NSGB Press release
Financial information for 2012

March 13th, 2013

After consolidating the results of "NSGB Factoring" entity, starting Sept. 2012, in which the bank owns 99.9%. NSGB started to consolidate "Sogelease" entity results, in which the bank owns 60%, starting December 2012. Given the insignificance of the impact of this new start-up (Factoring) and one month impact only for Sogelease, all comments are made on a stand-alone basis unless otherwise mentioned. As for the consolidated set, comparative figures have been restated.

Highlights

- **Net interest Income: 2 632 MEGP, up +24% vs. Dec. 2011and +3% QoQ compared to Q3/12.**
- **Net banking income: 3 665 MEGP, up +18% vs. Dec. 2011 and +4% QoQ compared to Q3/12**
- **Expenses: reaching 1 168 MEGP, up by 11% vs. Dec. 2011, with an improved Cost/Income of 32% in Dec. 2012 coming down from 34% in Dec. 2011.**
- **Gross operating income:2 497 MEGP up 22% vs. Dec. 2011 and +3% QoQ compared to Q3/12**
- **Cost of risk contributed negatively by 490 MEGP, (of which credit risk 462 MEGP) compared to 195 MEGP for 2011 in a constrained context and in line with conservative provisioning policy.**
- **NPL ratio decreased to 2.63% since December 2011 level of 3.04%, while the Coverage ratio recorded 123.3% compared to 108.18% at the end of Dec.2011.**
- **Net Profit before income tax: 2 007 MEGP, +8% up vs. Dec. 2011.**
- **Net income: 1 537 MEGP, 5% up vs. Dec. 2011.**
- **Total Assets: 66 398 MEGP recording 6.3% increase compared to Dec. 2011, and +5% compared to Q3 2012**
- **As of December 2012, the ROAA and ROAE stand at 2.38% and 24.26% respectively**
- **Capital adequacy ratio of 16.31%, Tier I of 14.54% according to Basel I calculation on a standalone basis ,while under Basel II and on a consolidated basis it will be 14.87% for CAR and 13.10% for Tier I**
- **NSGB operational branches' network stands at 160 branches.**

Commenting on 2012 result, Mr. Mohamed El-Dib, Chairman and Chief Executive Officer, stated:

"Despite the political and economic uncertainty that tagged most of 2012, NSGB sustained the strong growth in its core banking activities with increased efficiency that reflected positivity on its operating income. Such growth was partially offset by our provisioning policies which in light of trembling economic recovery has opted to increase the coverage. In the meantime, a portfolio cleansing in terms of write-off of long standing non-performing files did reflect positively on NPL. Introducing NSGB as one of the key players in the acquiring business, completion of our customer segmentation approach, launching of NSGB factoring and increasing its capital and the acquisition of NBE 20% stake in Sogelease were key milestones in 2012 that have paved the way for our ambition to chase stronger growth in the future, improved synergies and efficiency, expand our ability to fulfill customers' needs and increase the value-added to our shareholders without compromising our key role in supporting the local economy."

1.1 Total Assets

NSGB total assets increased by 6.3% since the beginning of the year, to reach 66 398 MEGP compared to 62 487 MEGP in Dec. 2011 recording 2.38% in ROAA as of Dec. 2012.

1.2 Gross Loans

Loans grew by 6% since the beginning of the year to reach 38 322 MEGP. The retail loans have recorded a robust increase by 21% since the beginning of the year. While the corporate loans increased by 2.4% compared to Dec.11 reflecting the instability of the economic environment.

Amounts in MEGP (Gross loans)	Dec. 2011	Dec. 2012	YTD Growth
Corporate Loans	30,157	30,868	2%
Retail Loans	6,152	7,454	21%
Total Loans	**36,309**	**38,322**	**6%**
LCY Loans	25,060	27,914	11%
FCY Loans	11,249	10,408	-7%

According to CBE latest released data as of November 2012, NSGB loans market share reached 7.43% up from 7.41% at the end of 2011.

The assets quality continued its improvement trend and supported with the latest write off transactions which took place in Q4-12, and as a result the NPL ratio reaches 2.63% by the end of December 2012 down from 3.04% in December 2011. NSGB continued to enforce its provisioning levels and its coverage ratio (Including specific and collective provision) reaching 123.3% by the end of Dec. 2012 up from 108.18% by the end of December 2011.

For more information about the write – off please see note no. 18 in the financial statements

Amounts in MEGP	Dec. 2011	Dec. 2012	YTD Growth
Non-performing loans	1 103	1 007	-8.7%
Loans provision balance	1 193	1 242	4.1%
NPL Ratio	***3.04%***	***2.63%***	
Coverage ratio	***108.18%***	***123.3%***	

- The amounts above include the reserved interest

1.3 Deposits

Total deposits recorded 4% increase compared to Dec-11 to reach a total of 53 712 MEGP. The retail side recorded a decent growth of +14% YTD. NSGB corporate deposits recorded a decrease of -2% YTD due to the current market situation and the slow recovery of the economy.

It is worth mentioning that deposits have vastly increased during the last quarter of 2012 by 2 182MEGP, recording 4% increase compared to September 2012.

According to the latest CBE data as of November 2012, NSGB Market share shows a drop reaching 4.85% from 5.23% by the end of 2011.

Amounts in MEGP	Dec. 2011	Dec. 2012	YTD Growth
Corporate Deposits	31,599	30,833	-2%
Retail Deposits	20,111	22,879	14%
Total Deposits	**51,710**	**53 712**	**4%**
LCY Deposits	34,914	37,297	7%
FCY Deposits	16,796	16,415	-2%

1.4 Liquidity Position

NSGB continues to enjoy a healthy liquidity position, and benefits from loan/deposit ratios below 100% for all currencies. Overall, the gross loan/deposit ratio stood at 71% at end of Dec-12.

Loans / Deposits Ratio	Dec-11	Dec-12
Gross Loans / Deposit (LCY)	72%	75%
Gross Loans / Deposit (FCY)	67%	63%
Gross Loans / Deposit	**70%**	**71%**

1.5 Capital base and CAR

NSGB, 77.17% owned by SG Group, is the 2nd largest private bank in term of market capitalization with market value standing at 15 617 MEGP by the end of Dec. 2012 up from 8 189 MEGP in the end of Dec. 2011.

SG and QNB announced that they have signed a definitive agreement whereby SG will sell its entire 77.17% stake in NSGB. The total consideration to be offered by QNB for 100% of NSGB under the transaction is USD 2 558 million. This represents a multiple of 2 times the book value as of September 2012.

The bank capital base should support its organic growth plans.

By end of Dec.12, the CAR & tier 1 ratio stood at 16.31% & 14.54% respectively on standalone basis , and if we consider Basel II regulation CAR & tier 1 ratio stood at 14.87% & 13.10% respectively on a consolidated basis indicating a good position for NSGB with a substantial capital buffer.

2. Profit and Loss

2.1 Decent growth in core banking activity

in EGP million	YTD Stand-alone		YOY Growth	YTD Consolidated		YOY Growth
	Dec-11❹	Dec-12		Dec-11	Dec-12	
Net interest income	2,129	2,632	24%	2,129	2,622	23%
Fees and commissions	718	843	17%	718	844	18%
Other operating income ❶❷❸	251	190	-24%	271	205	-24%
Net banking income	**3,098**	**3,665**	**18%**	**3,118**	**3,671**	**18%**
Operating Expenses ❸	(1,050)	(1,168)	11%	(1,050)	(1,172)	12%
Gross operating income	**2,048**	**2,497**	**22%**	**2,068**	**2,499**	**21%**
Credit Risk Provision	(198)	(462)	133%	(198)	(462)	133%
Other Provisions ❶	3	(28)	-	3	(28)	-
Total COR	**(195)**	**(490)**	**151%**	**(195)**	**(490)**	**151%**
Net Income before tax	**1,853**	**2,007**	**8%**	**1,873**	**2,009**	**7%**
Income Tax charge ❷	(383)	(470)	23%	(383)	(471)	23%
Net Income	**1,470**	**1,537**	**5%**	**1,490**	**1,538**	**3%**
Cost / Income Ratio	**34%**	**32%**	**-**	**34%**	**32%**	**-**

❶ The net impact of the contingent liabilities provision and the other provisions – which is a part of the "Other operating income" according to the EAS – was transferred into "Credit Risk Provisions and other provisions", as it better fits with the economic nature of these items.

❷ Just one exception is a tax provision, which has been restated to the "Income tax charge" for the presentation purposes, as it better fits with the economic nature of this item.

❸ Intangible software expenses and building rental expenses have been restated from "Other operating income" to "Operating expenses" as they better fit with the economic nature of these items.

❹ NSGB stand-alone "Net Income" for Dec 2011 has been restated. The impact is marginal (19 MEGP) in the "Other operating income" line and relates to the different treatment of equity participations for stand-alone and consolidated presentation purposes.

2.2 Net banking income

Net interest income grew by +24% YoY to reach EGP 2 632 million, this is due to the efficient pricing policy of the bank, the clear focus on core-banking activities seeking sustainability, the initiation of new products, the increase in the CBE corridor rate during November 2011 as well as the decrease of the Required Reserve Ratio (RRR) requested by the central bank for LCY deposits to 10% coming down from 14%.

The growing NII is clearly reflected on the YTD NIM which continued on the uptrend recording 4.72% at the end of Dec. 2012, compared to 3.94% at the end of Dec. 2011 and 4.67% at the end of Q3 2012.

Net commissions reached 843 MEGP in Dec-12, showing an increase by +17% compared to 718 MEGP attained by Dec.11. Financial commissions increased by +9% YOY while the service commissions' growth was +23%.

Other operating income reached 190 MEGP by end of Dec. 2012 compared to 251 MEGP as of Dec. 2011. The drop is mainly related to the non-recurring revenues realized in 2011.

Overall, the net banking income in Dec. 2012 stands at EGP 3 665 MEGP, recording a yearly increase of 18%, and +4% compared to Q3/12.

2.3 Operating expenses

Ensuring the increased efficiency and optimizing costs, Cost / income ratio decreased to 32% during 2012 compared to 34% during the same period in the previous year.

Operating expenses amounted to 1168 MEGP by the end of Dec. 2012, representing an increase of 11% YoY which is below the growth in the revenue side +18% YOY in NBI.

The continued investment in infrastructure development to support the expanded activities, and the development of the staff representing the main asset of the bank during the current instability in the country contributed to the increase in the expenses.

2.4 Net income

NSGB bank's Gross Operating Income reached EGP 2 497 million at end of 2012, up 22% compared to the same period last year, and +3% compared to Q3/12.

Driven by the extended unsettled environment and our conservative risk policy, the net cost of risk contributed negatively to the Profit and loss by 490 MEGP by the end of 2012 (of which 462MEGP relates to credit risk and 28MEGP for other provisions), compared to a negative contribution of 195 MEGP during the same period last year.

The main drivers for the 23% increase YoY of the tax charges, beyond the 8% YOY increase of net income before tax, is mainly related to the one-off positive impact of the deferred tax recalculation in Jun-11, following the application of the ascending income tax rate.

Overall, the bank's net income during the period amounted to EGP 1 537 million, up by 5% YoY compared to 2011.

2.5 Conclusion

NSGB closed year 2012 with an increase in its profits, emphasizing its ability to succeed and grow despite last year turbulences, through its strong risk management, flexible policies, diversified products and widely spread network. NSGB will continue along this trend and is looking forward to seeking the opportunities in a better recovering future.

3. About NSGB

Established in April 1978, National Société Générale Bank (NSGB) is the second largest private bank in Egypt in terms of market capitalization. The bank currently employs 4 228 staff (vs. 4 200 in Dec 11) in two key businesses:

- Retail banking: the bank serves close to 705 thousand active customers, providing them a wide range of products.
- Corporate and investment banking: NSGB provides services and tailor-made financial solutions to large, medium and small companies.
- NSGB is one of the main players in the banking activity supported by a wide coverage of branches 160 , and 337ATM

NSGB is managing three successful funds: **"Themar fund"** which is our successful money market fund, **"Tadawol Equity Fund"** also a balanced fund **"Tawazon Fund"**.

Over the past years, NSGB and Société Générale Group have established in Egypt several subsidiaries: NSGB Leasing Company "Sogelease" (created in 1997), NSGB Life Insurance Co. set up in 2003, in addition to the newly established NSGB Factoring Company.

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