

National Bank of Egypt (UK) Limited

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	B
Short-Term IDR	B
Support Rating	4

Sovereign Risk

Long-Term Foreign-Currency IDR	AA
Long-Term Local-Currency IDR	AA

Outlooks

Long-Term Foreign-Currency Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Financial Data

National Bank of Egypt (UK) Limited

	30 Jun 17	30 Jun 16
Total assets (USDm)	1,866.6	1,908.3
Total assets (GBPm)	1,438.2	1,414.8
Total equity (GBPm)	149.6	138.1
Operating profit (GBPm)	14.4	5.8
Net income (GBPm)	11.5	4.6
Comprehensive income (GBPm)	11.5	4.6
Operating ROAA (%)	1.0	0.5
Operating ROAE (%)	10.0	4.1
Total capital ratio (%)	21.9	21.9
Tier 1 capital ratio (%)	17.5	19.7
FCC/FCC-adjusted risk-weighted assets	19.0	20.2

Key Rating Drivers

Support Drives IDRs: National Bank of Egypt (UK) Limited's (NBE UK) Issuer Default Ratings (IDRs) are equalised with those of its parent, National Bank of Egypt (NBE, B/Stable/b). This combines a high propensity to provide support with a weak ability to do so.

High Support Propensity: We believe that NBE would have a strong willingness to support NBE UK, if needed. This is based on the reputational damage that a NBE UK default would have on NBE, NBE UK's full ownership by NBE and the common branding between the banks. In addition, synergies and operational integration between the banks are strong.

Weak Support Ability: NBE's ability to provide support to NBE UK is weak, as indicated by its Long-Term IDR of 'B'. This considers strong correlation between NBE risk and Egyptian sovereign risk given NBE's exposure to domestic assets, including a sizeable proportion of Egyptian government debt.

No Viability Rating Assigned: NBE UK's businesses, including trade finance activities with Egyptian counterparties and servicing the UK's Egyptian community, are inherently dependent on NBE's franchise. In addition, most of NBE UK's funding is provided either by NBE or by Egyptian state entities. As a result, we have not assigned a Viability Rating to NBE UK.

Challenging Operating Environment: At end-June 2017 (FYE17), 36% of NBE UK's total assets related to Egyptian country risk. Egyptian trade finance activities have reduced from FY15 mainly due to the impact of lower oil prices and high competition. The outlook for Egypt remains challenging.

Improving Profitability: Operating income increased by 250% in FY17 due to significant increases in Egyptian interest rates, generating better yields on the bank's Egyptian bonds, loans and interbank placements. These constituted 33% of total assets at FYE17.

Stabilised Capital Ratios: NBE UK's capital ratios have stabilised after an acute decline in FY16, when risk-weighted assets had been inflated by the rise of the US dollar against the the British pound and by some higher risk weightings on some Egyptian exposures. They are adequate for NBE UK's risk profile.

Funding Concentration: NBE UK is predominantly wholesale funded and its funding base is concentrated. This has been continually demonstrated with substantial inflows and outflows of deposits shaping the funding profile. Liquidity risk is mitigated by NBE UK's longstanding relationship with its main depositors and a large portfolio of high-quality liquid assets.

Rating Sensitivities

Rating Action on NBE: NBE UK's ratings are primarily sensitive to any change to NBE's ratings, which are in turn sensitive to a change in Egypt's sovereign rating. NBE UK's ratings are also sensitive to our assessment of its role as a core subsidiary of NBE.

Related Research

- [Egypt \(August 2017\)](#)
- [National Bank of Egypt \(November 2017\)](#)

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Support

Support from National Bank of Egypt Drives Ratings

NBE UK was established in 1992 and is a wholly owned subsidiary of NBE, the largest state-owned bank in Egypt. It accounted for about 4.8% of NBE’s total assets at FYE17, up from 3.2% at FYE16 due to the 50% depreciation of the Egyptian pound relative to the British pound over the period. Incorporated in the UK, it is regulated by the Financial Conduct Authority and Prudential Regulation Authority, and is subject to all applicable UK banking regulation.

NBE UK’s ratings are based on our assessment of institutional support available from its parent, NBE, and consider NBE’s ability and willingness to support its UK subsidiary. NBE’s willingness to support is strong, in our view, but its ability to do so is constrained by its own financial strength (and indirectly by Egypt’s, NBE’s sole owner). As a result, we believe that, although it is possible that NBE (most probably in coordination with the Egyptian government) would support NBE UK, the probability of support is only limited.

Fitch believes that a default of NBE UK would constitute significant reputational risk for NBE and would damage its franchise in both the UK and Egypt due to NBE UK’s funding profile, which relies heavily on deposits from Egyptian government entities. In addition, NBE UK’s ownership, its common branding with NBE as well as its synergies and integration with NBE (in terms of management and risk governance) make it likely that NBE would be willing to support NBE UK in case of need, in our view. NBE has previously injected capital into NBE UK (ex: 2009). During FY17, NBE UK drew down on a further USD15 million of Tier 2 unsecured debt available from its parent. That was in addition to the USD30 million that was drawn down in 2010.

In our view, the above considerations mitigate other factors that could indicate lower propensity for NBE to support NBE UK. These include its operations in a market (the UK) that we consider strategic but non-core for NBE and NBE UK’s record of relatively volatile performance.

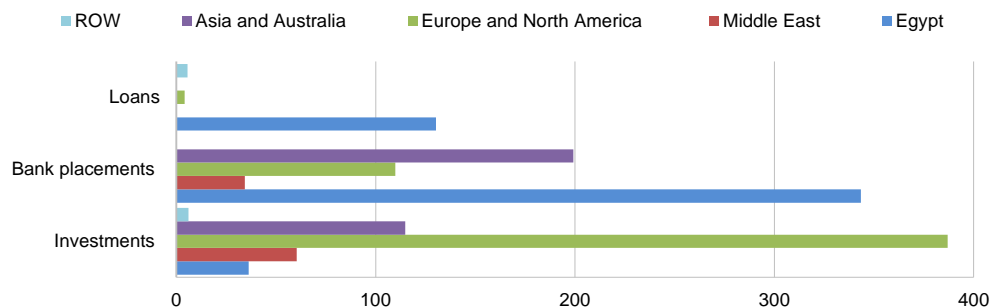
Operating Environment

UK Domiciled but Exposed to Egypt

NBE UK is domiciled in the UK, but most of its business flows (notably in trade finance) and its credit exposure (particularly bank and lending exposure) relate to Egypt. As a result, NBE UK is primarily sensitive to changes in Egypt’s operating environment. Exposure to the UK and other developed countries is limited to large bank and bond exposures.

Earning Assets By Region

FYE17



Source: NBE UK, Fitch. Europe and North America Includes the Supranationals

Egypt’s fiscal deficit continues to be persistently large, with 2017 being the sixth consecutive year of double-digit deficits (11.4% of GDP in 2017). General government debt/GDP is likely to have peaked in FY17, at about 100%, pushed higher by the combined effect of large additions to external debt and a sharply weaker local currency. Fitch expects the budget deficit to narrow

Related Criteria

[Global Banks Rating Criteria \(November 2016\)](#)

to about 9% in FY18 and 8% in FY19. This would help bring government debt/GDP down to 87% in FY19. Reducing debt/GDP to significantly lower levels will require a multi-year effort.

Fiscal and monetary reforms continue to present some risk of social backlash, given the impact on the inflation rate (close to 30% in 2017). The government is bolstering social safety nets (such as the expansion of cash transfer schemes) for poorer sections of society to prevent any opposition momentum ahead of presidential elections in 1H18.

The challenging operating environment in Egypt, combined with the lower need for oil-related letters of credit on the back of subsidies from Gulf Cooperation Council countries continue to result in lower trade finance activity (both in terms of volumes and prices) with the country.

Company Profile

Wholesale Business Model

Most of NBE UK’s business relates to wholesale banking, with its marginal retail activities largely focusing on the Egyptian community in the UK. The bank’s three main business lines, “Lending” (largely syndicated loans), “Treasury” (largely investments of Egyptian deposits and foreign-currency operations) and “Documentary Credit” (trade finance), focus on wholesale clients in Egypt and the Middle East.

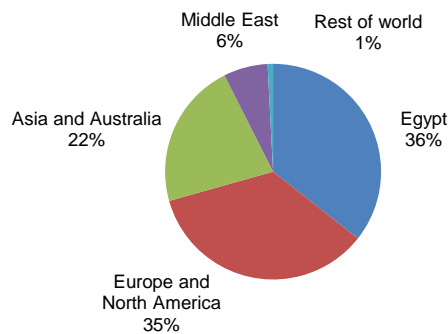
During the period of turmoil in Egypt, NBE UK has markedly strengthened the quality and liquidity of its balance sheet, which has dampened profitability. The bank’s strategy mainly consists in restoring the bank’s net interest income by re-allocating funds from money-market placements and low-yielding bonds into higher-yielding bank bonds, direct lending in trade finance and loans to financial institutions. NBE UK also aims to diversify and lengthen the maturity profile of the bank’s funding profile.

Risk Appetite

Adequate Risk Appetite

Geographical Exposure by Assets

FYE17



Source: NBE UK, Fitch

NBE UK’s risk management is adequate for its level of risk. The bank applies the standardised approach to calculate capital requirements for credit risk under Basel II, and the basic indicator approach for operational risk. At FYE17, about 95% of its Pillar 1 capital requirement related to credit risk, with the rest largely relating to operational risk.

NBE UK does not maintain a trading book and market risk, which is moderate, largely relates to net open currency positions. The bank has increased its use of derivative products with the sole purpose of hedging currency exchange and interest-rate risk. Both foreign-exchange positions and interest-rate risk are monitored daily.

Following a period of de-risking its balance sheet (by increasing its largely investment-grade bond portfolio at the expense of its commercial credit exposure), NBE UK’s strategy to

increase its loan book indicates a moderately higher risk appetite. However, we expect any credit expansion to be prudently managed, in line with acceptable underwriting standards. Operational risk is mitigated by NBE UK typically transacting with a small number of long-standing counterparties and the maintenance of adequate documentation.

Financial Profile

Asset Quality

Sound Asset Quality but Large Concentration Risk

Asset-Quality Ratios (%)

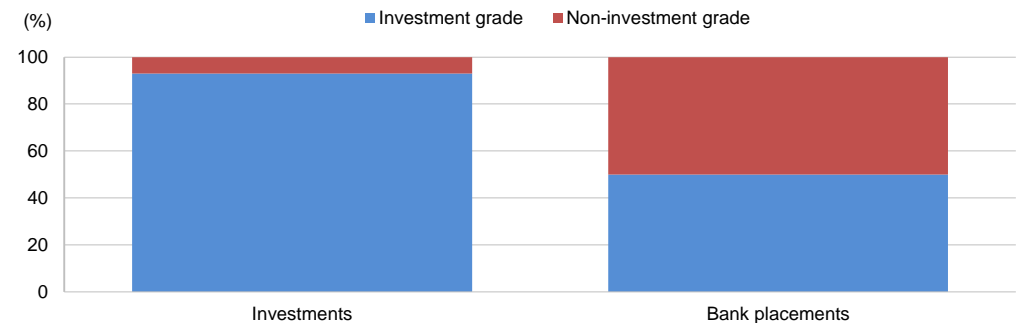
	2017	2016	2015	2014
Growth of gross loans	12.3	10.7	30.3	-24.7
Impaired loans/gross loans	1.2	1.2	7.7	11.1
Reserves for impaired loans/impaired loans	92.3	58.3	8.7	7.9
Reserves for impaired loans/gross loans	1.1	0.7	0.7	0.9
Loan impairment charges/average gross loans	0.4	-0.3	0.0	0.5
Pre-impairment operating profit/average gross loans	14.1	5.8	12.6	7.5

Source: NBE UK/Fitch

NBE UK’s balance sheet is of good quality, with large amounts of high-quality bond investments and interbank placements (from its treasury businesses) mitigating higher credit risk in its small loan book. At FYE17, 63% of the balance sheet consisted of highly rated bonds or placements with European or other well-rated banks. The loan book (largely Egyptian country risk) and other Egyptian risks (bonds and bank placements) made up a third of total assets.

Credit Quality of NBE UK's Investments and Placements

FYE17



Source: NBE UK, Fitch

NBE UK’s loan book increased by 12% in FYE17 but still only constitutes 8% of total assets. Loans are almost exclusively to Egyptian counterparties (93% of the loan book at FYE17). Concentration risk is high due to NBE UK’s Egypt-related trade finance activities although it has reduced due to the impact of lower oil prices. At FYE17, the bank’s largest credit exposure to a single group (an Egyptian state energy company) represented 95% of total loans but due to the application of available credit risk mitigations, this exposure accounted for less than 25% of regulatory capital on a net basis.

Impaired loans remain contained (about 1.2% of loans at FYE17) with loan-loss coverage increasing to a more acceptable 92.3% at FYE17.

NBE UK’s interbank placements (GBP717 million, or 50% of assets, at FYE17) continue to be evenly split between investment- and non-investment-grade counterparties. The investment-grade counterparties are located in Europe and Asia, while the non-investment-grade counterparties are solely in Egypt.

NBE UK's bond portfolio is of good quality, with the GBP34.6 million Egyptian sovereign bond exposure the only sub-investment-grade exposure at FYE17. NBE UK's remaining bond exposure (93%) is rated investment grade and largely relates to bank, government and supranational debt.

Related-party exposures (entirely with NBE) are high, reflecting the bank's role as a foreign subsidiary, with related-party loans outstanding of GBP134 million at FYE17, equivalent to almost 90% of the bank's FCC.

Earnings and Profitability *Volatile Profitability*

Earnings and Profitability Ratios (%)

	2017	2016	2015	2014
Net interest income/average earning assets	1.2	0.8	0.6	0.4
Non-interest expenses/gross revenues	40.6	61.8	46.8	56.8
Loans and securities impairment charges/ pre-impairment operating profit	2.7	-5.5	0.0	6.7
Operating profit/average total assets	1.0	0.5	0.9	0.5
Operating profit/risk-weighted assets	1.8	0.9	2.1	1.2
Net income/average equity	8.0	3.3	5.7	3.2

Source: NBE UK/Fitch

NBE UK's earnings remain volatile, as demonstrated by the bank's core earnings metrics over the past four years. Net interest margin was 1.2% in FY17, up 50% from FY16, reflecting the changing interest-rate environment in Egypt. Since the Egyptian pound was floated in November 2016, the Central Bank of Egypt has increased interest rates by 700bp, which has translated into much better yields on Egyptian bank placements. Going forward we would expect the bank's earning metrics to remain sensitive to the evolving interest rate environment in Egypt, as costs are well controlled.

Capitalisation and Leverage *Adequately Capitalised*

Capitalisation and Leverage Ratios (%)

	2017	2016	2015	2014
FCC/FCC adjusted risk weighted assets	19.0	20.2	30.3	27.5
Tangible common equity/tangible assets	10.4	9.8	14.2	11.3
Tier 1 regulatory capital ratio	17.5	19.7	28.6	n.a.
Total regulatory capital ratio	21.9	21.9	32.6	31.1
Internal capital generation	3.8	3.3	-0.6	3.2
Impaired loans less reserves for impaired loans/ Fitch Core Capital	0.1	0.4	4.4	5.2

Source: NBE UK/Fitch

NBE UK's capital and leverage ratios are adequate but have to be viewed in light of the bank's single-name and geographical concentrations. At FYE17, NBE UK's capital adequacy ratio (CAR) was 21.9%, providing the bank with a modest buffer over regulatory requirements. The bank aims to maintain its CAR at a minimum of 20%.

Capital ratios have declined over the past four years due to the appreciation of a predominantly US dollar balance sheet relative to the sterling capital (presentational currency). Internal capital generation has continued to lag behind balance-sheet growth, with dividends being repatriated to the parent in the periods of high profitability.

Funding and Liquidity

Funding and Liquidity Ratios (%)

	2017	2016	2015	2014
Loans/customer deposits	13.1	30.9	13.2	8.5
Interbank assets/interbank liabilities	180.7	71.0	281.5	238.7
Customer deposits/total funding (excluding derivatives)	66.3	25.5	80.9	77.0
Liquidity coverage ratio	201.0	n.a.	n.a.	n.a.
Net stable funding ratio	75.0	n.a.	n.a.	n.a.

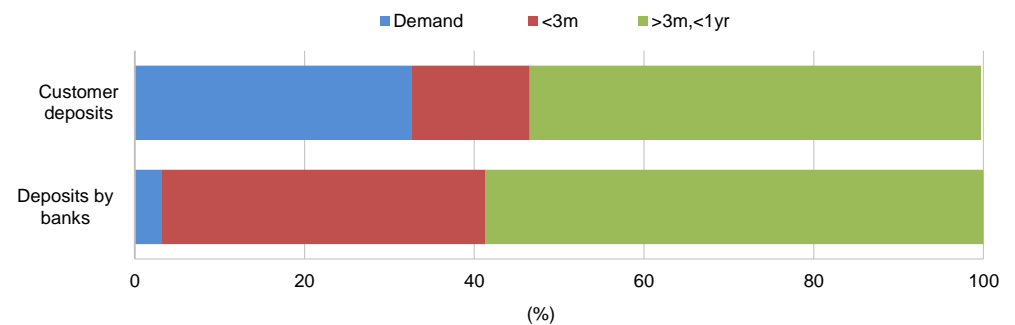
Source: NBE UK/Fitch

NBE UK's balance sheet is almost entirely funded by fairly short-term governmental agency and bank deposits, which can be volatile. Management is aware of the inherent volatility of the bank's funding profile and Fitch believes it maintains a prudent liquidity policy to mitigate the impact of sudden deposit outflows. In addition, most depositors are long-standing NBE UK counterparties.

At FYE17, customer deposits accounted for about 66% of non-equity funding, with bank deposits (31%) accounting for most of the rest. NBE UK's deposit base is extremely concentrated, with 89% of deposits (both customer and bank) either relating to the Egyptian governmental agencies (69%) or Egyptian banks (8%) at FYE17. NBE tends to contribute an average of 9% of NBE UK's deposit funding. Both customer and bank deposits are predominately short-term, with all deposits maturing within one year.

NBE UK Funding Maturity Profile

FYE17



Source: NBE UK, Fitch

To lengthen the bank's funding profile (in anticipation of the net stable funding ratio (NSFR) to be implemented by 2018), diversify funding sources and improve contingent liquidity, NBE UK established a USD200 million repo facility with a leading UK bank in 2016. Additionally, in July 2017 NBE UK converted a USD150 million two-year repo facility to a USD250 million five year secured loan with a highly rated German bank. The extension of the bank's liability maturity profile has improved its NSFR to sit comfortably above the regulatory requirement of 100%, from 75% at FYE17.

NBE UK maintains an adequate liquid asset buffer, which accounts for at least 20% of the balance sheet and is frequently recalibrated in line with internal stress testing and Prudential Regulatory Authority individual liquidity guidance requirements. In its internal stress test, the bank assumes an immediate outflow of the vast majority of Egyptian governmental agency deposits, which we believe represents a credible stress. With a liquidity coverage ratio of 201% at FYE17, NBE UK comfortably met the Basel requirement.

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

		30 Jun 2017	30 Jun 2016	30 Jun 2015	30 Jun 2014
	Year End USDm Audited - Unqualified	Year End GBPm Audited - Unqualified	Year End GBPm Audited - Unqualified	Year End GBPm Audited - Unqualified	Year End GBPm Audited - Unqualified
1. Interest Income on Loans	n.a.	n.a.	n.a.	n.a.	n.a.
2. Other Interest Income	53.3	41.1	31.4	19.2	9.3
3. Dividend Income	n.a.	n.a.	n.a.	n.a.	n.a.
4. Gross Interest and Dividend Income	53.3	41.1	31.4	19.2	9.3
5. Interest Expense on Customer Deposits	n.a.	n.a.	n.a.	n.a.	n.a.
6. Other Interest Expense	32.2	24.8	22.1	12.6	4.9
7. Total Interest Expense	32.2	24.8	22.1	12.6	4.9
8. Net Interest Income	21.2	16.3	9.3	6.6	4.4
9. Net Gains (Losses) on Trading and Derivatives	1.6	1.2	(0.9)	(0.2)	0.1
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	n.a.	n.a.	n.a.
11. Net Gains (Losses) on Assets at FV through Income Statement	0.0	0.0	0.7	(0.6)	n.a.
12. Net Insurance Income	n.a.	n.a.	n.a.	n.a.	n.a.
13. Net Fees and Commissions	9.6	7.4	5.3	13.0	9.4
14. Other Operating Income	n.a.	n.a.	n.a.	n.a.	n.a.
15. Total Non-Interest Operating Income	11.2	8.6	5.1	12.2	9.5
16. Personnel Expenses	7.8	6.0	5.4	5.7	5.0
17. Other Operating Expenses	5.3	4.1	3.5	3.1	2.9
18. Total Non-Interest Expenses	13.1	10.1	8.9	8.8	7.9
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	n.a.	n.a.	n.a.
20. Pre-Impairment Operating Profit	19.2	14.8	5.5	10.0	6.0
21. Loan Impairment Charge	0.5	0.4	(0.3)	0.0	0.4
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	n.a.	n.a.	n.a.
23. Operating Profit	18.7	14.4	5.8	10.0	5.6
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.	n.a.
25. Non-recurring Income	n.a.	n.a.	n.a.	n.a.	n.a.
26. Non-recurring Expense	n.a.	n.a.	n.a.	n.a.	n.a.
27. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.	n.a.
28. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.	n.a.
29. Pre-tax Profit	18.7	14.4	5.8	10.0	5.6
30. Tax expense	3.8	2.9	1.2	2.1	1.3
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	n.a.	n.a.	n.a.
32. Net Income	14.9	11.5	4.6	7.9	4.3
33. Change in Value of AFS Investments	n.a.	n.a.	n.a.	n.a.	n.a.
34. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.	n.a.
35. Currency Translation Differences	n.a.	n.a.	n.a.	n.a.	n.a.
36. Remaining OCI Gains/(losses)	0.0	0.0	n.a.	n.a.	n.a.
37. Fitch Comprehensive Income	14.9	11.5	4.6	7.9	4.3
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	n.a.	n.a.	n.a.
39. Memo: Net Income after Allocation to Non-controlling Interests	14.9	11.5	4.6	7.9	4.3
40. Memo: Common Dividends Relating to the Period	7.5	5.8	n.a.	8.7	n.a.
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	n.a.	n.a.	n.a.

Exchange rate

USD1 = GBP0.7705 USD1 = GBP0.7414 USD1 = GBP0.6362 USD1 = GBP0.587

National Bank of Egypt (UK) Limited
Balance Sheet

	30 Jun 2017			30 Jun 2016			30 Jun 2015			30 Jun 2014		
	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	Year End GBPm	As % of Assets	
Assets												
A. Loans												
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other Mortgage Loans	n.a.	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.	-	n.a.	-	
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Other Loans	144.5	111.3	7.74	99.1	7.00	89.5	8.97	68.7	5.77			
6. Less: Reserves for Impaired Loans	1.6	1.2	0.08	0.7	0.05	0.6	0.06	0.6	0.05			
7. Net Loans	142.9	110.1	7.66	98.4	6.96	88.9	8.91	68.1	5.72			
8. Gross Loans	144.5	111.3	7.74	99.1	7.00	89.5	8.97	68.7	5.77			
9. Memo: Impaired Loans included above	1.7	1.3	0.09	1.2	0.08	6.9	0.69	7.6	0.64			
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
B. Other Earning Assets												
1. Loans and Advances to Banks	930.4	716.9	49.85	648.2	45.82	396.6	39.73	536.0	45.00			
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Trading Securities and at FV through Income	0.0	0.0	0.00	13.5	0.95	12.1	1.21	n.a.	-			
4. Derivatives	1.9	1.5	0.10	0.5	0.04	0.2	0.02	0.1	0.01			
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Held to Maturity Securities	784.7	604.6	42.04	649.0	45.87	495.0	49.58	583.5	48.99			
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
9. Total Securities	786.6	606.1	42.14	663.0	46.86	507.3	50.82	583.6	49.00			
10. Memo: Government Securities included Above	127.8	98.5	6.85	131.9	9.32	100.9	10.11	52.3	4.39			
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
15. Total Earning Assets	1,860.0	1,433.1	99.65	1,409.6	99.63	992.8	99.45	1,187.7	99.72			
C. Non-Earning Assets												
1. Cash and Due From Banks	0.4	0.3	0.02	0.2	0.01	0.2	0.02	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	0.1	0.1	0.01	0.2	0.01	0.3	0.03	0.4	0.03			
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	6.1	4.7	0.33	4.8	0.34	5.0	0.50	2.7	0.23			
11. Total Assets	1,866.6	1,438.2	100.00	1,414.8	100.00	998.3	100.00	1,191.0	100.00			
Liabilities and Equity												
D. Interest-Bearing Liabilities												
1. Customer Deposits - Current	359.8	277.2	19.27	223.2	15.78	158.2	15.85	51.9	4.36			
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Customer Deposits - Term	742.1	571.8	39.76	97.7	6.91	519.3	52.02	758.8	63.71			
4. Total Customer Deposits	1,101.9	849.0	59.03	320.9	22.68	677.5	67.87	810.7	68.07			
5. Deposits from Banks	514.9	396.7	27.58	913.5	64.57	140.9	14.11	224.6	18.86			
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
7. Commercial Paper and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
8. Total Money Market and Short-term Funding	1,616.7	1,245.7	86.62	1,234.4	87.25	818.4	81.98	1,035.3	86.93			
9. Senior Unsecured Debt (original maturity > 1 year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
10. Subordinated Borrowing	44.9	34.6	2.41	22.3	1.58	19.1	1.91	17.5	1.47			
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Total LT Funding (original maturity > 1 year)	44.9	34.6	2.41	22.3	1.58	19.1	1.91	17.5	1.47			
14. Derivatives	3.6	2.8	0.19	16.8	1.19	15.4	1.54	0.7	0.06			
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
16. Total Funding	1,665.3	1,283.1	89.22	1,273.5	90.01	852.9	85.44	1,053.5	88.46			
E. Non-Interest Bearing Liabilities												
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	1.7	1.3	0.09	0.5	0.04	0.5	0.05	0.5	0.04			
5. Deferred Tax Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
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	5.5	4.2	0.29	2.7	0.19	2.7	0.27	2.7	0.23			
10. Total Liabilities	1,672.4	1,288.6	89.60	1,276.7	90.24	856.1	85.76	1,056.7	88.72			
F. Hybrid Capital												
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.	-			
G. Equity												
1. Common Equity	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28			
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.	-			
6. Total Equity	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28			
7. Total Liabilities and Equity	1,866.6	1,438.2	100.00	1,414.8	100.00	998.3	100.00	1,191.0	100.00			
8. Memo: Fitch Core Capital	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28			

Exchange rate

USD1 = GBP0.7705

USD1 = GBP0.7414

USD1 = GBP0.6362

USD1 = GBP0.587

National Bank of Egypt (UK) Limited

Summary Analytics

	30 Jun 2017	30 Jun 2016	30 Jun 2015	30 Jun 2014
	Year End	Year End	Year End	Year End
A. Interest Ratios				
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	2.89	2.61	1.76	0.86
4. Interest Expense/ Average Interest-bearing Liabilities	1.94	2.08	1.32	0.52
5. Net Interest Income/ Average Earning Assets	1.15	0.77	0.61	0.41
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.12	0.80	0.61	0.37
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.15	0.77	0.61	0.41
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	34.54	35.42	64.89	68.35
2. Non-Interest Expense/ Gross Revenues	40.56	61.81	46.81	56.83
3. Non-Interest Expense/ Average Assets	0.71	0.74	0.80	0.73
4. Pre-impairment Op. Profit/ Average Equity	10.28	3.92	7.23	4.42
5. Pre-impairment Op. Profit/ Average Total Assets	1.04	0.46	0.91	0.55
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	2.70	(5.45)	0.00	6.67
7. Operating Profit/ Average Equity	10.01	4.14	7.23	4.13
8. Operating Profit/ Average Total Assets	1.01	0.48	0.91	0.52
9. Operating Profit / Risk Weighted Assets	1.83	0.85	2.13	1.15
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	7.99	3.28	5.71	3.17
2. Net Income/ Average Total Assets	0.81	0.38	0.72	0.40
3. Fitch Comprehensive Income/ Average Total Equity	7.99	3.28	5.71	3.17
4. Fitch Comprehensive Income/ Average Total Assets	0.81	0.38	0.72	0.40
5. Taxes/ Pre-tax Profit	20.14	20.69	21.00	23.21
6. Net Income/ Risk Weighted Assets	1.46	0.67	1.68	0.88
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	18.97	20.23	30.28	27.54
2. Tangible Common Equity/ Tangible Assets	10.40	9.76	14.24	11.28
3. Tier 1 Regulatory Capital Ratio	17.51	19.67	28.59	n.a.
4. Total Regulatory Capital Ratio	21.90	21.89	32.63	31.13
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Equity/ Total Assets	10.40	9.76	14.24	11.28
7. Cash Dividends Paid & Declared/ Net Income	50.43	n.a.	110.13	n.a.
8. Internal Capital Generation	3.81	3.33	(0.56)	3.20
E. Loan Quality				
1. Growth of Total Assets	1.65	41.72	(16.18)	22.09
2. Growth of Gross Loans	12.31	10.73	30.28	(24.67)
3. Impaired Loans/ Gross Loans	1.17	1.21	7.71	11.06
4. Reserves for Impaired Loans/ Gross Loans	1.08	0.71	0.67	0.87
5. Reserves for Impaired Loans/ Impaired Loans	92.31	58.33	8.70	7.89
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	0.07	0.36	4.43	5.21
7. Impaired Loans less Reserves for Impaired Loans/ Equity	0.07	0.36	4.43	5.21
8. Loan Impairment Charges/ Average Gross Loans	0.38	(0.32)	0.00	0.50
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.17	1.21	7.71	11.06
F. Funding and Liquidity				
1. Loans/ Customer Deposits	13.11	30.88	13.21	8.47
2. Interbank Assets/ Interbank Liabilities	180.72	70.96	281.48	238.65
3. Customer Deposits/ Total Funding (excluding derivatives)	66.31	25.54	80.90	77.00
4. Liquidity Coverage Ratio	201.00	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	75.00	n.a.	n.a.	n.a.

National Bank of Egypt (UK) Limited
Reference Data

	30 Jun 2017			30 Jun 2016			30 Jun 2015			30 Jun 2014	
	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	Year End GBPm	As % of Assets
A. Off-Balance Sheet Items											
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	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.	-	n.a.	-
3. Guarantees	2.1	1.6	0.11	2.0	0.14	2.0	0.20	2.3	0.19	2.3	0.19
4. Acceptances and documentary credits reported off-balance sheet	65.2	50.2	3.49	75.7	5.35	50.9	5.10	222.3	18.66	222.3	18.66
5. Committed Credit Lines	0.0	0.0	0.00	0.0	0.00	0.7	0.07	0.0	0.00	0.0	0.00
7. Other Off-Balance Sheet items	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet											
Average Loans	136.5	105.2	7.31	94.3	6.67	79.1	7.92	80.0	6.72	80.0	6.72
Average Earning Assets	1,844.8	1,421.4	98.83	1,201.2	84.90	1,090.3	109.22	1,080.4	90.71	1,080.4	90.71
Average Assets	1,851.4	1,426.5	99.19	1,206.6	85.28	1,094.7	109.66	1,083.3	90.96	1,083.3	90.96
Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	1,659.1	1,278.3	88.88	1,063.2	75.15	953.2	95.48	945.0	79.35	945.0	79.35
Average Common equity	186.8	143.9	10.01	140.2	9.91	138.3	13.85	135.7	11.39	135.7	11.39
Average Equity	186.8	143.9	10.01	140.2	9.91	138.3	13.85	135.7	11.39	135.7	11.39
Average Customer Deposits	759.2	585.0	40.68	499.2	35.28	744.1	74.54	734.1	61.64	734.1	61.64
C. Maturities											
Asset Maturities:											
Loans & Advances < 3 months	136.4	105.1	7.31	93.5	6.61	84.2	8.43	68.5	5.75	68.5	5.75
Loans & Advances 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.1	0.01	0.1	0.01
Loans and Advances 1 - 5 Years	6.5	5.0	0.35	5.6	0.40	5.3	0.53	0.1	0.01	0.1	0.01
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	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.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	869.7	670.1	46.59	603.1	42.63	369.7	37.03	396.1	33.26	396.1	33.26
Loans & Advances to Banks 3 - 12 Months	60.7	46.8	3.25	0.4	0.03	11.8	1.18	139.9	11.75	139.9	11.75
Loans & Advances to Banks 1 - 5 Years	0.0	0.0	0.00	44.7	3.16	15.1	1.51	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:											
Retail Deposits < 3 months	n.a.	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.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	512.9	395.2	27.48	301.3	21.30	374.6	37.52	705.7	59.25	705.7	59.25
Other Deposits 3 - 12 Months	586.1	451.6	31.40	19.0	1.34	302.9	30.34	105.0	8.82	105.0	8.82
Other Deposits 1 - 5 Years	2.9	2.2	0.15	0.6	0.04	0.0	0.00	0.1	0.01	0.1	0.01
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	212.7	163.9	11.40	391.2	27.65	75.2	7.53	156.0	13.10	156.0	13.10
Deposits from Banks 3 - 12 Months	302.1	232.8	16.19	410.5	29.01	65.7	6.58	68.6	5.76	68.6	5.76
Deposits from Banks 1 - 5 Years	0.0	0.0	0.00	111.8	7.90	0.0	0.00	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	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.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1 - 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	44.9	34.6	2.41	22.3	1.58	19.1	1.91	17.5	1.47	17.5	1.47
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets											
1. Risk Weighted Assets	1,023.4	788.5	54.83	682.5	48.24	469.6	47.04	487.7	40.95	487.7	40.95
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	1,023.4	788.5	54.83	682.5	48.24	469.6	47.04	487.7	40.95	487.7	40.95
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	1,023.4	788.5	54.83	682.5	48.24	469.6	47.04	487.7	40.95	487.7	40.95
E. Equity Reconciliation											
1. Equity	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28	134.3	11.28
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28	134.3	11.28
F. Fitch Core Capital Reconciliation											
1. Total Equity as reported (including non-controlling interests)	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28	134.3	11.28
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	194.2	149.6	10.40	138.1	9.76	142.2	14.24	134.3	11.28	134.3	11.28

Exchange Rate

USD1 = GBP0.7705

USD1 = GBP0.7414

USD1 = GBP0.6362

USD1 = GBP0.587

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