

Nsgb egypt strategic audit

Business



Generale Bank, one of the largest private banks operating in Egypt, was established in 1978 with a focus on corporate banking.

With a long-term plan geared towards satisfying its customers, NSGB expanded its retail services. Selective development of its core activities, today NSGB has 140 branches covering 26 governorates, 280 ATM and more than 3,700 banking professional.) Past Corporate performance index 9m 2009 net income reached 791.5 million, 4% 9M 2008, despite the strong growth witnessed in net interest income and investment and the significant drop in booked provisions, the year-over-year in the nine months' bottom line resulted from a lower reversal of no longer needed provision, which NSGB had expected, as NSGB recovered E52.5 million of provisions.

In addition, the increase in income taxes had eroded any growth scored by the bank's operations in 2009, where NSGB's effective tax rate reached 17% in 2009 versus 12% in 2008. 3rd quarter 2009 net income reached E224 million, registering a decline of 20% year-to-year and 12% quarter-on-quarter, the year-to-year drop in NSGB's 3rd quarter bottom line was attributed to a drop in fees and commissions accompanied by a significant drop in investment income, in addition to the lower reversal of no longer needed provisions. Quarter-to-quarter, NSGB's core-banking operations deteriorated, where net interest income slipped by 2% and fees income dropped 6%, but investment income has gone up. Fees and commission dropped quarter-to-quarter and year-to-year, due to the contraction of international trade, the bank noted a press release The net interest margin deteriorated, to record 37% in 3rd quarter 2009 versus 4.3% in 2nd quarter 2009 and 3.

% in 3rd quarter 2008 On the balance sheet, customer deposits recorded stronger growth than loans, as gross loans grew 2.9% q-o-q to reach E27.7 billion as at the end of September 2009, while customer deposits increased 11% q-o-q to E43 billion. Thus, utilization fell to 63.7% in September 2009 compared to 68.9% in June 2009 and 73.

5% in December 2008 Asset quality improved, as the NPLs-gross loans ratio reached 6.8% as at the end of September 2009, compared to 7.1% in June 2009. 2) Strategic Posture A. Mission Statement Our mission is to make change, yet keeping in mind the three most shared values: focus on customers, provide outstanding quality, and continuously improve and innovate services. B.

Current Objectives Focus on corporate banking. With a long-term plan geared towards satisfying its customers, NSGB expanded its retail services. selective development of its core activities. C. Strategies * Business Process Reengineering (BPR): Redesigning critical business processes (strategic and added value).

Providing high quality service, quickly, at lower cost plus targeting profit, production and quality * Continuous improvement: The essence of continuous improvement is to keep track of the latest business trends and emerging information technology tools oriented to enhancing workflow * Total Quality Management (TQM): aiming at improving the quality of services at NSGB, we see quality as the customer point of view * Applying World standards and searching for best practices: continuously seeking for more improvements seeking best practices in the field of applying world standards

* Business Modeling: involving continuous search for the best in class within NSGB, within the banking industry and within any service oriented industry To target SME's (small and medium enterprises) D. Values * Customer Focus: Listening to the voice of customers, responding with creative solution. Taking personal responsibility; customer service is every one's job and concern. Setting stretch targets for service standard and measuring the performance

* Outstanding Quality: is a key element differentiating us from market competitors. Quality is an efficient leverage for increasing short, medium and long-term profitability.

Quality concerns everyone in the bank * Sense of Urgency: straight through processing and open quick communication. Creating a dynamic highly-motivated team. Recognizing the importance of professional approach to the bank's services. The goal is to build a culture with standards that are maintained through all phases of project cycle. Action delayed is opportunity lost.

Reduction of total cycle with leadership in service, deliver, and customer contact points * Stretch Targets and never stop culture: setting demanding performance standards. Constantly measuring performance against targets. Invest time and resources in personal and skills development. Profit growth and cost control * Innovation and Continuous Improvements: Encouraging initiatives-rewarding contribution. Always finding better ways. Four steps to being the best: determine the world standard, identify the inefficiency, then redesign each process as if from scratch, define a clear vision of external reality: customers and competitors and distinguish what needs to be done *

Virtual Partnership Between Customers and the Bank: effective relationships, uncompromising integrity.

Excellence and best in class for: people, Customers, Services, Technology and business processes * Attention to Our Inner Self: Working together in teams with each person contributing to the level of his/her capabilities.

Believing in the synergy of coordinated efforts. Create value for our customers by providing quality and excellence in what we do and the way in which we do it. We bring quality to life by paying attention to being the most efficient in everything we do 2) SWOT | C. 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. Bernardo Sanchez Incera Board Member| Mr.

Jean Louis Mattei Board Member| Mr. Mohamed Madbouly Board Member| Mr. Saber Farag Board Member| Mr. Patrick Le Buffe Board Member| Mr. Bernard David Board Member| | | b.

top management | Executive Committee (Top Management)| | 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.

Tarek Fayed Executive Committee Member | | External environment A.
economic: GDP \$469. 8 billion (2009 est.) Country comparison to the
world: 27 \$448. 7 billion (2008 est.) \$418.

5 billion (2007 est.) Note: data are in 2009 US dollars GDP per capita \$ 6000
(2009), \$ 5800 (2008), \$5500 (2007) GDP- composition by sector Agriculture:
13. 7% Industry: 37. 8% Service: 48. 7% (2009) Labor force- composition by
sector Agriculture: 32% Industry: 17% Service: 51 % Unemployment rate: 2%
(2010)Overall the economic condition implies threats as the GDP,
unemployment rate, and labor force are at high levels and this discourages
people applying for loans.

So we can depict the opportunities and threats as follows: Opportunities: *
The bank's strategy is to offer a full portfolio of services worldwide, providing
a wide range of cross-selling opportunities. * Asia is still considered an
opportunity for NSGB expansion, and operations are being set up in a
number of locations. * Welfare provision has decreased in many countries
because of the cost to governments, and NSGB sees self-provision as an
increasing trend that it can utilize. Egypt's financial system has been liquid
enough to help it sidestep the worst of the world credit crunch. Threats *
NSGB has been accused of moving loss-making investments associated with
the sub-prime market from its accounts to those of other investors, and
there is a risk it may be sued.

* While offering a wide range of services provides opportunities, there is also
the threat that customers may prefer to go to suppliers who present a more
specialized approach. * NSGB acquired a reputation for closing branches

because of a high incidence of this in 2000, and competitors have been able to position themselves as more consumer-friendly through a strategy of keeping branches open. Economic growth has dropped to around 4 percent from 7 percent last year as tourism revenues fall and a slide in global trade hits Suez canal receipts, two of Egypt's top earners. B. Technological factors Management information systems being heavily introduced in the banking industry so this serves as a major opportunity to ease banking transactions. C.

Task Environment * Rivalry among competitors ; High, there are plenty of private banks operating in Egypt which holds higher market share and customer base offering better loan policies. This represents a threat * Bargaining power of buyers; High, customers can simply convert to other banks, this is a major challenge which represent a threat * Power of stakeholders; Low, a few regulations regarding loan policies. This an opportunity * Threat of new entrants; Low, Banking industry has many obstacles and entry is very difficult. This is of course an opportunity 4) Internal Environment Strength, Weakness IFAS A. Corporate structure 77.

2% (SG) 22. 8% (Free Float) B. Corporate Culture * Professionalism is at the heart of our culture. Our customers believe in us and our professionalism. We strengthen this confidence day after day by expanding our expertise and exchanging experiences * Team spirit is our strength. We are receptive, keen to learn from the diverse viewpoints of all our colleagues.

We are able to draw upon a vast diversity of talent and worldwide Group culture to give us a collective strength * Innovation is our state of mind. Day

after day, we seize opportunities brought by changes in our environment; we consistently anticipate our customers' needs providing them new products and new services

Strength:

- * NSGB has a widespread global presence, allowing it to spread risk and enjoy economies of scale.
- * The NSGB brand is well-established historically and continually promoted.
- * The opening of several new flagship branches along with a refurbishment programs can be seen as an attempt to refocus on customer demands for a strong presence on the high street.

Weaknesses:

- * The bank does not plan to pay dividends on its shares until the second half of 2009, making them less attractive to investors.

reduction in the volume of some transactions

6) Alternative and Recommendation

Recommended strategy: The following is an action plan to improve overall performance.