

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

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

Outlooks

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

Financial Data

National Bank of Egypt (UK) Limited

	30 June 16	30 June 15
Total assets (USDm)	1,908.3	1,550.5
Total assets (GBPm)	1,414.8	998.3
Total equity (GBPm)	138.1	142.2
Operating profit (GBPm)	5.8	10.0
Net income (GBPm)	4.6	7.9
Comprehensive income (GBPm)	4.6	7.9
Operating ROAA (%)	0.5	0.9
Operating ROAE (%)	4.1	7.2
Total capital ratio (%)	21.9	32.6
Tier 1 capital ratio (%)	19.7	28.6
FCC/FCC-adjusted risk-weighted assets	20.2	30.3

Key Rating Drivers

Support-Driven 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: Fitch Ratings considers NBE would have a strong willingness to support NBE UK if needed. This considers 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, there are strong synergies and operational integration between the two banks.

Weak Support Ability: NBE's ability to provide support to NBE UK is weak, as indicated by its rating of 'B'. This considers strong correlation between NBE 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. Most of NBE UK's funding is provided by NBE or by Egyptian state entities. As a result, we have not assigned a Viability Rating to NBE UK.

Sterling Depreciation Inflates Value of Assets: NBE UK's balance-sheet exposures are mainly in US dollars (84% at end-June 2016, FYE16) so the deterioration of sterling against the US dollar after the Brexit vote on 23 June 2016 has inflated the reported value of the bank's total assets, which is denominated in pounds.

Challenging Operating Environment: At FYE16, 37% 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 low oil prices and high competition. The outlook for Egypt remains challenging for 2017.

Weakened Profitability: Operating income fell by 23% in FY16 due to a significant reduction in fees and commission from the trade finance business caused by low oil prices.

Adequate, but Declining Capital Ratios: NBE UK's capital ratios have declined as risk-weighted assets have become inflated by the weakening of the British pound and by some higher risk weightings on some Egyptian exposures. Nevertheless, they remain adequate for NBE UK's risk profile and comfortably above UK regulatory requirements (14.6% total CAR).

Funding Concentration: NBE UK is predominantly wholesale funded and its funding base remains concentrated. This was illustrated in FY16 by a USD690m single customer deposit outflow and in July 2016 by a USD200m interbank deposit outflow. Liquidity risk is mitigated by a long-standing relationship with the main depositors and a large portfolio of liquid assets.

Rating Sensitivities

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

Related Research

- [Egypt \(June 2016\)](#)
- [National Bank of Egypt \(February 2015\)](#)
- [National Bank of Egypt – Ratings Navigator \(November 2016\)](#)

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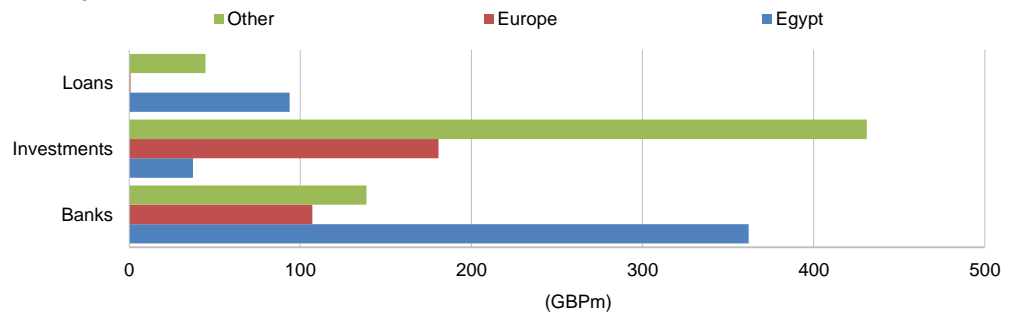
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Based in the UK but Exposed to Egypt

NBE UK is a UK-domiciled bank, but most of its business flows (notably in trade finance) and its credit exposure (particularly bank and lending exposure) relate to Egypt (37% of total exposure). Therefore, 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.

Main Assets by Region

FYE16



Source: NBE UK, Fitch. Europe includes supranationals

Egypt’s fiscal deficit is among the largest for Fitch-rated sovereigns, with 2015 being the fourth consecutive year of double-digit deficits (12% of GDP in 2015). Fitch estimates 2016’s fiscal deficit will be 11.6% of GDP.

Government debt/GDP is expected to remain very high at about 90% in 2016, compared with a peer median of 55%. A gradual reduction in the budget deficit and inflated nominal GDP growth will allow debt/GDP to fall thereafter, but only modestly without a return to faster real GDP growth rates and bolder fiscal consolidation. Domestic banks, including the central bank, account for most deficit financing.

The challenging operating environment in Egypt, combined with foreign-currency shortages and the lower need for oil-related letters of credit on the back of subsidies from Gulf Cooperation Council countries, result in lower trade finance activity (in terms of volume and price) with the country. The result of the Brexit vote adds uncertainty on the depth and length of this slowdown.

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 accounts for about 2.3% of NBE’s total assets. 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 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.

We believe that a default of NBE UK would constitute significant reputational risk and would damage NBE’s 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. NBE has previously injected capital into NBE UK (for example, in 2009).

Related Criteria

Global Bank Rating Criteria (July 2016)

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

Wholesale Business Model

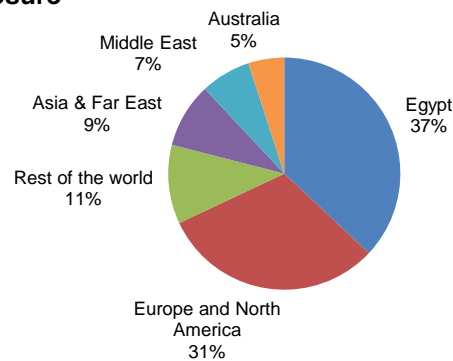
Most of NBE UK’s business relates to wholesale banking, with its limited retail activities largely focusing on the Egyptian community in the UK. The bank’s three main business lines, “Lending” (largely syndicated loans), “Treasury” (largely investments of Egyptian deposits and foreign-currency operations) 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 2015-2017 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 its funding base. Two repo transactions with two highly rated banks have been arranged.

Financial Profile

Adequate Risk Appetite

Geographical Exposure
FYE16



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 FYE16, 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 and interest-rate risk on fixed-rate bonds. Both foreign-exchange positions and interest-rate risk are monitored daily. The bank has increased its use of derivative products with the sole purpose of hedging currency exchange risk.

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.

Sound Asset Quality but Large Concentration Risk

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 FYE16, 43% of the balance sheet consisted of highly rated bonds

or placements with European or other well-rated banks. At the same time, the loan book (largely Egyptian country risk) and other Egyptian risks (bonds and bank placements) made up just under a third of total assets.

NBE UK's loan book increased by 10% in FY16 but remains small (only 7% of assets). Loans are almost exclusively to Egyptian counterparties (67% of the loan book at FYE16). Concentration risk is high due to NBE UK's Egypt-related trade finance activities although it has reduced due to the impact of oil prices. At FYE16, the bank's largest credit exposure to a single group (an Egyptian energy company) represented 93% of total loans (67% of Fitch Core Capital – FCC).

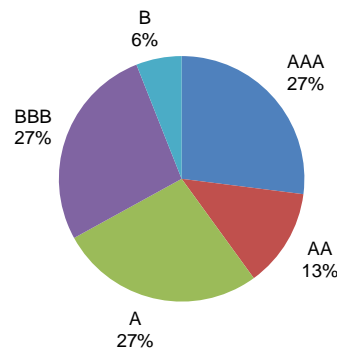
Impaired loans remain contained (about 1.2% of loans at FYE16) and loan-loss coverage (about 60%) is acceptable.

NBE UK's interbank placements (GBP648m or 46% of assets at FYE16) remain on balance relatively low risk. Bank placements with developed-market and other highly rated banks (the UAE) accounted for about 21% of placements at FYE16. The rest were split between banks in Egypt (60%), India (10%), Malaysia (4%) and Taiwan (5%). Most placements are short term.

NBE UK's bond portfolio is of good quality, with the USD45m Egyptian sovereign bond exposure the only sub-investment-grade exposure at FYE16. NBE UK's remaining bond exposure (89%) was rated investment grade and largely related to bank, government and supranational debt.

Investments by Rating

FYE16



Source: Fitch, NBE UK

Related-party exposures (entirely with NBE) are high, reflecting the bank's role as a foreign subsidiary, with related-party funding (GBP96m) accounting for about 8% of non-equity funding and related-party lending (GBP130m) for about 9% of assets (94% of FCC) at FYE16.

Weakened Profitability

Key Earnings & Profitability Ratios

(%)	FY16	FY15	FY14	FY13
Net interest income/average earning assets	0.8	0.6	0.4	0.5
Non-interest expense/gross revenues	61.8	46.8	56.8	47.6
Loans and securities impairment charges/ pre-impairment operating profit	-5.4	0.0	6.7	-19.5
Operating profit/average total assets	0.5	0.9	0.5	0.9
Operating profit/risk-weighted assets	0.9	2.1	1.2	2.8
Net income/average equity	3.3	5.7	3.2	5.0

Source: Fitch, NBE UK

NBE UK's profitability worsened in FY16 mainly due to a 60% reduction in fee income from the bank's trade finance activities. Return on average equity is weighted down by the bank's relatively strong capitalisation. Its operating return on assets has reduced to 0.5% from 0.9%. Despite a 5% reduction in staff costs, the cost/income ratio increased by 17% in FY16 due to a reduction in revenues.

Adequately Capitalised

Key Capitalisation and Leverage Ratios

(%)	FYE16	FYE15	FYE14	FYE13
Fitch Core Capital/FCC-adjusted weighted risk	20.2	30.3	27.5	42.3
Impaired loans less reserves for impaired loans/Fitch Core Capital	0.4	4.4	5.2	n.a.
Tangible common equity/tangible assets	9.8	14.2	11.3	14.0
Total capital ratio	21.9	32.6	31.1	46.2
Tier 1 capital ratio	19.7	28.6	n.a.	40.1
Internal capital generation	3.3	-0.6	3.2	0.0

Source: Fitch, NBE UK

NBE UK's risk-weighted capital and leverage ratios are adequate but have to be viewed in light of the bank's high concentration risk and relatively large trade finance-related business volumes. However, the bank maintains healthy buffers above regulatory requirements.

Risk-weighted capital ratios have been relatively volatile since 2012, largely due to changing risk weights attached to Egyptian credit risk (caused by several sovereign downgrades since 2011). The bank aims to maintain its total capital ratio at a minimum of 20%.

Funding and Liquidity

Key Funding and Liquidity Ratios

(%)	FYE16	FYE15	FYE14	FYE13
Loans/customer deposits	30.9	13.2	8.5	13.9
Interbank assets/interbank liabilities	71.0	281.5	238.7	211.8
Customer deposits/total funding (excluding derivatives)	25.5	80.9	77.0	78.7

Source: Fitch, NBE UK

Liquidity Key due to Wholesale Funding

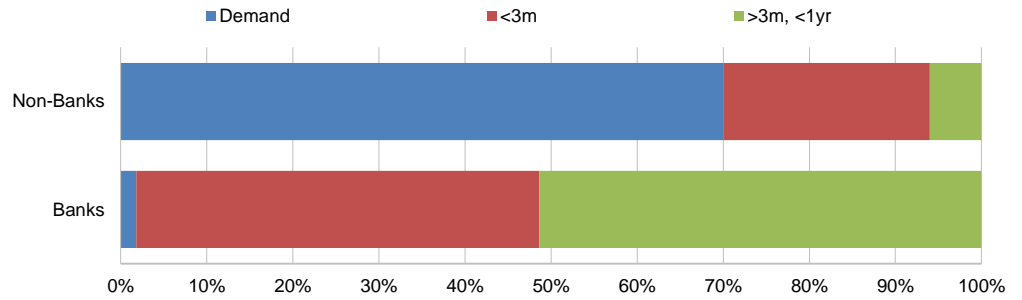
NBE UK's balance sheet is almost entirely funded by fairly short-term governmental agency and bank deposits, which can be volatile. Management is aware of the inherent volatility of the bank's funding profile and maintains a prudent liquidity policy to mitigate the impact of sudden deposit volatility.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

At FYE16, customer deposits accounted for about 25% of non-equity funding, with bank deposits (71%) making up most of the rest. NBE UK's deposit base remains concentrated, with 77% of deposits (both customer and bank) either relating to the Egyptian governmental agencies (69%) or Egyptian banks (8%) at FYE16. Both customer and bank deposits are predominately short term, with a large volume of deposits maturing within a year.

Funding concentration and volatility were illustrated in FY16 by a USD690m single customer deposit outflow and in July 2016 by a USD200m interbank deposit outflow. To lengthen the bank's funding profile (in anticipation of the net stable funding ratio, to be implemented by 2018), diversify funding sources and improve contingent liquidity, NBE UK has recently established a USD150m two-year repo facility with a highly rated German bank as well as a USD200m repo facility with a large UK bank.

Funding Maturity Profile

FYE16



Source: Fitch, NBE UK

NBE UK maintains an adequate liquid asset buffer, which 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. At FYE16, the coverage of short-term liabilities by liquid assets was 39% and NBE UK comfortably met the Basel liquidity coverage ratio requirement with an LCR at 90%.

National Bank of Egypt (UK) Limited
Income Statement

	30 Jun 2016			30 Jun 2015			30 Jun 2014			30 Jun 2013		
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of	
	Audited - Unqualified	Audited - Unqualified	Earning Assets	Audited - Unqualified	Earning Assets	Audited - Unqualified	Earning Assets	Audited - Unqualified	Earning Assets	Audited - Unqualified	Earning Assets	
1. Interest Income on Loans	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
2. Other Interest Income	42.4	31.4	2.23	19.2	1.93	9.3	0.78	11.3	1.16			
3. Dividend Income	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
4. Gross interest and Dividend Income	42.4	31.4	2.23	19.2	1.93	9.3	0.78	11.3	1.16			
5. Interest Expense on Customer Deposits	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
6. Other Interest Expense	29.8	22.1	1.57	12.6	1.27	4.9	0.41	6.1	0.63			
7. Total Interest Expense	29.8	22.1	1.57	12.6	1.27	4.9	0.41	6.1	0.63			
8. Net Interest Income	12.5	9.3	0.66	6.6	0.66	4.4	0.37	5.2	0.53			
9. Net Gains (Losses) on Trading and Derivatives	(1.2)	(0.9)	(0.06)	(0.2)	(0.02)	0.1	0.01	0.2	0.02			
10. Net Gains (Losses) on Other Securities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
11. Net Gains (Losses) on Assets at FV through Income Statement	0.9	0.7	0.05	(0.6)	(0.06)	n.a.	-	n.a.	-			
12. Net Insurance Income	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
13. Net Fees and Commissions	7.1	5.3	0.38	13.0	1.31	9.4	0.79	9.3	0.96			
14. Other Operating Income	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
15. Total Non-Interest Operating Income	6.9	5.1	0.36	12.2	1.23	9.5	0.80	9.5	0.98			
16. Personnel Expenses	7.3	5.4	0.38	5.7	0.57	5.0	0.42	4.2	0.43			
17. Other Operating Expenses	4.7	3.5	0.25	3.1	0.31	2.9	0.24	2.8	0.29			
18. Total Non-Interest Expenses	12.0	8.9	0.63	8.8	0.89	7.9	0.67	7.0	0.72			
19. Equity-accounted Profit/ Loss - Operating	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
20. Pre-impairment Operating Profit	7.4	5.5	0.39	10.0	1.01	6.0	0.51	7.7	0.79			
21. Loan Impairment Charge	(0.4)	(0.3)	(0.02)	0.0	0.00	0.4	0.03	(1.5)	(0.15)			
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.0	0.00	n.a.	-	0.0	0.00			
23. Operating Profit	7.8	5.8	0.41	10.0	1.01	5.6	0.47	9.2	0.95			
24. Equity-accounted Profit/ Loss - Non-operating	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
25. Non-recurring Income	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
26. Non-recurring Expense	0.0	0.0	0.00	0.0	0.00	n.a.	-	0.0	0.00			
27. Change in Fair Value of Own Debt	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
28. Other Non-operating Income and Expenses	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
29. Pre-tax Profit	7.8	5.8	0.41	10.0	1.01	5.6	0.47	9.2	0.95			
30. Tax expense	1.6	1.2	0.09	2.1	0.21	1.3	0.11	2.2	0.23			
31. Profit/Loss from Discontinued Operations	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
32. Net Income	6.2	4.6	0.33	7.9	0.80	4.3	0.36	7.0	0.72			
33. Change in Value of AFS Investments	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
34. Revaluation of Fixed Assets	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
35. Currency Translation Differences	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
36. Remaining OCI Gains/(losses)	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
37. Fitch Comprehensive Income	6.2	4.6	0.33	7.9	0.80	4.3	0.36	7.0	0.72			
38. Memo: Profit Allocation to Non-controlling Interests	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
39. Memo: Net Income after Allocation to Non-controlling Interests	6.2	4.6	0.33	7.9	0.80	4.3	0.36	7.0	0.72			
40. Memo: Common Dividends Relating to the Period	0.0	0.0	0.00	8.7	0.88	n.a.	-	7.0	0.72			
41. Memo: Preferred Dividends Related to the Period	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			

National Bank of Egypt (UK) Limited Balance Sheet

	30 Jun 2016			30 Jun 2015		30 Jun 2014		30 Jun 2013	
	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
Assets									
A. Loans									
1. Residential Mortgage Loans	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
2. Other Mortgage Loans	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
5. Other Loans	133.7	99.1	7.00	89.5	8.97	68.7	5.77	91.2	9.35
6. Less: Reserves for Impaired Loans	0.9	0.7	0.05	0.6	0.06	0.6	0.05	2.1	0.22
7. Net Loans	132.7	98.4	6.96	88.9	8.91	68.1	5.72	89.1	9.13
8. Gross Loans	133.7	99.1	7.00	89.5	8.97	68.7	5.77	91.2	9.35
9. Memo: Impaired Loans included above	1.6	1.2	0.08	6.9	0.69	7.6	0.64	n.a.	-
10. Memo: Loans at Fair Value included above	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	874.3	648.2	45.82	396.6	39.73	536.0	45.00	336.3	34.47
2. Reverse Repos and Cash Collateral	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	18.2	13.5	0.95	12.1	1.21	n.a.	-	n.a.	-
4. Derivatives	0.7	0.5	0.04	0.2	0.02	0.1	0.01	0.2	0.02
5. Available for Sale Securities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
6. Held to Maturity Securities	875.4	649.0	45.87	495.0	49.58	583.5	48.99	547.4	56.11
7. Equity Investments in Associates	0.0	0.0	0.00	0.0	0.00	n.a.	-	0.0	0.00
8. Other Securities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
9. Total Securities	894.3	663.0	46.86	507.3	50.82	583.6	49.00	547.6	56.14
10. Memo: Government Securities included Above	177.9	131.9	9.32	100.9	10.11	52.3	4.39	32.0	3.28
11. Memo: Total Securities Pledged	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
12. Investments in Property	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
13. Insurance Assets	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
14. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
15. Total Earning Assets	1,901.3	1,409.6	99.63	992.8	99.45	1,187.7	99.72	973.0	99.74
C. Non-Earning Assets									
1. Cash and Due From Banks	0.3	0.2	0.01	0.2	0.02	0.2	0.02	0.2	0.02
2. Memo: Mandatory Reserves included above	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Foreclosed Real Estate	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Fixed Assets	0.3	0.2	0.01	0.3	0.03	0.4	0.03	0.4	0.04
5. Goodwill	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
6. Other Intangibles	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
7. Current Tax Assets	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
8. Deferred Tax Assets	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
10. Other Assets	6.5	4.8	0.34	5.0	0.50	2.7	0.23	1.9	0.19
11. Total Assets	1,908.3	1,414.8	100.00	998.3	100.00	1,191.0	100.00	975.5	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	301.1	223.2	15.78	158.2	15.85	51.9	4.36	80.2	8.22
2. Customer Deposits - Savings	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Customer Deposits - Term	131.8	97.7	6.91	519.3	52.02	758.8	63.71	577.2	59.17
4. Total Customer Deposits	432.8	320.9	22.68	677.5	67.87	810.7	68.07	657.4	67.39
5. Deposits from Banks	1,232.1	913.5	64.57	140.9	14.11	224.6	18.86	158.8	16.28
6. Repos and Cash Collateral	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
7. Commercial Paper and Short-term Borrowings	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
8. Total Money Market and Short-term Funding	1,665.0	1,234.4	87.25	818.4	81.98	1,035.3	86.93	816.2	83.67
9. Senior Unsecured Debt (original maturity > 1 year)	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
10. Subordinated Borrowing	30.1	22.3	1.58	19.1	1.91	17.5	1.47	19.7	2.02
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
13. Total LT Funding (original maturity > 1 year)	30.1	22.3	1.58	19.1	1.91	17.5	1.47	19.7	2.02
14. Derivatives	22.7	16.8	1.19	15.4	1.54	0.7	0.06	0.5	0.05
15. Trading Liabilities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
16. Total Funding	1,717.7	1,273.5	90.01	852.9	85.44	1,053.5	88.46	836.4	85.74
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
2. Credit impairment reserves	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Current Tax Liabilities	0.7	0.5	0.04	0.5	0.05	0.5	0.04	1.0	0.10
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	0.0	0.0	0.00	0.0	0.00	n.a.	-	0.9	0.09
7. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
8. Insurance Liabilities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
9. Other Liabilities	3.6	2.7	0.19	2.7	0.27	2.7	0.23	0.2	0.02
10. Total Liabilities	1,722.0	1,276.7	90.24	856.1	85.76	1,056.7	88.72	838.5	85.96
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04
2. Non-controlling Interest	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
6. Total Equity	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04
7. Total Liabilities and Equity	1,908.3	1,414.8	100.00	998.3	100.00	1,191.0	100.00	975.5	100.00
8. Memo: Fitch Core Capital	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04

National Bank of Egypt (UK) Limited Summary Analytics

	30 Jun 2016	30 Jun 2015	30 Jun 2014	30 Jun 2013
	Year End	Year End	Year End	Year End
1. 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	2.61	1.76	0.86	1.08
4. Interest Expense/ Average Interest-bearing Liabilities	2.08	1.32	0.52	0.67
5. Net Interest Income/ Average Earning Assets	0.77	0.61	0.41	0.50
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.80	0.61	0.37	0.64
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	0.77	0.61	0.41	0.50
2. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	35.42	64.89	68.35	64.63
2. Non-Interest Expense/ Gross Revenues	61.81	46.81	56.83	47.62
3. Non-Interest Expense/ Average Assets	0.74	0.80	0.73	0.67
4. Pre-impairment Op. Profit/ Average Equity	3.92	7.23	4.42	5.56
5. Pre-impairment Op. Profit/ Average Total Assets	0.46	0.91	0.55	0.73
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	(5.45)	0.00	6.67	(19.48)
7. Operating Profit/ Average Equity	4.14	7.23	4.13	6.65
8. Operating Profit/ Average Total Assets	0.48	0.91	0.52	0.87
9. Operating Profit / Risk Weighted Assets	0.85	2.13	1.15	2.84
3. Other Profitability Ratios				
1. Net Income/ Average Total Equity	3.28	5.71	3.17	5.06
2. Net Income/ Average Total Assets	0.38	0.72	0.40	0.67
3. Fitch Comprehensive Income/ Average Total Equity	3.28	5.71	3.17	5.06
4. Fitch Comprehensive Income/ Average Total Assets	0.38	0.72	0.40	0.67
5. Taxes/ Pre-tax Profit	20.69	21.00	23.21	23.91
6. Net Income/ Risk Weighted Assets	0.67	1.68	0.88	2.16
4. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	20.23	30.28	27.54	42.26
2. Tangible Common Equity/ Tangible Assets	9.76	14.24	11.28	14.04
3. Tier 1 Regulatory Capital Ratio	19.67	28.59	n.a.	40.10
4. Total Regulatory Capital Ratio	21.89	32.63	31.13	46.19
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Equity/ Total Assets	9.76	14.24	11.28	14.04
7. Cash Dividends Paid & Declared/ Net Income	n.a.	110.13	n.a.	100.00
8. Internal Capital Generation	3.33	(0.56)	3.20	0.00
5. Loan Quality				
1. Growth of Total Assets	41.72	(16.18)	22.09	(13.50)
2. Growth of Gross Loans	10.73	30.28	(24.67)	23.74
3. Impaired Loans/ Gross Loans	1.21	7.71	11.06	n.a.
4. Reserves for Impaired Loans/ Gross Loans	0.71	0.67	0.87	2.30
5. Reserves for Impaired Loans/ Impaired Loans	58.33	8.70	7.89	n.a.
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	0.36	4.43	5.21	n.a.
7. Impaired Loans less Reserves for Impaired Loans/ Equity	0.36	4.43	5.21	n.a.
8. Loan Impairment Charges/ Average Gross Loans	(0.32)	0.00	0.50	(1.82)
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Ass	1.21	7.71	11.06	n.a.
6. Funding and Liquidity				
1. Loans/ Customer Deposits	30.88	13.21	8.47	13.87
2. Interbank Assets/ Interbank Liabilities	70.96	281.48	238.65	211.78
3. Customer Deposits/ Total Funding (excluding derivatives)	25.54	80.90	77.00	78.65
4. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

National Bank of Egypt (UK) Limited
Reference Data

	30 Jun 2016			30 Jun 2015		30 Jun 2014		30 Jun 2013	
	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
iv. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Guarantees	2.7	2.0	0.14	2.0	0.20	2.3	0.19	4.0	0.41
4. Acceptances and documentary credits reported off-balance sheet	102.1	75.7	5.35	50.9	5.10	222.3	18.66	68.7	7.04
5. Committed Credit Lines	0.0	0.0	0.00	0.7	0.07	0.0	0.00	n.a.	-
6. Other Contingent Liabilities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
7. Total Assets under Management	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
v. Average Balance Sheet									
Average Loans	127.2	94.3	6.67	79.1	7.92	80.0	6.72	82.5	8.46
Average Earning Assets	1,620.2	1,201.2	84.90	1,090.3	109.22	1,080.4	90.71	1,049.1	107.54
Average Assets	1,627.5	1,206.6	85.28	1,094.7	109.66	1,083.3	90.96	1,051.7	107.81
Average Managed Securitized Assets (OBS)	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	1,434.0	1,063.2	75.15	953.2	95.48	945.0	79.35	911.4	93.43
Average Common equity	189.1	140.2	9.91	138.3	13.85	135.7	11.39	138.4	14.19
Average Equity	189.1	140.2	9.91	138.3	13.85	135.7	11.39	138.4	14.19
Average Customer Deposits	673.3	499.2	35.28	744.1	74.54	734.1	61.64	737.5	75.60
vi. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	126.1	93.5	6.61	84.2	8.43	68.5	5.75	67.6	6.93
Loans & Advances 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	0.1	0.01	5.5	0.56
Loans & Advances 1 - 5 Years	7.6	5.6	0.40	5.3	0.53	0.1	0.01	18.1	1.86
Loans & Advances > 5 years	0.0	0.0	0.00	0.0	0.00	n.a.	-	0.0	0.00
Debt Securities < 3 Months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	n.a.	-	235.2	24.11
Debt Securities 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	312.1	31.99
Debt Securities > 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	813.5	603.1	42.63	369.7	37.03	396.1	33.26	274.7	28.16
Loans & Advances to Banks 3 - 12 Months	0.5	0.4	0.03	11.8	1.18	139.9	11.75	61.6	6.31
Loans & Advances to Banks 1 - 5 Years	60.3	44.7	3.16	15.1	1.51	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Retail Deposits > 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Other Deposits < 3 Months	406.4	301.3	21.30	374.6	37.52	705.7	59.25	477.1	48.91
Other Deposits 3 - 12 Months	25.6	19.0	1.34	302.9	30.34	105.0	8.82	180.2	18.47
Other Deposits 1 - 5 Years	0.8	0.6	0.04	0.0	0.00	0.1	0.01	0.1	0.01
Other Deposits > 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	527.7	391.2	27.65	75.2	7.53	156.0	13.10	89.5	9.17
Deposits from Banks 3 - 12 Months	553.7	410.5	29.01	65.7	6.58	68.6	5.76	69.3	7.10
Deposits from Banks 1 - 5 Years	150.8	111.8	7.90	0.0	0.00	n.a.	-	0.0	0.00
Deposits from Banks > 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Senior Debt Maturing 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	0.0	0.0	0.00	0.0	0.00	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	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Subordinated Debt Maturing 1 - 5 Year	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	30.1	22.3	1.58	19.1	1.91	17.5	1.47	19.7	2.02
Fair Value Portion of Subordinated Debt	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
vii. Risk Weighted Assets									
1. Risk Weighted Assets	920.6	682.5	48.24	469.6	47.04	487.7	40.95	324.2	33.23
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk V	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	920.6	682.5	48.24	469.6	47.04	487.7	40.95	324.2	33.23
4. Other Fitch Adjustments to Risk Weighted Assets	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	920.6	682.5	48.24	469.6	47.04	487.7	40.95	324.2	33.23
viii. Equity Reconciliation									
1. Equity	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Published Equity	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04
ix. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04
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
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
4. Goodwill	0.0	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
6. Deferred tax assets deduction	0.0	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
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
9. Fitch Core Capital	186.3	138.1	9.76	142.2	14.24	134.3	11.28	137.0	14.04

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