year by QNB ALAHLI Financial Institutions Department & Risk Division in coordination with QNB Group FI & Group Risk and periodical reports are dispatched to a specialized department of QNB Group.
Environmental and Social Risks	Environmental and social risk arises from the impact of the bank's internal operations and the financed projects on the environment and people.

For more details, please refer to the annual report 2021; <https://www.qnbalahli.com/sites/qnb/qnbegypt/document/en/enAnnualreport2020>

B. Environmental and Social Risk Policy Framework:

Environmental and Social (E&S) risks are managed according to the E&S Risk Policy Framework, in 2021, QNB ALAHLI developed its Environmental and Social Risk Policy Framework that sets forth the bank's approach to environmental and social matters by setting the main principles as well as providing an overview of managing environmental and social aspects in lending activity

Main Principles of QNB ALAHLI's ESRP Framework

- Ensure that all applicable environmental and social laws and regulations are followed and complied with.
- Respect human rights, support diversity and inclusion, and ensure that our business activities, operations, and financing decisions are not associated with any acts that can be deemed as infringement of such.
- Act with the awareness that our operations have direct and indirect impacts on environment and society and look to put in place measures to address such impacts where feasible. This includes resource consumption and opportunities associated with climate change. QNB ALAHLI Environmental and Social Risk Policy Framework
- Aim to support sustainable and responsible development through the Bank's products, services, financing activities, and through influence in our supply chain.
- Not knowingly finance projects or engage in business activities which are illegal, or likely to create adverse, irreversible, and detrimental effects on environment and society.
- Guide, collaborate and/or encourage relevant clients and third parties, as appropriate and where feasible, to actively manage their sustainability and E&S related risks to support the transition to a green economy and sustainable business practices.
- Build internal capacity and capability to manage sustainability and E&S related agenda, risks, demands and inquiries, as well as establish E&S related projects and initiatives.
- Disclose our environmental, social and sustainability performance within the public reporting activities, and avail grievance communication channels for internal and external stakeholders.
- Include E&S and sustainability in employees training programs and ensure that key principles and any commitments are understood and adopted by employees.

C. Covid'19 Crisis Management

The coronavirus has spread across all geographic regions of the world, causing disruption to commercial and economic activities. QNB ALAHLI was closely monitoring the situation through its business continuity and emergency plan for dealing with the repercussions of this virus to ensure business continuity while preserving the health of bank employees and customers, including the following:

● Preventive Measures:

- Distributing disinfectant hand gel, latex gloves, surgical masks, and ethyl alcohol throughout all the bank's premises.
- Increasing the frequency of cleaning services using Chlorine/alcohol.
- Including an Infrared Thermometer to Aid in Early Detection
- Working with a 50% staff capacity, we provided a staff rotation every 15 days to reduce the risk of infection, giving priority to pregnant women and female employees in general.

● Communication to Staff:

- Regular awareness circulars to all QNB ALAHLI staff with the protective measures to be taken
- The Human Resources Division must be notified in cases of the necessity to travel outside the country and to take a compulsory vacation upon return.
- Closure of head office cafeterias.
- Suspend all physical training inside or outside the bank premises and shift to virtual.
- Prevent all meals being delivered from outside the bank.
- Cancellation of all unnecessary meetings among staff.
- Any urgent meetings will be scheduled using video conferencing tools

● Business Continuity Plan:

- Immediate application of all directives received from the CBE.
- Coordinate actions with QNB Group.
- Activation of BCP Recovery Sites located on October 6th, El-Baron, and Mohandseen Transfer Center by splitting critical activities to be performed from different locations in parallel with normal work premises to ensure continuity of business.
- Critical functions have to be operative from three different locations.
- Availability of remote access for vital activities to allow critical business lines to work from home is essential.
- Reducing the number of clients entering branches at any single time.

To contain the spread of the pandemic, the role of the bank's Crisis and Emergency Management Committee has been activated, which convenes on a permanent basis to follow developments in the situation, take the necessary decisions and track their implementation through the various departments, as well as keep track of the implementation of the Central Bank's instructions in this regard.

5.2 Employee Value Proposition

5.2.1 Employee overview

At QNB ALAHLI, the Human Resources Division works with the main objective of establishing QNB ALAHLI as "The Employer of Choice" in the banking sector through working relentlessly to attract, build, and develop committed and determined employees that are able to use their full potential to achieve the bank's strategy and goals.

We remain dedicated to ensuring that our business has a diverse pool of highly skilled and engaged talent. Our total number of employees is about 6825 as of December 2021, 100% of which are full-time employees, with the aim of expanding within the next few years.

We made advancements in narrowing the gender gap in the bank, our gender ratio is 65 males to 35 females. Our board of directors includes two non-executive female members.

QNB ALAHLI strictly follows the local labor laws in hiring Egyptians. All our employees are Egyptians, which reflects our support for our community through offering diversified and inclusive job opportunities to better integrate the "Differently Enabled Staff" and help the bank achieve its audacious targets. This helps us in solidifying our responsible "employer brand" image in the Egyptian market.

We hired 605 new employees in 2021, 93% with the majority are under 30, despite the challenges imposed by COVID-19. Our employee turnover rate is 3.82%, lower than the benchmark, which is a healthy reflection of our motivational work environment.

Workforce Overview	2019	2020	2021
Employees on an indefinite or permanent contract	6641	6530	6825
Full-time employees	6655	6550	6844

Workforce by Age and Gender	2019	2020	2021
Employees age 18-30	2958	2663	2736
Employees age 31-50	3398	3553	3744
Employees age 51+	299	334	364
Male employees	4300	4230	4479
Female employees	2355	2320	2365

New Hires and Turnover	2019	2020	2021
New employee hires	511	104	605
Employee turnover (voluntary and involuntary)	263	210	307
Employee turnover (voluntary and involuntary)	3.96%	3.22%	4.50%

5.2.2 Employee Wellbeing

We foster a culture and work environment in which both people and performance matter. This includes our strong stance regarding equality and inclusion, training and development, employee engagement, and concern for the health and safety of our employees.

The HR Division seeks to optimize human potential through the application of effective and up-to-date people management practices and services, continuous engagement with all employees, and by investing in talent retention with emphasis on the provision of innovative training and career advancement opportunities for all employees.

Human Resources Division is composed of six main areas to help it achieve its objectives:

- 1- Employment
- 2- Compensation & Benefits
- 3- HR Planning & Development
- 4- Talent, Learning & Development
- 5- HR Monitoring & Control
- 6- HR Support Services

We offer our employees competitive salaries and benefits to match a compelling career choice. Some of the benefits include medical coverage for our staff and their eligible family members, subsidized loans, and staff funds. Due to the COVID-19 outbreak, we provided financial relief to the staff of our clients by providing a 6-month "Loan Installment delay" option for those who wanted to benefit from it. The direct economic value distributed representing total salaries increased by 9%. The total financial benefits increased by approximately 16%.

Like the rest of the world, QNB ALAHLI has been affected by the global outbreak of the COVID-19 pandemic. When the global and national emergency due to the pandemic was declared, we adjusted our business operating models to fit the changing requirements and, accordingly, decided to take all necessary measures to protect both employees and business continuity. We implemented some campaigns to improve the wellness of our employees, such as the Health & Safety Tips campaign during COVID to teach our employees how to stay safe. Also, we send a periodic series of emails encouraging staff to plan and consume their vacation balances and recharge their energy as a part of our vacation campaign, and we send congratulatory individual emails for any new-born or marriages to be with them during these special moments.

5.2.3 Learning & Development

We seek to optimize our employees' potential to build a workforce that can thrive now and into the future, through providing learning and development opportunities, innovative training and career advancement opportunities.

Our staff's annual training penetration ratio was 83% in 2021, exceeding our target of 75 percent. The total training hours provided to our staff and management reached 113,236 hours in 2021, and every employee was provided an average training time of 17 hours, an increase of 54% compared to the previous year. Senior management roles received an average of 26.96 hours of training per employee in 2021, a 21% increase from 2020, while non-management positions received an average of 21.1 hours of training per employee, a 64% increase from the previous period.

In response to the pandemic, we relocated the various necessary training and development possibilities to the virtual realm and encouraged online learning to guarantee that the workforce is updated on the various technical skills required to perform its tasks accurately and thoroughly.

We provided computer skills programs to assist our personnel in improving their computer skills and capabilities; the overall number of training hours provided in 2021 increased by roughly 60% compared to 2020.

We provided Functional Training opportunities to our employees so they could work confidently, effectively, and independently. We also provided Network Development training to assist in strengthening business connections and gaining access to new prospects.

Leadership and management, banking and finance, credit risk, personal development, and information technology are among the range of training programs we provide to our staff. Throughout 2021, we continued to invest in employee training programs, which included the following:

- **Training Catalog:**
Designed to reflect our competencies and to enrich the employees' banking knowledge through different technical courses.
- **Training Need Analysis:**
Meeting with business units to ensure providing the needed training for employees.
- **International Certification:**
We encourage employees to attend different international programs in different banking areas to improve their proficiency.
- **Successors/Talents Assessments:**
Interviewing our managers to identify gaps in competencies and technical skills level and establish the individual development plan accordingly.

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- Education Support Program:

The program aims to encourage the employees' self-development through sharing in funding the post-graduate studies.

- Induction Program:

The program is designed for newly hired employees to provide them with the knowledge necessary to start their work in the bank. In addition, we ensure their effective integration into the workplace to be able to understand the business needs and work with their full potential.

- International Executive Leadership Program:

This program is designed to prepare QNB ALAHLI leaders to better handle the challenges of today and to inspire others while making important decisions with incomplete information.

- Green & Sustainability Training Courses:

In 2021, over 100 employees received training courses on Sustainability principles and Green & Sustainable financing concepts. These training courses were held in conjunction with the Egyptian Banking Institute, the European Bank for Reconstruction and Development, in addition to several international advisory offices specializing in these activities.

Moreover, QNB ALAHLI initiated its first Sustainability “ESG” Reporting process which entailed collaboration among all relevant stakeholders across the bank.

In this regard, identified relevant areas in the reporting process were asked to nominate one of their team members to receive a two-day professional GRI workshop (worldwide Sustainability Reporting standards). Hence, Sustainability capacity building and empowerment were introduced to 15 selected employees across all divisions to become QNB ALAHLI's Sustainability Ambassadors.

The purpose of this exercise was to provide a deep dive into the reporting standards and to get prepared to become Sustainability Ambassadors to educate and inspire colleagues on the importance of sustainability and its impact on our bank, society, and environment.

By continuing to invest in our talent, we attract and retain employees who share our commitment to improving the lives of our customers and those in our communities.

Learning and development targets and performance	
2019	The 2019 annual targeted training penetration ratio for QNB ALAHLI's staff is 70% & the achieved ratio as of end of December 2019 was 89%.
2020	The 2020 annual targeted training penetration ratio for QNB ALAHLI's staff is 50% & the achieved ratio as of end of December 2020 was 79.83%.
2021	The achieved training penetration ratio as of end of December 2021 is 83% vs the targeted ratio of 75%.

Training	2019	2020	2021
Total number of training hours provided	203,968	70,257	113,236
Average number of training hours provided per employee	31	11	17

5.2.4 Health & Safety

Employee health and wellbeing directly impacts business success. We aim to provide a productive and health-promoting workplace and enable employees to foster health and avoid work-related stress. This benefits the business through reduced absence and higher productivity, as well as improving the employee experience. We provide health insurance for the staff, spouse, and three of their children up to 21 years old. We also provide life and accidental insurance.

In QNB ALAHLI, we have health and safety policies and procedures that cover safety regulations, information system regulations, smoking regulations, and civil defense training.

The nature of the workplace changed for everyone in 2020 due to the outbreak of COVID-19. In addition to expanding health and wellbeing support, we have quickly stepped in to enable flexible remote working as a standard. To address COVID-19 challenges, we implemented the following initiatives:

- Hybrid Working Conditions

We introduced “Hybrid Working Conditions” where staff were allowed to work remotely from home on rotating schedules to ensure enough social distancing is maintained thus ensuring smooth work continuity.

- COVID-19 Medical Hotline

We have created a special “COVID-19 Medical Hotline” dedicated to all the staff and their dependents who have contracted COVID-19 and need medical advice or approvals to be sent straight to their homes.

- Online Learning

We shifted the different relevant training and development opportunities to be virtual and promoted online learning to ensure that the staff stays updated with different technical skills needed to perform their jobs efficiently and effectively.

- Online Interviews for Talent Acquisition

To enhance both the Talent Acquisition and Talent Management processes, we shifted most of their face-to-face screening and meetings to be online.

5.2.5 Employee Engagement

Though our portfolio is diversified, we never waver from performing our operations with accuracy and professionalism, as we understand very well that a "booming business always starts with empowering people." We make employee engagement a top priority, recognizing that a committed workforce performs better and provides a stronger customer focus. We are strengthening our relations with the staff by keeping different communication channels open; some are face-to-face and others through different interactive platforms. We are attentive to our employees' concerns and act with discernment to meet their expectations.

QNB ALAHLI has a formal grievance mechanism in place, with the objective of encouraging employees to freely express their grievances and complaints (if any) through communication with HR. The employee sends an official complaint to the HR department, where the necessary study is carried out, and the recommendation is submitted to the management for validation. The employee is informed of the decision afterwards.

We have carried out different engaging activities among which were:

- Meeting with the Top Management:
The purpose of these meetings (partially held online due to COVID) is to provide an opportunity for staff and Top Management to meet in a friendly environment where they can talk openly and freely about their ideas, suggestions, and concerns. This ensures that Top Management are in continuous contact with various levels of staff.
- Carrying out HR scheduled visits:
The visits are to the different branches and divisions to identify employee's concerns and share important HR messages (part of which have been carried out online after COVID struck). Additionally, we conducted a Working Environment Survey during the visits to allow employees to rate their branch/department's working atmosphere.
- ASK HR Chanel:
Through the ASK HR Hotline and email channel, HR continuously receives and responds to different staff inquiries. The ASK HR Hotline acts as a frontline for all the staff inquiries to HR. The line mainly answers regular inquiries in addition to the regular Ask HR email channel.
- Staff Orientation Day:
A mandatory one-day orientation for all newcomers to ensure a smooth on-boarding. HR representatives from different HR departments provide a general overview about QNB ALAHLI's policies, procedures, general compensation schemes, obligations, and systems. It also describes the bank's culture, vision, mission, and values.

- New Hire Welcome Package (Employee Handbook & Giveaways):

The handbook provides new hires with essential information regarding QNB ALAHL's policies, procedures, and rules.

5.2.6 Equality and Inclusion

The diversity of our workforce, including the different skills, mindsets, knowledge, and experiences of our employees, gives us a better understanding of our clients' expectations, cultural backgrounds, and regional markets.

- Gender

In QNB ALAHLI, the gender ratio is 65 males to 35 females,. Our board of directors includes two non-executive female members. We have a shared responsibility to create more empowerment opportunities for women. As a result, regardless of gender, we hire females based on qualifications. Both male and female employees receive equal opportunity in all aspects, including recruitment and training.

Our Code of ethics and standalone human rights policy ensure equal opportunity, training, and the freedom of association and the right to collective bargaining and address discrimination, bullying, and harassment. From 2019 to 2021, there were no reported incidents of bullying, harassment, or discrimination in terms of language, religion, country, creed, age, or gender.

Parental Leave	2019	2020	2021
Return to work rate (%)	50%	51%	60%
Retention rate (%) (resigned female employees after the end of the parental leave)	96%	91%	94%

- People with Special Needs

We believe that disability inclusion goes beyond hiring people with special needs. We offer our differently abled employees an equal opportunity to succeed, learn, be compensated fairly, and grow. We are always keen to empower our differently abled employees by creating for them a sustainable working opportunity through complementing their skills they bring on board. We have 30 branches are designed to cater for clients with disabilities by providing special and devoted services to deaf, mute, and blind customers to guarantee easy access, and our staff receive training on how to best serve people with disabilities.

5.3 Environmental Impact of Operations

QNB ALAHLI has the ambition to protect the environment and minimize environmental externalities in line with Egypt's national environmental priorities and in partnership with our stakeholders and their expectations. Across the bank, we have introduced a raft of initiatives to improve our efficiency and reduce our environmental footprint.

● Solar Power Initiatives

In light of QNB ALAHLI's efforts to increase green energy sources, QNB ALAHLI implemented solar energy stations in all its owned stand-alone buildings with suitable space on the rooftop, to reduce environmental pollution through reducing CO2 emissions and reducing energy consumption costs. QNB ALAHLI implemented 7 solar power stations, which were finalized and fully commissioned in 2021 in these branches: El Sokhna Branch, Hurghada El Kawthar Branch, 10th of Ramadan Branch, Industrial Development Group, New Damietta Branch, Mansoura Branch, and 6th of October new building.

Average savings following the installation of the solar panels at the 7 locations above increased from 17% in 2018 to 22% in 2021. For instance, installing solar panels in Mansoura Branch in 2021 contributed to a cost savings of EGP 39,797 per month and a reduction in electricity usage of 24,400 KWH. Employees are encouraged to save energy by lowering the air conditioning settings on cooling systems, but the impact has yet to be quantified and is distorted by the yearly increase in tariff rates.

● Changing the Lighting Fixtures

In addition to replacing Champollion Building Lighting from Fluorescent to LED Lighting in the head offices, which led to cost savings of around 9% and a reduction of electricity usage by 182,093 KWH.

● Reducing Paper Consumption

In 2019, we formed a partnership with Xerox Egypt for Document Digital Transformation to create electronic archiving. The project began in 2007, to centralize and secure all banking archives, as well as having an internal/industrial Printing and Enveloping Center in one location. The project went live in Q3/2012 on 10,000 m2 of archiving space, accommodating up to 800,000+ archiving boxes. In 2021, QNB ALAHLI has increasingly relied on the "workflow" tool for handling its operations and the circulation of credit proposals and memorandums, which limited paper usage and electronically facilitated the workflow. There are always internal innovations and endeavors to reduce paper consumption such as refraining the daily printing advice to clients while using electronic advice when required, with the limitations being regulatory requirements of sending statements to bank clients and the implementation of A5 paper use for customer cash slips advice. Printing on double-sided paper is another option for implementing the multifunction solution such as printing on double-sided when feasible.

● Waste Recycling

We increased the percentage of wastepaper recycled through disposing shredded papers to recycling service providers.

KPIs: Environmental Impact of Operations	2019	2020	2021
1. Energy:			
Total Energy Consumption (KW)	38,275,714	31,473,750	39,192,250
2. Green House Gas Emissions (GHG):			
Direct GHG emissions (Scope 1) (tons of CO2eq) *	1,310.1	1,077.9	1010
Indirect GHG emissions (Scope 2) (tons of CO2eq) *	16,721	13,750	17,122
Total GHG emissions (tons of CO2eq)	18,032	14,828	18,132
3. Materials and Waste			
Total paper consumption (kg)	517,938	476,275	570,475
Total waste generated (kg)	57,042	65,274	74,160
4. Water:			
Total water consumption (liters)	375,846,000	385,691,000	314,281,000
Total water consumption (m3)	375,846	385,691	314,281

5.4 Responsible Procurement

QNB ALAHLI emphasizes on maintaining a responsible relationship with its suppliers to promote business and operational excellence in day-to-day activities. QNB ALAHLI's supply chain policy encourages suppliers at a minimum to adopt an approach complying with environmental and social principles and ensures that all applicable environmental and social laws and regulations are followed and complied with. QNB ALAHLI aligned its supply chain policy with the principles of its Sustainability Policy and ESRP Framework in order to assess and manage the environmental & social risks associated with our supply chain. Our supply chain policy aims to enhance our direct and indirect impacts on society and the environment, including resource consumption and opportunities associated with climate change. Moreover, we require our suppliers to comply with environmental & social principles and laws, encourage them to act with awareness towards the environment & society, and actively manage environmental & social-related risks to support the transition to a green economy and sustainable business practices.

Our procurement department manages the procure-to-pay cycle including suppliers' acquisition and selection, launching tenders, negotiations, contract drafting, purchase order issuance, and payment initiation to suppliers, which is ended by the finance team. Our supply chain team considers several factors during the supplier sourcing and selection process, such as quality, prompt delivery, reliability, previous experience, cost, and prices. The department is concerned with selecting suppliers with the best quality and the most competitive prices.

According to QNB ALAHLI's internal regulations that follow Egyptian labor law, it is prohibited for our suppliers to allow for child labor. In addition, contracts signed with QNB ALAHLI's suppliers include a clause that determines the obligations of each supplier with respect to respecting both labor and social insurance laws and are subject to a two-month notice period. Moreover, suppliers are screened against blacklists and investigated before being assigned the purchase order (PO) or the letter of assignment issuance. In some cases, regulatory approval is required before dealing with the suppliers.

Our procurement strategy aims to support and strengthen the Egyptian economy by primarily dealing with local suppliers, in which the average procurement spent with local vendors is 95%. We have foreign suppliers, but all payments are conducted inside Egypt.

In addition, QNB ALAHLI's responsible purchasing policies include procurement centralization through the Oracle I- procurement tool, from which purchase orders are automatically generated and Oracle invoices are initiated and forwarded to the finance team to proceed with payments. For the predefined items listed on E-stores, requisitions/requests are placed by the responsible person at each business line/branch and approved by the head before issuing a PO, some items must be technically approved through an automation cycle.

Our supply chain management (SCM) was restructured in 2019 to include the expansion of supply chain management functions in order to better serve requests and support business needs. To support process improvement and better serve the business, enhancement processes take place regularly on our Oracle system, which is the tool used by the supply chain management team for processing their business requests.

Total paper procured by our supply chain specifically has FSC or PEFC certification (global certification that paper is from a well-managed forest) or is 100% recycled. We reduced our paper consumption by refraining from printing daily advice to clients, implementing the multifunction solution as printing on double-sided paper when feasible; in addition to increasingly relying on the automated tools which limits paper.

Although COVID-19 increased prices and the cost of materials and items imported, our supply chain remained resilient and mitigated the delays that happened. Throughout 2021, our team managed to achieve the following: conducting successful price negotiations with suppliers before PO issuance; successfully closing new deals, including free items; successfully integrating at least 4 new suppliers; and maintaining dealings with 3 suppliers using the previous year's prices (i.e., 2020 prices). Also, global adherence to the Service Level Agreement (SLA) (i.e., PO issuance and on-time delivery according to the defined SLA).

QNB ALAHLI's procurement team played an essential role in supporting the CBE's initiatives for expanding the ATMs locations and POS across the governorates. As the rent of new ATMs locations, suppliers' contracts and tenders' management, screening suppliers against blacklist & investigation, offers negotiations, and handling & managing suppliers' relationships.

Responsible Procurement KPIs	2019	2020	2021
Percentage of spending on local suppliers	96%	97%	93%

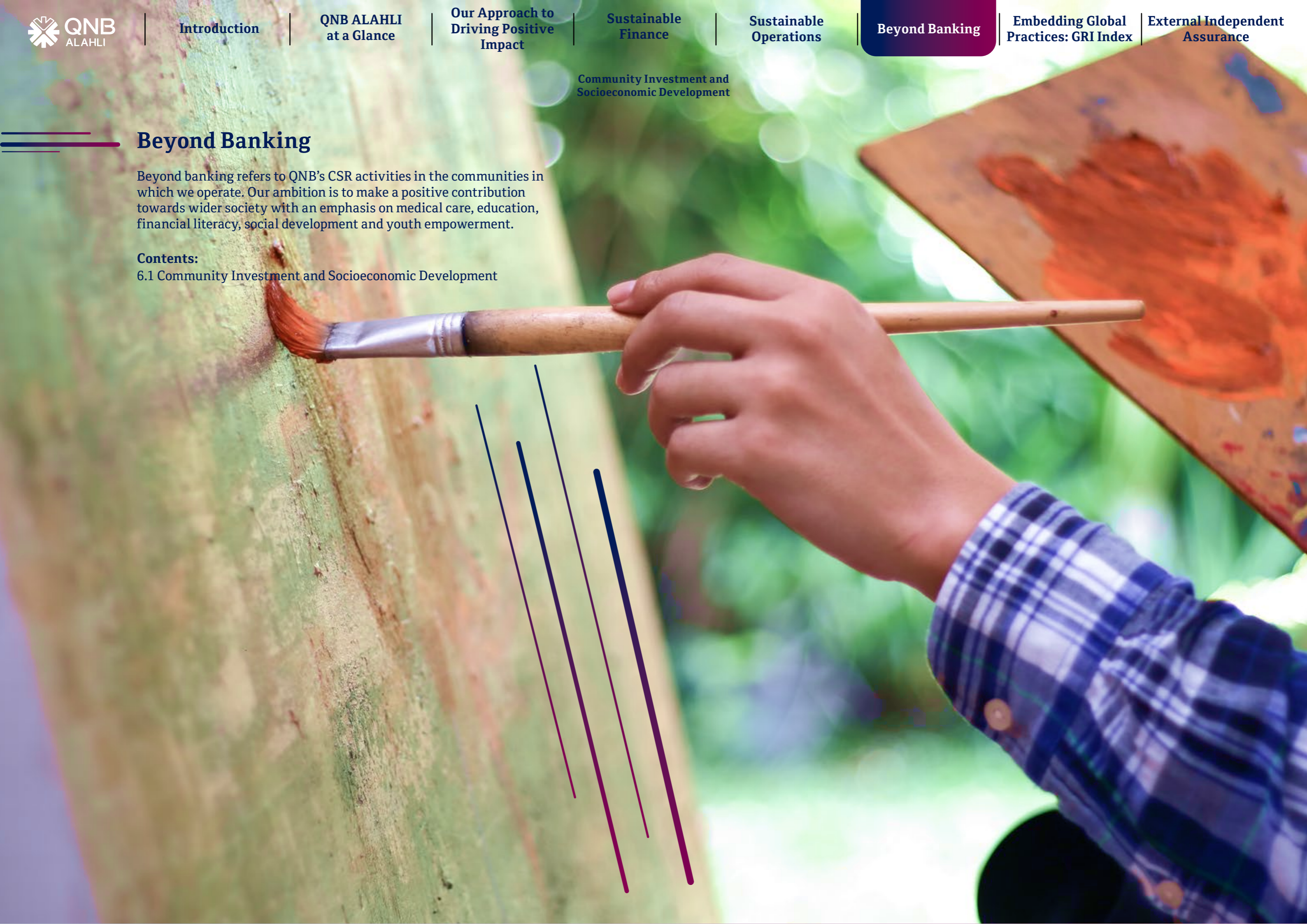
Community Investment and
Socioeconomic Development

Beyond Banking

Beyond banking refers to QNB's CSR activities in the communities in which we operate. Our ambition is to make a positive contribution towards wider society with an emphasis on medical care, education, financial literacy, social development and youth empowerment.

Contents:

6.1 Community Investment and Socioeconomic Development

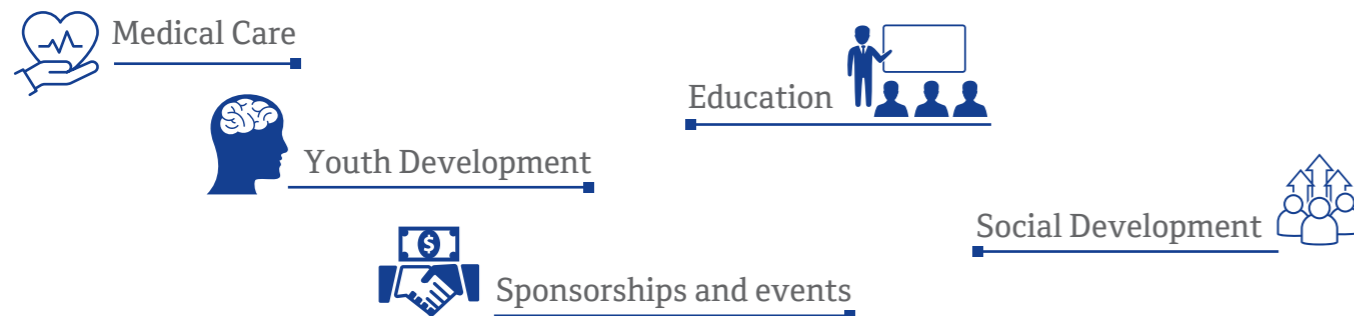


6.1 Community Investment and Socioeconomic Development

QNB ALAHLI believes in the effectiveness and importance of community development by supporting the communities in which we operate to promote social and economic development. This is reflected in our CSR policy, which is centered on conducting business and CSR activities in a consistent and harmonized manner, in order to contribute to a more sustainable society and environment. Through our Corporate Social Responsibility (CSR) arm, the bank worked throughout this year to improve the livelihoods of all groups, especially the unprivileged people. To pursue our social and environmental responsibility and create real impact for the benefit of all our stakeholders, we collaborated with charities and non-governmental organizations to support the most vulnerable communities in the fields of healthcare, education, and youth development.

Our primary goal is to identify segments of the community that require our efforts and resources, and to devise the best plan for supporting them while also ensuring that the solutions implemented are the most sustainable. We start by identifying areas that receive little or no developmental support, which are typically areas in upper Egypt and the delta region that lack the fundamental infrastructure to initiate developmental projects. The CSR committee then works its way up, identifying other areas and fields with relatively easier conditions. Furthermore, we work with a variety of certified and reliable non-governmental organizations (NGOs) that identify locations and fields that need our support. Recognizing that various segments of Egyptian society face difficulties in their daily lives requires our CSR committee to be aware of the primary areas where the community deserves our support and resources. Hence, the sectors of health care, education, youth development, social development, financial capacity development, and disaster recovery provide the bank with a genuine opportunity to support the communities that are most deficient in these areas, which have a significant impact on their livelihoods.

The main pillars of our CSR activities:



We are resolute in our commitment to preserving the results and outcomes of our community development projects. Accordingly, visits are conducted on a regular basis to guarantee that our development projects are well maintained and in perfect working condition. Furthermore, social teams of leaders are formed in each region to ensure the project's continuity, along with communication with government bodies, as well as the Community Leadership Program, where young people have been integrated into this program to encourage community initiatives for young people and remove barriers to them, making it possible to create new, innovative, and viable projects.

6.1.1 Medical Care

We continuously support the healthcare sector in Egypt, the sixth pillar of the Egyptian Sustainable Development Strategy (SDS), which aims to establish an accessible, high-quality, and universal healthcare system capable of improving health conditions for all Egyptians. We aim to deliver treatments to the unprivileged segments of society and promote gender equality in accessing medical services. Our initiatives include donating important medical devices to hospitals that provide free-of-charge services in order to eliminate waiting lists and provide the best medical services to the neediest segments. Some of the medical institutions benefiting from our contributions are the Pediatrics Hospital in Ain Shams University Hospitals, the National Institute of Diabetes and Endocrinology, and the Kasr El-Aini Center for Nephrology, Dialysis, and Transplantation at Cairo University.

QNB ALAHLI participated in the initiative launched by the Federation of Egyptian Banks to support and provide coronavirus vaccines to the eligible elderly categories, in addition to participating in raising the efficiency and capacity of the production lines at the main factory of the Holding Company for Biological Products and Vaccines (VACSERA). In addition, we support the "Egypt Health Initiative" by donating medical devices and equipment to the Ibrahim Ahmed Badran Foundation, which provides healthcare to marginalized communities in Egypt through medical convoys that go to various villages. Moreover, the bank provided Shifaa Al-Orman Hospital with a Luxor Surgical Table. The bank also donated a "Color Doppler Ultrasound System for Anesthesia and ICU" to the Medical National Institute in Damanshour governorate. Furthermore, the bank provided medical equipment to the Baheya Zayed Hospital for the treatment of breast cancer, the National Institute of Diabetes and Endocrinology, Zagazig University Hospitals, Cairo University Hospitals' Gastrointestinal Endoscopy & Liver Unit, Obstetrics & Gynecology Hospital, Cairo University Hospitals' Diagnostic and Interventional Radiology Department, Al-Hayat Hospital in Al-Manashy village in Assiut governorate, Qasr Al-Ainy Hospital-Cairportation Department, Ibrahim Ahmed Badran Foundation for the Medical Convoys Project, and Ahl Masr Hospital for Burns Treatment.

We also helped to construct an outpatient area at Magdi Yacoub Heart Foundation Hospital, which seeks to improve the health outcomes of the most disadvantaged individuals, notably children, by making comprehensive, sophisticated cardiac care available to all those in need for free. Furthermore, we signed a contract with the National Cancer Institute-Breast Cancer Hospital for the renovation and development of the hospital's sterilization unit, which provides free services to over 250 women each day. In addition, we participated in the national vaccination campaign to raise awareness about the need for vaccination and to assist our community in staying healthy.

6.1.2 Education

We continue to support the educational field by collaborating with non-governmental organizations to develop projects that rehabilitate schools and provide students with the skills they need for long-term success. We aim to provide equal access to educational services and promote an education system free of discrimination.



We support the Egyptian Sustainable Development Strategy (SDS), which aims to provide all Egyptians with a high-quality education. Considering this, we collaborated on the development of the "Al-Shohada Preparatory School for Girls in Ismailia" with the Misr El Kheir Foundation, which provides educational services to approximately 550 girls in 15 classes that require extensive maintenance and renovation. QNB ALAHLI also participated in the project of development of Nagaa Makki Primary School in Al-Marashda village in Qena in cooperation with the Misr El-Kheir Foundation, and the project of development of 9 schools in Beni Suef Governorate in cooperation with Al-Orman Association as follows: Al-Sa'ida Primary School, Ali Bin Abi Talib Primary School, Manshaat Assem Preparatory School, Hassan Sayed Zeidan Primary School, Al-Sha'ab Elementary School for Boys, Al-Ghayada Al-Gharbiyah Primary School for girls, Al-Ghayyada Al-Gharbiyye Primary School for Boys, Bani Haroun Preparatory School and Al-Baranqah Elementary School for Girls. The bank also offered scholarships to a number of talented students at Nile University and Zewail University of Science and Technology.

Moreover, the bank inaugurates the projects of the development of "Al-Nahaya Elementary School," Assiut Governorate, which serves more than 594 students in 12 classes in the village of Al-Nahaya, and "Bahaa El Din Raslan Elementary School," Zagazig Center, Sharkia Governorate, which serves more than 400 students and includes 9 classes. Furthermore, we assist Alexandria University students who are unable to pay their tuition fees due to financial hardship. In addition, we provided scholarships to the Zewail University of Science and Technology students and attended their graduation in 2019/2020.

6.1.3 Supporting Youth

We continue to support youth by sponsoring one of the incubators "Creative Incubators" at Nile University for the second year under the auspices of the Central Bank of Egypt in partnership with Nile University, with the goal of raising awareness about the creative design industry as a competitive advantage in various projects and its importance in driving economic growth as a source of competitiveness.

We actively participated in the "Training for Employment" project, which aimed to improve the technical, professional, and managerial abilities of 100 women in the Cairo Governorate. The project also aims to improve the technical, professional, and managerial skills of 60 young men and women



from the Assiut Governorate. Following the training, the Misr El-Kheir Foundation provides beneficiaries with job prospects by implementing production lines to create craft products inside their societies and connecting them to the labor market.

Our goal is to support Egyptian youth to develop their lives through positive and constructive initiatives that will result in a productive population of future leaders in businesses, communities, and economies. We contributed to 40 micro-income generating projects to improve the standard of living in Al-Shamiya and Al-Ghareeb villages in Assiut Governorate, veterinary and medical convoys in Al-Marashda village in Qena Governorate, and economic empowerment opportunities for 45 youth to generate income in Qena Governorate.

6.1.4 Events & Sponsorship

Culture and Sports

We focus on culture and sports, with the goal of preserving the country's cultural identity. In the sphere of sports, the bank is continually focusing on sports that lack mainstream backing, believing that athletes are fantastic role models for our kids and should be given the opportunity to flourish and step into the spotlight. To achieve this goal, we continued to sponsor squash at the Alexandria Sporting Club for the third year in a row, and also took part in the "Sakan we Dafa" campaign in Sohag and Sharqia.

In 2021, QNB ALAHLI sponsored "the annual Science Festival in Zewail City for Science and Technology" in its sixth edition under the title "Back to the Future". The bank also participated in "the annual winter campaign", in cooperation with the Misr El Kheir Foundation, by financing the construction of 40 rooftops for houses in Giza and Beheira governorates.

People with special needs

We helped contribute to the first charity mutual fund, ATAA, established by Nasser Social Bank and operating under the supervision of the Financial Regulatory Authority (FRA) for the support of people with special needs in education, social and health care, and all other channels that cater to them in order to empower and integrate them.

As part of our bank's keenness to provide support to people with special needs, QNB ALAHLI donated a number of prosthetic devices to people with special needs in Sawahaga village in Minya Governorate, in cooperation with the Misr El Kheir Foundation.

Supporting National Social Projects

Throughout 2021, we maintained our position as one of the largest entities in the banking sector in supporting the Egyptian community in dealing with the impact of COVID-19 through participation in the "Egyptian Banks initiative" launched by the Federation of Egyptian Banks in collaboration with the Central Bank of Egypt to support the Egyptian economy in dealing with the current crisis and to assist those affected by COVID-19.

To support the Egyptian vision 2030, we continued to participate in the national program "Decent Life" for the third year in a row, in collaboration with the Misr El-Kheir Foundation, to rehabilitate housing for underprivileged families in poor villages targeted by the initiative. The projects were carried out in Qena Governorate's "Naga-Al-Haj Salam Village", Assiut Governorate's "Al-Masoudi Village" and "AlEsaweya hamlet" in Sohag Governorate, which are in severe need of health care and housing improvements. The Al-Esaweya project includes 22 houses that require urgent roofing, furniture, and refurbishment. In addition, a medical convoy is provided for underprivileged people in order to enhance their living conditions and to offer a decent, risk-free life for the village's residents. In 2021, we supported the development of Al-Hamam village in Assiut governorate, water connection for 124 houses in Minya, Assiut, Sohag, Qena, and Menoufia governorates, and the development of Bani Shukair village in Assiut governorate, in cooperation with Al-Orman

Association. In cooperation with the Misr El-Kheir Foundation, we also contributed to the water connection for 223 houses in 16 villages in Minya, Assiut, and Qena governorates. In addition, QNB ALAHLI celebrated Orphan Day by providing a donation to one of the charitable institutions that supports orphans.

We also took part in a project that provided 35 young women with small projects to help them boost their families' economic levels and lower the rate of unemployment in Cairo Governorate by allowing them to own micro-income generating projects. Additionally, in collaboration with the Misr El-Kheir Foundation, we granted 45 youth small income-generating projects to enhance their economic capabilities. In addition, we celebrated Orphan Day in collaboration with the Egyptian Stock Exchange by donating to charitable organizations that assist orphans in Egypt.

Employee Engagement in CSR

Our mission is to enable economic and social development through our services across our portfolio. By supporting individuals and businesses in reaching their goals, we help to increase living standards and encourage communities to work together.

With over 6,500 employees working together in an atmosphere of mutual respect and support, we consistently implement the values of the bank in our business strategy. All our employees are encouraged to engage in our CSR initiatives. Many opt to do so by showing their support and talents for initiatives supported by the bank.

Over the years, our employees have helped contribute to a variety of community projects, including fundraising, financial education initiatives, mentoring and training, participating in blood donation campaigns, and even building wooden ceilings for unsheltered people's homes in Ismailia and Behara Governorates to protect them from heat and water leakage in the event of rain. Our employees felt a strong sense of belonging as a result of this

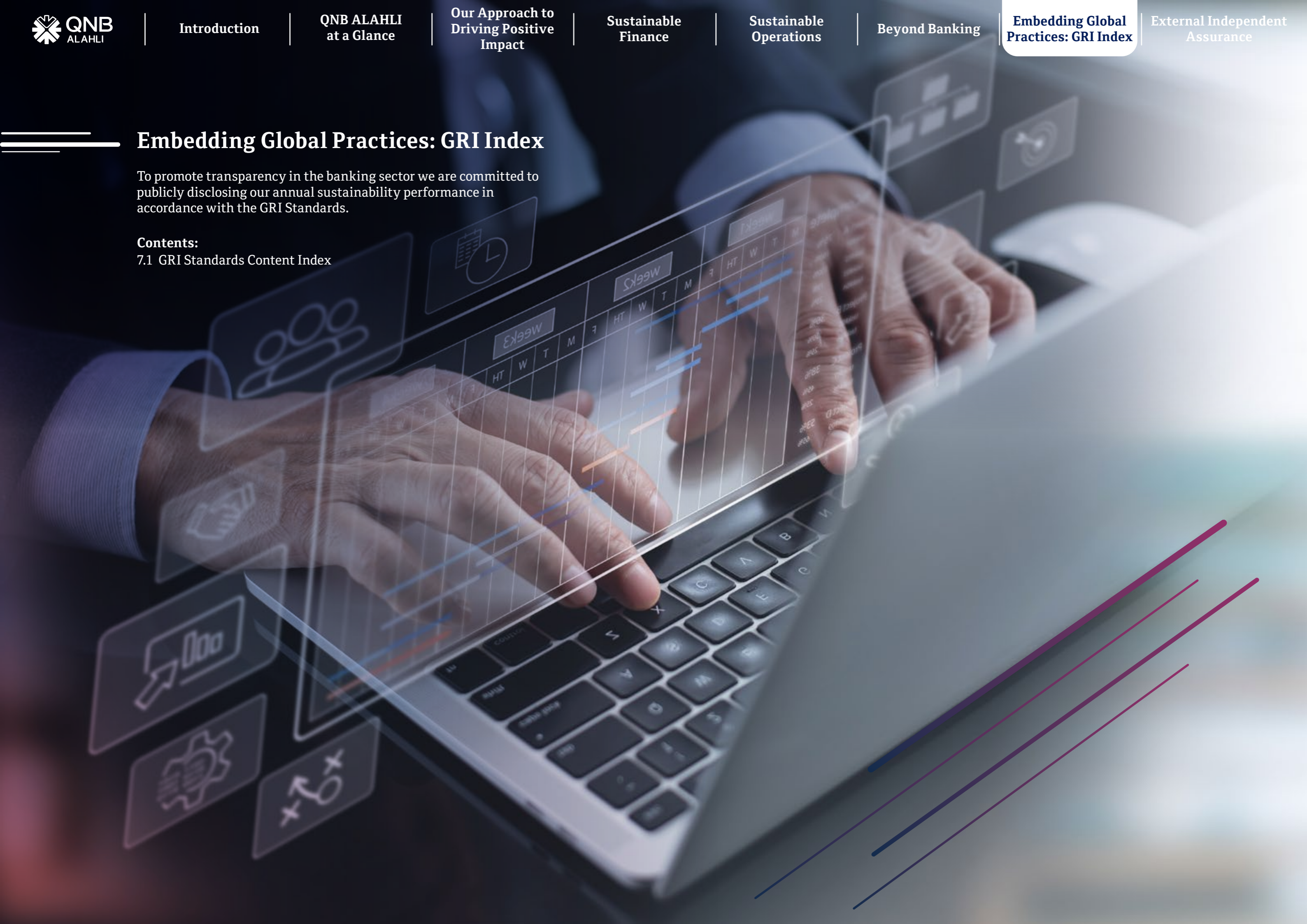
Recognizing that various segments of Egyptian society have difficulties in their daily lives necessitates that our CSR is aware of the primary areas where the community deserves our help and resources. Thus, the sectors of medical, educational, developmental, and social causes present the bank with a legitimate opportunity to support the communities that are most deficient in these areas, which have a significant impact on their livelihoods.

Embedding Global Practices: GRI Index

To promote transparency in the banking sector we are committed to publicly disclosing our annual sustainability performance in accordance with the GRI Standards.

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7.1 GRI Standards Content Index



QNB ALAHLI SUSTAINABILITY REPORT 2021 / GRI Content Index

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Independent limited assurance report

External Independent Assurance



Independent Assurance Statement

To the Board of Directors Qatar National Bank ALAHLI

Introduction

DCarbon is a sustainability and environmental consultancy firm registered under Egyptian law no. 159 for the year 1981 and its executive regulation. Dcarbon is a certified training partner to the Global Reporting Initiative (GRI), and a GRI Gold Community member. Our main focus is to assist organizations, public and private, in understanding and addressing their economic, environmental, and social impact.

DCarbon was engaged by the Qatar National Bank ALAHLI (QNB AA) to perform an Independent Limited Assurance review on its 2021 Sustainability Reporting process ('the Report'), in order to advance the implementation of GRI reporting principles and disclosures for fulfilling the GRI Standards Core option.

Scope, Boundary, and Limitations

The scope of assurance has included data and information for the period 01 January 2019 to 31 December 2021 for operations in Egypt, based on Global Reporting Initiative's (GRI) Standards in accordance with the Core option.

The boundary of the report comprises of data and information that were captured across its operational and business functions and sites. The boundary equally includes the Bank's Head Office support functions, Corporate Governance, and stakeholders' engagements as part of this assurance and as indicated in the report.

Assurance scope excludes:

- Data and information in the Report outside this reporting period indicating historical data to establish context for the reporting period disclosures or looking-forward statements by QNB ALAHLI.
- Verification statements indicating testimonials, opinions, success stories, and /or aspirations.
- Verification of claims (limited to data and information presented)

Assurance procedures

Back-end reviews, data assessments, and context analysis were conducted by DCarbon's Senior Sustainability Analyst Ms. Yara Mourad and supporting analysts.

The assurance included DCarbon's multidisciplinary independent team of experts in auditing economic, social, and environmental information and abiding by our values of integrity, confidentiality, professional competence, objectivity, and due attention. The nature, timing, and extent of procedures followed were based on the rounds of engagement with relevant departments and senior management at the Bank and the Sustainability department delegated by the Board of Directors.

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

Assurance activities included procedures to obtain evidence about the reliability of the disclosures:

- Review of the evidence of internal policies, procedures, and strategy documents as provided by the bank.
- Review of materiality and stakeholders' engagement framework deployed at QNBAA.
- Assessment of the systems used for data collection and reporting on the standard, including data collection through surveys and/or writing prompts; where applicable or available.
- Evaluation of the processing and monitoring of data collection for disclosures.
- Assessment that the report has been prepared in accordance with GRI Standards: Core option and

Topic Specific Standard Disclosures of material topics as listed in the report.

- Review of the Report to ensure that there is no misrepresentation of disclosures as per the scope of assurance and our findings.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement.

Reasonable Assurance was obtained in regard to the disclosures covering governance, strategy, stakeholders' engagement practices, materiality assessment, the scale of the organization, products and services, market presence, and employee well-being.

Limited Assurance level was obtained for disclosures on materiality assessment, environmental footprint and procurement practices, and management approach of activities under social investments.

We advise stakeholders to review the annual report for assurance of financial performance and other standards of practice.

Conclusion

Our opinion has been formed based on the outcome of the activities performed outlined. Considering the risk of material error, we believe that the evidence we have obtained is sufficient and appropriate to provide the basis of our conclusion.

We have reviewed the Sustainability Report of the Qatar National Bank ALAHLI. Based on the activities performed and evidence received, in our opinion, Qatar National Bank ALAHLI has complied, in all material respects, with the sustainability report according to the GRI Standards for sustainability reporting criteria, Core Option.

Ehab Shalaby, Ph.D.
Chairman & CEO