



2014

UN Global Compact

Communication on Progress Report

This report covers the period from January 2014
until December 2014

 ALEXBANK | بنك الإسكندرية

A WORLD OF REAL POSSIBILITIES

Intesa Sanpaolo Group
Official Global Partner



www.alexbank.com

BANK OF INTESA SANPAOLO GROUP
INTESA  SANPAOLO

ABOUT

ALEXBANK



ALEXBANK is one of Egypt's leading private sector banks. Established in 1957 as an Egyptian joint stock company, the bank later sold 80% of its shares to the Italian Group Intesa Sanpaolo. The IFC subsequently became a shareholder, acquiring 9.75% of the bank to Intesa Sanpaolo. ALEXBANK has since launched an ambitious development strategy to move in line with Intesa Sanpaolo innovative systems and platforms and has recently set the standard for branch design, IT infrastructure, services and a portfolio of financial services. With a country wide network of 171 branches located across the governorates and over 1.5 million customers, ALEXBANK represents Egypt's largest private sector bank in terms of branch network and one of the largest in terms of deposits with an 8% market share.

Strategic Milestones of ALEXBANK

1957	Bank of Alexnadria	Established as Joint stock Company as a Commercial Bank Fully owned by the Egyptian state
2006	Sanpaolo IMI Intesa Sanpaolo	Sanpaolo IMI (Intesa Sanpaolo) acquired 80% of the Bank's share after a priatization process.
2009	IFC	IFC purchased from Intesa Sanpaolo (ISP)9.75% of the Bank's Share In December 2009 delisted from the Egyptian Stock Exchange.

For more information

Please visit www.ALEXBANK.com or follow us on



LinkedIn page

<https://www.linkedin.com/company/bank-of-alexandria>



Facebook page

www.facebook.com/ALEXBANKOFFICIAL

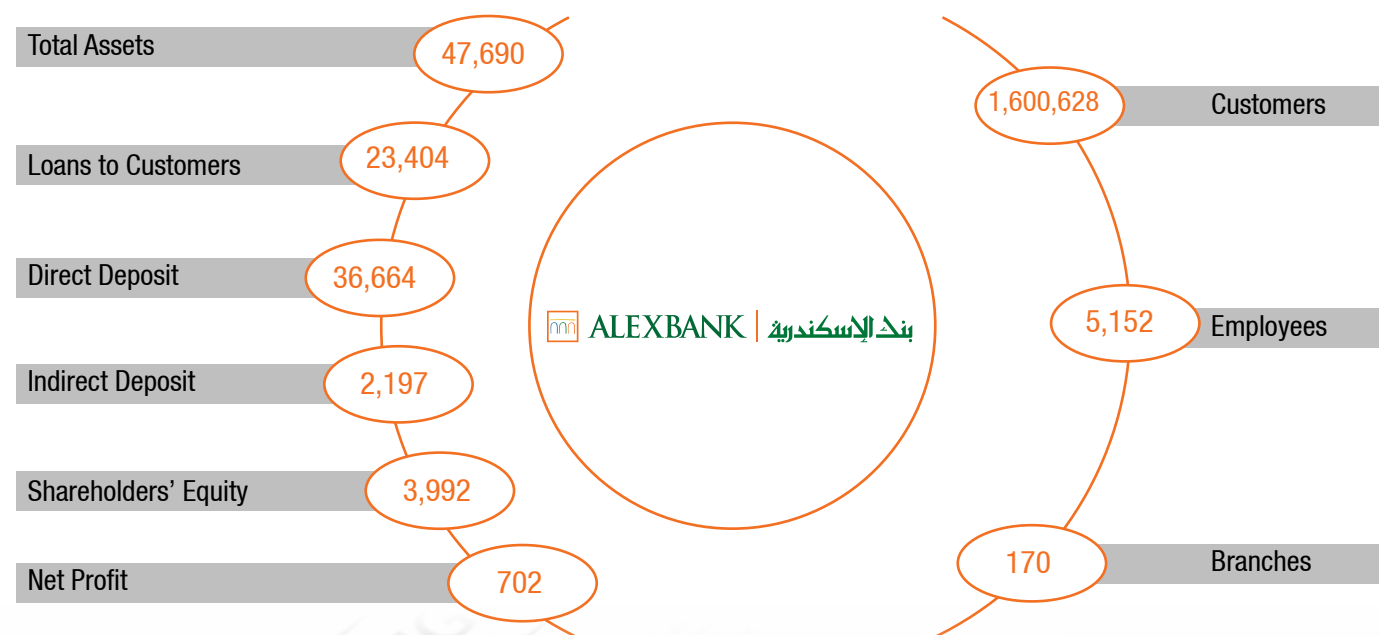


Youtube

<https://www.youtube.com/user/AlexBankOfficial>

THE BANK AT A GLANCE: FINANCIAL HIGHLIGHTS

As of Dec.2014(IFRS). Amounts in min EGP



LETTER FROM THE

CEO

We in ALEXBANK extend our strong reaffirmation and support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, and Environment and Anti-Corruption. The ten principles are part of our daily operations and our codes. In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. While we realize that the many social and environmental challenges facing society today are greater than any one organization, we are committed to making a positive difference within our sphere of influence. A year after signing the Global Compact, we have made progress integrating the Compact and its principles into our strategy, culture and day-to-day operations. We have taken steps to reduce our impact on the environment, to increase our commitment to the communities where our employees live and work and to continue operating honestly and ethically. We have also introduced new policies and refreshed old policies.

Our Code of Ethics guides us as we grow and confront new business. It defines how we treat each other with fairness, dignity and respect, and provides guidance regarding acceptable and appropriate practices and actions for all of our employees, customers and stakeholders. As part of our commitment to support the Compact's Ten Principles, we have updated our Communication on Progress (COP) Report as providing details on how we are implementing the Ten Principles. This Communication on Progress is part of our overall commitment to communicate transparently about our sustainability strategies, activities and progress.

We signed the Global Compact in January 2014 because we believe that supporting human rights, labor standards, environmental sustainability and ethical behavior is not just our duty; it also makes good business sense. I am proud of the progress we have made and we will keep working to integrate these principles throughout ALEXBANK. We also commit to share this information with our stakeholders using our primary channels of communication.

Thank you

Dante Campioni



Dante Campioni

CEO and Managing
Director of ALEXBANK



ALEXBANK IMPLEMENTING THE TEN GLOBAL COMPACT PRINCIPLES

Being part of Intesa Sanpaolo Group, ALEXBANK conducts business in accordance with the laws and regulations and follows international guidelines and recognized principles for corporate responsibility, including standards for human rights, labor rights, the environment and anti-corruption. ALEXBANK's culture and values are aligned with the UNGC Ten Principles and are at the heart of how we conduct business. We have integrated these Ten Principles into existing policies to be implemented in our daily activities. The ten principles can be clearly seen in our Code of Ethics, our business strategy and policies. The following report provides an overview of how the Ten Principles have been implemented across business and service lines:



Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses



Labor Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation



Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies



Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



Human Rights Principles

ALEXBANK recognizes that human rights are an integral part of the business .We respect and support the Universal Declaration of Human Rights and the Guiding Principles on Business. We are committed to conducting our business in a manner that respects the rights and dignity of all our people. ALEXBANK has several policies and guiding principles such as:

- ▶ ALEXBANK HR policies which consist of a number of policies that outline the Group's aims in areas such as diversity, working environment, stress, health and employee training and environmental sustainability.
- ▶ The Code of Conduct which contains rules and policy statements that help employees in their daily decision making regarding such issues as gifts, conflicts of interest, inside and confidential information, anti-corruption and bribery.
- ▶ The Code of Ethics which contains principles that govern the relationship of the bank with others such as suppliers, stakeholders, employees ,...etc.
- ▶ The Whistle Blowing Policy which encourages all employees to speak out if they have legitimate concerns about malpractice or wrongdoing within an organization.
- ▶ ALEXBANK provides an internship opportunity for 600 graduates annually from different universities in addition to a special internship program for the fresh graduates in different functions inside the bank to enrich the experience of Egyptian youth and enhance their business acumen.

Our commitment is implemented through various policies, values and standards:



Labor : We maintain the fair labor values, including working hours, conditions, wages that are in compliance with the Egyptian Labour law.



Health and Safety: We provide a safe and healthy work environment in all of our operations and premises ,regardless of their size or function.



Freedom of Association: We respect our employees' right to freedom of association. ALEXBANK has a staff union that is effectively elected by the employees of the bank giving them the freedom to express their ideas. ALEXBANK staff are 100 % unionized.



Forced and Child Labor: We condemn the use of forced labor and abusive child labor as defined by the Egyptian Labour law and Rights at Work.



Wages and Benefits: We compensate our employees in a manner that supports their ability to meet their basic needs fairly and equally. We also offer our employees the opportunity to improve their skills and capabilities. ALEXBANK employees are paid a salary on a monthly basis in addition to allowances and overtime. ALEXBANK employees take an annual profit share in addition to merits and additional bonuses. In 2014, there were 569 Ad Personam and 532 promotion.



Diversity and Equal Opportunities: We value diversity and provide equal opportunities for our people In ALEXBANK, we abide by the labor law and we implement the 5% disability quota required by the law.



Privacy: We respect individual privacy . We protect personal information that we collect, use and disclose in connection with our business.



Access to Healthcare: We respect the right to health to all our people and work toward expanding access to care. In ALEXBANK, we provide medical health care to our employees with access to all the specialized centers and hospitals.

ALEXBANK'S EMPLOYEE AND PENSIONERS BENEFITS

► Ongoing Benefits for employees and pensioners:

ALEXBANK provides its employees and pensioners with several ongoing offers and benefits such as summer vacation offers with reduced prices with the option of paying on installments in-addition to sports clubs memberships and nurseries with reduced prices. ALEXBANK pays its pensioners a two months' salary repay in addition to payments from the special fund and the special insurance fund.

► Employee and pensioners Medical Support Program:

ALEXBANK provides the employees and pensioners with the Employee Medical Support Program. This program provides all the needed medical assistance through fixed clinics in its premises and all medical centers and hospitals.

► Obituary Announcement for Deceased Employees:

ALEXBANK places an obituary in the public newspaper "Al Ahram" for deceased employees who passed away while still working with ALEXBANK.



Customers: We consider the economic, social, geographic and cultural diversity of our customers as we develop and market our products.



Business Partners: We expect appropriate standards of conduct and respect for human rights, consistent with our own, from our suppliers, contractors and partners.



Nondiscrimination: We do not discriminate in employment, contracting, wages, promotion, working conditions or in any other opportunity based on race, color, gender, gender identity, gender expression, genetic information, age, religion, ethnicity, sexual orientation, marital status or disability.



Compliance: We observe and strive for even more, demanding standards consistent with human rights policies to the extent so that we do not violate local laws and regulations.

EMPLOYEES RECOGNITION AND REWARDS

► Performance Appraisal System:

The combination of multiple assessments into a comprehensive reporting format that produces comprehensive, credible, dependable information upon which important decisions can be made about employees, such as promotions and salary raises, around 5300 staff members were subjected to the assessment system in Jan 2014 of which about 170 at managerial level.

► Incentive System:

In line with Parent Company guidelines and with clear understanding to keep overall costs of personnel below the overall figures year by year fixed in the business plan 2014-17 Bank decided to progressively introduce a New Incentive scheme for directed generating revenues roles in the network and head office, around 50% of our banks population.

► Professional Development:

ALEXBANK is always giving the employees the chance to develop professionally by giving them technical trainings.

SME's Academy

A role based tailor-made program of multiple modules, explaining the skills of SME Relationship Managers and Assistant Relationship Managers, to sharpen their technical, operational and soft skills.

Launch of the distance learning E-platform for Alexbank Staff

In collaboration with and under the support of the Parent Group, the E learning platform was launched to help bring development opportunities on the desktop of each staff member. The Platform was launched after a series of regulatory trainings, such as

- The Risk of Anti Money Laundry (2458 participants during 2014)
- FATCA (2101 participants during 2014)

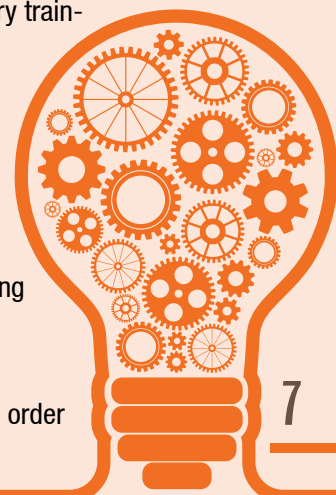
Branches Network

- Teller as Seller (No. of Participants 425)

As part of the Sales Academy project, this program was designed for our tellers to strengthen their selling skills and effectively manage the time spent with customers

- Bancassurance (No. of Participants 160)

This is an awareness session about the new retail product. It was given to the Branch Managers and CS in order



to help them sell the new insurance products to our Bank customers .

- KYC application (No. of Participants 697)

This program aims at training employees on how to update the data highlighting the importance of updating data to facilitate CS process when there is a need to contact the customer.

- Cheques Security Features Training Program (No. of Participants 251)

To train Cash and Non cash staff at branches on the new features of ALEXBANK cheques to help in decreasing fraud cases

Managerial skills

- Branch Manager Academy Certificate (No. of Participants 82)

It enhances the participants leadership skills and Banking knowledge to help them lead their teams at Branches in an effective way to exceed their targets

- Leader As Communicator (No. of Participants 13)

This course will also foster an exchange among the group of participants in order to analyze the problematic situations through a work out on group members's professional real cases

- Developing assertiveness to be Influential (No. of Participants 18)

This course is designed to develop the ability to assert oneself in an organization to expand one's influential communication and improve resilience.

- Self-Leadership (No. of Participants 16)

This course is designed to develop self-leadership skills in people and to be internally balanced. It is suggested for people who want to strengthen their inner balance, between emotions and mind

- Coaching & Motivation (No. of Participants 12)

This course is designed to develop leadership, helping the members of a team to be more efficient in their performances, and to understand the motivational incentives needed for the development of their team members in terms of cooperation and participation. This will be done through interactive activities and role playing.

Compliance & security

- Anti-Money Laundry (No. of Participants 1030)

Providing updates on money laundry activities and how to eliminate its Risk

- FATCA (No. of Participants 1055)

Provide the participants with the needed knowledge to apply the new foreign Account Tax Compliance Act

Security & Safety in the Financial Institutions (No. of Participants 71)

Provide the participants with techniques in Security & Safety in the workplace

► Career Path Change For Support Staff:

ALEXBANK gives the chance to more than 90 of office boys, drivers and security guards to be reoriented and qualified to change jobs into varicose banking and technical jobs

► The Rise Up Program For Employees:

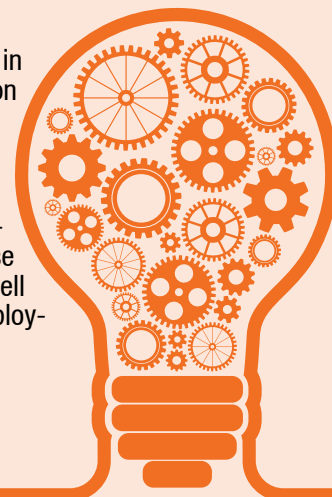
For the second year in a row, ALEXBANK employees are indulged in the program discover more about their abilities to enhance in different areas of the bank activities and move to be more effective and productive in deferent functions.

► Promotion Cycle:

In 2014 , about 550 of staff members were promoted ,with a percentage of 12% of total population in addition to granting Ad personam and discretionary profit sharing to around 57% of the bank population based in the performance and the assessment system guidelines.

► ALEXBANK League :

To make use of the competitive spirit and to motivate employees, the league championship was created. It is viewed as a means, together with the incentive system, to achieve targets. The design of these competitions will generate benefits for all, regional managers, area managers, branch managers as well as employees. It includes all jobs serving customers. In each round, prizes will be presented to all employees of the top performing branch.



ALEXBANK SUPPORTING STAFF FAMILIES :



AFS inter cultural educational program:

Every year, ALEXBANK and ISP fully sponsor 2 children of employees in their study in Italy for one year. For the 6th year in a row and a life changing experience the children to learn and to gain new experiences.



WellSpring Camp:

Every year 15 boys & 15 girls of employees children are chosen through an electronic to spend 5 days during the Mid-Year and the summer vacation vacation in Wadi El Natroun.



ISP Follonica summer camp:

Every year 24 children of employees are chosen through an electronic draw to spend 2 weeks during the summer vacation in Follonica , Italy.



ALEXBANK's Tournaments during the month of Ramadan:

Every year employees enjoy activities such as football, basketball, ping pong and chess in a well organized tournament that gathers all employees from all departments.



ISBD Sports Event:

ALEXBANK employees are given the chance to form a football team to participate in Intesa Sanpaolo football tournament.



Champions Bank Tournament:

ALEXBANK employees form a team to play with all the banks of Egypt in the official international football tournament.



Employee Family Emergency Medical Support Program:

A program for providing financial support to emergency medical cases of families of bank employees. The program is based on a case by case basis for "Catastrophic" medical cases that the staff member cannot afford and has officially presented a request asking for financial support. The bank Doctor provides a medical approval for the medical cases and the CSR Office is in charge of the procedures. During 2014 the CSR Office supported 78 medical cases of employees' families health emergencies.



ALEXBANK'S CONTRIBUTION

IN THE SOCIETY

Those Who need Us Campaign



Those who need us

A new volunteering campaign under the name of “Those who needs us” through which employees are able to suggest volunteering visits to underprivileged communities or NGOs. Each month the bank organizes a volunteering visit directed to a different cause; and holds also the quarterly blood donation campaigns donating 400 blood bags in 2014!

“Building a better Future” Project

A project in cooperation with Habitat for Humanity NGO, providing proper housing for 200 families, directly affecting the wellbeing to increase their living conditions and help them live in a humane environment, especially in Upper Egypt community.



“Water For Life” Project



A project in partnership with ALEXBANK, UNICEF and the Rotaract Club of El Tahrir to help provide clear water connections to more than 180 houses “Bani Korra” village –in Assuit Governorate.

El Saadna Village

In partnership with British Egyptian Business Association (BEBA) to Adopt “Saadna” Village in Beni Swief Governorate providing electricity for 27 houses and full reconstruction for 8 houses. Also the bank provided street lamps with a solar power system in the main roads of the village for security and safety. This project was in cooperation with Vodafone and Barclays bank.



Samusocial NGO

Samusocial International Egypte

ساموسوسال انترناسيونال مصر

This is the second cooperation for ALEXBANK with Samusocial NGO. The project was a 2 days camp organized in Fagnoun art school for 30 boys and girls (street children). The camp was managed by Samusocial but involving three NGO's working in the same field. The project was designed for the psychosocial development of street children and making children discover their talents and skills.

Hope Village Society NGO

A long term partnership with ALEXBANK since 2010. In 2014, ALEXBANK funded the national Egyptian football team to play in the first street children world Cup held in Brazil.



“Food for Education” Project



A project in partnership with Intesa Sanpaolo Group and the World Food Programme in Egypt aiming at fighting hunger and encouraging school enrollment between children while enhancing the knowledge of teachers and children on basic health, nutrition, and hygiene. This is by implementing tailored awareness raising programs. It channels vital nourishment to children and promotes healthier dietary habits among communities through the provision of daily fortified in-school snacks and conditional monthly take home rations to children and their families attending primary community schools.



ALEXBANK's Orphans Iftar

For the third year in a row, ALEXBANK celebrates Ramadan with more than 800 orphan children who were invited across Egypt's regions. This year the Iftar also included Orphans with disability

CSR FOR MY PEOPLE Staff Competition



An annual competition for ALEXBANK staff during the month of Ramadan aiming to encourage staff to propose and submit CSR projects or ideas to be funded by the bank. The competition is run through a voting mechanism across all staff. In 2014, the cause was disability resulting in fund for:

- ▶ Transportation for disabled children
- ▶ Helping the spinal cord injured
- ▶ Helping children have a better life
- ▶ Helping children with physiotherapy



57357 Match Giving Initiative



57357 is a long term partnership for ALEXBANK since 2008. In 2014, ALEXBANK launched a match giving initiative to match the monthly donation of its employees. The amount was used to fund the new branch for the hospital in Tanta in Gharbeya Governorate.

The Federation of Egyptian Banks (FEB)



ALEXBANK is among many banks in partnership with the Federation of Egyptian Banks (FEB). The FEB resolved to positively impact Egyptian underprivileged communities and called on the initiative to donate 2% of the net profit for the year 2014 to be allocated for the development of slums in Egypt. The project is to impact the living conditions of the 250,000 residents in slum areas. A Special Committee was formed to maintain that all the renovated infrastructure and to sustainability. The "Renovation of Slum Areas" is the FEB's first project. ALEXBANK contributed 13.2 Mln EGP for this project and is a permanent member in the Sustainability Development of the FEB.



Developing SME Human Capital

With a view to enhance the competitiveness of SMEs in the globalized scenario, ALEXBANK signed a 3 year tri-partite MOU with the University of Naples (UON) and the Egyptian Ministry of Industry, Trade and SMEs under the name "Developing SME Human Capital." Through this MOU, ALEXBANK is partnering with the government and Italian University to support the SME sector and to expand its activities. This tri-partite agreement aims mainly at enhancing the reach of Non-Financial Services (NFS) for Egyptian SMEs while developing a Train the Trainer program for transferring knowledge from the Italian market to the Egyptian market as well as sharing the development story and opportunities afforded to Italian SMEs and import best practices to the local market. This tri-partite also aims at developing a financial literacy library to be used as a source for SME's in Egypt.



Labor Principles

- ▶ The bank is governed by rules and regulation that govern the labour. These rules are related to wages, leaves , duties of each employee and termination. The Egyptian labour law supports this through its articles in terms of wages , leaves, duties, investigation in case of violation, working hours and breaks in addition to articles related to social and health services .
- ▶ ALEXBANK does not use forced, compulsory or child labor. Our people want to work for an organization that encourages and respects individuals, and this is one of our Core Values. Our target is to create a global culture of diversity.
- ▶ We are aware of the challenge of balancing professional achievement and personal well-being. We care about helping our employees succeed, and are focused on providing resources to improve their health and that of their families, creating a culture that appreciates differences, and offering more opportunities to grow both professionally and personally at work and in the communities where they live.
- ▶ We support freedom of association. ALEXBANK has a staff union that is effectively elected by the employees of the bank giving them the freedom to express their ideas.



Environmental Principles

Environmental protection is one of the key elements of ALEXBANK commitment to fulfill our responsibilities. We at ALEXBANK have focused our Environmental Sustainability Strategy on how to reduce the CO2 and on how to preserve the environment by recycling the wastes which is a significant influence in terms of environmental sustainability, We at ALEXBANK managed to implement some projects related to the environment during the year 2014:

A. Training on Environmental awareness and implementation:

From the 24th till 26th of February 2014, a training was held with the Intesa Sanpaolo Group , on environmental awareness and implementation. There were several discussions such as:

- ▶ Rules for Environmental and Energy Policy / Rules concerning the Organization of Events and Training Courses / Sustainability Rules for the Purchase of Office Machines, in addition to Green Procurement of Environment-friendly paper and office material (Rules for purchase and use of paper) and Efficient and Responsible Use of Paper (Environment-friendly cooling system / Instruments for measurement on line accounting and de-materialization).
- ▶ Monitoring and measurement of electricity and thermal energy
- ▶ Energy Efficiency (Green technologies for lighting and analysis of electrical consumption / Remote-off computers at night and on holidays)
- ▶ Renewable energy (situation in Egypt, photovoltaic, solar energy and green procurement)
- ▶ Rules for Setting Up of Sustainable Branches
- ▶ Monitoring and measurement and most important waste treatment in Egypt and the types of wastes



B. Equator Principles Membership:

Since 2012, ALEXBANK has been a signatory of the Equator Principles, a framework for managing the impacts on the environment and on local communities that may arise from financing large projects. Project finance is a method of financing where lenders are repaid through revenues generated by the project, typically used to fund large, complex and expensive installations like power plants or mines. The Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

C. Energy Efficiency Project :

- ▶ The new electricity system approximately saves 40% from the annual electricity Consumption .As part of the project, ALEXBANK sent three of the staff to a training program in coordination with the UNDP to learn about saving energy efficiently inside the premises
- ▶ We at ALEXBANK have managed to complete 39 branches. All the upcoming renovated branches will be by using the same kind of LED lights
- ▶ Since the launch the Energy Efficiency Project, ALEXBANK managed to replace the light bulbs in around 39 branches/ buildings including its HO premises (Kasr el Nile and Gomhoreya).



Energy Efficiency Project ROI

The analysis of the results of the Energy Efficiency Project can't be based on comparing physical invoice value of the same month with last year's, because the electricity tariff for banks rose last July 2014. The goal is to maintain the value of the electricity bill of last year for the same month post implementing the Energy Efficiency Project.

The comparison below is carried out according to the electricity consumption (kilowatt hour) before and after the change where the saving range in Gomhoria is between 40-50% and between 25-35% in Kasr El Nil.

	Kasr El Nil		Saving %		Kasr El Nil		Saving %
	2014	2015			2014	2015	
Jan	106,739.0	81,226.0	0.24	Jan	125,530.0	38,734.0	0.69
Feb	76,520.0	57,020.0	0.25	Feb	107,098.0	60,808.0	0.43
Mar	60,900.0	40,246.0	0.34	Mar	111,272.0	53,379.0	0.52

D. ALEXBANK World Environment Day Celebration in the office:

ALEXBANK celebrated the World Environment Day on the 5th of June 2014 through organizing a training session given to staffs children. The celebration was in partnership with Alashanek Ya Balady Association for Sustainable Development "AYB-SD". More than 70 children attended the event both from Head Office and branches network. The aim of the session is mainly to orient them on how to preserve the environment and the importance of recycling. During the day children were divided into groups according to their age. Through the day, different activities took place like coloring and teambuilding games. The children were also encouraged to come up with their own ideas of how to go green. Partnering with AYB, all distributed giveaways distributed to the children were manufactured by one of AYB's successful micro-finance beneficiaries through his own income generating workshop.



Anti-Corruption Principles

Ethical practice is a pillar of our existence as an organization. Our Parent Group has equipped us and all subsidiaries with regulatory policies and codes that we must deeply embed in our business culture. Our professional standing is inherently connected to our upholding of these regulatory tools in our daily practice, as individuals, as a company, and consequently as a professional community.

ALEXBANK guarantees that whoever reports a case using any of the tools in good faith will be protected from any form of retaliation, discrimination or penalization, and ensures maximum confidentiality, except in cases otherwise indicated by law. These regulatory tools are to be carefully used, remembering that Policy does not cover concerns about an individual's or collective terms of employment, since these are covered in the other internal legal acts. It is also not intended as a route to re-examine the findings of other formal procedures, such as disciplinary or complaint proceedings.

ALEXBANK's Code of Ethics

This Code illustrates the values of ALEXBANK and aims to direct individual behaviors accordingly, with the knowledge that an understanding of social and environmental factors contributes to minimizing exposure to credit and compliance risks and strengthens the company's reputation. A hard copy of the Code is delivered to each manager, employee or external collaborator upon appointment, hiring or at the start of a work relationship.

ALEXBANK Whistle blowing policy

Whistle blowing can be done to face the most significant concerns over any wrong-doing within the Bank relating to unlawful conduct, financial transgression or dangers to the employees.

There are ongoing training sessions to raise the awareness held to the employees about the bank policies in addition to on-site visits are done to ensure that the employees' Compliance with the Bank policies. Employees can report any malpractice within the bank at any time by sending an e-mail to compliance department.