



# Annual Report 2008



## NSGB

البنك الأهلي سوسيتيه جنرال  
NATIONAL SOCIETE GENERALE BANK

Your first  
choice bank

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## Vision

Creativity and Innovation is embedded in the fabric of our day to day operations, which is the wheel for all the activities of **National Société Générale Bank**

Keeping in mind our three most shared values:

## Innovation

## Professionalism

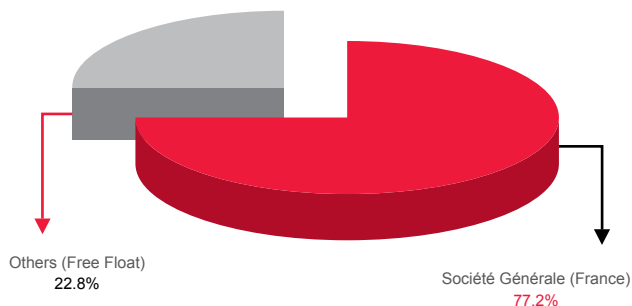
## Team Spirit



# Overview

## The Shareholders Structure is as follows :

Société Générale (France)	77.2%
Others (Free Float)	22.8%



## NSGB Life Insurance Company Created in 2003 :

NSGB Life Insurance Company is a joint stock between SOGECAP (No.5 in France, fully owned by Société Générale) and NSGB. The company has developed a large range of products meeting main customer needs in saving and planning (AIRafiq Graduation, AIRafiq Wedding, AIRafiq Retirement, AIRafiq Project) & El Nokhba saving program. In addition, the protection policies for both individuals and corporate staff. Licensed by EISA, the company is among the few players in Egypt combining local roots with international standards.

## NSGB Subsidiaries :

The bank has established various subsidiaries in specialized fields that will position NSGB as a major financial institution. The creation of these subsidiaries further demonstrates Société Générale Group's commitment to Egypt.

### Sogelease Egypt (NSGB Leasing Company) Created in 1997 :

The first incorporated Egyptian leasing company as a joint venture between Société Générale (40%), National Société Générale Bank (40%) and National Bank of Egypt (20%) to provide leasing services to Egyptian companies. Sogelease Egypt is the market leader with around 2 billion book value assets leased.

## ALD Automotive Company Created in 2005 :

ALD automotive company is a subsidiary of National Société Générale Bank (25%) and ALD (Europe) (75%), began its activity on September 2005. It's a long-term rental & fleet management for vehicles. The company offers full service operating lease for all marks and models of vehicle for corporate clients, vehicle's delivery service, maintenance and tyres management, a road assistance service. It's considered the first company of its kind in the Egyptian market.

# Message From **The Chairman** and **Managing Director**

Dear **Shareholders,**

NSGB continued its distinguished performance during 2008 corresponding to celebrating thirty years since the bank was established. NSGB started its activities in Egypt in 1978 with a single branch operating with no more than 15 employees and Shareholders Equity of EGP 2 million.

Now, NSGB branches have reached 125, ATMs reached 240 and the bank's employees exceeded 3000, in addition to the bank's call center serving customers around the clock. The Shareholders Equity rose to EGP 4.7 billion.

NSGB net profits reached EGP 1137 million by the year end with a 74% increase compared to 2007, despite the global financial crisis currently devastating the world economy which reached its peak during 2008 Q4. Governments and public institutions consolidated their efforts against this crisis through provision of large scale bailouts through asset re-finance and pumping funds to solve the liquidity crisis and protect major financial institutions against the threat of bankruptcy.

However, refraining from investment in capital markets, providing liquidity and supporting Tier 1 have led to shrinkage in lending operations offered by banks in major industrial countries.

Egypt has not been greatly affected by the crisis, due to the liquidity rise in the banking sector. However, there was a slowdown in real economy by the beginning of 2008 Q2 and it was difficult to predict what this would lead to in the next stage. The Egyptian financial sector has relatively encompassed the crisis and it is anticipated that the growth will reach 4% during the current year. Although the first impacts of the crisis have appeared in Egypt, NSGB continued developing its business by adding 4 new branches and increasing loans by EGP 1.4 billion during 2008 Q4.

Net Interest Income rose by 20% during FY 2008 reaching EGP 1428 million due to loans portfolio growth by 22%. Commissions and banking service fees reached EGP 545 million with a 22% increase compared to 2007. In addition, growth in foreign currency exchange activity (buying or selling to clients) participates with EGP 144.7 million in total income. Yet, The Economic slowdown may affect the growth of these revenues (income source) in the future.



**Mohamed El Dib**  
Chairman and Managing Director

Net banking income registered a 25% rise in 2008 reaching EGP 2200 million.

Operation expenses were greatly curbed in 2008 (15%+ compared to 2007) despite the successive high inflation rates and the bank's continuous expansion. The bank has inaugurated 8 new branches in 2008 so that the branch network reached 125 branches and cost/income rate fell to 32.8%.

The bank's Gross Operating Income rose by 31% in 2008 reaching EGP 1499 million. The bank continued the amortization of the Goodwill coming from the merger of Misr International Bank (MIBank) in 2006 with an amount of EGP 362 million.

The bank cancelled additional Provisions allocations during 2008 Q4 benefiting from a continued improvement in the loans portfolio. Allocations have participated with EGP 181 million during 2008 in positive profit flows.

Non-performing loans (NPL) reached 7% at end of 2008 compared to 11.3% at end of 2007, the coverage rate, including the general allocation, reached 108.1% and the bank maintains enjoying high liquidity ratios. Loan/deposit rate reached



# Message From The Chairman and Managing Director

73% at the end of December 2008 and capital adequacy ratio hit 13.8%.

The bank launched a new SMEs project this year. The project depends on the provision of consultations, finance, and banking and non-banking services provided by affiliated companies; NSGB Life Insurance, Sogelease and ALD Automotive. The SMEs services are provided through NSGB Branches covering Cairo, Alexandria and most governorates across the country operate with a team of specialists serving this important category of customers.

In addition to consultations, finance and services that are necessary for SMEs growth and development, the bank offers two banking service bouquets specially designed for SMEs owners and managers. Both bouquets aim to meet the need for banking services with competitive prices.

Investment, corporate and project finance are still the bank's main activities in different sectors and industries. This had a great effect on increasing the net credit portfolio to reach EGP 25 billion. The bank is paying great attention to portfolio quality, which is currently the main concern due to economic situations worldwide.

As for retail banking, the bank has continued increasing its banking products for individuals with great focus on this activity that helps in increasing the consumption required to boost the economy in the current stage.

Maintaining the quality of services provided and strengthening banking relationships with customers, including companies and institutions, are the bank's top priorities. This is followed by a focus on the continuous development of banking performance and management of customers relations in a way that achieves targets including the bank's business volume and activity growth and diversification, and also maintaining a high quality of managed assets.

Human resources are among the growth strategy pillars adopted by the bank. Thus, the bank takes good care in hiring the best. Within the framework of our permanent keenness on the continuous development of staff performance, we opened the bank's training center. The center is equipped with state-of-the-art equipment aiming to provide a suitable training environment to develop employees in different banking fields. The center also

develops computer skills in addition to administrative skills for managers, aiming to prepare the staff to implement the bank's expansion plans. Within our scope of caring for fresh graduate employees, the bank has prepared a special program in banking essentials to qualify them for work.

In 2008, the bank played a major social role through supporting free health services for low-income people by supplying medical equipment to major hospitals and governmental institutions in different governorates including Minia, Mansoura, Ismailia, and Port Said. The bank also supported national institutes that provide special medical services for a large number of patients such as the National Cancer Institute, the National Heart Institute, El-Sahel Educational Hospital, and Qasr El-Einy Hospital - Faculty of Medicine, Cairo University. In addition, the bank paid great attention to ease the suffering of the Duweiqqa residents by donating EGP 1 million to re-house people affected by the painful incident.

To conclude, on behalf of board members, I would like to extend thanks and appreciation to NSGB staff for their distinguished performance, loyalty and devotion to work in a way that guarantees more progress in the future under current challenges.

I also thank our clients for their permanent confidence in us.

Mohamed El-Dib  
Chairman & Managing Director



From left: Mr. Tarek Fayed, Mr. Saber Farag, Mr. Richard Maitre, Mr. Pierre Le Run, Mr. Guy Poupet

## Board of **Directors** and **Committees**

### **Board of Directors :**

Mr. Mohamed Osman El-Dib	Chairman & Managing Director
Mr. Guy Poupet	Vice Chairman & Managing Director
Mr. Jean Philippe Coulier	Board Member & Deputy Managing Director
Mr. Didier Alix	Board Member
Mr. Jean Louis Mattei	Board Member
Mr. Mohamed Madbouly	Board Member
Mr. Ahmed Abou Bakr	Board Member
Mr. Mohamed Fathy Awad	Board Member
Mr. Patrick Le Buffe	Board Member

### **Executive Committee :**

Mr. Mohamed Osman El-Dib	Head of Executive Committee
Mr. Guy Poupet	Executive Committee Member
Mr. Jean Philippe Coulier	Executive Committee Member
Mr. Mohamed Fathy Awad	Executive Committee Member
Mr. Pierre Le Run	Executive Committee Member
Mr. Jean-Luc Grasset	Executive Committee Member
Mr. Tarek Fayed	Executive Committee Member



From right: Mr. Mohamed Fathy Awad, Mr. Jean Philippe Coulier, Mr. Mohamed Osman El-Dib, Mr. Walid Chaouch, Mr. Jean-Luc Grasset, Mr. Bertrand Cozzarollo

## **Audit Committee :**

Mr. Mohamed Madbouly	Head of Audit Committee
Mr. Ahmed Abou Bakr	Audit Committee Member
Mr. Patrick Le Buffe	Audit Committee Member

## **Head Office Divisions :**

Mr. Mohamed Fathy Awad	Head of Network Division
Mr. Tarek Fayed	Head of Corporate & Investment Banking Division
Mr. Joseph Badour	Deputy Head of Corporate & Investment Banking Division
Mr. Pierre Le Run	Head of Retail Banking Division
Mr. Michel Casadoumecq	Deputy Head of Retail Banking Division
Mr. Jean-Luc Grasset	Chief Operating Officer
Mr. Saber Farag	Secretary General
Mr. Bertrand Cozzarollo	Chief Financial Officer
Mr. Richard Maitre	Head of Risks Division
Mr. Walid Chaouch	Head of Consumer Finance Division – CREDINIL





 **NSGB**  
الجمعية الوطنية العامة  
NATIONAL SOCIETY GENERALE HANG

# NSGB **Corporate** Banking Activities

## **Corporate & Investment Banking Division**

The Corporate & Investment Banking Division managed to show exceptional results in 2008 which represents a successful continuation of outstanding achievements of the past years well placing the division as the corner stone of the banks' results. The division, in doing so, has depended on a number of axes :

- 1) The emphasis on strengthening the relationship with clients extending its services at the utmost excellence to meet client's expectations and reach their satisfaction as their **first choice bank**.
- 2) Develop the services and products provided to clients to meet the state -of -the art quality and techniques.
- 3) Continue its expansion by attracting new clients and increase the number of products and services offered. This has also coincided with the bank's geographical expansion as the bank is now present in almost all governorates and major cities.
- 4) Expand in investment banking services in financial advisory, project finance, and dealing room and hedging.
- 5) Continue to monitor the quality of the loan portfolio to ensure avoidance of any weakness, and make necessary decisions and corrective actions.
- 6) Continue the strong cooperation with the parent Société Générale Group to ensure the adaptation of all international best practices a matter that have been recognized in the bank's dealings with major corporate and multinational clients, investment banking

services, and foreign operations. In addition, cooperation is at top priority to provide all international latest technology to the bank's clients.

This strategy has had strong positive implications on the bank's results where the loan book grew by 27% or LE 5.2 billion.

2008 witnessed the start of the international financial crises that was triggered in the USA and spread fastly worldwide, and is expecting to reach our region resulting in an expected slowdown of economic growth during 2009. The bank and the division have been closely following up these events and evaluating the estimated impacts on the Egyptian economy and business. The bank is taking all necessary actions and procedures to minimize any negative implications that might affect the banks and its clients.

المخصص  
خدمات مسجلة لدى  
السلطة

208 2

عقارات

209 3

209 4



NSGB





# NSGB Retail Banking Activities

## NSGB Branches Network Expansion :

During 2008, NSGB has continued to strengthen its retail banking activities with a remarkable coverage expansion all over Egypt; opening 13 new branches in Cairo, Giza, Alexandria, Delta, Red Sea and Upper Egypt. NSGB branches' network has reached 125 branches by end of 2008, in order to reach out for more valued clients.

Moreover, NSGB has 18 branches working with extended hours till 5 PM appreciating our clients working hours and circumstances to serve them over a longer period of time.

On the other hand, the automated service network continued its expansion all-over Egypt to reach 246 ATMs and 15 cash accepting machines, available 24 hours a day, 7 days a week.

## More Products and Services for More Client Satisfaction :

NSGB has always been committed to study the Egyptian market in-depth in order to launch new products, improve and enhance its current products and services to satisfy its clients' different needs.

Therefore, in the beginning of 2008 and as the whole market was heading to the investment in the real estate sector which was booming significantly, NSGB's Mortgage Finance Program "Aqarat" was launched. "Aqarat" is especially tailored to serve both employed and self employed clients; seeking units for residential purposes through a variety of repayment schemes. "Aqarat" finances up to 80% of the unit value whether those units are apartments or villas.

Also, as the financial economic crisis hit the whole world in the second half of 2008, NSGB launched two secure saving products matching the clients needs and preferences in the coming period, namely "My Time Depo\$it" and "Harmony Floating Certificate of Deposit".

"My Time Depo\$it" is a medium term Time Deposit in Dollar and Euro available in three and five years duration. "My Time Depo\$it" is available for individuals, corporate and financial institutions and there is no ceiling to the number of Time Deposits one may own. The interest rate of "My Time Depo\$it" is fixed throughout the duration of the time deposit, set according

to date of issuance and paid every three months.

"Harmony Floating Certificate of Deposit" is a medium term Certificate of Deposit in Egyptian Pounds available in three years duration for individuals, with a minimum opening amount of only ten thousand Egyptian Pounds. At the same time, holders of "Harmony Floating Certificate of Deposit" can enjoy obtaining credit facilities that may reach up to 90% of the certificate's amount. The interest rate of the certificate has a competitive floating interest rate set in accordance to the "Corridor Rate" of the Central Bank of Egypt and paid on monthly or quarterly basis. As NSGB exerts efforts to cover different market segments, new identity of the Youth offer "YO!" was also promoted.

Additionally, NSGB successfully sealed various special deals listed in the 2008 discount booklet, special promotions were also offered to VISA cards holders in various occasions.

Customer satisfaction and gratification are NSGB main concerns as to always be the first choice bank.

## More Focus on Level of Service :

As the Egyptian market trust was enriched through a well-established client base exceeding half a million client and level of retail clients' deposits reaching EGP 14 billion, more insight was and still dedicated to service levels.

As a continuation of last year success, NSGB has adopted a solid vision not only to enhance performance and cross selling, but also to develop service channels and methods to seek more customer satisfaction compared with the previous year. In 2009, NSGB focus will be to provide its clients with secure saving tools; supported by a strong level of service.



# Retail Banking Products and Services

## Deposits and Accounts :

- Current account
- Checking account
- Savings account
- Minor Savings account
- Themar the Daily Cumulative Money Market Fund
- Time deposits :
  - Time Deposits in local and foreign currencies
  - My Time Deposit in Dollar and Euro
- Harmony Certificates of Deposit in local currency :
  - Fixed rate 3,4,5,7, 10 years
  - Floating rate 3 years
  - Cumulative rate 5,6,7,8 years
  - Charity 3 years

## Loans and Credit Facilities :

- Cash loan
- Car loan
- Education loan
- Speed loan
- Espresso loan ( facilities against NSGB CDs and TDs )
- CD interest advance
- Aqarat (Mortgage finance program)

## Electronic Banking Services :

- PortaBank (Mobile banking)
- FonaBank (Phone banking)
- Email@Bank (Email banking)
- NetaBank (Internet banking)

## Payment Cards :

- NSGB VISA Electron (Debit card)
- NSGB Credit Card (VISA Classic and VISA Gold)
- NSGB VISA Internet Card
- Salary Card
- ECDI Card (CD interest withdrawal)

## Services :

- Automatic Transfer
- Safe Deposit Boxes
- Makany ( Property Insurance program )

## Packages :

- Safwa
- YO! ( Youth offer )

## Professionals Program :

- Pack Pro ( Professionals package )
- Savings Pro Account
- Medical sector credit facilities
  - Equipment finance
  - Business premises renovation finance
  - Pharmacists clean overdraft
  - Pharmacy management solution finance

## CorpStaff Products :

- Payroll Automated System
- Car Financing Program
- Global Agreement
- Corpstaff Savings Account
- VISA Business Card
- Salary Advance service

## Life Insurance Savings Plans and Protection Products :

### Through NSGB Life Insurance Company

- Al Rafiq Graduation Savings Plan
- Al Rafiq Wedding Savings Plan
- Al Rafiq Project Savings Plan
- Al Rafiq Retirement Savings Plan
- Al Nokhba Savings Plan in US Dollars
- Accidental Coverage Insurance
- Economical Life Insurance
- Borrowers Insurance Contract

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2700 Employees  
at your service



ATM and Branches

NSGB Calculator

2.25  
Interest rates

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**Corporate Banking**

Our Islamic Corporate & Investment Banking has the prime relationship with multinational, local blue chips and mid-size Corporates.

**Products Highlights**

**NSGB Credit Cards**  
NSGB offers you a unique range of cards serving all your different needs.

**Latest News**

February 27, 2008  
**NSGB Announce 2nd Quarter Results**  
Press Release 2008 1st Results NSGB has ended Q2 2008 by adding [ ]

**Publications**

- annual report 2007
- 2008 reports

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Obtain all types of durable goods you may ever need right now and settle them at your convenience.

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Do you like the new NSGB website?

- Yes
- No
- Not sure

**Newsletter Subscription**

Please type your email address

**NSGB Cash Loan**

The longest grace period of 37 days. Flexible monthly payment options of maximum 5 %

# Branches Network

## Cairo Branches :

### 1. Champollion :

5, Champollion St., Downtown, 11111 Cairo  
Tel : (202) 27707000 - Fax : (202) 27707099

### 2. Talaat Harb :

10, Talaat Harb St., " Evergreen Building", Downtown - 11511 Cairo  
Tel : 27708005 - Fax : 25740166

### 3. Bab El Louk :

6, El Falaky Square, Bab El Louk - Downtown 11513 Cairo  
Tel : 27919500/97 - Fax : 27919598/99

### 4. Alfy :

14, Alfy St., Downtown - 11511 Cairo.  
Tel : 25970890 - Fax : 25970899

### 5. Kasr El Nile :

39, Kasr el Nile St., Downtown - 11511 Cairo  
Tel : 23994200 - Fax : 23994299

### 6. Manial :

18 Manial St., El Mamalik Square - El Rawdah 11553 Cairo  
Tel : 23661200 - Fax : 23661299

### 7. Manial Palace :

78 El Manial St, 11451 Cairo  
Tel : 25352200 - Fax : 25352299

### 8. El-Kamel Mohamed :

2, El Kamel Mohamed St., Zamalek - 11561 Cairo  
Tel : 27281600 - Fax : 27281699

### 9. Ahmed Heshmat :

31, Ahmed Heshmat St., Zamalek - 44561 Cairo  
Tel : 27281700 - Fax : 27358631

### 10. Shobra :

53, Shobra St. - 11231 Cairo  
Tel : 25945900 - Fax : 25945999

### 11. Aghakhan :

12th tower - Nile towers - Aghkhan - 11614 Cairo  
Tel : 22253000 - Fax : 22253099

### 12. Nile City :

Nile City Building, Corniche El Nil St.- Commercial Centre, First Floor,  
Unit No. 110, - 11611 Cairo  
Tel : 24619243 - Fax : 24619244

### 13. Opera :

42, Gomhoria St., Opera Square - Downtown - 11511 Cairo.  
Tel : 23999521 - Fax : 23999599

### 14. El Sayeda Zeinab :

202, Port Said St. El Sayeda Zeinab - 11461 Cairo  
Tel : 23993400 - Fax : 23993499

### 15. Rod El Farag :

74, Rod El Farag St. El Sahel, Shoubra - 11241 Cairo  
Tel : 24291000 - Fax : 24291098

### 16. Kasr El Aini :

5, El Kasr El Aini St. Down Town - 11441 Cairo  
Tel : 02- 25352100 - Fax : 02- 25352199

### 17. Mineyet El Sereg :

237, Shoubra St. 1 El Ghamrawy St. El Sahel, Shoubra - 11241 Cairo  
Tel : 22253081/2 - Fax : 22253084

## Heliopolis and Nasr City Branches :

### 18. Abbasseya :

111 El Abbasseya St., Abbasseya - 11517 Cairo  
Tel : 24884000 - Fax : 24884099

### 19. Hadayek El Kobba :

16, Waley El Ahd St., Saray El Hadayek Mall - 11646 Cairo  
Tel : 24885700 - Fax : 24885799

### 20. Thawra :

18, El Thawra St., Heliopolis - 11341 Cairo  
Tel : 24136300 - Fax : 22903277

### 21. Heliopolis :

7, El- Sayed El Merghany St., Heliopolis - 11361 Cairo  
Tel : 24163700 - Fax : 24191546

### 22. Mahkama Square :

50, El Hegaz St., Heliopolis - 11361 Cairo  
Tel : 26359566 - 26359580 (26311700) - Fax : 26359597 (26311799)

### 23. Hegaz :

143 - 145, El Hegaz St., Heliopolis - 11771 Cairo  
Tel : 26311600/97 - Fax : 26445890

### 24. Triumph :

102, Osman Ebn Affan St., Heliopolis - 11361 Cairo  
Tel : 26311403 - Fax : 26311499

### 25. New Nozha :

3A, Dr. Mohamed Kamel Hussien St. - 11796 Cairo  
Tel : 26253600- 26253603 - Fax : 26253690

### 26. Nozha :

7, El Hegaz Square - Heliopolis - 11771 Cairo  
Tel : 22410432 - 26390597 - Fax : 26326682

### 27. Safir :

60, Abou Bakr el Sedik - Safir square - 11361 Cairo  
Tel : 26310700 - Fax : 26310799

### 28. Roxy :

25, El Kobba St Heliopolis - 11757 Cairo  
Tel : 24563600 - Fax : 24563699

### 29. Merghany :

95D, El-Sayed El-Merghany St., (El Shams Tower) Heliopolis - 11361 Cairo  
Tel : 24164800 - Fax : 24164899

### 30. City Stars :

City Stars Mall - Omar Ben El-Khatlab St., Market Level - Nasr City - 11361  
Cairo  
Tel : 24802480 - 24802481 - Fax : 24802483

### 31. Sheraton Heliopolis :

5, Khaled Ebn El Walid St., Heliopolis - 11736 Cairo  
Tel : 22667136 - Fax : 22667158

### 32. Sakr Koreish :

90, Sakr Koreish Building, Heliopolis - 11736 Cairo  
Tel : 26969500 - Fax : 26969599

### 33. Shorouk City :

Heliopolis Club - Shorouk City - 14811 Cairo  
Tel : 26875581 - Fax : 26875582

### 34. ABB :

7, Dr. Moahmed Kamel Hussien St., New Nozha - ABB Company - 11796  
Cairo  
Tel : 26205226 - Fax : 26205227

### 35. Arab Academy :

Block 1159, Building 1, Mosheir Ahmed Ismail St., Sheration Heliopolis Build-  
ings Heliopolis - 11736 Cairo  
Tel : 22686751 - Fax : 22686751

### 36. El Rehab :

Banks Area - Zone B-El Rehab City - 11841 El Rehab City.  
Tel : 26940200 - Fax : 26940299

### 37. Shams :

48, Farid Semeka St, Heliopolis - 11371 Cairo  
Tel : 26207092 - Fax : 26207093

### 38. Makram Ebied :

86, Makram Ebeid St., Nasr City- 11371 Cairo  
Tel : 22767000 - Fax : 22767099

### 39. Nasr City :

3, Abbas El-Akkad St., Nasr City - 11471 Cairo  
Tel : 24044529 - 24074621 - Fax : 24044530

### 40. Ard El Golf :

5, Samir Mokhtar St., Heliopolis - 11341 Cairo  
Tel : 24139300 - Fax : 24139399

### 41. Abbas El Akkad :

20 Abou El Attahia St., Ext. of Abbas El Akkad St. Nasr City -11471 Cairo  
Tel : 22769500 - Fax : 22769599

### 42. Tayaran :

32 Tayaran St., Nasr City - 11709 Cairo  
Tel : 24078100 - Fax : 24078199

### 43. Hassan Mamoon :

125, Hassan El Maamoon St., Zone 6 Nasr City 11391 Cairo  
Tel : 22769000 - Fax : 22769099

### 44. Sebak :

7 El-Sebak St. Heliopolis - 11351 Cairo  
Tel : 26311200 - Fax : 26311299

# Branches Network

## 45. Obour :

18 Salah Salem St., Heliopolis - 11811 Cairo  
Tel : 24054024 - 24054023 - 24054019 - Fax : 24054021

## 46. Beirut :

22, Beirut St., Heliopolis - 11341 Cairo  
Tel : 24563800 - Fax : 24563899

## 47. House of Financial Affairs :

Abdel-Aziz El Shenawy St., Nasr City - 11371 Cairo.  
Tel : 24010496 - 24011067 - Fax : 24011952

## 48. Makrizi Branch :

43, El makrizi St. Roxy, Heliopolis - 11341 Cairo  
Tel : 24563686 - Fax : 24563685

## 49. El Nasr Road Branch :

17, Rabaa Investment Bldg, El Nozha St. Nasr City - 11371 Cairo  
Tel : (202) 24139390 - Fax : (202) 24139395

## 50. kattameya Road Branch :

2, Badr Tower, El Kattameya Road - 11742 Cairo  
Tel : (202) 27557390 - Fax : (202) 27557398

## 51. Ain Shams Branch :

115, Selim El Awal St. Ain Shams - 11321 Cairo  
Tel : (202) 26311900 - Fax : (202) 26311999

## 52. Helmeyet El Zeitun :

Beit el ezz towers - ibn el hakam square- helmeyet el zaitun - 11321 cairo  
Tel : (202) 26312000-26312098 - fax : (202) 26312099

## Giza Branches :

### 53. Gameat El Dowal :

9, Gameat El Dowal Al Arabia St., Mohandessin - 12411 Giza  
Tel : 33003700 - Fax : 33453642

### 54. El Batal Ahmed Abdel Aziz :

54, El Batal Ahmed Abdel Aziz St., Mohandessin - 12411 Giza  
Tel : 33324100/01 - Fax : 33324199

### 55. Shehab :

30, Lebanon St., Mohandessin - 12655 Giza  
Tel : 33000900 - Fax : 33000999

### 56. Dokki :

64, Mossadak St. Dokki - 12311 Giza  
Tel : 33338900 - Fax : 33338999

### 57. Messaha :

5, Messaha Square, Dokki - 12311 Giza  
Tel : 33338100 - Fax : 33338199

### 58. Agouza :

1, Aswan Square, Agouza - 12645 Giza  
Tel : 33000500 - Fax : 33000599

### 59. Sphinx :

3 Ahmed Oraby St. Mohandessin - 12658 Giza  
Tel : 33002500 - Fax : 33002599

### 60. Sudan :

168, Sudan St. Mohandessin - 12655 Giza  
Tel : 33007300 - 33007398 - Fax : 33007399

### 61. Faisal :

179 El Malek Faisal St. - 12944 Giza  
Tel : 33891600 - 33891698 - Fax : 33891699

### 62. King Faisal :

457 king faisal st. 12111  
Tel : 37891300 - 37891398 - fax : 37891399

### 63. Haram :

360, El Haram St. - 12555 Giza  
Tel : 35992400 - 35992498 - Fax : 35992499

### 64. Nasr El-Din :

426, Pyramids Road, Borg El-Gezira El-Arabia, Haram - 12555 Giza  
Tel : 35674201 - Fax : 35674299

### 65. Mourad :

22, Mourad St. - 12511 Giza  
Tel : 35672900 - Fax : 35672999

### 66. Giza :

61, Moahmed Bahi El-Din Barakat St., Giza - 12511 Giza  
Tel : 37497005 - Fax : 33365396

### 67. El Nile :

5, Wisa Wasef St., Borg El Riad - El Nile - 12511 Giza  
Tel : 35732095 - 35732080 - Fax : 35732080

### 68. Mohi Eldin Abo El Ezz :

72, Mohi El Din Abo El Ezz St., Dokki - 12311 Giza  
Tel : 33321780 - Fax : 37482057

### 69. Wadi El Nil :

22, Wadi El Nil St., Mohandessin - 12411 Giza.  
Tel : 33001900 - Fax : 33001999

### 70. Mostafa Mahmoud :

2, EL Fawakeh St., Mohandessin - 12411 Giza  
Tel : 33315000 - Fax : 33315097 - 33315098 - 33315099

### 71. Galaa :

106, Nile St., Agouza - 12311 Giza  
Tel : 33323300 - 33323400 - Fax : 33323399 - 33323499

### 72. El Bahr El Aazam :

304, El Bahr El Aazam St. El Kawthar Bldg, 12211 Giza  
Tel : 35670700 - Fax : 35670799

## Maadi and Mokatam Branches :

### 73. Mahata Square :

1, El Mahatta Square, Sarayat El Maadi - 11728 Cairo  
Tel : 27680000 - Fax : 27680099

### 74. Street 9 :

Corner St., 9 & 79 St., Maadi - 11693 Cairo  
Tel : 27683800 - Fax : 23580992

### 75. New Maadi :

Cross-roads of Nasr & El Lasilky St., part 7 block 1, Maadi - 11742 Cairo  
Tel : 27557300 - Fax : 27557399

### 76. El-Nasr :

48, El-Nasr St., New Maadi - 11431 Cairo  
Tel : 27026552 - Fax : 27537334

### 77. Maadi Degla :

Cross-roads of 218 & 231 St., - 11693 Cairo  
Tel : 25220600 - Fax : 25220699

### 78. Mokatam :

Cross roads of 9 and 10 St., El Hadba El Olya - 11585 Cairo  
Tel : 25031800 - Fax : 25031819

### 79. Wadi Degla :

Wadi Degla Club - Zahraa El Maadi - 11693 Cairo  
Tel : 25195136 - Fax : 25195168

### 80. Courniche El Maadi :

380, Gawharet El-Maadi Tower, Cornish El-Nile, Maadi - 11728 Cairo  
Tel : 25296400 - Fax : 25256571

## Alexandria Branches :

### 81. Roushdy :

240, El Corniche St. - 21311 Alexandria  
Tel : (03) 5411365- 5419500 - Fax : (03) 5455715 - 5424718

### 82. Borg El Arab :

New Borg El Arab City - 22511 Alexandria  
Tel : (03) 4591891 - Fax : (03) 4592558

### 83. Zizinia :

601, El Horeya St. - 21411 Alexandria  
Tel : (03) 5819300 - Fax : (03) 5749093

### 84. Kafr Abdou :

15, Mina St., Kafr Abdou - 21311 Alexandria  
Tel : (03) 5419900 - Fax : (03) 5419999

### 85. Fawzy Mooaz :

74 a mohamed ali- fawzy mooaz-alex.  
03/4196700 – 03/4196798 – Fax- 03/4196799

### 86. Semouha :

35, Victor Emaaneioul St., Semouha - 21615 Alexandria  
Tel : (03) 4195930 - Fax : (03) 4195999

### 87. Mostafa Kamel :

16, Ibrahim Sherif St. Mostafa Kamel - 21311 Alexandria  
Tel : (03) 5419600 - Fax : (03) 5419699

### 88. Safwa :

39, El Horria St. El Attarin - 21311 Alexandria  
Tel : (03) 4966860 - Fax : (03) 4966909



# Branches Network

## 89. Sultan Hussein :

47, Sultan Hussein St. - 21521 Alexandria  
Tel : (03) 4883100 - Fax : (03) 4883199

## 90. Safia Zaghloul :

33, Safia Zaghloul St., 21519 Alexandria  
Tel : (03) 4883000 - Fax : (03) 4883099

## 91. Glym :

539B, Horrya avenue, Glym - 21531 Alexandria  
Tel : (03) 5815500 - Fax : (03) 5851602

## 92. Miami :

265, Gamal Abdel Nasser St., Miami - 21411 Alexandria  
Tel : (03) 5381000 - Fax : (03) 5381099

## 93. Alexandria Entrance :

Unit 11, fence of the International Garden, Alexandria Entrance - 21111 Alexandria  
Tel : 03-3872000 - Fax : 03-3872099

## 94. Alex Port :

Unit No. 6,7 / Investment Bldg /Alex Port - 21534 Alexandria  
Tel : 03-4833343 - Fax : 03-4877797

## 95. Ibrahimeya :

118, Port Said St. Ibrahimeya - 21321 Alexandria  
Tel : 03-5980400 - Fax : 03-5980499

## 96. Loran :

723, Horreya Road, Loran - 21111 Alexandria  
Tel : (03) 5759016 - Fax : (03) 5759052

## 97. Mansheya Branch :

2, Salah Salem St. El mansheya - Alexandria  
Tel : (03) 4881200 - Fax : (03) 4881299

## 6th of October & 10th of Ramadan Branches :

### 98. 6th of October :

Industrial Zone 4 - Banks' area-6th of October City - 12563 Giza  
Tel : 38281600/02 - Fax : 38281649 - 38281647

### 99. Industrial Zone :

3, Banks Region - Industrial Zone 4 - 6th of October City - 12563 Giza  
Tel : 38343802 - 38343803 - Fax : 38320816

### 100. Dandy Mall :

Kilo 28th, Cairo-Alexandria Desert Road - 14111  
Tel : 35367200 - Fax : 35367299

### 101. 6th of October Residential Area :

El Fath Buildings - Unit # 7, Bldg # B, Block # 23/2, central axis , 12451 6th of October  
Tel : 38274000 - Fax : 38274099

### 102. 10th of Ramadan :

Banks Area - 10th of Ramadan City - 44637 10th of Ramadan City  
Tel : (015) 390300 - Fax : (015) 378327 - 390398 - 390399

## Delta Branches :

### 103. Mohafza Square :

242, El Geish St., Midan El Mohafza, Mansoura - 35511 El Dakahleya  
Tel : (050) 228 0000 - Fax : (050) 228 0099

### 104. Mansoura :

213, El Gomhoria St., Mansoura - 35511 Mansoura  
Tel : (050) 2280300 - Fax : (050) 2280399

### 105. Tanta :

El Sawfa Plaza center tower - Tanta - 31511 El Gharbeya  
Tel : (040) 338 5600 - Fax : (040)338 5699

### 106. Delta City Mall :

42, El-Geish St., Delta City Mall - Tanta - 31111 Tanta  
Tel : (040) 3385200 - Fax : (040) 3330525

### 107. Damietta :

67, Saad Zaghloul St. (Cornish El Nile) - 34111 Damietta  
Tel : (057) 379917-379912 - Fax : (057) 379902

### 108. Mahalla :

22, El Tegara School St, (Shokry El Kawatly Previously), El Mahalla - 31911 Mahalla  
Tel : (040) 2281000 - Fax : (040) 2281099

### 109. El Zagazig :

Saad Zaghloul St., El Bahr, Borg Abou Aisha - 44111 El Zagazig  
Tel : (055) 2390000 - Fax : (055) 2390099

## 110. Damnhour :

19, El Gumhureya St. Damnhour  
Tel : (045) 3370900 - Fax : (045) 3370999

## Suez Canal Branches :

### 111. Portsaid :

58 El Gomhourya St., Safwa class tower - Portsaid - 42511 Portsaid  
Tel : (066) 3390100 - Fax : (066) 3390149

### 112. 23 July Branch :

Miami Tower - 23 July St. - Portsaid - 42111 portsaid  
Tel : (066) 3390300 - (066) 3390398 Fax : (066) 3390399

### 113. Ismalia :

Panorama El Ismalia Tower, Unit no.1, El Mawkaf El Gedid St., Corner El Eshreen St. & Shebeen El Koom St., Infront Of Courts Center - Ismalia City - 41111 Ismalia.

Tel : (064) 3269000 - Fax : (064) 3269099

### 114. Suez :

5, El Galaa St. - 43221 Suez  
Tel : (062) 3393300 - Fax : (062) 3393399

## Red Sea Branches :

### 115. Hurghada :

Esplenda Bay Mall, Resorts St., "Next to Sindbad Resort" - 84511 Hurghada  
Tel : (065) 3416100 - Fax : (065) 3447427

### 116. Hurghada Sheraton Road :

36 El Gabl El Shamaly St. - 84511 Hurghada  
Tel : (065) 3416520 - Fax : (065) 3416599

### 117. El Dahar - Hurghada :

1 Hurghada Stadium shops, El Nasr St., El Dahar - 84111 Hurghada  
Tel : (065) 3562000 - Fax : (065) 3562099

## Sinai Branches :

### 118. Neama Center :

Neama Commercial Center - Neama Bay - 46619 Sharm El Sheikh  
Tel : (069) 3601668 - Fax : (069) 3601668

### 119. Sharm El Sheikh :

Neama Bay Al Salam Road - Opposite Gafy Resort - 46619 Sharm El Sheikh  
Tel : (069) 3622000 - Fax : (069) 3622099

### 120. Hadabet Um Sid :

Commercial Unit No. (4) at the City for aquatic games, entertainment & restaurant and shops at Um Sid / Sharm El Sheikh - 46619 South Sinai  
Tel : (069) 3622090 - Fax : (069) 3622095

### 121. Nabq Bay :

Commercial Unit No. (R1) at the oriental resort, beside the main entrance to the hotel Nabq / Sharm El Sheikh - 46619 South Sinai  
Tel : (069) 3622051 - Fax : (069) 3622055

## Upper Egypt Branches :

### 122. Assiut :

2, El Gomhoureya St., Al Wataneya Towers - 7111 Assuit  
Tel : (088) 2422500 - Fax : (088) 2422599

### 123. Beni Suef :

16, Port Said st. Takseem El Horreya - Beni Suef  
Tel : (082) 4494000 - Fax : (082) 4494099

### 124. Aswan :

Shark El Bandar St. City Center Aswan - Aswan  
Tel : (097) 2391000 - Fax : (097) 2391099

### 125. Fayoum :

10, Horreya St. Bandar Fayoum - Fayoum  
Tel : (084) 6390700 - Fax : (084) 6390799

## Kallubeya Branches :

### 126. Banha Branch :

19, Ibn Kamar - Saad Zaghloul St, Banha City  
Tel : 0133806200 - Fax : 0133806299

### 127. El Obour City Branch :

Shops 34 & 35 outer fence of City Club El Obour City - 11828.  
Tel : 46140300 - Fax : 46140399



**NSCB**  
البنك الأهلي سوسيتيه جنرال



**NSCB** **ATM**



# NSGB Offsite **ATM** Network

## **Downtown :**

- Four Seasons -Nile Plaza\* :  
1089 Corniche El Nil- Garden City
- Novartis Co. :  
Sawah St.- Amiryra
- Maghrabi hospital\* :  
El Sayeda Nafeesa Square-Cairo.
- Crystal Asfour (2 machines)\* :  
End of Ahmed Orabi Bridge-Shobra Elkheima
- Akhbar El Youm\* :  
11 Sahfa St.,-Downtown.
- Ministry of Information\* :  
Maspiro-Kornishe Elnile
- Egypt Gas\* :  
El warak -Kornishe Elnile
- Misr Petroleum Company\* :  
El Tawfikeia Ahmed Orabi Sq. Down Town
- Ministry of Trade :  
Ministry of trade building – Garden City
- Ministry of Trade :  
Maahad Naser St. Shoubra El Kheima
- Link Dot Net :  
Misr Helwan agricultural road- Maadi

## **Heliopolis and Nasr City :**

- Egyptian Airports Co.\* :  
Building 4 Block 1 Sefarat District ,Nasr City
- City stars :  
City stars - Second Retail Level-food court.
- Petrogas :  
Tayran st-Nasr City
- Ministry of Electricity :  
Ramsis St. Extension, Abasseyra Square
- Ministry of Trade\* :  
Ministry of Finance Building - Emtedad Ramsis St.
- Egypt Air (14 ATMs)\* :  
Cairo International Airport
- Moemen Chain :  
First industrial zone, behind Souk El-Obour-Obour City
- Pack Line :  
First industrial zone, behind Souk El-Obour-Obour City
- Habitat :  
El Obour City
- MCV :  
Km 24 Cairo - Ismailia desert road

## **Haram & Giza :**

- Eastern Tobacco(3 machines)\* :  
450 El Ahram St.-Giza
- Enjoy :  
Kombearah - Imbabah-Giza
- SGS :  
Harraneyra - Ossman Bridge Giza

## **10th of Ramadan :**

- Kandil Industries Factory :  
Plot # 3/6 Industrial Area, Zone 2-10th of Ramadan City
- Oriental Weavers (3 machines)\* :  
Industrial Zone
- Family Nutrition :  
Abderkawy St.-industrial zone A1
- ABB\* :  
Industrial zone
- Eipico Co. :  
Industrial City-10th of Ramadan
- MAC Co. (2 ATMs)\* :  
Industrial Zone B1-10th of Ramadan
- MAC Co. (1 ATM)\* :  
Industrial Zone B3-10th of Ramadan

## **Maadi :**

- Carrefour Cairo :  
Ring Road – Katanmya
- Ministry of Environment\* :  
located at 30 Cairo – Helwan Agricultural Road
- Torah Cement Company :  
Misr- Helwan agricultural road

## **Alexandria :**

- Carrefour Alexandria :  
Alex./Cairo dessert Road
- Petrochemical Company :  
36 Alexandria/ Cairo Desert Road-Amreya-Alexandria
- Alex Portland la farge :  
El max om zeghio- Alexandria
- Lord factory :  
Ard el sobheya.el nozha-alexandria
- Arab Academy \*- Miami
- Arab Academy\* - Abu Keir

- Nile linen\* :  
Free zone alamreea
- National Paper Company :  
El Tabia- Abou Keir
- Alex Fertilizers\* :  
Free Industrial Zone Alex
- Alexandria National Iron& Steel Company(EZDK)\* :  
El Dekheila – Alagami
- Eastern Tobacco Co.\* :  
91 Suez Canal St.,-Moharram Baik.
- PMS (Petroleum Marine Service)\* :  
Free Industrial Zone Alex

## **6th of October :**

- Union Air Co. :  
Plot # 238-239-241 Industrial Zone Three- 6th October City
- Flora :  
2nd industrial zone – 6th of October city
- Misr university\* :  
Misr university for science & technology
- Universal :  
Industrial zone
- El Rasheedy Al Mezan :  
Industrial Zone-6th of October
- Mobica Company :  
Abou Rawash
- Mobinil Company Smart Village\* :  
Smart Village
- Nahdet Misr for printing :  
1st industrial zone – 6th of October city
- Travco\* :  
Entrance of El Sheikh Zaid City

## **Sharm El Sheikh :**

- Old Market :  
Old market - Sharm elbalad
- C-Club Hotel :  
Nabq bay-Sharm El-Sheikh.
- Maritime Hotel :  
El Salam Road – Sharm elbalad

## **Hurghada :**

- Grand Azur Hotel :  
Hurghada
- Beach El Batros Hotel :  
Hurghada – El mamsha El seyahy Road
- Stiegenberger El Daw Hotel :  
Hurghada – El mamsha El seyahy Road

## **Others :**

- Renaissance Cinema :  
El Geish Street- Suez
- El Ezz Steel Factory(Sadat City)\* :  
Ezz Steel Manufacturing Co.(main entrance)
- Egyptian Language School :  
Ring road – El-Tagamoaa El-Khames – New Cairo City
- Misr Spinning & Weaving Co. :  
Mahala
- Takki Showroom :  
Hasballa Kafrawy St.,-New Damietta
- Ring-Connect :  
3 Borg El Horeya# 4 Gomhoureya St.,-Assiout
- Semeramis Hotel :  
El Fath St.-El Fariq Fouad Zekry-El Areesh City
- Mercure Hotel Ismailia :  
Entrance of Mercure Hotel- beside Suez canal authority
- Kapci :  
Industrial Zone Port Saïd
- MCV :  
NEW Salheya City
- Velocity :  
Industrial Zone - Ismailia City
- Crystal Asfour\* :  
Bahtim- Shobra El Kheima
- Nahda University :  
Beni Sweif
- Egyptian Fertilizers Company :  
End of El Shokhana Road
- Ghabbour :  
Km 3 Cairo – Alex agricultural Road.
- Abou Zaabal Fertilisers Company\* :  
El Khanka

**\* For payroll clients only.**





# NSGB Board of Directors' Report on Bank's Activity & Financial Situation For The Financial Year Ending On 31/12/2008

The Board of Directors has the pleasure to submit to the Ordinary General Assembly of the Bank's shareholders its report on the bank's activity during the fiscal year ending on 31 December 2008.

(The financial statements were done according to the Egyptian standards of accounting and IFRS as well as the prevailing local instructions).

## **FIRST : BALANCE SHEET AND INCOME STATEMENT :**

The Board of Directors has adopted the bank's Balance Sheet as at 31 December 2008 and the statement of income in Egyptian Pound for the fiscal year ending on the same date. The bank's assets and liabilities in foreign currencies were evaluated in Egyptian Pound as per the exchange rates of foreign exchange on 31 December 2008.

Following are the most significant points of development in the Balance Sheet and Income Statement items :

\*The total of balance sheet figure reached roughly EGP 46,047 millions at the end of December 2008 against approximately EGP 47,403 millions at the end of December 2007, with a decrease rate of 2.9 %.

■ The total balances of customer's deposits came to EGP 36,889 millions at the end of December 2008 versus EGP 39,299 millions at the end of December 2007, involving a decrease of 6.1 %.

■ The total balance of customers' credit facilities (net after provision) reached about EGP 25,011 millions at the end of December 2008 against approximately EGP 19,734 millions at the end of December 2007, with an increase of 26.7 %.

■ Gross profit, coming to about EGP 1,297 millions at the end of December 2008 versus nearly EGP 677 millions at the end of 2007, increased at the rate of 91.8 %.

■ The net profit to about EGP 1,137 millions at the end of December 2008 versus EGP 653 millions at the end of 2007, with an increase of 74.1 %.

■ The contra-account balances and commitments, which reached EGP 15,554 millions at the end of December 2008 against EGP 15,816 millions at the end of December 2007, decreased by 1.7 %.

On the other hand, contra-accounts scored 34 % of the total balance sheet figure as at the end of December 2008 against 33 % at the end of 2007.

## **SECOND : LOANS, INVESTMENTS & DEPOSITS :**

### **A. Loans & Advances Portfolio & Discount (After deduction of provision) :**

The balance of loans and advances portfolio, amounting to nearly EGP 25,011 millions at the year ended December 2008 against EGP 19,734 millions at the year ended December 2007, has increased by 27 %.

The accompanying notes of the financial statements include distribution of loans & advances portfolio (in EGP & Foreign Currencies) on different sectors of activity.

### **B. Financial Investment :**

The trading investments amounting EGP 121 million at the end of 2008 against EGP241 million at the end of 2007.

Investments Available for sale EGP 3431million at the end of 2008 against EGP3632 million at the end of 2007 and investments in affiliates EGP 40 million at the end of 2008 against EGP39 million at the end of 2007.

### **C. Customers Deposits :**

The aggregate customers' deposit balances amounted to EGP 36,889 millions at the year ended December 2008 against EGP 39,299 millions at the year ended December 2007, showing a 6 % decrease.

The accompanying notes of the financial statements include distribution of customers' deposits on different sectors of activity (in EGP & Foreign Currencies).

### **THIRD : FOREIGN TRADE FINANCE :**

The contra-accounts' balances resulting from L/Gs and L/Cs, totaled EGP 15,554 millions at the year ended December 2008 against EGP 15,816 millions at the year ended December 2007 with decrease of 1.7 %.

### **FOURTH : INCREASE OF AUTHORIZED & PAID UP CAPITAL :**

ON 13/03/2008 The general assembly decided to increase the paid up capital by 275,401 millions EGP by using the general reserve to be 3,029,410 millions EGP after increase

■ Distribution during the year ended 31/12/2008 :

■ On 19.Oct 2008 the board of director decided to invite the extra ordinary general assembly meeting to approve the modification of the basic statute to allow profit distribution for periods less than one year.

■ The board of director decided to invite the ordinary general assembly meeting to approve the board proposal for profit distribution for period end 30.June 2008.

### **FIFTH : THE NEW BRANCHES :**

During 2008, 8 branches were opened at king faysal, kattamea road, Ain shams, Damanhour, EL manshya, bany sewif, Aswan and EL nozha (el nasr road) so that the Bank's network in 2008 reached 125 branches distributed on the most important industrial, commercial and housing communities.

**Finally**, the Board of Directors would like to thank all the shareholders and clients for their trust and support and also the General Management and all the staff for their distinguished efforts during the year that have the most effective impact on the Bank's good results in spite of the market's difficult circumstance. However, it is the Board of Directors aspiration to continue exerting more efforts.

# Balance Sheet AS AT 31/12/2008

	Note No.	31/12/2008 EGP	31/12/2007 EGP
<b>ASSETS :</b>			
Cash and due from Central Bank of Egypt	(5)	3 102 576 902	3 315 680 373
Due from Banks	(6)	9 027 172 025	13 537 468 331
Treasury Bills	(7)	2 976 355 103	3 945 977 310
Trading Investments	(8)	120 843 223	241 144 840
Loans to customers & Banks ( Net of provision )	(9),(10)	25 011 220 016	19 734 469 568
Financial derivatives	(11)	25 032 340	22 922 254
<b>Financial Investments :</b>			
Available for sale	(12)	3 430 596 558	3 789 463 603
Held to maturity	(12)	224 846 403	413 170 478
Investment in Affiliates	(13)	40 336 501	39 223 661
Debit balances and other assets	(14)	558 520 229	535 390 821
Deferred tax assets	(15)	75 947 573	66 440 693
Fixed assest (Net)	(16)	729 521 081	676 055 312
Goodwill	(32)	723 835 331	1 085 753 003
<b>TOTAL ASSETS</b>		<b>46 046 803 285</b>	<b>47 403 160 247</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY :</b>			
<b>LIABILITIES :</b>			
Due to Banks	(17)	1 460 246 699	1 579 999 954
Customers' deposits & saving certificates	(18)	36 889 226 267	39 299 391 473
Financial derivatives	(11)	19 943 112	5 350 407
Credit balances and other liabilities	(19)	1 479 188 023	1 142 495 516
Dividends payable		--	130 350 225
Long term loan	(20)	49 570 148	58 845 740
Other provisions	(21)	689 268 352	740 082 086
<b>Total liabilities.</b>		<b>40 587 442 601</b>	<b>42 956 515 401</b>
<b>Shareholders' equity :</b>			
Paid - in capital		3 029 409 900	2 754 009 000
Reserves		1 091 608 952	941 247 163
Losses carried forward		(21 068 182)	(20 641 317)
<b>Total shareholder's equity</b>	(22)	<b>4 099 950 670</b>	<b>3 674 614 846</b>
Profit distribution during the year	(22)	(549 367 256)	--
Net profit for the year		1 136 859 270	--
<b>Total Shareholders' equity &amp; Net profit for the year</b>		<b>4 687 442 684</b>	<b>3 674 614 846</b>
<b>Subordinated loan</b>	(23)	<b>771 918 000</b>	<b>772 030 000</b>
<b>Total Shareholders' equitiy &amp; Subordinated Loan &amp; Net profit for the year</b>		<b>5 459 360 684</b>	<b>4 446 644 846</b>
<b>Total liabilities and shareholders' equity</b>		<b>46 046 803 285</b>	<b>47 403 160 247</b>
Contingent Liabilities & commitments.	(24)	15 553 797 271	15 816 436 081

The accompanying notes from 1 to 37 are an integral part of these financial statements.

# Income Statement

For the financial year ending on 31/12/2008

	Note No.	from 1/1/2008 to 31/12/2008 <u>EGP</u>	from 1/1/2007 to 31/12/2007 <u>EGP</u> (Restated)
Return on loans and due from Banks		2 712 309 454	2 369 277 818
Return on Treasury Bills and Bonds		487 926 639	651 601 351
<b>Less :</b>			
Cost of deposits and borrowing		(1 772 346 268)	(1 834 779 058)
<b>Net interest income</b>		<b>1 427 889 825</b>	<b>1 186 100 111</b>
<b>Add :</b>			
Net Trading income	(25)	144 716 314	26 791 744
Commissions and fees income		556 883 316	456 349 712
Dividends income (Shares & Deeds)	(27)	23 183 458	13 601 584
Gains on sale of investments		63 345 957	53 963 916
Trading investment valuation differences		(6 783 772)	21 940 633
Other operations revenues	(26)	398 747 835	3 154 809
<b>Net Operating income</b>		<b>2 607 982 933</b>	<b>1 761 902 509</b>
<b>Less :</b>			
Commissions and fees on banking services		(11 630 082)	(8 893 230)
Provisions		(213 372 184)	(90 342 510)
Other investments valuation differences		(1 387 237)	--
General & administrative expenses & depreciation & amortization		(723 099 146)	(622 616 187)
Goodwill amortization		(361 917 672)	(361 917 668)
Expenses for Other operations		--	(2 869 007)
<b>Activities profits</b>		<b>1 296 576 612</b>	<b>675 263 907</b>
Income from non - operating activities		445 600	1 841 543
<b>Profit before tax</b>		<b>1 297 022 212</b>	<b>677 105 450</b>
<b>Less</b>			
Taxes		(187 479 864)	--
Deferred Tax		27 316 922	(24 004 398)
<b>Net profit for the year</b>		<b>1 136 859 270</b>	<b>653 101 052</b>
Earning Per Share	(34)	<b>3,63</b>	<b>2,41</b>

The accompanying notes from 1 to 37 are an integral part of these financial statements.

# Statement of Change in Shareholder's Equity

## For the financial year ending on 31/12/2008

	Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Evaluation Investment AFS Reserve	Retained Earnings/ (Losses)	Net Profit of the year	Profit Distribution during the year	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 01/01/2007	2 027 952 080	103 969 614	394 883 414	7 333 408	3 679 340	--	69 854	--	--	2 537 887 710
Effect of changing in accounting policies	--	--	--	--	--	--	(21 079 729)	21 079 729	--	--
Net unrealized gain/loss an AFS, after tax	--	--	--	--	--	163 320 289	--	--	--	163 320 289
Period's net profit	--	--	--	--	--	--	--	653 101 052	--	653 101 052
Transferred from reserves to capital increase	275 400 900	-- (275 400 900)	--	--	--	--	--	--	--	--
Capital increase	450 656 020	--	--	--	--	--	--	--	--	450 656 020
Net profit distribution year 2007	--	--	--	--	--	--	--	(130 350 225)	--	(130 350 255)
Transfers	--	33 620 455	508 000 000	--	1 841 543	--	368 558	(543 830 556)	--	--
<b>Balance at 31/12/2007</b>	<b>2 754 009 000</b>	<b>137 590 069</b>	<b>627 482 514</b>	<b>7 333 408</b>	<b>5 520 883</b>	<b>163 320 289</b>	<b>(20 641 317)</b>	<b>--</b>	<b>--</b>	<b>3 674 614 846</b>
Balance at 01/01/2008	2 754 009 000	137 590 069	627 482 514	7 333 408	5 520 883	163 320 289	(20 641 317)	--	--	3 674 614 846
Transferred from reserves to capital increase	275 400 900	-- (275 400 900)	--	--	--	--	--	--	--	--
Net unrealized gain/loss on AFS, after tax	--	--	--	--	--	(39 796 184)	--	--	--	(39 796 184)
Profit distribution during the year	--	--	--	--	--	--	--	--	(84 235 248)	(84 235 248)
Transfers to reserves during the year	--	27 486 673	438 000 000	--	72 200	--	(426 865)	--	(465 132 008)	--
Year's net profit	--	--	--	--	--	--	--	1 136 859 270	--	1 136 859 270
<b>Balance at 31/12/2008</b>	<b>3 029 409 900</b>	<b>165 076 742</b>	<b>790 081 614</b>	<b>7 333 408</b>	<b>5 593 083</b>	<b>123 524 105</b>	<b>(21 068 182)</b>	<b>1 136 859 270</b>	<b>(549 367 256)</b>	<b>4 687 442 684</b>

The accompanying notes from 1 to 37 are an integral part of these financial statements.

# The Cash Flow Statement

## For the financial year ending on 31/12/2008

### Cash flows from operational activities :

	<u>31/12/2008</u>	<u>31/12/2007</u>
	<u>EGP</u>	<u>EGP</u>
Profit before taxes	1 297 022 212	677 105 450
<b>Amendments to settle the profits as against the cash flows from operational activities</b>		
Depreciation	102 083 753	92 265 847
Goodwill amortization	361 917 672	361 917 667
Forming Provisions	149 186 403	90 342 510
unused provisions	(44 329 549)	--
Loans' Provision utilization	(37 466 647)	(53 424 115)
Valuation difference of trading investments	6 783 772	22 203 233
Valuation difference of investments available for sale	--	9 687 699
Provisions utilization except the loans provision.	(154 004 559)	(26 930 235)
Differences in revaluation of provisions in foreign currencies except the loans provision.(+/-).	(342 166)	(1 044 415)
<b>Gains on sale of Fixed Assets</b>	(445 600)	(1 841 543)
Profits of selling Investment available for sale	(63 345 957)	--
<b>Operating profits prior changes in assets and liabilities utilized in operational activities</b>	<b>1 617 059 333</b>	<b>1 170 282 098</b>



# The Cash Flow Statement

## For the financial year ending on 31/12/2008

	<b>31/12/2008</b>	<b>31/12/2007</b>
	<b>EGP</b>	<b>EGP</b>
<b>Net decrease (increase) in assets</b>		
Deposits with Banks & CBE	2 892 936 986	(3 714 405 394)
Treasury Bills	1 451 372 207	(1 311 245 667)
Trading investments	113 517 845	59 685 994
Investments available for sale	201 509 069	(1 642 118 869)
Loans to customers & Banks	(5 424 306 686)	(4 110 261 003)
Financial derivatives (Net)	12 482 619	(17 571 847)
Debit balances and other assets	(23 129 408)	(133 369 675)
<b>Net increase (decrease) in liabilities</b>		
Due to banks	(119 753 255)	613 242 986
Customers' deposits.	(2 410 165 206)	5 987 785 783
Credit balances and other liabilities.	149 212 643	181 104 960
<b>Net cash flows resulting from operational activities (1)</b>	<b>(1 539 263 852)</b>	<b>(2 916 870 634)</b>
<b>Cash flows from investment activities</b>		
Purchases of investments held for maturity	188 324 075	36 206 233
Purchases from sale of investments in affiliates	(1 112 840)	15 972 346
Proceeds from selling investments available for sale	382 416 818	--
Payments for the purchase of fixed assets and branches preparation	(155 549 527)	(242 003 970)
Proceeds from sale of fixed assets	445 600	1 841 543
<b>Net cash flows (used in) the resulting from investment activities (2)</b>	<b>414 524 126</b>	<b>(187 983 848)</b>
<b>Cash flows from financing activities</b>		
Increase paid up capital		450 656 020
long term loans	(9 275 592)	--
subordinated loans	(112 000)	(27 090 000)
Distribution of paid up profits	(214 585 473)	(33 500 000)
<b>Net cash flows used in financing activities (3)</b>	<b>(223 973 065)</b>	<b>390 066 020</b>
Net increase in cash and cash equivalent during the period (1+2+3)	(1 348 712 791)	(2 714 788 462)
Cash and cash equivalent at the beginning of the year	5 695 271 753	8 410 060 215
<b>Cash and cash equivalent at the end of the year</b>	<b>4 346 558 962</b>	<b>5 695 271 753</b>
<b>Cash and cash equivalent are represented in :</b>		
Cash and due from CBE	3 102 576 902	3 315 680 373
Due from Banks	9 027 172 025	13 537 468 331
Treasury Bills	2 976 355 103	3 945 977 310
Time deposits due from Banks	(8 612 614 965)	(11 505 551 951)
T/Bs more than 3 months maturity	(2 146 930 103)	(3 598 302 310)
<b>Cash and cash equivalent at end of the year</b>	<b>4 346 558 962</b>	<b>5 695 271 753</b>

The accompanying notes from 1 to 37 are an integral part of these financial statements.

# Statement of The Suggested Profits Distribution

## For The Financial Year Ending on 31/12/2008

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Net year's profits ( from income statements )	1 136 859 270	653 101 052
<b>Less :</b>		
Sale profits of fixed assets transferred to capital	(445 600)	(1 841 543)
Profits/(losses) brought - forward	(20 641 317)	69 854
Distributable year's net profits	1 115 772 353	651 329 363
Profits distribution during the year (June 30,2008)	(549 721 921)	--
<b>Total</b>	<b>566 050 432</b>	<b>651 329 363</b>
<b>To be distribute as follows :</b>		
Statutory reserve	28 301 945	33 620 455
General reserves	163 300 000	508 000 000
Dividends	302 940 990	68 850 225
Staff share	70 000 000	60 000 000
Board remuneration	1 500 000	1 500 000
Profit /(losses) carried forward	7 497	(20 641 317)
<b>Total</b>	<b>566 050 432</b>	<b>651 329 363</b>

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### 1 - Activity :

National Société Générale Bank (A Joint Stock Co.) was established as an Investment & Business bank on April 13,1978. In accordance with the provisions of Investment law no 43 of the year 1974 and its Executive Regulations and the amendments thereon, the bank provides all banking services related to its activity, through its Head Office located in Cairo together with one hundred and twenty five branches.

### 2 - The most important accounting policies applied :

#### A - Bases of preparing financial statements :

■ The financial statements are prepared in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation of the financial statements, issued on June 27, 2002 and its amendments in addition to amendments made to the financial investments issued on December 16, 2008 and in accordance with the related Egyptian laws and regulations.

■ The available for sale investment measurement have been changed as explained in note ( H ) and ( I ), from the lower of cost (taking into consideration FX revaluation) or fair value with difference to < income statement> to fair value with change to equity. The reclassification impact appears in the <<statement of changes in shareholder Equity>> and the adjustment related to the previous years has been done retrospectively.

■ As a result of applying the new policies, all outstanding derivatives on the 1st of January 2008 have been recognized in the balance sheet as measured at fair value and the policy has been applied rate respectively.

#### B - Foreign currencies transactions :

■ The bank accounts are kept in Egyptian pounds. Transactions in other currencies are translated, during the financial period, on the basis of the rates of exchange, in force on the date of transactions.

The balances of assets and liabilities of monetary nature in

other currencies are reevaluated at the end of the financial period, on the basis of exchange rates in force on that date. The resulting differences are recorded into income statement in the following item :

■ Net trading income or Net income arising from financial instrument originally classified as change in fair value through profit and loss for financial assets and liabilities held for trading or originally recorded at fair value through profit and loss.

■ Other operating income (loss) for other items.

■ The change in fair value arising from monetary financial instruments classified as monetary item foreign currencies as available for sale (debt instruments) should be segregated to revaluation differences arising from changes in the instrument amortized cost to be recorded in income for loans and difference arises from foreign exchange rate to be recorded in fair value reserve for available for sale investments.

■ Transaction differences on non-monetary item (equity securities) held at fair value through income are also reported through income statement whereas for those classified as available for sale are recorded directly in equity within <<Net unrealized gain and losses on available for sale assets>> item.

#### C - Verification of revenues :

■ Revenue is recorded on the basis of maturity, with the exception of yields of irregular loans, the recording of which as revenue is to be suspended upon failure to be sure of redeeming the value of these yields or of the original debt. The revenues of shares and investment instruments are to be recorded upon announcement of dividends relating thereto.

#### D - Treasury bills :

■ Treasury bills are recorded at nominal value , and the discount of issuance is recorded under "credit balances and other liabilities"and deducted from the Gross Treasury bills balance on the Balance Sheet and accounted for at

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

amortized cost using the effective interest rate.

### **E - Financial Assets :**

The Bank classifies its financial assets in the following categories: trading assets and financial assets at fair value through profit or loss, loans and receivables, held to maturity financial assets and available for sale financial assets.

#### **E/1 - Financial assets at fair value through profit and loss :**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

Financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

■ Financial assets and financial liabilities are designated at fair value through profit or loss when:

■ doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortized cost for loans and advances to customers or banks and debt securities in issue .

■ Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis may be designated at fair value through profit and loss; and

■ Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

■ Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value through profit or loss'.

■ The derivatives not to be reclassified from the group of the instruments valued with the fair value through profit and loss during the period of holding it, also no financial instrument to be reclassified from the group of the instruments valued with the fair value through profit and loss if this instrument was originally classified by the Bank when first recognized as an instrument to be valued with the fair value through profit and loss.

#### **E/2 - Held to maturity investments :**

■ Held to maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the bank management has the ability and the intent to hold it for the foreseeable future or maturity. Any sales of a significant amount not close to their maturity .

■ Except the emergency cases- would result in the reclassification of all held to maturity investments as available for sale.

#### **E/3 - Available for sale investments :**

Non-derivative assets that have either been designated as available for sale or do not fit into one of the categories described above. Equity investments held without significant influence, which are not held for trading or elected to fair value through income, are classified as available for sale.

#### **The Following is followed for Financial assets :**

■ For the assets classified at fair value through P/L, held to maturity investment and available for sale investment buying and selling operation are recognized as usual on the trade which is the date that the bank is committed to buy or sell the financial asset.

■ A financial asset that does not originally classify at fair value through P/L is initially recognized at fair value plus transaction costs. A financial asset that is originally classified at fair value through P/L is initially recognized at fair value only and the transaction cost are transferred to P/L in « Net income from trading activity ».

■ A financial asset is derecognized when the rights to receive cash flow have expired or the bank has transferred substantially all the risk and rewarded of ownership.

■ Available for sale investment and financial assets designated at fair value through P/L are subsequently held at fair value whereas held to maturity investment are measured at amortized cost using the effective interest rate method.

■ Gain and loss arising from changes in the fair value of available for sale assets should be recognized directly in equity, through the statement of changes in equity, until the financial assets is sold, collected, or otherwise disposal of, at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

■ Monetary assets interest income is recognized based on the amortized cost method in the income statement. The foreign currency revaluations differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related dividends are recognized in the income statement when they declared.

■ Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques – including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. If the range of reasonable fair value estimated is significant and the probabilities of the various estimated cannot be reasonably assessed, an entity may measure the equity instrument at cost minus any impairment losses.

■ Debt instruments can be reclassified from the available for sale investments to hold to maturity investments at fair value when the bank has the intention and ability to hold to maturity. Any related profits and losses that was previously recognized in equity are treated as follows :

■ Financial assets with fixed or determinable payments and fixed maturity valued at amortized cost, using the effective interest method in case of impairment the profits and losses that has been previously recognized directly in equity is removed from equity and recognized in the income statement.

■ Profits and losses related to financial assets without fixed or determinable maturity are held in equity till selling or dispose the asset then removed from equity and recognized in the income statement. In case of impairment the profits and losses that has been previously recognized directly in equity is removed from equity and recognized in the income statement.

### **F - Derivatives financial instruments :**

■ Derivatives are initially recognized at fair value on the date on which derivative contract is entered into and subsequently re-measure at their fair value. Fair values are obtained from quoted market prices in active markets, included recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

#### **F/1 - Netting :**

■ Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis , or to realize an asset and settle the liability simultaneously.

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

■ Treasury bill, repos and reverses repos agreements are netted on the balance sheet in treasury bills and other discountable notes at CBE.

### **F/2 - Derivatives and embedded Derivatives :**

Derivatives are measured initially at fair value and subsequently re-measured at fair value. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

### **G - Impairment of financial assets :**

#### **G/1 - Financial assets held to maturity**

■ The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date (a loss event) and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. Objective evidence that a financial asset or a portfolio is impaired includes observable data that comes to the attention of the bank about the following loss events :

- I. Significant financial difficulty of the issuer or obligor.
- II. It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

#### **G/2- Available for sale investments :**

■ The bank assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets under available for sale investment or hold to maturity investment is impaired. In the case of equity instrument classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether impairment exists.

### **H - Financial investments in affiliate and associated companies :**

■ Financial investments in affiliate and associated companies, having joint interest , are valued at cost; however, should a decline occur to their fair value, compared to their book value, the latter value shall be amended in respect of each investment separately, and then the difference is charged on income statement under the item “of differences relating to valuation of other financial investments”; and should a rise occur to their fair value, such rise is added to the same item within the limits of what has been previously charged on income statements over previous financial periods.

### **I - Valuation of assets, devolving to the bank, in settlement of some clients debts :**

Assets, devolving to the bank, are recorded into the balance sheet under the item of “debit balances & other assets” at the value pursuant to which their ownership devolved to the bank. However should a decline occur to the fair value of these assets, compared to the value upon which they devolved to the bank, at the date of the balance sheet, differences are charged on income statement. And should there occur a rise in fair value, such rise is added to income statement; within the limits of what has been previously charged to income statements, over previous financial periods.

### **J - Loans & contingent liabilities provision & other provisions :**

■ Provision is created to loans and contingent liabilities, per

se, in addition to a percentage for general risks to be computed out of the total of loans and other contingent liabilities , less balances covered by deposits and bank guarantees issued from solvable foreign banks, in the light of the management experience and the periodical elaborate studies of loans and contingent liabilities balances.

■ In case the procedures carried out for their collection are hopeless Loans are to be written off, by debiting the provision – to which is added the proceeds of loans, previously written off.

■ other provisions created (Legal provisions- employee benefits provisions- fraud provisions)to be correspondent with the policy followed by the bank to meet any possible future provisions.

### **K - Contingent liabilities & commitments :**

Contingent liabilities in which the bank is a party, in addition to the commitments related to forward exchange contracts, currency exchange and yield rate contracts etc are registered off the balance sheet, under the item “Contingent liabilities & commitments”; on the ground that they do not represent actual assets or liabilities, on the date of the balance sheet.

### **L - Cash & cash equivalent :**

For the purposes of preparing cash flows statement, the item of cash and “cash equivalent” includes cash balances, balances with the Central Bank of Egypt, current accounts balances with banks; and treasury bills balances maturing three months from the date of acquisition.

### **M - Depreciation & amortization :**

Fixed assets are depreciated by means of fixed installments method, using appropriate depreciation rates which are determined based on the estimated life for each type of productive assets; as follows :

Buildings & establishments	3.33% - 5%
Means of transport	20%
Furniture	5% - 20%
Integrated automatic systems	10%- 20%
Appliances & equipments	20%
Installations	10%

■ The asset begins to be depreciated when it is available for usage & fixed assets appears at the balance sheet in total after the deduction of the total accumulated depreciation.

■ Improvements and renovations expenses of the bank leased branches, are amortized over the estimated productive life, or lease period whichever is shorter.

■ Goodwill are amortized on five years according to CBE instruction

### **N - Taxes :**

■ Taxes falling due on the bank are be computed pursuant to the laws , regulations and instructions in force , whether in Egypt or in the countries where the bank has branches.

■ A tax provision is made to meet tax obligations based on detailed studies of tax claims.

### **O - Defferd taxes :**

■ Calculated Income Tax on Bank Profits includes current Income Tax (based on applicable laws and tax rates by the time of reporting the financial results) and the deferred tax. Income tax is booked in the income statement and deferred tax is booked directly under owners equity.

■ Deferred Tax is the tax resulting from temporary differences in the duration used to acknowledge the value of assets and liabilities between the tax calculations principles and the accounting principles used for the preparation of the accounting statements.

■ Deferred Tax is recognized as an asset as long as there is a great probability that this asset could be used for reducing the tax due for the coming years. Deferred Tax is



# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

reduced from the bank assets by the value that wouldn't contribute as a tax benefit in the future.

### 3 - Financial instruments & management of related risks :

#### (A) Financial instruments :

The bank financial instruments are represented in financial assets and liabilities. As to financial assets, they include cash balances, current accounts, deposits with banks, financial investments and loans to clients and banks. As to financial liabilities they include, clients deposits, banks dues. Likewise financial instruments include, the rights and undertakings recorded under the item "Contingent liabilities and commitments".

The item no(2) of the supplementary notes to financial statements includes the accounting policies adopted relating to the bases for the verification & measurement of the most important financial instruments and the revenues & expenses associated therewith.

#### (B) Forward contracts :

Pursuant to the instructions of the Central Bank of Egypt, the bank does not enter into "forward" contracts, except to the extent required for covering its requirements from foreign currencies or the requirements of its clients for meeting their obligations in foreign currencies resulting from their transactions made through the bank. Such dealings are "characterized" as short-term transactions.

### (3/1) Management of risks related to financial instruments :

#### (A) Interest rate risk :

The value of some financial instruments would be exposed to fluctuations, resulting from alteration of interest rates; hence the bank would carry out some measures aiming at reducing the effects of this risk down to the minimum limit :

- Linking the YIELD on borrowing to the rate of YIELD on lending.
- Seeking guidance of various currencies discount rates, upon determining income rates.
- Managing the conformity between assets and financial liabilities dates of maturity with income associated therewith.
- Item no (29), of the supplementary notes to financial statements, sets forth an average of interest rates, applicable during the period on those assets and financial liabilities.

#### (B) Credit risk :

Loans to clients & banks and financial investments, in the form of bonds and likewise the balances of current accounts and deposits with banks as well as rights and undertakings from third parties, are regarded as financial assets exposed to credit risk represented in the incapability of those parties to effect payment wholly or partly of their falling dues on dates of maturity.

The bank adopts several measures conducing to reducing such credit risk down to the minimum limit :

- Preparing credit studies concerning clients and banks, prior to dealing therewith, as well as determining the rates of credit risk associated therewith.
- Obtaining the appropriate guarantees that would reduce the volume of risks resulting, should such clients or banks, default.
- Follow – up and periodical study of clients and banks with a view to assess their financial and credit standings and estimate the provision required for irregular balances.
- Distributing loans portfolio and balances with bank onto different sectors to avoid the concentration of risks.
- Supplementary note no (31), sets forth the distribution of loans portfolio into different sectors.

### (C) The risk of foreign currencies exchange rate fluctuation :

In view of the fact that the bank deals with several foreign currencies pursuant to the nature of its activity, hence it may be exposed to the risk of fluctuations in foreign currencies rates of exchange. And for the purpose of reducing such risk to the minimum limit; hence, the bank would observe a sort of equilibrium in foreign currencies positions – in accordance with the instructions of the Central Bank of Egypt, in this respect.

Item no (35) of the supplementary notes to financial statements sets forth the most important positions of currencies existing at the date of the balance sheet.

### 4 - Accounting estimates and assumption :

■ The preparation of financial statement requires management to make subjective judgments and estimates, at times, regarding matters that are inherently uncertain. These judgments and estimates affect report amounts and disclosures. Those judgments and estimates are based on historical experience and other factors containing the expectations of the future events that are reasonable estimated in accordance of the available conditions & information.

■ The most significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows :

### (A) Impairment of the available for sale equity instruments :

■ In the case of available for sale financial investments, a significant or Continuous decline in the fair value of the security below its cost is considered as impairment. Where such evidence exists, significant or Continuous decline needs a personal judgment. To make this judgment the bank assesses - besides other factors - the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industries tool or sector or technological advances.

### (B) Derivatives fair value :

■ For the unquoted financial instruments, the fair value is determined using a variety of valuation techniques which are tested and reviewed periodically by high qualified staffs that are independent of those how created the models, the models used are validated prior put into use. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. While areas like the bank credit risk, counterparties, volatility and correlation require management to make judgments & estimations. Changes in the assumption related to these factors may affect the financial instrument fair values which have been disclosed.

### (C) Held to maturity investments :

■ Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. The category requires personal judgment therefore the bank tests whether there is a genuine intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity (except for certain tightly defined circumstances such as if an entity sells an insignificant amount of held-to-maturity investments close to maturity date), investments should be reclassified as available for sale, which will be measured at fair value instead of amortized cost.

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### 5 - Cash and due from Central Bank of Egypt :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Cash in Hand	830 481 172	1 106 763 815
Due from CBE ( reserve percentage )	2 272 095 730	2 208 916 558
	<b>3 102 576 902</b>	<b>3 315 680 373</b>

### 6 - Due from Banks :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
<b>(A) Central Bank of Egypt :</b>		
Deposits	3 276 980 998	5 060 621 949
	<b>3 276 980 998</b>	<b>5 060 621 949</b>

### (B) Local Banks :

Current Accounts	118 589 637	170 795 395
Deposits	--	242 638 000
	<b>118 589 637</b>	<b>413 433 395</b>

### (C) Foreign Banks :

Current Accounts	295 967 423	1 861 120 985
Deposits	5 335 633 967	6 202 292 002
	<b>5 631 601 390</b>	<b>8 063 412 987</b>
<b>Total Due from Banks</b>	<b>9 027 172 025</b>	<b>13 537 468 331</b>

### 7 - Treasury Bills :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
T/Bs 91 days maturity	829 425 000	347 675 000
T/Bs 182 days maturity	1 671 150 000	1 447 225 000
T/Bs 364 days maturity	590 675 000	2 286 050 000
<b>Total</b>	<b>3 091 250 000</b>	<b>4 080 950 000</b>
<b>Less : Unearned interest</b>	<b>(114 894 897)</b>	<b>(134 972 690)</b>
<b>Net</b>	<b>2 976 355 103</b>	<b>3 945 977 310</b>

### 8 - Financial Assets For Trading :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Other Debt Instruments	7 284 535	132 183 075
Local Companies Shares	112 097 488	106 924 165
Mutual Fund	1 461 200	2 037 600
<b>Total Financial Assets For Trading</b>	<b>120 843 223</b>	<b>241 144 840</b>

### 9 - Loans to customers & Banks (Net after provision) :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Discounted commercial papers	579 411 247	418 521 469
loans to customers	26 529 660 717	21 752 174 668
	<b>27 109 071 964</b>	<b>22 170 696 137</b>
<b>Less :</b>		
Unearned discount for Discounted Bills	(33 999 754)	(21 640 224)
Loans provision	(1 767 384 372)	(2 072 975 291)
Reserved Interest	(296 467 822)	(341 611 054)
<b>Loans to customers (NET)</b>	<b>25 011 220 016</b>	<b>19 734 469 568</b>

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### 10 - Loans' Provision :

	31/12/2008		
	Specific EGP	General EGP	Total EGP
Provision at beginning of the year	1 804 565 949	268 409 342	2 072 975 291
Forming during the year	--	64 185 781	64 185 781
Collection from previous year provisions	<b>** (347 608 728)</b>	--	<b>(347 608 728)</b>
Transfers	*2 008 196	--	2 008 196
Collections from loans previously written-off	--	14 727 228	14 727 228
Foreign currencies revaluation differences	<b>(2 120 475)</b>	683 726	<b>(1 436 749)</b>
	<b>1 456 844 942</b>	<b>348 006 077</b>	<b>1 804 851 019</b>
Used during the year	<b>(31 532 635)</b>	<b>(5 934 012)</b>	<b>(37 466 647)</b>
<b>Provision at the end of the year</b>	<b>1 425 312 307</b>	<b>342 072 065</b>	<b>1 767 384 372</b>

\*An amount of 2 008 196 EGP was transferred from Specific Provision off balance sheet to Specific Provision of loans

\*\*The excess of specific provision for loans reached 347 608 728 EGP is credited to the income statement in the item (Other Operating Income)

	31/12/2007		
	Specific EGP	General EGP	Total EGP
Provision at beginning of the year	1 861 060 026	174 954 485	2 036 014 511
Forming during the year	--	74 023 235	74 023 235
Collection from previous year provisions	<b>(18 258 391)</b>	--	<b>(18 258 391)</b>
Transfers	*12 106 574	*19 417 195	31 523 769
Collections from loans previously written-off	9 894 927	2 395 000	12 289 927
Foreign currencies revaluation differences	<b>(6 873 549)</b>	<b>(2 320 096)</b>	<b>(9 193 645)</b>
	<b>1 857 929 587</b>	<b>268 469 819</b>	<b>2 126 399 406</b>
Used during the year	<b>(53 363 638)</b>	<b>(60 477)</b>	<b>(53 424 115)</b>
<b>Provision at the end of the year</b>	<b>1 804 565 949</b>	<b>268 409 342</b>	<b>2 072 975 291</b>

\*An amount of 29 721 330 EGP was transferred from the off balance sheet to general provision & an amount of 1 802 439 EGP from off balance sheet specific provision, as : 19 417 195 EGP was transferred to loans general provision and 12 106 574 EGP was transferred to loans specific provision

### 11 - Financial Derivatives :

	Amount	31/12/2008	
		Assets EGP	Liabilities EGP
<b>A - Trading</b>			
Forward foreign exchange contracts	713 780 901	--	13 977 705
Interest Rate Swap	362 912 840	25 032 340	--
<b>Total</b>		<b>25 032 340</b>	<b>13 977 705</b>

#### B - Fair Value Hedge

Interest rate Swap	1 827 866 544	--	5 965 407
<b>Total</b>		<b>25 032 340</b>	<b>19 943 112</b>

	Amount	31/12/2007	
		Assets EGP	Liabilities EGP
<b>A - Trading</b>			
Forward foreign exchange contracts	126 027 857	1 366 914	--
Interest rate Swap	387 979 750	21 555 340	--
<b>Total</b>		<b>22 922 254</b>	<b>--</b>

#### B - Fair Value Hedge

Interest rate Swap	2 139 315 600	--	5 350 407
<b>Total</b>		<b>22 922 254</b>	<b>5 350 407</b>

The forward deals represents commitment to buy foreign and local currency , including the ineffective part of the current deals, the interest rate swap deals represents commitment to exchange fixed rate with valuable rate, the exchange of the contractual amount does not exists except for some foreign swap deals, the credit risk for the bank represent on the borrowing cost for exchange of the swap contract if the other parties failed to meet its commitments. The risk is always monitored in the comparatives with the fair value for the contractual amount, and for controlling the credit risk the bank revaluates the other parties with the same manners used for the same borrowing activates .

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

Covering the Fair Value:

The bank has hedged part of the return risk rate that result from the possibility in decreasing in the return risk rate for some foreign customer deposits with a fixed rate by using the interest swap deal.

The Net fair value for the deal result an assets with total amount of EGP 5 965 470 against liabilities with total amount of EGP 5 350 407 in the comparative year.

### 12 - Financial Investments :

#### Financial Investment available for sale :

##### (A) Debt Instruments - Fair Value :

Listed Instruments

Unlisted Instruments

##### (B) Equity Instruments - Fair Value :

Listed Equity

Unlisted Equity

#### Total Financial Investment available for sale (1)

#### Financial Investments held to maturity :

##### (A) Debt Instruments

Listed Instruments

Unlisted Instruments

##### (B) Equity Instruments

Listed Instruments

Unlisted Instruments Balance at end of year

#### Total Financial Investments held to maturity (2)

#### Total Financial Investments (1+2)

Listed Balances

Unlisted Balances

Fixed Interest Debt Instruments

Variable Interest Debt Instrumens

#### Total

Balance at beginning of year (current year)

Additions

Disposals (Sales /Returns)

Foreign currency differences for monetary assets

Revenues of change in fair value

#### Balance at end of year

Balance at beginning of year (comparative year)

Additions

Disposals (Sales /Returns)

Foreign currency differences for monetary assets

Revenues of change in fair value

#### Balance at end of year

	31/12/2008	31/12/2007
	EGP	EGP
	1 569 258 625	1 667 100 763
	1 372 316 813	1 276 669 542
	<b>2 941 575 438</b>	<b>2 943 770 305</b>
	52 726 856	77 849 783
	436 294 264	767 843 515
	<b>489 021 120</b>	<b>845 693 298</b>
	<b>3 430 596 558</b>	<b>3 789 463 603</b>
	219 846 403	408 170 478
	--	--
	<b>219 846 403</b>	<b>408 170 478</b>
	--	--
	5 000 000	5 000 000
	<b>5 000 000</b>	<b>5 000 000</b>
	<b>224 846 403</b>	<b>413 170 478</b>
	<b>3 655 442 961</b>	<b>4 202 634 081</b>
	1 841 831 884	2 153 121 024
	1 813 611 077	2 049 513 057
	<b>3 655 442 961</b>	<b>4 202 634 081</b>
	3 161 421 841	3 351 940 783
	--	--
	<b>3 161 421 841</b>	<b>3 351 940 783</b>
	<b>Available for sale</b>	<b>Held to maturity</b>
	<b>Investments</b>	<b>Investments</b>
	3 789 463 603	413 170 478
	--	--
	(333 841 320)	(188 324 075)
	(3 376 678)	--
	(21 649 047)	--
	<b>3 430 596 558</b>	<b>224 846 403</b>
	1 999 674 457	444 376 711
	1 844 592 120	--
	(191 575 692)	(31 206 233)
	(42 954 505)	--
	179 727 223	--
	<b>3 789 463 603</b>	<b>413 170 478</b>



# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### NSGB Money Market Fund (THEMAR)

NSGB has set up an investment fund named NSGB Investment Fund with daily accumulated interest (Themar) as one of the banking activities authorized for the bank according to the law of the Capital Market Stock number 95 for the year 1992.

The first issue of Investment fund (THEMAR) was one Million Securities units amounting to EGP 100 Million.

50 000 securities units were subscribed by NSGB, for an amount of 5 Million EGP. EFG HERMES is Managing this investment fund.

The number of securities of the investment fund reached 49.675.044 at 31 Dec. 2008, with a total value of 5 954 249 474 EGP. NSGB held 993.501 investment certificates with a value of 118 091 804 EGP, of which 5 000 000 EGP are classified as held to maturity and represent 5% of the number of securities of the first issue of the investment fund, while 113 091 804 EGP representing 2 % of the increase in the value of the investment fund are recorded as investments available for sale.

13 - Investments in affiliates and Associated Co's :	31/12/2008	Percentage	31/12/2007	Percentage
	Amount	of sharing	Amount	of sharing
<u>Investments in Associated Co's</u>	<u>EGP</u>	<u>%</u>	<u>EGP</u>	<u>%</u>
Sogelease Egypt company	28 000 000	40%	28 000 000	40%
NSGB Life Insurance company	7 500 000	25%	7 500 000	25%
ALD AUTOMOTIVE	2 489 250	25%	1 376 410	25%
SERVINIL	500 000	25%	500 000	25%
Senouhi Company for Construction Materials	1 847 250	23%	1 847 250	23%
Delta Bakeries Co.	1	60%	1	60%
	<b>40 336 501</b>		<b>39 223 661</b>	

\* All Investment in affiliates are not listed in the stock market

14 - Debit balances and other assets :	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Accrued revenues	213 402 282	278 372 005
Down payments for purchase of fixed assets	114 799 957	96 691 918
Assets reverted to the Bank in settlement of debts	8 414 923	18 122 073
Balances due on buyer of assets reverted to the bank	39 017 635	48 502 645
Deposits & custody	2 738 504	2 467 295
Cash in transit	126 426 014	19 542 500
Expenses paid in advance	24 392 764	27 856 996
Sundry debit balances	29 328 150	43 835 389
	<b>558 520 229</b>	<b>535 390 821</b>

15 - Deferred tax assets :	31/12/2008	31/12/2007
	<u>Assets</u>	<u>Assets</u>
	<u>(Liabilities)</u>	<u>(Liabilities)</u>
<u>Deferred taxes</u>	<u>EGP</u>	<u>EGP</u>
Fixed Assets (Depreciation)	(10 373 676)	(7 449 378)
Goodwill (amortization)	94 070 799	62 713 866
Other provision (except Loans, Tax possible claim and off-balance sheet provision)	22 957 253	10 709 135
Losses carried forward	--	13 363 830
Other investments revaluation difference	(34 554 071)	(16 476 645)
Effect of changing in accounting policies	5 544 815	5 277 432
Other items	(1 697 546)	(1 697 547)
<b>Total deferred tax Assets</b>	<b>75 947 573</b>	<b>66 440 693</b>

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### 16 - Fixed Assets (net after deduction of accumulated depreciation) :

	Lands	Building & Installations	Integrated Systems	Transportations	Furniture & saves & strong doors	Equipments	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost at 01/01/2008	29 825 700	501 879 117	278 388 754	4 164 316	44 381 751	87 668 685	946 308 323
Purchases during the period	--	93 186 772	40 898 637	--	5 579 225	15 884 893	155 549 527
Reversals during the period	--	3 254 777	632 295	--	398 278	655 040	4 940 390
Coast at 31/12/2008	<b>29 825 700</b>	<b>591 811 112</b>	<b>318 655 096</b>	<b>4 164 316</b>	<b>49 562 698</b>	<b>102 898 538</b>	<b>1 096 917 460</b>
Accumulated Depreciation at 01/01/2008	--	135 466 146	84 509 781	3 184 757	21 744 536	25 347 791	270 253 011
Depritation of the period	--	33 763 843	45 338 769	695 408	5 715 285	16 570 446	102 083 752
Depritation of the reversals	--	3 254 777	632 296	--	398 270	655 040	4 940 384
Transfers	--	- 16 929 169	--	--	--	16 929 169	--
Accumulated Depritation at 31/12/2008	--	<b>149 046 043</b>	<b>129 216 254</b>	<b>3 880 165</b>	<b>27 061 551</b>	<b>58 192 366</b>	<b>367 396 379</b>
Assets (net) at 31/12/2008	29 825 700	442 765 069	189 438 842	284 151	22 501 147	44 706 172	729 521 081
Assets (net) at 01/01/2008	<b>29 825 700</b>	<b>366 412 971</b>	<b>193 878 973</b>	<b>979 559</b>	<b>22 637 215</b>	<b>62 320 894</b>	<b>676 055 312</b>

Fixed Assets (after accumulated depreciation) include the sum of 19 161 336 EGP which stand for assets that are not registered by the name of the bank until now and the legal procedures for registering these assets are under way and there is no any restrictions on the process of registration

### 17 - Due To Banks :

	31/12/2008	31/12/2007
	EGP	EGP
<b>(A) CBE</b>		
Current Accounts	129 017 770	313 107 068
	<b>129 017 770</b>	<b>313 107 068</b>
<b>(B) Local Banks</b>		
Current Accounts	11 701 225	10 768 067
Depostis	7 046 446	620 739 885
	<b>18 747 671</b>	<b>631 507 952</b>
<b>(C) Foregin Banks</b>		
Current Accounts	4 854 702	508 064 684
Depostis	1 307 626 556	127 320 250
	<b>1 312 481 258</b>	<b>635 384 934</b>
<b>TOTAL</b>	<b>1 460 246 699</b>	<b>1 579 999 954</b>

### 18 - Customers' Deposits & Saving Certificates :

	31/12/2008	31/12/2007
	EGP	EGP
Demand deposits	8 092 904 650	8 790 372 527
Time deposits & call accounts	19 039 863 866	21 375 839 604
Term saving Certificates	5 300 444 000	4 643 579 000
Savings deposits	2 713 035 725	2 858 603 442
Other deposits	1 742 978 026	1 630 996 900
	<b>36 889 226 267</b>	<b>39 299 391 473</b>

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

19 - Credit balances and other liabilities :	31/12/2008			31/12/2007		
	EGP			EGP		
Accrued interest	902	633	975	788	414	391
Deferred revenue	66	155	481	75	003	919
Accrued expenses	75	927	175	69	278	528
Sundry credit balances	246	991	528	209	798	678
Taxes due on the period	187	479	864			--
<b>Total</b>	<b>1 479</b>	<b>188 023</b>		<b>1 142</b>	<b>495 516</b>	

20 - Long term loans :	Interest Rate%	Maturity date	Amounts		Balance as at 31/12/2008	Balance as at 31/12/2007
			to Mature during the next year	Balance as at		
Central Bank of Egypt Loan	10 - 7.5 %	2012	5 095 302	45 504 950	53 411 945	
European Union Loan	4.5 %	2010	1 250 000	1 875 000	3 125 000	
European Investment Bank Loan	--	2014	--	2 190 198	2 308 795	
<b>Total</b>			<b>6 345 302</b>	<b>49 570 148</b>	<b>58 845 740</b>	

21 - *Other Provisions :	31/12/2008						
	Balance at the beginning of the year	Formed During the year	Collections during the year	Transfers	Foreign Currencies Revaluation Differences (+/-)	Amounts Used During the year	Balance at the end of the year
Provision for Tax Probable Claims	524 237 168	48 182 623	--	1 788 000*	--	(154 004 559)	420 203 232
Provision of legal Probable Claims	41 479 662	--	(17 613 323)**	--	(73 696)	--	23 792 643**
Contingent liabilities-Specific Provision	75 917 383	--	(26 716 226)**	(2 008 196)*	(173 221)	--	47 019 740
Contingent liabilities-General Provision	86 381 859	9 532 046	--	--	481 797	--	96 395 702
Provisions for other post Employment benefits	7 847 421	68 098 579	--	(1 788 000)*	--	--	74 158 000
Other Provisions	4 218 593	23 373 156	--	--	107 286	--	27 699 035
<b>Total</b>	<b>740 082 086</b>	<b>149 186 404</b>	<b>44 329 549</b>	<b>(2 008 196)</b>	<b>342 166</b>	<b>(154 004 559)</b>	<b>689 268 352</b>

\* An amount of 2 008 196 EGP was transferred from the off Balance Sheet specific Provision to the specific provision for loans . And an amount of 1 788 000 EGP was transferred from employment benefit Provision to provision for Tax probable claims.

\*\* The excess provision of legale claim reached 17 613 323 EGP and in the off balance sheet specific provision is 26 716 226 EGP and both was credited to the income statement in the item (Other Operating Income).

Description	31/12/2007						
	Balance at the beginning of the year	Formed During the year	Collections during the year	Transfers	Foreign Currencies Revaluation Differences (+/-)	Amounts Used During the year	Balance at the end of the year
Provision for Tax Probable Claims	538 645 804	10 000 000	--	671 739**	--	(25 080 375)	524 237 168
Provision for legal Probable Claims	41 747 441	--	--	--	(267 779)	--	41 479 662
Contingent liabilities-Specific Provision	73 661 900	4 431 325	--	(1 802 439)*	(373 403)	--	75 917 383
Contingent liabilities-General Provision	105 589 561	10 885 253	--	(29 721 330)*	(349 836)	(21 789)	86 381 859
Provisions for post Employment benefits	2 881 419	4 966 002	--	--	--	--	7 847 421
Other Provisions	1 804 975	4 295 086	--	--	(53 397)	(1 828 071)	4 218 593
<b>Total</b>	<b>764 331 100</b>	<b>34 577 666</b>	<b>0</b>	<b>(30 852 030)</b>	<b>(1 044 415)</b>	<b>(26 930 235)</b>	<b>740 082 086</b>

\* An amount of 29 721 330 EGP was transferred from General Provision off balance sheet & an amount of 1 802 439 from Specific Provision off balance sheet, 19 417 195 was transferred to General Provision of loans & 12 106 574 was transferred to Specific Provision of loans.

\*\* An amount of 671 739 EGP recorded in other credit balances represent Movable tax to the provision of probable tax claims.

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### 22 - Shareholder's Equity :

#### A - Authorized Capital :

The authorized capital amounts to LE 5000 million.

#### B - Issued and Paid in Capital :

The issued & subscribed capital on 31 Dec. 2008 is 3 029 409 900 EGP, representing 302 940 990 shares with a nominal value of EGP 10 each, of which 177 617 990 shares were paid in Egyptian Pound and 125 323 000 shares were paid in foreign currency. The value of the shares paid in foreign currencies are recorded according to the exchange rates prevailing on the payment date. On March 13, 2008 the Extra Ordinary General Assembly decided to increase the issued capital by an amount of LE 275 400 900 million through a transfer from the General Reserves.

#### C - Reserves :

- According to the Bank's Statute a sum equal to 5% of the year's net profit is retained to form the legal reserve, which will be ceased when its balance amounts to 20% of the issued capital.
- According to the instructions of the Central Bank of Egypt it is prohibited to take action on the specific provision without the central bank of Egypt it is prohibited to take action on the specific provision without the Central Bank of Egypt premission.

#### D - Profit distribution during the year :

- On 12 Nov. 2008 the board of director decided to invite the extra ordinary general assembly meeting to approve the modification of the basic statute to allow profit distribution for period less than one year.
- On 12 Nov. 2008 the ordinary general assembly decided to distribute profit to shareholders as 0.25 EGP per share for the financial period from 01/01/2008 to 30/06 2008.

#### 23 - Subordinated loan :

- The amount of the subordinated loan is 140.000.000 \$ (771 918 000 EGP as at 31/12/2008) from SG Paris for 7 years.
- The loan was extended on 27/12/2006 and bears an interest rate of 0.9% over LIBOR 12 months.

### 24 - Contingent Liabilities & commitments :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Letters of Guarantee	9 872 651 753	10 042 484 363
Letters of Credit ( import & export )	2 139 855 467	2 429 490 656
Acceptance Bills	478 664 718	523 642 174
Forward exchange contract	713 780 901	126 027 857
Interest rate swap contract	2 190 772 323	2 527 295 350
Other potential liabilities	158 072 109	167 495 681
	<b>15 553 797 271</b>	<b>15 816 436 081</b>

### 25 - Trading Net Profit :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Gains from foreign currency transaction	155 392 295	68 357 073
Differences from valuation of Assets and Liabilities	(175 276)	(41 600 983)
loss from Forward Exchange contract valuation	(13 977 705)	(21 519 686)
Diff. from valuation debt Instruments for Trading with fare value	3 477 000	21 555 340
	<b>144 716 314</b>	<b>26 791 744</b>



# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

26 - Other Operations revenues :	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Profit of selling reverted assets	6 809 558	3 154 809
Recovery from probable legal claim provision	17 613 324	--
Recovery from specific loans provision	347 608 728	--
Recovery from specific contingent provision	26 716 225	--
	<b>398 747 835</b>	<b>3 154 809</b>

27 - Dividends income (Shares & Deeds) :	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Financial Assets For Trading	12 368 386	399 114
Financial Investment available for sale	6 964 687	13 202 470
Investments in affiliates	3 850 385	--
	<b>23 183 458</b>	<b>13 601 584</b>

28 - Maturity of Assets & Liabilities :	31/12/2008	
	Due within on year	Due more then one year
	<u>EGP</u>	<u>EGP</u>
<b>(A) Assets :</b>		
Due from banks	9 027 172 025	--
Treasury Bills & CBE CDs	2 976 355 103	--
Trading Investments	120 843 223	--
Investments available for sale	168 214 818	3 262 381 740
Loan to customers (Gross Loans)	16 714 932 919	10 394 139 045
Investments Held to maturity	23 006 903	201 839 500
Investments in Affiliates	--	40 336 501
Debit balance and other assets	558 520 229	--
<b>Total</b>	<b>29 589 045 220</b>	<b>13 898 696 786</b>

<b>(B) Liabilities :</b>		
Due to Banks	1 460 246 699	--
Customers deposits	31 588 782 267	--
Term saving certificates	1 128 541 099	4 171 902 901
Long term loan	6 345 302	43 224 846
Subordinated loan	--	771 918 000
Credit balances and other liabilities	1 479 188 023	--
	<b>35 663 103 390</b>	<b>4 987 045 747</b>

### 29 - Interest Rates Applied During The period :

The average of return rate on assets & liabilities reached 7.88%, 4.30% respectively.

### 30 - Tax Position :

#### A - NSGB Position :

#### A-1) Corporate Tax :

#### Years till 1988 :

The Bank's accounts were examined and reconciled with respect to Tax since the beginning of activity till the end of 1988.

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### Years from 1989 till 1999 :

The Bank's accounts were examined and some tax disputes were resolved in the internal committee and other disputes were transferred to the appeal committee. Provision is created for these years.

### Years from 2000 till 2004 :

The Bank's accounts were examined and reconciled with respect to Tax.

### Years from 2005 till 2007 :

The tax recognitions were presented to the tax authority on legally time. but the bank's books were not examined.

### Year 2008 :

The tax recognition is prepared and reviewed to present to the Large Taxpayer's office.

### **A-2) Salaries Taxes :**

#### Years till 1984 :

The Bank's books have been inspected, and the tax due was paid until year 1994.

#### Years from 1995 till 1997 :

The appeal committee has decided to reinspect for these years and the reinspection is not prepared till now.

#### Years from 1998 till 2002 :

The Bank's accounts were examined and the bank receive the tax claim and the internal committee did not take place yet.

#### Years from 2003 till 2004 :

The Bank's accounts were examined and the bank did not receive the tax claim yet.

#### Years from 2005 till 2007 :

The Bank's accounts are not examined till now.

### **A-3) Stamp Tax :**

The Bank's books have been inspected, and the tax due was paid for some branches until 31/07/2006 & for the others branches are still under inspection till

this date.

### **B - EX-MIBank Position :**

#### **B-1) Corporate Tax :**

##### Years till 1987 :

The bank's accounts were examined and reconciled with respect to Tax since the Beginning of activity till the end of 1987.

##### Years from 1988 till 1993 and the period from 1994 till 1996 :

The bank's books have been inspected and the disputed issues were referred to the Appeal Committee, and the unresolved disputed issues were referred to the Court.

##### Years from 1997 till 2003 :

The bank's books have been inspected and some tax disputes were resolved in the internal Committee.

Other disputes were transferred to the Appeal Committee .

##### Year 2004 :

Was inspected and was assits by the authority and the bank make the objection on it. The disputed issues are transferred to the Large Taxpayer's officce.

##### Year 2005,2006 :

The tax recognitions were prepared but the bank's are not examined.

#### **B-2) Salaries Taxes :**

The bank's books have been inspected, and the tax due was paid untill 2004.

Year 2005 : is not inspected and until 2007.

#### **B-3) Stamp Tax :**

The bank's books have been inspected, and the tax due was paid for some branches until 31/07/2006 & for the others branches are still under inspection till this date.

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

### 31 - Distribution of Assets & Liabilities :

(A) Distributing loans & advances portfolio (before deducting provisions) on different sectors of activity : (in thousand EGP)

Data	31/12/2008				31/12/2007				Rate of Increase or Decrease
	EGP	FCY	Amount	%	EGP	FCY	Amount	%	
Agricultural Sector	248 147	222	248 369	0.92%	247 661	1 591	249 252	1.12%	0%
Industrial Sector	8 035 927	6 850 337	14 886 264	54.91%	5 390 072	4 965 950	10 356 022	46.71%	44%
Commercial Sector	1 910 928	1 116 579	3 027 507	11.17%	2 190 842	730 274	2 921 116	13.18%	4%
Services Sector	2 569 345	2 132 849	4 702 193	17.35%	3 157 968	2 081 214	5 239 182	23.63%	-10%
Sundries	3 706 681	538 057	4 244 738	15.66%	2 716 485	688 639	3 405 124	15.36%	25%
<b>Total</b>	<b>16 471 028</b>	<b>10 638 044</b>	<b>27 109 072</b>	<b>100%</b>	<b>13 703 028</b>	<b>8 467 668</b>	<b>22 170 696</b>	<b>100%</b>	<b>22%</b>

(B) Distributing Clients Deposits & Saving Certificates on different sectors of activity : (in thousand EGP)

Data	31/12/2008				31/12/2007				Rate of Increase or Decrease
	EGP	FCY	Amount	%	EGP	FCY	Amount	%	
Agricultural Sector	445 593	172 628	618 222	1.68%	424 819	100 125	524 944	1.34%	18%
Industrial Sector	5 158 297	4 756 854	9 915 151	26.88%	5 081 976	5 698 037	10 780 013	27.43%	-8%
Commercial Sector	967 477	840 009	1 807 486	4.90%	1 328 586	1 176 502	2 505 088	6.37%	-28%
Services Sector	2 524 401	2 117 672	4 642 073	12.58%	2 363 273	2 598 791	4 962 064	12.63%	-6%
Sundries	12 241 459	7 664 836	19 906 295	53.96%	12 623 992	7 903 290	20 527 282	52.23%	-3%
<b>Total</b>	<b>21 337 227</b>	<b>15 552 000</b>	<b>36 889 226</b>	<b>100%</b>	<b>21 822 646</b>	<b>17 476 745</b>	<b>39 299 391</b>	<b>100%</b>	<b>-6%</b>

(C) Distributing Banks' balances :

(in thousand EGP)

Data	31/12/2008		31/12/2007		Rate of Increase or Decrease
	Amount	%	Amount	%	
<b>Due from banks</b>					
Local currency	1 825 422	20%	3 381 585	25%	-46%
Foreign currency	7 201 750	80%	10 155 883	75%	29%
<b>Total</b>	<b>9 027 172</b>	<b>100%</b>	<b>13 537 468</b>	<b>100%</b>	<b>-33%</b>
<b>Due to banks</b>					
Local currency	11 519	1%	617 562	39%	-98%
Foreign currency	1 448 728	99%	962 438	61%	51%
<b>Total</b>	<b>1 460 247</b>	<b>100%</b>	<b>1 580 000</b>	<b>100%</b>	<b>-8%</b>

(D) Distributing Contingent liabilities :

(in thousand EGP)

Data	31/12/2008		31/12/2007		Rate of Increase or Decrease
	Amount	%	Amount	%	
Customers	9 081 357	58%	8 662 365	55%	5%
Banks	6 472 440	42%	7 154 071	45%	-10%
<b>Total</b>	<b>15 553 797</b>	<b>100%</b>	<b>15 816 436</b>	<b>100%</b>	<b>-2%</b>

### 32 - GOODWILL :

On the first of January 2006, NSGB absorbed MIBank. The difference between the amount paid to absorb MIBank and its net asset value is a goodwill equal to 1,809,588,338 EGP Goodwill are amortized over five year as per CBE regulations.

The Installment of amortization during the year 2008 is 361.917.672 EGP The remaining amount of goodwill after amortization at end of Dec. 2008 is 723.835.331 EGP.

### 33 - Effect of changing in accounting policies :

As a result of changing the accounting standards concerning the financial investments, the bank has restated the comparative figures for some items in balance sheet and income statement as hereunder :

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2008

	Balance Before restatement	Balance After restatement	Difference
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Financial Investment available for sale	3 632 105 627	3 789 463 603	157 357 976
<b>Financial Derivatives</b>			
Debited financial derivatives	--	22 922 254	22 922 264
Credited financial derivatives	--	5 350 407	5 350 407
Debit balances and other assets	556 880 871	535 390 821	(21 490 050)
Changing in Accounting Policies Reserve (Retained Losses)	--	(21 079 729)	(21 079 729)
Evaluation Investment AFS Reserve	--	163 320 289	163 320 289
Deferred tax	77 639 906	66 440 693	(11 199 213)
Trading Net Profit	15 695 973	26 791 744	11 095 771
Net interest income	1 212 940 567	1 186 100 111	(26 840 456)
Net profit	674 180 781	653 101 052	(21 079 729)

### 34 - EARNINGS Per Share :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
Net profits of the year	1 136 859 270	653 101 052
Board Members' Bonus	(1 500 000)	(1 500 000)
Staff Profit share	(78 500 000)	(60 000 000)
Shareholders' share in profit	<u>1 056 859 270</u>	<u>591 601 052</u>
Number of shares	291 465 953	245 148 528
Earnings per share	<u>3.63</u>	<u>2.41</u>

### 35 - Positions of Major Currencies :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
	<b>Surplus (Deficit)</b>	<b>Surplus (Deficit)</b>
Egyptian Pound	(159 951 492)	(54 112 901)
US Dollar	176 653 194	38 608 532
Sterling Pound	(32 556 130)	1 105 461
Japanese yen	28 678 960	(1 978 834)
Swiss Franck	34 799	(90 016)
Saudi ryal	1 329 674	927 287
Euro	543 828	13 816 867

### 36 - Transactions With Related Parties :

The Bank deals with related parties on the same bases it deals with others.

The nature & balances of these transactions are represented in the date of the financial statement as follows :

	31/12/2008	31/12/2007
	<u>EGP</u>	<u>EGP</u>
<b>Nature of Transactions</b>		
Due From Banks	433 802 788	901 093 272
Loans to Customers	1 287 123 602	1 392 996 000
Investments in affiliates	40 336 501	39 223 661
Due To Banks	1 307 626 634	134 786 382
Customers Deposits	730 748 308	676 749 000
Subordinated loan	771 918 000	772 030 000

### 37 - Comparative Figures :

Some comparison figures have been amended to be in line with the current financial statements.



# AUDITORS' Report

For the financial year ending on 31/12/2008

## To : The shareholders of National Société Générale Bank

### Report on the Financial Statements

We have audited the accompanying financial statements of National Société Generale Bank ( an Egyptian joint stock co.) represented in the balance sheet as at 31 December 2008, as well as the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Bank's Management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Central Bank of Egypt's rules issued on 27 June 2002 and its amendments for the preparation and presentation of Banks' financial statements, including amendments that relates to financial investments issued on December 16, 2008 and in light of the prevailing Egyptian laws, management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Bank as of 31 December 2008, and of its financial performance and its cash flows for the year then ended, in accordance with the Central Bank of Egypt's rules issued on 27 June 2002 and in accordance with the amended dated 16 December 2008 regarding the financial investments, as well as with the relevant local laws and regulations in the preparation and presentation of the financial statements.

### Report on Other Legal and Regulatory Requirements

It was not revealed to us that the Bank violated any of the provisions of the Central bank of Egypt banking and monetary system law No 88 of 2003 during the financial year ended 31 December 2008.

The Bank maintains proper accounting records, which include all that is required by law and by the bank's statutes and the unconsolidated financial statement are in agreement there to.

### Auditors'

Cairo on 17 February 2009

**Kamel Magdy Saleh**

Saleh, Barsum & Abdel Aziz - Deloitte

**Mohamed Ahmed El-Gazzar**

(Hazem Hassan KPMG)