United Kingdom
Credit Analysis

National Bank of Egypt (UK) Limited

Ratings

National Bank of Egypt (UK) Limited

Foreign Currency

Long-Term IDR*	BB+
Short-Term	B
Outlook	Stable
Individual	C/D
Support	3

Sovereign Risk

Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

National Bank of Egypt (UK) Limited

	31 Dec 06*	30 Jun 06
Total Assets (USDm)	2,825.8	2,479.7
Total Assets (GBPm)	1,439.5	1,263.8
Equity (GBPm)	72.4	74.5
Net Income (GBPm)	3.2	6.6
Operating ROAA (%)	0.68	0.75
Operating ROAE (%)	12.53	12.23
Capital Adequacy (%)	22.84	24.79

* Interim results

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Amended

This report, which was originally published on Tuesday 12 June 2007, is being republished with the following change. In the last bullet point under *Rating Rationale* on page one, the amount of fresh equity that will be injected into National Bank of Egypt (UK) Limited by National Bank of Egypt in July 2007 will be GBP34.2m, and not GBP38.2m as originally stated.

Rating Rationale

- The ratings of National Bank of Egypt (UK) Limited (NBE UK) reflect its strong balance sheet liquidity and solid capitalisation. However, they also recognise the bank's small size, modest profitability and the high concentrations that exist in the bank's funding base.
- Profitability has improved, in line with management's strategy, as a result of increased business volumes in trade finance activities and by a growing loan book. The bank is expanding trade finance and lending activities (as part of syndications) in Egypt and increasingly to south eastern Europe, the Middle East and the Commonwealth of Independent States (CIS).
- Concentrations are quite high on both sides of the balance sheet. The Egyptian wholesale market is a major source of funding for NBE UK and represents around 70% of total funding, mostly from Egyptian banks and government agencies, although this has proved to be stable. This, together with the high proportion of trade finance activity with Egypt, makes the bank sensitive to developments in the Egyptian economy.
- NBE UK's assets are largely investment grade and with a high proportion of assets as inter-bank placements and marketable securities. Nonetheless, concentrations make the bank vulnerable to lumpy provisioning costs. Exposure to Egyptian entities is limited at 6% of the balance sheet.
- Market risk arises from a high proportion of income being in USD while expenses are incurred in GBP.
- Balance sheet liquidity is strong, underpinned by the short dated nature of most of the bank's assets. Additional liquidity is available in the form of a portfolio of readily marketable securities.
- Capitalisation is solid and will improve following the injection of GBP34.2m of fresh equity in July 2007 from the National Bank of Egypt (NBE, USD75m of subordinated debt will be repaid to NBE at the same time). However, this will be used to fund anticipated expansion as well as any additional capital requirements under Basel II.

Support

- In the event of financial difficulties, NBE UK would turn to its 100% owner, NBE (rated 'BB+'), for support. While Fitch Ratings believes that NBE has the propensity to provide support, its ability to do so is constrained by its sub-investment grade rating. As a result, Fitch believes that there is a moderate probability of support, in case of need.

Rating Outlook and Key Rating Drivers

- The outlook for NBE UK's Issuer Default Rating is stable. Upside potential for NBE UK's IDR and Individual rating would arise from a stronger core franchise and greater scale with a concomitant decline in concentrations. Downside risk is limited but could arise if concentrations were to increase or credit losses from the bank's expansion strategy were greater than expected.

Profile

- NBE UK is incorporated in the UK and supervised by the Financial Services Authority. It was set up in 1992 to take over the operations of two former London branches of NBE.
- Its main areas of activity are in the wholesale money market business and the provision of trade finance facilities, primarily to Egyptian banks. It also undertakes commercial lending and is an active participant in the syndications and debt securities markets.

Profile

- **UK subsidiary of the largest, state-owned bank in Egypt**
- **Activities are largely wholesale in nature and include money market dealing, debt securities, international syndications, commercial lending and trade finance**

NBE UK is a wholly-owned subsidiary of NBE, the largest state-owned bank in Egypt. A small London-based bank, NBE UK was established in 1992 to take over the operations of two former branches of NBE. Despite being 100% owned by NBE, NBE UK is run largely autonomously by its management, with only informal coordination with its parent through two board members (out of eight members).

NBE UK is active in the wholesale money market, focusing on money market placements and foreign exchange. The bank undertakes commercial and syndicated lending to international financial institutions, corporates and sovereign entities, as well as investing in bonds. It provides trade finance facilities, primarily to Egyptian banks. NBE UK also offers limited retail customer services (account management) to the London-based Egyptian community. As NBE UK is the only Egyptian-owned bank authorised to operate in the UK, it is well positioned to provide services to clients engaged in business between the two countries.

The bank is currently two years into a five-year strategic business plan. Under this plan, the bank is expanding trade finance and lending activities (as part of syndications) to south-eastern Europe, North America, the Middle East and countries in the CIS. The bank also plans to increase the level of existing treasury activity. NBE UK intends to grow its securities book by slightly less than 10% per annum under this strategy. Lending will be slightly more aggressive at an average rate of about 15%, and much of this will be syndicated lending to banks. The bank expects that this strategy will improve ROE to 12% by the end of 2010.

Presentation of accounts: The following analysis is based on the audited financial statements of NBE UK to year-end 30 June 2006 and unaudited interim statements to 31 December 2006. NBE UK prepares its accounts under UK GAAP.

Performance

- **Profitability improving as trade finance and lending related fees rise**
- **Low risk, wholesale nature of bank's activities will constrain profitability**

NBE UK's profitability improved during the six-months to December 2006 and in FY06, driven largely by a greater level of trade finance activities, as well as additional lending. Lending grew strongly in the six months to December 2006 and FY06, particularly in the syndicated market to banks, as part of the bank's strategy to improve revenue generation. Importantly, the bank benefited from the absence of high provisioning costs, which hit 2004 results due to a specific provision booked against a an exposure. However, the bank remains vulnerable to individual exposures, particularly as concentrations remain significant (see Risk Management).

Revenues: In line with the bank's strategy, NBE UK's loan book increased to GBP358m at end-Dec 2006. Around 37% of the loan book is loans to customers and the remainder syndicated lending to banks and financial institutions. Syndicated lending to banks has grown strongly as the bank has changed the structure of inter-bank assets, replacing short-term placements with longer-term loans, which represented 26% of inter-bank assets at end-December 2006 compared with 4% at end-June 2004. This has fed through to a small increase in the net interest margin for FY06. However, the net interest margin remains low, reflecting the bank's relatively high cost of funding and the low returns available on the inter-bank placements, and high quality debt securities that the bank holds. Recently, the bank has also experienced tightening spreads in the markets in which it operates, which has led to a small decline in the net interest margin for the six months to end-December 2006.

Performance

	NBE UK		
(GBPm) (%)	31 Dec 06	FY06	FY05
Total Assets	1,439.5	1,263.8	1,111.8
Total Equity	72.4	74.5	71.1
Operating Profit	4.6	8.9	4.6
Operating ROAE	12.53	12.23	6.63
Operating ROAA	0.68	0.75	0.46
NIM	0.70	0.77	0.71
Cost/Income	41.03	39.73	55.34
Equity/Assets	5.03	5.89	6.40
Capital Adequacy Ratio	22.84	24.79	19.73

Source: NBE UK

The bank has doubled its investment portfolio since June 2003, although this has remained relatively stable as a proportion of total assets at 28% at end-December-2006. The assets invested in are mainly low risk and low return floating-rate notes issued by highly rated financial institutions, corporates or sovereigns and this has had a minimal impact on margins.

Trade finance activities contributed to around 60% of fee & commission income at end June-2006 and have grown strongly (see Line 6 of the attached Income Statement Analysis). Fitch expects this trend to continue as the bank pursues its strategy of expanding trade finance activities in the Middle East and countries in the CIS. The remainder of fee & commission income consists largely of lending related fees (29%), which also grew strongly as a result of the growing loan book. The bank continues to benefit from improving economic conditions in Egypt, which accounts for 80% of trade finance activities.

Non-Interest Expenses: NBE UK's cost-to-income ratio improved to 39% in FY06 (FY05: 55%), reflecting an increase in revenues combined with some cost reduction as the bank completed its relocation into a single building. However, in the six months to December-2006, costs increased slightly as the bank increased headcount and invested in upgrading IT systems. The cost-to-income ratio is reasonable for a bank that does not operate a branch network. The bank forecasts its cost-to-income ratio to fall to around 24% by the end of 2010, however, it may prove challenging to limit the growth in costs as the bank pursues its strategy.

Provisions: NBE UK booked no loan loss provisions in FY06. Growth in the loan book and a weaker global economic environment could potentially lead to credit problems in the future. Although the loan and debt security book are of quite high quality (see *Credit Risk*), there are sizeable concentrations and this makes the bank vulnerable to lumpy provisioning costs. The charge for 2004 mainly came from one exposure.

Prospects: While NBE UK will benefit from improvements in the Egyptian economy it is increasingly looking towards other sources for revenue growth, primarily investing in loan syndications. Much of the expansion will be in the form of loan syndications to banks, albeit to higher-risk countries. The bank should benefit from higher lending related fees in this area though it will also be exposed to greater risk. The bank will also look for greater geographical diversification of trade finance activities; however, without as much experience in these markets, this may prove a challenge. The main challenge for the bank is to implement this strategy while maintaining a sound risk profile, strong liquidity levels, and to immunise its revenues and capital against large one-off hits.

Risk Management

- **A large proportion of inter-bank lending reflects conservative risk appetite**
- **High concentrations to single obligors, partly mitigated by cash and real estate collateral in direct lending**
- **Egyptian exposure is 6% of assets**

NBE UK has maintained high liquidity, which is reflected in the large proportion of inter-bank assets and, more recently, of marketable securities on its balance sheet. Credit and market risks are tightly managed and comprehensive risk management policies and procedures are in place. As would be expected for a bank of its size, NBE UK intends to adopt the Standardised Approach for capital calculation for credit risk under Basel II, and the Basic Indicator Approach for Operational Risk.

Credit Risk: Exposure to individual markets is restricted by country limits, including an USD300m limit for Egypt, and the bank has kept this exposure at less than 6% of assets at end-December 2006. In recent years, the bank has expanded its lending activities to new markets, although cautiously.

The bulk of assets consist of inter-bank assets (GBP735.3m or 58% of the balance sheet at 30 June 2006). Of inter-bank assets, around 30% are loan syndications to banks and the remainder inter-bank placements. Most inter-bank assets have short-term tenors, with 74% maturing within three months. This is lengthening, however, as the bank increases its role in short term syndicated lending to financial institutions in countries in the Middle East, south-eastern Europe and the CIS. 75% of inter-bank assets are placed with banks in Europe and North America, 8% with banks in the Middle East and the remainder with banks in the rest of the world. Of loan syndications to banks, 20% are to investment grade counterparties (largely 'BBB' rated), 64% to non-investment grade counterparties (the majority in the 'BB' and 'B' range) and the remainder to un-rated counterparties. A high 96% of inter-bank placements are to investment grade counterparties (the majority 'A' rated and above) and the remainder to non-investment grade and un-rated counterparties.

In keeping with NBE UK's strategy, the investment portfolio has doubled since June 2003, to a total GBP401m or 28% of total assets at 31 December 2006. The portfolio is predominantly medium-term (80% mature in one year and over). Issues by financial institutions represented around 90% of the securities portfolio at end-December 2006, and were almost entirely investment grade (the majority rated 'A' and above). The remainder were corporate issues, around 70% of which were investment grade.

Egyptian exposure is limited to 6%. The largest exposures by country are the UK at 20%, Australia 3% and the Italy 11%. Exposure to Middle Eastern countries (including Egypt) amounted to 12%.

In the six months to December 2006, NBE UK's customer loan portfolio grew by 23% to GBP132m (9% of total assets). 55% of the loan portfolio is to Investment grade counterparties (largely 'BBB' rated), 16% to 'BB' rated counterparties and the remainder to un-rated counterparties. The bank's total loan portfolio (syndicated lending to banks and customer loans) witnessed a significant recovery to GBP358m at end December 2006, although this remains small relative to the bank's size. Although the portfolio is well diversified by country, exposure to emerging markets remains significant: the largest exposures by country in this portfolio are to Russia 18%, the UK 15%, Turkey 13% and Kazakhstan 10%.

In aggregate, although NBE UK has a large proportion of its balance sheet invested in investment grade assets, its exposure to non-investment grade counterparties remains significant: assets rated in the 'B' range represented 103% of December-2006 equity, while those in the 'BB' range represented 165% of December 2006 equity. In addition, although assets in the 'B' and 'BB' range are well diversified by name, diversification by country is limited, with significant exposures to Turkey and Russia.

Concentrations are quite high at NBE UK. The 10 largest non-bank exposures (including loans and securities) were equivalent to 149% of end-December 2006 equity, and the 20-largest, 220%. Direct loans have cash or real estate collateral. Collateral valuations are reviewed annually.

NBE UK's loan and securities portfolio has performed reasonably well. The loan book includes an USD5m (GBP2.7m) non-performing loan to Parmalat as part of a syndication. An USD4.25m (GBP2.3m) provision was booked for this exposure in the year ending June 2004, equating to 85% of the exposure.

Befitting a bank operating in trade finance, NBE UK has sizeable off-balance sheet exposures which amounted to GBP123m at end-June 2006 (equivalent to 10% of on-balance sheet assets), of which GBP55m were letter of credit and guarantees exposures. 40% of these exposures were to Egyptian counterparties, including GBP38m to NBE, which is fully collateralised by cash deposits placed with NBE UK.

Market Risk: Market risk limits are set by the Asset/Liability Management Committee (ALCO), with members of senior management represented on the committee. The ALCO formally reviews risk limits on a monthly basis, with conservative limits in place. Market risk consists primarily of foreign exchange and interest rate risk. NBE UK is exposed to structural currency risk, as a large proportion of its earnings are in USD and EUR, whereas most of its expenses are in GBP. Currency positions are monitored daily. Interest rate risk is monitored using gap analysis and is mitigated by the fact that almost all loans and debt securities are floating rate, with the remaining fixed part being systematically hedged. The bank uses derivatives to manage risks in the banking books.

Operational Risk: NBE UK's operational risk is relatively low, due to the wholesale nature of its activities, the fact that it operates from a single location, and its relatively small number of transactions. However, trade finance activities are very reliant on accurate documentation and the operational risk is higher in this activity than some others.

■ Funding and Capital

- **Funding is largely sourced from Egyptian banks and government agencies**
- **Good liquidity, strong capitalisation following conversion of subordinated debt to common stock**

The Egyptian market is a major source of funding for NBE UK and represents 71% of total funding, mostly from Egyptian banks and government agencies. Deposits from NBE totalled GBP127.7m at end-June 2006 (11% of total deposits). Customer deposits, mostly from Egyptian government agencies, financed 31% of total assets at end-December 2006 and have proven to be fairly stable. The bank has a small retail deposit base (GBP45m), mostly sourced from the Egyptian community in London. High concentrations exist in the bank's funding base; the 10-largest depositors at end-December 2006 represented 71% of total non-equity funding. Nine of these were Egyptian banks and government institutions.

Due to the wholesale nature of its funding base, NBE UK's liability structure is short dated, with 84% of total liabilities maturing within three months at end-June 2006. The maturity mismatch is limited as short-term assets equated to 86% of total assets at end-June 2006. NBE UK has been seeking to diversify and lengthen the maturity of its funding base, mainly by tapping the syndicated loan market.

The bank raised a three-year term loan for EUR175m in January 2007 following a USD150m loan in August 2005.

Capital: NBE UK is well capitalised, with a Fitch eligible capital/regulatory weighted risks ratio of 15.2% at end-December 2006. In February 2007, the board of NBE approved the injection of GBP34.2m of fresh equity into NBE UK (USD75m of subordinated debt will be repaid to NBE at the same time). Assuming a regulatory weighted risks figure at end December-2006, this would lead to an improvement in the Fitch eligible capital/regulatory weighted risks ratio to a strong 22.5%. The bank reported a total capital ratio of 25.9% at end-March 2007.

A sensitivity analysis performed by NBE UK showed that the application of Basel II (using the standardised approach for credit risk and basic indicator approach for operational), would cause the total capital ratio to fall from 24% at end-September 2006 to 22% at end-November 2006. It is also likely that the capital ratios will continue to fall with the planned expansion of the bank. As a result of growth, the bank forecasts its total capital ratio to fall to around 22% from current levels. In addition, high dividend payout ratios have negatively impacted capitalisation: In September 2006, the bank declared a dividend of GBP5.25m, relating to FY06 (FY05: GBP3.3m), a high proportion of profits earned.

Balance Sheet Analysis

NATIONAL BANK OF EGYPT (UK) LIMITED

	31 Dec 2006				30 Jun 2006		30 Jun 2005		30 Jun 2004	
	6 Months - Interim USDm Original	6 Months - Interim GBPm Original	As % of Assets Original	Average GBPm Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Original	As % of Assets Original
A. LOANS										
1. Loans & Advances > 5 Years - Gross	n.a.	n.a.	-	n.a.	0.0	0.00	5.0	0.45	6.1	0.67
2. Loans & Advances > 1 < 5 Years - Gross	n.a.	n.a.	-	n.a.	62.3	4.93	38.3	3.44	26.0	2.87
3. Loans & Advances < 1 Year - Gross	258.5	131.7	9.15	88.1	44.4	3.51	37.1	3.34	19.1	2.11
4. Loans & Advances - Net	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Loans to Group Companies	n.a.	n.a.	-	n.a.	14.2	1.12	17.0	1.53	14.8	1.63
6. Hire Purchase/Instalment Lending	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Lease Receivables	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
8. (Loan Loss Reserves)	n.a.	n.a.	-	n.a.	5.8	0.46	5.9	0.53	5.8	0.64
9. Impaired Lending - Gross (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
TOTAL A	**258.5**	**131.7**	**9.15**	**123.4**	**115.1**	**9.11**	**91.5**	**8.23**	**60.2**	**6.64**
B. OTHER EARNING ASSETS										
1. Bank Deposits and Placings	1,752.2	892.6	62.01	806.9	721.1	57.06	626.5	56.35	566.7	62.52
2. Liquid Investments	n.a.	n.a.	-	n.a.	n.a.	-	0.0	0.00	15.0	1.65
3. Other Investments	788.0	401.4	27.88	408.2	415.0	32.84	378.1	34.01	257.5	28.41
4. Securities - Long Positions	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Equity Investments	n.a.	n.a.	-	n.a.	0.0	0.00	0.0	0.00	0.0	0.00
TOTAL B	**2,540.1**	**1,294.0**	**89.89**	**1,215.1**	**1,136.1**	**89.90**	**1,004.6**	**90.36**	**839.2**	**92.59**
C. TOTAL EARNING ASSETS (A+B)	**2,798.7**	**1,425.7**	**99.04**	**1,338.5**	**1,251.2**	**99.00**	**1,096.1**	**98.59**	**899.4**	**99.23**
D. FIXED ASSETS	**1.4**	**0.7**	**0.05**	**0.8**	**0.8**	**0.06**	**1.1**	**0.10**	**1.3**	**0.14**
E. NON-EARNING ASSETS										
1. Cash and Due from Banks	7.1	3.6	0.25	1.9	0.2	0.02	0.1	0.01	0.2	0.02
2. Other	18.6	9.5	0.66	10.6	11.6	0.92	14.5	1.30	5.5	0.61
F. TOTAL ASSETS	**2,825.8**	**1,439.5**	**100.00**	**1,351.7**	**1,263.8**	**100.00**	**1,111.8**	**100.00**	**906.4**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING										
1. Demand	n.a.	n.a.	-	n.a.	37.7	2.98	42.6	3.83	36.1	3.98
2. Time & Savings	975.6	497.0	34.53	473.0	449.0	35.53	424.1	38.15	361.5	39.88
3. Interbank	1,597.3	813.7	56.53	592.1	370.4	29.31	287.2	25.83	307.1	33.88
4. Other	n.a.	n.a.	-	n.a.	127.7	10.10	147.8	13.29	68.5	7.56
TOTAL G	**2,572.9**	**1,310.7**	**91.05**	**1,147.8**	**984.8**	**77.92**	**901.7**	**81.10**	**773.2**	**85.30**
H. OTHER FUNDING										
1. Securities Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Long-Term Debt	n.a.	n.a.	-	n.a.	150.2	11.88	128.7	11.58	60.7	6.70
3. Subordinated Debt	75.0	38.2	2.65	39.4	40.5	3.20	0.0	0.00	0.0	0.00
4. Hybrid Capital	n.a.	n.a.	-	n.a.	n.a.	-	0.0	0.00	0.0	0.00
TOTAL H	**75.0**	**38.2**	**2.65**	**114.4**	**190.7**	**15.09**	**128.7**	**11.58**	**60.7**	**6.70**
I. OTHER (Non-Int Bearing)										
1. Securities - Short Positions	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other	35.7	18.2	1.26	16.0	13.8	1.09	10.3	0.93	4.9	0.54
J. LOAN LOSS RESERVES	**11.2**	**5.7**	**0.40**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
K. OTHER RESERVES	**n.a.**	**n.a.**	**-**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
L. EQUITY										
1. Preference Shares	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Common Equity	142.1	72.4	5.03	73.5	74.5	5.89	71.1	6.40	67.6	7.46
TOTAL L	**142.1**	**72.4**	**5.03**	**73.5**	**74.5**	**5.89**	**71.1**	**6.40**	**67.6**	**7.46**
M. TOTAL LIABILITIES & EQUITY	**2,825.8**	**1,439.5**	**100.00**	**1,351.7**	**1,263.8**	**100.00**	**1,111.8**	**100.00**	**906.4**	**100.00**
Exchange Rate		USD1 = GBP 0.5094			USD1 = GBP 0.5451		USD1 = GBP 0.5576		USD1 = GBP 0.5520	

Income Statement Analysis

NATIONAL BANK OF EGYPT (UK) LIMITED

	31 Dec 2006		30 Jun 2006		30 Jun 2005		30 Jun 2004	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original
1. Interest Received	39.1	5.84	55.7	4.75	34.1	3.42	23.0	2.59
2. Interest Paid	34.4	5.14	46.6	3.97	26.9	2.70	15.2	1.71
3. NET INTEREST REVENUE	**4.7**	**0.70**	**9.1**	**0.78**	**7.2**	**0.72**	**7.8**	**0.88**
4. Fee & Commission Income - Net	3.1	0.46	5.4	0.46	3.0	0.30	1.5	0.17
5. Dealing Income - Net	n.a.	-	0.1	0.01	0.1	0.01	0.2	0.02
6. Income from Associates	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
7. Other Income	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
8. Personnel Expenses	1.9	0.28	3.4	0.29	3.3	0.33	3.3	0.37
9. Other Non-Interest Expenses	1.3	0.19	2.4	0.20	2.4	0.24	4.5	0.51
10. Loan Loss Provisions	n.a.	-	-0.1	-0.01	0.0	0.00	2.4	0.27
11. OPERATING PROFIT	**4.6**	**0.69**	**8.9**	**0.76**	**4.6**	**0.46**	**-0.7**	**-0.08**
12. Exceptional Items - Net	n.a.	-	0.6	0.05	0.5	0.05	1.6	0.18
13. PRE-TAX PROFIT	**4.6**	**0.69**	**9.5**	**0.81**	**5.1**	**0.51**	**0.9**	**0.10**
14. Taxes	1.4	0.21	2.9	0.25	1.6	0.16	0.2	0.02
15. NET INCOME	**3.2**	**0.48**	**6.6**	**0.56**	**3.5**	**0.35**	**0.7**	**0.08**
Memo: Extraordinary Items - Net	n.a.	-	n.a.	-	n.a.	-	0.0	0.00

Ratio Analysis

NATIONAL BANK OF EGYPT (UK) LIMITED

		31 Dec 2006 Original	30 Jun 2006 Original	30 Jun 2005 Original	30 Jun 2004 Original
I. PROFITABILITY LEVEL					
1. Operating Profit/Total Assets (av)	%	0.68	0.75	0.46	-0.08
2. Pre-Tax Profit/Total Assets (av)	%	0.68	0.80	0.51	0.10
3. Net Income/Equity (av)	%	8.71	9.07	5.04	1.04
4. Net Inc less Pref Divs/Common Equity (av)	%	8.71	9.07	5.05	1.04
5. Net Income/Total Assets (av)	%	0.47	0.56	0.35	0.08
6. Total Non-Int Expense/Net Int Rev + Other Operating Income	%	41.03	39.73	55.34	82.11
7. Net Interest Rev/Total Assets (av)	%	0.70	0.77	0.71	0.87
II. CAPITAL ADEQUACY (year end)					
1. Internal Capital Generation	%	-5.71	4.53	5.04	-22.44
2. Equity/Total Assets	%	5.03	5.89	6.40	7.46
3. Equity/Loans	%	54.97	64.73	77.70	112.29
4. Capital/Risks - Tier 1	%	n.a.	n.a.	n.a.	n.a.
5. Capital/Risks - Total	%	n.a.	n.a.	n.a.	n.a.
6. Common Equity/Total Assets	%	5.03	5.89	6.40	7.46
III. LIQUIDITY (year end)					
1. Liquid Assets/Deposits & Money Mkt Funding	%	68.38	55.64	60.19	73.25
2. Liquid Assets & Marketable Debt Securities/Deposits & Money Mkt Funding	%	99.00	115.38	110.88	107.93
3. Loans/Deposits & Money Mkt Funding	%	10.05	11.69	10.15	7.79
IV. ASSET QUALITY					
1. Loan Loss Provisions/Loans Gross(av)	%	n.a.	-0.09	0.00	2.85
2. Loan Loss Provisions/Profit before Tax and Provisions	%	n.a.	-1.06	0.00	72.73
3. Loan Loss Reserves/Loans Gross	%	4.15	4.80	6.06	8.79
4. Loan Loss Reserves/Impaired Loans Gross	%	n.a.	n.a.	n.a.	n.a.
5. Impaired Loans Gross/Loans Gross	%	n.a.	n.a.	n.a.	n.a.
6. Impaired Loans Net/Equity	%	n.a.	n.a.	11.81	12.28