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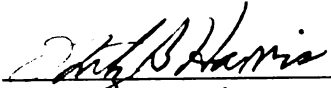
*An Organizational Analysis of Bank Misr
and Group of Companies*

presented by

Adel Mohsen

has been accepted towards fulfillment
of the requirements for

B.S. degree in Mech. Eng'g.


Major professor

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**AN ORGANIZATIONAL ANALYSIS OF BANK MISR
AND GROUP OF COMPANIES**

By

ADEL MOHSEN

A THESIS

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INTRODUCTION

This thesis was written as a study and functional analysis of the Bank Misr, a relatively young, but rapidly expanding factor in the Egyptian economy. In such a large enterprise, it is often difficult after the organization has been built up to visualize it as a whole to see whether or not the plan of organization has been logically carried out, to discover hidden weaknesses in the structure, and to obtain a sound basis for operating the business. In order to facilitate this problem, a chart of the organization will be prepared. This thesis also will present a Management Guide, a fairly recent development which has been brought to fruition in American companies following modern trends. Management Guides are widely used as detailed blue-prints for management and supervisory positions at all levels.

In Egypt (the author's country), in spite of the rapid growth of new industrial and commercial enterprises, little is practiced of scientific management. This lack will eventually create confusion among management functions, and

labor-management problems may arise from the resulting overall inefficiency of the enterprise.

The initiative of Bank Misr (Figures 1, 2, and 3), one of the leading banks in Egypt, is demonstrated by its domination of the varied Egyptian economic activities covering the industrial, commercial and transportation companies.

The main purpose for which this investigation was carried out is:

1. To make an organization chart which shows graphically the relationship of function, and the flow of authority and responsibility.
2. To prepare a Management Guide for the Bank which shows a delineation of the functions, responsibilities, authorities, and principal relationships of positions in the enterprise.
3. To locate the lack of essential functions and indicate their important place in the organization.

The use of such management tools and devices tends to increase the members' understanding of management problems and their solution, which is obviously needed for such a big enterprise covering different phases of activities.

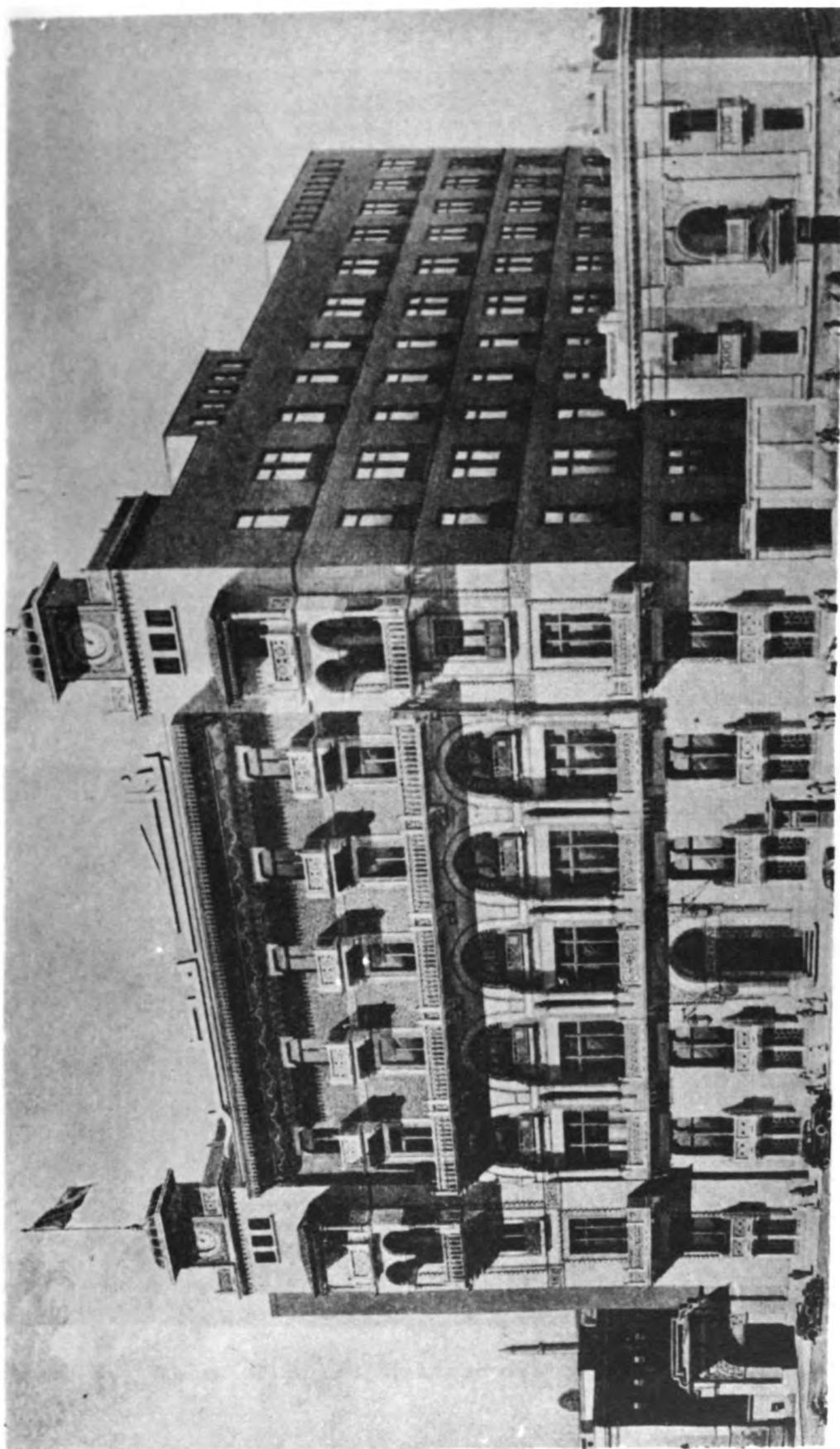


Figure 1. Bank Misr Building in Cairo



Figure 2. Bank Misr Hall

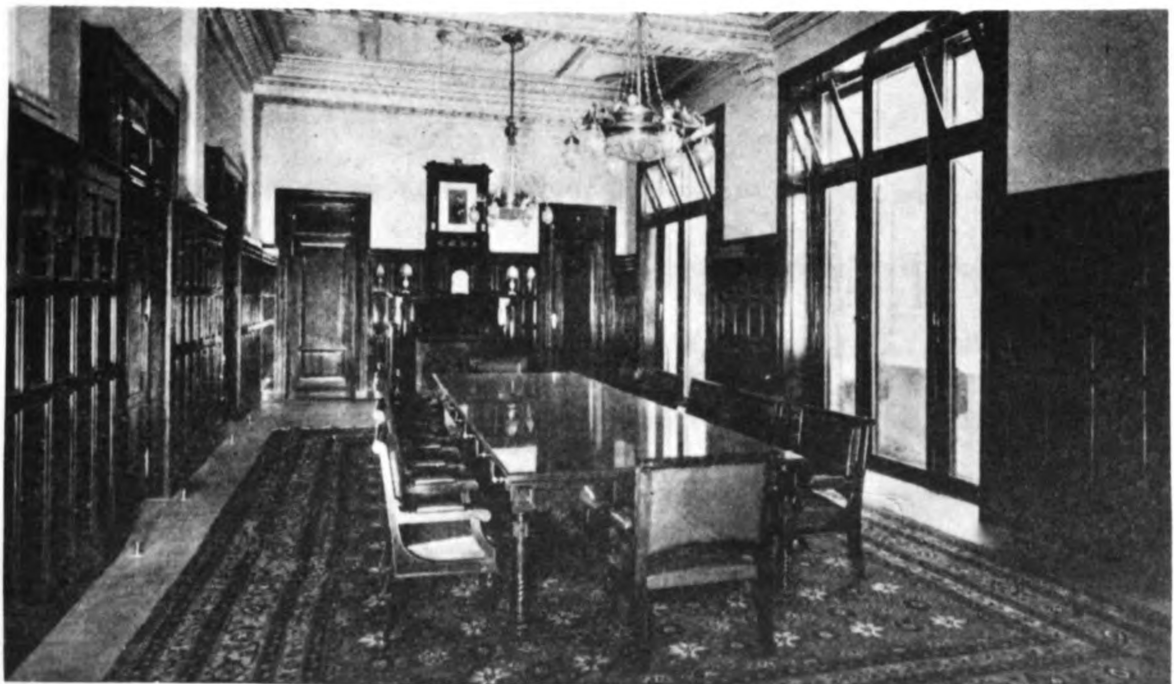


Figure 3. Room of Board of Directors of Bank Misr in Cairo

Historical Background

In Egypt, until about thirty years ago, most of the banks, and commercial and industrial enterprises of importance, were found to be in foreign hands.

Being convinced that if such a situation continued to exist it would become more serious for the future of the country, a group of Egyptians were inspired to improvise a wide plan for national progress based on a systematic and vigorous action of an economic plan. Their program was published March 7, 1920, the date which marks the birth of Bank Misr, the starting of a great industrial expansion which has been increasing ever since.

The program consisted of two main parts: (1) carrying all usual bank transactions; and (2) encouraging and helping in the foundation of financial, commercial, industrial, and transportation companies which are of great value to the country.

Concerning the first part of the program, the Bank succeeded in gaining the public confidence and establishing branches all over the country, handling almost every type of financial transaction. The map, Figure 4, shows the national distribution of the branches. Figure 5 shows the branches of

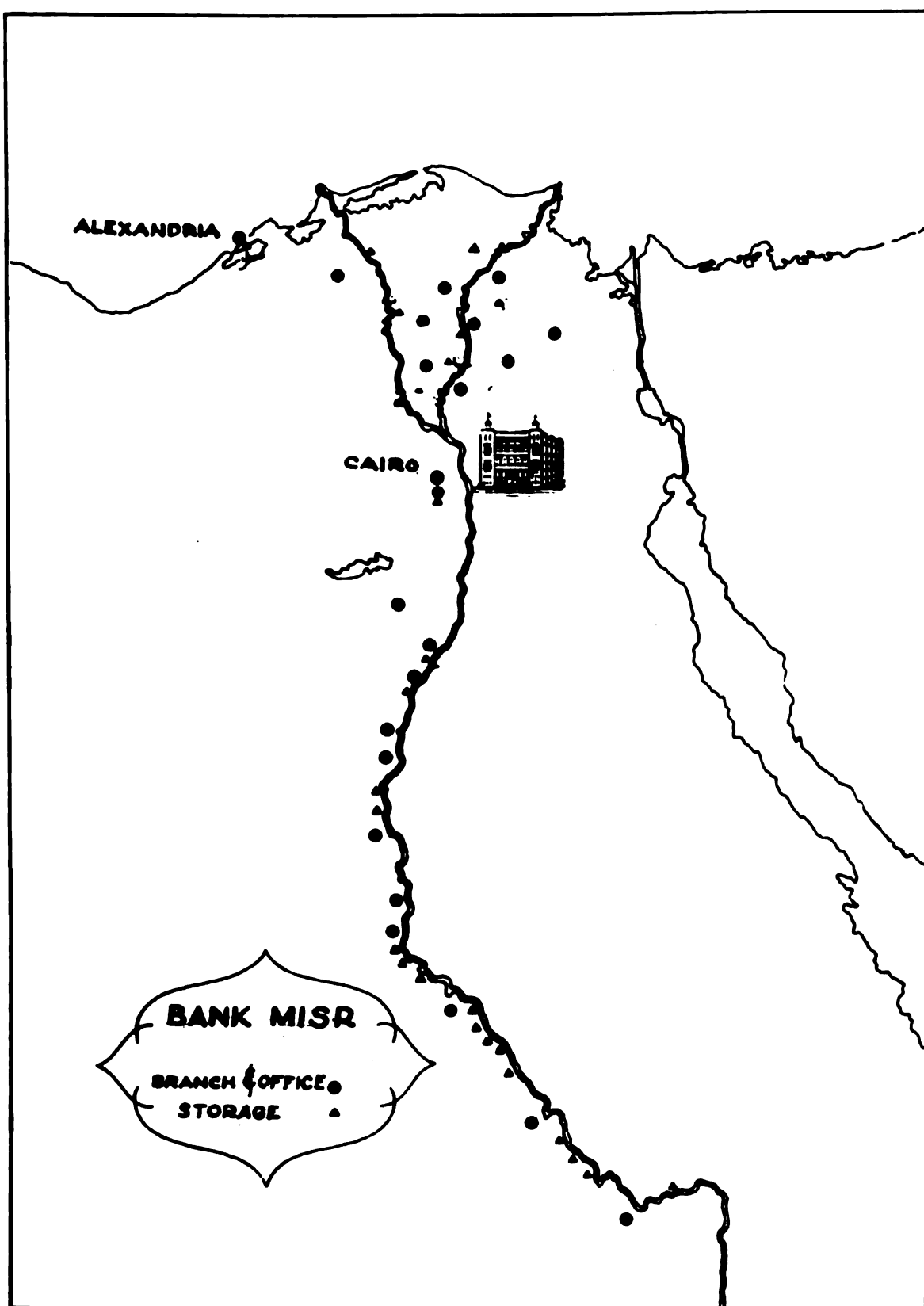


Figure 4. Map of Egypt showing the location of Branches of Bank Misr

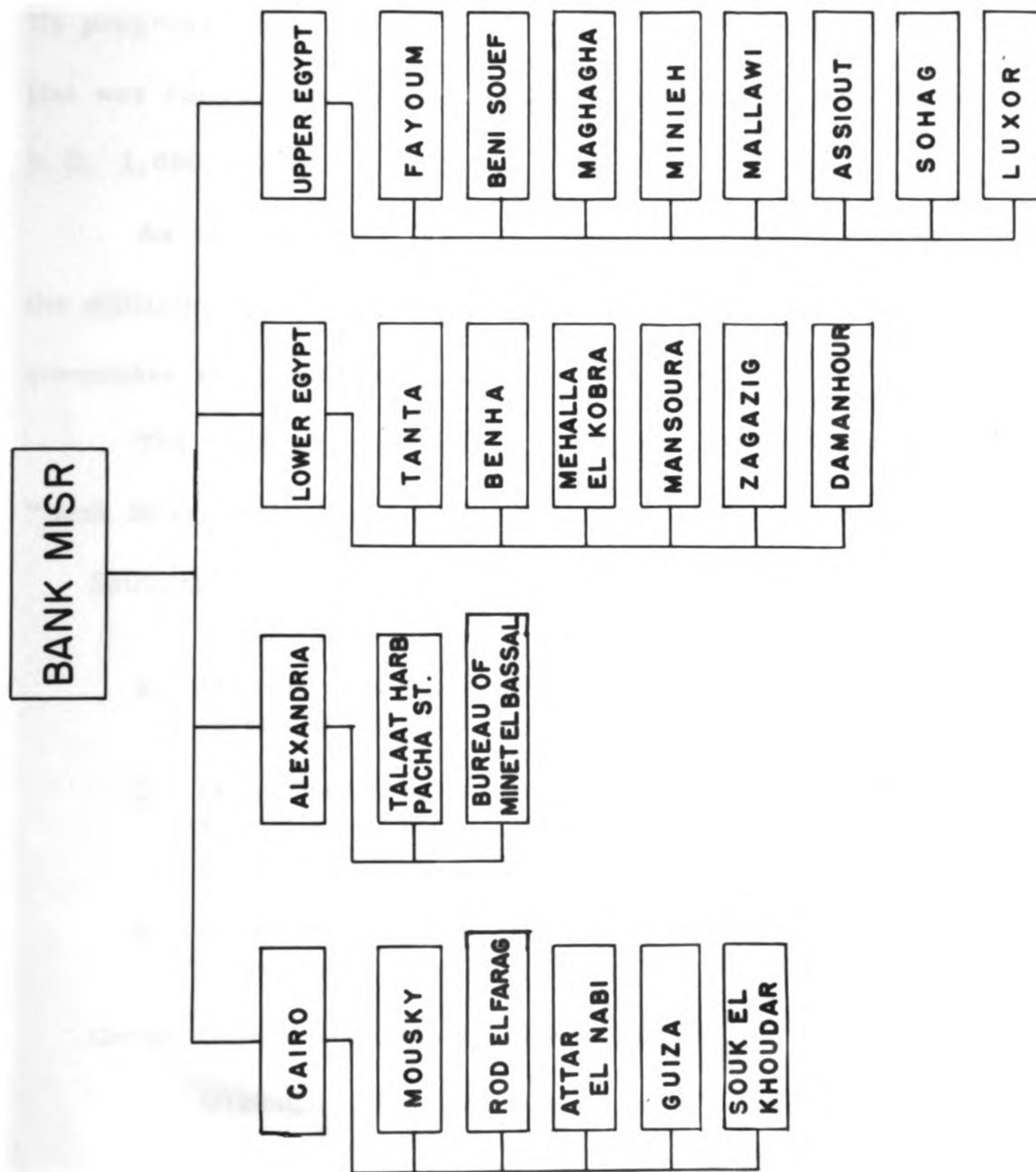


Figure 5. The Chart shows the Branches of Bank Misr

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the Bank in Cairo, Alexandria, and Upper and Lower Egypt. Its progress has been rapid, and owing to its success the capital was raised from L.E.¹ 80,000 (its original capital) up to L.E. 1,000,000.

As to the second part, there are few fields in which the affiliated companies are not active. Figure 6 shows the companies related to Bank Misr.²

The following is a list of the Groups of Companies of "Bank Misr," with a brief description of their activities:

Spinning and Weaving Companies (see Figures 7, 8, 9, 10, 11, 12, and 13).

1. Misr Company for Spinning and Weaving - manufacturers of 60 per cent of Egypt's textile requirements.
2. Misr Company for Fine Spinning and Weaving of Egyptian Cotton - manufacturers of fine quality colored fabrics and prints.
3. Misr Company for Silk Weaving - the principal manufacturers of silk fabrics in Egypt.

Cotton Companies (see Figures 14 and 15).

1. Misr Company for Cotton Ginning - the largest cotton ginners in Egypt.

¹ An L.E. is equivalent to \$2.87.

² The Egyptian Gazette Weekly, May 21, 1951, p. 3.

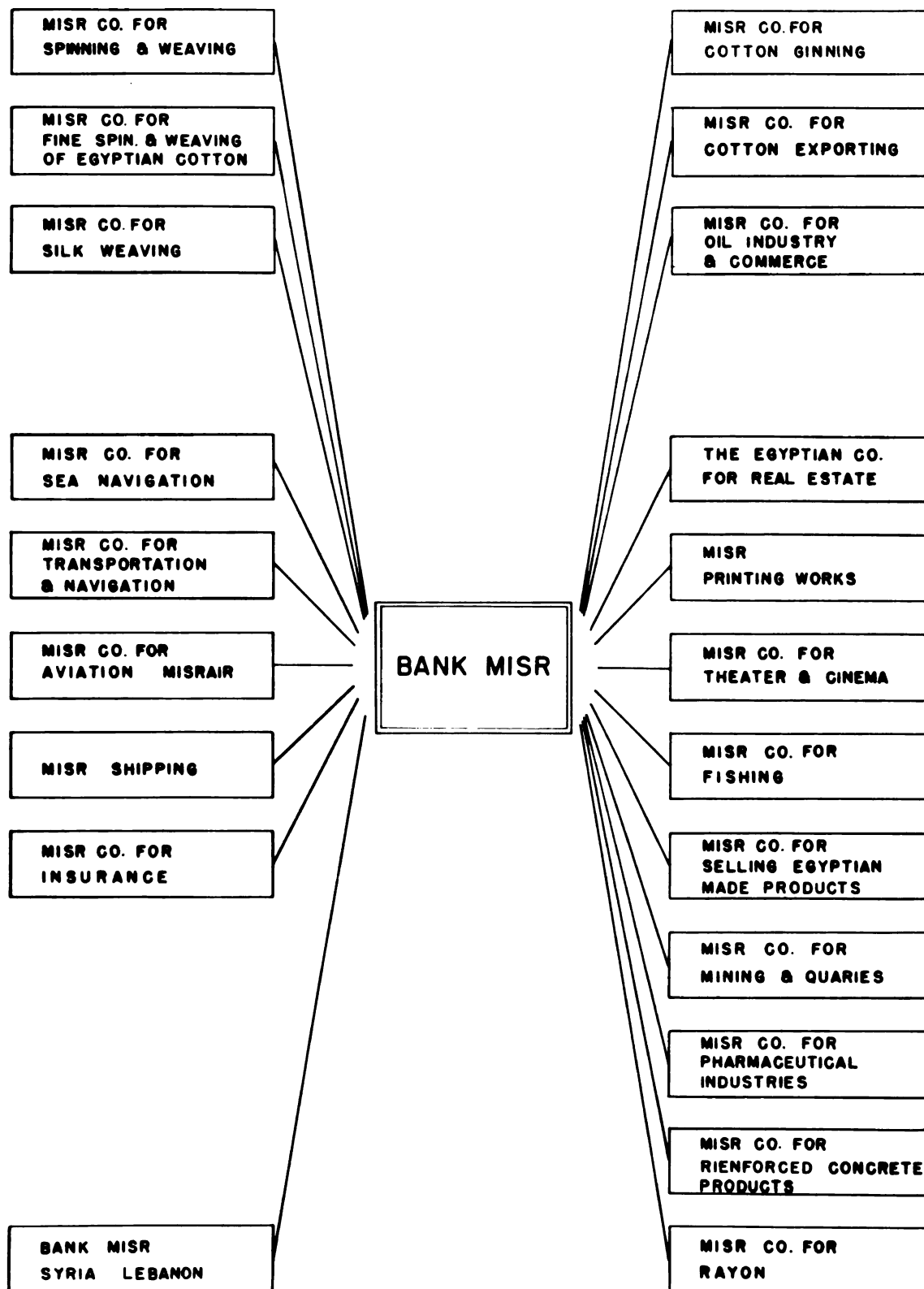


Figure 6. Bank Misr and related groups of companies



Figure 7. Misr Company for Spinning and Weaving. View showing employees leaving factory after work.



Figure 8. Misr Company for Spinning and Weaving. Wood workshop and maintenance.

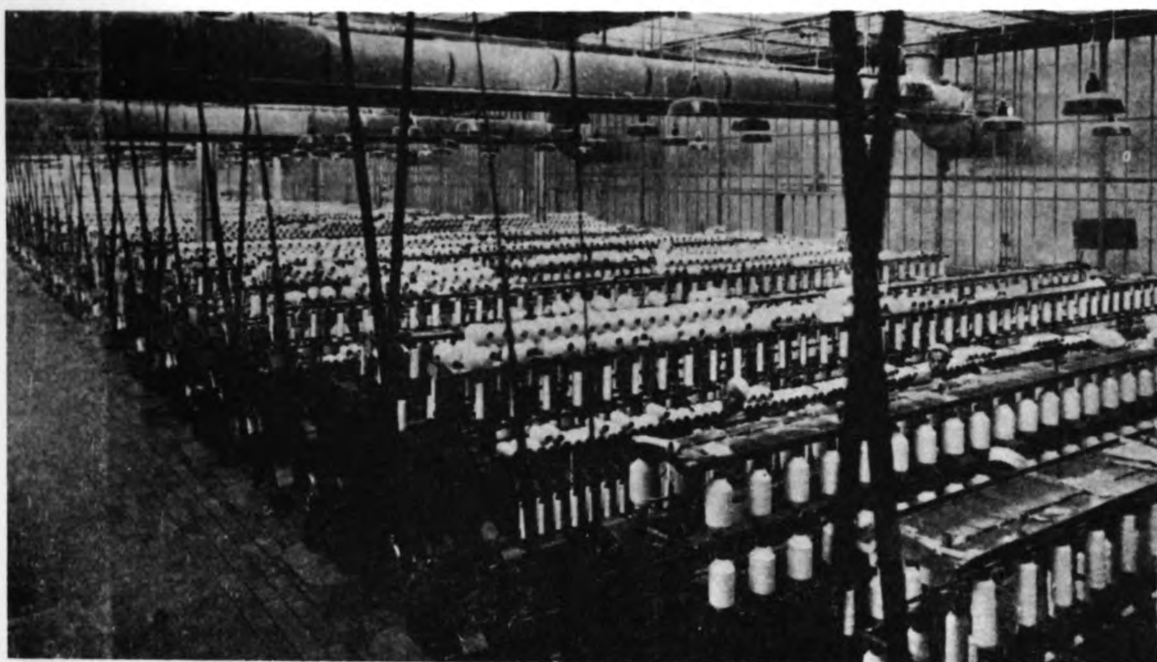


Figure 9. Misr Company for Spinning and Weaving. A section of the spinning division.

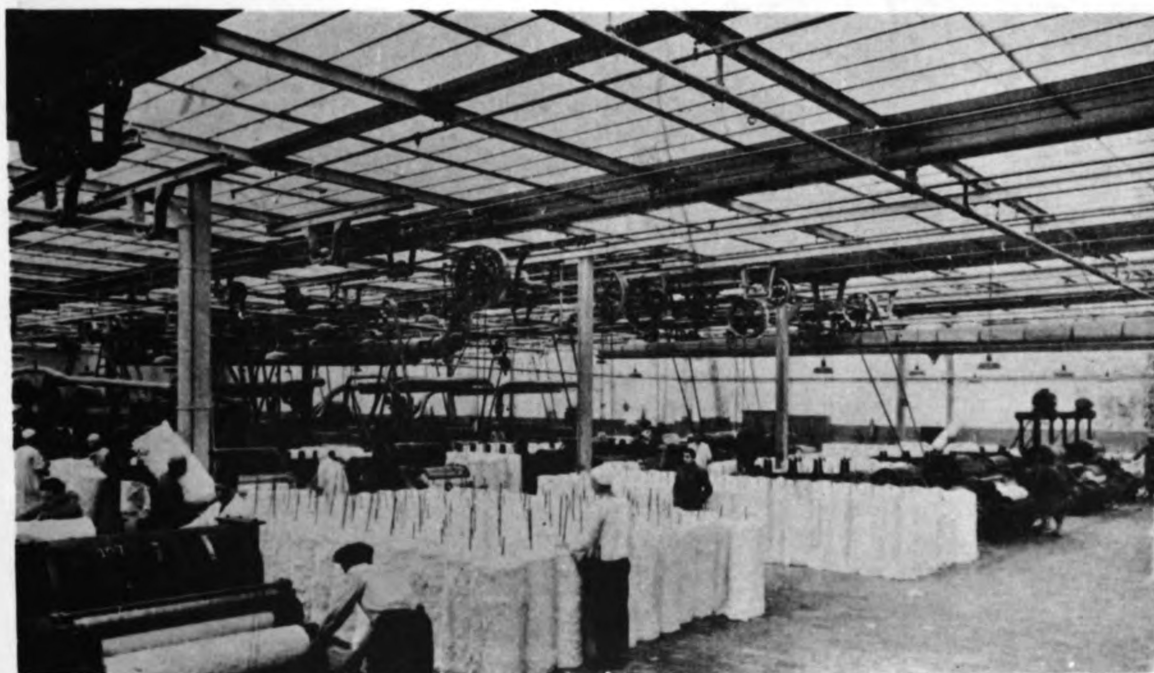


Figure 10. Misr Company for Spinning and Weaving. Cleaning cotton section.

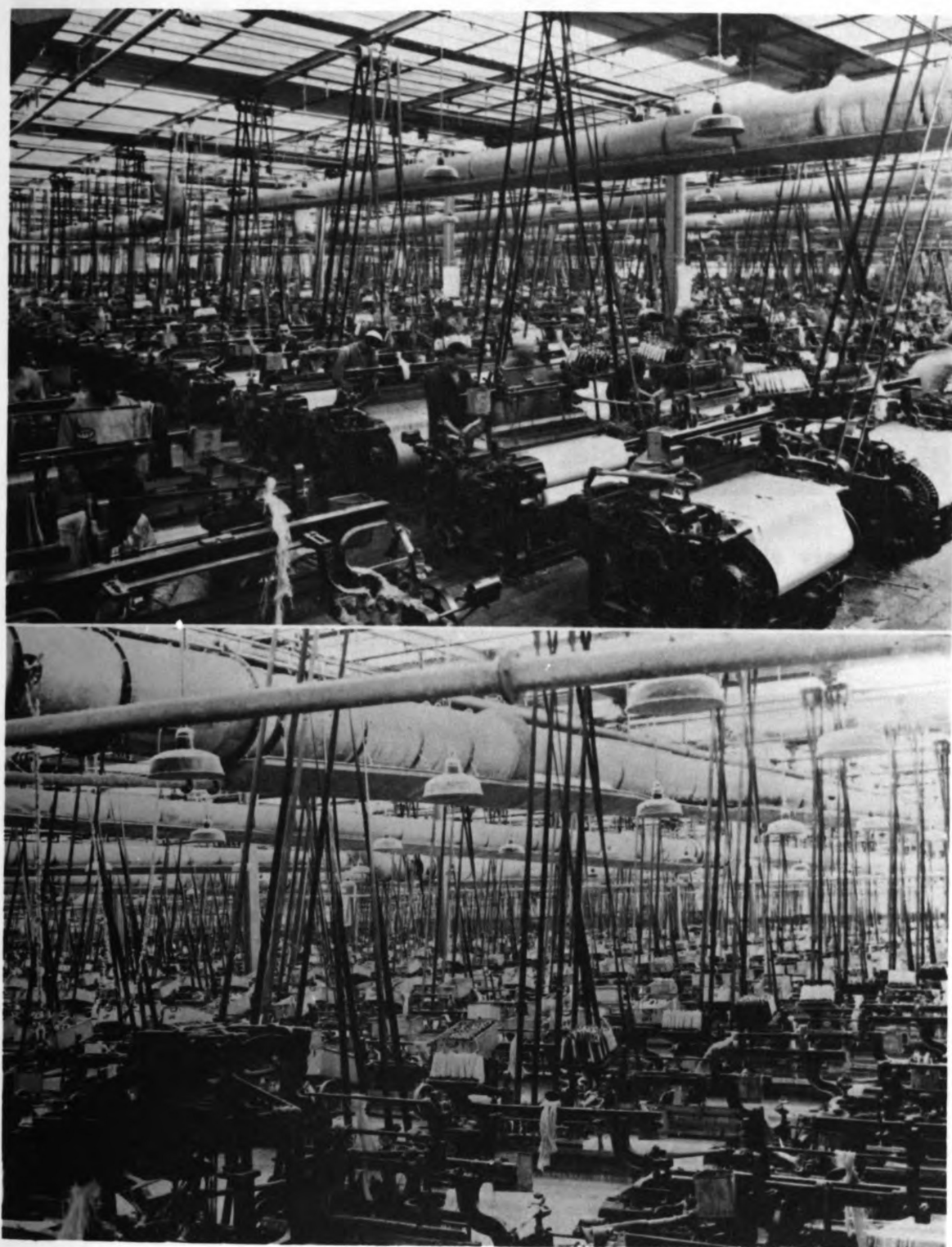


Figure 11. Misr Company for Spinning and Weaving. Weaving section.



Figure 12. Misr Company for Silk Weaving. Outside view of factory in Damietta.

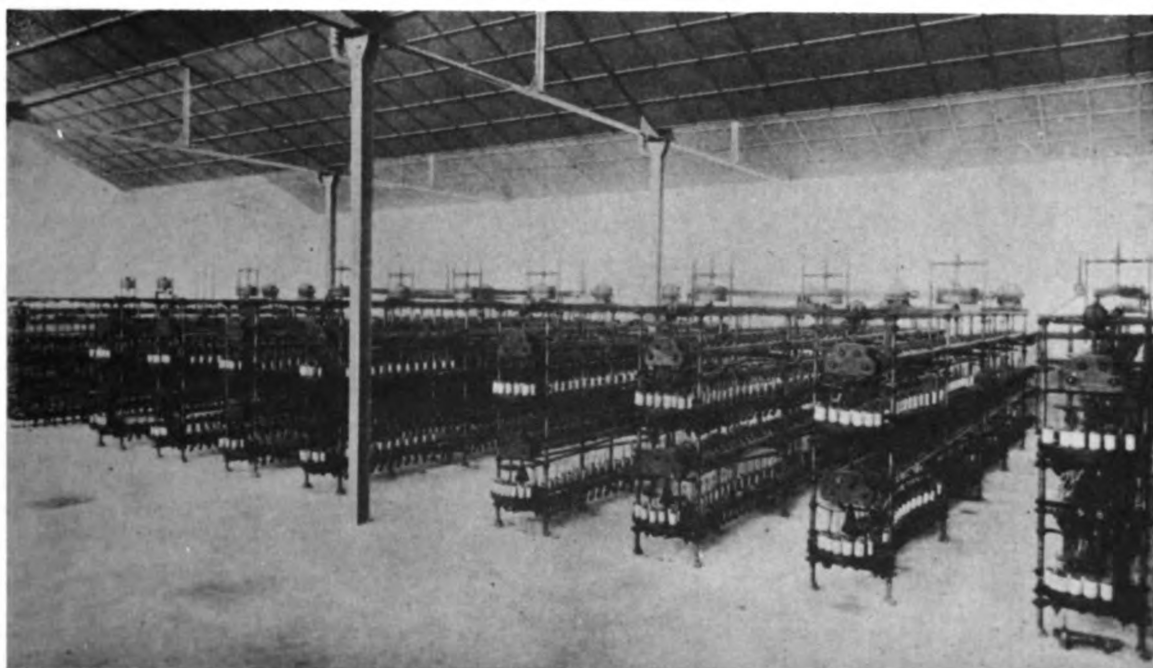


Figure 13. Misr Company for Silk Weaving. Interior view.

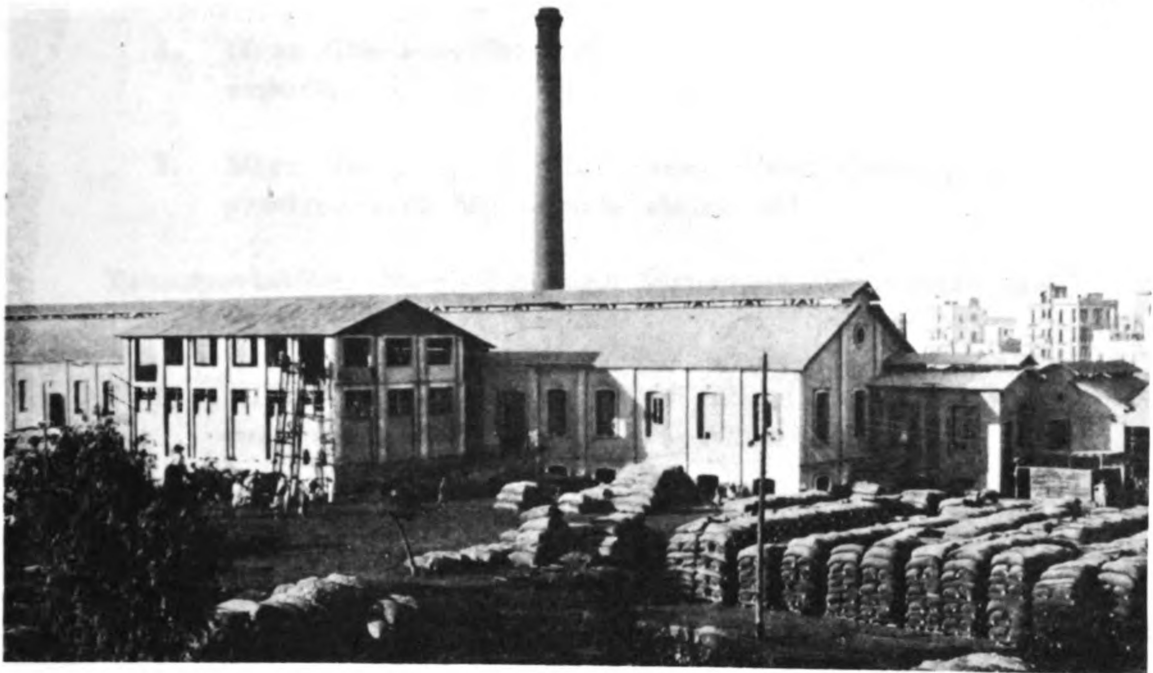


Figure 14. Misr Company for Cotton Ginning. Outside view of one of the company's factories.

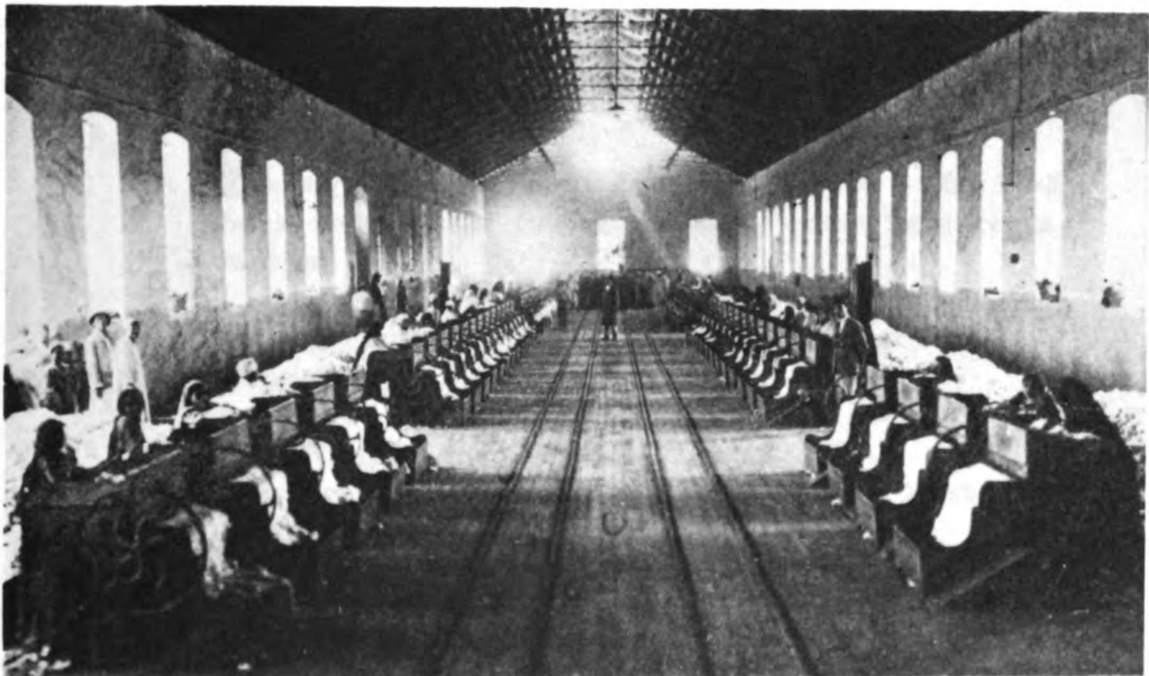


Figure 15. Misr Company for Cotton Ginning. Interior view of one of the company's factories.

2. Misr Company for Cotton Exporting - the largest exporter of ginner cotton in Egypt.
3. Misr Company for Oil Industry and Commerce - producers of high-grade edible oil.

Transportation, Navigation and Insurance Companies (see Figures 16, 17, and 18).

1. Misr Company for Sea Navigation - owners and operators of ships that cover the globe.
2. Misr Company for Transportation and Navigation - river transporters operating a large fleet of diesel-driven boats and barges.
3. Misr Company for Aviation (Misrair) - the first national airline in the Middle East.
4. Misr Shipping - the first Egyptian Travel Agency.
5. Misr Company for Insurance - the largest insurance company in Egypt.

Companies for Miscellaneous Purposes (see Figures 19, 20, 21, 22, and 23).

1. The Egyptian Company for Real Estate - the land bank responsible for much of Egyptian land reclamation.
2. Misr Printing Works - modern printers and stationers.
3. Misr Company for Theater and Cinema - the first and largest film company in the Middle East.
4. Misr Company for Fishing - manufacturers of mother-of-pearl, whose output can satisfy the entire Egyptian market.

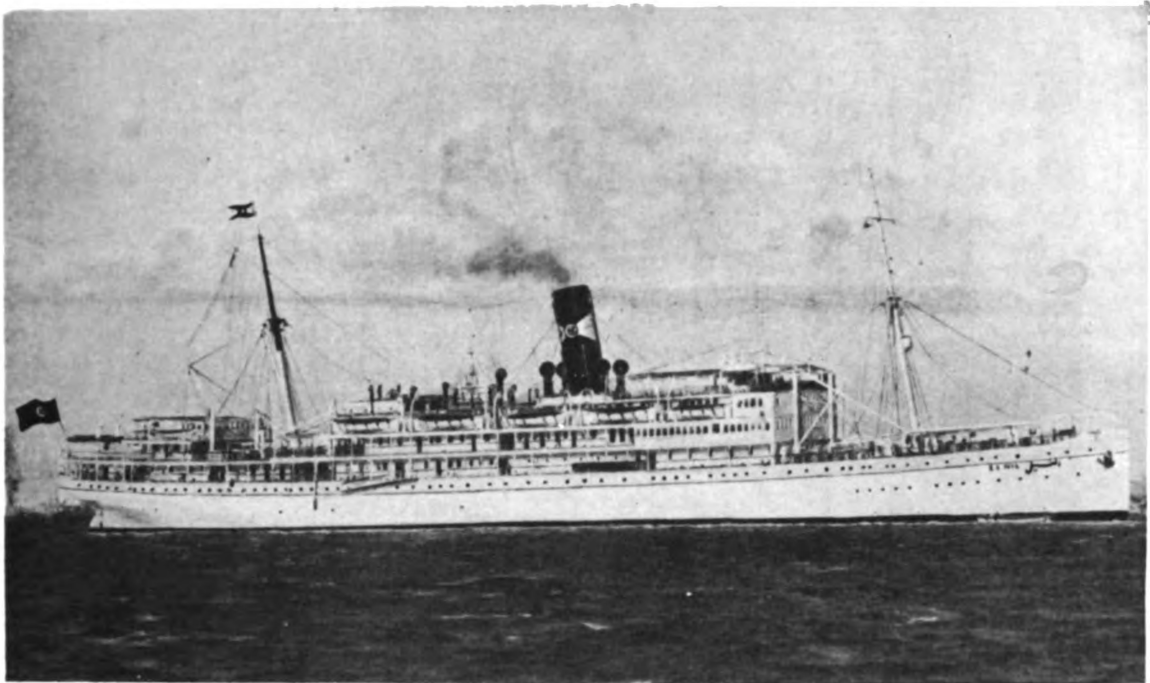
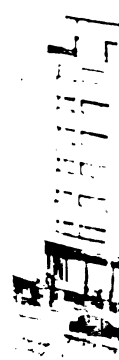


Figure 16. One of the ships belonging to Misr Company for Sea Navigation.



Figure 17. One of the ships belonging to Misr Company for Transportation and Navigation.



Figure

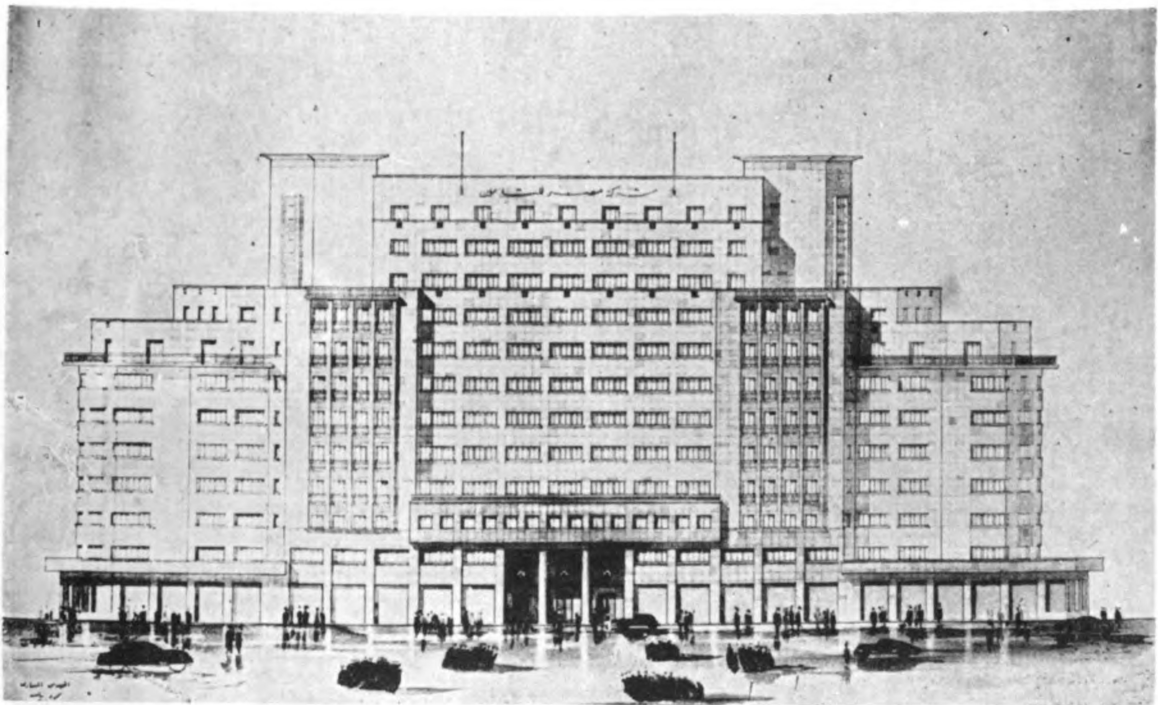


Figure 18. Misr Company for Insurance. Buildings constructed by the company.





Figure 19. Misr Printing Works. Outside view.



Figure 20. One of the many fishing boats belonging to Misr Company for Fishing.

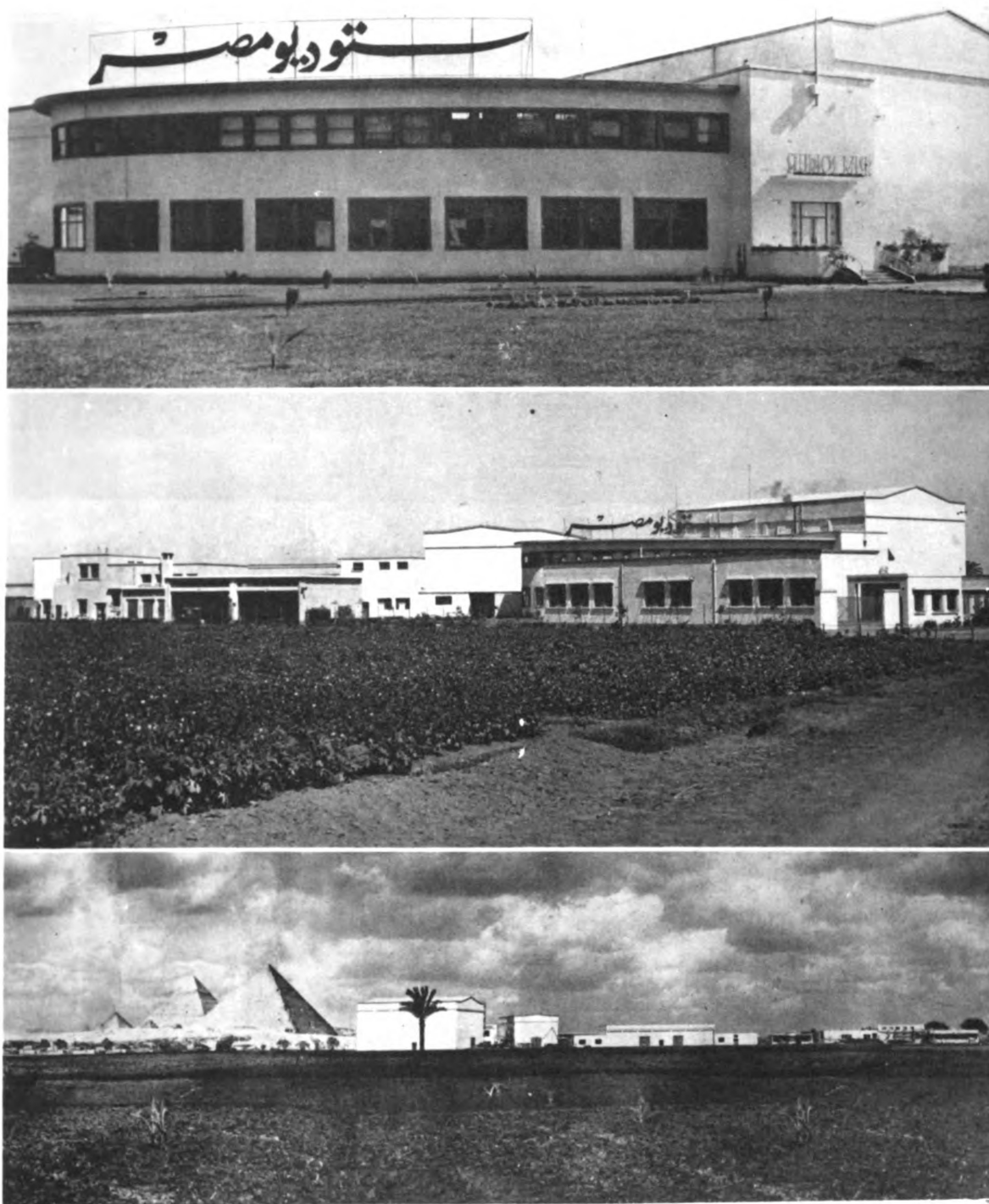


Figure 21. Misr Company for Theater and Cinema. A general outside view of the studio.



Figure 22. Misr Company for Selling Egyptian Products.



Figure 23. Misr Shipping.

5. Misr Company for Selling Egyptian Made Products - a retail company with branches in every town in Egypt.
6. Misr Company for Mining and Quarries - pioneers in Egyptian oil prospecting.
7. Misr Company for Pharmaceutical Industries - manufacturers of pharmaceutical goods for the local market.
8. Misr Company for Rayon - manufacturers of artificial silk whose output can satisfy the entire Egyptian market.
9. Misr Company for Reinforced Concrete Products - general contractors and specialists in reinforced concrete products.

Finance

Bank Misr (Syria and Lebanon) - a subsidiary of Bank Misr engaged in financial transactions in neighboring Arab countries.

Table I shows a list of the above companies, the date of their establishment, and the capital invested in each company.

TABLE I

BANK MISR AND "MISR" COMPANIES¹
 (According to Dates of Establishment)
 Showing Capitals at Establishment and Present Capitals

Name	Date of the Charter of Establishment	Capital	
		At Es- tablish- ment L. E.	1950 L. E.
Bank Misr	April 3, 1920	80,000	1,000,000
1. Misr Printing Works	Aug. 15, 1922	5,000	50,000
2. Misr Company for Cotton Ginning	Oct. 2, 1924	30,000	250,000
3. Misr Company for Transpor- tation and Navigation	Aug. 1, 1925	40,000	150,000
4. Misr Company for Theater and Cinema	June 13, 1925	15,000	100,000
5. Misr Company for Spinning and Weaving	Aug. 26, 1927	300,000	1,000,000
6. Misr Company for Silk Weaving	Aug. 26, 1927	10,000	250,000
7. Misr Company for Fishing	Aug. 26, 1927	20,000	75,000
8. Misr Company for Cotton Exporting	April 14, 1930	120,000	160,000

¹ Pamphlet on Bank Misr Companies.

TABLE I (Continued)

Name	Date of the Charter of Establishment	Capital	
		At Es- tablish- ment L. E.	1950 L. E.
9. Misr Company for Aviation (Misrair)	May 7, 1932	20,000	300,000
10. Misr Company for Selling Egyptian Products	Oct. 15, 1932	5,000	100,000
11. Misr Company for Insurance	Jan. 14, 1934	200,000	200,000
12. Misr Company for Sea Navigation	Jan. 14, 1934	100,000	750,000
13. Misr Shipping	Oct. 15, 1934	7,000	14,000
14. Misr Company for Fine Spin- ning and Weav- ing of Egyptian Cotton	Sept. 21, 1938	250,000	500,000
15. Misr Company for Oil Industry and Commerce	Nov. 7, 1938	30,000	75,000
16. Misr Company for Mining and Quarries	Nov. 7, 1938	40,000	40,000
17. Misr Company for Pharma- ceutical Industries	April, 1940	45,000	100,000
18. Misr Company for Rayon	April 24, 1946	2,000,000	2,000,000

TABLE I (Continued)

Name	Date of the Charter of Establishment	Capital	
		At Es- tablish- ment L. E.	1950 L. E.
19. Misr Company for Reinforced Concrete Products			
20. The Egyptian Company for Real Estate	Feb. 29, 1896	113,100	113,100
21. Bank Misr (Syria and Lebanon)	1929	1,000,000 ^a	1,000,000 ^a

^a Syrian and Lebanon pounds.

Effect of World War II³ on the Financial
Status of the Bank

Due to the critical world situation in 1939 and the threat of a coming war, many of the bank depositors rushed to withdraw their deposits. This had a very undesirable effect on

³ Translation from a lecture broadcast by H. E. Dr. Hafez Afifi Pasha, President of Bank Misr, in the occasion of Government solidification of Bank Misr, July 14, 1941.

the financial situation of the bank. To be in a position to proceed, the bank had to procure a loan from the National Bank during the first week after the declaration of war, a sum that exceeded L.E. 2,500,000.

The Egyptian Government, after it had guaranteed Bank Misr credit, had to find out the causes which brought the bank to that financial crisis.

Preliminary investigation showed that the principal cause of this crisis was that the bank did not follow closely the banking regulations by keeping a certain percentage of the deposits as currency, ready to draw at any time.

The bank did not closely follow these regulations because the aim of its founders was not only to establish a commercial Egyptian bank, but mainly to create new industries in Egypt. The bank owners were convinced that Egypt had been, for centuries, behind in industry, and that the only road to prosperity for the nation was to finance, by means of such a bank, necessary new industrial and commercial companies.

Further investigation showed that many of the financial banking operations were not based on a sufficient guarantee and that many of the borrowers did not fulfill their obligations.

The expert accountants, after investigating the financial situation of the bank in 1939, found that the bank was faced with a deficit of approximately L.E. 4,000,000.

This government investigation was very beneficial to the Bank Misr inasmuch as it discovered: (1) the flaws in the organization itself, (2) the lien policy treatment of the bank towards its borrowers, (3) the lack of guarantee of the bank's loan, and (4) the hastened expansion of the bank's industrial activities without any solid financial standing which resulted in many of those companies running at no profit.

It was in March, 1940, that the Senate and the House of Representatives approved the consolidation loan of the bank (see Appendix) which allowed this bank to face its obligation on a solid financial basis.

During the years that followed the government consolidation of the bank, the bank's financial situation improved to the extent that on September 1, 1944, it recovered its possession of the thousand basic shares which were issued to the government in return for L.E. 2,257,443. Nevertheless, the articles of the consolidation of the bank are still in effect.⁴

⁴ The annual report to the Board of Directors, March 22, 1945.

This prompt recovery of the bank was mainly due to the industrial boom that usually occurs during wartime and the reduced competition of the locally-made products.

This thesis will deal primarily with the first of these discoveries: the flaws in the organization itself. It will attempt to analyze the bank organization plan, study the functional interrelationships, and suggest possible improvements in the over-all management structure.

Figures 24 and 25 are representations of the financial standing of the bank since the date of its foundation, and the business cycle of the bank from 1920 to 1949.

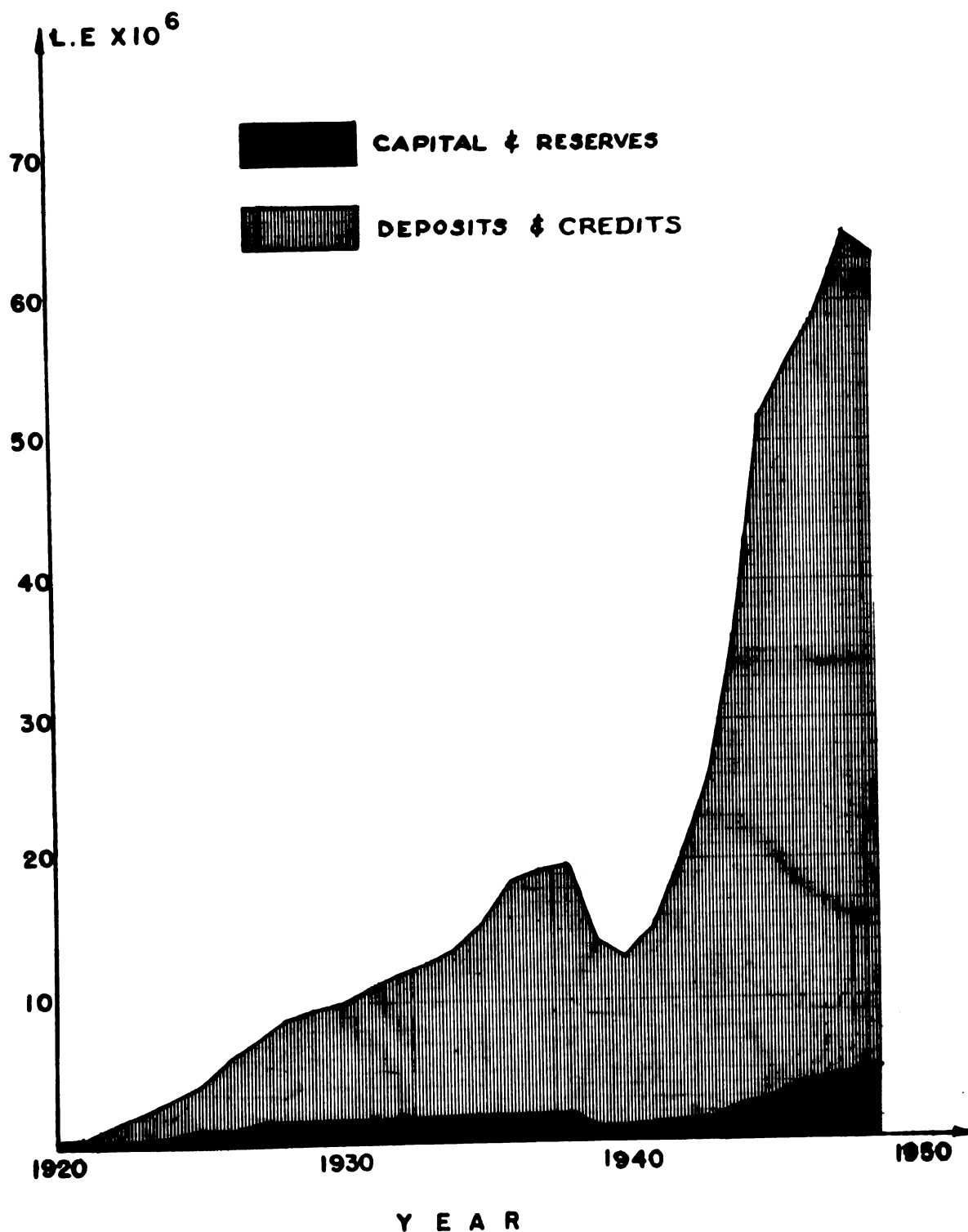


Figure 24. Shows the growth of Bank Misr Capital and Reserves, Deposits and Credits (drawn from Annual Reports to the Board of Directors).

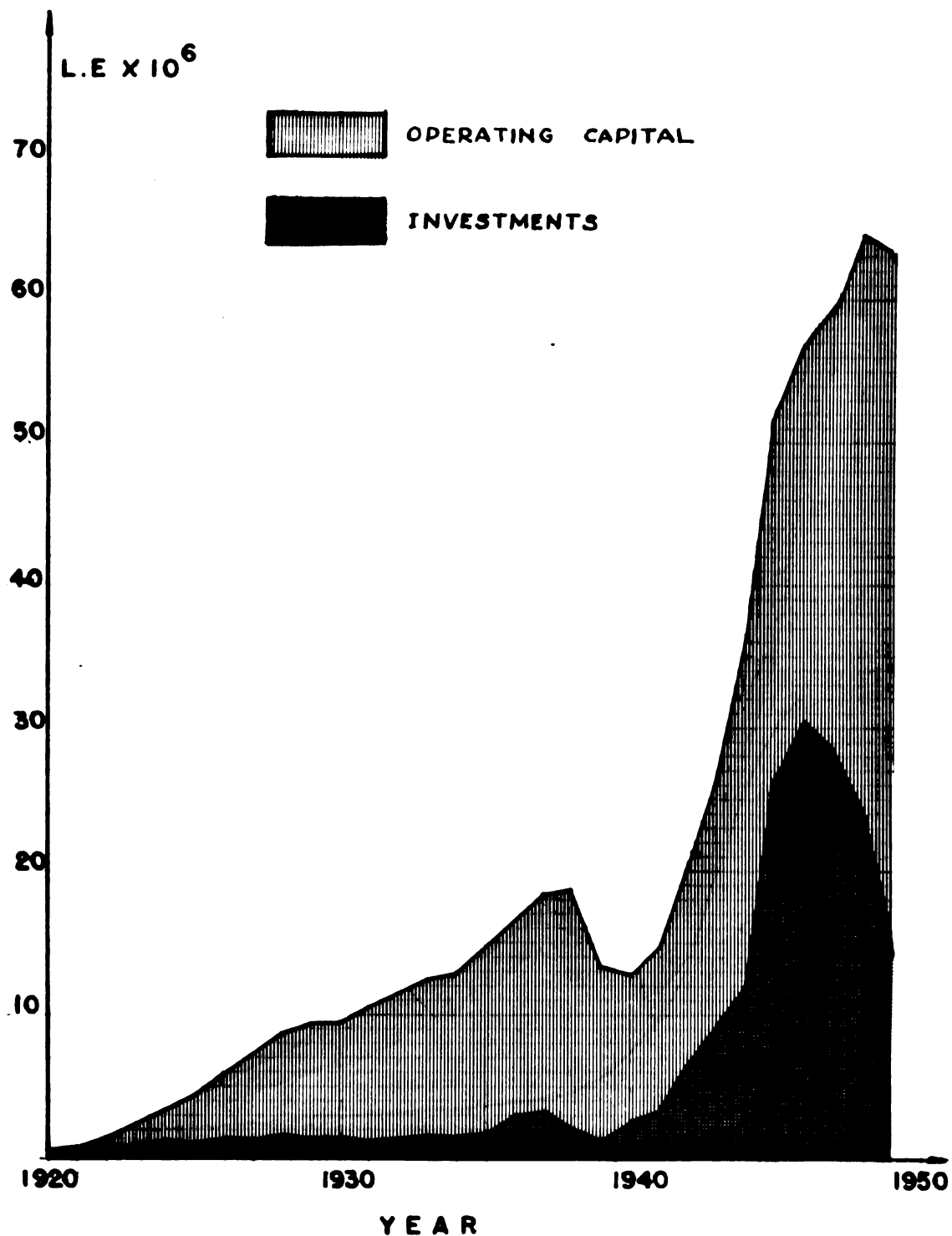


Figure 25. Shows the growth of Bank Misr Operating Capital and Investments (drawn from Annual Reports to the Board of Directors).

DISCUSSION

The departmental system of management is peculiarly apt for banking houses because of the great detail and wide variety of operation. Management has been a subject of much discussion and experiment in recent years. Several systems of so-called "scientific management" have been devised. The principles of scientific management were first applied to production within a factory; more recently they have been adapted to sales, business offices and banks.

It is not unusual today to find a management engineer in a modern bank—a man trained in scientific management who devotes his entire time to the mechanics of management. In conjunction with the Organization Department, he studies and devises methods for more efficient and expeditious handling of business.

Management of the departmental type divides the plant into clearly defined functional departments, each under a department head who is held responsible for conducting the assigned function or functions and getting results. The department head devises methods and routines, and assigns functions

among employees, and holds each subordinate responsible for the performance of set duties. The departments are really separate entities, with inter-departmental accounting, and the employee is responsible to one supervisor only. The advantages of this system are the fixing of responsibilities, the specialization of labor, and flexibility in meeting the enlargement of the working force or the further specialization of tasks as volume of work increases.

In the present stage of development, the departmental scheme is more largely used in bank management than the other types of scientific management, although some phases of the functional type are evident in any large bank; for instance, functionalization appears in the personnel department, which is charged with all employment problems, including hiring, transfers, promotions, time records, personnel records, registration, pensions, labor turnover statistics, recreation, etc., for the whole bank.

While the functions performed are similar for all banks, the distribution and allocation of these functions among officers and departments differs with individual banks. Many factors account for these differences, and obviously each bank must

work out its own organization, following roughly certain common lines of division.

The differences in Bank Misr are: (1) the scope and volume of business done, and (2) the relation to affiliated companies.

In making the organization chart as well as in preparing the management guide, the following principles were applied:

The management functions - Those carried out by the President and Executive Vice-President and Cashier are divided so that the President will handle those departments which function for the whole bank and are concerned with employment, personnel, buildings, equipment, general bookkeeping, and organization. The Executive Vice-President and Cashier control the Division, which, on the whole, performs more strictly banking operations and is concerned with operations, loans and discount, mortgages and installment loans.

The President acts through officers who are heads of departments.

The Executive Vice-President and Cashier acts through Vice-Presidents and assistant cashiers.

The Auditing Department is placed in the hands of the Auditor, which provides an independent check on the acts of the Executive Vice-President and Cashier.

All Branch Managers operate their branches as separate entities, concerning themselves with different problems that will arise in their respective areas of activity and apply the same general bank policies in their procedures. All branch managers are directly responsible to the President and advise him on their operations.

The manager of the Operations Division is responsible for buying necessary equipment for proper and efficient operation of the whole bank. This is of advantage for the bank as it permits better service.

Divisions suggested:

1. An Investment Division is suggested which will occupy itself mainly with advising the bank customers who wish to buy stocks in companies related to Bank Misr; the department manager will report directly to the President and give him advice.
2. Installment Division should concern itself with financing automobiles and electric appliances, which are becoming of great need and of wide use in the Egyptian home.

SUMMARY

1. The charted organization for Bank Misr shows graphically the interrelationship of functions and the flow of authority and responsibility carrying out clearly the relation that exists between the various divisions and individuals.

2. The Management Guide made for Bank Misr is a delineation of the functions, responsibilities and authorities, and principal relationships of the President, Executive Vice-President and Cashier, bank officers and division heads are presented as follows:

a. The functions are given in the form of a statement containing all those major aspects which distinguish a particular position from all others.

b. The responsibilities encompass the specific aspects of a position. These aspects are the components of the function which the individual is required to execute, or the duties of the position.

c. Authority is given in the sense of the right to make a decision in order to fulfill the responsibility.

d. Relationships show the intercourse between individuals which arises from their relative positions, their related interests and their interdependence.

3. Suggested divisions are:
 - a. Investment.
 - b. Installment.
4. The Appendix is a translation of:
 - a. By-laws and articles of incorporation.
 - b. Law No. 40, year 1941, concerning government interest to solidify Bank Misr.

CONCLUSION

1. The organization chart and the management guide made for Bank Misr are believed to be most satisfactory for the bank in the present stage. However, it will be false to assume that the natural growth of this bank will not continue in the future, bringing with it further functions and responsibilities.

2. In the application of this management guide, special qualifications of some of the officers of the bank may be utilized to a greater extent in handling more functions than that advised by the guide in its present form. This may require some further refinements and adjustments which could be easily taken care of.

3. The management guide made for Bank Misr is a suggested form only and the problem should be studied by the Bank Misr management and a guide written to specifically fit their needs and desires.

THE MANAGEMENT GUIDE¹

FOR

"BANK MISR"

¹ Adapted from the Management Guide of Standard Oil Company of California, by George Lawrence Hall, Department on Organization, Standard Oil Company of California, 1948.

ORGANIZATION CHART BANK MISR , CAIRO , EGYPT

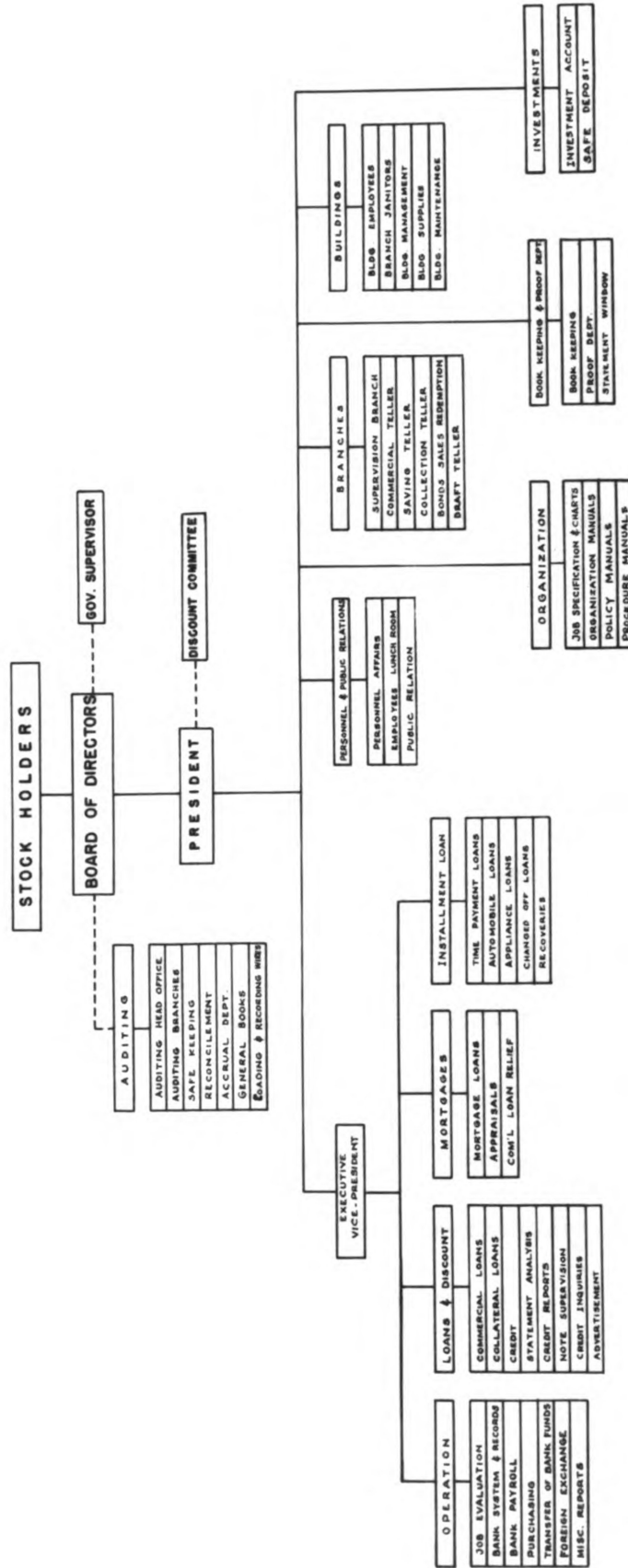


Figure 26. Charted organization for Bank Misr.

President

I. Functions

The President is charged with conducting the affairs of the bank, interpreting and applying the policies of the Board of Directors, making policy, controlling the operations of the field components and the activities of the staff departments, and conducting public relations.

II. Responsibilities and Authority

Within the limits of the articles of incorporation and the by-laws the President is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of the organization appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Operations and Activities

1. He will control and coordinate operations and activities, approve operating plans, and foster economy throughout the bank.

2. He will be alert to detect and prevent inadvised application of allotted funds, and will foster the best use of facilities in the interest of the bank.

3. He will approve operating and administrative policies.

4. He will approve maximum and minimum stock inventory levels.

5. He will act as the principal public relations officer of the bank.

6. He will approve and sign master purchasing contracts.

B. Organization

1. He will approve and enforce the organization plan of the bank, and any of its components, and changes therein.

2. Subject to the concurrence of the Board of Directors, he will approve the addition, elimination, or alteration of management positions.

3. He will approve the addition, elimination, or alterations of positions other than in management.

4. He will be alert to sponsor improvements in the organization plan of the bank and of any of its components.

5. He will approve salary and wage structure.

C. Personnel

1. He will approve personnel policies.

2. He will interview, pass upon the qualifications of, and, subject to the concurrence of the Board of Directors, hire personnel for or appoint employees to management positions.

3. Subject to the concurrence of the Board of Directors, he will approve retirement of personnel.

4. He will approve vacations and personnel leaves for the General Managers of the Divisions and the Managers of the Departments.

5. Subject to the concurrence of the Board of Directors, he will approve and sign agreements with employee groups and labor unions, and their representatives.

6. He will be alert to insure equitable administration of wage and salary policies and structures, employee benefit plans, and personnel rating programs, and to protect the interests of employees as individuals.

7. He will approve promotion and demotion and release of personnel.

8. He will approve salary changes for personnel who receive more than L.E. $\underline{X}^2$ and less than L.E. $\underline{Y}^2$ and will recommend to the Board of Directors salary changes for personnel who receive more than L.E. $\underline{Y}^2$

D. Finance

1. He will submit the consolidated annual budget and proposed capital and extraordinary expenditure programs to the Board of Directors for approval, making appropriate recommendations thereon.

² $\underline{X}$ and $\underline{Y}$ are to be specified by the Board of Directors.

2. He will approve extension of credit up to L.E. Z.³
3. He will approve payment from allotted funds of operating expenses and capital expenditures in excess of L.E. M,³ but not in excess of L.E. N³ which are not covered by the budget or any appropriation. He will recommend such expenditures in excess of L.E. P³ to the Board of Directors.
4. He will approve adjustments of complaints involving over L.E. Q.³

III. Relationships

The President will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of the organization, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. Board of Directors

He is accountable to the Board of Directors for the fulfillment of his function, responsibilities and authority, and relationships, and for their proper interpretation.

³ Z, M, N, P, and Q are to be specified by the Board of Directors.

B. Department Officers

He will coordinate the operations and activities of Department Officers, will call upon them for advice and assistance whenever he deems it advisable, and will stand ready at all times to render them advice and support.

C. Division Managers

He will coordinate the activities of the Division Managers, will call upon them for advice and assistance as he deems advisable, and will stand ready at all times to render them advice and support.

D. Other Members of Management

He will consult with and encourage other members of management as he deems advisable, and will stand ready at all times to assist them in any of their problems.

E. Government, Vendors and the Public

He will conduct such relationships with representatives of government, with customers, and with the public as are

warranted, acting at all times as the principal public relations officer of the bank.

Executive Vice-President and Cashier

I. Functions

The Executive Vice-President and Cashier is responsible for the honest, accurate, regular and skillful execution of matters decided upon by the Board of Directors; he will perform the duties of the President in case of his absence of disability.

II. Responsibilities and Authority

Within the limits of the articles of incorporation, by-laws, and policies of the Board of Directors, the Executive Vice-President and Cashier is responsible for, and has commensurate authority to accomplish the fulfillment of, the duties set forth below. He may delegate to the Division Managers and Assistant Cashiers appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Operations and Activities⁴

1. He will preside over the Discount Committee.
2. He will draw checks or drafts upon the funds of the bank and checks so drawn shall be known as "cashier's" checks.
3. To buy and sell bills of exchange, to provide for exchange and for the acceptance of bills.
4. Take charge of the bank's personal property, not otherwise provided for by directors, and dispose of it in the regular course of business, and to keep the accounts of the bank.
5. To indorse and transfer negotiable paper on behalf of the bank in the regular course of business, that is for accounts, collections, payment of the bank's debts, converting collateral security into cash, etc.; he cannot indorse for accommodation nor on his own paper, nor give title other than negotiable property of the bank.
6. To collect debts due the bank and to perform the necessary incidental operations.

⁴ Money Credit and Banking, Westerfield, Ronald Press Company, 1938, p. 243.

7. To borrow money in the regular course of business and give the bank's note and pledge collateral.

8. Supervise the transfer of the bank's shares of stock.

9. Purchase or arrange to purchase securities.

B. Organization

1. He will approve and enforce the organization plan of the operating system of the bank.

2. Subject to the concurrence of the Board of Directors, he will approve the addition, elimination or alteration of management positions.

3. He will approve the addition, elimination or alteration of positions other than in management.

C. Personnel

1. He will interview, pass upon the qualifications of, and, subject to the concurrence of the Board of Directors, hire personnel for or appoint employees to management positions.

2. He will recommend to the Board of Directors salary changes for personnel.

3. Subject to the concurrence of the Board of Directors, he will approve promotion, demotion, and release of members of management.

4. Subject to the concurrence of the Board of Directors, he will approve retirement of personnel.

5. He will approve vacation and personnel leaves for General Managers of Divisions.

D. Finance

1. He will approve extension of credit up to L.E. Z.

2. He will approve payment from allotted funds of operating expenses and capital expenditure in excess of L.E. M, but not in excess of L.E. N, which are not covered by the budget or any appropriation. He will recommend such expenditures in excess of L.E. P to the Board of Directors.

3. He will approve donations in excess of L.E. R⁵ recommended by the Division General Managers.

⁵ R is to be specified by the Board of Directors.

III. Relationships

The Executive Vice-President will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of the organization, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. Board of Directors

He is accountable to the Board of Directors for the fulfillment of his functions, responsibilities, and relationships, and for their proper interpretation.

B. The President

He will relieve the President of administrative detail as outlined in this guide or as specified by the President.

C. Division Managers

He will conduct the operations and activities of the Division Managers, will call upon them for advice and assistance whenever he deems it advisable, and will stand ready at all times to render them advice and support.

D. Department Officers

He will call upon them for advice and assistance as he deems advisable.

E. Other Members of Management

He will consult with and encourage other members of management as he deems advisable, and will stand ready at all times to assist them in any of their problems.

F. Government and the Public

He will conduct such relationships with representatives of the Government and the public as are warranted.

Auditor

I. Function

As a staff member of management, the Auditor is required to prepare monthly earning and dividend reports, bank call reports, semi-annual and annual earnings and dividend reports, and government reports of the bank's condition for tax returns.

II. Responsibilities and Authority

Within the limits of his approved program and corporate policies and control procedures, the Auditor Manager is responsible for, and has commensurate authority to accomplish the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Activities

1. He will prepare monthly, semi-annual and annual earnings and dividend reports.
2. Prepare all government reports.
3. Prepare Income Tax schedules.
4. Arrange for absentees, and temporary replacement.
5. Approve or refer to bank office all over-drafts.
6. Correct errors for employees.
7. Check standings of customers.
8. Talk with customers regarding irregularities of their accounts.

9. Pass on doubtful signatures.
10. Assist in solving personnel problems.
11. Run continuous audit on bank's assets and liabilities.

B. Organization of his Department

He will recommend changes in the basic structure and complement of his department.

C. Personnel of his Department

1. Having ascertained the availability of qualified talent from within the Company, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will approve vacations and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of his Department

1. He will prepare the annual budget.
2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program, or any appropriation.
3. He will recommend extraordinary or capital expenditure programs and appropriations.
4. He will administer fiscal procedures.
5. He will receive for review and recommendation the items of the annual budget of other staff departments and the field divisions coming within his province.
6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs or any appropriations.

III. Relationships

The General Manager of the Auditing Division will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of

his division, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The Board of Directors

He is accountable to the President for the fulfillment of his function, responsibility and authority, and relationships, and for their proper interpretation.

B. Other Department Officers

He will advise and assist other department managers in the fulfillment of their respective functions in matters of mutual concern, but in so doing he will not assume, nor will he be delegated, any function, responsibility, authority or relationship belonging to any other member of management.

C. General Managers of Divisions

He will advise and assist the General Managers of the Divisions in the fulfillment of their respective duties and cooperate with them in matters of mutual concern, but in so doing, he will not assume, nor will he be delegated, any

function, responsibility, authority or relationship belonging to any other member of management.

D. Government Agencies

He will conduct such relationships with representatives of Government agencies as are necessary to the accomplishment of his function.

E. External Auditor

He will conduct such relationships with the External Auditors⁶ as are necessary and cooperate with them in the accomplishment of their functions.

Officer of Personnel and Public Relations

I. Function

As a staff member of management, the Officer of the Personnel Department is charged with advising the President and furnishing functional guidance to the heads of the organizational components of the bank by developing and applying sound

⁶ See Appendix, Auditor, p. 120.

plans and practices for personnel administration, and with conducting such activities for the staff departments. He is required also to hire all personnel, recommend supervising help, pass quick judgment regarding jobs or bank personnel policies, discharge undesirable personnel and settle points in question between employees, or employee and customer.

II. Responsibilities and Authority

Within the limits of his approved program and corporate policies and control procedures, the Officer of the Personnel Department is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Activities

1. He will formulate, or receive and recommend for approval, proposals for policies on personnel administration,

will administrate such policies when approved, and will conduct such activities for the staff departments.

2. He will establish procedures for personnel administration, and will establish and administrate procedures for the initiation and maintenance of personnel record.

3. He will negotiate, but not sign, agreements with employee groups and unions, and their representatives, and will advise and assist in the negotiation of such agreements affecting employees of only one division, as required.

4. He will participate in the selection of personnel and will conduct the initial interviews of applicants for such positions and for employment in the home office.

5. He will prepare, guide, and coordinate the personnel rating and personnel development programs, and will formulate, or receive and recommend for approval, proposals for action based thereon.

6. He will guide and coordinate the safety program and safety standards and practices, and will establish applicable safety laws and orders.

7. He will guide and coordinate employee benefit plans and programs, and will conduct activities pertaining thereto for the personnel of the staff departments.

8. He will set up and maintain satisfactory merit rating procedures.

B. Organization of his Department

He will recommend changes in the basic structure and complement of his department.

C. Personnel of his Department

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will approve vacations and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of his Department

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditures program, or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administrate fiscal procedures.

5. He will receive for review and recommendation the items of the annual budgets of other staff departments and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs, or any appropriation.

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III. Relationships

The Officer of the Personnel Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his department, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The President

1. He is accountable to the President for the fulfillment of his functions, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail as outlined in this guide or as specified by the President.

B. Other Department Officers

He will advise and assist other Department Officers in the fulfillment of their respective functions in matters within his province and will coordinate his activities and cooperate with them in matters of mutual concern, but in so doing he will not assume, nor will he be delegated, to perform

any function, responsibility, authority or relationship belonging to any other member of management.

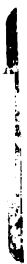
C. Managers of Division

He will advise and assist the Managers of the Division in the fulfillment of their respective functions in matters within his province and will coordinate his activities and cooperate with them in matters of mutual concern, but in so doing he will not assume, nor will he be delegated, any function, responsibility, authority or relationship belonging to any other member of management..

D. Others

1. In the conduct of these relationships, he will establish and maintain those contacts necessary to the fulfillment of his function.

2. The President may specify, from time to time, other relationships to be conducted by him.



E. The Public

He will conduct such relationships outside the Company as are necessary to the accomplishment of his functions, acting in such cases only as the representative of the President.

Officer, Organization Department

I. Function

As a staff member of management, the Officer of the Organization Department is charged with advising the President and furnishing functional guidance to the heads of the organizational components of the Company by advising and assisting in the development, maintenance, and improvement of plans of management embracing organization structures and complements, functions, responsibilities and authority, and relationships, control over wages, salaries, operating expenses, and manpower and bank, department, and division policies on these matters.

II. Responsibilities and Authority

Within the limits of his approved program, and bank policies and control procedures, the Manager of the Organization

Department is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Activities

1. He will develop plans to the end that each organizational component of the Company is a logical, separable, integral part of the whole organization, having commensurate responsibility, authority and accountability for results within clearly defined limits.

2. He will define and clarify the functions, responsibilities and authority, and relationships of each new or altered management position in collaboration with the bank management, and will maintain in a current state, Management Guides covering management position, and making such guides available to all concerned.

3. He will foster the centralization of control and the decentralization of responsibility for details and commensurate authority for their accomplishment, insuring that decisions are made at the lowest practicable level of management at which they can be made intelligently.

4. As requested or as he deems advisable, he will conduct studies to determine the soundness and adequacy of the bank's organization plan, and will formulate, or receive and recommend for approval, proposals for changes in that plan.

5. As requested or as he deems advisable, he will review the conduct of affairs of organizational components to insure that manpower shall be consistent with requirements and results, and will encourage and assist in the preparation of operating and performance standards to serve as guides in the control of manpower.

6. He will initiate periodic appraisals of the functions of the bank to determine their necessity and adequacy in the light of the bank's objective. He will formulate, or receive and recommend for approval, proposals for the elimination of non-essential or non-productive functions, methods and

procedures, and for the establishment of new ones, to insure that manpower shall be utilized economically.

7. He will review, edit, and approve job and position descriptions prepared by other members of management and will conduct the necessary job and position evaluations to formulate proposals for equitable salary and wage structures. He will prepare and disseminate bank departmental and divisional salary and wage guides based upon the approved company structures, and will advise and assist members of management in the administration of salary and wages within their respective organizational components.

8. He will formulate, or receive and recommend for approval, proposals for policies, and will maintain in a current state in a Policy Manual, all policies formally adopted.

9. He will formulate, or receive and recommend for approval, proposals for changes in Management Guides, and will maintain in a current state, all approved changes in such Guides for dissemination to holders thereof.

10. As requested, he will advise members of management in the preparation of the annual budget and requests for

extraordinary or capital expenditures, making recommendations on the appropriateness of items to be included.

11. He will formulate, or receive and recommend for approval, proposals for the establishment or modification of controls over expenditures.

B. Organization of his Department

He will recommend changes in the basic structure and complement of his department.

C. Personnel of his Department

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel or appoint employees other than in management, within the limits of his approved basic organization.

2. He will recommend and approve promotions, demotions and release of personnel.

3. He will approve vacations and personal leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of his Department

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program, or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administrate fiscal procedures.

5. He will receive for review and recommendation the items of the annual budget of other staff departments and the field division coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M which are not covered by the approved budget, any approved expenditure program or any appropriation.

III. Relationships

The Officer of the Organization Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his department, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The President

1. He is accountable to the President for the fulfillment of his functions, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail as outlined in this Guide or as specified by the President.

B. Other Department Managers

1. He will advise and assist other department officers in the fulfillment of their respective functions in matters within his province and will coordinate his activities and cooperate with them in matters of mutual concern, but in so doing he will not assume, nor will he be delegated, any function,

responsibility, authority or relationship belonging to any other member of management.

C. General Managers of Divisions

He will advise and assist the General Managers of the Divisions in the fulfillment of their respective functions in matters of mutual concern, but in so doing he will not assume, nor will he be delegated, any function, responsibility, authority or relationship belonging to any other member of management.

D. Others

1. In the conduct of these relationships, he will establish and maintain those conducts necessary to the fulfillment of his function.

2. The President may specify, from time to time, other relationships to be conducted by him.

Branch Manager

I. Function

As a line member of management, the Branch Manager is required to manage and coordinate all operations and functions associated with the operation of a branch bank, which generally entails the assignment of duties of employees, meeting the public, accounting for bank funds, etc.

II. Responsibilities and Authority

Within the limits of his approved program and bank policies and control procedures, the General Branch Manager is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his Division appropriate portions of his responsibilities together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Operations and Activities

1. Manage operations of the Branch Bank.
2. Supervise employees.
3. Act as general and payroll teller.
4. Balance bank at end of day.
5. Make loans up to a maximum specified by the Board of Directors.
6. Act as Notary.
7. Operate safe deposit vault.

B. Organization of his Branch

He will recommend changes in the basic structure and complement of his Branch.

C. Personnel of his Branch

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotions, demotions and release of personnel.

3. He will approve vacations and personnel leaves, except his own.
4. He will prepare necessary job and position descriptions.
5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finances of his Branch

1. He will prepare the annual budget.
2. He will administer funds allotted under the approved extraordinary or capital expenditure programs, or any appropriations.
3. He will recommend extraordinary or capital expenditure programs and appropriations.
4. He will administer fiscal procedure.
5. He will receive for review and recommendation the items of the annual budgets of other staff departments and the field divisions coming within his province.
6. He will approve payment from allotted funds of operating expenses and capital expenditure not in excess of

L.E. M, which are not covered by the approved budget, any approved expenditure programs or any appropriations.

III. Relationships

The Branch Manager will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his branch, but may not delegate his over-all responsibility or accountability of their proper conduct.

A. The President

1. He is accountable to the President for the fulfillment of his function, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail as outlined in this Guide or as specified by the President.

B. Department Officers

He will coordinate his efforts and cooperate with the department officers and will seek and accept functional guidance from them on matters within their respective provinces.

C. Advertising Agencies and Market Survey Services

He will conduct relationships with advertising agencies and market survey services as are necessary to the accomplishment of his function.

D. Others

1. In the conduct of these relationships, he will establish and maintain those contacts necessary to the fulfillment of his function.

2. The President may specify, from time to time, other relationships to be conducted by him.

E. The Public

He will conduct such relationships outside the bank as are necessary to the accomplishment of his function.

Officer of Bookkeeping

I. Function

As a staff member of management, the Officer of the Bookkeeping Department is charged with advising the President

and coordinating the functions of the Bank Bookkeeping Department; and with sending distribution sheets for day's work with general bookkeeping balance sheet to balance account at end of day.

II. Responsibilities and Authority

Within the limits of his approved program, bank policies, and control procedures, the Bookkeeping Manager is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Activities

1. Take care of bookkeeper's missorts.
2. Take care of checks returned for insufficient funds, or other reasons.
3. Call customers regarding irregularities.

4. Talk with customers who call by phone, or personally, regarding accounts.
5. Post distribution sheet and balance posters at end of day.
6. Balance poster's controls to general ledger control on commercial deposits.
7. Give total to general ledger bookkeeper.
8. Make reports on daily bank debts.
9. Be responsible for charges for not-sufficient-fund violations.

B. Organization of his Department

He will recommend changes in the basic structure and complement of his Department.

C. Personnel of his Department

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will approve vacations and personal leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of his Department

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program, or any appropriations.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administer fiscal procedures.

5. He will receive for review and recommendation the items of the annual budgets of other staff departments and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs or any appropriations.

III. Relationships

The Officer of the Bookkeeping Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his Department, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The President

1. He is accountable to the President for the fulfillment of his functions, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail as outlined in this Guide or as specified by the President.

B. Other Department Managers

He will advise and assist other Department Managers in the fulfillment of their respective functions in matters within his province and will coordinate his activities and cooperate with them in matters of mutual concern, but in so doing, he will not assume, nor will he be delegated, any function, responsibility, authority or relationship belonging to any other member of management.

C. General Managers of Divisions

He will advise and assist the General Managers of the Divisions in the fulfillment of their respective functions in matters within his province and will coordinate his activities and cooperate with them in matters of mutual concern, but in so doing, he will not assume, nor will he be delegated, any function, responsibility, authority or relationships belonging to any other member of management.

D. Government Agencies

He will conduct such relationships with representatives of Government Agencies as are necessary to the accomplishment of his function.

E. Auditors

He will conduct such relationships with auditors as are necessary to the accomplishment of his function.

F. Others

1. In the conduct of these relationships, he will establish and maintain those contacts necessary for the fulfillment of his function.

2. The President may specify, from time to time, other relationships to be conducted by him.

G. The Public

He will conduct such relationships outside the bank as are necessary to the accomplishment of his functions, acting in such cases only as the representative of the President.

Buildings Manager

I. Function

As a staff member of management, the Manager of the Buildings Department is responsible for maintenance and repair of the physical plant of the bank and for providing adequate fire protection.

II. Responsibilities and Authority

Within the limits of his approved program, corporate policies and control procedures, the Officer of the Buildings Department is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results for any portion of his accountability.

A. Activities⁷

1. Keep buildings, grounds and fences in good condition.
2. Provide adequate fire protection.
3. Maintain the heating, lighting and related service systems in full operating condition.
4. Make emergency repairs.
5. Make systematic inspections and keep records of schedules of inspection.
6. Make necessary repairs as pointed out by periodic inspection.
7. Make estimates on maintenance and repair work.
8. Keep records necessary for maintenance work.
9. Keep on hand and readily accessible a sufficient stock of materials to take care of routine maintenance work.

B. Organization of his Department

He will recommend changes in the basic structure and complement of his department.

⁷ Organization and Management, Third Edition, William B. Cornell, The Ronald Press Company, N. Y., p. 406.

C. Personnel of his Department

1. He will hire personnel for or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will approve vacations and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of his Department

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administer fiscal procedures.

5. He will receive for review and recommendation the items of the annual budgets of other staff departments and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs or any appropriations.

III. Relationships

The Manager of the Buildings Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his department, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The President

1. He is accountable to the President for the fulfillment of his function, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail as outlined in this Guide or as specified by the President.

B. Branch Managers

He will coordinate his activities and cooperate with Branch Managers in matters of mutual concern.

C. Others

1.. In the conduct of these relationships, he will establish and maintain those contacts necessary for the fulfillment of his function.

2. The President may specify, from time to time, other relationships to be conducted by him.

D. Insurance Companies

He will conduct such relationships with Insurance Companies as are necessary to the accomplishment of his function.

E. Government Agencies

He will conduct such relationships with representatives of the government as are necessary to the accomplishment of his function.

F. The Public

He will conduct such relationships outside the company as are necessary to the accomplishment of his function, acting in such cases only as the representative of the President.

Manager, Investments and Safe Deposits

I. Function

As a line member of management, the Manager of Investments and Safe Deposits is required to also be an adviser to customers as to their investments and to operate a safety vault in an acceptable manner for customers and to assist customers if desired.

II. Responsibilities and Authority

Within the limits of his approved program, company policies and control procedures, the Manager of the Investments and Safe Deposits Department is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his division appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Operations and Activities

1. Adviser to the customers of the bank as to their investments.
2. Advises the bank customers as to the virtues and faults of their various securities.
3. Buys and sells securities to the customers.
4. Buys and carries securities which he regards as good investments and which will be recommended and sold to its inquiring customers.
5. Manage the safe deposit department.

B. Organization of his Division

He will recommend changes in the basic structure and complement of his Division.

C. Personnel of his Division

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will approve vacations and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of his Division

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program or any appropriations.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administer fiscal procedure.

5. He will receive for review and recommendation the items of the annual budgets of the staff departments and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs or any appropriations.

III. Relationships

The General Manager of the Investment Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his Division, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The President

1. He is accountable to the President for the fulfillment of his functions, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail outlined in this Guide or as specified by the President.

B. Department Managers

He will coordinate his efforts and cooperate with Department Managers and will seek and accept functional guidance from them on matters within their respective provinces.

C. Others

1. In the conduct of these relationships, he will establish and maintain those contacts necessary for the fulfillment of his functions.

2. The President may specify, from time to time, other relationships to be conducted by him.

D. The Public

He will conduct such relationships outside of the bank as are necessary to the accomplishment of his function.

Vice President, Operation Division

I. Function

As a line member of management, the Vice-President of the Operation Division is charged with advising the Executive Vice-President and furnishing the complete coordination of all operational functions necessary for the proper operation of the bank. He will also approve the purchase of materials and machines necessary to produce satisfactory results.

II. Responsibilities and Authority

Within the limits of his approved program, the Vice-President of the Operation Division is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he

may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Activities

1. He will direct operational functions of the bank.
2. Handle the transfer of funds to other banks.
3. Interview representatives of supply houses.
4. Approve purchase of materials and equipment for different departments.
5. Complete and make up the office payroll.
6. Make assignments for transfer of balance.
7. Chairman of Job Evaluation Committee.
8. Supervisor of Accounting.
9. Write and settle for Foreign Exchange.

B. Organization of his Division

He will recommend changes in the basic structure and complement of his department.

C. Personnel of his Division

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will approve promotion, demotion and release of personnel.

3. He will approve vacation and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finances of his Division

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administrate fiscal procedures.

5. He will receive for review and recommendation the items of the annual budgets of the staff expenditure and the field divisions coming within his province.

6. He will write and approve checks from allotted funds of operational expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs, or any appropriation.

III. Relationships

The Vice-President of the Operation Division will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his Division, but may not delegate his over-all responsibility and accountability for their proper conduct.

A. The Executive Vice-President

1. He is accountable to the Executive Vice-President for the fulfillment of his functions, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the Executive Vice-President of administrative detail as outlined in this Guide or as specified by the President.

B. Manager of Organization Department

He will coordinate his activities and cooperate with the Manager of the Organization Department.

C. Department Officers

He will coordinate his efforts and cooperate with the Department officers and will seek and accept functional guidance from them in matters within their respective provinces.

D. Others

In the conduct of these relationships, he will establish and maintain those contacts necessary for the fulfillment of his function.

E. The Public

He will supervise preparation and mailing of customer statements.

Vice-President, Loans and Discount

I. Function

As a line member of management, the Vice-President of Loans and Discount is required to pass upon small loans, also interview prospective customers who want to start an account with the bank, may require passing upon the signature of checks, requires the preparation of necessary materials for large loans in desired form for presentation to the Discount Committee, which may include credit reports, statements of the condition of the borrower, or necessary collateral to support the loan. He must follow up the loan after it is made. He will also conduct advertising activities of the bank.

II. Responsibilities and Authority

Within the limits of his approved program, bank policies and control procedures, the Vice-President of Loans and Discount is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to the members of his Division an appropriate portion of his responsibilities, together with proportionate

authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Operations and Activities

1. Pass upon small loans to L.E. S.⁸
2. Approve checks.
3. Interview prospective customers.
4. Study stock markets for sudden changes in valuation.
5. Prepare credit reports and necessary material for presentation of prospective customers to the Discount Committee.
6. Keep credit reports and securities on loans.
7. Check on loans that require continuous supervision.
8. Study continuous credit reports of companies having loans.
9. General bank supervision when occasion arises.

⁸ S to be specified by the Board of Directors.

B. Organization of his Department

He will recommend changes in the basic structure and complement of his department.

C. Personnel of his Division

1. Having ascertained the availability of qualified talent from within the company, he will hire personnel for, or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will approve vacations and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finances of his Division

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget or any approved extraordinary or capital expenditures program, or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administer fiscal procedures.

5. He will receive for review and recommendation the items of the annual budgets of other staff departments and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditure not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure program or any appropriation.

III. Relationships

The Vice-President of the Loans and Discount Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his department, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The Executive Vice-President

1. He is accountable to the Executive Vice-President for the fulfillment of his function, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the President of administrative detail as outlined in this Guide or as specified by the President.

B. Department Officers

He will conduct his activities and cooperate with the department officers and will seek and accept functional guidance from them on matters within their respective provinces.

C. Advertising Agencies

He will conduct such relationships with advertising agencies as are necessary to the accomplishment of his function.

D. The Public

He will conduct such relationships outside of the bank as are necessary to the accomplishment of his function.

Vice-President, Mortgage Division

I. Function

As a line member of management, the Vice-President of the Mortgage Division is required to carry the general supervision of the Mortgage Department which entails the general delegation of duties to the various employees, preparation of necessary forms and policies to be used, meeting the public and generally exerting energies toward building up as strong a department as possible with as large a mortgage account as permissible.

II. Responsibilities and Authority

Within the limits of his approved program, company policies and control procedures, the Officer of the Mortgage Department is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his department appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or

relinquish his over-all responsibility for results, nor any portion of his accountability.

A. Activities

1. Meet people and try to work out ways and means whereby the bank can assist in financing home building or purchasing.
2. Get properties appraised.
3. Have necessary paper work prepared for presentation of loan application to Board of Directors with recommendations.
4. General supervision of department.

B. Organization of his Division

He will recommend changes in the basic structure and complement of his Division.

C. Personnel of his Division

1. Having ascertained the availability of qualified talent from within the bank, he will hire personnel for, or

appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will approve and recommend promotion, demotion and release of personnel.

3. He will approve vacations and personnel leaves, except his own.

4. He will prepare necessary job and position descriptions.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finances of his Division

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program, or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administer fiscal procedures.

5. He will receive for review and recommendation the items of the annual budgets or other staff departments and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditure not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure program or any appropriation.

III. Relationships

The Officer of the Mortgage Department will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his Division, but he may not delegate his over-all responsibility or accountability for their proper conduct.

A. The Executive Vice-President

1. He is accountable to the Executive Vice-President for the fulfillment of his function, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the Executive Vice-President of administrative detail as outlined in this Guide or as specified by the Executive Vice-President.

B. Department Officers

He will coordinate his efforts and cooperate with the Department Officers and will seek and accept functional guidance from them on matters within their respective provinces.

C. The Public

He will conduct such relationships of the bank as are necessary to the accomplishment of his function.

Assistant Cashier, Installment Loans

I. Function

As a line member of management, the Manager of the Installment Loans Division is required to interview prospective customers, transmit policies associated with loaning of money, explain in detail procedures for securing loans and following through for securing completion of a loan; also is required to follow up on loans for non-payment and to foreclose if necessary, to assist in paying and receiving and conducting the general routine of the department.

II. Responsibilities and Activities

Within the limits of his approved program, bank policies and control procedures, the Manager of the Installment Loans Division is responsible for, and has commensurate authority to accomplish, the fulfillment of the duties set forth below. He may delegate to members of his division appropriate portions of his responsibilities, together with proportionate authority for their fulfillment, but he may not delegate or relinquish his over-all responsibility for results nor any portion of his accountability.

A. Activities

1. Interview customers and try to work out ways and means whereby the bank can assist in financing automobiles and appliances.
2. Contact delinquent customers.
3. Foreclose and start seizure proceedings.
4. Survey past-due accounts.
5. Prepare survey of delinquent accounts.
6. Transfer balances on commercial accounts.
7. Balance all notes and cash.

B. Organization of his Division

He will recommend changes in the basic structure and complement of his department.

C. Personnel of his Division

1. Having ascertained the availability of qualified talent from within the company, he will hire personnel for or appoint employees to, positions other than in management within the limits of his approved basic organization.

2. He will recommend and approve promotion, demotion and release of personnel.

3. He will prepare necessary job and position descriptions.

4. He will approve vacations and personnel leaves, except his own.

5. He will approve salary changes for personnel who receive not over L.E. X.

D. Finance of His Divisions

1. He will prepare the annual budget.

2. He will administer funds allotted under the approved annual budget, or any approved extraordinary or capital expenditure program, or any appropriation.

3. He will recommend extraordinary or capital expenditure programs and appropriations.

4. He will administer fiscal procedure.

5. He will receive for review and recommendation the items of the annual budgets of other staff departments, and the field divisions coming within his province.

6. He will approve payment from allotted funds of operating expenses and capital expenditures not in excess of L.E. M, which are not covered by the approved budget, any approved expenditure programs or any appropriations.

III. Relationships

The Manager of Installment Loans will observe and conduct the following relationships. He may delegate portions of the conduct of such relationships to members of his department, but may not delegate his over-all responsibility or accountability for their proper conduct.

A. The Executive Vice-President

1. He is accountable to the Executive Vice-President for the fulfillment of his functions, responsibilities and authority, and relationships, and for their proper interpretation.

2. He will relieve the Executive Vice-President of administrative detail as outlined in this Guide or as specified by the President.

B. Department Officers

He will coordinate his efforts and cooperate with the Department Officers and will seek and accept functional guidance from them in matters within their respective provinces.

C. Others

1. In the conduct of these relationships, he will establish and maintain those contacts necessary to the fulfillment of his function.

2. The Executive Vice-President may specify, from time to time, other relationships to be conducted by him.

D. The Public

He will conduct such relationships outside the Company as are necessary to the accomplishment of his function.

APPENDICES

Appendix A

By-Laws and Articles of Incorporation

Bank Misr, Inc.

An Egyptian Joint-Stock Company

Articles of Incorporation

Article 1. Name. An Incorporated Joint-Stock Company under the name of "Bank Misr" has been established among the parties to this contract and those who may become shareholders of the shares designated hereafter.

Article 2. Purpose. The object of the company is the performance of all bank operations, such as loan discount functions on goods, bonds, bank notes, bills of exchange, commissions, accepting credits and deposits, opening accounts and fund, sale and purchase of bonds and banknotes and participation in issuing bonds and all other usual bank operations.

Article 3. Office. The head office of the company administration is Cairo (and the Board of Directors has the right to establish branches or agencies in any place be it in Egypt or abroad).

Article 4. Life. The duration of this company is 50 years.

Article 5. Stock. The capital of this company is limited to L.E. 80,000 (eighty thousand Egyptian pounds) divided into 20,000 shares, the value of each being L.E. 4. Paid in capital amounts to L.E. 80,000. The capital may be increased by a decision of the General Assembly of the stockholders convened in an extraordinary session according to Article 33 mentioned hereafter, but new shares may not be issued at a value less than its nominal one; if issued at a higher value, the increase shall be added to the legal reserve money. Its price must be paid at the time of the subscription.

Article 6. Register. The shares are to be issued by name and from books to be kept in the head office of the company, marked by its stamp and signed by two members of the Board of Directors. To each share is attached coupons bearing the number of the shares and the serial number of the coupon.

Article 7. Limitation. All stockholders are to be Egyptian subjects.

Article 8. Disposal. Disposal of shares may be made by ceding them and registering the cession in the company books. An acknowledgment of cession must be submitted to the company, signed by the one who makes the cession, and an acknowledgment of its acceptance signed by the one to whom the cession is made. The cession, whether with respect to the parties to the contract or the company, is not accomplished except by being entered into its registration books and the share marked, and both the company's register and the share must be signed by two members of the Board of Directors or two delegates appointed by the Board for this purpose. The company may demand that the nationality of the one to whom the cession is made be proved by legal procedure as well as the authenticity of the signatures by the two parties to the contract.

Article 9. Rights. The stockholder is entitled to a share in the property of the company and its profits in proportion to the number of shares issued. Dividends and interests of each share is to be paid to the bearer of the coupon. Money realized from the assets of the company is paid to the stockholders whose names have been entered into the company's register.

Article 10. Indivisibility. A share is indivisible and the company recognizes only one owner of it. All stockholders are legally considered bound by the rules of the company and the decision of its General Assembly.

Article 11. Inheritance. The death of a stockholder does not entail or change or make modification of the rights and obligations of the stock. The heirs of the deceased stockholder or his representative may not claim the rights of a share except through one of them or a representative of all of them.

Article 12. The stockholders are not obligated or required to pay more than the value of their stocks.

Article 13. Bonds. The General Assembly in an extraordinary session may decide to issue bonds of any kind, with whatever terms they agree, on condition that the value of these bonds should not exceed the amount of capital paid and recorded in the last approved company budget.

Article 14. Board of Directors. Management of this company is vested in a Board of Directors consisting of a

minimum of nine members, and a maximum of fifteen, elected by the General Assembly.

The founders have appointed, by exception, the first

Board of Directors:

H. E. Ahmed Medhat Yaken Pacha
H. E. Yousef Asslan Kattawy Pacha
Mohammed Talaat Harb Bey
Abd-El Azim El-Masri Bey
Abd-El Hamid El-Seyoufi Bey
Eskander Mesiha Bey
Dr. Fouad Sultan Esq.
Abbas Passyoni Esq.
Mr. Yousef Cicurel Esq.
Ali Maher Bey

The first Board of Directors shall hold office for three years. The terms of office of three members of the Board of Directors shall expire at the end of each year, thereafter. The retirement of directors will be first by lot, then by seniority. The retiring directors are eligible for re-election.

Article 15. Vacancies. When one or more vacancies of the directors occurs during the interval between the meeting of two general assemblies, the Board of Directors will appoint directors to fill the vacancies for the remaining period, subject to approval by the assembly at the next assemblage.

Article 16. Each member on the Board of Directors is required to own a minimum of two hundred fifty shares. These shares shall be appropriated as a security against his conduct of affairs and may not be disposed of during his tenure of office. They are to be deposited with the treasurer of the company. A receipt will be issued to the director stating that these shares are appropriated for the afore-mentioned purpose.

Article 17. Officers. The Board of Directors selects each year a president and a vice-president from the members of the Board of Directors. The Board of Directors will appoint momentarily a president from the members of the board in case that the president and vice-president are absent or not available. The president and vice-president may be re-elected.

Article 18. Meetings. The Board of Directors will meet as often as the welfare of the company requires, and at least once every month. The meeting shall be usually held at the head office of the company, or in any of its other branches in Egypt. Any meeting is illegal unless six of the

members are present. Decisions shall have the absolute majority of members present. The President's vote shall favor any decision in case of equality of the votes.

Article 19. Minutes. Minutes of the Board of Directors are recorded and registered. They shall be signed by at least two members attending the meeting. Any copy of the minutes of these meetings or its summary, if presented to any authority or court, should be signed by the president or vice-president as a counterpart of the original.

Article 20. Duties. The Board of Directors has a free hand to manage the company, especially to pay all the primary fees and expenses required for the establishment of the company, viz: registration, etc., and to fulfill all the provisions contained in the company's contract, and any necessary legal measures therefor.

The Board of Directors fixes the general expenditures for management and makes the policies and by-laws required for organizing and administrating the company and the appointment and dismissal of the General Manager or managers, heads of the departments, the employees or agents, defining their

duties, fixing their salaries, and if necessary, fixing the securities they should offer and the requisites for its withdrawal, purchasing and selling of properties and real estate, establishment of Branch Offices in Egypt or abroad, and all the rights and franchises, movable and immovable, leasing, renting and borrowing money on security, etc.; in short, carrying out all that is necessary for doing business in which the company is usually engaged.

The Board of Directors has the right to give permission to draw, to transfer and to sell liquid assets owned by the company as well as to sue and defend the interests of the company at the law court, whether as a plaintiff or defendant, and to conclude agreements, reconciliations and arbitrations, ceding any right to which another party may be entitled, canceling mortgages, invalidating the objections and ceding its franchise, whether the cession is rewarded or not, and deciding the manner in which the moneys of the company may be invested, including its reserve.

In brief, the Board of Directors shall manage all the affairs of the company and safeguard its interests.

Article 21. Delegation of Authority. The Board of Directors may delegate all or a part of its authority to one or more of its directors, either for a definite period for all the work, or for special duties, and specify the fee for each job.

Article 22. Liability. The members of the Board of Directors are not held individually responsible, due to their exercising the management of the company, as regards the company contracts or obligations. Their responsibility is limited to the duties to which they are assigned. This applies also to the director or to the two delegated directors. The General Assembly will fix the amount of the fees to be paid to the members of the Board of Directors for each period they attend meetings.

Article 23. Auditor. One or two Auditors from the stockholders or non-stockholders are appointed each year by the General Assembly. The latter may be re-elected. His duties include reporting the condition of the company, the budget and the accounts offered by the Board of Directors to the General Assembly; supervising bond issuing and inspecting the

company books and operations; and requiring the Board of Directors to convene the General Assembly in cases of emergency.

Article 24. General Assembly. A legal convention of the General Assembly represents all stockholders, and the convention may not be held except in Cairo. All present, absent, disqualified and violators are bound by its decisions, which are final with regard to the interests of the company. (The General Assembly may grant the Board of Directors additional authority which may be deemed advantageous.)

Article 25. Assembly Eligibility. Holders of five shares or more are admitted to the General Assembly. Every qualified stockholder may be represented by another stockholder who is a member of the General Assembly. Each member of the General Assembly or his representative shall have one vote for every five shares of the first one hundred shares or less that each of them may own. If he owns more than one hundred shares, then he shall have one vote for every twenty shares over and above the first one hundred shares, and one vote for every one hundred shares over and above the first one thousand shares.

Article 26. Ordinary Session. The General Assembly shall convene in Cairo in an ordinary session within the first three months of the following year on the basis of a call by the Board of Directors to audit the annual reports of the Board of Directors and the Auditor, discussing and approving the accounts, fixing the dividends to be distributed, electing the members of the Board of Directors, appointing a supervisor or supervisors, and fixing the fees of supervision.

The Board of Directors may call the General Assembly for an extraordinary meeting. The Auditor may call on the General Assembly according to Article 23, previously mentioned. The Board of Directors should summon the General Assembly to meet on a request by at least ten shareholders owning one-tenth of the capital of the company. The request to summon the General Assembly for a meeting shall state the purpose of the summons, the names, titles, residence of those signing the request, the number and serial numbers of the shares they hold.

Article 27. Summons. The summons of the General Assembly shall be sent by registered letter to each stockholder at least fifteen days before the meeting. Also, an announcement

of the meeting at the said date shall be published in one of the journals assigned to carry legal notices, stating whether the meeting is ordinary or extraordinary, and giving a very brief account of the matters to be discussed, other than those mentioned in Article 26 concerning the ordinary assembly.

Article 28. Agenda. The Board of Directors shall prepare the agenda to be submitted to the General Assembly, whether in an ordinary or an extraordinary session. The agenda shall contain only matters decided upon by the Board of Directors, or those submitted to the board by the supervisor, or by at least ten stockholders owning one-tenth of the capital of the company.

Article 29. Agenda Limitation. The General Assembly shall discuss only the matters contained in the agenda prepared by the Board of Directors or the auditor, if the meeting were called by him.

Article 30. Quorum. Discussions of the General Assembly shall not be valid unless the meeting is attended by a number of stockholders owning one-fourth of the shares of the capital;

otherwise the assembly shall meet again and its decisions will be valid, regardless of the number of stockholders present.

Decisions will pass by absolute majority, and in case of equality of votes, the president's vote will favor the decision.

Article 31. Rules of Order. The General Assembly shall be presided over by the president of the Board of Directors, and in case of his absence, the vice-president will take over; otherwise a member of the Board of Directors delegated by the Board shall preside.

The secretary will be appointed by the president of the Assembly.

The ballots will be entrusted to two stockholders.

Article 32. Assembly Minutes. Minutes of the assembly will be recorded in a special register assigned for this purpose. This register shall be signed by the president, secretary and the teller. A list of votes of those present or those who are being represented shall be made, showing the number of shares owned by each of them, and signed by the committee mentioned in Article 31, and affixed to the memorandum of the meeting.

Article 33. Quorum Limitations. Contrary to Article 30, the deliberations of the General Assembly are not considered legal as regards the dissolution of the company or lengthening of its duration, modification of its organization, extension of the authority of the Board of Directors, increase or decrease of its capital, borrowing of money through issuance of bonds or consolidation with other corporations unless the shares owned by those present and those who are being represented exceed by at least one share the three-quarters of the total number of the company's shares.

Decisions concerning such matters are rendered valid only when approved by members owning at least one-half of the company's capital.

If the meeting is not attended by a number of stockholders representing three-quarters of the capital, the Assembly may pass temporary decision by the majority of the votes of the stockholders present. In this case, the Assembly should be summoned for another meeting and the temporary decisions should also be mentioned before the meeting. These decisions become final after being approved in the second assembly by the absolute majority of those who are present, and in this

case a number of the stockholders representing at least one-fourth of the capital of the company is required to attend the second meeting, whether in person or by delegation.

Article 34. Fiscal Year. Accounts of the first fiscal year are closed on December 31 of the year in which the company is legally established; henceforth the fiscal year is to begin on January 1 and end December 31.

Article 35. Division of Profits. The income of the company shall be appropriated first for paying the expenses of the company and for its management and paying the interests of bonds and loans; what remains is the company's profit, of which the following are to be deducted:

1. The ten per cent to constitute the legal amount of reserve.

2. A sum of money enough to distribute five per cent interest on the shares.

Ten per cent of the remaining, henceforth, is deducted for the Board of Directors and the rest is distributed among the stockholders unless the General Assembly decides to appropriate all or part of it for extraordinary reserves.

If in any year the usual profit is not sufficient for distributing five per cent interest on the shares, this should be supplemented by money drawn first from the extraordinary reserve, then from the legal reserves.

Article 36. Reserve. If the legal reserve amounts to one-half of the company's capital, no deduction of the portion appropriated for it is to be made; if, however, the reserve is less than that, deduction of the ten per cent is to be resumed to reach one-half of the company's capital.

Article 37. Interest. Interest on the shares is to be paid annually at the dates and places agreed upon by the Board of Directors. Interest which is not claimed during the five years following the date on which they are due shall be acquired by the company.

Article 38. Organization Amendment. The General Assembly has the right, so long as it is formed in the manner mentioned in Article 33 and on the suggestion of the Board of Directors, to make the necessary changes in that organization, and particularly as regards the following:

To change the name of the company.

To increase or decrease the capital.

To transform all or part of the capital into shares.

To prolong or shorten the duration of the company.

To dissolve the company before the end of its duration or consolidate it with other companies or cede all or some of its assets to another company.

These are given as examples only; nevertheless the General Assembly is not entitled to issue decisions, the object or the result of which may contradict the purpose for which the company has been established or which may not be in accord with the two decrees of the Council of Ministers issued in the official journal number 48, May 6, 1899, and number 61, June 4, 1906.

Article 39. Publications. All amendments made in the organization of the company shall be published in the official journal or in the journal assigned to publish the legal notices at the Mixed Court of Egypt, of which a copy shall be deposited with the afore-mentioned court.

Article 40. Dissolution. The company is considered dissolved when it loses half of its capital.

Article 41. Liquidation. In the case of the dissolution of the company for any reason whatsoever, the General Assembly, acting on the suggestion of the Board of Directors, shall decide the manner in which the clearance may take place and the appointment of those who may conduct the clearance, and their responsibilities. Those who may conduct the liquidation (clearance) by permission of the General Assembly have the right to cede all or some of the company assets to any person or any company in return of cash money or stocks and bonds whose price is already paid, or anything else.

During the period of clearance, the General Assembly shall retain all its duties and authority as if the company were still existent, and particularly it has the right to supervise and approve the accounts of the clearance and the discharge of its conductors from responsibilities.

Article 42. Suits. Suits which may concern the common interest of the company cannot be filed against the Board of Directors or one of its members except in the name of all the stockholders in accordance with a decision made by the General Assembly. Any stockholder who wants to file such a suit is required to notify the Board of Directors of his intention

thirty days before the meeting of the General Assembly, and the Board of Directors shall include the matter in the agenda of the General Assembly. If the General Assembly decides to reject it, no other stockholders can take up the matter again on his behalf, but if it is accepted the Assembly shall appoint one or more representatives to conduct the case. All legal notices should be served upon this representative; otherwise they shall be considered invalid.

Cairo, March 8, 1920.

No. 131. Examined in the Office for The Registration of Deeds at the Mixed Court, Cairo, to certify the signatures of:

H. E. Ahmed Medhat Yaken Pacha
 H. E. Yousef Asslan Kattawi Pacha
 Mohammed Talaat Harb Bey
 Abd El Azim El Masri Bey
 Abd El Hameed El Seyoufi Bey
 Dr. Fouad Sultan Bey
 Iskander Mesiha Esq.
 Abbas Bassyouni El Khatib Esq.

The signatures above are made in our presence and the presence of the two witnesses.

Cairo, March 8, 1920

Signature: Officer of the Official Deeds

Court Stamp

Suckroog

Appendix B

Bank Misr

Egyptian Incorporated Joint-Stock Company

Law No. 40, Year 1941

Concerning Government Interest to Solidify Bank Misr

(Egyptian Incorporated Joint-Stock Company)

Published in "El Wakae El Misria"

No. 99, Year 112

Issued on Monday 3 Ragab 1360 A.H. (July 28, 1941)

and

Decision of Cabinet of Ministers

Concerning the Modification of the two Articles 8 and 25

of the Bank's Constitution

Published in Supplementary of "El Wakae El Misria"

Issued on Thursday 25 Safar Year 1361 A.H. (March 12, 1942)

Law No. 40, Year 1941

Concerning Government Interest to Solidify Bank Misr
(Egyptian Incorporated Joint-Stock Company)

We, Farouk 1st, King of Egypt,

The Senate and the House of Representatives passed the following law, which we approved and issued:

Article 1. As a security undertaken by the government on behalf of those who have deposits in "Bank Misr" according to a Parliament's decision March 28, 1940, and in fulfillment of the objectives outlined in the said decision, the government is permitted to draw from the General Reserve:

1. The sum of L.E. 1,101,664 mentioned in the reserve under the name of "Moneys assigned for industrial loans and loans for cooperative societies." This sum is appropriated for the abrogation of the items entered under the same name and of the same sum in "Bank Misr Deductions" in its final account for the year ending December 31, 1940.

2. Bonds from Egyptian debt, unified and special, of which the actual value is L.E. 1,155,779, transferred to the credit of Post Savings Box for the cancellation of an equal amount in an item mentioned in "Bank Misr Deductions" under

the name of "Post Savings Box" in its final account for the year ending December 31, 1940.

The Bank shall undertake the management of the items of balance with which its debts have been cancelled and divided between the government and the bank, the revenue accruing from the afore-mentioned items over and above the assessment given in the budget approved as a basis for this settlement with the ratio of 3:1, respectively.

Article 2. To reorganize Bank Misr according to the afore-mentioned decision on March 28, 1940, the following measures shall be taken, and organization of the bank and the companies affiliated with it shall be modified accordingly.

1. The capital of the bank shall remain unchanged at the value of L.E. 1,000,000.

The bank, therefore, may assign L.E. 350,000 resulting from the profits of some of its companies to make up for its losses besides its reserve and the profits of the two fiscal years, 1939 and 1940, and the sums mentioned in the preceding article.

The government may take from the General Reserve bonds of the debt of Egypt, unified and special, of which the

real value is L.E. 150,000 carried over to the credit of the Post Savings Box for the cancellation of an equal amount in an item mentioned in Bank Misr Deductions under the name of "Post Savings Box."

The amount taken shall be given back to the government in accordance with the provisions of Article 2, Section 5.

2. One thousand basic shares shall be issued having no fixed value. These shares shall be given to the government as its own property in return for its interest to consolidate the bank by a mutual agreement between the government and the bank. A share may be divided into ten parts to be sold only to Egyptians; the shares participate in the distribution of the profits, as explained in Section 5 of this article, as well as, if necessary, in the distribution of the bank's capital and reserve. In this case, the shares shall be in the ratio of the average allotments to the total and sum of the last five years profit.

3. The government shall appoint a representative at the bank whose responsibilities are to control the execution of the provisions of this law, the decision and the measures taken for its fulfillment and for the bank organization.

The representative shall report any violation or any conduct harmful to the bank's interests to the Board of Directors. If the report is not taken into consideration, he shall submit a report of the matter to the Minister of Finance. Legally, he is entitled to attend all the meetings of the Board of Directors and the General Assemblies; he shall have an advisory vote in all matters.

4. The executive or executives appointed by the Board of Directors will submit their decisions to the Cabinet for approval.

The Minister of Finance after authorization by the Cabinet will ask for the concession of the extraordinary General Assembly through the Board of Directors.

5. The profits of the bank shall be distributed according to the following order and percentages:

(a) Ten per cent for the reserve stated in the bank ordinance.

(b) Sufficient funds to pay a profit of five per cent of the total nominal capital of the bank, namely L.E. 1,000,000, to the stockholders.

(c) The remainder shall be distributed as follows:

Twenty-five per cent to basic shares. This percentage is raised to thirty-five per cent when the sum of L.E. 150,000, indicated in part (a) of this Article, is completely paid back.

Forty-five per cent to pay the above mentioned L.E. 150,000 to the government, and when it is fully paid, thirty-five per cent is allotted for a special reserve.

Five per cent fee to the Board of Directors.

Twenty-five per cent is allotted, according to the suggestions of the Board of Directors approved by the General Assembly, for an additional profit to be paid to the stockholders or for accumulating a special reserve. Nevertheless the above-mentioned sum of L.E. 150,000 should be fully paid back to the government before any or all is allotted as a profit to the stockholders.

To make this law effective in the first three years, the share of the basic shares is added to the reserve allotted to pay back the above-mentioned sum of L.E. 150,000.

6. The prosperous companies of Bank Misr shall transfer what has been held as fixed deposits of its accounts to the bank to stocks or bonds and are open to subscription. The priority of subscription is to those who have deposits and the stockholders of Bank Misr. The transfer should be performed within one year from the time this law is put into effect.

7. The nominal stocks of these companies owned by Bank Misr are transferred to nominal stocks to their bearers preliminary to future handling among the public, by conditions made with the government, taking care that no bearer will have stock over twenty-five per cent of the total of any one company.

Article 3. The government, with the agreement of the Board of Directors of Bank Misr, is allowed to introduce alterations to the bank regulations, other than those mentioned in previous articles, other alterations concerning the transfer of the nominal stocks and the privilege of taking part in the discussion of the General Assembly, which purpose is for better administration and protection of the stockholders' benefits.

Article 4. Alterations which are decided, putting this law into effect, may not be changed without permission of the government.

Article 5. According to special circumstances concerning the two fiscal years, 1939 and 1940, and to reorganize the bank, the representative of the present members of the Board of Directors is considered valid and similarly is the case of those members who are appointed to complete the number of the Board of Directors or are appointed to replace other members. This continues to be true until the General Assembly of the year 1942. The budget and the accounting for the profits and losses for the two years 1939 and 1940 should not be presented to the General Assembly and hence shall not require its decision.

Also the appointment of the two controllers by the Board of Directors in the year 1940 is considered valid. The Board of Directors is authorized to evaluate the controllers' fees for revising the accounts of the two years, 1939 and 1940. The controllers are not authorized to convene the General Assembly according to Article 23 of the bank organization and shall not be responsible for not asking the General Assembly to convene.

Article 6. In the application of the law concerning a special tax on the extraordinary profits, the companies of which Bank Misr at least owns seventy-five per cent of its stock, are considered as an inseparable part of the bank. Accordingly, what remains of its profits—after distributing the profits among the stockholders and forming its reserves—to pay back the sum of L.E. 150,000 mentioned in part (a) of Article 2, when the sum is fully paid back, this remainder is submitted with the special reserves of the bank.

Article 7. The Minister of Finance is to put this law into effect and he is authorized to make necessary decisions and preparations in this respect. This law will go into effect the date it is published in the official journal.

We ordered that this law be stamped with the nation's seal, published in the official journal and put into effect as a national law.

Issued in Abdin Palace Gamadi, El Akhira, Year 1360,
(July 24, 1941).

Minister of Finance

Farouk

Abd El Hamid Badawy

By order of H. M.

The Premier
Hussein Sirri

"El Wakae El Miasriah" No. 99 (Year 112) Issued Monday

Ragab 3, Year 1360 A. H. (Corresponding to July 28, 1941).

Cabinet of Ministers

Decision

After taking cognizance of Article 3 in the Law No. 40, Year 1941, concerning government interest to solidify Bank Misr ("Egyptian Incorporated Joint-Stock Company") and after taking cognizance of the two Articles 8 and 25 of the mentioned bank's Constitution and on the basis of what has been submitted to us by the Minister of Finance and with the agreement of the Board of Directors of the bank, the Cabinet of Ministers decided on March 10, Year 1942, to modify the two articles 8 and 25 of mentioned bank's constitution as follows:

Article 8. Disposal of stocks may be made by ceding them and registering the cession in the company books. An acknowledgment of the cession must be submitted to the company signed by the one who makes the cession, and an acknowledgment of its acceptance signed by the one to whom the cession is made. The cession, whether with respect to the parties to the contract or the company, is not accomplished except by being approved by its Board of Directors and by being entered into its registration books and the share being marked, and

both the company's register and the stock must be signed by two members of the Board of Directors or two delegates appointed by the Board for this purpose. The Company may demand that the nationality of the one to whom the cession is made be proved by legal procedure as well as the authenticity of the signatures by the two parties to the contract.

Article 25. Holders of 20 (twenty) shares, at least, are admitted to the General Assembly. Every qualified stockholder may be represented by another stockholder who is a member of the General Assembly. Each member of the General Assembly or his representative shall have one vote for every twenty shares.

Prime Minister

Moustafa El Nahas

(Supplement "El Wakae El Miasriah" No. 49 - issued Thursday
25 Safar Year 1361 A.H. [March 12, 1942].)

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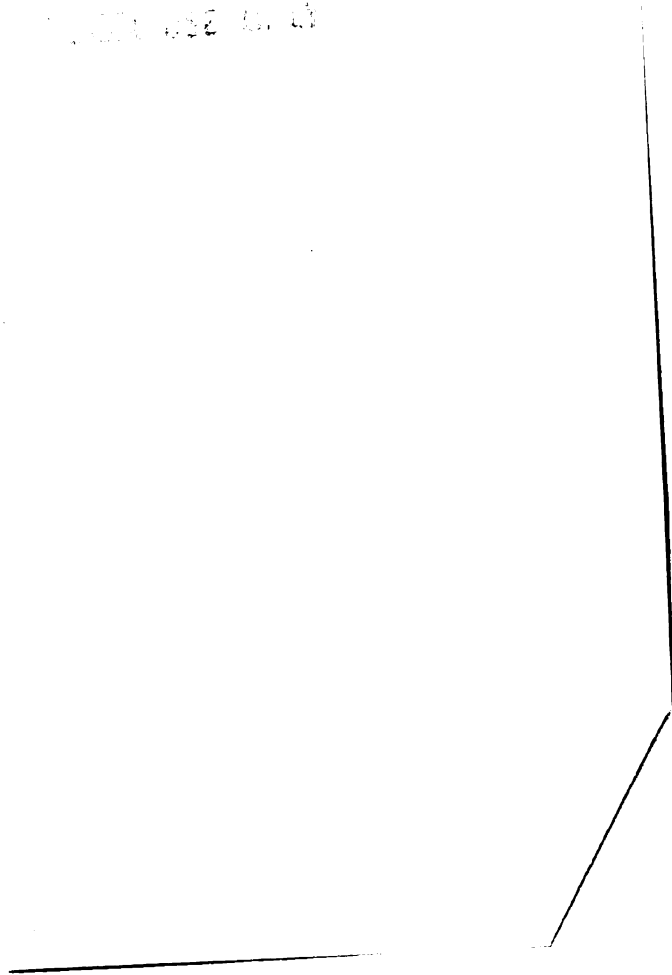
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