

بنك القاهرة  
Banque du Caire



Banque du Caire's

First PRB Progress Report

# JOURNEY OF A **RESPONSIBLE BANK**

PRB PROGRESS REPORT

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# JOURNEY OF A RESPONSIBLE BANK

Banque du Caire's  
First PRB Progress Report



# JOURNEY OF A RESPONSIBLE BANK

## 1. About this Report

This report marks the first progress report for Banque du Caire (BdC) on its implementation of the Principles for Responsible Banking (PRB). The report highlights the initiatives and measures taken by BdC to progress towards implementing the Principles, paving the way towards a journey for responsible banking. In accordance to the UNEP-FI guidelines, the progress toward the PRB shall be integrated into the bank's annual reporting/ annual sustainability report.

BdC applied the Portfolio Impact Analysis Tool (Version 2), which was developed by the Positive Impact Initiative, the signatories of the Principles for Responsible Banking, and the United Nations Environment Programme Finance Initiative (UNEP-FI).

In this report, "BdC", "the bank", "our" or "we" refer to Banque du Caire, which is a full-service bank based in Cairo, Egypt.

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### Editorial Policy

Driven by our leading position in the nation, and as a founding signatory of the Principles for Responsible Banking, this report reflects the steps we have taken towards the implementation of the Principles of Responsible Banking, highlighting our efforts taken to enhance all aspects of our sustainability performance and governance, while considering both national and regional challenges and needs.

### Forward-Looking Statements

This report contains forward-looking statements on various future estimations. While the management of Banque du Caire believes that the forward-looking statements included in this report are reasonable, there can be no assurance that forward-looking statements will prove to be accurate, since actual results and future events could differ materially from those anticipated in such statements.

### Mistakes and Typographical Errors

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

## 2. Celebrating BdC Becoming a Signatory of the PRB

Banque du Caire celebrates signing the UNEP-FI Principles for Responsible Banking (PRB), paving the way towards a journey for responsible banking. In November 2021, Banque du Caire has signed the Principles for Responsible Banking along with 290 other international banks, representing 45% of global banking assets. This report marks the first progress report, highlighting the bank's progress towards implementing the Principles for Responsible Banking. The report spotlights the initiatives taken by BdC in order to transform towards a responsible banking approach.

### I. Our EESG Highlights



#### Economic

- BdC has the largest market share in microfinance with a geographical spread all over Egypt. The Microfinance portfolio achieved 5.6 billion in December 2021 which increased to 6.1 billion in the first half of 2022.
- BdC has launched the "BOKRA account" targeting women in low to medium income categories. The account aims to encourage women to save with the bank, instead of utilizing social saving

schemes, with attractive interest rates on a term of their choosing. "Bokra account", is specially designed to meet the banking needs of women and enable them to manage their financial affairs through a range of banking solutions and benefits, as part of the bank's effort to meet the needs of various customer segments and support the culture of financial inclusion for women.

- Launched "Waffar account" that allows youth starting from age 16 years to open a savings account without their guardian with their national ID only, and without opening account fees and debit card fees & with no minimum balance and with interest paid monthly.
- Before end of Q2-2022, BDC had also launched 2 new financial inclusion accounts to serve economic sector; "Waffar Current account" which is designed for individual with economic activity to access to banking products and services with affordable fees and less documentation. The second account is "Waffar Business account" to provide Micro / Small companies and startups which do not have completed documentation to access to banking products and services to manage their business easily.



#### Environmental

- The Bank is developing tailored lending programs for high potential industries, developing an Agri-finance program, a green finance program and offering unique product bundles to support SME growth and build on the non-financial services platform aiming to enrich the value proposition offered to SME clients.
- We are currently in the planning phase to introduce our first green finance product to

encourage our customers to adopt sustainable practices by end of 2022.

- We created "bGreen initiative" which is an environmental project to help raise awareness regarding eco-friendliness to Egyptians. Through initiatives such as the below to help raise environmental awareness through workshops and summer camps, we have been building up a more prepared ecosystem for the environmental challenges we face on a global scale.

#### A) Banlastic

- Fouad Plastic Free
- Beach Cleanups (North Coast, Alexandria).

#### B) Greenish

- Greenish Club at the Greek Campus (over 1500 Beneficiaries).

#### C) Go Clean

- Recycling bins in more than 150 schools in (Alexandria, Cairo and Giza).

#### D) Eco-Fiesta

- In partnership with Camps Les Eleve we create awareness on children aged 7 to 15 at Almaza Bay to support the environment.



#### Social



- The bank operates out of 30 dedicated business centers across Egypt offering financial and non-financial services to clients. In addition, we have further grown our team, enrolling 50 new hires into our SME business school to equip them with the necessary skills to occupy a range of roles across the division. Moreover, Banque du Caire established two new units, including the Very Small Segment unit, which caters the needs of businesses and the Collection Management unit which is responsible for the follow up and monitoring of settlement of due payments.
- BdC planned to partner with MSMEDA with the objective of developing SMEs, and entrepreneurship directly or through the coordination of the efforts of all parties and civil associations and initiatives in the field of these projects, or through the establishment or participation of companies in 2021

- BdC has also partnered The SANAD Fund for MSME (SANAD) provided a loan of USD 15 million to BdC for on-lending to micro, small, and medium enterprises (MSMEs), agricultural producers, and microfinance institutions (MFIs) in Egypt. This investment strengthens BdCs efforts in alleviating adversities facing business owners and farmers by offering much needed liquidity.
- Completion of the second phase of the skills development project in cooperation with the Nidaa Foundation.
- Microfinance loan project in cooperation with the Orman Foundation to finance 2000 small projects for the groups of youth and women in the form of loans.
- Sponsoring and supporting traditional crafts in cooperation with the Small and Medium Enterprises Development Authority through sponsoring the Bazaar Exhibition and Turathna Exhibition.
- Collaboration with the Ministry of Youth and Sports to work on initiatives such as Daragtak Sehetak to help foster a healthier community.
- Sponsored the Orphan's day ceremony.
- A Five-year mega project with Azza Fahmy Academy to train people on heritage handcrafts.



### Governance

- The bank has developed its internal sustainability framework.
- Our Sustainable finance department is under formation
- We are currently developing our sustainability strategy and ESG policies
- A consultant was hired for the purpose of setting up E&S Policy and ESMS

### Reporting & Transparency

- BdC has joined the United Nations Programme Finance Initiative (UNEP-FI)
- BdC has published its first PRB progress report
- BdC is in the process of publishing its second sustainability report
- BdC is in the process of developing its first pilot Carbon Footprint Report



## II. Awards



### The European Awards

- Best Treasury Management Bank- Egypt 2021
- Best Foreign Exchange Banking Provider-Egypt 2021
- Best Fixed Income Banking Provider-Egypt 2021
- Best Liquidity Management Provider-Egypt 2021

### International Business

- Most Sustainable Bank Egypt 2021

### International Finance

- Best Foreign Exchange Bank - Egypt 2021
- Best Global Transaction Banking - Egypt 2021
- The Best Sub-Custodian.

### Global Economics

- Best Foreign Exchange Banking Provider-Egypt 2021
- Best CSR Bank - Egypt 2021

### International Banker

- Best Innovation in Retail Banking Egypt 2021

### Global Trade Review (GTR)

- Best Trade Finance bank





Banque du Caire has become an official signatory of the UNEP-FI Principles for Responsible Banking (PRB), which is the leading framework for ensuring that banks' strategy and practice align with the vision society has set out for its future in the UN Sustainable Development Goals

### 3. CEO Statement

On behalf of the Board of Directors and all of us at Banque du Caire, I am pleased to present our first PRB progress report, marking Banque du Caire's commitment towards adopting a responsible banking approach. This report spotlights our journey for responsible banking, highlighting our progress towards the implementation of the Principles for Responsible Banking (PRB).

In November 2021, Banque du Caire has become an official signatory of the UNEP-FI Principles for Responsible Banking (PRB), which is the leading framework for ensuring that banks' strategy and practice align with the vision society has set out for its future in the UN Sustainable Development Goals and the Paris Climate Agreement. Since becoming a signatory, BdC has been working diligently internally with all stakeholders taking part of the dialogue, and externally with its clients and other stakeholders, to advance towards responsible banking and enhance its business model where sustainability practices are improved and adopted.

On the following pages of this report, we aim to share with our stakeholders how our services are continuing to finance individuals and businesses through a model of value creation that is more equitable and sustainable. We support our customers and help them to achieve their financial aspirations and grow their businesses. We work with small-, medium- and large-scale projects to establish true value creation that can transform lives. BdC seeks to finance sectors and establish partnerships to help build a more inclusive economy and sustainable society. Our PRB report marks the steps and initiatives that the Bank has taken in order to progress towards implementing the Principles.

We have continued to uphold our commitment to the United Nations Global Compact (UNGC), of which we have been a member since 2015, as well as worked to align our efforts with Egypt's national development strategy, Vision 2030, in order to ensure that our efforts are well-positioned to generate maximum impact on sustainable development across the local community. Our sustainability strategy and policies exist to create real added value to all our stakeholders, internally and externally and to develop initiatives that bring positive change to every community we serve. In alignment with our goals to grow, we are also committed to ensure that our strategy is consistent with and contributes to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the relevant national and regional frameworks.

In fulfillment of Principle 2, BdC has conducted its first impact assessment on its retail banking, corporate banking and business banking in Egypt. After identifying our key positive and negative impact areas associated with our lending portfolio, the bank has identified housing, inclusive economies and economic convergence to be our significant areas of positive impact, while climate, resource efficiency and waste are our key significant areas of negative impact. In accordance with this data, we selected both inclusive economies and resource efficiency as the targets we will be working on as part of our sustainability strategy. Which is in alignment with our leadership position within the market as the frontrunners in the field of microfinance, with the largest network on the ground nationwide creating endless opportunities for Egyptians from all walks of life. Currently, we are in the process of developing our Environmental and Social Risk Management System (ESRM) to ensure that the projects we finance comply with all environmental and social standards, to mitigate the negative impacts associated with our portfolio.

Despite the unprecedented times due to COVID-19, globally, BdC exerted all efforts to fulfill its commitment to maintain customer excellence, address community needs, and deliver value to all to maintain customer satisfaction and utility. As part of its financial inclusion strategy, the Bank strives to provide a range of products and services to encourage sustainable and environmentally friendly products and services among its customers and empower SMES, low-income customers, youth, and other diverse segments.

Moreover, BdC has formed several partnerships with the aim of creating positive value and in the process of establishing new ones in an effort to collaborate with stakeholders to increase the bank's positive impacts and mitigate its negative impacts in light of the portfolio impact assessment results and targets. To build a robust sustainability governance, BdC is progressing towards developing a Sustainable finance department. In addition, in collaboration with expert stakeholders, we are working on setting up our E&S Policy and ESMS. To foster a culture of responsible banking, we have sustainability education and training programs for senior management and BDC's teams that are in place.

At BdC, we are proud of our approach, delivering profit with purpose and sustaining our record of accomplishment as a socially responsible bank. Subscribing to the UN's Principles of Responsible Banking is a natural next step for BdC, giving us the opportunity to reinforce our responsible banking practices, deliver our commitment and create a positive impact on our stakeholders, shareholders and the region in which we operate.

**Tarek Fayed**  
Chairman and CEO




# 4.Principle One: **Alignment**

## 4.Principle One: **Alignment**

### **Content**

4.1 Our Business Model

4.2 Alignment of BDC's Strategy with International Frameworks

# 4. Principle One: Alignment

Incorporated in 1952, Banque du Caire is one of Egypt's six largest banks and the third bank in Egypt in terms of branch networks. With a network spanning 246 branches and 1452 ATMs across Egypt, BdC serves more than 3.3 million clients, including leading corporations, high-net-worth individuals, and retail clients. The bank has grown to become a leader in the Egyptian banking market by capitalizing on its expansive network across the country and our talented individuals of 8,909 Employees in July 2022.

## 4.1 Our Business Model

Our business model is set towards offering a full 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. To serve the financial needs of our diverse customers, our business model is diversified into:

### Corporate & Institutional Banking

- An array of products and services ranging from short- and medium-term working capital financing products to tailored, structured solutions for more complex short and longer-term financing needs, available in both local and foreign currencies.

- Global Transaction Banking (GTB): offers tailored customized solutions for clients.
- Portfolio Management: Uniquely tracks profitability and return hurdles at client, segment, and product level.

### Retail Banking

- A full suite of innovative consumer Products & Services ranging from Personal, Pension, Governmental, Auto and Mortgage loans in addition to competitive pricing on customer deposits through segmented programs. In addition to the Cards department that is responsible for all Credit, Debit & Prepaid cards in terms of creation, development of differentiated value propositions and profitable growth of the portfolio.
- Key provider of Digital solutions and E-channels services offered to the Consumer, managing a widely spread ATM network including its operations to support the propagation of BDC accessibility thru various channels. Beside all of that, it is managing another important channel which is the Contact Center that is considered one of our main customer service channels that is available 24/7.
- Microfinance: a critical sector that finances micro-projects in the field of commercial & industrial services for different segments to facilitate the ongoing activity and production requirements that are geographical spread all over Egypt. Our Microfinance department ensures the ease and speed of product procedures, diversification of available products, high financial capacity, and availability of liquidity necessary for financing operations.
- Financial Inclusion department is also managing the on ground activation for Retail Products & Services by providing special offers and financial literacy to untapped customers to ensure the integration of all segments of society in the formal financial system, in addition to collaborations with the development team to create customized products that can serve all segments.

### SME Banking

- Tailored banking solutions to support clients in growing their day-to-day businesses.
- Specialized/non-standard Products & Lending programs

that provides a comprehensive product/ service offering that meets all customers' needs, decentralized network spreads in in Greater Cairo, Alexandria, Upper Egypt, Delta and Canal.

### Treasury and Capital Markets

- Provides innovative investment solutions to clients, and hedge clients. The group's activities aid in creating economic opportunities, fostering growth, and empowering individuals.

## 4.2 Alignment of BdC's Strategy with International Frameworks

Gearing towards a sustainable transformation, BdC has adopted a multifaceted strategy since 2018, to solidify its position in the market as well as work towards becoming a fully-fledged bank. The multifaceted strategy reflects BdC's longstanding commitment to maintaining sustainable operations, while creating shared value to all its stakeholders. The Bank's strategy was not only limited to following a customer-centric approach and fast-tracking its digital transformation strategy, but also focused on the sustainable development of the local communities which it operates in and the enhancement of the bank's environmental preservation measures. The Bank's wide digital transformation strategy is aligned with the CBE's national financial inclusion strategy.

Guided by our ESG Strategy and in alignment with the Sustainable Development Goals and Egypt's 2030 Vision, we increased our ATMs geographical coverage. To guarantee accessibility and inclusivity, we have not only targeted areas with high populations but also regions with low ATM penetration. In this regard, we succeeded to achieve the following:

- Achieved our target of installing 140 New offsite ATMs.
- Replaced 120 old ATMs to improve the level of service provided.
- Complied with CBE initiatives and the Bank's expansion strategy by installing 347 ATMs (320 CBE mandate + 27 Branches).
- Introduced new services and enhanced the level of services provided to our customers. - Finalized new bulk ATM deals with big names in the market like Fawry, Orange, Vodafone, Sun Mall...etc.

Dedicated to sustainable business decisions, we reinforce our inclusion efforts by supporting the financial wellbeing of underrepresented segments. In turn, we participated in the Hayah Karima presidential initiative launched on the 2nd of January 2021, aiming to enhance the social, economic, and environmental levels of villages in need. BDC cooperated by installing ATMs in the selected villages as a part of its development.

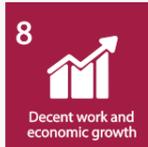
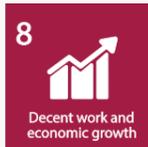
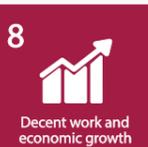
In commitment to Principle 1: Alignment, our sustainability program is currently being progressed as illustrated below:

- An Internal PMO Team that is dedicated to monitoring the progress of the four pillars of sustainability program alongside the sustainability department
- Our Sustainable finance department is under formation
- A consultant was hired for the purpose of setting up E&S Policy and ESMS
- A sustainability strategy and policies are being developed
- Sustainability education and training programs for senior management and BdC's teams are in place.
- Sustainability Reporting as well as related reporting tools are in place

Moreover, we have continued to uphold our commitment to the United Nations Global Compact (UNGC), of which we have been a member since 2016, as well as worked to align our efforts with Egypt's national development strategy, Vision 2030, in order to ensure that our efforts are well-positioned to generate maximum impact on sustainable development across the local community. In addition, the bank's strategic direction, products and services and activities create value to the Sustainable Development Goals (SDGs).



## Our Value Creation Mapping with SDGs

Product/Service/ Initiative	Value Creation to SDGs
<p><b>Digital Transformation</b></p> <p>With the Pandemic, fast-tracking our digitalization strategy became necessary in order to allow us to put together the required infrastructure for remote working as well as to offer our customers new products aligned with the imposed restrictions.</p>	
<p><b>Supporting SMEs</b></p> <p>The SMEs team aims to expand BdC's market share through the thorough implementation of the SME transformational strategy. BdC has a dedicated SME team devoted to growing the SMEs market in Egypt. The bank operates out of 30 dedicated business centers across Egypt offering financial and non-financial services to clients.</p>	 
<p><b>Micro Finance</b></p> <p>The bank's Retail and SME Banking business is one of the top lenders in the MSMEs Space , operating out of 114 branch offices located across Egypt. On the MSME front, we have grown our MSME portfolio by 24% as of June 2022 compared to December 2021 .</p>	 
<p><b>Financial Inclusion</b></p> <p>Financial Inclusion is at the top of BdC's agenda. We aim to include the unbanked in the formal economy by providing them with solutions and services that specifically cater to their needs and integrate them into the banking system. Throughout the years, we have developed numerous services and initiatives that increased the level of financial literacy and financial inclusion in Egypt.</p>	  

Product/Service/ Initiative	Value Creation to SDGs
<p><b>Green Finance</b></p> <p>BdC offers financing solutions to its customers such as providing loans that support in enhancing and sustaining the environment of not to SMEs.</p> <p>We are planning to develop tailored lending programs for high potential industries, Agri-finance and green finance programs and offering unique product bundles to support SME growth and build on the non-financial services platform aiming to enrich the value proposition offered to SME clients by 2022.</p>	  
<p><b>Responsible Communication</b></p> <p>Non-discrimination, transparency, security, fairness, equal treatment are the main values that we build our foundation on. BdC ensures that all clients are treated fairly with no discrimination based on gender, religion, or race as well as providing clear information about the Bank's products and services and on the procedures.</p>	
<p><b>Women Empowerment</b></p> <p>"Bokra" account, is specially designed to meet the banking needs of women and enable them to manage their financial affairs through a range of banking solutions and benefits, as part of the bank's effort to meet the needs of various customer segments and support the culture of financial inclusion for women.</p>	

By benchmarking its efforts against national and international guidelines and practices, the bank aims to continue delivering value for its beneficiaries and the environment, while generating maximum value for its customers and shareholders. We will continue to ensure that our strategy is consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

# 5.Principle Two: Impact Analysis & Target Setting

## 5.Principle Two: Impact Analysis & Target Setting

### Content

- 5.1 Impact Identification
- 5.2 Impact Analysis
- 5.3 Extent of Impact
- 5.4 Plans for Target Setting and Monitoring

# 5. Principle Two: Impact Analysis & Target Setting

## 5.1 Impact Identification

In November 2021, Banque du Caire (BdC) became a signatory of the Principles for Responsible Banking (PRB). The Bank's voluntary accession to the UN Principles for Responsible Banking and impact analysis contributes to creating an overview of the potential risks and impacts associated with the Bank's portfolio. To fulfill Principle 2: "Impact Assessment and Target Setting", the Bank undertakes an impact assessment on its lending portfolio, to identify the key positive and negative impact areas associated with its portfolio. The outputs of the portfolio analysis tool enable BdC to explore the opportunities for setting science-based targets to contribute to the Sustainable Development Goals (SDGs) and Paris Agreement.

In order to identify the areas in which BdC has the most significant positive and negative impact, the Bank has followed a series of steps for impact identification and analysis, as follows:

### Methodology:

Banque du Caire carried out an assessment on its lending portfolio, allowing it to identify and measure its environmental, financial, and social impacts as result of its lending activities, products, and services by adopting the UNEP-FI Impact Analysis Tool Version 2.

### Scope:

Within the input of this assessment are BDC's key lines of business including Corporate Banking, Business (SME) banking, and Retail/Consumer banking. The Bank's portfolio is divided into Corporate Banking (47%), Retail Banking (39%) and SME Banking (11%) .

### Scale of Exposure:

This assessment considers the most critical sectors financed across each business function and assesses the risks in activities of the processes and their resources against country specific threats. The Corporate and Business Banking Portfolios are segmented based on the International Standard Industrial Classification (ISIC).

### Context & Relevance:

In conducting its impact analysis, Banque du Caire determined Egypt's country needs. The analysis also revealed the most relevant challenges and priorities in the Bank's country of operation, Egypt.

### Scale and Intensity/Salience of Impact:

Banque du Caire identified its key positive impact areas to be housing, inclusive and healthy economies, and economic convergence. While the Bank has a positive social and economic impact, it has a negative environmental impact. Its key negative impact areas are climate, resource efficiency and waste.

Economic and Social Impact Areas	Environmental Impact Areas
Housing	Climate
Inclusive and Healthy Economies	Resource Efficiency
Economic Convergence	Waste

## 5.2 Impact Analysis

This step involved identifying the significant positive and negative impact areas associated with the Bank's Corporate Banking, SME Banking and Retail Banking activities and drawing correlations between the identified areas of impact and sectors financed. Justifications of these impacts were given with respect to the national context and sector nature.

### Corporate Banking

The 10 main sectors financed throughout the Corporate Portfolio are as follows:

- Construction of buildings
- Administration of the State and the economic and social policy of the community
- Extraction of crude petroleum
- Manufacture of chemicals and chemical products
- Manufacture of food products
- Financial service activities, except insurance and pension funding
- Manufacture of basic metals
- Other financial service activities, except insurance and pension funding activities
- Real estate activities
- Electric power generation, transmission, and distribution



### Corporate Banking Impact Areas:

Housing and Inclusive and Healthy Economies have been identified as significant areas of positive impact associated with the corporate banking, while Waste and Climate have been identified as Corporate Banking's significant areas of negative impact.

Impact areas associated with key sectors- (Positive)	Impact areas associated with key sectors- (Negative)
Impact Areas	Impact Areas
Housing	Waste
Inclusive and Healthy Economies	Climate

Impact areas associated with key sectors- (Positive)	Impact areas associated with key sectors- (Negative)
Impact Areas	Impact Areas
<p><b>Economic Convergence</b>                      ((refers to a reduction in the dispersion of levels of income across economies (shared prosperity))</p>	<p><b>Soil</b></p>
<p><b>Integrity and Security of Person</b></p>	<p><b>Resource Efficiency</b></p>

**Impact Areas Analysis**

Regarding the Corporate Banking Portfolio, Housing and Inclusive and Healthy Economies have been identified as significant areas of positive impact as corporates play a substantial role in reinforcing equality and promoting sustained and inclusive growth.

Banque du Caire finances large corporations in key sectors including construction of buildings, administration of the State and the economic and social policy of the community, financial Services, manufacture of food products, and real estate. These sectors are effective in adequately distributing welfare, creating equal opportunities, improving the standard of living and quality of life, creating jobs and opportunities for trade, and increasing benefits to the Egyptian economy and its citizens by aiding it in making strategic decisions and creating a basis for sustainable growth. Economic benefits and job creation as a result of sector contribution not only leads to economic convergence but also contributes to widespread security within society, which includes mental and physical integrity.

Although the Corporate Portfolio has significant positive social and economic impacts, it has a negative environmental impact. The first step of our progressive process was identifying the negative impact areas alongside its catalyzing sectors. The Bank's financing activities across sectors including manufacturing of food products leads to food waste. Similarly, manufacturing of chemicals and chemical products and extraction of crude petroleum can result in hazardous chemical waste and the production of toxic by-products, all of which leads to resource inefficiency, climate change, and soil degradation. The above-mentioned sectors alongside the manufacturing of basic metals, and real estate sectors result in emission of pollutants and greenhouse gasses, associated with climate change.

These resource and energy intensive sectors have potential impacts on health and the environment and if not monitored can provide an obstacle to a circular economy. Negative impacts on the physical environment due to global warming can lead to increased extreme weather events, which could result in financial loss for the Bank, its customers, and clients.

**SME Banking**

The 10 main sectors financed throughout the Business Portfolio are as follows:

- Construction of buildings
- Wholesale trade except of motor vehicles
- Manufacture of other metal fabricated product
- Manufacture of transport equipment
- Manufacture of electric motor and generators
- Construction of utility projects
- Manufacture of other food products
- Other specialized construction activities
- Manufacture of basic metals



**SME Banking Impact Areas:**

Housing and Mobility have been identified as significant areas of positive impact, while Waste, Health & Sanitation, and Climate have been identified as a SME Banking significant area of negative impact.

Impact areas associated with key sectors- (Positive)	Impact areas associated with key sectors- (Negative)
Impact Areas	Impact Areas
<b>Housing</b>	<b>Waste</b>
<b>Mobility</b>	<b>Health &amp; Sanitation</b>
<b>Energy</b>	<b>Climate</b>
<b>Health &amp; Sanitation</b>	<b>Culture &amp; Heritage</b>

**Impact Areas Analysis:**

Regarding the SME Banking Portfolio, Housing and Mobility have been identified as significant areas of positive impact as small businesses contribute to economic diversification and development.

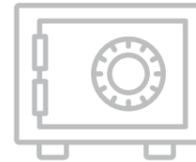
Banque du Caire is a firm believer in inclusiveness and equal opportunity. It pursues both agendas while contributing to the country's needs by supporting SMEs. Its extensive SMEs network encompasses sectors such as construction of buildings, Manufacture of transport equipment N.E.C., Construction of utility projects and manufacture of basic metals, all of which contributes to a sustainable society by creating safe and economic mobility. The most substantial sector in the SME Banking Portfolio is the construction of buildings, which can provide a vital source of income and sustainable housing to poor people, which justifies housing and mobility as key positive areas of impact.

In contrast, these sectors can have a negative environmental impact on the Climate, Waste, and Health & Sanitation. Hazardous by-products, waste, and greenhouse gas emissions are common resultants due to the nature of the sectors. Similarly, the construction of buildings can result in demolition and debris waste.

**Retail/Consumer Banking**

The main consumer financing instruments are as follows:

- Savings accounts
- Current accounts
- Certificates of deposit
- Time Deposits
- Consumer loans & overdraft
- Home loans /mortgages
- Vehicle related loans



**Retail/Consumer Banking Impact Areas:**

Employment and Inclusive, Healthy Economies have been identified as significant areas of positive impact, while Inclusive, Healthy Economies and Resource Efficiency/Security have been identified as a Retail/Consumer Banking significant area of negative impact.

Impact areas associated with key sectors- (Positive)		Impact areas associated with key sectors- (Negative)	
Impact Areas	% of Portfolio	Impact Areas	% of Portfolio
Employment	2	Inclusive, healthy economies	4
Inclusive, healthy economies	4	Resource Efficiency/Security	1
Justice	4	Climate	3
Economic Convergence ((refers to a reduction in the dispersion of levels of income across economies (shared prosperity))	3		

**Impact Areas Analysis:**

BdC’s Current and Savings Accounts customer income segmentation is 89% low income, 10% middle income, and 1% high income. The Bank contributes to inclusive and healthy economies as it provides funds and loans to low-income people, promoting financial inclusion, growth, and employment.

Despite its positive impacts, the Bank’s Retail/Consumer Banking Portfolio, specifically, Current Accounts and Savings

Account, has a negative impact as its Current Accounts high income segmentation accounts for only 1%. This creates an imbalance and results in lack of diversity and inclusiveness, leading to less innovation, weaker revenue, and greater risks.

**5.3 Extent of Impact**

To assess the extent of our impact, we developed a scoring methodology to determine the highest positive and negative impacts and set a threshold value to distinguish high impact areas. We relied on Weighted Average (WA) methodology to assess the extent of each impact area associated with our portfolio. We followed a series of stages to score and rate our impact areas, as follows.

1. Rating positive and negative impact areas separately across each impact area.
2. We utilized the weighted average of all sectors included in our lending and investment portfolio to create a score for each impact area.
3. Rating impact areas concerning the severity of occurrence – where the severity has been determined based on the country needs to be provided by the UNEP-FI Portfolio Impact Analysis Tool. The severity has scored from 1-4, where 1 indicates a low level of country need and 4 refers to the high level of country need.
4. Rating impact areas concerning the likelihood of occurrence with a rating from 0-4 reflects the expected risk level. 1 indicates a low level of risk, while 4 refers to the high level of risk.
5. The overall score ranges from 0-1 with a threshold of 0.5. Thus, a score below 0.5 indicates a low score and a score above 0.5 indicates a high score.

Impact Area	Inclusive, healthy economies	Housing	Economic Convergence	Climate	Resource Efficiency	Waste
Severity	0.03	0.29	0.01	0.09	0.08	0.02
Average Likelihood	1.7	1.0	1.17	1.9	1.78	1.91
Overall Score	0.05	0.29	0.01	0.17	0.16	0.04

Based on the scoring results, economic convergence and inclusive, healthy economy are positive areas of significant impact with the lowest scores of 0.01 and 0.05, respectively. While Climate and Resource efficiency/security are significant areas of negative impact with the highest score of 0.17 and 0.16, respectively.

## 5.4 Plans for Target Setting and Monitoring

BdC selects Inclusive, healthy economies particularly financial inclusion and Resource Efficiency as the two most significant impact areas to set targets on in the upcoming years. BdC is in the process of identifying the SMART targets that will increase our positive impacts while reducing the negative impacts of our activities. Once the targets are set, the bank will develop the implementation plan and monitoring procedures that will be used to ensure that targets are met. Following the establishment of the targets, the progress on implementing these targets will be reported.



# 6.Principle Three: Clients and Customers Content

## 6.Principle Three: Clients and Customers Content

### Content

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## 6.Principle Three: Clients and Customers

### 6.1 Responsible Relationships with Customers

BdC is committed to promoting responsible relationships with its clients and maintaining customer loyalty. In line with its customer-centric strategy, the bank continuously develops its policies and practices to promote its client relationships. The bank works across all boundaries to ensure sustainable standards with a series of regulations, in order to ensure compliance with all laws and directives applicable to Banque du Caire, as mandated by its Compliance Group. Upholding Banque du Caire's standards of practice and service contained in its Code of Conduct is a priority for BdC.

The Central Bank of Egypt (CBE) has attached high priority to developing the banking sector through the application of international best practices and has considered protecting the rights of customers is one of the main elements to achieving financial inclusion. From this point of view, Banque du Caire has issued its Customer Protection policy to protect the rights of customers, in compliance with international standards in this field. This policy has been prepared in light of CBE's endeavor to provide protection for the rights of banks' customers by issuing internal guidelines and instructions to deal with the following categories:

- Providing banking services to all bank customers fairly and transparently.
- Determining the rights and obligations of the client.
- Giving an adequate attention to the needs of financially excluded segments, as well as the elderly and people with special needs, while innovating and designing various products and services to suit all customer segments.

The general concept of protecting the rights of customers in accordance with international best practices means the existence of a clear regulatory framework that defines the relationship between each of the banking service providers and their users, in order to ensure that customers obtain their rights fairly and transparently, ensuring confidentiality of data, while confirming the existence of a mechanism to deal with complaints. In addition to raising customers' banking awareness and enabling them to make sound decisions. According to this policy, it is imperative for all groups, sectors, departments, units, and employees dealing directly or indirectly with our bank's customers to abide by this policy and its procedures. The bank strives to establish a customer rights protection sector that follows the head of the compliance and corporate governance group and is headed by a general manager, who has the right to access the files, records and transactions of customers who have complaints. The sector consists of three main public administrations according to the following:

• **Complaints General Department:**

The department responsible for collecting and forming complaints from all channels of communication with the bank or outside the bank, as it conducts a preliminary study of the complaint and forwards it to the concerned party and determines the time period required to answer it.

• **Follow-up General Department:**

It is provided with human cadres with appropriate expertise, as it is provided with elements from the middle management (two banking expertise and two legal affairs) available in the bank, and it is responsible for studying the responses received from the concerned authorities, so that the complainant is answered according to the procedures.

• **Quality Assurance and Data Confidentiality General Department:**

It is responsible for analyzing the nature of complaints and taking the necessary measures to ensure their non-recurrence (which may require an amendment to the applicable procedures), educating clients about the mechanism for submitting complaints, as well as making sure to include all correspondence and account statements addressed to clients. By means of communication with the customer rights protection sector, it is also responsible for studying all proposals and evaluating them in terms of benefiting from them, as well as all reports related to the sector, which through the head of the Banking Compliance and Corporate Governance Group are submitted to the Audit Committee, the BoD, and the CBE.

### 6.1.1 Responsible Communication

Our business model is set towards offering a full range of banking BdC's Marketing and Corporate Communication is the driving force behind the bank's transformation into an innovative and sustainable institution. The bank's communications strategy centers on revamping the bank's brand and product positioning and ensuring communication is conducted in an ethical, clear, and transparent manner. Non-discrimination, transparency, security, fairness, equal treatment are the main values that we build our foundation on. BdC ensures that all clients are treated fairly with no discrimination based on gender, religion, or race as well as providing clear information about the Bank's products and services and on the procedures.

The Bank maintains internal and external channels of communication with its clients/customers,



ensuring that our means of communication and messages are understood and easy to grasp, in line with the regulatory requirements issued by the Central Bank of Egypt (CBE). BdC channels of communication include the Bank's official website, annual reports, sustainability reports, social media, internet banking platforms, and the reports addressed to regulators. BdC has established itself as a trusted partner for both corporate and retail clients through its distinguished marketing communications.

Another key investment that aligns with Banque du Caire's customer-centric strategy is the bank's adoption of Customer Relationship Management (CRM) technology in 2020. The CRM technology analyzes trends about customers' history with the bank, which helps Banque du Caire improve business relationships with clients, increase customer retention, and drive sales growth. The technology compiles data from a range of channels, including the bank's website, emails, live chats, social media, as well as other marketing and communication platforms to support the team in deriving insights that enhance the decision-making process. Going forward, CRM technology will be one of the bank's key assets that will support it in improving Banque du Caire's ability to cater to the needs of its customers.

### 6.1.2 Complaint Management

BdC also has a customer complaints department in place to guarantee customer satisfaction and continuous improvement. The department deals with complaints very seriously and follows up with our clients regarding the actions taken against any party that might infringe upon the rights of our clients. The department additionally supports the bank in identifying and managing economic, environmental, and social topics impacting customers and clients.

In order to respond to the naturally increasing number of complaints executed through the bank's call center as more people utilized this service in 2020, Banque du Caire introduced a CRM software that records and categorizes calls in a more efficient and data driven manner. Accordingly, the department managed to respond to all clients' complaints and controlled the number of complaints that were reduced to 16,011 complaints in the first half of 2022 compared to 21,976 complaints in 2021.



### 6.1.3 Customer Privacy & Data Security

Customer privacy is a main pillar at the Bank, BdC complies with the CBE directives regarding Customer Rights Protection. We ensure that all our transactions are safe and secure, and no data leakage occurs. BdC has implemented strategies to improve customer privacy and data security to enhance client trust and confidence. Strategies in place aim to improve IT security, quality assurance, and deliver excellence. With the focus on digitization as a national direction towards a cashless society, Banque du Caire is obligated to maintain customers' right protection on automated and electronic platforms. The Bank ensures that customer protection is always maintained that the client's personal data is protected and not shared with any party without the client's prior consent. The management of the bank also ensures that the necessary controls are in place and that they are put to the test at regular intervals, while maintaining the confidentiality of all customer data.



## Cyber Security

The Bank's ability to protect customer assets is a key area BdC strives to manage efficiently. Cybersecurity threats are a dynamic and ever-evolving area of risk; therefore, the Bank invests heavily in an array of technological resources that protect and maintain its digital infrastructure and confidential assets. BdC's cybersecurity defense is designed to protect the Bank from malicious cybersecurity attacks by unauthorized parties attempting to gain access to confidential information, destroy data, disrupt, or degrade service, sabotage systems, or cause other damage. Continuing to understand and invest in the digital risk environment is a key priority for BdC to further enhance the Bank's technological defense against all potential cyber threats and malicious attacks.

BdC's Information Security Sector has identified key areas of focus and tailored a Cyber Security framework to the unique requirements supporting the Bank's digitalization strategy. The framework serves as the foundation for cyber security controls enforcement within the Bank's environment including people, processes, and technologies used. It includes cyber security general and technical principles, and roles and responsibilities across BdC. Information Security Sector performs Capability Maturity Model Integration (CMMI) to assess control improvements and develop security controls that decrease risks and strengthen the overall security posture. Based on the CMMI security review outcomes, a medium-term strategy was developed, including BdC's information security vision, mission, critical success criteria factors, and reinforcement controls implementation roadmap. The strategy adopted rationale based on CBE's framework and NIST.

Information security policies and standards are updated in line with the CBE cyber security framework. They have adopted the Information Security Management System (ISMS), aligned with ISO/IEC 27001:2021, for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving information security within the context of the organization's overall business activities and the risks it faces. In addition, BdC continues to strengthen information security by reinforcing the visibility of its Security Operations Center on all banks' infrastructure. BdC SoC runs on 24x7 365 days monitoring mode to detect and immediately respond to any internal or external threat.

## 6.2 Solutions to encourage sustainable practices

Banque Du Caire's corporate strategy is marked by being customer-centric, where our customers are the central focus of our operations. BdC has worked to launch tailored products to a range of its customer segments. As part of its financial inclusion strategy, the Bank strives to provide a range of products and services to encourage sustainable products and services among its customers and empower SMES, low-income customers, youth, and other diverse segments. While we remain ambitious and maintain our strong momentum for growth, we are mindful of achieving our goals sustainably. We are conscious of the threats facing our world from climate change, global warming, environmental and social challenges, and others. Out of our keenness to play a vital role in the UN's sustainable development goals, BdC is working on developing an ESRM system as we believe that improving ESG performance is the foundation to pursue our business growth.

### 6.2.1 Supporting SMEs

BdC has a dedicated SME team devoted to expanding BDC's market share through the implementation of the SME transformational strategy. We strongly believe that differentiation within the banking industry is mainly driven by the quality of the value proposition along with exceptional service level, digitalization, and ease of access. All working simultaneously, capitalizing on the attraction of new clients and the retention of existing clients via:



- Introducing additional services to build and develop a unique customer value proposition for SME Clients through non-financial service hubs and a call center, with more focus on customer-centricity.
- Strategic alliances with other partners in the SME ECO System to support SME value proposition, innovation, and digitization through developing automated SME workflow, in addition to a unique segment-focused innovation lab and incubation program supporting entrepreneurship and the startup ecosystem. Furthermore, building partnerships with industrial developers and vendors to finance clients.
- Continuous enhancement of the Risk & Operating model along with enriching products and propositions by launching lending via scoring programs for the very small segment. Developing tailored lending programs for high potential industries, developing an agri-finance program, a green finance program, and offering unique product bundles to support SME growth and build on the non-financial services platform aiming to enrich the value proposition offered to SME clients.
- Consistent coaching is provided to delinquent/NPLs by a dedicated team that monitors collections, analysis of the reasons for delays in payments, and accordingly provides solutions or advice, and the full support required to avoid default.
- Continue to drive a tailored "Go to Market" approach to increase awareness, promote our offerings and create a unique identity for SME businesses in BdC

The bank operates out of 30 dedicated business centers across Egypt offering financial and non-financial services to clients. In addition, we have further grown our team, enrolling 50 new hires into our SME business school to equip them with the necessary skills to occupy a range of roles across the division. During 2020, Banque du Caire established two new units, including the Very Small Segment unit, which caters to the needs of businesses with a Collection Management unit which is responsible for the follow up and monitoring of settlement of due payments.

### SMEs Portfolio

We categorize enterprises by the value of sales turn-over. Hence, enterprises are defined as very small when sales turnover ranges between 1 million and EGP 20 million, whereas small segment ranges between 20 million and 50 Million while, medium enterprises are businesses with sales turnover between 50 million and +200 million EGP. We have taken multiple initiatives throughout the year to ensure that we have a well-grounded and diversified portfolio, all while considering the challenges posed by the pandemic. Our provisions included:

- Upgraded decentralized business model
- Competitive fee pricing (no upfront/commitment fees)
- Intensive training plans for business teams
- Business network through geographical expansion
- Medium Enterprises team enlargement and enhanced skillset

### NAWAH Program

The NAWAH program, the SME banking Business School, is an end-to-end journey composed of innovative and practical programs. These programs seek to build and enrich the competencies of the fresh graduates hired in the SMEs network, creating high business impact, and fostering future leaders, with more focus on allocating those calibers in the needed geographical areas where SME clients exist (mainly Delta & Upper Egypt). NAWAH employs a life-cycle approach that is constantly nourished, tracked, and assessed.



**NAWAH**  
SME BUSINESS SCHOOL

### Nile Preneurs:

At Banque du Caire, we lead a solid strategic focus on the non-financial services front, which is an integral part of our value proposition offered to SMEs supporting the financial inclusion national agenda and driving the implementation of the

non-financial services model. The SME banking group has a specialized unit taking care of all the non-financial services activities and driving all initiatives related to which. In light of this, we actively participate in a fast-growing national initiative funded by the Central Bank of Egypt and implemented by Nile University towards a single goal 'expediting SME and entrepreneurship growth'. This is done through the establishment of three 'Business Development Service Hubs' in Sadaat, Behira (Delta) and Sohag (Upper Egypt), with a clear plan to expand our footprint according to market needs. Moreover, we are sponsoring the 'Export Excellence Center' located at the Nile University premises, which provides capacity building and educational programs to SME clients to support their export business capabilities.

**EEC:**

The Export Excellence Center (EEC) is in line with one of the strategic objectives of Egypt; to promote and empower Egyptian exporters to scale out their businesses globally. EEC offers a rich variety supported by targeted partnerships for export promotion, addressing export challenges, and promoting export as a driver for SME growth and employment generation. We sponsor all the activities under the EEC umbrella to support SME clients to start/boost their export business. Through innovative interventions and capacity-building programs ranging from technology transfer, digital transformation of business models, product development, and awareness about certification compliance programs to improve export capabilities, we assist in improving the positioning of Egyptian products in international markets.

**Our focused growth approach:**

- Building SMEs capacity through specific programs and subject matter experts know-how transfer.
- Digitization of SMEs sales and marketing channels to boost outreach in the global market.
- Improving technical capabilities through capacity-building programs to leverage and adapt technologies to advance companies' value add covering (Product Design, Material Selection, Managing Innovation, digital marketing, export incentives, latest available trade agreements, Banking & Trade, and Supply Chain Finance).
- Providing Technical Support to enhance products and push new products to various export markets
- Quality improvements and awareness about certification compliance

**6.2.2 Microfinance**

The bank's Retail and SME Banking business is one of the top lenders in the MSME space, operating out of 114 branch offices located across Egypt and serving over 189,000 active customers as of year-end 2020. On the MSME front, we have grown our MSME portfolio by 24% as of June 2022 compared to December 2021. The first microfinance Strategy for Banque du Caire was launched in 2001. The bank's strategy aims to provide digital financial services to micro-entrepreneurs at their workplace throughout the country. Through the experience that Banque du Caire has in microfinance, which extends for more than 20 years, the bank has contributed to providing about 1,300 million job opportunities and a sustainable production project that serves various segments, most notably the youth and female, and loans were granted to 500,000 clients during the last three years. The bank's distinction in this field is due to its geographical spread, especially in the governorates of Upper Egypt, which represent 44% of Total BdC Microfinance portfolio, and women represent 35% and youth 40% of the total number of clients.



Microfinance is a critical component promoting and enhancing inclusion. In line with our aim to provide fair opportunities for all, our microfinance segment is an effective tool for generating positive impact on people and society. Led by a strong and experienced team, our microfinance department ensures the ease and speed of product procedures, diversification of available products, and high financial capacity and availability of liquidity necessary for financing operations.

BdC has the largest market share in microfinance with a geographical spread all over Egypt, The Microfinance portfolio 5.6

billion in December 2021 which increased to 6.1 billion in the first half of 2022. Also, BdC offers microfinance for all economic activities formal and informal that operate in the productive, industrial, commercial, and service sectors and their related activities and the self-employed (Except for agricultural, animal production, poultry and fish production activities). Also funding transportation and construction equipment of all kinds.

**6.2.3 Other Sustainable Products and services**

**A. Green Finance**

BdC offers financing solutions to its customers such as providing loans that support in enhancing and sustaining the environment to SMEs. Developing tailored lending programs for high potential industries, developing an Agri-finance program, a green finance program and offering unique product bundles to support SME growth and build on the non-financial services platform aiming to enrich the value proposition offered to SME clients by 2022. The bank has undertaken a goal to increase its efforts in financing green initiatives, thus considering the formation of Sustainable Finance department under the corporate banking umbrella to improve our funding of green and sustainable projects and initiatives. We aim to have a growing portfolio considering SDG projects within the coming years. We look to amplify our firm commitment to digitization, as it fuels the Bank's growth and profitability.



**B. Supporting Low-income Customers**

Low-income customers face a lot of challenges while visiting banks such as complicated process and lot of documents to be signed, all of which are eliminated through our mobile wallet application "Qaheracash".

**C. BOKRA account**

BdC has launched the BOKRA account targeting working women in low to medium income categories. The account aims to encourage women to save with the bank, instead of utilizing social saving schemes, with attractive interest rates on a term of their choosing. Bokra" account, is specially designed to meet the banking needs of women and enable them to manage their financial affairs through a range of banking solutions and benefits, as part of the bank's effort to meet the needs of various customer segments and support the culture of financial inclusion for women.

**D. Targeting Youth**

Looking forward, we are targeting digital onboarding by 2022 on the infinity platform which will allow the youth segment to get the bank's products at lower costs, accelerated speed, with less documentation, and more convenience and security.

**6.2.4 Financial Inclusion**

Financial Inclusion is at the top of BdC's agenda. We aim to include the unbanked in the formal economy by providing them with solutions and services that specifically cater to their needs and integrate them into the banking system. Throughout the years, we have developed numerous services and initiatives that increased the level of financial literacy and financial inclusion in Egypt. In 2021, our achievements included increasing awareness during our financial literacy sessions on the usage of Electronic Channels (ATMs – Internet banking – mobile Wallet ), increasing our channels in rural areas such as QR-code for merchants & ATMs, especially in villages aligned with Hayah Kareema initiatives, and aligning with CBE's newly released regulations to increase the percentage of financial



inclusion in Egypt. In addition to microloans issuance for low-income segments to support them in obtaining higher income for their families and maximizing their small projects. We also launched a new saving account “Waffar”, enabling all segments to be included in banking with their national ID only. Waffar account allows youth starting from age 16 years to open a savings account without their guardian with their national ID only, and without opening account fees and debit card fees & with no minimum balance and with interest paid monthly. Also, Waffar account allows the special needs segment to open the account without restrictions.

**BdC's FI strategy for 2020 is based on Digitalization growth through:**

- Promoting payments through Mobile Wallets by increasing customer base, increasing usage in terms of volumes and values, introducing new services, and enhancing the efficiency of application and its subscription.
- Promoting internet banking in terms of customer base, the number of transactions, Launching mobile banking applications on the 3 digital stores (Android, IOS, Huawei).
- Expanding ATMs network across all regions increases its efficiency, enabling new services.
- Expanding Merchant QR code in terms of customer base and number of transactions.
- Launching campaigns including several benefits and cashback.

**BDC also concentrated on the segmented products as follows :**

- Promoting Bokra women accounts to encourage women segments on using the official resources for its saving by launching marketing campaigns and staff contests.
- Introducing a new product for pension segments with low cost and with suitable interest rates.
- Promoting usage of debit and prepaid cards through launching periodic offers and discounts to customers.
- Promoting payroll through offering attractive packages including several benefits and waivers to encourage enterprises to pay their workers through opening banking accounts with full services.

**Financial Inclusion' Scope of Service**

- Women:** includes all women types starting age of 21, either working, housewife, or own private business.
- Youth:** All products & services can be given to age with guardian or without guardian.
- Unbanked:** clients that are new to the bank without holding an account in BDC.
- Underprivileged:** clients with low-income, laborers or any other clients with limited resources of income.
- Microfinance:** For individuals owned either enterprise or first-time business owners.

The bank has allocated four annual events in 2020 and six annual events in 2021 to coincide with international celebrations and events, during which the banking sector targets all segments of society by being outside the branches and opening accounts without fees or a minimum balance, as well as sponsoring financial education activities for citizens. The annual events

approved by the Central Bank of Egypt, which extend to about four months spread throughout the year, starting with the celebrations of women in the month of March, coinciding with the celebrations of International Women's Day, through the celebrations of the Arab Day for Financial Inclusion in the month of April, then the celebrations of youth in the month of August, Coinciding with the celebrations of International Youth Day, and celebrations of Farmers in the month of September, coinciding with celebrations of Farmers Day and celebrations of savings in the month of October, coinciding with celebrations of World Savings Day, and finally celebrations of special needs in the month of December, coinciding with celebrations of international special needs Day.

**BDC participated in all 6 events to perform below:**

- Women world Day 8 to 31 Mar
- Arab FI Day 1 to 30 Apr
- Youth International Day 1 to 15 Aug
- Farmer's National Day (New) 1 to 15 Sep
- World Saving Day 15 to 31 Oct
- Special Needs International day (New) 1 to 15 Dec

**Offers included:**

- Opening accounts without fees and minimum balance.
- Free Issuance for Debit, Prepaid card & Mobile Wallet.
- Providing special offers for each event's potential segments.

**Outdoor Activity:**

- Outdoor existence at different locations all over Egypt, to be matched with each event as clubs, youth centers, universities, local units, and governmental entities.
- Distributing giveaways to new customers.
- Coverage for the event (photography & videography)
- Presenting financial awareness sessions organized by agencies for performing social activities.

Moreover, Banque du Caire has undertaken a comprehensive development process for new services of through the “QaheraCash” wallet by adding new features to meet customer needs and provide new banking services to reach a more significant segment of customers. BdC plays a key role in achieving CBE's financial inclusion initiative through “QaheraCash.”Wallet Through QaheraCash, we enhanced loan installment payment and integrated Fawry Billers.

We increased the agent network to save time and effort for customers to obtain money without visiting the Bank's branches. We also assisted in availing different channels for “Cash in Cash out” to preserve social distance and avoid direct and indirect connections from cash or point of sale terminals during the transaction process. Additionally, we added International Money Remittances to enable customers to receive remittances from abroad in Egyptian pounds.

The remittance amount is credited to the wallet to be used 24/7 in ATM or Agent network withdrawals as well as in purchases at multiple merchant locations. Finally, we introduced Collection & Disbursement for microfinance institutions to provide credit disbursements and monthly payments to and from borrowers.



### 6.3 Digital Transformation

With the pandemic, fast-tracking our digitalization strategy became necessary in order to allow us to put together the required infrastructure for remote working as well as to offer our customers new products aligned with the imposed restrictions. During the year, we hit a number of milestones in our digitalization strategy, with our most notable achievement being the launch of our first fully digital branch. The branch utilizes a range of digital authentication tools to offer our clients a unique banking experience with a full range of services. To help us better serve our clients, the bank adopted dedicated customer relationship management technology that offers comprehensive reports compiled from a number of our channels to provide us with insights to better tailor our products. We also introduced our revamped Qahera Cash Wallet, which saw us grow our wallet portfolio to 530,000 wallets during the year, bundled with the launch of the first merchant QR Code wallet in the Egyptian banking market, acquiring more than 34,000 merchants across Egypt in one year, in addition to the roll-out of our all-new corporate and institutional internet banking platform. Our retail internet and mobile banking portfolios additionally grew to c. 209156 customers with c. 267424 transaction, amounting to EGP 2,558,243,229.

Internet banking kicked off in 2020/ 2021 new enhancements and services not only to increase customer base but also to encourage inactive customers to start using BdC digital channels. Improving customer awareness is one of the key pillars to achieve this target. We launched social media marketing campaigns during Q1 and Q2 targeting all segments of customers, in a simplified way and including interesting content. We also created educational videos explaining step by step how to use services available on online banking. In Q4, BdC Website Chatbot has been introduced where customers as well as noncustomers can touch base with the bank, getting answers for all their inquiries in a quick and simple way.

Our Merchant wallets allow merchants to accept mobile payments from customers simply by scanning a QR code. This method permits ease and efficiency, thereby contributing to reducing cash transactions in the journey to a cashless society. Providing a secure way to pay for goods, merchants can also pay for goods from other merchants by utilizing the electronic units available in the merchant's wallet.



### 2022 Highlights

As we continuously upgrade and enhance our services, we experience rapid growth in acquisitions and transactions.

#### Yearly Growth 2021-2022

Merchant Acquisition	<b>19%</b>
Transactions Count	<b>365%</b>
Transactions Amount	<b>334%</b>

### 6.4 COVID'19 Resilience

We learned during the pandemic that the market has an emerging need for digital payments solutions that serves all segments. To support customers during COVID-19, CBE mandated acquiring merchants without any digital payment acceptance method; we exceeded the targeted Merchant acquisition by 13%. We were able to achieve our merchants' acquiring



targets, increasing our penetration rate, and achieving CBE mandates by acquiring new merchants who are not having any digital payment acceptance method.

Despite, 2021 proved to be an arduous year for the Banking sector; however, we capitalized on gained insights and progressed by exploiting opportunities and ensuring preparedness for any situation. The pandemic impacted consumers' payment behavior in Egypt which was reflected in an increasing demand for e-payment solutions. As a result, Banque du Caire took several actions to promote digital transactions, such as:

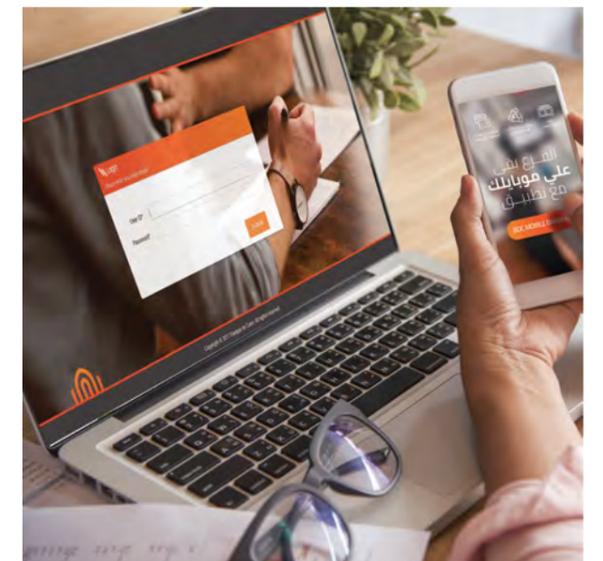
- Self-Registration: allowing customers to register and conduct all their transactions effectively and safely without visiting the branches, which expedited the digital transformation.
- Issuing electronic wallets free of charge.
- Waiving the fees of creating virtual cards (VCN) from the wallet.
- Waiving the fees of ATM Cash out.
- Canceling fees and commission applied to transfers between mobile wallets.

In addition, all the 115 operating branches were transferred to the digital system, which led to:

1. The disbursement of the loan in less than an hour.
2. Add the value of the loan to the customer's account immediately after the loan is issued.
3. The absence of the need for the client and the guarantor to go to the branch, resulting in more convenience for the client and the guarantor and reduces branch congestion.
4. Reducing the impact of COVID-19 on customers and employees in the branches.
5. Reaching a category of customers far from the bank's branches and the possibility of disbursement to them.

Additional efforts were exerted to increase brand awareness, speak the same customer language in campaigns, and educate customers on digital receipts such as SMS confirmation. We also increased staff capabilities, this included our branches network and BdC ambassadors to be fully informed on the transition to digital payments service information.

At Banque du Caire, the health and safety of all our staff is a paramount priority. As COVID-19 spread, our HR team spearheaded the issue by ensuring a safe working environment by cleaning and disinfecting the workplace and implementing a clear process for handling suspected and confirmed cases of COVID-19 among staff and throughout the bank's locations. In addition, through awareness campaigns, HR raised staff awareness on preventive measures to ensure solidarity and cohesion leading to proper management of the pandemic. HR efforts also included a reduction plan for responsibly limiting capacity within the bank's premises, with a standard capacity of 50-70% at every location. In addition to providing flexible remote work options, it provided internet and mobile banking services, and online training courses.



# 7.Principle Four: Stakeholders

## 7.Principle Four: Stakeholders

### Content

- 7.1 Stakeholder engagement process.
- 7.2 Partnerships for creating value.

# 7. Principle Four: Stakeholders

## 7.1 Stakeholder Engagement Process

To create effective strategy development and align stakeholder motivations and interests with organizational objectives, stakeholder engagement is essential. With the aim of continuous and sustainable improvement, we ensure transparency and accountability with our circular process.

Our stakeholders include the CBE, our Board of Directors, employees, shareholders, customers, suppliers and business partners, governmental entities, the community, and environment. Banque du Caire uses proactive campaigns that leverage multiple channels and stakeholder engagements.

Our stakeholders have varying interests ranging from financial performance, reputation management, career development, digital transformation, cyber security and data privacy, adequate pricing, to compliance and ethical conduct, support for the social needs of the community, and waste, water, and energy management.

To develop a systematic approach enabling us to promote knowledge sharing and work toward a consensus we have multiple channels of communication including public disclosures, meetings, performance reviews, press conferences and press releases, surveys, contracts, audit and compliance reports, sponsorships, donations, events and initiatives, and alignment with the SDGs and climate change.

In addition, to guarantee the success of our sustainability program, several internal and external stakeholders are involved. The PMO Team is dedicated to accomplishing the 4 pillars of the sustainability program with a clear timeline. Similarly, the Corporate team is involved with a wide spectrum of stakeholders; internal teams and management, external clients in addition to regulators and authors either internally or externally, therefore it is responsible for developing the sustainable finance department.

## 7.2 Partnerships for creating value

We prioritize social responsibility in our products and services, as a result we form many partnerships to drive diversity and inclusion.

Our partnership with Les Concierge provides End-to-End loyalty services and tailored loyalty solutions to our customers, while handling technical, operational, and commer-



cial services. Moreover, our longstanding partnership with Allianz Life Assurance Company – Egypt, a member of Allianz International Group and one of the world's largest providers of financial services that offers an integrated set of insurance and investment programs provides a wide range of tailor-made insurance solutions with varying terms, tenors, and payment frequencies to meet the needs of our customers. To break down barriers and reinforce our inclusion values, we have a partnership with Mortgage Finance Fund (MFF) to finance low-income individuals who are applying for residential units that are available at MFF.

To ensure accessibility and enhance inclusivity, we partnered with Cashless Company to sell prepaid cards on traffic units. BdC has also developed partnerships with the CBE, Nile Preneurs initiative to support the development of SMEs and entrepreneurship through projects and initiatives to promote equal opportunity. In addition, BdC planned to partner with MSMEDA with the objective of developing SMEs, and entrepreneurship directly or through the coordination of the efforts of all parties and civil associations and initiatives in the field of these projects, or through the establishment or participation of companies.

BdC has also partnered with the SANAD Fund for MSME (SANAD) provided a loan of USD 15 million to BdC for on-lending to micro, small, and medium enterprises (MSMEs), agricultural producers, and microfinance institutions (MFIs) in Egypt. This investment strengthens BdC's efforts in alleviating adversities facing business owners and farmers by offering much needed liquidity.

Continuing our unrelenting efforts, Banque du Caire formed a partnership with Rotary Club Fayoum to renovate and renew the People with Disabilities school in Assiut to ensure that students are afforded a well-equipped, safe, and successful learning environment. It also distributed around 1,000 school bags to underprivileged students as part of its 'Back-to-School' campaign efforts.

We continue our efforts in pursuance of social equality by supporting orphaned children and children with special needs by improving their conditions and providing them with sufficient tools to support their development. Our partnership with Al Orman Foundation provides us with many opportunities to support our community, as we joined them in providing children with school bags and supplies in 2021. In partnership with Al Orman Foundation, the bank provided small business owners with non-returnable loans to support their operations and sustainable economic development. The partnership involves Microfinance loan project in cooperation to finance 2000 small projects for the groups of youth and women in the form of loans.

In addition, we sponsored the "Egyptian Youth Volunteers" initiative in collaboration with the Ministry of Youth and Sports, which consisted of extensive campaigns launched at Cairo metro and railway stations to raise awareness on prevention measures that limit the spread of COVID-19. Besides, we collaborated with the Ministry of Youth and Sports to work on initiatives such as Daragtak Sehetak to help foster a healthier community.

Moreover, in partnership with Camps Les Eleves, we raised awareness for children aged 7 to 15 in Almaza Bay to support the environment. Finally, we participated in President Abdel Fattah El-Sisi's "Prepare for the Green" initiative, which aims to boost awareness on environmental sustainability through an assortment of climate change and recycling projects. In collaboration with NGOs, the bank provided 500 training opportunities on handcrafts for beneficiaries in Sohag governorate and funded 2,000 small projects for struggling youth and mothers in the form of interest-free loans.

Additionally, BdC participated in "Project Hope", in collaboration with MBC Hope, to empower Egyptian women in the field of entrepreneurship and support promising female-led ventures that indirectly benefit 650 women. The project offered an integrated training program that included workshops, lectures, training, learning opportunities at the hand of field experts to support participants, fuel their business prowess, and enable them economically.

# 8.Principle Five: Governance & Culture

## 8.Principle Five: Governance & Culture

### Content

- 8.1 Building a Governance Structure for sustainability
- 8.2 Initiatives to foster a culture of responsible banking



## 8. Principle Five: Governance & Culture

### 8.1 Building a Governance Structure for sustainability

Based on its vision to achieve sustainable growth, the bank has a governance structure delegated to oversee BdC's sustainability performance and strategic achievement. Our Board of Directors, as the highest governance body, is responsible for ensuring that high standards of responsible business are maintained by defining and achieving the bank's strategic goals in relation to environmental and social matters.

To implement the principles of responsible banking, BdC has also constructed a framework for the bank's organizational structure which appoints executive officials to economic, environmental, and social issues in accordance with the bank's vision to play a role in these fields. Additionally, BdC has a sustainability department and a sustainable finance department under formation. There is also a new sustainability steering committee which will monitor the development and progress of all sustainability and sustainable related projects, including sustainability reporting. Moreover, to achieve the implementation of the principles, sustainability activities, and targets, in alignment with the United Nations Principles of Responsible Banking our Sustainability Committee is responsible for coordinating all of our activities within this scope.

Our sustainable governance's responsibilities range from our board of directors to our corporate teams. Internally, the corporate teams aim to enhance self-workflow and build a sustainable relationship with other relevant teams and management. Externally, they are responsible for enhancing clients' loyalty, expanding client base, and positioning the bank strategically within Egypt's banking industry to augment its market share and generate further financial growth.

To ensure effective governance on all fronts, the bank has implemented policies including providing services to customers equally, fairly, transparently and with disclosure and ensuring customers are notified about their rights and responsibilities. The management of

the bank works to guarantee that the necessary controls are in place and are tested regularly all while maintaining the confidentiality of all customer data. Other policies include competent trained staff to facilitate dealing with customers with special needs and treating customers with special needs equitably. Integrating environment, social and governance (ESG) perspectives into BdC's risk management framework, credit policies and lending practices is one our highest priorities. We try to develop a sustainability strategy that is aligned to corporate strategy and risk appetite and integrating the key sustainability issues into our risk management practices.

Our risk framework is currently being revamped in order to ensure that we consider all risks, including those related to the economic, environmental, and social impacts. Furthermore, a sound risk culture is critical. We try to define, communicate, promote, and enforce this culture. For our lending, we will integrate sustainability policy frameworks into client acceptance credit approval and capital allocation. We are currently in the process of developing our credit screening so that we account for the impact of each new loan on the environment and the society. New KPIs that consider maximizing our positive impact and minimizing the negative impact of our lending activities are currently developed. Furthermore, we work alongside an external consultant for the purpose of setting up Environmental and Social policies and management systems.

## 8.2 Initiatives to foster a culture of responsible banking

With an aim to foster a culture of responsible banking, we make efforts on external and internal levels to ensure widespread change. To embed sustainability within our bank's business we support socially responsible business management and the integration of social and environmental criteria in everything we do. To ensure sustainability permeates our practices, we are currently developing sustainability and ESG related training projects for our staff. During 2021, participants attended ESG and Sustainable Finance events with DCarbon, and future plans are being studied to embed the sustainable awareness culture in BdCs learning portfolio. Moreover, meetings will be conducted with DCarbon Egypt, sustainability consultant, to initiate general awareness and embed Sustainable Finance and ESG programs across all related departments.



In line with our training projects, the bank also launched the Bgreen initiative to raise awareness among customers, suppliers, and employees on the importance of sustainability implementation. The initiative aims to minimize environmental impact and maximize social performance. Projects under this initiative include Banlastic, beach clean ups in the North Coast and Alexandria. Go clean, which was responsible for supplying recycling bins in over 150 schools in Cairo, Giza, and Alexandria.

Recognizing that communication plays a vital role in planning and developing sustainable practices, we have a communication division that works to set up effective communication channels on its sustainable development efforts, in line with internationally recognized sustainability reporting standards, which include submitting an annual communication on

progress (COP) to the United Nations Global Compact.

Moreover, we engage our customers via our non-financial services team and as part of Nilepreneurs initiative through providing the needed trainings, matchmaking and new ideas as well as providing financial consultancy more over BdC provide the needed support and training programs specialized in exportation via sponsoring the export excellence center with CBE and Nile university.

Furthermore, increasing BdC's staff awareness of operational risks and operational efficiency is important to us. To raise the level of corporate loyalty among BdC's staff, the Bank has introduced various types of awareness programs e.g., the monthly online Operational risk competition sponsored by Mr. Chairman. This competition uses an online platform adapting Go Green concept to save printing papers and provides a new way of communication between head office, Senior management, and staff in branches. The goal is to increase the level of recognition, respect and appreciation which indirectly influences the best use of the Bank's facilities towards a higher level of corporate sustainability.

Training Name	Number of Trainees
Journey Toward Sustainable Investment of Arab Pension Funds	13
Sustainable Finance Seminar	6
Green, Social and Sustainability Bonds	10
Sustainable Finance Strategy and ESMS*	4
<b>Total number of Trainees</b>	<b>33</b>



# 9. Principle Six: Transparency and Accountability

Adopting the principles for responsible banking signifies not only a commitment by BdC as a major player in the financial industry in Egypt to society's goals, but it also reflects BdC's universal commitment to the global society and our planet.

Since becoming a signatory, BdC has been working diligently internally with all bank departments and board of directors, and externally with its clients and stakeholders, to advance towards responsible banking and enhance its business model where sustainability practices are improved and adopted.

BdC has studied existing and emerging good practices regarding the implementation of the six PRB principles as reflected in published reports on UNEPFI website, webinars, and guidelines.

The progress BdC has made this year against PRB is illustrated in the aforementioned report. Nonetheless, the highlights of our steps in each of the principles are as follows:

## 1. Alignment

We have continued to uphold our commitment to the United Nations Global Compact (UNGC), of which we have been a member since 2016, as well as worked to align our efforts with Egypt's national development strategy, Vision 2030, in order to ensure that our efforts are well-positioned to generate maximum impact on sustainable development across the local community. We are in the process of developing our sustainability strategy and policies to create value to all our stakeholders.



## 2. Impact Analysis and Target Setting

Banque du Caire carried out its first assessment on its lending portfolio, allowing it to identify and measure its environmental, financial, and social impacts as result of its lending activities, products, and services by adopting the UNEP-FI Impact Analysis. The impact assessment covers Corporate Banking, Business Banking and Consumer Banking



portfolios. Banque du Caire identified its key positive impact areas to be housing, inclusive and healthy economies, and economic convergence. While the Bank has a positive social and economic impact, it has a negative environmental impact. Its key negative impact areas are waste, climate, and resource efficiency.

## 3. Clients and Customers

The bank's Retail and SME Banking business is one of the top lenders in the MSMEs , operating out of 114 branch offices located across Egypt and serving over 189,000 active customers as of year-end 2020. On the MSME front, we have grown our MSME portfolio by 24% as of June 2022 compared to December 2021. BdC has the largest market share in microfinance with a geographical spread all over Egypt. We are currently in the planning phase to introduce our first green finance product to encourage our customers to adopt sustainable practices by end of 2022.



## 4. Stakeholders

Currently, BdC has formed several partnerships with the aim of creating positive value and in the process of establishing new ones in an effort to collaborate with stakeholders to increase the bank's positive impacts and mitigate its negative impacts in light of the portfolio impact assessment results and targets.



## 5. Governance and Culture

BdC is progressing towards developing a Sustainable finance department. In addition, a consultant was hired for the purpose of setting up E&S Policy and ESMS. To foster a culture of responsible banking, we have sustainability education and training programs for senior management and BdC's teams that are in place.



## 6. Transparency and Accountability

Our Board of Directors are regularly updated on our progress regarding the implementation of the requirements of the PRB.



# Appendix

# Appendix

## Appendix

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
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**Principle 1: Alignment**

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

<p><b>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</b></p>	<p>Incorporated in 1952, Banque du Caire is one of Egypt's six largest banks and the third bank in Egypt in terms of branch networks. With a network spanning 246 branches and 1425 ATMs across Egypt, Bdc serves more than 3.3 million clients, including leading corporations, high-net-worth individuals, and retail clients.</p> <p>Our business model is set towards offering a full 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.</p> <p>The bank has grown to become a leader in the Egyptian banking market by capitalizing on its expansive network across the country and our talented individuals of 8,909 Employees in July 2022. To serve the financial needs of our diverse customers, we offer the following;</p> <p><b>Corporate &amp; Institutional Banking</b></p> <ul style="list-style-type: none"> <li>o An array of products and services ranging from short- and medium-term working capital financing products to tailored, structured solutions for more complex short and longer-term financing needs, available in both local and foreign currencies.</li> <li>o Global Transaction Banking (GTB): offers tailored customized solutions for clients.</li> <li>o Portfolio Management: Uniquely tracks profitability and return hurdles at client, segment and product level.</li> </ul>	<p>Bdc's PRB Report 2022 Page</p> <p>Bdc 's Annual report 2020 <a href="https://www.bdc.com.eg/bdcwebsite/dam/-jcr:769b3768-fee8-4179-b38d-9bd1e75ef9ee/BDC%202020%20EN.pdf">https://www.bdc.com.eg/bdcwebsite/dam/-jcr:769b3768-fee8-4179-b38d-9bd1e75ef9ee/BDC%202020%20EN.pdf</a></p>
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	<p><b>Retail Banking</b></p> <ul style="list-style-type: none"> <li>o A full suite of innovative consumer Products &amp; Services ranging from Personal, Pension, Governmental, Auto and Mortgage loans in addition to competitive pricing on customer deposits through segmented programs. In addition to the Cards department that is responsible for all Credit, Debit &amp; Prepaid cards in terms of creation, development of differentiated value propositions and profitable growth of the portfolio.</li> <li>o Key provider of Digital solutions and E-channels services offered to the Consumer, managing a widely spread ATM network including its operations to support the propagation of BDC accessibility thru various channels. Beside all of that, it is managing another important channel which is the Contact Center that is considered one of our main customer service channels that is available 24/7.</li> <li>o Microfinance: a critical sector that finances micro-projects in the field of commercial &amp; industrial services for different segments to facilitate the ongoing activity and production requirements that are geographical spread all over Egypt. Our Microfinance department ensures the ease and speed of product procedures, diversification of available products, high financial capacity, and availability of liquidity necessary for financing operations.</li> <li>o Financial Inclusion department is also managing the on ground activation for Retail Products &amp; Services by providing special offers and financial literacy to untapped customers to ensure the integration of all segments of society in the formal financial system, in addition to collaborations with the development team to create customized products that can serve all segments.</li> </ul> <p><b>SME Banking</b></p> <ul style="list-style-type: none"> <li>o Tailored banking solutions to support clients in growing their day-to-day businesses.</li> <li>o Specialized/non-standard Products &amp; Lending programs that provides a</li> </ul>	
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	<p>comprehensive product/ service offering that meets all customers' needs, decentralized network spreads in Greater Cairo, Alexandria, Upper Egypt, Delta and Canal.</p> <p>Treasury and Capital Markets: o Provides innovative investment solutions to clients, and hedge clients. The group's activities aid in creating economic opportunities, fostering growth, and empowering individuals.</p>	
<p><b>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</b></p>	<p>Gearing towards a sustainable transformation, BdC has adopted a multifaceted strategy since 2018, to solidify its position in the market as well as work towards becoming a fully-fledged bank. The multifaceted strategy reflects BdC's longstanding commitment to maintaining sustainable operations, while creating shared value to all its stakeholders.</p> <p>The Bank's strategy was not only directed towards a customer-centric approach and fast-tracking its digital transformation strategy, but also focused on the sustainable development of local communities it operates in and enhancing the bank's environmental preservation measures. The Bank's wide digital transformation strategy is aligned with the CBE's national financial inclusion strategy.</p> <p>Guided by our ESG Strategy and in alignment with the Sustainable Development Goals and Egypt's 2030 Vision, we increased our ATMs geographical coverage. To guarantee accessibility and inclusivity, we have not only targeted areas with high populations but also regions with low ATM penetration.</p> <p>In commitment to Principle 1: Alignment, our sustainability program is currently being progressed as illustrated below:</p> <ul style="list-style-type: none"> <li>- An Internal PMO Team that is dedicated to monitoring the progress of the four pillars of sustainability</li> </ul>	<p>BdC's PRB report 2022 Pages</p> <p>BdC's Annual report 2020 <a href="https://www.bdc.com.eg/bdcwebsite/dam/-jcr:769b3768-fee8-4179-b38d-9bd1e75ef9ee/BDC%202020%20EN.pdf">https://www.bdc.com.eg/bdcwebsite/dam/-jcr:769b3768-fee8-4179-b38d-9bd1e75ef9ee/BDC%202020%20EN.pdf</a></p>

	<p>program alongside the sustainability department</p> <ul style="list-style-type: none"> <li>- Our Sustainable finance department is under formation</li> <li>- A consultant was hired for the purpose of setting up E&amp;S Policy and ESMS</li> <li>- A sustainability strategy and policies are being developed</li> <li>- Sustainability education and training programs for senior management and BdC's teams are in place.</li> <li>- Sustainability Reporting as well as related reporting tools are in place.</li> </ul> <p>Moreover, we have continued to uphold our commitment to the United Nations Global Compact (UNGC), of which we have been a member since 2016, as well as worked to align our efforts with Egypt's national development strategy, Vision 2030, in order to ensure that our efforts are well-positioned to generate maximum impact on sustainable development across the local community. In addition, the bank's strategic direction, products and services and activities create value to the Sustainable Development Goals (SDGs).</p> <p>We will continue to ensure that our strategy is consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	
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**Principle 2: Impact and Target Setting**

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

<p><b>2.1 Impact Analysis:</b> <b>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</b></p>	<p>In order to identify the areas in which BdC has the most significant positive and negative impact, the Bank has followed a series of steps for impact identification and analysis, as follows: Methodology: Banque du Caire carried out an assessment on its lending portfolio, allowing it to</p>	<p>BdC's PRB report 2022 Pages</p>
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**a) Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.

**b) Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

**c) Context & Relevance:** Your bank has considered the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

**d) Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impact

identify and measure its environmental, financial, and social impacts as result of its lending activities, products, and services by adopting the UNEP-FI Impact Analysis Tool Version 2.

**A) Scope:** Within the input of this assessment are BDC's key lines of business including Corporate banking, Business (SME) banking, and Retail/Consumer banking. The Bank's portfolio is divided into Corporate Banking (47%), Retail Banking (39%) and SME Banking (11%) .

**B) Scale of Exposure:** This assessment considers the most critical sectors financed across each business function and assesses the risks in activities of the processes and their resources against country specific threats. The Corporate and Business Banking Portfolios are segmented based on the International Standard Industrial Classification (ISIC).

For the Corporate Banking, the top 10 sectors financed are Construction of buildings ,Administration of the State and the economic and social policy of the community, Extraction of crude petroleum, Manufacture of chemicals and chemical products , Manufacture of food products, Financial service activities, except insurance and pension funding, Manufacture of basic metals, Other financial service activities, except insurance and pension funding activities), Real estate activitiesand Electric power generation, transmission and distribution.

For the business banking, the 10 key sectors financed are Construction of buildings, Whole sale trade except of

motor vehicles , Manufacture of other metal fabricated product , Manufacture of transport equipment , Manufacture of electric motor and generators, Construction of utility projects, Manufacture of other food products , Other specialized construction activities and Manufacture of basic metals .

For Consumer banking, the main products and services provided are Savings accounts, Current accounts , Certificates of deposit , Credit cards , Consumer loans & overdraft , Home loans /mortgages and Vehicle related loans .

**C) Context & Relevance:** In conducting its impact analysis, Banque du Caire determined Egypt's country needs. The analysis also revealed the most relevant challenges and priorities in the Bank's country of operation, Egypt.

**D) Scale and Intensity/Salience of Impact:** Banque du Caire identified its key positive impact areas to be housing, inclusive and healthy economies, and economic convergence. While the Bank has a positive social and economic impact, it has a negative environmental impact. Its key negative impact areas are climate, resource efficiency and waste.

To assess the extent of our impact, we developed a scoring methodology to determine the highest positive and negative impacts and set a threshold value to distinguish high impact areas. We relied on Weighted Average (WA) methodology to assess the extent of each impact area associated with our portfolio.

Based on the scoring results, economic convergence and inclusive,

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	<p>healthy economy are positive areas of significant impact with the lowest scores of 0.01 and 0.05, respectively. While Climate and Resource efficiency/security are significant areas of negative impact with the highest score of 0.17 and 0.16, respectively</p>	
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Our impact assessment reveals that our key positive areas of significant impact are housing, inclusive and healthy economies and economic convergence. While our key negative areas of significant impact associated with the portfolio are climate, resource efficiency and waste.

<p><b>2.1 Target Setting</b> Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact,” resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p>	<p>BdC selects Inclusive, healthy economies particularly financial inclusion and Resource Efficiency as the two most significant impact areas to set targets on in the upcoming years. BdC is in the process of identifying the SMART targets that will increase our positive impacts while reducing the negative impacts of our activities.</p>	
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<p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>		
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BdC selects Inclusive, healthy economies particularly financial inclusion and Resource Efficiency as the two most significant impact areas to set targets on in the upcoming years. Banque du Caire intends to set SMART targets in the foreseeable future.

<p><b>2.3 Plans for Target Implementation and Monitoring</b></p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Once the targets are set, BdC will develop the implementation plan and monitoring procedures that will be used to ensure that targets are met.</p>	
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BdC will develop the implementation plan and monitoring procedures after the targets have been selected

<p><b>2.4 Progress on Implementing Targets</b></p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p>	<p>Following the establishment of the targets, the progress on implementing these targets will be reported.</p>	
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Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

Once the targets are established, progress on implementing them will be reported



### Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

BdC is committed to promoting responsible relationships with its clients and maintaining customer loyalty. In line with its customer-centric strategy, the bank continuously develops its policies and practices to promote its client relationships. The bank works across all boundaries to ensure sustainable standards with a series of regulations, to ensure compliance with all laws and directives applicable to Banque du Caire, as mandated by its Compliance Group. Upholding Banque du Caire's standards of practice and service contained in its Code of Conduct is a priority for BdC. The bank's policies include providing services to customers equally, fairly, transparently and with disclosure. Ensuring customers are notified about their rights and responsibilities. The management of the bank also ensures that the necessary controls are in place and that they are put to the test at regular intervals, while

BdC's PRB report 2022  
Pages

BdC's Annual report 2020  
<https://www.bdc.com.eg/bd-cwebsite/dam/-jcr:769b3768-fee8-4179-b38d-9bd1e75ef9ee/BDC%202020%20EN.pdf>

maintaining the confidentiality of all customer data. Other policies include competent trained staff to facilitate dealing with customers with special needs and treating customers with special needs equitably. BdC's Marketing and Corporate Communications is the driving force behind the bank's transformation into an innovative and sustainable institution. The bank's communications strategy centers on revamping the bank's brand and product positioning and ensuring communication is conducted in an ethical, clear and transparent manner. Non-discrimination, transparency, security, fairness, equal treatment are the main values that we build our foundation on. BdC ensures that all clients are treated fairly with no discrimination based on gender, religion, or race as well as providing clear information about the Bank's products and services and on the procedures. The Bank maintains internal and external channels of communication with its clients/customers, ensuring that our means of communication and messages are understood and easy to grasp, in line with the regulatory requirements issued by the Central Bank of Egypt (CBE). BdC channels of communication include the Bank's official website, annual reports, sustainability reports, social media, internet banking platforms, and the reports addressed to regulators. BdC has established itself as a trusted partner for both corporate and retail clients through its distinguished marketing communications. Another key investment that aligns with Banque du Caire's customer-centric strategy is the bank's adoption of Customer Relationship Management (CRM) technology in 2020. The CRM technology analyses

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	<p>trends about customers' history with the bank, which helps Banque du Caire improve business relationships with clients, increase customer retention, and drive sales growth. The technology compiles data from a range of channels, including the bank's website, emails, live chats, social media, as well as other marketing and communication platforms to support the team in deriving insights that enhance the decision-making process. Going forward, CRM technology will be one of the bank's key assets that will support it in improving Banque du Caire's ability to cater to the needs of its customers.</p> <p>BdC also has a customer complaints department in place to guarantee customer satisfaction and continuous improvement. The department deals with complaints very seriously and follows up with our clients regarding the actions taken against any party that might infringe upon the rights of our clients. The department additionally supports the bank in identifying and managing economic, environmental and social topics impacting customers and clients.</p> <p>In addition, Customer privacy is a main pillar at the Bank, BdC complies with the CBE directives regarding Customer Rights Protection. We ensure that all our transactions are safe and secure, and no data leakage occurs. BdC has implemented strategies to improve customer privacy and data security to enhance client trust and confidence. Strategies in place aim to improve IT security, quality assurance, and deliver excellence. With the focus on digitization as a national direction towards a cashless society, Banque du Caire is obligated to maintain</p>	
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	<p>customers' right protection on automated and electronic platforms. The Bank ensures that customer protection is always maintained that the client's personal data is protected and not shared with any party without the client's prior consent.</p>	
<p><b>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</b></p>	<p>Banque du Caire's corporate strategy is marked by being customer-centric, where our customers are the central focus of our operations. BdC has worked to launch tailored products to a range of its customer segments. As part of its financial inclusion strategy, the Bank strives to provide a range of products and services to encourage sustainable products and services among its customers and empower SMES, low-income customers, youth and other diverse segments.</p> <p><b>Supporting MSMEs</b> The bank's retail and SME banking businesses on the microfinance level are key lenders in the MSMEs' space, operating out of 114 branch offices located across Egypt and serving over 189,000 active customers as of year-end 2020. On the MSME front, we have grown our MSME portfolio by 24% as of June 2022 compared to 2021. Furthermore, following directives from the CBE to all banks with the aim of promoting financial inclusion by directing 25% of their portfolio to the MSMEs.</p> <p><b>Empowering SMEs</b> In the SME segment, BdC has a dedicated SME team devoted to growing the SMEs market in Egypt. The bank operates out of 38 dedicated business centers across Egypt offering financial and non-financial services to clients. In addition, we have further grown our team, enrolling 50 new hires into our SME business school to equip them</p>	

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with the necessary skills to occupy a range of roles across the division. During 2020, Banque du Caire established two new units, including the Very Small Segment unit, which caters the needs of businesses and a Collection Management unit which is responsible for the follow up and monitoring of settlement of due payments.

We have taken multiple initiatives throughout the year to ensure that we have a well-grounded and diversified portfolio, all while considering the challenges posed by the pandemic. Our provisions included:

- Upgraded decentralized business model
- Intensive training plans for business teams
- Business network through geographical expansion
- Medium Enterprises team enlargement and enhanced skillset.

Low-income Customers

Low-income customers face a lot of challenges while visiting banks such as complicated process and lot of documents to be signed, all of which are eliminated through our mobile wallet application "Qaheracash."

BdC also launched new Financial inclusion products "Waffar accounts" that allow all types of customers to open banking accounts easily with their national Id only Waffar Accounts are characterized with its simplicity & with its minimal fees that is affordable to all segments.

### Green Finance

BdC also launched new Financial Inclusion products "Waffar Accounts" that allow all types of customers to open banking accounts with only their national Id that are tailored to provide affordable products with the simplified KYC according to CBE regulations released for Financial inclusion products.

BdC offers financing solutions to its customers such as providing loans that support in enhancing and sustaining the environment to SMEs.

We are planning to develop tailored lending programs for high potential industries, Agri-finance and green finance programs and offering unique product bundles to support SME growth and build on the non-financial services platform aiming to enrich the value proposition offered to SME clients by 2022

### Tailored products for Women

BdC has launched the BOKRA account targeting women in low to medium income categories. The account aims to encourage women to save with the bank, instead of utilizing social saving schemes, with attractive interest rates on a term of their choosing with the opportunity of life insurance services.

### Microfinance

Microfinance is a critical component promoting and enhancing inclusion. In line with your aim to provide fair opportunities for all, our microfinance segment is an effective tool for generating positive impact on people and society. Led by a strong and experienced team, our microfinance department ensures the ease and speed of product procedures, diversification of available products, and high financial capacity and availability of liquidity necessary for financing operations. With a geographical spread all over Egypt, BdC maintains the largest market share.

The first microfinance Strategy for Banque du Caire was launched in 2001. The bank's strategy aims to provide digital financial services to micro-entrepreneurs at their workplace throughout the country. Through the experience that Banque du Caire has in micro-finance, which extends for more than 20 years, the bank has contributed to providing about 1,300 million job opportunities and a sustainable production project

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	<p>that serves various segments, most notably the youth and female, and loans were granted to 500,000 clients during the last three years. The bank's distinction in this field is due to its geographical spread, especially in the governorates of Upper Egypt, which represent 44% of Total BdC Microfinance portfolio, and women represent 35% and youth 40% of the total number of clients.</p> <p>BdC has the largest market share in microfinance with a geographical spread all over Egypt, The Microfinance portfolio achieved 5.6 billion in 2021 which increased to 6.1 billion in the first half of 2022.</p> <p>Also, BdC offers microfinance for all economic activities formal and informal that operate in the productive, industrial, commercial, and service sectors and their related activities and the self-employed (Except for agricultural, animal production, poultry and fish production activities). Also funding transportation and construction equipment of all kinds.</p> <p><b>Targeting Youth</b> Looking forward, we are targeting digital onboarding by 2022 on the infinity platform which will allow the youth segment to get the bank's products at lower costs, accelerated speed, with less documentation, and more convenience and security BdC is also offering Waffar saving account for youth that allowing youth from age 16 to open accounts without their guardian to serve financial inclusion objectives. BdC also is offering Waffar saving account that allowing youth from age 16 to open accounts without their guardian and with their national ID only.</p> <p><b>Digitalization</b> BdC's digital banking and SME Innovation activities are in line with its long-term vision to focus on innovation to achieve sustainable economic growth. Perpetually developing its products and services, BdC offers unique solutions to augment product</p>	
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	<p>and service performance for clients by providing them with a frictionless banking experience. The bank will also continue to diversify its offering and customer segments to attract new customers and further advance national financial inclusion.</p>	
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**Principle 4: Stakeholders**

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

<p><b>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</b></p>	<p>Banque Du Caire identified following groups as significant stakeholders for its sustainability approach:</p> <ul style="list-style-type: none"> <li>• CBE</li> <li>• Board of Directors</li> <li>• Employees</li> <li>• Shareholders</li> <li>• Customers</li> <li>• Suppliers &amp; Business Partners</li> <li>• Governmental Entities</li> <li>• The Community</li> <li>• The Environment</li> </ul> <p>Stakeholder engagement is highly valued by Banque du Caire as it aims to understand and respond to stakeholder interest to guarantee integrity and honesty between the bank and its stakeholders. Banque du Caire therefore uses proactive campaigns that leverage multiple channels and stakeholder engagements.</p> <p>Continuing its collaboration efforts, BdC forms strategic partnerships to bolster sustainable outcomes. Through its partnerships with Allianz Life Assurance Company, Les Concierge, Cashless Company and many others, BdC strengthens its inclusion, equity, and diversity practices.</p> <p>To break down barriers and reinforce our inclusion values, we partnered with Mortgage Finance Fund (MFF) to finance low-income individuals who are applying for residential units that</p>	<p>BdC'S PRB progress report 2022</p>
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are available at MFF. BdC has also developed partnerships with the CBE, and Nile University, to support the development of SMEs and entrepreneurship through projects and initiatives that promote equal opportunity. In 2021, it is planned that BdC to partner with MSMEDA for the aim of the development of SMEs, and entrepreneurship either directly or through the coordination of the efforts of all parties and civil associations and initiatives in the field of these projects, or through the establishment or participation of companies . Making enduring and purposeful contributions, BdC has also partnered The SANAD Fund for MSME (SANAD) provided a loan of USD 15 million to BdC for on-lending to micro, small, and medium enterprises (MSMEs), agricultural producers, and microfinance institutions (MFIs) in Egypt. This investment strengthens BdC's efforts in alleviating adversities facing business owners and farmers by offering much needed liquidity. Continuing our unrelenting efforts, Banque du Caire formed a partnership with Rotary Club Fayoum to renovate and renew the People with Disabilities school in Assiut to ensure that students are afforded a well-equipped, safe and successful learning environment. It also distributed around 1,000 school bags to underprivileged students as part of its 'Back-to-School' campaign efforts. In partnership with Al Orman Foundation, the bank provided small business owners with non-returnable loans to support their operations and support their sustainable economic development. We build on our ardent efforts to

support orphaned children and children with special needs by improving their conditions and providing them with sufficient tools to support their development. Our partnership with Al Orman Foundation provides us with many opportunities to support our community, as we joined them in providing children with school bags and supplies in 2021.

To compound our efforts, we sponsored the "Egyptian Youth Volunteers" initiative in collaboration with the Ministry of Youth and Sports, which consisted of extensive campaigns launched at Cairo metro and railway stations to raise awareness on prevention measures that limit the spread of the virus.

In collaboration with NGOs the bank provided 500 training opportunities on handicrafts for beneficiaries in Sohag governorate and funded 2,000 small projects for struggling youth and mothers in the form of interest-free loans. Additionally, BdC participated in "Project Hope," in collaboration with MBC Hope, to empower Egyptian women in the field of entrepreneurship and support promising female-led ventures that indirectly benefit 650 women. The project offered an integrated training program that included workshops, lectures, training, learning opportunities at the hand of field experts to support participants, fuel their business prowess, and enable them economically.

In 2020, a protocol of collaboration with the Ministry of Education and Technical Education and Go Clean EG was signed. BdC recognizes that finding solutions for pressing environmental challenges will require engagement and collaboration, which

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	<p>is why the 'Clean School' project sets out to educate the youth on the significance of preserving the environment and sustainability. As part of the #bGreen initiative, this project involves:</p> <ul style="list-style-type: none"> <li>• Setting up intensive workshops for students within 150 schools and providing schools with recycling machines.</li> </ul>	
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### Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<p><b>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the principles.</b></p>	<p>Based on its vision to achieve sustainable growth, the bank has a governance structure delegated to oversee BdC's sustainability performance and strategic achievement. Our Board of Directors, as the highest governance body, is responsible for ensuring that high standards of responsible business are maintained by defining and achieving the bank's strategic goals in relation to environmental and social matters.</p> <p>To implement the principles of responsible banking, BdC has also constructed a framework for the bank's organizational structure which appoints executive officials to economic, environmental and social issues in accordance with the bank's vision to play a role in these fields. Additionally, BdC has a sustainability department and a sustainable finance department under formation. There is also a new sustainability steering committee which will monitor the</p>	<p>BdC's PRB report 2022 Pages</p>
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	<p>development and progress of all sustainability and sustainable related projects, including sustainability reporting. Moreover, to achieve the implementation of the principles, sustainability activities, and targets, in alignment with the United Nations Principles of Responsible Banking our Sustainability Committee is responsible for coordinating all of our activities within this scope.</p> <p>To ensure effective governance on all fronts, the bank has implemented policies including providing services to customers equally, fairly, transparently and with disclosure and ensuring customers are notified about their rights and responsibilities. The management of the bank works to guarantee that the necessary controls are in place and are tested regularly all while maintaining the confidentiality of all customer data. Other policies include competent trained staff to facilitate dealing with customers with special needs and treating customers with special needs equitably. Integrating environment, social and governance (ESG) perspectives into BdC's risk management framework, credit policies and lending practices is one of our highest priorities. We try to develop a sustainability strategy that is aligned to corporate strategy and risk appetite and integrating the key sustainability issues into our risk management practices.</p> <p>Our risk framework is currently being revamped in order to ensure that we consider all risks, including those related to the economic, environmental and social impacts. Furthermore, a sound risk culture is critical. We try to define, communicate, promote and enforce this culture. For our lending, we will integrate sustainability policy frameworks into client acceptance credit approval and capital allocation. We are currently in the process of</p>	
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	<p>developing our credit screening so that we account for the impact of each new loan on the environment and the society. New KPIs that consider maximizing our positive impact and minimizing the negative impact of our lending activities are currently developed. Furthermore, we work alongside an external consultant for the purpose of setting up Environmental and Social policies and management systems.</p>	
<p><b>5.1 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</b></p>	<p>With an aim to foster a culture of responsible banking, we make efforts on external and internal levels to ensure widespread change. To embed sustainability within our bank's business we support socially responsible business management and the integration of social and environmental criteria in everything we do. To ensure sustainability permeates our practices, we are currently developing sustainability and ESG related training projects for our staff. During 2021, participants attended ESG and Sustainable Finance events with DCarbon, and future plans are being studied to embed the sustainable awareness culture in BdCs learning portfolio. Moreover, meetings will be conducted with DCarbon Egypt, sustainability consultant, to initiate general awareness and embed Sustainable Finance and ESG programs across all related departments</p> <p>In line with our training projects, the bank also launched the Bgreen initiative to raise awareness among customers, suppliers, and employees on the importance of sustainability implementation. The initiative aims to minimize environmental impact and</p>	<p>BdC's PRB report 2022</p>

	<p>maximize social performance. Projects under this initiative include Banlastic, beach clean ups in the North Coast and Alexandria. Go clean, which was responsible for supplying recycling bins in over 150 schools in Cairo, Giza, and Alexandria.</p> <p>Recognizing that communication plays a vital role in planning and developing sustainable practices, we have a communication division that works to set up effective communication channels on its sustainable development efforts, in line with internationally recognized sustainability reporting standards, which include submitting an annual communication on progress (COP) to the United Nations Global Compact. Furthermore, increasing BdC's staff awareness of operational risks and operational efficiency is important to us. To raise the level of corporate loyalty among BdC's staff, the Bank has introduced various types of awareness programs e.g., the monthly online Operational risk competition sponsored by Mr. Chairman. This competition uses an online platform adapting Go Green concept to save printing papers and provides a new way of communication between head office, Senior management and staff in branches. The goal is to increase the level of recognition, respect and appreciation which indirectly influences the best use of the Bank's facilities towards a higher level of corporate sustainability.</p>	
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p><b>Show that your bank has a governance structure in place for</b></p>	<p>To achieve the implementation of the principles, sustainability activities, and targets in alignment with the United Nations Principles of</p>	

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<p>the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>Responsible Banking our Sustainability Committee is responsible for coordinating all our activities within this scope.</p>
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BdC has a sustainability department and a sustainable finance department under formation. There is also a new sustainability steering committee which will monitor the development and progress of all sustainability and sustainable related projects, including sustainability reporting.



**Principle 6: Transparency & Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

<p>1.1 Progress on Implementing the Principles</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p>	<p>Adopting the principles for responsible banking signifies not only a commitment by BdC as a major player in the financial industry in Egypt to society's goals, but it also reflects BdC's universal commitment to the global society and our planet. Since becoming a signatory, BdC has been working diligently internally with all bank departments and board of directors, and externally with its clients and stakeholders, to advance towards responsible banking and enhance its business model where sustainability practices are improved and adopted.</p> <p>BdC has studied existing and emerging good practices regarding the implementation of the six PRB principles as reflected in published reports on UNEPFI website, webinars, and guidelines.</p> <p>The progress BdC has made this</p>	<p>BdC's PRB report 2022</p>
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<p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>year against PRB is illustrated in the aforementioned report. Nonetheless, the highlights of our steps in each of the principles are as follows:</p> <p><b>1.Alignment</b></p> <p>We have continued to uphold our commitment to the United Nations Global Compact (UNGC), of which we have been a member since 2016, as well as worked to align our efforts with Egypt's national development strategy, Vision 2030, in order to ensure that our efforts are well-positioned to generate maximum impact on sustainable development across the local community. We are in the process of developing our sustainability strategy and policies to create value to all our stakeholders.</p> <p><b>2. Impact Analysis and Target Setting</b></p> <p>Banque du Caire carried out its first assessment on its lending portfolio, allowing it to identify and measure its environmental, financial, and social impacts as result of its lending activities, products, and services by adopting the UNEP-FI Impact Analysis. The impact assessment covers Corporate Banking, Business Banking and Consumer Banking portfolios. Banque du Caire identified its key positive impact areas to be housing, inclusive and healthy economies, and economic convergence. While the Bank has a positive social and economic impact, it has a negative environmental impact. Its key negative impact areas are waste, climate, and resource efficiency.</p> <p><b>3.Clients and Customers</b></p> <p>The bank's Retail and SME Banking business is one of the top lenders in the MSMEs Space, operating out of 114 branch offices located across Egypt and serving over 189,000 active customers as of year-end 2020. On the MSME front, We have</p>	
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grown our MSME portfolio by 24% as of June 2022 compared to 2021 .BDC has the largest market share in microfinance with a geographical spread all over Egypt, The Microfinance portfolio achieved 7 billion in 2019, 5.7 billion in 2020 and 5.6 billion in 2021. We are currently in the planning phase to introduce our first green finance product to encourage our customers to adopt sustainable practices by end of 2022.

The SME Banking provides a comprehensive and unique service /product offering that meets all customers' needs, including working capital requirements, CAPEX, trade finance products and services in addition to cash management solutions. One of our competitive advantages is our outreached decentralized network, fuelled by our existence in 25 governorates through 38 business centers, where our dedicated and highly skilled relationship managers serve customers wherever they are located in Greater Cairo, Alexandria, Upper Egypt, Delta and Canal.

#### 4. Stakeholders

Currently, BdC has formed several partnerships with the aim of creating positive value and in the process of establishing new ones in an effort to collaborate with stakeholders to increase the bank's positive impacts and mitigate its negative impacts in light of the portfolio impact assessment results and targets.

#### 5. Governance and Culture

BDC is progressing towards developing a Sustainable finance department. In addition, a consultant

was hired for the purpose of setting up E&S Policy and ESMS. To foster a culture of responsible banking, we have sustainability education and training programs for senior management and BDC's teams that are in place.

#### 6. Transparency and Accountability

Our Board of Directors are regularly updated on our progress regarding the implementation of the requirements of the PRB

The bank is committed to transparently report on its progress in the PRB annually

### Annex: Definitions

**a. Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

**b. Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality."

PRB PROGRESS REPORT

# JOURNEY OF A **RESPONSIBLE BANK**



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