

United Kingdom  
Credit Analysis

# National Bank of Egypt (UK) Limited

## Ratings

<b>Foreign Currency</b>		
Long-Term IDR		BB+
Short-Term IDR		B
Individual Rating		D
Support Rating		3
<b>Sovereign Risk</b>		
Foreign-Currency Long-Term IDR		AAA
Local-Currency Long-Term IDR		AAA

## Outlook

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable

## Financial Data

National Bank of Egypt (UK) Limited		
	30 Jun 09	30 Jun 08
Total assets (USDm)	2,237	2,690
Total assets (GBPm)	1,351	1,351
Equity (GBPm)	119	113
Net income (GBPm)	-18.6	8.5
Operating ROAA (%)	-1.92	0.88
Operating ROAE (%)	-22.45	12.27
Capital adequacy (%)	21.90	16.30

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## Rating Rationale

- The Long-and Short-Term IDRs of National Bank of Egypt (UK) Limited (NBE UK) reflect Fitch Ratings' view of the moderate probability of support that would flow to the bank, ultimately from the Egyptian authorities, via its 100% owner, National Bank of Egypt (NBE, Long-Term IDR 'BB+' / Outlook Stable), and are aligned with those of NBE and the Egyptian sovereign ('BB+' / Outlook Stable). NBE UK's Individual Rating reflects its good balance sheet liquidity and adequate capitalisation. However, it also recognises the bank's exposure to impaired assets, deterioration in profitability and concentrations on both sides of the balance sheet.
- Following the global financial crisis and economic slowdown, NBE UK has revised its strategy. Management's primary focus will be on improving the credit quality of its assets and maintaining good liquidity, with yield being a secondary concern. Cash flows from maturing assets are being invested in 'AAA' rated government securities or government guaranteed instruments. Management has informed Fitch that it will not be participating in loan syndications or investing in FRNs until further notice. There will be an increased focus on trade finance business in Egypt and other Arab countries.
- NBE UK reported a loss of GBP18.6m in FY09 as a result of a GBP40.1m specific impairment charge booked against impaired assets (consisting of loans, FRNs and interbank placements). Nevertheless, pre-impairment operating profit increased 13% yoy in FY09 driven by growth in net interest income and good cost control. The cost/income ratio improved to 31.9% in FY09 (FY08: 35.2%).
- Impaired assets totalled GBP67m at end-June 2009 and were 60% covered by specific reserves. Fitch notes that the credit quality of NBE UK's assets has improved, with 80% of the balance sheet rated investment grade at end-August 2009 (end-June 2008: 72%). Nevertheless, exposure to sub-investment grade and unrated counterparties may lead to further deterioration in asset quality, although most of this exposure is covered by real estate collateral and/or securities. NBE UK's assets are well diversified geographically, with the bulk of the balance sheet invested in Europe (62%), Australia (7%), North America (7%), Egypt (7%) and other Middle East (6%).
- The Egyptian wholesale market is a major source of funding for NBE UK, mostly from Egyptian banks and government agencies, although this has proven to be stable. Capitalisation is adequate.

## Support

- In the event of financial difficulties, Fitch believes that there is a moderate probability of support for NBE UK from the Egyptian authorities, via NBE.

## Key Rating Drivers

- Upside potential for NBE UK's IDR and Individual Rating is currently limited. Downside risk to the Individual Rating could arise from further material deterioration in asset quality.

## Profile

NBE UK's main areas of activity are in the wholesale money market business and the provision of trade finance facilities, primarily to Egyptian banks.

- 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

## Profile

NBE UK is incorporated in the UK and supervised by the FSA. It is a wholly owned subsidiary of NBE, the largest state-owned bank in Egypt. 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 nine 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.

## Strategy

Following the global financial crisis, NBE UK has revised its strategy. There will be an increased focus on trade finance business in Egypt and other Arab countries to capitalise on the strength of the parent company in the region. Management has informed Fitch that their primary focus remains on safety and liquidity rather than yield, which is a secondary, although still relevant consideration.

## Presentation of Accounts

The following analysis is based on the audited financial statements of NBE UK for the financial year to end-June 2009 (FY09). NBE UK prepares its accounts under UK GAAP.

## Performance

NBE UK reported a loss of GBP18.6m in FY09, following a specific impairment charge of GBP40.1m booked against impaired assets (see *Asset Quality*). Nevertheless, pre-impairment operating profit increased 13% yoy in FY09 driven by an increase in net interest income and good cost control.

## Revenues

Net interest income increased 15% yoy in FY09 to GBP15.9m. Interest revenues fell 29% yoy in FY09 to GBP57.0m, as the bank shifted into lower-yielding, higher-quality assets. Interest expenses fell 38% yoy primarily due to a fall in interest paid on customer deposits, reflecting lower interest rates.

Net fee and commission income fell 13% yoy to GBP4.7m due to lower loan-related fees, although trade finance income proved resilient, despite the weaker global economic environment, increasing 20% yoy to represent around 80% of net fee and commission income.

## Non-Interest Expenses

Operating expenses fell to GBP6.6m in FY09 (FY08: GBP6.8m), driven by a fall in staff expenses and as a result NBE UK's cost/income ratio improving to 32% in FY09 (FY08: 35%). This cost/income ratio is reasonable for a bank that does not operate a branch network.

## Provisions

NBE UK booked a specific impairment charge of GBP40.1m in FY09 due to exposure to impaired assets. A weaker

- Profitability is constrained by NBE UK's ability to raise funding cost - effectively and place it back into the market, without taking significant additional risk
- Loss reported for FY09 due to specific impairment charges booked against impaired assets

## Performance

(GBPm) (%)	NBE UK		
	FY09	FY08	FY07
Total assets	1,351.1	1,350.5	1,407.0
Total equity	118.9	112.7	75.0
Operating profit	-26.0	12.1	7.8
Operating ROAE	-22.45	12.27	10.54
Operating ROAA	-1.92	0.88	0.57
NIM	1.19	1.01	0.69
Cost/income	31.88	35.23	44.29
Equity/assets	8.80	8.35	5.33
Capital adequacy ratio	21.90	16.30	21.49

Source: NBE UK

global economic environment could lead to further credit problems, although the credit quality of NBE UK's assets is improving.

### Prospects

Fitch welcomes NBE UK's strategy of diverting cash flows from maturing assets into higher credit quality exposures. This has led to an improvement in the credit-risk profile of NBE UK's balance sheet, although may constrain profitability going forward. Exposure to sub-investment grade and unrated counterparties may lead to further deterioration in NBE UK's asset quality in a weaker global economic environment, although most of this exposure is covered by real estate collateral and/or securities.

### Risk Management

NBE UK has maintained high liquidity, which is reflected in the large proportion of interbank assets and of marketable securities on its balance sheet. NBE UK's main risk is credit risk, arising from its investments in debt securities, customer loan portfolio and interbank placements, whereas market risk is considered moderate. As would be expected for a bank of its size, NBE UK is applying the standardised approach for capital calculation for credit risk under Basel II, and the basic indicator approach for operational risk.

### Credit Risk

At end-March 2009, investments totalled GBP941m, equivalent to 65% of total assets, and consisted of government securities (13%), banks and other financial institution FRNs (80%), non-bank FRNs (2%) and CDs (5%). Investments are well diversified by country, with the largest exposures at end-March 2009 being the UK (30%), Australia (8%), USA (7%) and Italy (5%). At end-March 2009, 96% of the investment portfolio was rated investment grade, with only 4% rated sub-investment grade.

At end-March 2009, NBE UK's customer loan portfolio amounted to GBP130m, equivalent to 9% of total assets. However, the bank's total loan portfolio (syndicated lending to banks and customer loans) stood at GBP309m at end-March 2009, although this remains small relative to the bank's size. 35% of the portfolio is unrated, 25% of the portfolio is rated investment grade and 40% is rated sub-investment grade. The bulk of lending is to emerging markets such as Egypt (16%), Russia (13%), Kuwait (10%) and Kazakhstan (6%), although there is also exposure to developed markets such as the UK (7%).

At end-March 2009, interbank placements totalled GBP184m, equivalent to 12.6% of total assets. This includes a GBP28m placement with NBE. 72% of interbank placements were rated investment grade, while 28% were rated sub-investment grade. The bulk of interbank placements are to UK, Egyptian and French banks.

On aggregate, although NBE UK has a large proportion of its balance sheet invested in investment-grade assets (76% at end-March 2009), its exposure to non-investment-grade and unrated counterparties remains significant: assets rated in the 'BB' range represented 8% of total assets at end-March 2009, those in the 'B' range 8%, those in the 'CCC' range 2% and those rated 'D': 1%. Exposure to unrated counterparties was an additional 15%. Although non-investment-grade and unrated exposure is well diversified by name, diversification by country is limited. All non-investment-grade and unrated counterparties are subject to thorough credit analysis and covered by real estate collateral and/or securities.

Concentrations are quite high at NBE UK. At end-March 2009, the 20 largest bank and non-bank exposures were equivalent to a high 451% of equity and consisted largely of exposure to European banks.

- Management is diverting cash flows from maturing assets into higher-rated exposures
- High concentrations to single obligors
- Egyptian exposure comprises 7% of assets

Off-balance-sheet exposures totalled GBP80.8m at end-June 2009 (equivalent to 6% of on-balance-sheet assets) and consisted largely of letters of credit and guarantees. NBE UK forecasts strong growth in off-balance-sheet exposures, given an increased focus on trade finance business.

### Asset Quality

Impaired assets totalled GBP67m at end-June 2009, and consisted of exposure to various bank and non-bank financial institutions, in the form of loans, FRNs and interbank placements. At end-June 2009, impaired assets were 60% covered by specific reserves. Asset quality may deteriorate further in the weaker global economic environment.

### 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 exposures 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 in some others.

### Funding and Capital

The Egyptian market is a major source of funding for NBE UK and represents 86% of total funding, mostly from Egyptian banks and institutional clients. Deposits from NBE totalled GBP80m at end-March 2009 (6% of total deposits). Customer deposits, mostly from Egyptian institutional clients, financed 62% of total assets at end-March 2009 and have proven to be stable. The bank has a small retail deposit base (GBP40m), mostly sourced from the Egyptian community in London. High concentrations exist in the bank's funding base; the 20 largest depositors at end-March 2009 represented a very high 97% of total deposits, the largest being the Egyptian government, representing 64.8%.

The maturity mismatch at NBE UK is limited, with the bulk of assets and liabilities maturing within three months. 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 an USD150m loan in August 2005 (repaid in August 2008).

### Capital

NBE UK's equity increased from GBP113m at end-June 2008 to GBP119m at end-June 2009. The bank received a capital injection of GBP30m from NBE during FY09. However, the capital position was negatively impacted following a loss reported in FY09 of GBP18.6m due to specific provisions taken against impaired assets and the payment of a dividend of GBP5m to NBE (relating to FY08 net income). The bank reported a capital adequacy ratio of 21.9% at end-June 2009 (end-June 2008: 16.30%). NBE UK has the option to drawdown on a USD30m, 10-year subordinated loan approved by the parent company in February 2009, should the need arise.

- Funding is largely sourced from Egyptian banks and institutional clients
- Good liquidity and adequate capitalisation

**National Bank of Egypt (UK) Limited  
Income Statement**

	30 Jun 2009			30 Jun 2008		30 Jun 2007		30 Jun 2006	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	GBPm	Earning	GBPm	Earning	GBPm	Earning	GBPm	Earning
	Partial	Partial	Assets	Original	Assets	Original	Assets	Original	Assets
1. Interest Income on Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Interest Income	94.4	57.0	4.28	80.6	6.02	77.2	5.53	55.7	4.45
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>4. Gross Interest and Dividend Income</b>	<b>94.4</b>	<b>57.0</b>	<b>4.28</b>	<b>80.6</b>	<b>6.02</b>	<b>77.2</b>	<b>5.53</b>	<b>55.7</b>	<b>4.45</b>
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Preferred Dividends Paid & Declared	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Interest Expense	68.1	41.1	3.09	66.8	4.99	67.9	4.87	46.6	3.72
<b>8. Total Interest Expense</b>	<b>68.1</b>	<b>41.1</b>	<b>3.09</b>	<b>66.8</b>	<b>4.99</b>	<b>67.9</b>	<b>4.87</b>	<b>46.6</b>	<b>3.72</b>
<b>9. Net Interest Income</b>	<b>26.3</b>	<b>15.9</b>	<b>1.19</b>	<b>13.8</b>	<b>1.03</b>	<b>9.3</b>	<b>0.67</b>	<b>9.1</b>	<b>0.73</b>
10. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	0.1	0.01	0.1	0.01	0.1	0.01
11. Net Gains (Losses) on Other Securities	0.2	0.1	0.01	n.a.	-	n.a.	-	n.a.	-
12. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Net Fees and Commissions	7.8	4.7	0.35	5.4	0.40	4.6	0.33	5.4	0.43
15. Other Operating Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>16. Total Non-Interest Operating Income</b>	<b>7.9</b>	<b>4.8</b>	<b>0.36</b>	<b>5.5</b>	<b>0.41</b>	<b>4.7</b>	<b>0.34</b>	<b>5.5</b>	<b>0.44</b>
17. Personnel Expenses	6.8	4.1	0.31	4.3	0.32	3.8	0.27	3.4	0.27
18. Other Operating Expenses	4.1	2.5	0.19	2.5	0.19	2.4	0.17	2.4	0.19
<b>19. Total Non-Interest Expenses</b>	<b>10.9</b>	<b>6.6</b>	<b>0.50</b>	<b>6.8</b>	<b>0.51</b>	<b>6.2</b>	<b>0.44</b>	<b>5.8</b>	<b>0.46</b>
20. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>21. Pre-Impairment Operating Profit</b>	<b>23.3</b>	<b>14.1</b>	<b>1.06</b>	<b>12.5</b>	<b>0.93</b>	<b>7.8</b>	<b>0.56</b>	<b>8.8</b>	<b>0.70</b>
22. Loan Impairment Charge	30.8	18.6	1.40	0.4	0.03	n.a.	-	-0.1	-0.01
23. Securities and Other Credit Impairment Charges	35.6	21.5	1.61	n.a.	-	n.a.	-	n.a.	-
<b>24. Operating Profit</b>	<b>-43.1</b>	<b>-26.0</b>	<b>-1.95</b>	<b>12.1</b>	<b>0.90</b>	<b>7.8</b>	<b>0.56</b>	<b>8.9</b>	<b>0.71</b>
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Income	n.a.	n.a.	-	n.a.	-	0.5	0.04	0.6	0.05
27. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>30. Pre-tax Profit</b>	<b>-43.1</b>	<b>-26.0</b>	<b>-1.95</b>	<b>12.1</b>	<b>0.90</b>	<b>8.3</b>	<b>0.59</b>	<b>9.5</b>	<b>0.76</b>
31. Tax expense	-12.3	-7.4	-0.56	3.6	0.27	2.5	0.18	2.9	0.23
32. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>33. Net Income</b>	<b>-30.8</b>	<b>-18.6</b>	<b>-1.40</b>	<b>8.5</b>	<b>0.64</b>	<b>5.8</b>	<b>0.42</b>	<b>6.6</b>	<b>0.53</b>
34. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>38. Fitch Comprehensive Income</b>	<b>-30.8</b>	<b>-18.6</b>	<b>-1.40</b>	<b>8.5</b>	<b>0.64</b>	<b>5.8</b>	<b>0.42</b>	<b>6.6</b>	<b>0.53</b>
39. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
40. Memo: Net Income after Allocation to Non-controlling Interests	-30.8	-18.6	-1.40	8.5	0.64	5.8	0.42	6.6	0.53
41. Memo: Dividends Relating to the Period	n.a.	n.a.	-	5.0	0.37	5.3	0.38	3.3	0.26

Exchange rate

USD1 = GBP0.60387

USD1 = GBP0.50208

USD1 = GBP0.49878

USD1 = GBP0.54514

**National Bank of Egypt (UK) Limited  
Balance Sheet**

	30 Jun 2009			30 Jun 2008		30 Jun 2007		30 Jun 2006	
	Year End USDm	Year End GBPm	As % of Assets	Year End GBPm	As % of Assets	Year End GBPm	As % of Assets	Year End GBPm	As % of Assets
	Partial	Partial	Partial	Original	Original	Original	Original	Original	Original
<b>Assets</b>									
<b>A. Loans</b>									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	180.8	109.2	8.08	114.0	8.44	149.7	10.64	106.7	8.44
5. Other Loans	n.a.	n.a.	-	n.a.	-	14.9	1.06	14.2	1.12
6. Less: Reserves for Impaired Loans/ NPLs	9.8	5.9	0.44	6.0	0.44	5.6	0.40	5.8	0.46
<b>7. Net Loans</b>	<b>171.1</b>	<b>103.3</b>	<b>7.65</b>	<b>108.0</b>	<b>8.00</b>	<b>159.0</b>	<b>11.30</b>	<b>115.1</b>	<b>9.11</b>
<b>8. Gross Loans</b>	<b>180.8</b>	<b>109.2</b>	<b>8.08</b>	<b>114.0</b>	<b>8.44</b>	<b>164.6</b>	<b>11.70</b>	<b>120.9</b>	<b>9.57</b>
9. Memo: Impaired Loans included above	n.a.	n.a.	-	n.a.	-	2.5	0.18	2.7	0.21
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>									
1. Loans and Advances to Banks	610.9	368.9	27.30	543.4	40.24	782.2	55.59	721.1	57.06
2. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Held to Maturity Securities	1,423.5	859.6	63.62	686.9	50.86	453.8	32.25	415.0	32.84
6. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>8. Total Securities</b>	<b>1,423.5</b>	<b>859.6</b>	<b>63.62</b>	<b>686.9</b>	<b>50.86</b>	<b>453.8</b>	<b>32.25</b>	<b>415.0</b>	<b>32.84</b>
9. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>13. Total Earning Assets</b>	<b>2,205.4</b>	<b>1,331.8</b>	<b>98.57</b>	<b>1,338.3</b>	<b>99.10</b>	<b>1,395.0</b>	<b>99.15</b>	<b>1,251.2</b>	<b>99.00</b>
<b>C. Non-Earning Assets</b>									
1. Cash and Due From Banks	0.3	0.2	0.01	0.1	0.01	0.1	0.01	0.2	0.02
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	0.3	0.2	0.01	0.3	0.02	0.6	0.04	0.8	0.06
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	31.3	18.9	1.40	11.8	0.87	11.3	0.80	11.6	0.92
<b>11. Total Assets</b>	<b>2,237.4</b>	<b>1,351.1</b>	<b>100.00</b>	<b>1,350.5</b>	<b>100.00</b>	<b>1,407.0</b>	<b>100.00</b>	<b>1,263.8</b>	<b>100.00</b>
<b>Liabilities and Equity</b>									
<b>D. Interest-Bearing Liabilities</b>									
1. Customer Deposits - Current	63.1	38.1	2.82	34.7	2.57	38.9	2.76	37.7	2.98
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	1,354.4	817.9	60.54	595.1	44.07	502.1	35.69	449.0	35.53
<b>4. Total Customer Deposits</b>	<b>1,417.5</b>	<b>856.0</b>	<b>63.36</b>	<b>629.8</b>	<b>46.63</b>	<b>541.0</b>	<b>38.45</b>	<b>486.7</b>	<b>38.51</b>
5. Deposits from Banks	600.6	362.7	26.84	594.1	43.99	672.3	47.78	520.6	41.19
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	69.8	4.96	127.7	10.10
<b>7. Total Deposits, Money Market and Short-term Funding</b>	<b>2,018.1</b>	<b>1,218.7</b>	<b>90.20</b>	<b>1,223.9</b>	<b>90.63</b>	<b>1,283.1</b>	<b>91.19</b>	<b>1,135.0</b>	<b>89.81</b>
8. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	37.4	2.66	40.5	3.20
10. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>11. Total Long Term Funding</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>37.4</b>	<b>2.66</b>	<b>40.5</b>	<b>3.20</b>
12. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>14. Total Funding</b>	<b>2,018.1</b>	<b>1,218.7</b>	<b>90.20</b>	<b>1,223.9</b>	<b>90.63</b>	<b>1,320.5</b>	<b>93.85</b>	<b>1,175.5</b>	<b>93.01</b>
<b>E. Non-Interest Bearing Liabilities</b>									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	22.4	13.5	1.00	13.9	1.03	11.5	0.82	13.8	1.09
<b>10. Total Liabilities</b>	<b>2,040.5</b>	<b>1,232.2</b>	<b>91.20</b>	<b>1,237.8</b>	<b>91.65</b>	<b>1,332.0</b>	<b>94.67</b>	<b>1,189.3</b>	<b>94.11</b>
<b>F. Hybrid Capital</b>									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>G. Equity</b>									
1. Common Equity	196.9	118.9	8.80	112.7	8.35	75.0	5.33	74.5	5.89
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>6. Total Equity</b>	<b>196.9</b>	<b>118.9</b>	<b>8.80</b>	<b>112.7</b>	<b>8.35</b>	<b>75.0</b>	<b>5.33</b>	<b>74.5</b>	<b>5.89</b>
<b>7. Total Liabilities and Equity</b>	<b>2,237.4</b>	<b>1,351.1</b>	<b>100.00</b>	<b>1,350.5</b>	<b>100.00</b>	<b>1,407.0</b>	<b>100.00</b>	<b>1,263.8</b>	<b>100.00</b>
8. Memo: Fitch Core Capital	196.9	118.9	8.80	112.7	8.35	75.0	5.33	74.5	5.89
9. Memo: Fitch Eligible Capital	196.9	118.9	8.80	112.7	8.35	75.0	5.33	74.5	5.89

Exchange rate

USD1 = GBP0.60387

USD1 = GBP0.50208

USD1 = GBP0.49878

USD1 = GBP0.54514

**National Bank of Egypt (UK) Limited  
Summary Analytics**

	30 Jun 2009	30 Jun 2008	30 Jun 2007	30 Jun 2006
	Year End	Year End	Year End	Year End
	%	%	%	%
	Partial	Original	Original	Original
<b>A. Interest Ratios</b>				
1. Interest Income on Loans/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	4.27	5.91	5.69	4.78
4. Interest Expense/ Average Interest-bearing Liabilities	3.37	5.29	5.30	4.25
5. Net Interest Income/ Average Earning Assets	1.19	1.01	0.69	0.78
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	-0.20	0.98	0.69	0.79
<b>B. Other Operating Profitability Ratios</b>				
1. Non-Interest Income/ Gross Revenues	23.19	28.50	33.57	37.67
2. Non-Interest Expense/ Gross Revenues	31.88	35.23	44.29	39.73
3. Non-Interest Expense/ Average Assets	0.49	0.49	0.45	0.49
4. Pre-impairment Op. Profit/ Average Equity	12.18	12.68	10.54	12.22
5. Pre-impairment Op. Profit/ Average Total Assets	1.04	0.91	0.57	0.74
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	284.40	3.20	n.a.	-1.14
7. Operating Profit/ Average Equity	-22.45	12.27	10.54	12.36
8. Operating Profit/ Average Total Assets	-1.92	0.88	0.57	0.75
9. Taxes/ Pre-tax Profit	28.46	29.75	30.12	30.53
<b>C. Other Profitability Ratios</b>				
1. Net Income/ Average Total Equity	-16.06	8.62	7.84	9.17
2. Net Income/ Average Total Assets	-1.38	0.62	0.42	0.56
3. Fitch Comprehensive Income/ Average Total Equity	-16.06	8.62	7.84	9.17
4. Fitch Comprehensive Income/ Average Total Assets	-1.38	0.62	0.42	0.56
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
<b>D. Capitalization</b>				
1. Fitch Eligible Capital/ Regulatory Weighted Risks	n.a.	n.a.	n.a.	n.a.
2. Tangible Common Equity/ Tangible Assets	8.80	8.35	5.33	5.89
3. Tangible Common Equity/ Total Business Volume	8.30	7.51	4.86	5.45
4. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	21.90	16.30	21.49	24.79
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	8.80	8.35	5.33	5.89
8. Cash Dividends Paid & Declared/ Net Income	n.a.	58.82	91.38	50.00
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	58.82	91.38	50.00
10. Net Income - Cash Dividends/ Total Equity	-15.64	3.11	0.67	4.43
<b>E. Loan Quality</b>				
1. Growth of Total Assets	0.04	-4.02	11.33	13.67
2. Growth of Gross Loans	-4.21	-30.74	36.15	24.13
3. Impaired Loans(NPLs)/ Gross Loans	n.a.	n.a.	1.52	2.23
4. Reserves for Impaired Loans/ Gross loans	5.40	5.26	3.40	4.80
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	n.a.	224.00	214.81
6. Impaired Loans less Reserves for Imp Loans/ Equity	-4.96	-5.32	-4.13	-4.16
7. Loan Impairment Charges/ Average Gross Loans	16.67	0.28	n.a.	-0.09
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	4.44
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
<b>F. Funding</b>				
1. Loans/ Customer Deposits	12.76	18.10	30.43	24.84
2. Interbank Assets/ Interbank Liabilities	101.71	91.47	116.35	138.51

**National Bank of Egypt (UK) Limited**  
**Reference Data**

	30 Jun 2009			30 Jun 2008		30 Jun 2007		30 Jun 2006		
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of	
	USDm	GBPm	Assets	GBPm	Assets	GBPm	Assets	GBPm	Assets	
	Partial	Partial	Partial	Original	Original	Original	Original	Original	Original	
<b>A. Off-Balance Sheet Items</b>										
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Guarantees	7.1	4.3	0.32	29.5	2.18	60.9	4.33	34.9	2.76	
4. Acceptances and documentary credits reported off-balance sheet	5.5	3.3	0.24	3.8	0.28	n.a.	-	n.a.	-	
5. Committed Credit Lines	1.5	0.9	0.07	13.3	0.98	n.a.	-	n.a.	-	
6. Other Contingent Liabilities	119.9	72.4	5.36	103.5	7.66	74.7	5.31	67.5	5.34	
<b>7. Total Business Volume</b>	<b>2,371.4</b>	<b>1,432.0</b>	<b>105.99</b>	<b>1,500.6</b>	<b>111.11</b>	<b>1,542.6</b>	<b>109.64</b>	<b>1,366.2</b>	<b>108.10</b>	
8. Memo: Total Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
<b>B. Average Balance Sheet</b>										
Average Loans	184.8	111.6	8.26	140.8	10.43	139.1	9.89	112.7	8.92	
Average Earning Assets	2,210.9	1,335.1	98.82	1,363.9	100.99	1,357.3	96.47	1,166.1	92.27	
Average Assets	2,236.9	1,350.8	99.98	1,377.0	101.96	1,370.1	97.38	1,182.3	93.55	
Average Managed Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Average Interest-Bearing Liabilities	2,022.5	1,221.3	90.39	1,263.6	93.57	1,281.6	91.09	1,096.5	86.76	
Average Common equity	191.8	115.8	8.57	98.6	7.30	74.0	5.26	72.0	5.70	
Average Equity	191.8	115.8	8.57	98.6	7.30	74.0	5.26	72.0	5.70	
Average Customer Deposits	1,230.2	742.9	54.98	596.6	44.18	508.2	36.12	475.1	37.59	
<b>C. Maturities</b>										
<b>Asset Maturities:</b>										
Loans & Advances < 3 months	12.1	7.3	0.54	7.6	0.56	6.8	0.48	13.6	1.08	
Loans & Advances 3 - 12 Months	24.3	14.7	1.09	7.7	0.57	32.5	2.31	24.4	1.93	
Loans and Advances 1 - 5 Years	144.4	87.2	6.45	98.7	7.31	97.8	6.95	62.3	4.93	
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	6.7	0.48	n.a.	-	
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	445.8	269.2	19.92	310.6	23.00	606.8	43.13	547.7	43.34	
Interbank 3 - 12 Months	54.5	32.9	2.44	128.7	9.53	79.4	5.64	92.3	7.30	
Interbank 1 - 5 Years	137.3	82.9	6.14	104.1	7.71	96.0	6.82	81.1	6.42	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
<b>Liability Maturities:</b>										
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits < 3 Months	1,392.5	840.9	62.24	519.8	38.49	536.0	38.10	481.0	38.06	
Other Deposits 3 - 12 Months	25.0	15.1	1.12	110.0	8.15	4.9	0.35	5.6	0.44	
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	310.7	187.6	13.88	437.4	32.39	467.6	33.23	346.4	27.41	
Interbank 3 - 12 Months	290.0	175.1	12.96	18.2	1.35	12.1	0.86	24.0	1.90	
Interbank 1 - 5 Years	n.a.	n.a.	-	138.5	10.26	192.6	13.69	150.2	11.88	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior debt Maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior debt Maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	37.4	2.66	40.5	3.20	
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
<b>D. Net Income Reconciliation</b>										
1. Net Income	-30.8	-18.6	-1.38	8.5	0.63	5.8	0.41	6.6	0.52	
2. Add: Preferred Stock Dividend	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
<b>4. Published Net Income</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	
<b>E. Equity Reconciliation</b>										
1. Equity	196.9	118.9	8.80	112.7	8.35	75.0	5.33	74.5	5.89	
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
<b>4. Published Equity</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	

Exchange Rate

USD1 = GBP0.60387

USD1 = GBP0.50208

USD1 = GBP0.49878

USD1 = GBP0.54514

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