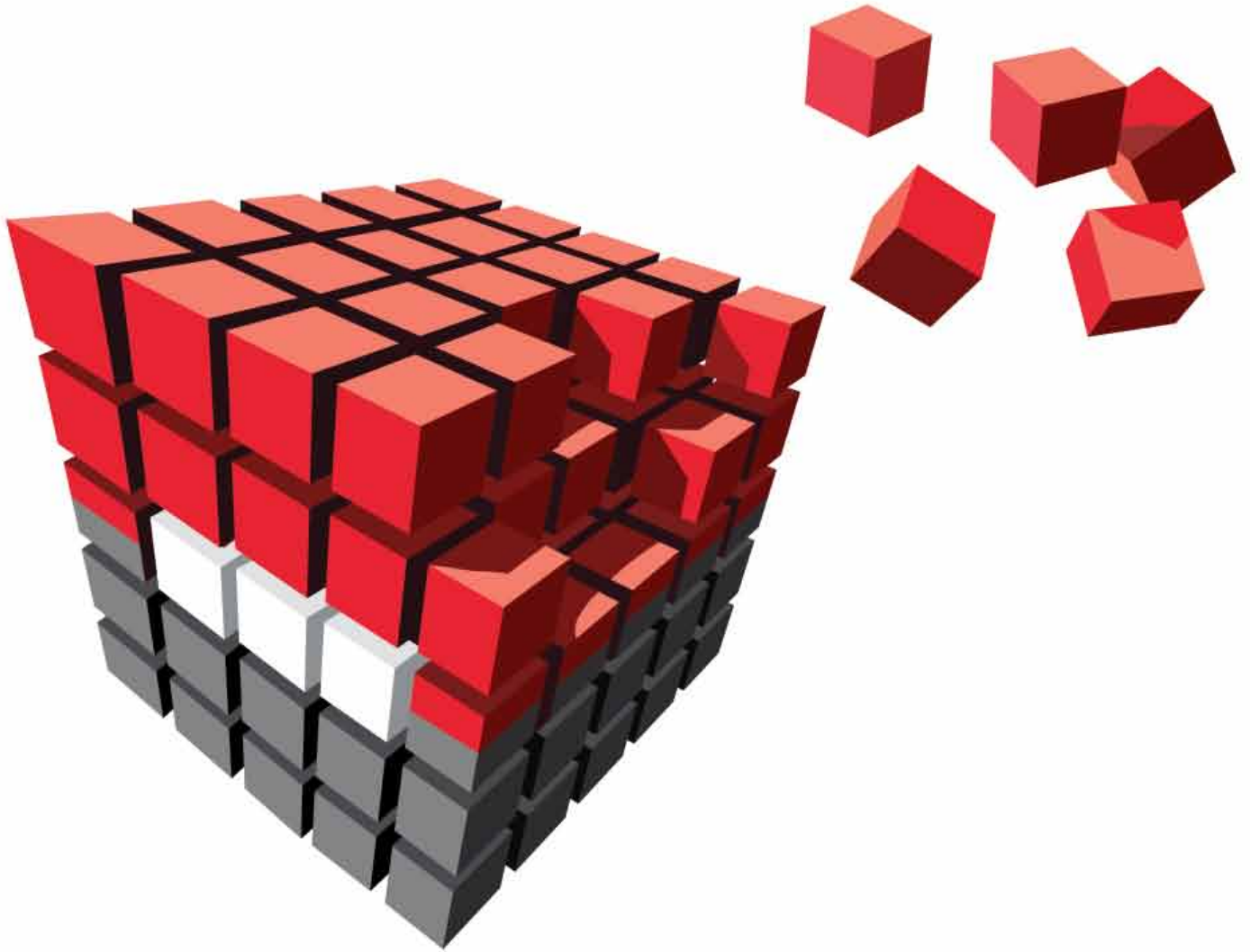


# Annual Report 2009



**NSGB**

البنك الأهلي سوسيتيه جنرال  
NATIONAL SOCIETE GENERALE BANK

**Your first  
choice bank**

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# Message From The Chairman and Managing Director

**Dear Shareholders,**

2009 was one of the difficult years for the banking industry as a result of the global financial crisis. While Egypt was not severely affected, yet, the market witnessed a slowdown in retail activity with pressure on corporate activities as well. Nevertheless, NSGB maintained its leading position as one of the best performing financial institutions in Egypt derived by its belief that the Egyptian market is promising and has still a lot of opportunities for growth.

I am happy to confirm that, despite the challenges of the macroeconomic environment, the resilience of NSGB core banking activities enabled the bank to achieve an increase of 4% in Net Income to reach EGP 1 183 million, reflecting a return on average Equity by 27.5% and Return on average assets 2.4%. In addition, the bank continued to develop its network by opening additional 12 new branches during 2009 to reach a total network of 137 branches and a total of 250 ATMs covering all major cities in Egypt.

NSGB has succeeded to maintain a positive growth in its financial performance over the past year to boost its Net Interest Income by +18% and its Net Banking Income (NBI) by +11% despite the decrease in the Trade Finance activities which has affected negatively the financial services commissions which decreased by 10%. The bank has sustained its effective cost control measures which helped contain the growth of the operating expenses to only 15% to record EGP 834 million. The expenses growth was primarily driven by the expansion of the network and the inflation.

While the total loans' market has grown only by +0.79%, we managed to grow our loans by 3.2% increasing our market share to 6.46% compared to 6.32% by end of 2008.



**Mohamed El Dib**  
Chairman and Managing Director

Our customer deposits enjoyed a significant growth by +19% to reach EGP 43.7 billion, reflecting an increase of our market shares to reach 5.09% at the end of Dec.09 compared to 4.75% a year earlier.

Our proactive risk anticipation approach as well as the proximity to our clients helped NSGB as net cost of risk remained positive at EGP 164 million. With the continuation of our successful action of recovery, the NPL ratio reached 4.8% by the end of Dec. 2009 down from 7% at the end of 2008.

I believe that 2009 achievements would not have been realized without the collaboration and sincere efforts among the different business lines in the bank. The Corporate & Investment Banking activities managed to achieve positive growth rates and maintain the quality of assets. The infrastructure projects are at the forefront of

# Message From The Chairman and Managing Director

the sectors that the bank showed great interest in financing with a special attention to projects falling under the Public and Private Partnership Program (PPP); NSGB managed to be the first bank financing such projects in the Egyptian Market. The bank remains active also in providing finance for the power, oil, and gas sectors.

In the same time, Retail Banking launched major initiatives that would match with the growth rate of NSGB Network. One of the important products launched during 2009 was MY Time Deposit, the medium term saving product in USD and EUR with a duration that varies from two to five years. Launching this type of saving products enriches the range of foreign currencies saving solutions presented to our customers.

In NSGB, we believe that the Human Capital is the main driver for the successful year of 2009 despite of the global extraordinary circumstances; NSGB continued to strengthen its manpower by recruiting from the best Universities. On the other hand, we keep investing in the development of our staff through specialized training programs to keep pace with the latest developments in the banking and financial industry and secure high standards of quality in customer service. We are striving to keep our high performers and talents through offering them challenging career paths which help them to widen their experience and prepare them for their expected role to carry out the bank's future. Aside from its commercial achievements and in line with its endeavors to meet its Social Corporate Responsibilities, NSGB continued during 2009 its role towards improving the society through supporting the health services by supplying medical equipment to major public hospitals. Also, the bank's Management and staff spent a memorable event during the Orphans Day which the bank organized

in cooperation with Dar Al-Orman sharing with the Orphans the joy and happiness of the spirits of the holy month of Ramadan.

To conclude, I, and on behalf of the Board of Directors, would like to extend my gratitude and appreciation for all the staff of the bank for their distinguished performance, dedication and loyalty. I am confident that NSGB's achievements success are the fruits of their continued and sincere efforts, as well as their capabilities to overcome the present obstacles and to meet all future challenges.

Finally, I thank our shareholders for their confidence in our future and their faithfulness. I also thank our clients for their permanent trust in the bank and to ensure them that NSGB will always be "Your First Choice Bank".

Mohamed Osman El-Dib  
Chairman & Managing Director

# Our Values

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 core values :

**Innovation**

**Professionalism**

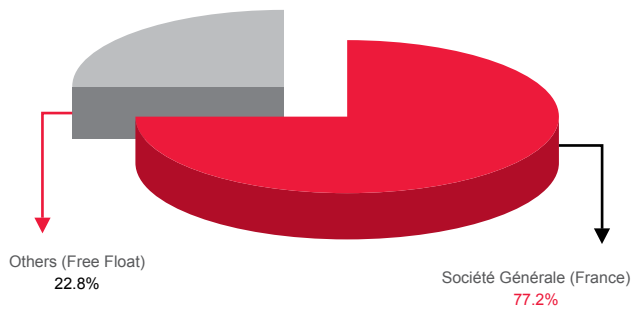
**Team Spirit**



# Overview

## Shareholders Structure :

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 clients. 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 the commitment of Société Générale Group of 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. Its 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, and road assistance service. Its considered the first company of its kind in the Egyptian market.

# Board of Directors and Committees

## Board of Directors :

Mr. Mohamed Osman El-Dib	Chairman & Managing Director
Mr. Jean Philippe Coulier	Vice Chairman & Managing Director
Mr. Mohamed Fathy Awad	Board Member & Deputy Managing Director
Mr. Jerome Jacquier	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. Patrick Le Buffe	Board Member

## Executive Committee :

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

## 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. Pierre Le Run	Head of Retail Banking Division
Mr. Jean-Luc Grasset	Head of Support Functions Division
Mr. Ihab Rafaat	Head of Secretary General Division
Mr. Jiri Sperl	Head of Financial Division
Mr. Richard Maitre	Head of Risks Division
Mr. Bassem Nour	Head of Human Resources Division







# NSGB Corporate

## Banking Activities

Year 2009 witnessed continuous repercussions caused by the world's economic crisis which started in the 2nd half of 2008 and affected the whole world though its effect varied from one country to another and from one economic area to another. Although the negative impact of this economic crisis on the Egyptian economy was limited and much less than the case in other countries, its effect was obviously felt as there was a remarkable decrease in the Egyptian exports due to a drop in the international demand even though it was at various degrees in the different economic sectors. The traffic in Suez Canal and the world tourism were also affected. In addition, Egypt's share in foreign direct investment also decreased due to the reluctance of foreign investors to take part in foreign investments all over the world. Accordingly, the growth rate of the Egyptian economy was less than usual, even though it has scored positive figures.

National Societe Generale Bank has managed to get through this crisis successfully, where the bank continued to achieve positive growth rates that exceeded the average in the banking sector, as the corporate loans and advances portfolio increased by 2.3% equivalent to EGP 526 million. Yet, the foreign trade transactions witnessed a decrease by 4% which reflects the overall decrease in the world trade during 2009.

2009 also witnessed continuous geographical expansion as well as attraction of new deposits from companies and institutions as the corporate deposits growth rate reached 17% equivalent to EGP 3,938 million which assures the market confidence in the bank's ability to employ these funds in a secured and successful manner.

NSGB has made a great accomplishment by

maintaining the quality of its corporate loans portfolio thanks to the close monitoring of its clients to ensure prompt and efficient handling of any problem they may face. This has also helped the bank to reintegrate provisions that were created previously and to enhance the NPL coverage ratio.

In the framework of developing the bank's business and the future plans for 2010, NSGB gives special attention to financing infrastructure projects due to their great impact in enforcing the country's economic development. NSGB places at the forefront of its focus the projects that fall under the Public and Private Partnership Program (PPP); for example it managed to be the first bank mandated to arrange the financing for such projects in the Egyptian market which paves the way for providing banking finance for a lot of future projects under the same program. During 2010, NSGB will work on maintaining its leading position in this field.

In 2010, NSGB will carry out several development plans which will include the launching of the updated version of the remote banking services through the Internet along with developing the central depository services, the investment banking and the capital market.

Emphasizing on the role of NSGB to access all clients' segments and cover their banking needs according to the universal bank model, it was necessary to break into the field of SMEs to support in strengthening & developing such segment to be a locomotive for the national economy.

SMEs' business line has managed to hit the ground running. Thanks to the solid infrastructure, proximity through 42 branches covering Cairo, Giza, Alexandria, Delta, Canal area, Upper Egypt and Red Sea, in addition to the integrated commercial offering including 3 added value programs to the clients: Consultancy, Finance & Banking Services as well as 2 packages: Marhaba & Mazaia

### Consultancy:

#### Financial advisory:

Offering banking-financial advices and recommendations to support projects in preparing requested studies in accordance with different financing types.

#### Trade finance advisory:

Offering data / information to exporters & importers about various external markets & in co-ordination with SG group & NSGB correspondents in more than 100 different countries.

#### Personal investment advisory:

Addressing businessmen & managers to get reliable investments opportunities that vary according to worldwide currencies, various depositary products either in domestic & international markets.

### Finance & Facilities:

#### Expansion and development of existing Projects:

Presenting the best financing solutions for production lines, machinery equipments, transportation vehicles & trucks, administration

offices, exhibitions and warehouses for tenors up to 5 years with competitive prices.

#### Financing working capital:

Short term facilities: supported by commercial papers, assigned contracts, export documents, local purchasing orders.

Credit facilities for issuance L/Cs & L/Gs.

### Services:

#### Fully fledged banking services:

- Opening accounts, T/Ds, Certificate of Deposits & THEMAR fund.
- Issuing certified checks, bank drafts, outgoing transfers, collection of checks & bills.
- Issuing Import L/Cs & DCs.
- Confirming & advising Export L/Cs.
- Issuing all types of L/Gs local – foreign.

SMEs have launched 2 new packages; MARHABA & MAZAIA addressed to SMEs companies, their owners, shareholders & managers. Also, including the 1st personal credit card for SMEs' business owners.

During its first year SMEs banking has achieved exceptional results; closing the year with **925** credit facilities clientele base for a total portfolio (funded & unfunded) for **EGP 863Mio.**, and we look forward to continue its growth in 2010 & beyond to support the clients of this important segment.





### **More network growth:**

Applying the strategy of being the bank round the corner, NSGB sustained the reinforcement of its retail banking activities with a significant coverage expansion all over Egypt. Given that during 2009 NSGB opened 12 new branches covering Cairo as well as new governorates and areas such as Luxor, Helwan, New Cairo and more; attaining a network of 137 branches by end of 2009, and continuing to expand in order to reach out for more valued customers.

In line with the branches' growth, the automated service network continued its expansion all-over Egypt to reach 250 ATMs, available 24 hours a day, 7 days a week.

### **More products and services for more client satisfaction:**

Being committed to the society and assisting our clients to participate in charitable activities, NSGB has launched a new Charity Certificate of Deposit "Nahr El Khier" which interest is disbursed to one of most credible charity organizations "Al Orman Foundation" and thus, satisfying our clients' charitable needs.

"Nahr El Khier" Certificate is a medium term saving Certificate of Deposit with a floating interest rate that is paid monthly or quarterly according to the client's choice. The Certificate is in Egyptian Pounds available in three years duration for individuals, with a minimum opening amount of only one thousand Egyptian Pounds. At maturity, the principal amount is reimbursed to the client's account.

### **More efforts for gaining customer loyalty:**

In order to enhance the cards utilization, NSGB launched "Shop & Win" campaign in February 2009 and lasted for three months. Clients who used their NSGB cards for five purchases during the campaign automatically entered the draw and 35 clients won valuable cash prizes.

Additionally, in 2009 NSGB successfully reached various special deals listed in the 2009 / 2010 discount booklet including more than 80 partners covering diversified fields such as fashion and eye

wear, furniture and home appliances, Gifts, restaurants, health care and more. For this edition of discount booklet, NSGB pursued a new approach of segmentation within the discount booklet having special offers dedicated for the youth segment and Gold Credit cardholders. Also, special promotions were offered to VISA cardholders in different events such as the valentine's day, mother's day and the Easter.

### **More focus on level of service:**

Since the beginning of the year 2009, NSGB's main concern was to enhance the level of services to increase the clients' satisfaction of our growing client base. Accordingly, the bank initiated many projects aiming to achieve more personalized banking services.

For that reason, throughout the year 2009 the bank kept studying the market in depth, and conducted several surveys on the clients' level as well as the competition in order to improve the internal bank processes. So as to keep being the client's first choice bank and in line with the bank's strategy of focusing on the level of service, NSGB launched many projects that will enhance the processing of many tasks through the introduction of new supportive tools on one hand and the centralization of some departments' tasks on the other hand.

Consequently, this will lessen the load on the branches so that they would provide the clients with the desired level of service and offer them the personalized banking experience they deserve.

### 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 Tim€ Depo\$it in Dollar and Euro
- Harmony Certificates of Deposit in local currency :
  - Fixed rate 3,4,5,7, 10 years
  - Floating rate 3, 5 years
  - Cumulative rate 5,6,7,8 years
  - Nahr El Khier" 3 years Charity Certificate of Deposit

### Loans and Credit Facilities :

- Cash loan
- Car loan
- Education loan
- Speed loan
- "Espresso loan" ( facilities against NSGB CDs and TDs )
- CD interest advance service
- "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, VISA Gold and VISA Platinum)
- NSGB VISA Internet Card

### Services :

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

### Packages :

- Safwa for the high net worth clients
- "YO!" for the youth

### 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
- 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 Egyptian pound
- Al Nokhba Savings Plan in US Dollars
- Accidental Coverage Insurance
- Economical Life Insurance







# NSGB Corporate

## Social Responsibility

The Corporate Social Responsibility of NSGB is developed and applied in consistency with NSGB values, goals and actions that complies with the principles of Société Générale Group. It represents an integral part of NSGB management decision-making and daily operations. NSGB strives to be more than a financial sponsor for good causes and prove that building Social Capital is what we have in mind.

Our CSR activities are based on several areas: fostering Culture, employee social involvement, Health & Education all over Egypt. Ensuring the sustainable development of our society, our employees make a personal commitment to serve society utilizing their own experience, ideas and effort, to not only contribute to the economic and creative development of Egypt and the society, but also with a view to the opportunities ahead for the next generation.

We are committed to engaging ourselves in a broad range of CSR activities in order to establish a long-standing and sustainable social platform. Thus, NSGB is committed to positively contribute to the key components of social cohesion such as:

### Supporting the Health and Safety of our Community

Providing medical equipments to the following organizations all around the country: Gastrointestinal Endoscopes & Liver Unit of Cairo University, The National Heart Institute, National Cancer Institute and Fight against Diabetes Campaign organized by an NGO As well as, the following Public Hospitals: Ein Shams University Hospital, Assiut University Hospital, Zagazig University Hospital and Banha Children Hospital.

### Promoting Culture and Arts

Providing support for arts and cultural events that allow wide community access and participation; such as: NSGB support to the Grand Egyptian Museum (GEM) which is rated by the Time Magazine as the second most important architectural project in this century. As GEM also includes a world class cultural educational complex, NSGB sponsored its Jewelry and Papyrus workshops. Moreover, we believe in beautifying our community through contributing to different districts such as our donation to Nozha District in Cairo governorate.

### Investing in the Community

Core themes tend to include supporting and reforming communities so as to tackle social solidarity. NSGB key actions centre around issues of homelessness, deprivation, community support services with a particular focus throughout on children. These sponsorships and donations include: Donation to Samu Social International Organization for homeless children, financial contribution to El Sabeel & Baby Wash Orphanages, and National Center for Supporting Blind.

### Employees Social Involvement

Our employees pay great attention to serving society in general, and orphans in particular. Orphanages have a special importance in the bank's community service strategy. Taking Ramadan as an opportunity, NSGB organized an Iftar and a Ramadan sports night for Dar Al Orman children. The top-management together with NSGB employees accompanied more than 80 orphans while they played games and participated in activities, during the event held at Wadi Degla Sports Club. Also, presents and toys were distributed amongst the children.

### Facilitating Learning (Education) & Development

At a fundamental level, the focus is on promoting literacy skills among all age groups through out the country. This is manifested in: supporting the Education & Development project by Maison pour tous de Tourah, sponsorship of the International Day of Gratitude in Cairo, and donation to the Association of Upper Egypt for Education & Development (AUEED).

# NSGB Branches Network

## Cairo Branches:

### 1. Head Office & Champollion Branch:

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

### 2. Talaat Harb Branch:

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

### 3. Bab El Louk Branch:

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

### 4. Alfy Branch:

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

### 5. Kasr El Nile Branch:

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

### 6. Manial Branch:

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

### 7. Manial Palace Branch:

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

### 8. El-Kamel Mohamed Branch:

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

### 9. Ahmed Heshmat Branch:

31, Ahmed Heshmat St., Zamalek - 44561 Cairo  
Tel: 27281700 - Fax: 27281799

### 10. Shobra Branch:

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

### 11. Aghakhan Branch:

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

### 12. Nile City Branch:

Nile City Building, Corniche El Nil St- North Tower, Ground Floor-  
11611 Cairo

Tel: 24619243 - Fax: 24619244

### 13. Opera Branch:

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

### 14. El Sayeda Zeinab Branch:

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

### 15. Rod El Farag

74, Rod El Farag St. El Sahel, Shobra - 11241 Cairo  
Tel: 24291000 - Fax: 24291099

### 16. Kasr El Aini Branch:

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

### 17. Mineyet El Sereg Branch:

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

## Heliopolis and Nasr City Branches:

### 18. Abbasseya Branch:

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

### 19. Hadayek El Kobba Branch:

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

### 20. Thawra Branch:

18, El Thawra St., Heliopolis - 11341 Cairo  
Tel: 24136300/23/30 - Fax: 24136349

### 21. Heliopolis Branch:

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

### 22. Mahkama Square Branch:

50, El Hegaz St., Heliopolis - 11351 Cairo  
Tel: 26311700-26311741 - Fax: 26311799

### 23. Hegaz Branch:

143 - 145, El Hegaz St., Heliopolis-11771 Cairo  
Tel: 26311600/97 - Fax: 26311698/99

### 24. Triumph Branch:

102, Osman Ebn Affan St., Heliopolis - 11361 Cairo  
Tel: 26311400 - Fax: 26311499

### 25. New Nozha Branch:

3A, Dr. Mohamed Hussein Kamel St.-11796 Cairo

Tel: 26253600- 26253603 - Fax: 26253699

### 26. Nozha Branch:

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

### 27. Safir Branch:

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

### 28. Roxy Branch:

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

### 29. Merghany Branch:

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

### 30. City Stars Branch:

City Stars Mall - Omar Ben El-Khatib St., Market Level - Nasr City -  
11361 Cairo

Tel: 24802480 - 24802481 - Fax: 24802483

### 31. Sheraton Heliopolis Branch:

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

### 32. Sakr Koreish Branch:

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

### 33. Shorouk City Branch:

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

### 34. ABB Branch:

7, Dr. Mohamed Kamel Hussein St., New Nozha - ABB Company -  
11796 Cairo

Tel: 26205226 - Fax: 26205227

### 35. Arab Academy Branch:

Block 1159, Building 1, Mosheir Ahmed Ismail St., Sheraton Heliopolis  
Buildings Heliopolis - 11736 Cairo

Tel: 22686751 - Fax: 22686751

### 36. El Rehab Branch:

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

### 37. Shams Branch:

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

### 38. Makram Ebeid Branch:

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

### 39. Nasr City Branch:

3, Abbas El-Akkad St., Nasr City - 11471 Cairo  
Tel: 24074600 - Fax: 24074699

### 40. Ard El Golf Branch:

5, Samir Mokhtar St., Heliopolis - 11341 Cairo  
Tel.: 24139304 - 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 Branch:

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

### 43. Hassan Mamoon Branch:

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

### 44. Sebak Branch:

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

### 45. Obour Branch:

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

### 46. Beirut Branch:

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

### 47. House of Financial Affairs Branch:

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: 22570676 - Fax: 22570668

### 49. El Nasr Road Branch

17, Rabaa Investment Bldg, El Nozha St., Nasr City - 11371 Cairo  
Tel: (202) 24159725 - Fax: (202) 24159475

### 51. Ain Shams Branch:

115, Selim El Awal St. Ain Shams - 11321 Cairo

# NSGB Branches Network

Tel: (202) 26311900 - Fax: (202) 26311999

## **52. Helmevet El Zeitun Branch:**

Bait El-Ezz Towers, Ibn El-Hakam Square, Helmevet El-Zeitun - 11321 Cairo

Tel: (202)26312000-26312098- Fax:(202)26312099

## **53. Sindbad Branch:**

81 Joseph Tito St.-Airport Road - New Nozha - 11769 Cairo

Tel: (202) 26253700 - fax: (202) 26253799

## **54. Gisir El Suez:**

149 Gisir El-Suez St, - El Nozha - Heliopolis - 11321

Tel: 26371850 - Fax: 26371859

## **Giza Branches:**

### **55. Gameat El Dowal Branch:**

9, Gameat El Dowal Al Arabia St., Mohandessin - 12411 Giza

Tel: 33003700 - Fax: 33003799

### **56. El Batal Ahmed Abdel Aziz Branch:**

54, El Batal Ahmed Abdel Aziz St., Mohandessin - 12411 Giza

Tel: 33324100/01 - Fax: 33324199

### **57. Shehab Branch:**

30, Lebanon St., Mohandessin - 12655 Giza

Tel: 33000900 - Fax: 33000999

### **58. Dokki Branch:**

64, Mossadak St. Dokki - 12311 Giza

Tel: 33338900 - Fax: 33338999

### **59. Messaha Branch:**

5, Messaha Square, Dokki - 12311 Giza

Tel: 33338100 - Fax: 33338199

### **60. Agouza Branch:**

1, Aswan Square, Agouza - 12645 Giza

Tel: 33000500 - Fax: 33000599

### **61. Sphinx Branch:**

3 Ahmed Orabi St. Mohandessin - 12658 Giza

Tel: 33002500 - Fax: 33002599

### **62. Sudan Branch:**

168, Sudan St. Mohandessin - 12655 Giza

Tel: 33007300 - Fax: 33007399

### **63. Faisal Branch:**

179 El Malek Faisal St. - 12944 Giza

Tel: 33891600 - 33891698 - Fax: 33891699

### **64. King Faisal Branch:**

457 King Faisal St. 12111

Tel: 37891300 - 37891398 -fax: 37891399

### **65. Haram Branch:**

360, El Haram St. - 12555 Giza

Tel: 35992400 - 35992498 - Fax: 35992499

### **66. Nasr El-Din Branch:**

426, Pyramids Road, Borg El-Gezira El-Arabia, Haram - 12555 Giza

Tel: 35674201 - Fax: 35674299

### **67. Mourad Branch:**

22, Mourad St. - 12511 Giza

Tel: 35672900 - Fax: 35672999

### **68. Giza Branch:**

61, Mohamed Bahi El-Din Barakat St.- 12511 Giza

Tel: 33311100 - Fax: 33311184-33311199

### **69. El Nile Branch:**

5, Wisa Wasef St., Borg El Riyadh - El Nile - 12511 Giza

Tel: 35732095 - 35732080 - Fax: 35732080

### **70. Mohi El-Din Abo El Ezz Branch:**

72, Mohi El Din Abo El Ezz St., Dokki - 12311 Giza

Tel: 33321780 - Fax: 33321799

### **71. Wadi El Nil Branch:**

22, Wadi El Nil St., Mohandessin - 12411 Giza.

Tel: 33001900 - Fax: 33001999

### **72. Mostafa Mahmoud Branch:**

2, EL Fawakeh St., Mohandessin - 12411 Giza

Tel: 33315000- Fax: 33315097- 33315098-33315099

### **73. Galaa Branch:**

106, Nile St., Agouza - 12311 Giza

Tel: 33323300 -33323400 - Fax: 33323399-33323499

### **74. El Bahr El Aazam Branch:**

304, El Bahr El Aazam St., El Kawthar Bldg, 12211 Giza

Tel: 35670700 - Fax: 35670799

### **75. Kit-Kat Branch:**

8, Mohamed Roushdy St. El -Nabawy El Mohandess Square. Agouza 12311 Giza

Tel: 02-033080200 - Fax: 02-33080299

## **Maadi and Mokatam Branches:**

### **76. Mahata Square Branch:**

1, El Mahata Square, Sarayat El Maadi - 11728 Cairo

Tel: 27680000 - Fax: 27680099

### **77. Street 9 Branch:**

Corner St., 9 & 79 St., Maadi - 11693 Cairo

Tel: 27683803 - Fax: No Fax

### **78. New Maadi Branch:**

Cross-roads of Nasr & El Lasilkly St., part 7 block 1, Maadi - 11742 Cairo

Tel: 27557300 - Fax: 27557399

### **79. El-Nasr Branch:**

48, El-Nasr St., New Maadi - 11431 Cairo

Tel: 27026552 - Fax: 27537312

### **80. Maadi Degla Branch:**

Cross-roads of 218 & 231 St., - 11693 Cairo

Tel: 25220600/20 - Fax: 25220699

### **81. Mokatam Branch:**

Cross roads of 9 and 10 St., El Hadba El Olya - 11585 Cairo

Tel: 25031800 - Fax: 25031819

### **82. Wadi Degla Branch:**

Wadi Degla Club - Zahraa El Maadi - 11693 Cairo

Tel: 25195136 - Fax: 25195168

### **83. Corniche El Maadi Branch:**

380, Jawharet El-Maadi Tower, Corniche El-Nile, Maadi - 11728 Cairo

Tel: 25296400 - Fax: 25296499

### **84. Kattameya Road Branch:**

2, Badr Tower, El Kattameya Road - 11742 Cairo

Tel: (202) 27557390 - Fax: (202) 27557398

### **85. New Cairo**

Down Town Project, 90 street , 5th settlement , New Cairo - 11835

Tel: 0108906010

### **86. Helwan**

13 Moustafa EL maraghy St, Helwan - 11722

Tel: 25485600 - Fax: 25485699

## **Alexandria Branches:**

### **87. Roushdy Branch:**

240, El Guish Road, Businessman bldg, Syria St. Corner. - 21311 Alexandria

Tel: (03) 5419500 - Fax: (03) 5419599

### **88. Borg El Arab Branch:**

New Borg El Arab City - 22511 Alexandria

Tel: (03) 4630100 - Fax: (03) 4630199

### **89. Zizinia Branch:**

601, El Horeya St. - 21411 Alexandria

Tel: (03) 5819300 - Fax: (03) 5749093

### **90. Kafr Abdou Branch:**

15, Mina St., Kafr Abdou - 21311 Alexandria

Tel: (03) 5419900 - Fax: (03) 5419999

### **91. Fawzy Mooaz Branch:**

74 Fawzy Mooaz- Saraya Bldg Alexandria

03/4196700 - Fax- 03/4196799

### **92. Semouha Branch:**

35, Victor Emanuel St., Semouha - 21615 Alexandria

Tel: (03) 4195930 - Fax: (03) 4195999

### **93. Mostafa Kamel Branch:**

16, Ibrahim Sherif St. Mostafa Kamel - 21311 Alexandria

Tel: (03) 5419600 - Fax: (03) 5419699

### **94. Safwa Branch:**

39, El Horreya Steel Attarin - 21311 Alexandria

Tel: (03) 4966860 - Fax: (03) 4966909

### **95. Sultan Hussein Branch:**

47, Sultan Hussein St. - 21521 Alexandria

Tel: (03) 4883100 - Fax: (03) 4883199

### **96. Safia Zaghloul Branch:**

33, Safia Zaghloul St., 21519 Alexandria

Tel: (03) 4883000 - Fax: (03) 4883099

### **97. Glym Branch:**

539B, Horrya avenue, Glym - 21531 Alexandria

Tel: (03) 5815500 - Fax: (03) 5815599

### **98. Miami Branch:**

265, Gamal Abdel Nasser St., Miami - 21411 Alexandria

Tel: (03) 5381000 - Fax: (03) 5381099

### **99. Alexandria Entrance Branch:**

Unit 11, fence of the International Garden, Alexandria Entrance - 21111 Alexandria

Tel: 03-3872000 - Fax: 03-3872099

# NSGB Branches Network

## 100. Alex Port Branch:

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

## 101. Ibrahimeya Branch:

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

## 102. Loran Branch:

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

## 103. Mansheya Branch:

2, Salah Salem St. El Mansheya -21351 Alexandria  
Tel: (03) 4881200 - Fax: (03) 4881299

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

### 104. 6th of October Branch:

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

### 105. Dandy Mall Branch:

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

### 106. 6th of October Residential Area Branch:

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

### 107. 10th of Ramadan Branch:

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

### 108. 6th of October - Distinguished Neighborhood

El-Gamaa Mall - Behind MUST University - Distinguished District -  
6th October - 12451  
Tel: 38351392

## Delta Branches:

### 109. Mohafza Square Branch:

242, El Geish St., Midan El Mohafza, Mansoura - 35511 El Dakahl-  
eya

Tel: (050) 228 0000 - Fax: (050) 228 0099

### 110. Mansoura Branch:

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

### 111. Tanta Branch:

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

### 112. Delta City Mall Branch:

42, El-Geish St., Delta City Mall - Tanta - 31111 Tanta  
Tel: (040) 3385200 - Fax: (040) 3385298

### 113. Damietta Branch:

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

### 114. Mahalla Branch:

22, El Tegara School St, (Shokry El Kawatly Previously), El Mahalla  
- 31911 Mahalla

Tel: (040) 2281000 - Fax: (040) 2281099

### 115. El Zagazig Branch:

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

### 116. Damnhour Branch:

19, El Gomhoria St.-In front of Cinema El Nasr- Damnhour  
Tel: (045) 3370900 - Fax: (045) 3370999

### 117. Mit Ghamr

Port Said St. Abu Aisha tower, Meet Ghamr, Dakahleya - 35611  
Tel: 050-6930000 - Fax: 050-6930099

## Suez Canal Branches:

### 118. Portsaid Branch:

58 El Gomhuria St., Safwa class tower - Portsaid - 42511 Portsaid  
Tel: (066) 3390100 - Fax: (066) 3390198/99

### 119. 23 July Branch

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

### 120. Ismailia Branch:

Panorama El Ismailia Tower, Unit no.1, El Mawkaf El Gedid St.,  
Corner El Eshreen St. & Shebeen El Koom St., Infront Of Courts  
Center - Ismailia City - 41111 Ismailia.  
Tel: (064) 3269000 - Fax: (064) 3269099

### 121. Suez Branch:

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

## Red Sea Branches:

### 122. Hurghada Branch:

Esplenda Bay Mall, Resorts St., "Next to Sindbad Resort" - 84511  
Hurghada

Tel: (065) 3416100 - Fax: (065) 3416199

### 123. Hurghada Sheraton Road Branch:

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

### 124. El Dahar - Hurghada Branch:

1 Hurghada Stadium shops, El Nasr St., El Dahar - 84511 Hurghada  
Tel: (065) 3562000 - Fax: (065) 3562099

## Sinai Branches:

### 125. Neama Center Branch:

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

### 126. Sharm El Sheikh Branch:

Neama Bay Al Salam Road - Opposite Gafy Resort - 46619 Sharm  
El Sheikh

Tel: (069) 3622000 - Fax: (069 ) 3622099

### 127. Hadabet Um Sid Branch:

Commercial Unit No. (4) at the City for aquatic games, entertain-  
ment & restaurant and shops at Um Sid / Sharm El Sheikh - 46619  
South Sinai

Tel: (069) 3622090 - Fax: (069 ) 3622095

### 128. Nabq Bay Branch:

Commercial Unit No. (R1) at the oriental resort, beside the main  
entrance to the hotel Nabq / Sharm El Sheikh - 46619 South Sinai  
Tel: (069) 3622050 - Fax: (069) 3622055

## Upper Egypt Branches:

### 129. Assuit Branch:

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

### 130. Beni Suef Branch:

16, Port Said St. Takseem El Horreya - Beni Suef  
Tel: (082) 4494001 - Fax: (082) 4494099

### 131. Aswan Branch:

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

### 132. Fayoum Branch:

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

### 133. Sohag Branch:

46, Corniche El Nil El Kebly St., Borg El Nil , Sohag  
Tel: (093) 2380600 - Fax : (093) 2380699

### 134. Luxor Branch

Karnak Temple St., Luxor 85111,  
Phone: +(2095) 239 9101-Fax: +(2095) 239 9199

### 135. Minya Branch

76, Shalaby Section, Sarofiem -Gharb El Minya - Minya  
Phone: +(2086) 238 6301-Fax: +(2086) 238 6399

## Kallubeya:

### 136. Banha Branch :

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

### 137. El Obour City Branch:

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

## Branches expected to be opened by the end of 2009

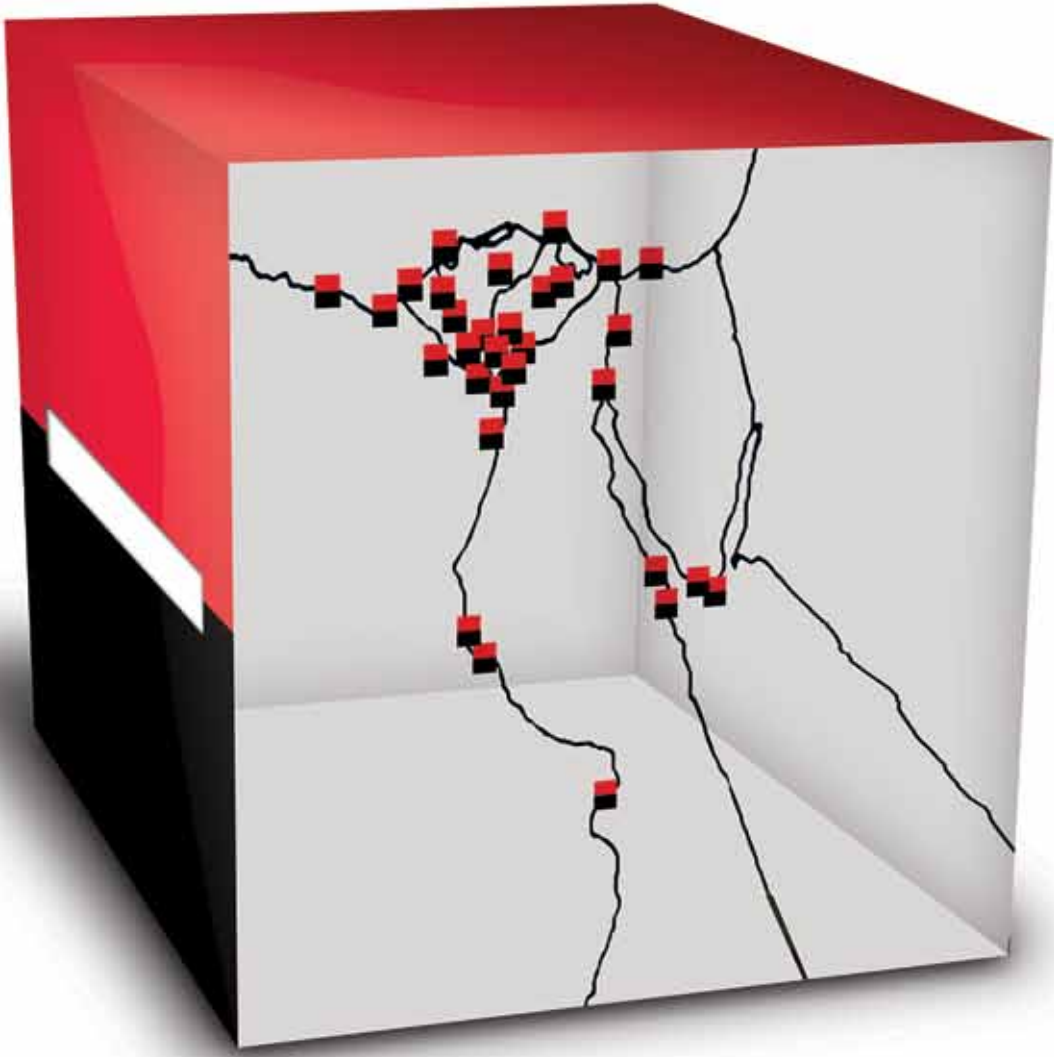
### 138. Shebeen El Koom

### 139. Zaker Hussein

### 140. Egypt Air HO

### 141. Montazah

### 142. Hurghada Banks' Area



# 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.
- 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

## 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
- PWtagasco:
- 3 Anwar El Mofly Str. Nasr City Behind tibba mall
- Ministry of Electricity:
- Ramsis St. Extension, Abasseyra Square
- Ministry of Trade: \*
- Ministry of Finance Building – Emtedad Ramsis St.
- Egypt Air (9 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
- Rajac Language School:
- Km 30 Cairo- Ismailia desert road
- El Nour Factory:
- Industrial Zone- Block 12008

## Haram & Giza:

- Eastern Tobacco(4 machines):\*
- 450 El Ahram St.-Giza
- Enjoy:
- Kombearah-Imbabah-Giza
- SGS:
- Harraneya- 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
- Egyptian Company for Prestress Concrete
- 1st Industrial Zone block A1-10th of Ramadan
- Swiss Company for ready made clothes
- 3rd Industrial Zone block A1-10th of Ramadan

## 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:

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

## Maadi:

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

## - 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
- 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 Zaided City
- Misr Food:
- 1st industrial zone

## Others:

- Renaissance Cinema:
- El Geish Street- Suez
- Egyptian Fertilizers Company:
- End of el Ein El Sokhna Road
- 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 Fatth St.-El Fariq Fouad Zekry-El Areesh City
- Mercure Hotel Ismailia:
- Entrance of Mercure Hotel- beside Suez canal authority
- Kapci :
- Industriel Zone Port Saïd
- MCV :
- NEW Salheya City
- Velocity :
- Industrial Zone- Ismailia City
- 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 31/12/2009

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 2009.

(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 2009 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 2009.

### 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 53,029 millions at the end of December 2009 against approximately EGP 46,047 millions at the end of December 2008, with an increased rate of 15.2 %.

The total balances of customer's deposits came to EGP 43,715 millions at the end of December 2009 versus EGP 36,889 millions at the end of December 2008, involving an increase of 18.5 %.

### Revenues

Return Earned on loans & balances due from banks  
Return on treasury bills & Bonds  
Net income from trading  
Commission & fees of banking services  
Shares & Investment deeds distribution  
Differences of evaluating trading investments  
selling investments  
Other operations revenue  
Differences of evaluating other financial investments

2 401 346 207  
988 764 560  
140 394 723  
563 131 606  
25 346 622  
17 146 615  
16 401 229  
268 889 050  
-

### Total Revenues

**4 421 420 612**

### Expenses

Interest paid  
Commission & fees  
Labor force cost  
Rents  
Fixed Assets' Depreciation  
Amortization of goodwill  
Technical Assistance Fees  
Advertising, Publications & Publicity  
Entertainment , Receptions & Public Relations  
General & Administrative Expenses  
Other operations expense

1 706 794 113  
13 333 463  
344 736 684  
41 214 491  
104 920 385  
361 917 672  
23 340 116  
18 436 095  
744 341  
298 004 692  
3 499 999

### Total Current Expenses

### Gross Profit

**2 916 942 051**  
**1 504 478 561**

The total balance of customers' credit facilities reached about EGP 26,360 millions at the end of December 2009 [after deduction of provision] against approximately EGP 25,011 millions at the end of December 2008, with an increase of 5.4 %.

Gross profit, coming to about EGP 1,404 millions at the end of December 2009 versus nearly EGP 1,297 millions at the end of December 2008, increased at the rate of 8.2 %.

The net profit to about EGP 1,183 millions at the end of December 2009 versus EGP 1,137 millions at the end of 2008, with an increase of 4.1 %.

The contra-account balances and commitments, which reached EGP 12,129 millions at the end of December 2009 against EGP 12,649 millions at the end of December 2008, decreased by 4.1 %. On the other hand, contra-accounts scored 23 % of the total balance sheet figure as at the end of December 2009 against 27 % at the end of 2008.

### Income Statement for the Fiscal year Ending on 31/12/2009

The net profit liable to distribution for the year ended December 2009 amounted to EGP 1,183,292,907 following is the distribution of the items of income statement for the fiscal year terminating on 31/12/2009

# NSGB Board of Directors' Report on Bank's Activity

## & Financial Situation for the financial year ending on 31/12/2009

### Less Provisions

Loans and off balance sheet Provision	78 321 081	
Provision of taxes probable claims	-	
Provision for Legal probable claims	16 557 737	
Provision of retirees medical care	7 287 734	
Fraud provision	-	
<b>Total provisions</b>		<b>102 166 551</b>
<b>Net Activity Result</b>		<b>1 402 312 010</b>
Profit of selling fixed assets		1 242 488
<b>PROFIT BEFORE TAXES</b>		<b>1 403 554 498</b>
<b>Less:</b>		
Taxes		251 944 064
Deferred taxes		31 682 473
<b>NET PROFIT LIABLE FOR DISTRIBUTION</b>		<b>1 183 292 907</b>

The following table illustrates the revenue items for the year ended December 2009 compared to the corresponding figures for year ended December 2008

Revenue Items	From 1/1/2009 to 31/12/2009		From 1/1/2008 to 31/12/2008	
	Amount	%	Amount	%
Interest Earned from loans & balances at banks	2 401 346	54.31%	2 708 327	61.85%
Return on treasury bills & Bonds	988 765	22.36%	487 927	11.14%
Net income from trading	140 395	3.18%	147 950	3.38%
Commission & fees on banking services	563 132	12.74%	557 556	12.73%
Shares & Investment deeds distribution	25 347	0.57%	23 183	0.53%
Profit of selling investments	16 401	0.37%	61 959	1.41%
Difference of evaluation of trading investments	17 147	0.39%	(6 784)	-0.15%
Other exchange profit	268 889	6.08%	398 748	9.11%
<b>TOTAL</b>	<b>4 421 421</b>	<b>100%</b>	<b>4 378 865</b>	<b>100%</b>

On the other hand, the schedule, here-in-after, illustrates the details of expenses for the year ended December 2009 compared with the actual figures for the year ended December 2008

Expenses Items	From 1/1/2009 to 31/12/2009		From 1/1/2008 to 31/12/2008	
	Amount	%	Amount	%
Interest paid	1 706 794	58.51%	1 772 269	61.77%
Commissions Paid	13 333	0.46%	11 630	0.41%
Labor force cost	344 737	11.82%	285 790	9.96%
Rents	41 214	1.41%	39 900	1.39%
Depreciation	104 920	3.60%	102 051	3.56%
Amortization of goodwill	361 918	12.41%	361 918	12.62%
Technical Assistance Fees	23 340	0.80%	16 058	0.56%
Advertising , Propaganda & Publish in newspaper	18 436	0.63%	20 476	0.71%
Public Relations	744	0.03%	1 800	0.06%
General Administrative Expenses	298 005	10.22%	257 024	8.96%
Other expenses	3 500	0.12%	0	0%
<b>TOTAL</b>	<b>2 916 942</b>	<b>100%</b>	<b>2 868 916</b>	<b>100%</b>

Following is an exposition of the most important changes that occurred in the main items of revenues and expenses compared with the preceding year.

1. Interest Earned Clients & Banks:  
The interest earned from clients reached EGP 2 191 millions at the year ended December 2009 versus EGP 2,103 millions at the year ended December 2008, recording an increase 4 % over

# NSGB Board of Directors' Report on Bank's Activity

## & Financial Situation for the financial year ending on 31/12/2009

the corresponding figure for 2008. This increase is attributed to the gradual augmentation in the net credit facilities portfolio during the year. At the same time interest collected banks decreased by 65% (due to the decrease of deposits with banks) that led to a decrease of both interest collected banks & clients by 11 % .

### 2-Treasury Bills & Bonds Revenues:

These revenues marked increased of 103 % compared to 2008. This is due to the increase of investment in T/Bs during 2009.

### 3.Interest Paid to Clients & Banks:

The interest paid to clients reached EGP 1,676 millions at the year ended December 2009 versus EGP 1,652 millions for the year ended December 2008 .

The interest paid to banks recorded decreased of 74 % compared to last year. Which resulted de-

crease in interest paid clients & banks by only 4 % .

### 4.Labor Force Cost:

The cost of labor force came to EGP 345 millions at the year ended December 2009 (representing 11.8 % of the total expenses) against about EGP 286 millions at the year ended December 2008 (representing 9.96 % of the total expenses) to show an increase rate of 21 % which includes the cost of increasing the number of staff during 2009 to meet the needs of opening the new branches and the increase in the bank activities in addition to the annual salary increase.

### 5. Other General Expenses

Reached about EGP 298 millions at the year ended December 2009 against about EGP 257 millions at the year ended December 2008, with an increase of 16 % .

## SECOND: THE DRAFT PROPOSED BY THE BOARD OF DIRECTORS CONCERNING PROFIT DISTRIBUTION FOR THE FISCAL YEAR ENDING ON 31 December 2009.

Net Profit (as per the statement of income )	1 183 292 907
Less: Sale profits of fixed assets transferred to capital reserve according to the provisions of the law	(1 242 488)
Profits brought forward	7 497
<b>Total</b>	<b>1 182 057 916</b>
<b>TO BE DISTRIBUTED AS FOLLOWS :</b>	
Legal reserve	59 102 896
General Reserve	624 700 000
Shareholders' share in profits	416 543 861
Staff share in profits	80 000 000
Remuneration to Board Members	1 700 000
Profits carried forward	11 159
<b>Total</b>	<b>1 182 057 916</b>

## THIRD: LOANS, INVESTMENTS & DEPOSITS

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

The balance of loans and advances portfolio (after deduction of provision) , amounting to nearly EGP 26,360 millions at the year ended December 2009

against EGP 25 011 millions at the year ended December 2008, has increased by 5.4 % .

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 following table illustrates investment as at 31/12/2009

Trading Investments	115 726 059
Investments Available For Sale	5 406 253 583
Investments Held To Maturity	201 453 098
Investments In Affiliates	39 268 014

### C.Balances Due from Banks

The balances due from banks totaled EGP 5,848 millions at the year ended December 2009 against EGP 9,027 millions at the year ended December

2008, recording decrease of 35%.

### D.Balances Due to Banks

The balances due to banks reached approximately

# NSGB Board of Directors' Report on Bank's Activity

## & Financial Situation for the financial year ending on 31/12/2009

EGP 725 millions at the year ended December 2009 against EGP 1,460 millions at the year ended December 2008 to show decrease of 50%.

The accompanying notes of the financial statements include distribution of balances due from banks & due to banks (in EGP & Foreign Currencies).

### E. Customers Deposits:

The aggregate customers' deposit balances amounted to EGP 43,715 millions at the year ended December 2009 against EGP 36,889 millions at the year ended December 2008,

showing a 19% increase.

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

### FOURTH: FOREIGN TRADE FINANCE

The contra-accounts' balances resulting from L/Gs and L/Cs, totaled EGP 12,129 millions at the year ended December 2009 against EGP 12,649 millions at the year ended December 2008 with decrease of 4 %.

The schedule, here-in-after, indicates the volume of L/Gs issued during the year ended December 2009 versus 2008 issuance.

Type of L/G	2009		2008		Rate of Increase or Decrease
	Amount	%	Amount	%	
Bid Bond	283 786	25%	860 493	13%	-67%
Performance Bond	455 435	40%	2 904 225	45%	-84%
Advance Payment	406 651	35%	2 745 738	42%	-85%
<b>TOTAL</b>	<b>1 145 872</b>	<b>100%</b>	<b>6 510 456</b>	<b>100%</b>	<b>-82%</b>

It is obvious from the schedule above that the volume of Letters of Guarantee has a decrease by EGP 5,365 millions during the year from 31-12-2008 to 31-12-2009 at rate of 82 % .

The following table illustrates the volume of L/Cs opened during the year from 31-12-2008 to 31-12-2009 against the corresponding 2008 figures.

Type of Documentary Credits	2009		2008		Rate of Increase or Decrease
	Amount	%	Amount	%	
<b>Import</b>					
1. Import L/Cs	7 145 112	17%	9 618 263	21%	-26%
2. Import documentary collections	28 488 436	70%	28 639 791	62%	-1%
<b>Export</b>					
1. Export L/Cs	3 273 407	8%	6 582 313	14%	-50%
2. Export documentary collections	2 065 339	5%	1 445 859	3%	43%
<b>TOTAL</b>	<b>40 972 294</b>	<b>100</b>	<b>46 286 226</b>	<b>100</b>	<b>-11%</b>

It is obvious from the schedule above that the volume of Documentary Credit has an decreased by EGP 5,314 millions during the year from 31-12-2008 to 31-12-2009 at rate of 11 %.

### INCREASE OF AUTHORIZED & PAID UP CAPITAL :

ON 13/03/2009 the extra ordinary general assembly decided to increase the paid up capital by EGP 302,941 millions by using the general reserve to be EGP 3,332,351 millions after increase at end of December2009.

### THE NEW BRANCHES:

During 2009, 12 branches were opened at Fayoum, Kit Kat, Sohag, Sendbad, New Cairo, 6th. October

Distinguished District, Helwan, Luxor, Egypt Air, Menia , Gesr El Suez and Shebeen El-Koum so that the Bank's network at end of December2009 reached 137 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 31/12/2009

Assets	"Note No."	December 31, 2009 EGP	December 31, 2008 EGP
Cash and due from Central Bank of Egypt	(5)	4 072 859 973	3 229 002 916
Due from Banks	(6)	5 847 884 350	9 027 172 025
Treasury Bills	(7)	9 095 881 405	2 976 355 103
Trading Investments	(8)	115 726 059	120 843 223
Loans to customers & Banks ( Net of provision )	(9),(10)	26 359 895 081	25 011 220 016
Financial derivatives	(11)	43 941 100	25 032 340
<b>Financial Investments:</b>			
Available for sale	(12)	5 406 253 583	3 430 596 558
Held to maturity	(12)	201 453 098	224 846 403
Investments in Affiliates	(13)	39 268 014	40 336 501
Debit balances and other assets	(14)	561 211 324	432 094 215
Deferred tax assets	(15)	117 257 371	75 947 573
Fixed assets ( Net )	(16)	805 673 665	729 521 081
Goodwill	(32)	361 917 659	723 835 331
<b>TOTAL ASSETS</b>		<b>53 029 222 682</b>	<b>46 046 803 285</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Due to Banks	(17)	725 452 736	1 460 246 699
Customers' deposits	(18)	43 715 473 849	36 889 226 267
Financial derivatives	(11)	-	19 943 112
Credit balances and other liabilities	(19)	1 690 192 767	1 469 698 713
Dividends payable		-	374 440 990
Long term loan	(20)	61 450 211	59 059 458
Other provisions	(21)	573 773 667	689 268 352
<b>Total liabilities</b>		<b>46 766 343 230</b>	<b>40 961 883 591</b>
<b>Shareholders' equity :</b>			
Paid - in capital		3 332 350 890	3 029 409 900
Reserves		979 272 158	1 283 584 297
Profit carried forward		7 497	7 497
<b>Total shareholder's equity</b>	(22)	<b>4 311 630 545</b>	<b>4 313 001 694</b>
Net profit for the year		1 183 292 907	-
<b>Total Shareholders' equity &amp; Net profit for the year</b>		<b>5 494 923 452</b>	<b>4 313 001 694</b>
Subordinated loan	(23)	767 956 000	771 918 000
<b>Total Shareholders' equity &amp; Subordinated loan &amp; Net profit for the year</b>		<b>6 262 879 452</b>	<b>5 084 919 694</b>
<b>Total liabilities and shareholders' equity</b>		<b>53 029 222 682</b>	<b>46 046 803 285</b>
<b>Contingent Liabilities &amp; commitments.</b>	(24)	<b>12 128 817 531</b>	<b>12 649 244 047</b>

The accompanying notes from (1) to (36) form an integral part of the financial statements

# Income Statement

For the financial year ending on 31/12/2009

	"Note No."	"From January 1, 2009 to December 31,2009" EGP	"From January 1, 2008 to December 31,2008" EGP
Return on loans and due from Banks		2 401 346 207	2 708 326 603
Return on Treasury Bills and Bonds		988 764 560	487 926 639
Less :			
Cost of deposits and borrowing		(1 706 794 113)	(1 772 268 859)
<b>Net interest income</b>		<b>1 683 316 654</b>	<b>1 423 984 383</b>

# Income Statement

For the financial year ending on 31/12/2009

	“Note No.”	“From January 1, 2009 to December 31,2009”	“From January 1, 2008 to December 31,2008”
		EGP	EGP
Net Trading income	(25)	140 394 723	147 949 516
Commissions and fees income	(27)	563 131 606	557 555 556
Dividends income ( Shares & Deeds )		25 346 622	23 183 458
Gains from financial investments		16 401 229	61 958 720
Trading investments valuation differences	(26)	17 146 615	(6 783 772)
Other operations revenues.		268 889 050	398 747 835
<b>Net Operating income</b>		<b>2 714 626 499</b>	<b>2 606 595 696</b>
Less :			
Commissions and fees on banking services		(13 333 463)	(11 630 082)
Provisions		(102 166 551)	(213 372 184)
General & administrative expenses & depreciation & amortization	(32)	(831 396 804)	(723 099 146)
Goodwill amortization		(361 917 672)	(361 917 672)
Expenses for Other operations		(3 499 999)	-
<b>Activities profits</b>		<b>1 402 312 010</b>	<b>1 296 576 612</b>
Income from non - operating activities		1 242 488	445 600
<b>Net Profit before tax</b>		<b>1 403 554 498</b>	<b>1 297 022 212</b>
Income Tax		(251 944 064)	(187 479 864)
Deferred Tax		31 682 473	27 316 922
<b>Net profit for the year</b>	(33)	<b>1 183 292 907</b>	<b>1 136 859 270</b>
<b>Earning Per Share</b>		<b>3.31</b>	<b>3.17</b>

# Statement of Change in Shareholder s Equity

For the financial year ending on 31/12/2009

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Special Reserve EGP	Capital Reserve EGP	Evaluation Investement AFS Reserve EGP	Retained Earnings EGP	Net Profit of the year EGP	Total EGP
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
Net unrealized gain/loss on AFS, after tax	-	-	-	-	-	( 39 796 184)	-	-	(39 796 184)
Transferred from reserves to capital increase	275 400 900	-	(275 400 900)	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	1 136 859 270	1 136 859 270
Profit distribution for 2008	-	-	-	-	-	-	-	(458 676 238)	(458 676 238)
Transfers	-	55 788 618	601 300 000	-	445 600	-	20 648 814	(678 183 032)	-
<b>Balance at 31/12/2008</b>	<b>3 029 409 900</b>	<b>193 378 687</b>	<b>953 381 614</b>	<b>7 333 408</b>	<b>5 966 483</b>	<b>123 524 105</b>	<b>7 497</b>	<b>-</b>	<b>4 313 001 694</b>
Balance at 01/01/2009	3 029 409 900	193 378 687	953 381 614	7 333 408	5 966 483	123 524 105	7 497	-	4 313 001 694
Transferred from reserves to capital increase	302 940 990	-	(302 940 990)	-	-	-	-	-	-
Net unrealized gain/loss on AFS differences, after tax	-	-	-	9 069 820	-	(10 440 969)	-	-	(1 371 149)
	-	-	-	-	-	-	-	1 183 292 907	1 183 292 907
<b>Net profit for the year</b>	<b>3 332 350 890</b>	<b>193 378 687</b>	<b>650 440 624</b>	<b>16 403 228</b>	<b>5 966 483</b>	<b>113 083 136</b>	<b>7 497</b>	<b>1 183 292 907</b>	<b>5 494 923 452</b>
<b>Balance at 31/12/2009</b>									

# The Cash Flow Statement

For the financial year ending on 31/12/2009

	December 31,2009	December 31,2008
<b>Cash flows from operational activities</b>	<b>EGP</b>	<b>EGP</b>
<b>Profit before taxes</b>	1 403 554 498	1 297 022 212
<b>Amendments to settle the profits as against the cash flows from operational activities</b>		
Depreciation & Goodwill amortization	466 838 056	464 001 425
Forming Provisions	288 598 188	(81 796 196)
Valuation difference of Trading investments	(17 146 615)	6 783 772
Valuation difference of other financial investments	1 461 792	-
Provisions utilization except the loans provision	(163 033 017)	(154 004 559)
Unused provisions	(451 956 897)	149 186 403
“Differences in revaluation of provisions in foreign currencies except the loans provision. (+/-)”	(379 614)	(342 166)
Valuation difference of T. Bonds in foreign currency	(6 992 099)	-
Gains on sale of Fixed Assets	(1 242 488)	(445 600)
Profits of selling financial investments	(17 469 716)	(63 345 958)
<b>Operating profits prior changes in assets and liabilities utilized in operational activities</b>	<b>1 502 232 088</b>	<b>1 617 059 333</b>
<b>Net decrease ( increase ) in assets</b>		
Deposits with Banks & CBE	3 070 736 774	2 892 936 986
Treasury Bills	(6 278 991 912)	1 451 372 207
Trading investments	22 263 779	113 517 845
Investments available for sale	(1 969 155 685)	201 509 069
Loans to customers & Banks	(1 137 398 409)	(5 424 306 686)
Financial derivatives (Net)	(38 851 872)	12 482 619
Debit balances and other assets	(182 643 390)	103 296 607
<b>Net increase ( decrease ) in liabilities</b>		
Due to banks	(734 793 963)	(119 753 255)
Customers' deposits	6 826 247 582	(2 410 165 206)
Credit balances and other liabilities	240 217 086	149 212 643
Paid income tax	(187 479 864)	-
<b>Net cash flows provided by (used in) operational activities (1)</b>	<b>1 132 382 214</b>	<b>(1 412 837 838)</b>
Purchases of investments held for maturity	23 000 000	188 324 075
Purchases of investments in affiliates	3 000 000	(1 112 840)
Proceeds from selling investments available for sale	-	382 416 818
Payments for the purchase of fixed assets and branches preparation	(127 664 488)	(155 549 527)
Proceeds from sale of fixed assets	1 408 305	445 600
<b>Net cash flows provided by (used in) investment activities (2)</b>	<b>( 100 256 183)</b>	<b>414 524 126</b>

# The Cash Flow Statement

For the financial year ending on 31/12/2009

	December 31,2009 EGP	December 31,2008 EGP
<b>Cash flows from financing activities</b>		
Long term loans	2 390 753	(9 387 592)
Distribution of paid up profits	(458 676 238)	(214 585 473)
<b>Net cash flows used in financing activities (3)</b>	<b>(456 285 485)</b>	<b>(223 973 065)</b>
<b>Net increase (decrease) in cash and cash equivalent during the year (1+2+3)</b>	575 840 546	(1 222 286 777)
<b>Cash and cash equivalent at the beginning of the year</b>	4 472 984 976	5 695 271 753
<b>Cash and cash equivalent at the end of the year</b>	<b>5 048 825 522</b>	<b>4 472 984 976</b>
<b>Cash and cash equivalent at end of year are represented in :</b>		
Cash and due from CBE	4 072 859 973	3 229 002 916
Due from Banks	5 847 884 350	9 027 172 025
Treasury Bills	9 095 881 405	2 976 355 103
Time deposits due from Banks	(5 541 878 191)	(8 612 614 965)
T/Bs less than 3 months maturity	(8 425 922 015)	(2 146 930 103)
<b>Cash and cash equivalent at end of the year</b>	<b>5 048 825 522</b>	<b>4 472 984 976</b>

# Statement of The Approved Profits Distribution

For The Financial Year Ending on 31/12/2009

	December 31,2009 EGP	December 31,2008 EGP
<b>Net year's profits ( from income statements)</b>	<b>1 183 292 907</b>	<b>1 136 859 270</b>
<b>Less :</b>		
Sale profits of fixed assets transferred to capital	(1 242 488)	(445 600)
Distributable year's net profits	1 182 050 419	1 136 413 670
Profits brought - forward	7 497	(20 641 317)
Profit distribution during the year	-	(549 721 921)
<b>Total</b>	<b>1 182 057 916</b>	<b>566 050 432</b>
<b>To be distribute as follows</b>		
Statutory reserve	59 102 896	28 301 945
General reserves	617 700 000	163 300 000
Dividends	416 543 861	302 940 990
Staff share	87 000 000	70 000 000
Board remuneration	1 700 000	1 500 000
Profit carried forward	11 159	7 497
<b>Total</b>	<b>1 182 057 916</b>	<b>566 050 432</b>



### **1.Activities :**

National Société Générale Bank (S.A.E) was incorporated as an Investment & Business bank on April 13th, 1978. In accordance with the provisions of Investment law no 43 of 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 thirty seven branches.

### **2.Significant accounting policies:**

#### **A.Basis of preparation of the financial statements:**

The financial statements are prepared in accordance with the rules of preparation and presentation of the Bank's financial statements issued by the Central Bank of Egypt on June 27, 2002 and its amendments, including amendments related to financial investments issued on December 16, 2008 and with the requirements of related applicable Egyptian laws and regulations

Available for sale financial investments are measured at fair value from 1st of January 2008 as explained in note (E-2) and (G-2). Gains and losses arising from changes in their fair values are directly recognized in equity until being derecognized as a result of sale or impairment, cumulative gain or loss previously recognized in equity is recycled and recognized in profit or loss. Previously they were measured at lower of cost (modified by foreign exchange differences) and fair value thought statement of income.

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 retrospectively.

#### **B.Foreign currencies transactions:**

The Bank maintains its accounts in Egyptian Pound. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities balances in foreign currencies at balance sheet date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the following items in the income statement:

Net trading income for trading assets and liabilities or net income from financial instruments designated at fair value through profit or loss for instruments designated at fair value through profit or loss.

Other operating income (loss) for other items.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortization costs are recognized in the income statement, and other changes in the carrying amount are recognized in equity.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

#### **C.Income Recognition:**

Interest income on loans is recognized on accrual basis except for the interest income on non performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt. Dividends are recognized in the income statement when the Bank's right to receive payment is established.

#### **D.Treasury bills :**

Treasury bills and Central Bank deposit certificates are recorded at face value. Treasury bills and Central Bank of Egypt certificates are presented in the balance sheet net of accrued interest that is not yet due.

#### **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.

#### **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.

## Supplementary Notes To The Financial Statements

For The Financial Year Ending on 31/12/2009

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.

### **2.Held to maturity investments:**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale, accordingly it will be measured at fair value other than amortized cost

### **3.Available for sale investments:**

Available for sale investments are non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

### **The following is followed for financial assets:**

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date, the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement in net trading income item.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the year in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in income statement.

Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, and if the Bank could not assess the value of the equity classified as available for sale, these instruments should be valued at cost after deducting the

impairment in value.

The Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the available for sale category if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date; any change in fair value previously recognized in the equity will be accounted for as follows:

1.If the reclassified financial assets has fixed maturity date, any previous gain or loss on that asset that has been recognized directly in equity should be amortized to profit and loss over the remaining life of the held to maturity investment using the effective interest rate method. If the financial assets are subsequently impaired, any gain or loss that has been recognized directly in equity is recognized in the income statement.

2.If the reclassified financial assets have no fixed maturity date, any previous gain or loss on that asset remains in the equity until selling or disposing of these assets, on that date it will be recognized in the income statement. If the financial asset is subsequently impaired, any gain or loss that has been recognized directly in equity is recognized in the income statement.

### **F.Derivatives financial instruments:**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

All derivatives are carried as assets when fair value is positive and as liabilities when 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 group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be

reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulties of the issuer or obligor:
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization

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

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classified as available for sale is impaired. In the case of equity investments 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 the assets are impaired

### **H.Financial investments in associates**

Investments in associate and subsidiaries companies are valued at cost. If fair values of individual investments are impaired to lower than related book values, the book value is reduced to reflect the impairment and such decrease is charged to the income statement under "other investments valuation differences". Subsequent increase in the fair value is credited to the same item in the income statement within the limits of amounts previously charged.

### **I.Valuation of reverted assets:**

Reverted assets 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 years.

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

Provision is created to loans and contingent liabilities, 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,

## Supplementary Notes To The Financial Statements

For The Financial Year Ending on 31/12/2009

by debiting the provision – to which is added the proceeds of loans, previously written off.

Other provisions (Legal provisions- employee benefits provisions- fraud provisions) are formed after performing the necessary studies.

### **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 the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition and include cash and balances due from Central Bank of Egypt other than the mandatory reserve, current accounts with banks, and treasury bills and certificates of deposits.

### **M.Depreciation & amortization:**

Depreciation of fixed assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, 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 bank started from the 1/1/2009 to adjust the useful life for the fixed assets and to adjust the depreciation rate for the addition of new fixed assets for the major component as follow:

Building and design	2%
Electricity generator	3.335%
Buffer surfaces and watertight	5%
Elevators	6.66%
Furniture	10%
Other fixed assets ( Telephone, Decoration, installation...etc)	10%

The assets' residual values and useful lives are reviewed at each balance sheet date, and adjusted if appropriate. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately

to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Goodwill are amortized on five years according to Central Bank of Egypt regulation

### **N.Taxes:**

•The current due tax is calculated according to the prevailing rules and regulations applied in Egypt.

•A provision is formed for the previous years' tax liabilities after performing the necessary studies in the light of tax claims.

### **O.Deferred taxes:**

•Deferred tax is recognized due to the temporary differences resulting from reporting the value of assets and liabilities in one period for tax purpose, and in another period for financial accounting purpose. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date.

•Deferred tax is recognized as bank's assets to the extent it is probable to use this asset to reduce the Bank's due tax during the future years. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## **3.Financial instruments & risk management**

### **A.Financial instruments**

Financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances, current accounts and deposits with banks, investments and loans to customers and banks. Financial liabilities include customers' deposits and due to banks. Financial instruments also include derivative financial instruments and obligations recorded as contingent liabilities and commitments. Note (2) to the financial statements includes the accounting policies for recognition and measurement of the most significant financial instruments and the related revenues and expenses.

### **B.Forward contracts**

According to the Central Bank of Egypt's regulations the Bank does not carry out forward contracts except to the limit to cover its needs of foreign currencies or customers' needs to meet their foreign currencies obligations that may result from their transaction through the Bank. All forward contracts are short-term transactions.

#### **3-1 Risk management**

##### **A. Interest rate risk**

The value of some financial instruments fluctuates due to the fluctuation of related interest rates. The Bank adopts some procedures to minimize that risk such as:

Correlating the interest rate on borrowing and lending.

Determining interest rates in consideration with the prevailing discount rates on various currencies. Managing the conformity between assets and financial liabilities dates of maturity with income associated therewith.

Note (29) to the financial statements discloses the average interest rates applied by the Bank during the year on these financial assets and liabilities

##### **B. Credit risk**

Loans to customers and banks, investments in bonds, current accounts and deposits with banks, derivatives and rights and obligations of third parties are financial assets exposed to the credit risk which is represented in these parties inability to partially or fully settle their debts, when due.

The Bank adopts certain procedures to minimize credit risk such as:

Preparing credit studies on customers and banks before dealing with them and determining credit risk rates related thereto;

Obtaining adequate guarantees to reduce the risks resulting from defaulting of customers or banks;

Monitoring and preparing regular studies on customers in order to evaluate their financial and credit position and estimate the required provisions for non-performing balances;

Diversifying of loan portfolio and due from banks over various sectors to avoid concentration of risk.

Note (31) to the financial statements discloses the distributions of loans portfolio over the various sectors.

##### **C. Foreign exchange risk**

The nature of the Bank's activity requires dealing in many foreign currencies which expose the Bank to the risk of fluctuation in exchange rates. To minimize this risk, the Bank monitors balancing of foreign currencies positions according to Central Bank of Egypt instructions in that respect.

Note (34) to the financial statements discloses significant foreign currency positions at the balance sheet date.

#### **4. Accounting estimates and assumption:**

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities

within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **A. Impairment of available for sale equity investment**

The Bank determines that available-for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows

##### **B. Fair value of financial instruments not quoted in an active market**

Fair value of financial instruments not quoted in an active market is determined using valuated techniques (such as models) are subject to tests and reviewed periodically using qualified independently persons after succeed trials. All the models were approved before using them, to guarantee that their results reflect accrued data and prices can be compared to the market to the extent, however, some areas such as credit risk related to the Bank and counter party, volatility and correlations requires management's assessments. Changes in assumptions about these factors can affect the fair value of the financial instrument's disclosure.

##### **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 31/12/2009

	31/12/2009 EGP	31/12/2008 EGP
<b>5-Cash and due from Central Bank of Egypt</b>		
Cash	956 152 817	956 907 186
Due from CBE within reserve percentage	3 116 707 156	2 272 095 730
	<b>4 072 859 973</b>	<b>3 229 002 916</b>
<b>6-Due from Banks</b>		
<b>(A) Central Bank of Egypt</b>		
Deposits	2 197 449 250	3 276 980 998
	<b>2 197 449 250</b>	<b>3 276 980 998</b>
<b>(B) Local Banks</b>		
Current Accounts	29 463 156	118 589 637
	<b>29 463 156</b>	<b>118 589 637</b>
<b>(C) Foreign Banks</b>		
Current Accounts	276 543 003	295 967 423
Deposits	3 344 428 941	5 335 633 967
	<b>3 620 971 944</b>	<b>5 631 601 390</b>
<b>TOTAL Due from Banks</b>	<b>5 847 884 350</b>	<b>9 027 172 025</b>
<b>7-Treasury Bills</b>		
Teasuary bills, maturity 91 days	692 100 000	829 425 000
Teasuary bills, maturity 182 days	4 303 425 000	1 671 150 000
Teasuary bills, maturity 364 days	4 344 625 000	590 675 000
	<b>9 340 150 000</b>	<b>3 091 250 000</b>
<b>Less : Unearned interest</b>		
<b>Net</b>	<b>(244 268 595)</b>	<b>(114 894 897)</b>
	<b>9 095 881 405</b>	<b>2 976 355 103</b>
<b>8-Financial Assets For Trading</b>		
Other Debt Instruments	-	7 284 535
Local Companies Shares	115 726 059	112 097 488
Mutual Fund certificates	-	1 461 200
<b>Total Financial Assets For Trading</b>	<b>115 726 059</b>	<b>120 843 223</b>
<b>9-Loans to customers &amp; Banks (Net of provision)</b>		
Discounted bills	603 861 345	579 411 247
Loans to customers	27 362 610 928	26 529 660 717
	<b>27 966 472 273</b>	<b>27 109 071 964</b>
<b>Less :</b>		
Unearned discount for discounted bills	(26 983 635)	(33 999 754)
Loans provision	(1 407 807 542)	(1 767 384 372)
Reserved Interest	(171 786 015)	(296 467 822)
<b>Net</b>	<b>26 359 895 081</b>	<b>25 011 220 016</b>

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2009

	Specific EGP	31/12/2009 General EGP	Total EGP
<b>10-Loans Provision (Performing / Non Performing)</b>			
Provision at beginning of the year	1 425 312 307	342 072 065	1 767 384 372
Formed during the year	-	43 463 314	43 463 314
Provision no longer required	*( 254 739 769)	-	(254 739 769)
Collections from loans previously written-off	-	20 135 380	20 135 380
Foreign currencies revaluation differences	(408 784)	(718 085)	(1 126 869)
	<b>1 170 163 754</b>	<b>404 952 674</b>	<b>1 575 116 428</b>
<b>Used during the year</b>	<b>(167 292 538)</b>	<b>(16 348)</b>	<b>(167 308 886)</b>
<b>Provision at the end of the year</b>	<b>1 002 871 216</b>	<b>404 936 326</b>	<b>1 407 807 542</b>

\*The excess of the specific provision for loans reached 254 739 769 EGP and is credited to the income statement in the item other operating income.

	Specific EGP	31/12/2008 General EGP	Total EGP
<b>Used during the year</b>			
Provision at beginning of the year	1 804 565 949	268 409 342	2 072 975 291
Formed during the year	-	64 185 781	64 185 781
Provision no longer required	**(347 608 728)	-	(347 608 728)
Transfers	*2 008 196	-	2 008 196
Collections from loans previously written-off	-	14 727 228	14 727 228
Foreign currencies revaluation differences	(2 120 475)	683 726	(1 436 749)
	<b>1 456 844 942</b>	<b>348 006 077</b>	<b>1 804 851 019</b>
<b>Used during the year</b>	<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 the specific provision for loans reached 347 608 728 EGP is credited to the income statement in the item Other Operating Income.

### 11-Financial Derivatives

	Amount	31/12/2009 Assets	Liabilities
<b>(A)Trading</b>			
Forward foreign exchange contracts	322 241 449	20 374 868	-
Interest Rate Swap	1 251 955 276	15 129 494	-
		<b>35 504 362</b>	-

### (B)Fair Value Hedge

Interest rate Swap	644 942 608	8 436 738	-
<b>Total</b>		<b>43 941 100</b>	-

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

The currency forward contracts represent commitments 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 variable rate, the exchange of the contractual amount doesn't exist except for some foreign swap deals, the credit risk for the bank represent on the borrowing cost for exchange of 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

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2009

same manners used for the same borrowing activities.

### Fair Value Hedge

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

The net fair value for the deals result an assets with total amount of EGP 8 436 738 against liability with total amount of EGP 5 965 407 in the comparative year 2008.

### 12-Financial Investments

#### Financial Investment available for sale

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

	31/12/2009 EGP	31/12/2008 EGP
Listed	3 568 082 902	1 569 258 625
Unlisted	*1 287 967 202	1 372 316 813

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

Listed	65 761 014	52 726 856
Unlisted	484 442 465	436 294 264

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

<b>5 406 253 583</b>	<b>3 430 596 558</b>
----------------------	----------------------

\*US Treasury Bonds

#### Financial Investments held to maturity

##### **Debt Instruments:**

Listed	196 453 098	219 846 403
Unlisted	-	-

##### **Equity Instruments:**

Listed	-	-
Unlisted	5 000 000	5 000 000

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

<b>201 453 098</b>	<b>224 846 403</b>
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#### **Total Financial Investments (1+2)**

<b>5 607 706 681</b>	<b>3 655 442 961</b>
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Listed Balances	3 830 297 014	1 841 831 884
Unlisted Balances	1 777 409 667	1 813 611 077

<b>5 607 706 681</b>	<b>3 655 442 961</b>
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Fixed Interest Debt Instruments	5 052 503 202	3 161 421 841
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Variable Interest Debt Instruments	-	-
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#### **Total debt instrument**

<b>5 052 503 202</b>	<b>3 161 421 841</b>
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#### Available for sale Investments

#### Held to maturity Investments

#### **Balance at beginning of year (current year)**

3 430 596 558	224 846 403
---------------	-------------

Additions	2 503 279 258	-
-----------	---------------	---

Amortization of premium and discount	(6 368 382)	(393 305)
--------------------------------------	-------------	-----------

Disposals (sale / redemption)	(507 225 277)	(23 000 000)
-------------------------------	---------------	--------------

Foreign currency differences for monetary assets	(3 030 099)	-
--	-------------	---

Revenues of Change in fair value	(10 998 475)	-
----------------------------------	--------------	---

Less: Impairment Provision	-	-
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#### **Balance at the end of the financial year**

<b>5 406 253 583</b>	<b>201 453 098</b>
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#### **Balance at beginning of year (comparative year)**

3 789 463 603	413 170 478
---------------	-------------

Additions	-	-
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Amortization of premium and discount	(3 292 401)	(1 797 075)
--------------------------------------	-------------	-------------

Disposals (sale / redemption)	(330 548 919)	(186 527 000)
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Foreign currency differences for monetary assets	( 3 376 678)	-
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Revenues of Change in fair value	(21 649 047)	-
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Less: Impairment Provision	-	-
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#### **Balance at the end of the financial year**

<b>3 430 596 558</b>	<b>224 846 403</b>
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## Supplementary Notes To The Financial Statements

For The Financial Year Ending on 31/12/2009

### 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 54.609.107 at December 31, 2009, with a total value of 7.094.596.745 EGP. NSGB held 1.092.183 investment certificates with a value of 140 396 247 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 135.396.247 EGP representing 2 % of the increase in the current value of the investment fund are recorded as available for sale investments.

### 13- Investments in affiliates and Associates Co's.

	31/12/2009 Amount EGP	Percentage of sharing %	31/12/2008 Amount EGP	Percentage of sharing %
<b>Investment in Associated Co's</b>				
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	1 420 764	%25	2 489 250	%25
SERVINIL	500 000	%25	500 000	%25
Senouhi Company for Construction Materials	1 847 250	%23	1 847 250	%23
Delta Bakeries Co.	-	%0	1	%60
<b>Total</b>	<b>39 268 014</b>		<b>40 336 501</b>	

All Investments in affiliates are not listed in the stock market

The company was liquidated and the investment memorial value has been canceled

### 14-Debit balances and other assets

	31/12/2009 EGP	31/12/2008 EGP
Accrued revenues	262 851 552	213 402 282
*Down payments for purchase of fixed assets	61 225 660	114 799 957
Assets reverted to the Bank in settlement of debts	14 432 150	8 414 923
Balances due on buyer of assets reverted to the bank	26 764 500	39 017 635
Deposits & custody	2 777 819	2 738 504
Expenses paid in advance	22 101 226	24 392 764
Sundry debit balances	171 058 417	29 328 150
	<b>561 211 324</b>	<b>432 094 215</b>

\*The bank signed a contract with "the Holding Company for Hotels, Tourism and Cinema" to share with ACCOR S.A" (A French Joint Stock Company) a jointly responsibility for all liabilities in the contract with percentage of 38.46% for the bank and 61.54% for ACCOR to usufruct for 5864.40 M2 Land in the address 2 & 4 Kasr EL Nile Street, Tahrir – Cairo. To build a hotel for ACCOR and an office building for the bank. The usufruct is for 50 years starting from the date of the hotel completion or 36 months from the date of obtaining the building permits whichever is first.

NSGB paid an amount of EGP 15 384 000 to "The Holding Company for Hotels, Tourism and Cinema" (recorded in the other debit accounts) represent the bank share in a deposit to guarantee the execution cost of the contract.

"NSGB share in the project expect cost is about EUR 22 millions. The total land rent is EGP 10 750 800 during the first 10 years of the usufruct and EGP 50 170 400 during the next 40 years.

### 15-Deferred tax assets

	31/12/2009 "Assets (Liabilities)" EGP	31/12/2008 "Assets (Liabilities)" EGP
Fixed Assets (Depreciation)	(8 349 289)	(10 373 676)
Goodwill ( amortization )	125 427 732	94 070 798
Other provision (except Loans , Tax possible claim and off-balance sheet provision)	25 105 673	22 957 253
Other investments revaluation difference	(22 659 290)	(34 554 071)
Effect of changing in accounting policies	(2 267 455)	5 544 815
Other items	-	(1 697 546)
<b>Total deferred tax Assets</b>	<b>117 257 371</b>	<b>75 947 573</b>

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2009

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 01/01/2009	29 825 699	591 811 112	318 655 094	4 164 276	49 562 705	102 898 574	1 096 917 460
Purchases during the year	3 318 076	130 163 826	22 871 575	1 057 900	11 007 015	12 820 393	181 238 785
Reversals during the year	-	81 868	83 949	16	156	-	165 989
<b>Cost at 31/12/2009</b>	<b>33 143 775</b>	<b>721 893 070</b>	<b>341 442 720</b>	<b>5 222 160</b>	<b>60 569 564</b>	<b>115 718 967</b>	<b>1 277 990 256</b>
<b>Depreciation:</b>							
Accumulated Depreciation at 01/01/2009	-	149 046 043	129 216 254	3 880 128	27 061 551	58 192 403	367 396 379
Depreciation of the year	-	37 727 946	43 179 388	273 370	6 459 322	17 280 358	104 920 384
Depreciation of the reversals	-	-	-	16	156	-	172
<b>Accumulated Depreciation at 31/12/2009</b>	<b>-</b>	<b>186 773 989</b>	<b>172 395 642</b>	<b>4 153 482</b>	<b>33 520 717</b>	<b>75 472 761</b>	<b>472 316 591</b>
<b>Assets ( net ) at 31/12/2009</b>	<b>33 143 775</b>	<b>535 119 081</b>	<b>169 047 078</b>	<b>1 068 678</b>	<b>27 048 847</b>	<b>40 246 206</b>	<b>805 673 665</b>
<b>Assets ( net ) at 01/01/2009</b>	<b>29 825 699</b>	<b>442 765 069</b>	<b>189 438 840</b>	<b>284 148</b>	<b>22 501 154</b>	<b>44 706 171</b>	<b>729 521 081</b>

Fixed Assets ( after accumulated depreciation ) include the sum of 19 031 336 EGP which stands 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

#### (A)CBE

Current Accounts

31/12/2009  
EGP

31/12/2008  
EGP

89 336 550

129 017 770

**89 336 550**

**129 017 770**

#### (B)Local Banks

Current Accounts

Deposits

3 992 961

11 701 225

163 548

7 046 446

**4 156 509**

**18 747 671**

#### (C)Foreign Banks

Current Accounts

Deposits

1 400 928

4 854 702

630 558 749

1 307 626 556

**631 959 677**

**1 312 481 258**

**TOTAL**

**725 452 736**

**1 460 246 699**

### 18-Customers' Deposits and Saving Certificates

Demand deposits

Time deposits & call accounts

Term saving Certificates

Savings deposits

Other deposits

31/12/2009  
EGP

31/12/2008  
EGP

9 301 640 180

8 092 904 650

22 943 506 718

19 039 863 866

6 143 512 000

5 300 444 000

3 058 302 943

2 713 035 725

2 268 512 008

1 742 978 026

**43 715 473 849**

**36 889 226 267**

### 19-Credit balances and other liabilities

Accrued interest

Deferred revenue

Accrued expenses

Sundry credit balances

Taxes due on the year

31/12/2009  
EGP

31/12/2008  
EGP

1 049 391 880

902 633 975

74 830 655

66 155 481

101 392 000

75 927 175

212 586 152

237 502 218

251 992 080

187 479 864

**1 690 192 767**

**1 469 698 713**

## Supplementary Notes To The Financial Statements

For The Financial Year Ending on 31/12/2009

<u>20-Long term loans</u>	Interest Rate %	Maturity date	Amounts Matured during the next year	Balance as at 31/12/2009	Balance as at 31/12/2008
Central Bank of Egypt Loan	-	2012	-	58 577 334	54 994 260
European Union Loan	4.5	2010	625 000	625 000	1 875 000
European Investment Bank Loan	-	2014	-	2 247 877	2 190 198
<b>TOTAL</b>			<b>625 000</b>	<b>61 450 211</b>	<b>59 059 458</b>

<u>21-Other Provisions</u>	31/12/2009						
	Balance at the beginning of the year	Formed During the year	Refunded during the year	Transfers	Foreign Currencies Revaluation Differences	Amounts Used During the year	Balance at the end of year
Description							
Provision for Tax probable claims	420 203 232	-	-	** (33 007 258)	-	(163 033 017)	224 162 957
Provision for Legal probable claims	23 792 643	16 557 737	-	-	(38 670)	-	40 311 710
Contingent liabilities-Specific Provision	47 019 740	12 770 869	-	-	(2 851)	-	59 787 758
Contingent liabilities-General Provision	96 395 702	22 086 897	-	-	(298 420)	-	118 184 179
Provisions for post employment benefits	74 158 000	7 287 734	-	*(2 239 734)	-	-	79 206 000
Other Provisions	27 699 035	-	(10 785 292)	**35 246 992	(39 672)	-	52 121 063
	<b>689 268 352</b>	<b>58 703 237</b>	<b>(10 785 292)</b>	<b>-</b>	<b>(379 613)</b>	<b>(163 033 017)</b>	<b>573 773 667</b>

\*An amount of 2 239 734 EGP was transferred from employment benefit provision to Provision for Tax probable claims.

\*\*An amount of 35 246 992 EGP was transferred from Tax probable claims provision to Provision for Other Provisions.

Description	31/12/2008						
	Balance at the beginning of the year	Formed During the year	Refunded during the year	Transfers	Foreign Currencies Revaluation Differences	Amounts Used During the year	Balance at the end of year
Provision for Tax probable claims	524 237 168	48 182 623	-	*1 788 000	-	(154 004 559)	420 203 232
Provision for 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 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>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 legal 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.

### 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 January 1, 2008 is 2 754 009 000 EGP, representing 275 400 900 shares with a nominal value of 10 EGP each, of which 150 077 900 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 275 400 900 EGP through a transfer from the General Reserves to reach 3 029 409 900 EGP.

## Supplementary Notes To The Financial Statements

### For The Financial Year Ending on 31/12/2009

On March 11, 2009 the Extra Ordinary General Assembly decided to increase the issued capital by an amount of 302 940 990 EGP through a transfer from the General Reserves to reach 3 332 350 890 EGP. The issued capital is 3 332 350 890 EGP on 31 December 2009 , representing 333 235 089 shares with a nominal value of 10 EGP each, of which 207 912 089 shares were paid in Egyptian pound and 125 323 000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.

#### **( 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 permission.

#### **24- Contingent liabilities & commitments**

Letters of Guarantee  
Letters of Credit ( import & export )  
Acceptance Bills  
Other potential liabilities

#### **( D ) Profit distribution during the year**

On 12 Nov. 2008, The extra ordinary general assembly decided to modify the basic statute to allow profit distribution for a period of 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.

On 11 Mar. 2009, The ordinary general assembly decided to distribute profit to shareholders as 1 EGP per share for the financial year ended 31/12/2008.

#### **23-Subordinated loan**

The amount of the subordinated loan is USD 140 000 000 equivalent to 767 956 000 EGP as of December 31, 2009 from SG Paris for 7 years ending on January 27, 2014. Presented from SG Paris on December 27, 2006 the interest rate is 0.9% over LIBOR 12 months paid annually.

	31/12/2009 EGP	31/12/2008 EGP
Letters of Guarantee	9 544 533 612	9 872 651 753
Letters of Credit ( import & export )	1 843 034 773	2 139 855 467
Acceptance Bills	610 871 992	478 664 718
Other potential liabilities	130 377 154	158 072 109
	<b>12 128 817 531</b>	<b>12 649 244 047</b>

#### **25-Trading net profit**

Gains from foreign currency transaction  
Differences from valuation of Assets and Liabilities  
Profit of forward exchange contract valuation  
Interest rate swap valuation

	31/12/2009 EGP	31/12/2008 EGP
Gains from foreign currency transaction	72 917 383	155 392 295
Differences from valuation of Assets and Liabilities	(6 200 388)	(175 276)
Profit of forward exchange contract valuation	34 352 574	(13 977 705)
Interest rate swap valuation	39 325 154	6 710 202
	<b>140 394 723</b>	<b>147 949 516</b>

#### **26-Other operations revenues**

Profit of selling reverted assets  
Recovery from probable legal claim provision  
Recovery from specific loans provision  
Recovery from specific contingent provision  
Recovery from Other Provisions

	31/12/2009 EGP	31/12/2008 EGP
Profit of selling reverted assets	3 363 989	6 809 558
Recovery from probable legal claim provision	-	17 613 324
Recovery from specific loans provision	254 739 769	347 608 728
Recovery from specific contingent provision	-	26 716 225
Recovery from Other Provisions	10 785 292	-
	<b>268 889 050</b>	<b>398 747 835</b>

# Supplementary Notes To The Financial Statements

For The Financial Year Ending on 31/12/2009

## 27-Dividends income

Financial Assets For Trading  
Financial Investment available for sale  
Investments in affiliates

	31/12/2009	31/12/2008
	EGP	EGP
	15 296 195	12 368 386
	6 288 915	6 964 687
	3 761 512	3 850 385
	<b>25 346 622</b>	<b>23 183 458</b>

## 28-Maturity of Assets & Liabilities

### (A)Assets

Due from Banks  
Treasury Bills & CBE CDs  
Trading Investments  
Investments available for sale  
Loans to customers ( Gross Loans )  
Investments Held to maturity  
Investments in Affiliates  
Debit balances and other assets

### **Total**

	31/12/2009	
	Due within one year EGP	Due more than one year EGP
	5 847 884 350	-
	9 095 881 405	-
	115 726 059	-
	666 629 756	4 739 623 827
	15 779 413 479	12 187 058 794
	-	201 453 098
	-	39 268 014
	561 211 324	-
	<b>32 066 746 373</b>	<b>17 167 403 733</b>

### (B)Liabilities

Due to Banks  
Customers' deposits  
Term saving certificates  
Long term loan  
Subordinated loan  
Credit balances and other Liabilities

### **Total**

	725 452 736	-
	37 336 053 539	235 908 310
	951 541 982	5 191 970 018
	625 000	60 825 211
	-	767 956 000
	1 690 192 767	-
	<b>40 703 866 024</b>	<b>6 256 659 539</b>

## 29-Interest Rates Applied During the year

The average of return rate on assets & liabilities reached 7.65% , 3.98% respectively

## 30-Tax Position

### A- NSGB Position:

#### A-1) Corporate Tax

The Bank's accounts were examined and reconciled with respect to Tax since the beginning of activity till the end of 2004.

Years 2005, 2006 & 2007 are under inspection by tax authorities.

Year 2008, the bank presented the tax return within legal period but the tax inspection is underway.

#### A-2) Salaries Taxes

The bank's books have been inspected, and the due tax was paid until year 2002.

Years 2003 till 2006 are still under inspection by tax authorities.

### A-3) Stamp Tax

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

### B- EX-MIBank Position:

#### B-1) Corporate Tax

The Bank's accounts were examined and reconciled with respect to Tax since the beginning of activity till the end of 2004.

Years 2005 & 2006 are under inspection by tax authorities.

#### B-2) Salaries Taxes

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

Years 2005,2006 are still under inspection with tax authorities.

#### B-3) Stamp Tax

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

# Supplementary Notes To The Financial Statements

## For The Financial Year Ending on 31/12/2009

### 31-Distribution of Assets & Liabilities

#### (a) Distributing loans & advances portfolio ( before deducting provisions ) on different sectors of activity

in thousand EGP

Data	31/12/2009				31/12/2008				Increase (Decrease) rate
	EGP	FCY	Amount	%	EGP	FCY	Amount	%	
Agricultural Sector	183 997	52 477	236 474	0.85%	248 147	222	248 369	0.92%	-5%
Industrial Sector	8 430 638	7 033 170	15 463 808	55.29%	8 035 927	6 850 337	14 886 264	54.91%	4%
Commercial Sector	1 862 705	648 685	2 511 390	8.98%	1 910 928	1 116 579	3 027 507	11.17%	-17%
Services Sector	2 694 071	2 311 894	5 005 965	17.90%	2 569 345	2 132 849	4 702 194	17.35%	6%
Sundries	4 151 001	597 834	4 748 835	16.98%	3 706 681	538 057	4 244 738	15.66%	12%
<b>Total</b>	<b>17 322 412</b>	<b>10 644 060</b>	<b>27 966 472</b>	<b>100%</b>	<b>16 471 028</b>	<b>10 638 044</b>	<b>27 109 072</b>	<b>100%</b>	<b>3%</b>

#### (b) Distributing Clients Deposits on different sectors of activity

in thousand EGP

Data	31/12/2009				31/12/2008				Increase (Decrease) rate
	EGP	FCY	Amount	%	EGP	FCY	Amount	%	
Agricultural Sector	677 657	135 793	813 450	1.86%	445 593	172 628	618 221	1.68%	32%
Industrial Sector	6 344 073	3 700 754	10 044 827	22.98%	5 158 297	4 756 854	9 915 151	26.88%	1%
Commercial Sector	1 408 928	1 089 143	2 498 071	5.71%	967 477	840 009	1 807 486	4.90%	38%
Services Sector	3 061 662	1 563 528	4 625 190	10.58%	2 524 401	2 117 672	4 642 073	12.58%	0%
Sundries	17 542 675	8 191 260	25 733 935	58.87%	12 241 459	7 664 836	19 906 295	53.96%	29%
<b>Total</b>	<b>29 034 995</b>	<b>14 680 478</b>	<b>43 715 473</b>	<b>100%</b>	<b>21 337 227</b>	<b>15 551 999</b>	<b>36 889 226</b>	<b>100%</b>	<b>19%</b>

#### (c) Distributing the Banks balances in local and foreign currency

in thousand EGP

Data	31/12/2009		31/12/2008		Increase (Decrease) rate
	Amount	%	Amount	%	
<b>Due from banks</b>					
Local currency	628 307	11%	1 825 422	20%	-66%
Foreign currency	5 219 578	89%	7 201 750	80%	-28%
<b>Total</b>	<b>5 847 885</b>	<b>100%</b>	<b>9 027 172</b>	<b>100%</b>	<b>-35%</b>
<b>Due To banks</b>					
Local currency	3 840	1%	11 519	1%	-67%
Foreign currency	721 613	99%	1 448 728	99%	-50%
<b>Total</b>	<b>725 453</b>	<b>100%</b>	<b>1 460 247</b>	<b>100%</b>	<b>-50%</b>

#### (d) Distributing Contingent liabilities

in thousand EGP

Data	31/12/2009		31/12/2008		Increase (Decrease) rate
	Amount	%	Amount	%	
<b>Contingent liabilities</b>					
Customers	8 715 579	72%	8 518 669	67%	2%
Banks	3 413 239	28%	4 130 575	33%	-17%
<b>Total</b>	<b>12 128 818</b>	<b>100%</b>	<b>12 649 244</b>	<b>100%</b>	<b>-4%</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. The remaining amount of goodwill after amortization at end of December 2009 is 361 917 659 EGP compared to 723 835 331 EGP on December 31, 2008. The installment of amortization for the period from 01/01/2009 to 31/12/2009 is 361 917 672 EGP.

### 33-Earning Per Share

	31/12/2009 LE	31/12/2008 LE
Net Profit for the year	1 183 292 907	1 136 859 270
Board Members' Bonus	(1 700 000)	(1 500 000)
Staff Profit Sharing	(87 000 000)	(78 500 000)
Shareholders' share in Profit	1 094 592 907	1 056 859 270
Number of shares	333 235 089	333 235 089
<b>Earning Per Share</b>	<b>3.28</b>	<b>3.17</b>

## Supplementary Notes To The Financial Statements

For The Financial Year Ending on 31/12/2009

	31/12/2009 EGP Surplus ( Deficit )	31/12/2008 EGP Surplus ( Deficit )
<b>34-Positions of Major Currencies</b>		
Egyptian Pound	19 157 537	(159 951 492)
US Dollar	(9 713 841)	176 653 194
Sterling Pound	(33 086 116)	(32 556 130)
Japanese yen	27 465 163	28 678 960
Swiss Franck	54 684	34 799
Saudi ryal	(359 320)	1 329 674
Euro	(3 160 899)	543 828

### 35-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:

<b><u>Nature of Transactions</u></b>	31/12/2009 EGP	31/12/2008 EGP
<b>Due From Banks :</b>		
Societe Generale	192 798 023	433 601 322
<b>Loans to Customers :</b>		
Sogelease Egypt company	1 175 382 567	1 176 959 969
ALD AUTOMOTIVE	108 350 015	110 114 523
	<b>1 283 732 582</b>	<b>1 287 074 491</b>
<b>Investments in affiliates and associates co.'s. :</b>		
Sogelease Egypt company	28 000 000	28 000 000
ALD AUTOMOTIVE	1 420 764	2 489 250
NSGB Life Insurance company	7 500 000	7 500 000
SERVINIL	500 000	500 000
Senouhi Company for Construction Materials	1 847 250	1 847 250
	<b>39 268 014</b>	<b>40 336 500</b>
<b>Due To Banks :</b>		
Societe Generale	630 558 749	1 307 626 634
<b>Customers Deposits :</b>		
Sogelease Egypt company	476 765 561	672 891 663
ALD AUTOMOTIVE	555 627	647 566
NSGB Life Insurance company	86 638 985	53 064 962
Senouhi Company for Construction Materials	3 086 033	-
NSGB Staff Fund - Certificate of Deposit	1 978 024	3 324 022
	<b>569 024 230</b>	<b>729 928 213</b>
<b>Contingent Liabilities &amp; commitments :</b>		
Sogelease Egypt company	4 510 577	35 114 989
Senouhi Company for Construction Materials	77 921	-
	<b>4 588 498</b>	<b>35 114 989</b>
<b>Subordinated loan from Societe Generale</b>	<b>767 956 000</b>	<b>771 918 000</b>

### 36-Comparison figures

Some comparative figures have been restated to be in compliance with the current year presentation

# AUDITORS' Report

For the financial year ending on 31/12/2009

## 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 2009, 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 2009, 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 2009.

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'

**Mohamed Ahmed El-Gazzar**

(Hazem Hassan KPMG)

Cairo on 17 February 2010

**Magdy Kamel Saleh**

Saleh, Barsum & Abdel Aziz - Deloitte



