



**ARAB AFRICAN INTERNATIONAL BANK
EQUATOR PRINCIPAL REPORT
2021**

Introduction

Through over a decade of hard work and strong commitment to principles of sustainability, Arab African International Bank (AAIB) has introduced new benchmarks and has set the trends for the industry across several breakthrough initiatives. With the expectancy of climate change acceleration and acknowledging its impacts not only on the environment but on the whole economy, the financial sector is expected to play a pivotal role in mitigating climate risks while meeting the financial needs of the private sector and delivering credit to households and individuals. As early as 2003, AAIB understood the inherent connection between economic growth and Environmental, Social and Governance (ESG) concerns when we started to integrate Environmental and Social (E&S) concerns in our business activities and operations.

E&S Risk Management Framework

As financial institutions, we are the backbone of the economy and we have a substantial impact on the environment and the society that results from our financing and lending activities, which entails broadening the risk management scope to include E&S risks such as climate change, income inequality and more constituting sources of major financial tremors and instability. To this end, AAIB was one of the first banks to recognize that banking could be a force for good in shaping an equitable, resilient society and to embed sustainability criteria into banking decisions. More than 10 years ago, AAIB took the lead to become first bank in Egypt to subscribe to the Equator Principles (EP). Ever since, we have been taking active steps towards further consolidating a strong infrastructure that is being built around the E&S Policy, Organizational Structure and Capacity Building. Ever since, the EP have been recognized as the main guideline for determining, assessing and managing E&S risks in project-related transactions.

Industry Movement

Principles for Responsible Banking

Given our experience that exceeded 55 years in the banking industry, we have a role in contributing to a sustainable banking future. In this, AAIB collaborated with the United Nations Environmental Program Finance Initiative (UNEP FI) and 29 other leaders of the global banking industry to establish the Principles for Responsible Banking (PRB). This visionary framework for responsible banking addresses the needs of the environment and society and delineates the banking sector's roles and responsibilities in pursuing national and global goals articulated by Egypt Vision 2030, the SDGs and the Paris Climate Agreement. It provides the framework for a sustainable banking future and help the industry to demonstrate how it makes a positive contribution to society and environment. It focuses on positive impact measurement and growth,

delivering resilient infrastructure with insurers and investors, climate-related disclosures, natural capital stress-testing as well as social impact and inclusion. All of which are highly important to the community, economy, and environment. The final version of the six Principles was introduced to banks to commit to in 2019 where AAIB has become a Founding Signatory of the Principles.

Reporting & Disclosure

AAIB has a long-standing commitment to reporting on our progress and performance transparently on an annual basis since 2005. In view of that, we have been committed to the principles of the UN Global Compact (UNGC), UN Environmental Program for Financial Institutions (UNEP FI), and the Equator Principles (EP).

Corporate Giving

AAIB believes in sustainable corporate giving that creates an impact and aligned with the sustainable development goals.

SDG 8: Decent Work & Economic Growth

AUC Venture Lab

Egypt's young people—its most sizable demographic cohort—have the potential to be a compelling force for development, so equipping them with knowledge, resources and opportunities to help grow a modern economy and inclusive society is a smart investment. In 2013, AAIB partnered with the American University in Cairo (AUC) School of Business to form the AUC Venture Lab (AUC V-Lab), which cultivates young entrepreneurs and their promising business ideas. The Venture Lab has grown into the leading university-based start-up incubator in the MENA region and has launched more than 271 startups with more than 10,000 jobs to date.

SDG 4: Quality Education

Financial Illiteracy Elimination

AAIB believes in empowerment through knowledge, and one of the aspects is making the masses more aware of the importance of keeping their banking information secured avoiding any financial risks. AAIB contributed to this objective by supporting the launch of the Federation of Egyptian Banks – Customer awareness - Anti fraud campaign to increase its reach and create an impact achieving its awareness goal.

Teacher Development Program

Education is essential to human and societal development, and teachers are assets of the educational system that should be cultivated. AAIB has partnered with the AUC School of Continuing Education to support an ongoing Teacher Development Program giving teachers new skills, methodologies and perspectives that enhance their ability to help students learn. One hundred and fifty public school teachers participated in the current round of the Program. The program aligns with several SDGs. In Addition to SDG 4: Quality Education and SDGs 17: Partnership for the Goals, it also aligns with SDG9: Industry Innovation & Infrastructure since it empowers our education workforce to enhance their knowledge and skills to achieve a substantial wide impact on our young generations.

SDG 3: Good Health & Wellbeing

Covid-19 Integrated Response

For the second year in a row AAIB contributed to the management of the COVID 19 socioeconomic impacts. Since 2020 AAIB undertook a coordinated, comprehensive approach to face the repercussions of the outbreak and address the needs of all impacted community groups – from patients to medical professionals and vulnerable groups struggling to stay afloat – where the value of the Bank’s contribution amounted to more than 51 million Egyptian pounds (EGP). AAIB partnered with the Ahl Masr Foundation to cover the needs of the health sector, prioritizing governorates with limited resources and capacities to help them withstand the pandemic through installing Intensive Care Units (ICUs), providing Personal Protection Equipment (PPEs) to medical staff and fully furnishing a quarantine with a capacity of 150 beds. In addition, AAIB proudly participated in the Federation of Egyptian Banks’ initiative to support vulnerable groups who have been affected by the social and economic impacts of the lockdowns and curfews, especially daily-wage workers. The Bank also provided an array of support initiatives to protect its clients in and beyond banking and ensure their financial well-being during this hard time. Adding to this, AAIB has put strict measures in place to prevent and slow the spread of COVID-19 within the workplace and support its employees in case of infection.

SDG 7: Affordable & Clean Energy

Solar Loan:

AAIB introduced its solar energy loan to its consumer banking clients to empower them to adopt more sustainable practices and behaviors as part of our broader effort to create a market for renewable energy in Egypt. The product aims at contributing to SDG7 (Ensure access to affordable, reliable, sustainable, and modern energy for all)

SDG 9: Industry Innovation & Infrastructure:

E-Payment Awareness

AAIB contributed a total amount of EGP 9 ML supporting the financial sector innovation initiatives by launching a country wide e-payment campaign to increase awareness about the importance of this new technology and how it is considered a breakthrough that will develop the payment methods and banking infrastructure.

SDG 11: Sustainable Cities and Communities:

City of Arts and Literature – New Administrative Capital

AAIB contributed a total of 2 ML supporting one the of the biggest Art cities in the region, the City of Art and literature at the New administrative capital is considered one of the most innovative structures in the Middle East and North Africa. This aligns with SDG 11 as Egypt's new administrative capital is considered a sustainable city that depends on the latest givens in the construction industry as well as it is elevating the quality of living for the Egyptian society.

Project Finance

For this report period (1 May 2020 to 30 April 2021), AAIB closed 2 project finance transactions that fell within scope of EP. All transactions were category B projects in Egypt

Project Finance Transaction				
Project Name	Sector	Category	Country	Calendar Year of Financial Close
Cairo Festival City Mall (CFCM) Extension	Other	B	Egypt	2021
Celia	Other	B	Egypt	2021