

**National Bank of Egypt  
International Limited**

**Directors' report and financial statements**

**For the year ended 30 June 1995**

**Registered number 2743734**



# National Bank of Egypt International Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes	8 - 23

# National Bank of Egypt International Limited

## Report of the directors

The directors of National Bank of Egypt International Limited have pleasure in presenting their annual report, together with accounts and auditors' report, for the year ended 30 June 1995.

### Principal activities

National Bank of Egypt International Limited was granted on 24 December 1992 the status of authorised institution under the UK Banking Act 1987. The company is a wholly owned subsidiary of National Bank of Egypt, 1187 Corniche El Nile, Cairo, Egypt.

The company provides general banking services in the United Kingdom to private and public sector customers, particularly to the Egyptian community, and conducts international banking business world-wide. The company participates actively in the inter-bank and foreign exchange markets and in the finance of international trade and invests in Gilt-edged Securities and Floating Rate Notes.

### Accounts

The accounts for the reporting year ended 30 June 1995 are shown on pages 5 to 23. The profit, after taxation, for the year amounts to £1,184,730. A dividend of £1,000,000 representing 2% of Issued Share Capital has been proposed.

### Directors and company secretary

The names of the directors and company secretary of the company who served during the year are as follows:

Mr Mohamed Nabil Ibrahim	(Chairman)
Mr Mohamed Samy Ibrahim El Halawani	(Vice Chairman)
Mr Mahmoud Abdel Aziz Mohamed	(resigned 20 February 1995)
Mr Kazem Hassan Barakat	
Mr John Richard Vincent Harding	
Mr John Walter Anderson	
Mr Stephen Munro	(Company Secretary)

### Share capital

The company was incorporated with an Authorised Share Capital of £100,000,000 and as at the reporting date the Issued Share Capital, fully paid, amounted to £50,000,000.

# National Bank of Egypt International Limited

## Report of the directors (*continued*)

### Auditors

On 6 February 1995, our auditors changed the name under which they practise to KPMG, and accordingly have signed their report in their new name. A resolution proposing their appointment for the next financial year will be put to the Annual General Meeting.

By order of the board



Stephen Munro  
Company Secretary

Park House  
16 Finsbury Circus  
London EC2M 7DJ

18 September 1995

# National Bank of Egypt International Limited

## Statement of directors' responsibilities *for preparing the financial statements*

The directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss, total recognised gains or losses and cash flows for that period.

The directors confirm that the accounts have been prepared on a going concern basis using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for taking reasonable steps to prevent and detect fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Auditors' report to the members of National Bank of Egypt International Limited

We have audited the financial statements on pages 5 to 23.

### *Respective responsibilities of directors and auditors*

As set out on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### *Opinion*

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

18 September 1995

# National Bank of Egypt International Limited

## Profit and loss account for the year ended 30 June 1995

	Note	1995	1994
		£	£
Interest receivable - interest receivable and similar income arising from debt securities		5,023,162	2,497,833
Other interest receivable and similar income		36,446,471	26,972,220
		<u>41,469,633</u>	<u>29,470,053</u>
Less - interest payable		(35,104,104)	(24,513,948)
Net interest income		6,365,529	4,956,105
Fees and commissions receivable		1,932,722	1,368,386
Dealing profits		279,671	311,638
Other operating income		17,687	369,530
		<u>8,595,609</u>	<u>7,005,659</u>
Operating income			
Administrative expenses	2	(2,568,564)	(2,219,965)
Depreciation and amortisation	12	(182,061)	(110,665)
Other operating charges		(1,537,247)	(1,694,980)
		<u>4,307,737</u>	<u>2,980,049</u>
Provisions for bad and doubtful debts	9	(100,000)	(96,850)
Amounts written off fixed asset investments	10	(2,359,976)	-
		<u>1,847,761</u>	<u>2,883,199</u>
Profit on ordinary activities before tax	3		
Tax on profit on ordinary activities	4	(663,031)	(709,341)
		<u>1,184,730</u>	<u>2,173,858</u>
Profit on ordinary activities after tax			
Dividends	6	(1,000,000)	(2,153,378)
		<u>184,730</u>	<u>20,480</u>
Retained profit for the year carried forward			

There are no recognised gains and losses other than the profit for the year.

There is no difference between the profit for the year and the retained profit on an historical cost basis.

The profit for the year is derived entirely from continuing activities.

The notes on pages 8 to 23 form part of these accounts.

# National Bank of Egypt International Limited

## Balance sheet at 30 June 1995

	Note	1995 £	1994 £
<b>Assets</b>			
Cash and balances at central banks		81,854	60,342
Loans and advances to banks	7	695,911,987	599,928,743
Loans and advances to customers	8	37,860,099	15,384,035
Debt securities	10	70,915,726	77,060,686
Other variable yield securities	11	-	1,297,438
Tangible fixed assets	12	963,592	879,698
Other assets	13	1,152,884	5,100,857
Prepayments and accrued income		5,057,360	4,046,852
<b>Total assets</b>		<b>811,943,502</b>	<b>703,758,651</b>
<b>Liabilities</b>			
Deposits by banks	14	521,672,524	449,600,157
Customer accounts	15	232,198,794	190,966,673
Other liabilities	16	1,919,221	6,428,897
Accruals and deferred income		5,795,968	6,590,659
Shareholders' funds:			
Called up share capital	17	50,000,000	50,000,000
Profit and loss account	18	356,995	172,265
		<b>50,356,995</b>	<b>50,172,265</b>
<b>Total liabilities</b>		<b>811,943,502</b>	<b>703,758,651</b>
<b>Memorandum items</b>			
Contingent liabilities:			
Acceptances and endorsements		6,531,418	3,117,177
Guarantees and assets pledged as collateral security		14,825,616	47,791,824
Commitments:	23(a)		
Letters of credit - confirmed		35,681,193	36,405,952
Reimbursements - confirmed		1,268,343	16,679
Forward deposits placed	22	62,591,617	48,694,479
Forward assets purchased	22	28,011,000	18,605,943
		<b>148,909,187</b>	<b>154,632,054</b>

These financial statements were approved by the board of directors on 18 September 1995 and were signed on its behalf by:

Mr Mohamed Nabil Ibrahim  
Chairman

~~Mr Mohammed Samy Ibrahim El Halawani~~  
~~Vice Chairman~~

Mr Kazem Hassan Barakat  
Managing Director

The notes on pages 8 to 23 form part of these accounts.



# National Bank of Egypt International Limited

## Cash flow statement for the year ended 30 June 1995

	Note	1995 £	1994 £
Net cash (outflow)/inflow from operating activities	20(a)	(195,243,464)	73,684,944
Returns on investments and servicing of finance			
Dividends paid		(2,153,378)	-
Taxation			
United Kingdom taxes paid		(1,731,400)	(412,706)
Investing activities			
Purchase of investment debt securities		(43,619,055)	(131,449,704)
Sale and maturity of investment securities		51,314,942	74,995,868
Purchase of other variable yield securities		-	(1,297,438)
Sale of other variable yield securities		1,315,125	-
Purchase of tangible fixed assets		(265,955)	(614,478)
Net cash inflow/(outflow) from investing activities		8,745,057	(58,365,752)
Net cash (outflow)/inflow before financing		(190,383,185)	14,906,486
Net cash inflow from financing		-	-
(Decrease)/increase in cash and cash equivalents	20(b)	(190,383,185)	14,906,486

# National Bank of Egypt International Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

#### (a) *Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with the special provisions of Part VII, Chapter II of the Companies Act 1985 relating to banking companies, applicable accounting standards and the British Bankers' Association Statements of Recommended Accounting Practice.

#### (b) *Loans and advances*

Loans and advances are stated after deduction of amounts which in the opinion of the directors are required as specific or general provisions.

#### (c) *Securities*

Securities intended for use on a continuing basis in the company's activities are classified as investment securities and are stated at cost less provision for any permanent diminution in value.

The cost of dated securities is adjusted to reflect amortisation of premiums or discounts on acquisition.

#### (c) *Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

Forward foreign exchange contracts are valued at the market rates applicable to their respective maturities at the balance sheet date, and the resulting profits or losses included in the profit and loss account for the year. Where the contracts arise as part of a deposit swap, the profits or losses are recognised evenly over the life of the related loans and deposits.

#### (d) *Depreciation*

Depreciation of tangible fixed assets is provided on a straight-line basis over estimated useful lives as follows:

Long leasehold buildings	20 years
Leasehold improvements	5 - 15 years
Furniture, fixtures and fittings	5 years
Computer hardware and software	5 years

# National Bank of Egypt International Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### (e) *Income and expense*

Interest receivable and payable is accrued over the period of the related loans and deposits.

#### (f) *Fees and commissions*

Fees and commissions are taken to income as received, or when debited to a customer's account.

#### (g) *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### (h) *Pension costs*

The company operates a defined contribution pension scheme. Contributions to the scheme are charged to the profit and loss account when paid.

### 2 Administrative expenses

	1995 £	1994 £
Staff costs:		
Wages and salaries	1,942,513	1,723,933
Social security costs	191,605	179,137
Other pension costs (see note 21)	209,138	166,286
Other administrative expenses	225,308	150,609
	<u>2,568,564</u>	<u>2,219,965</u>

The average number of persons employed by the company during the year was 62 (1993:64).

# National Bank of Egypt International Limited

## Notes (continued)

### 3 Profit on ordinary activities before tax

#### (a) *Is stated after*

##### *Charges*

The auditors' remuneration was £31,000 (1994:£30,000).

The auditors' remuneration for non-audit work was £32,600 (1994:£31,525).

Loss on disposal of investment debt securities was £32,769 (1994:profit of £369,530).

##### *Income*

Profit on disposal of other variable yield securities was £17,687 (1994:£nil).

#### (b) *Segmental reporting*

The bank has one class of business and all other services provided are ancillary to this. All business is conducted from the United Kingdom.

### 4 Taxation

	1995 £	1994 £
UK Corporation tax at 33% on the taxable profit for the period	646,000	945,074
Underprovision/(overprovision) in prior years	17,031	(235,733)
	<u>663,031</u>	<u>709,341</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 5 Emoluments of directors

	1995 £	1994 £
Directors' fees and emoluments	<u>313,976</u>	<u>272,423</u>

The emoluments of the Chairman, excluding pension contributions, were £3,804 (1994:£1,400). The total remuneration and benefits of the highest paid director were £163,690 (1994:£150,514). The following table shows the number of directors of the company receiving emoluments, excluding pension contributions, within the bands stated.

Emoluments		Number of directors	
		1995	1994
£1 -	£ 5,000	1	3
£ 5,001 -	£ 10,000	1	-
£ 10,001 -	£ 15,000	1	1
£ 15,001 -	£ 20,000	1	-
£105,001 -	£110,000	-	1
£130,001 -	£135,000	1	-
£150,001 -	£155,000	-	1
£160,001 -	£165,000	1	-

### 6 Dividends

	1995 £	1994 £
Proposed ordinary dividends	<u>1,000,000</u>	<u>2,153,378</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 7 Loans and advances to banks

	1995 £	1994 £
<b>Banks</b>		
Repayable on demand	2,260,000	4,674,124
Other loans and advances		
Remaining maturity:		
Over 5 years	11,447,136	-
5 years or less but over 1 year	50,494,859	7,834,754
1 year or less but over 3 months	40,824,197	83,332,793
3 months or less	589,999,462	503,928,232
	<u>695,025,654</u>	<u>599,769,903</u>
<b>Parent company</b>		
Repayable on demand	99,031	-
Other loans and advances		
Remaining maturity:		
3 months or less	787,302	158,840
	<u>886,333</u>	<u>158,840</u>
<b>Total</b>	<u>695,911,987</u>	<u>599,928,743</u>

### 8 Loans and advances to customers

	1995 £	1994 £
Remaining maturity:		
Over 5 years	496,500	-
5 years or less but over 1 year	25,531,483	7,384,351
1 year or less but over 3 months	3,809,785	4,066,115
3 months or less	9,195,325	5,046,021
Bad and doubtful debt provision (note 9)	(640,043)	(772,655)
Suspended interest	(532,951)	(339,797)
	<u>37,860,099</u>	<u>15,384,035</u>
Of which repayable on demand or at short notice	<u>8,895,325</u>	<u>4,669,323</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 9 Provisions for bad and doubtful debts

	1995 Specific £
Provisions at 1 July 1994	772,655
Charge to the profit and loss account	100,000
Provisions written off	(232,612)
	<hr/>
Provisions at 30 June 1995	640,043
	<hr/>

	1995 £
<i>Interest in suspense</i>	
At 1 July 1994	339,797
Net interest suspended in the year	193,154
	<hr/>
At 30 June 1995	532,951
	<hr/>

The principal amounts on which interest is being suspended are analysed as follows:

	1995 £	1994 £
Gross amounts	2,032,290	3,872,564
Provisions	(640,043)	(772,655)
	<hr/>	<hr/>
	1,392,247	3,099,909
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 10 Debt securities

	1995 £	1994 £
<i>Investment securities</i>		
Issued by public bodies		
- government securities	19,652,845	22,874,844
- other public sector securities	10,805,182	8,254,697
	<u>30,458,027</u>	<u>31,129,541</u>
Other issuers		
- bank and building society certificates of deposit	-	3,243,593
- other debt securities	32,624,403	37,942,312
	<u>63,082,430</u>	<u>72,315,446</u>
<i>Other debt securities - bills of exchange</i>	<u>7,833,296</u>	<u>4,745,240</u>
	<u>70,915,726</u>	<u>77,060,686</u>
<i>Investment securities</i>		
- listed on a UK recognised investment exchange	19,652,845	19,631,250
- unlisted	43,429,585	52,684,196
	<u>63,082,430</u>	<u>72,315,446</u>
Due within one year	8,384,779	9,123,985
Due one year and over	54,697,651	63,191,461
	<u>63,082,430</u>	<u>72,315,446</u>
Amounts include:		
Subordinated debt securities	3,146,633	9,002,344
Due from parent undertaking	6,116,735	3,449,418



# National Bank of Egypt International Limited

## Notes (continued)

### 10 Debt securities (continued)

	Cost	Discount	Net book value
	£	£	£
Balance at 1 July 1994	72,041,483	273,963	72,315,446
Purchases	43,619,055	-	43,619,055
Sales/maturities	(50,670,067)	(677,644)	(51,347,711)
Amortisation of discount	-	855,616	855,616
Provisions made	(2,359,976)	-	(2,359,976)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 1995	62,630,495	451,935	63,082,430
	<hr/>	<hr/>	<hr/>

Unamortised discount as at 30 June 1995 550,910

Provisions made of £2,359,976 are against the company's holding of Barings BV US\$ Guaranteed Floating Rate Capital Note due 2001.

	1995	1994
	£	£
<i>Investment securities - market value</i>		
Issued by public bodies		
- government securities	19,077,725	21,896,720
- other public sector securities	10,823,417	8,206,040
	<hr/>	<hr/>
	29,901,142	30,102,760
Other issuers		
- bank and building society certificates of deposit	-	3,243,580
- other debt securities	31,959,463	37,038,299
	<hr/>	<hr/>
	61,860,605	70,384,639
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 11 Other variable yield securities

	1995 £	1994 £
<i>Unlisted</i>		
Investment securities		
Balance at 1 July 1994	1,297,438	
Disposals	(1,297,438)	
	<hr/>	<hr/>
Balance at 30 June 1995	-	1,297,438
	<hr/>	<hr/>
Market value at 30 June 1995	-	1,296,609
	<hr/>	<hr/>

### 12 Tangible fixed assets

	Leases of 50 years or more unexpired £	Computer equipment and other fixed assets £	Total £
<i>Cost or valuation</i>			
At 1 July 1994	271,251	735,438	1,006,689
Additions	-	265,955	265,955
Disposals	-	(8,299)	(8,299)
	<hr/>	<hr/>	<hr/>
At 30 June 1995	271,251	993,094	1,264,345
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation and amortisation</i>			
At 1 July 1994	9,156	117,835	126,991
Charge for year	14,125	167,936	182,061
Disposals	-	(8,299)	(8,299)
	<hr/>	<hr/>	<hr/>
At 30 June 1995	23,281	277,472	300,753
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
30 June 1995	247,970	715,622	963,592
	<hr/>	<hr/>	<hr/>
30 June 1994	262,095	617,603	879,698
	<hr/>	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 13 Other assets

	1995 £	1994 £
Foreign exchange and interest rate contracts	441,559	4,518,200
Other	121,325	582,657
Taxation	590,000	-
	<u>1,152,884</u>	<u>5,100,857</u>

### 14 Deposits by banks

	1995 £	1994 £
With agreed maturity dates or periods of notice, by remaining maturity:		
<i>Banks</i>		
1 year or less but over 3 months	102,009,019	96,087,405
3 months or less but not repayable on demand	230,064,746	180,130,653
	<u>332,073,765</u>	<u>276,218,058</u>
Repayable on demand	14,571,467	14,323,445
	<u>346,645,232</u>	<u>290,541,503</u>
<i>Parent company</i>		
1 year or less but over 3 months	23,662,681	20,823,873
3 months or less but not repayable on demand	131,946,403	124,345,870
	<u>155,609,084</u>	<u>145,169,743</u>
Repayable on demand	19,418,208	13,888,911
	<u>175,027,292</u>	<u>159,058,654</u>
<i>Total</i>		
1 year or less but over 3 months	125,671,700	116,911,278
3 months or less but not repayable on demand	362,011,149	304,476,523
	<u>487,682,849</u>	<u>421,387,801</u>
Repayable on demand	33,989,675	28,212,356
	<u>521,672,524</u>	<u>449,600,157</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 15 Customer accounts

	1995 £	1994 £
With agreed maturity dates or periods of notice, by remaining maturity:		
1 year or less but over 3 months	1,279,528	1,494,776
3 months or less but not repayable on demand	208,049,598	169,724,425
	<hr/>	<hr/>
	209,329,126	171,219,201
Repayable on demand	22,869,668	19,747,472
	<hr/>	<hr/>
	232,198,794	190,966,673
	<hr/>	<hr/>

### 16 Other liabilities

	1995 £	1994 £
Foreign exchange and interest rate contracts	401,855	2,888,018
Taxation	250,000	1,252,013
Other creditors	267,366	135,488
Proposed dividends	1,000,000	2,153,378
	<hr/>	<hr/>
	1,919,221	6,428,897
	<hr/>	<hr/>

### 17 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
Ordinary shares of £1 each	100,000,000	100,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	50,000,000	50,000,000
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 18 Profit and loss account

	1995 £	1994 £
Balance at 1 July 1994	172,265	151,785
Retained profit for the year	184,730	20,480
	<hr/>	<hr/>
Balance at 30 June 1995	356,995	172,265
	<hr/>	<hr/>

### 19 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for year	1,184,730	2,173,858
Dividends	(1,000,000)	(2,153,378)
	<hr/>	<hr/>
	184,730	20,480
Opening shareholders' funds	50,172,265	50,151,785
	<hr/>	<hr/>
Closing shareholders' funds	50,356,995	50,172,265
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 20 Cash flow statement

#### (a) Reconciliation of operating profit to net cash outflow from operating activities

	1995 £	1994 £
Operating profit	1,847,761	2,883,199
Decrease/(increase) in accrued interest and other accounts receivable	2,989,120	(4,920,112)
(Decrease)/increase in accrued interest and other accounts payable	(3,134,275)	5,006,557
Depreciation	182,061	110,665
Provision for bad and doubtful debts	100,000	96,850
Amounts written off fixed asset investments	2,359,976	-
Loss/(profit) on sale of investment debt securities	32,769	(369,530)
Amortisation of discounts on investment debt securities	(855,616)	(492,080)
Profit on sale of other variable yield securities	(17,687)	-
	<u>3,504,109</u>	<u>2,315,549</u>
(Increase) in loans and advances	(6,606,560)	(8,611,729)
(Decrease)/increase in deposit accounts	(189,052,957)	84,181,993
Increase in other debt securities	(3,088,056)	(4,200,869)
	<u>(195,243,464)</u>	<u>73,684,944</u>

#### (b) Analysis of changes in cash and cash equivalents during the year

	1995 £
Balance at 1 July 1994	169,637,388
Net cash (outflow) for the year	(190,383,185)
	<u>(20,745,797)</u>
Balance at 30 June 1995	

# National Bank of Egypt International Limited

## Notes (continued)

### 20 Cash flow statement (continued)

#### (c) Analysis of the balances of cash and cash equivalents

	1995 £	1994 £
Cash	2,330,566	4,151,151
Loans and advances	496,294,845	382,500,000
Deposits	(519,371,208)	(217,013,763)
	<u>(20,745,797)</u>	<u>169,637,388</u>

### 21 Pension scheme

The company currently participates in the National Bank of Egypt International Limited Pension Scheme. The total pension charge for the year ended 30 June 1995 was £209,138 (1994:£166,286).

### 22 Memorandum items

Forward deposits placed and forward assets purchased generally replace maturing loans and advances to banks and deposits by banks.

### 23 Commitments

#### (a) Foreign exchange contracts

In addition to the commitments disclosed at the foot of the balance sheet on page 6, there are outstanding forward foreign exchange contracts for purchases of £45,709,890 (1994:£152,764,012) and sales of £45,805,856 (1994:£151,239,055).

# National Bank of Egypt International Limited

## Notes (continued)

### 24 Off balance sheet financial instruments

The company enters into various off-balance sheet financial instruments as principal to manage balance sheet interest rate and foreign exchange rate risk. At the year end the principal amounts, risk weighted amounts and replacement costs of the instruments were:

	1995			1994		
	Principal amount	Risk weighted amount	Replacement cost	Principal amount	Risk weighted	Replacement cost
	£	£	£	£	£	£
Interest rate related contracts	173,624,920	41,468	207,340	12,974,376	-	-
Exchange rate related contracts	62,056,855	91,965	459,823	176,981,982	880,309	4,401,547

Interest rate related contracts include forward rate agreements. These are contracts under which two counterparties agree on the interest to be paid on a notional deposit of a specified maturity at a specific future settlement date. There is no exchange of principal.

Exchange rate related contracts include currency swaps and forwards. The company's currency swap transactions generally involve an exchange of currencies and an agreement to re-exchange the currency at a future date where the swaps relate to assets and liabilities denominated in different currencies.

The contract or notional principal amounts of these instruments are not indicative of the amounts at risk which are smaller amounts payable under the terms of these instruments and upon the basis of the contract or notional principal amount. Risk weighted amounts have been calculated in accordance with Bank of England's guidelines implementing the EC solvency ratio directive. The replacement cost is obtained by marking to market contracts with a positive value.

### 25 Assets and liabilities denominated in foreign currency

	1995 £	1994 £
Denominated in sterling	133,568,280	118,171,180
Denominated in other currencies	678,375,222	585,587,471
Total assets	811,943,502	703,758,651
Denominated in sterling	129,705,633	115,554,037
Denominated in other currencies	682,237,869	588,204,614
Total liabilities	811,943,502	703,758,651



# National Bank of Egypt International Limited

## Notes *(continued)*

- 26      **Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a wholly owned subsidiary of National Bank of Egypt. The parent company is incorporated in Egypt.