

5th annual Communication On Progress (COP)



CHAIRMAN STATEMENT

Distinguished Stakeholders,

Arab African International Bank, as the case with other banks, faced economic slowdown throughout 2011, as various areas of the economy witnessed diminishing profitability; yet the bank's momentum over the past years in maintaining its growth rate helped in supporting its financial strength and preparing it to wave the storm of economic decline in performance results.

The bank's profits slightly decreased in 2011, as the net income reached US\$126 million in 2011, compared to US\$143.5 million in 2010, with a decrease of 12%, an acceptable decrease especially when compared to other financial institutions that witnessed a 20% to 30% decline in profitability. Despite the economic slowdown, the bank's return on equity reached 18% by the end of 2011, while return on assets reached 1.7%.

AAIB enjoys a strong capital base (Tier 1), reaching US\$ 771 million in 2011 compared to US\$ 697 million in 2010. Capital adequacy ratio reached 20%, compared to 16% in 2010, doubling the Central Bank of Egypt's minimum adequacy ratio of 10%.

In line with AAIB's strategy of development and flexibility in facing market's fluctuations, the bank modified its strategy through reducing loans in order to further support its liquid assets.

Net loans reached US\$ 3.4 billion in 2011 compared to US\$ 4.1 billion in 2010. Our main priority was to maintain the high liquid ratio to be able to face any unforeseen developments. Loans to deposits ratio reached 67%.

Global recognition came with AAIB earning the titles: Deal of the Year 2011 by The Banker, J.P. Morgan Quality Recognition Award (for the third consecutive year), Best Investment Bank in Egypt by Global Finance (for its prominent role in supporting

investment in Egypt), and the Best Foreign Exchange Bank and Provider for 2011 by Global Finance.

Foreign Branches

The bank's diversified income sources gives it an edge that distinguishes it from other banks in the market, this was evident in the high profitability of 42% achieved by our foreign branches, to reach US\$14 million in 2011, compared to US\$10 million in 2010, reflecting the enhancement of AAIB's Emirates branches performance and the success of their handpicked client selection and business management, building on strong relations with Egyptian corporate.

Human Resources

AAIB is aware that its human resources are the main force behind realizing its vision and achieving future goals. In this, the bank continued throughout 2011 its policy of developing its human force. Training Unit managed to secure 1,321 training opportunities through 224 courses (locally and abroad), in addition to training 1,093 employees on money laundry and terrorism-funding fighting. Moreover, a new performance evaluation system was developed to evaluate employees' performance (measuring goals and skills), in addition to modifying their salary structure, to further motivate them and maintain good calibers. 80% of the employees were promoted over the last year; also the structural mainframe was modified to further apply governance requirements.

Marketing and Mass Communications

AAIB's rich brand is its main asset that much provided its stability, wavering a hard year in the Arab region. The bank's vision to grow from a financial institution into a full-fledged financial group has materialized. Furthermore, AAIB maintains preserving its core values and extending its added value to all concerned parties: shareholders, clients, employees, society, environment, and business partners.

Our Corporate Social Responsibility

We Owe it to Egypt Foundation

We Owe it to Egypt was established in 2007 as the first foundation established by a bank in Egypt. The foundation came as an important step to fulfill AAIB's strong belief in the importance of a social role to be played by financial institutions. The foundation is relentlessly committed to improve conditions of health and education among Egypt's citizens.

Abou El Reesh Hospital

Offering a world-class service to our needy children in Egypt comes as the foundation's top priority. This is duly achieved through elevating the patients' service quality and preparing the hospital for international accreditation from the "Joint Commission International".

In this, We Owe it to Egypt focused on renewing intensive care units through upgrading impatient areas at Abou El Reesh hospital, in addition to supplying medical equipment. The foundation also focuses on supplying a larger number of nursing staff, who are present on the foundation's payroll. This is in addition to offering comprehensive training to nurses.

National Cancer Institute & Intensive Care Unit

The foundation equipped the OR floor with the most up-to-date medical equipment, in addition to doubling the unit's capacity, making it possible to perform over 400 operations per month. The foundation now focuses on accrediting the operations and intensive care units at the hospital to the highest available standards. Currently an agreement is being signed with an accreditation entity to train employees at the institute and apply quality standards to elevate the level of medical services offered to patients.

Arab African International Bank Award

Celebrating its seventh year, AAIB decided to expand its annual awards scope. AAIB Award aims at offering a suitable atmosphere in which youth's creativity would flourish. In 2011, 7 universities participated in the award: Cairo University, The American University in Cairo, German University in Cairo, British University in Egypt, Alexandria University, MSA, and for the first time the Canadian International College (CIC). 34 teams participated in this year's round; the students experience firsthand coaching and support through 7 intensive courses taught by experts from and outside the bank, through which they will gain knowledge about different aspects of the financial industry, in order to help them innovate financial products on a professional basis.

Integrating Persons with Special-needs in the Bank's Organizational Environment

With a strong belief in equality, AAIB hosted its first special-needs intern for two months, his internship was divided at both Training and Development, and Marketing and Mass Communications departments. The bank also participated in funding a Training and Qualifying Center for persons with special-needs.

AAIB Caring for the Environment and Human Rights

Since 2009, AAIB has focused on applying the adequate standards to maintain the environment, citizenship, and elevating the community. This was achieved through adopting the following initiatives.

Equator Principles

In 2009, AAIB announced its abidance by the Equator Principles, to be the first Egyptian bank to sign the document.

UN Global Compact

United Nation's Global Compact is an initiative that allows participating commercial institutions to adopt human rights and integrate them in their fields of business. Global Compact is the world's largest initiative of corporate citizenship (over 100 thousand participants all over the world). Participating institutions unite over the principle that a unified humane conduct of business will result in a more stable, just, and comprehensive global market. The bank issued its annual report concerning the four principles included in the GC agreement. The report was issued in April 2011, and UN's commentary stated that the bank abided by the four principles and is a role model in the field.

UN Global Compact chose AAIB as the best financial institution in Egypt-and the second in the region- for its vital role in evaluating and applying social and environmental risks in finance, especially in emerging markets, and for applying the highest sustainability standards in commercial procedures.

In the same year, AAIB achieved local recognition after being awarded second place for its developmental efforts in health and education from the Egyptian CSR

Council. The Council recognized AAIB as a success story to be followed.

Our Vision of the Future

AAIB showed a good performance in the hard times witnessed by Egypt and the region in general, yet we aim towards maintaining our leading position in the market by applying best banking practices. We look towards the future with optimism, our vision is built on the bank's firm structure that we know will secure it more growth. I'm also fully confident that the Egyptian economy is resilient and has passed its worst times and will witness a return to growth in the near future.

A Final Note

Finally, on behalf of the distinguished members of our Board of Directors and myself, I would like to extend our deepest appreciation to the bank's employees for their loyalty and selflessness, and for their hard work and professionalism amidst very hard circumstances. I am confident that the upcoming period will witness more success that will meet our ambition. We

believe AAIB's presence as one of Egypt's fastest growing banks will be further rooted. I would also like to thank our shareholders and clients for their much appreciated confidence in AAIB, and for all their support and loyalty, in which we take much pride and appreciation.

Mahmoud A. Khalek Al Nouri

Chairman

Arab African International Bank

Arab African International Bank
Bringing Theory into Practice

From Strategy to Execution

From Strategy to Execution

The report is an attempt to draw a clear structure for AAIB's practices from guiding frameworks, to practice, monitor and evaluation. The report covers the CSR practices in the duration from April 2011 to June 2012.

Emerging from AAIB's mandate it has been a year of collaboration and cooperation. AAIB CSR witnessed engagement and partnership with various institutions to enhance the UN Global Compact's four principles. The annual strategy observed the bank's engagement with academic institutions, private and governmental, embracing the vitality of the "sustainability" as a discipline involved in educating curriculums.

AAIB was presented as a case study at the German University in Cairo. While the American University in Cairo partnered with AAIB in creating a MENA forum for "**Entrepreneurship and Sustainability**" where entrepreneurs presented their success stories, and discuss the know-how of dealing with rising challenges. This partnership is derived from AAIB's belief that sustainability is a rich academic discipline which must occupy space in the Egyptian educating curriculum.

From another side, AAIB has engaged with some NGOs such as "Hope Village Society" for street children, and governmental bodies such as the Ministry of health through the "**WOITE's**" foundation and the ministry of foreign trade and industry to promote "**ISO 26000**" for benchmarking sustainability.

The AAIB had an impressive presence in 2011 on the national and the global level. The corporate presented its successful case studies in CSR and sustainability in various conferences with difference institutions; academic, peers, NGOs and ministries. AAIB was the only financial institution from Egypt to attend Rio+ summit in Brazil 2012, to present a successful role model among Egyptian corporates in CSR. The presence outcome was initial agreements between AAIB and some peer banks to join efforts in upgrading and renovating "Health and Education" sectors in Egypt through the "We Owe It to Egypt's" foundation established by AAIB in 2007.

Since 2004, the CSR Unit has opted to take several frameworks to assess practices and keep-the- track. These frameworks are the "**Equator Principles**" which act as the main guidelines for social and environmental risk assessment; **UNGC** which acts as the guideline for four main principles, human rights, labor rights, anti-corruption and environment; and finally the "**London Benchmarking Group**" which measures the corporate community investment of the companies' spending.

Following the annual reports, AAIB was recognized twice in 2011 and 2012 as "Best Practice" Financial Institution in CSR. AAIB as best practice case was published in the GC year book For Sustainable Finance (EP), philanthropy (WOTE), AAIB Award & Anti-Corruption Guideline. This report will present AAIB's strategy throughout the years 2011 and 2012 to continue its path towards sustainability.

Principle I

HUMAN RIGHTS



arab african international bank
award

PRINCIPLE 1: HUMAN RIGHTS

Arab African International Bank Award

Rewarding Academic Excellence in Banking and Finance

7th annual
arab african international bank
award 2010

Towards Academic Excellence
In Banking & Finance.

LEARN INTERACT WIN

Complying with the UN Global Compact principle for advocating Human Rights, AAIB has undertaken a strategy to proceed with the annual banking competition that aims at enhancing youth skills and fosters capacity building. The strategy is derived from the corporate belief in the youth rights to be given the opportunity and right track to link academia with professional life.

Competition is a fact of life wherever there is ambition and motivation to become the best. It can be a positive motivator to work harder to reach ones goals. The AAIB Award helps in creating that kind of positive attitude and atmosphere by learning to work as part of a **team, managing success and disappointment, gaining knowledge about responsibility and time management** by balancing training and other activities.

Moreover, students get an early feel of finance and training in banking, which is an introductory overview of how business works in practice. Also, the students learn to think outside the box; since you have to be innovative because this is what differentiates you from others and might make one party win the AAIB Award over the other.

Proposals and Outlines

In this phase, students are expected to submit proposals required according to a specific criteria drawn by instructors and banking professionals. The panel selects the most feasible proposals to be finally filtered in to *three* winning teams.

Accordingly, for the 7th year AAIB has launched its annual nationwide banking competition for university undergraduates. The award provides financial reward as well as creating value for all participants who acquire new skills and receive an opportunity to access and understand banking industry, which is where the true value of the award lies. Students apply in teams of three to five members and conduct in-depth research on the market to develop their idea into a full-realistic one.



Training Sessions

As every year, the program included material and non-material benefits in the form of training to students provided by bank executives and external experts on retail, corporate banking and investment as well as marketing, financial analysis, presentation and report writing skills.



Closing Ceremony

In the closing ceremony, representatives from participating universities attended the closing ceremony at the Four Seasons Hotel where the Minister of Higher Education and State for Scientific Research was among the panelist. The financial awards are given to winners according to their project's ranking. The ceremony brings students with their parents and beloved to share the success and network with experts and professional to learn from their experience.



Annual overview for the Award

Year	ROUND 1 2004	ROUND 2 2005	ROUND 3 2006	ROUND 4 2007	ROUND 5 2008	ROUND 6 2009	ROUND 7 2011
No of Participating Universities	1	2	4	5	7	9	7
No. of Registered Teams	9 teams (Avg. 36 students)	55 teams (Avg. 220 students)	95 teams (Avg. 383 students)	41 teams (Avg.164 students)	50 teams (Avg. 200 students)	72 teams (Avg. 288 students)	53 teams Avg. 210 students
Average No. of Active Teams (finalists)	2	12	9	8	15	15	15
No. of Volunteers	TOTAL 8 8 Judging Panel	TOTAL 19 2 universities (6 faculty) 8 Judging Panel 5 Trainers	TOTAL 24 10 faculty 8 Judging Panel 6 trainers	TOTAL 24 10 faculty 8 Judging Panel 6 trainers	TOTAL 31 14 faculty 10 Judging Panel 7 Trainers	TOTAL 32 15 faculty 10 Judging Panel 7 Trainers	TOTAL 35 10 Judging Panel 7 Assessment Committee 10 faculty members 8 Trainers

The table above shows the development status of the competition across years (2003-2012). AAIB managed to increase the number of participating students, teams and universities. As the competition geography expands, the impact and number of beneficiaries increase.

PRINCIPLE 1: HUMAN RIGHTS

HANDICAPPED PILOT PROJECT

Empower and Be Empowered

Handicapped have the right for an equal opportunity



In 2011, AAIB launched its pilot project and decided to empower and be empowered by “disadvantaged” individuals. The bank allowed a six weeks internship for Ayman Gamal Osman, The candidate was allowed the internship in two departments; Marketing and Communication, and Training and Development. Although on a wheel chair with some hearing and speaking difficulties, yet Ayman proved competence in Calculating scores using a calculator, editing and amending the Training and Development Department's power point presentations, and typing assignments. He has also proven his interest in carrying out internet researches for training providers.

Recommendations by the involved departments tackling possible areas for development and recommendations for the success of the pilot project:

- ✓ Hosting department should be provided with all relevant information about interns with special needs to enable them to prepare all necessary arrangements, and to be aware of how to handle emergencies and/or difficult situations and to avoid subjecting the intern to unneeded pressure.
- ✓ Prepared logistics depending on the conditions of the intern.
- ✓ Creating an effortless and easy route for interns starting from the Bank's entrance till reaching office .
- ✓ Dedicated supervisor at least for the first week.

The bank is planning to allow three more “disabled” interns for a period of three months during the summer with a genuine consideration to study hiring disadvantaged candidates.

Internship Feedback



Ayman Gamal Osman
AAIB's first intern with special needs

1- His internship experience in AAIB

Good opportunity to learn about banks, tasks and qualifications required, gave a wonderful opportunity to work with all others as a team and integrate smoothly, yet, training was short, need to be longer to give opportunity to candidates to learn more and get better idea about jobs required and the graphic designs needed to prepare them to perform required tasks to join the bank industry.

2- The impact of the internship on his future view

Open eyes for employment opportunity that has never existed before & I proved the ability for cerebral palsy people to work with all others as integrated whole.

3- Future Aspiration

looking forward to have another change and get a 3 months training with clear objective to prepare and qualify my to work in the bank, His opinion in AAIB cause/pilot project Wonderful time, great passion, made me feel comfortable and welcomed and made all effort needed to give real work and encouraged me to do my best.

AAIB donates to The Right to Live Association to establish a Rehabilitation Center

After the disabled intern experience in AAIB and the recommendation followed the pilot project, the CSR Unit was encouraged to financially and managerially contribute to The right to Live Association in order to establish a “Rehabilitation Center” which provides vocational training program. This program aims at training adults in various vocational skills that would help them find employment in the future. The program takes place in the association's sheltered workshops or externally. Besides providing vocational training, the program provides academic training as well

as various other activities that include arts, sports, music as well as self care skills. The aim is to help the mentally disabled individual reach his maximum potential, and give him a sense of pride in himself and his achievements. The program also focuses on providing them with necessary skills that would improve their economic well being, by providing them with skills that can be marketed and hence provide them with income.



**The Right to Live
Association**

PRINCIPLE 1: HUMAN RIGHTS

BLOOD DONATION CAMPAIGN

Where there was a crucial need for blood donation, especially due to a shortage in the Egyptian blood banks, the Ministry of Health - VACSERA started a national blood donation campaign among organizations and banks. Derived from its moral corporate culture AAIB employees were keen on their contribution to cause, where the year 2012 witnessed 15% increase in the number of

employees supporting the campaign. The donation took place at the bank premises, where the ministry sent their staff of Doctors and Nurses with all their required equipments to AAIB's Head Office to receive the donors contributions.



PRINCIPLE 1: HUMAN RIGHTS

We Owe it to Egypt Foundation

For social development in health and education



We Owe It to Egypt Foundation Profile

Founded by: Arab African International Bank

Established in: 2007

Registered by: Ministry of Social Solidarity

Focus areas: Health and Education

For more information:

E-mail: info@oweegypt.org

Call: 19575

Website: www.oweegypt.org



We Owe It To Egypt

Vision

- ✓ To be the national drive behind a significant impact and sustainable development in health and education in Egypt.

Mission

- ✓ Pool patriotic resources towards establishing focused centers of excellence in health and education.
- ✓ Establish core processes and stakeholder involvement to achieve and sustain development.
- ✓ From April 2011 till June 2012, the WOITE's foundation has achieved major developments within its current projects; Special pediatric hospital and the National Cancer Institute.

Special Pediatric Hospital

- ✓ The waiting area is renovated to accept more patients' families.
- ✓ The security and cleanness company are being revised to raise their performance standards.
- ✓ Nurses are recruited according to International Medical Quality Standards in Cardiology departments, Intensive Care Unit and Intermediate Care Unit.
- ✓ working hours are extended for nurses and portals to cover the patients nursing and services hours.
- ✓ Upgraded and renovated current equipments, while supplying new equipments and oxygenators to satisfy hospitals' needs.
- ✓ Automation- Protocol signed with ministry of development to upgrade quality services.
- ✓ Introduced "Fit for Surgery service" which reduced the waiting time for patients and reduced clutter of people/families in front of the operating room.



National Cancer Institute (ICU and OR)

- Applying quality standards to improve services and functions
- Established medical security to act as liaison between family and doctors.
- Currently the foundation's management office is in process of appraising services
- Introduced cash cards to rescue patients on case of cardio arrest. \

Specialized Nurses training

- Introduced new health and cleanness company to prevent the growth of organisms, with writing weekly report.
- In both projects the foundation is working according to the **JCI (elaborated below: annex)**.
- Nurses are trained for "Basic Life support" assistance which takes place through three phases; basic, intermediate and advanced.
- Improved nurses knowledge and increased awareness on how to deal with emergency cases.
- Decreased work load for nurses and improved their patients' care function.
- Recruited nurses where every nurse is responsible for two beds; to raise the performance and quality of services.
- Each five nurses are responsible for serving eleven beds. This had an impact on maximizing occupancy rate.
- Upgraded the interior rooms for doctors and nurses.
- The Operating rooms (OR) now have capacity of 50 % more than previous (it was 30 % now it is 80%).

The progress which took place throughout the projects had major impact on the general performance of the projects. The table below shows the change in performance in quantitative analysis.

The numbers from 1 to 5 reflects the degree of impact for the changes of the supportive action on the following;

- 1- Direct performance
- 2- Patient care
- 3- Relation to patients and service satisfaction
- 4- Infection control
- 5- Bed occupancy
- 6- Waiting List for the ICU

Supportive Actions	Direct relation to performance	Patient Care	Relation to patient & relatives satisfaction	Infection control	Bed Occupancy	Waiting List for ICU Admission	Total score
No. of Secretary	5	5	5	5	0	0	20
No. of Nurses Extra duties	9	9	9	5	9	9	50
BLS Courses for Nurses	9	5	1	1	0	0	16
Cleaning Company	5	5	9	9	0	0	28

N.B:

9= major impact
5= moderate impact 1= small impact
0= no Impact

Principle II

LABOUR RIGHTS

The Social and Sports Committee

The committees organizes, schedules and advertises social, cultural, recreational, and sports events throughout the year for the bank staff community. These events create a bonding culture among the employees. Moreover, they boost the motivation to come back to work with a positive attitude and productive spirit.

The committee is compromised of top managers, as well as junior and senior staff members from the bank. Some of the major events handled by the social and Sports Committee include the following:

- ✓ Annual Football Tournament
- ✓ Annual Ramadan Gathering
- ✓ Mid-year vacation trips
- ✓ Tickets to music concerts
- ✓ Tickets to football matches
- ✓ Staff offers for fitness centers
- ✓ Staff offers for Showtime and Orbit TV channels

The committee has been working hard to satisfy all staff needs and meet their expectations across the year. Moreover, the committee has shown cooperation and flexibility in responding to staff inquiries.

Principle III

ENVIRONMENT

PRINCIPLE III: ENVIRONMENT

THE EQUATOR PRINCIPLES

SOCIAL & ENVIRONMENTAL RISK ASSESSMENT



EP Policies Adjustments

For the third successive year Arab African international Bank announces its commitment to the Equator Principles through publishing its annual report in April 2012. The report reflects the assessment of the projects financing operation which took place in 2012 in AAIB according to the EP.

Moreover, the bank has renewed its subscription for the year 2013 to the EP which entitles AAIB to the key changes and amendments made by the steering committee and working groups aiming at engaging the abiding institutions deeply in the humanitarian aspect of finance.

The key changes include:

- 1- Project scope: the inclusion of project-related corporate loans subject to a US\$100m threshold and a loan tenor of at least two years. Moreover, the inclusion of bridge loans that will be refinanced by project finance or project-related corporate loan.
- 2- Climate change: there is a new requirement for an analysis of alternatives, including less carbon intensive fuel or energy sources and technologies, for projects emitting over 100,000 tons CO2 equivalent.
- 3- Stakeholders' engagement and human rights: stakeholders' engagement and human rights commitment according to the IFC standards.
- 4- Social and Environmental standards: the EP with its sole discretion may seek to benchmark projects in these countries against these or other internationally recognized organized environmental and social assessment standards.



Thus AAIB is reporting in April 2013 according to the new adjustments, counting on various stakeholders cooperation and corporate clients belief in sustainability. The new EP scope has been communicated to all concerned departments to inform the new extent of their cooperation in execution and reporting.

The 10 Equator Principles

- Principle1: Review and Categorization
- Principle2: Social and Environmental Assessment
- Principle3: Applicable Social and Environmental Standards
- Principle4: Action Plan and Management System
- Principle5: Consultation and Disclosure
- Principle6: Grievance Mechanism
- Principle7: Independent Review
- Principle8: Covenants
- Principle9: Independent Monitoring and Reporting
- Principle10: EPFI Implementation Reporting



Green Finance... sustaining profit sustaining earth

A bank that masters the Art of Creating Value to all its stakeholders.
A bank that understands that creating value has a material and non-material component.
A bank with the power to achieve the fastest growth and profitability while attending
sustainability core: environment, society and governance.
A bank with a vision to drive the Middle East towards Sustainable Banking & Finance.
**Arab African International Bank, Egypt's first signatory of the
Equator Principles and the UN Global Compact.**



Principle IV

ANTI-CORRUPTION

AAIB Customizes its Anticorruption Guidelines

Since Establishment in 1964 with a private law, Arab African International Bank has been following the Central Bank of Egypt's rules for "Anti-Corruption" and "Anti-Money Landry" policies. However, following its success and leadership in Corporate Responsibility and Sustainable Development AAIB has decided to draft customized "Anti-Corruption" guidelines to monitor and mentor AAIB's business operations, activities and relation with stakeholders.

The existence of a good regulatory framework provides a sound structure for the management of a country's resources. A good governance approach usually encompasses the following elements:

- ✓ accountability;
- ✓ transparency;
- ✓ participation;
- ✓ equality;
- ✓ rule of law;
- ✓ capacity and competence;
- ✓ responsiveness to people's needs.

The purpose of the Policy is to identify , handle and prevent all Anti-Corruption incidents (actual or potential, with financial or non financial impact) in order to build frame work of Anti-Corruption policy to be followed by all AAIB employees and to protect AAIB's reputation, image and working environment.

The guidelines addresses the following issues:

- ✓ Corruption
- ✓ Extortion
- ✓ Bribery

The guidelines as well identify the relevant action and cases to "Red Flags" and "Whistle Blowing". In addition, the guidelines specify the role of all involved departments such as Compliance, Corporate Sustainability, Human Resources and Vice Chairman technical office. The Board Management has a responsibility to ensure that there is a policy in place.



Scope of the policy:

The anti-corruption policy has been developed in order to give a clear signal for AAIB in dealing with following:

- 1- Clients (both corporate and individual)
- 2- Shareholders
- 3- Subsidiaries
- 4- Employees
- 5- Suppliers, and
- 6- Employees

The Anti-corruption aims to:

- ✓ Better safeguard AAIB integrity;
- ✓ Increase transparency of AAIB financial system;
- ✓ Facilitate the detection, investigation and prosecution of corruption and money laundering and the recovery of stolen assets.

This policy has been designed in consistency with:

- ✓ The Anti-Money Laundering Law promulgated by **Law No. 80**, The Presidential Decree **No. 164** regarding the Money Laundering Combating Unit dated **2002**
- ✓ UN Global Compact anti-Corruption 10th principle
- ✓ Financial Act Task force (FATF) recommendations of Anti-Corruption # 32

Regional Scope

As for Emirates & Lebanon regulations regarding fighting corruption;

- ✓ **Emirates:** The UAE Penal Code of Federal Law which regulates anti-bribery practices in articles 234 to 239 of Law No. 3 of 1987 (The Federal Penal Code).
- ✓ **Lebanon:** LAW No. 318 of April 20, 2001 - FIGHTING MONEY LAUNDERING[Extract from the Official Gazette, Number 20 of April 26, 2001].

This step was taken to build on AAIB's position as CSR trendsetter in the Egyptian market. This is emerging from the unique CSR strategy that AAIB follows to maximize its sustainability practices.

Measuring Corporate Community Investments (CCI)
The London Benchmarking Group (LBG)

Despite the sluggish growth of the Egyptian Economy in the past two years as a result of the economic recession in 2008 followed by the Egyptian revolution that calls for re-structuring the economic paradigm, Arab African International Bank (AAIB) has managed to sustain its development activities.

AAIB has measured its Corporate Community Investment (CCI) for the year 2011 to show no

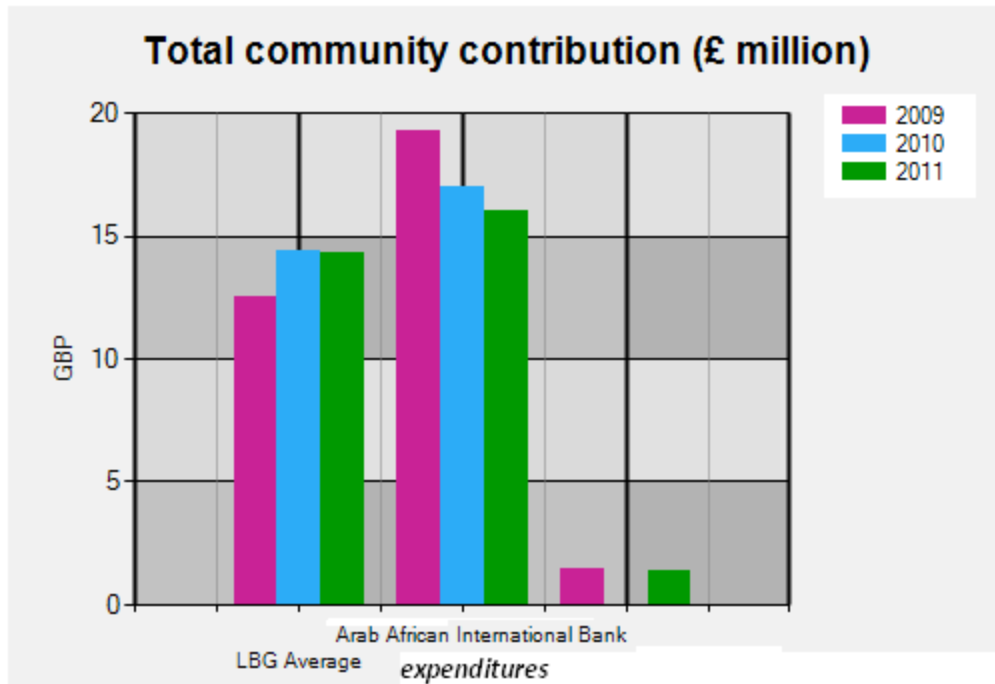
decrease in the community spending compared to the years before. The minimal reduction in the total spending did not affect the amount of annually allocated budget for the Corporate Responsibility, Philanthropic and charitable activities. This is to record a total spending of Thirteen Million and Three Hundred Thousand Egyptian pounds in 2011 compared to Thirteen Million and Four Hundred Thousand Egyptian pounds in 2009.

The table below shows / illustrates the distribution of expenditure across various activities/sector in 2009-2010.

Sector	Year 2009/2010 (%)	Out of total spending in GBP	Year 2011 (%)	Out of total spending in GBP	Geographical Area
Health	21	1.001	55	730.8	National
Education & Young People	60	293	8	101.5	National
Economic Development	4	10	5	66	National
Environment	9	59	21	276.7	National
Arts & Culture	3	18	6	82.9	National
Social Welfare	3	4	5	5.2	National
Emergency Relief	N/A	N/A	N/A	N/A	N/A
Total contribution/Estimated Capture in GBP	100%	385.001	98%	1.33 M	National

The table reflects the major spending on the "Education" and "Health" sectors which reflects the significance of these sectors as main pillars for development in Egypt. The bank is contributing to reforming health and education through the "We Owe It to Egypt's" foundation which will be discussed later in details.

However, the below chart reflect the variation in the financial contribution for AAIB across the past three years. Moreover, it compares AAIB's contribution compared to other London Benchmarking Group members worldwide.



The graph shows the total expenditures on various sectors such as health, education, environment, economic development, arts & culture. The expenditures for years 2009/2010/2011

Decreased profitability as result of the economic did not shrink the Community Investment Spending

A few words from various AAIIB stakeholders

Here are some testimonials from people who value what we do...



"We have been dealing with the AAIB on issues of responsible business conduct, philanthropy, and CSR since 2008. Over the years we became sure that the AAIB is a leading bank on these areas, it is far ahead all other banks operating in Egypt and one of the top business organizations in terms of the scope and seriousness of its CSR efforts".

Ashraf Gamal El Din Abdel Rahman

TITLE, Egyptian Corporate Responsibility Center

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"From an academic perspective, AAIB's multi-stakeholder approach is exemplary for both faculty researching this area as well as students learning about it. AAIB has been a pioneer in Egypt in leading and accepting dialogue on these issues with the Business and Society Research Cluster at The German University in Cairo through multiple sponsorships for student awards, seminar invitations, guest lectures, and roundtable discussions. AAIB has also been very professional in documenting these practices and disseminating them through publications and events. We wish all private sector CSR practices in Egypt are like this."

Dr. Noha El-Bassiouny

TITLE, The German University in Cairo

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"AAIB's CSR activities in education is a good example of how companies can be actively involved in developing and advancing the communities they live in. Unlike other CSR activities, AAIB employees are actively involved in educating students to make sure that they transfer their knowledge and skills to students. Further, AAIB helps in providing internships and securing jobs for qualified students. "

Dr. Hamed Shamma

TITLE, The American University in Cairo

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ANNEX

JCI

The Joint Commission, formerly known as the Joint Commission on Accreditation of Healthcare Organizations, and still known more commonly by the acronym, JCAHO, is an independent, not-for-profit organization that evaluates and accredits more than 15,000 healthcare organizations worldwide.

BLC

Basic Life Support (BLS) certification is a relatively short training course required of many health professionals to help revive, resuscitate, or sustain a person who is experiencing cardiac arrest or respiratory failure of some sort. This could include a drowning victim, heart attack or stroke patient, or any scenario where breathing or heartbeat have been compromised.

As the name of the certification implies, BLS is the most basic certification and can be obtained with a few hours of class from the Red Cross, AMA, American Heart Association, or other medical association that offers such courses.

Therefore, BLS is often required of people who work with young children, with elderly people, or who are lifeguards, coaches, or anyone involved with people on a regular basis who could have any sort of incident. The primary skills taught in the BLS course include basic mouth-to-mouth resuscitation and CPR (chest compressions to circulate blood). No medical equipment is needed and there are no invasive procedures taught in BLS. One of the key points taught in BLS are the "ABCs":

- Airway - clearing any obstructions from the airway to allow air to flow to the lungs
- Breathing - making sure lungs are filling with air
- Circulation - ensuring blood is circulating through the body

Typically the course consists of practicing the resuscitation exercises on a "dummy", and demonstrating correct response in role-play situations. Additionally, there is a written portion of the certification that shows you have acquired the basic knowledge of what to do, and when.

For further information please contact:

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