

**National Bank of Egypt  
International Limited**

**Directors' report and financial statements**

**For the year ended 30 June 1996**

Registered number 2743734



# National Bank of Egypt International Limited

## Directors' report and financial statements

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# 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 1996.

### 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 1996 are shown on pages 5 to 23. The profit, after taxation, for the year amounts to £3,062,464 (1995:£1,184,730). A dividend of £3,000,000 (1995:£1,000,000) representing 6% 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 Kazem Hassan Barakat	
Mr John Richard Vincent Harding	
Mr John Walter Anderson	
Mr Stephen Munro	(Company Secretary)

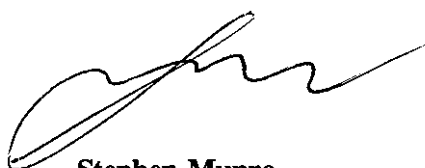
# National Bank of Egypt International Limited

## Report of the directors *(continued)*

### 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.

By order of the board



**Stephen Munro**  
*Company Secretary*

Park House  
16 Finsbury Circus  
London EC2M 7DJ

14 October 1996

# 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 1996 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

15 October 1996

# National Bank of Egypt International Limited

## Profit and loss account for the year ended 30 June 1996

	Note	1996		1995	
		£	£	£	£
Interest receivable - interest receivable and similar income arising from debt securities		6,846,864		5,023,162	
Other interest receivable and similar income		43,842,217		36,446,471	
		<hr/>		<hr/>	
		50,689,081		41,469,633	
Less - interest payable		(42,144,525)		(35,104,104)	
		<hr/>		<hr/>	
Net interest income		8,544,556		6,365,529	
Fees and commissions receivable		2,103,920		1,932,722	
Dealing profits		226,826		279,671	
Other operating income		76,085		17,687	
		<hr/>		<hr/>	
Operating income		10,951,387		8,595,609	
Administrative expenses	2	(2,830,886)		(2,568,564)	
Depreciation and amortisation	11	(245,643)		(182,061)	
Other operating charges		(1,622,239)		(1,537,247)	
		<hr/>		<hr/>	
		6,252,619		4,307,737	
Provisions for bad and doubtful debts	9				
- General		(1,000,000)		-	
- Specific		(65,105)		(100,000)	
Amounts written off fixed asset investments	10	-		(2,359,976)	
		<hr/>		<hr/>	
Profit on ordinary activities before tax	3	5,187,514		1,847,761	
Tax on profit on ordinary activities	4	(2,125,050)		(663,031)	
		<hr/>		<hr/>	
Profit on ordinary activities after tax		3,062,464		1,184,730	
Dividends	6	(3,000,000)		(1,000,000)	
		<hr/>		<hr/>	
Retained profit for the year carried forward		62,464		184,730	

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.

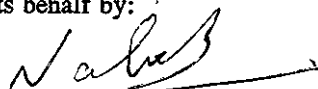
# National Bank of Egypt International Limited

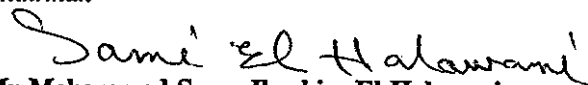
## Balance sheet

at 30 June 1996

	Note	1996		1995	
		£	£	£	£
<b>Assets</b>					
Cash and balances at central banks			113,470		81,854
Loans and advances to banks	7		672,878,399		695,911,987
Loans and advances to customers	8		51,847,542		37,860,099
Debt securities	10		100,565,483		70,915,726
Tangible fixed assets	11		1,166,335		963,592
Other assets	12		901,553		1,152,884
Prepayments and accrued income			5,054,642		5,057,360
<b>Total assets</b>			<b>832,527,424</b>		<b>811,943,502</b>
<b>Liabilities</b>					
Deposits by banks	13		548,297,949		521,672,524
Customer accounts	14		222,507,244		232,198,794
Other liabilities	15		6,091,390		1,919,221
Accruals and deferred income			5,211,382		5,795,968
Shareholders' funds:					
Called up share capital	16	50,000,000		50,000,000	
Profit and loss account	17	419,459		356,995	
			<b>50,419,459</b>		<b>50,356,995</b>
<b>Total liabilities</b>			<b>832,527,424</b>		<b>811,943,502</b>
<b>Memorandum items</b>					
Contingent liabilities:					
Acceptances and endorsements			12,576,128		6,531,418
Guarantees and assets pledged as collateral security			8,226,286		14,825,616
Commitments:	21				
Other commitments			121,695,619		127,552,153
			<b>142,498,033</b>		<b>148,909,187</b>

These financial statements were approved by the board of directors on 14 October 1996 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 1996

	Note	1996		1995	
		£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19(a)</b>	<b>518,921</b>		<b>(195,243,464)</b>	
<b>Returns on investments and servicing of finance</b>					
Dividends paid		(1,000,000)		(2,153,378)	
<b>Taxation</b>					
United Kingdom taxes paid		(72,550)		(1,731,400)	
<b>Investing activities</b>					
Purchase of investment debt securities		(40,488,684)	(43,619,055)		
Sale and maturity of investment securities		31,012,863	51,314,942		
Sale of other variable yield securities		-	1,315,125		
Purchase of tangible fixed assets		(448,386)	(265,955)		
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(9,924,207)</b>		<b>8,745,057</b>	
<b>Net cash (outflow) before financing</b>		<b>(10,477,836)</b>		<b>(190,383,185)</b>	
<b>Net cash inflow from financing</b>		<b>-</b>		<b>-</b>	
<b>Decrease in cash and cash equivalents</b>	<b>19(b)</b>	<b>(10,477,836)</b>		<b>(190,383,185)</b>	

# 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) Interest 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

	1996 £	1995 £
Staff costs:		
Wages and salaries	1,937,722	1,942,513
Social security costs	194,529	191,605
Other pension costs (see note 20)	370,577	209,138
Other administrative expenses	328,058	225,308
	<hr/>	<hr/>
	2,830,886	2,568,564
	<hr/>	<hr/>

The average number of persons employed by the company during the year was 62 (1995:62).

# National Bank of Egypt International Limited

## Notes (continued)

### 3 Profit on ordinary activities before tax

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

##### *Charges*

The auditors' remuneration was £32,000 (1995:£31,000).

The auditors' remuneration for non-audit work was £40,600 (1995:£32,600).

##### *Income*

Profit on disposal of investment debt securities was £76,085 (1995:loss £32,769).

Profit on disposal of other variable yield securities was £nil (1995:£17,687).

#### (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

	1996 £	1995 £
UK Corporation tax at 33% (1995: 33%) on the taxable profit for the period	2,150,000	646,000
(Overprovision)/underprovision in prior years	(24,950)	17,031
	<u>2,125,050</u>	<u>663,031</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 5 Emoluments of directors

	1996 £	1995 £
Directors' fees and emoluments	367,416	313,976
Pension contributions	27,600	21,200
	<u>395,016</u>	<u>335,176</u>

The emoluments of the Chairman, excluding pension contributions, were £11,104 (1995:£3,804). The total remuneration and benefits of the highest paid director were £160,362 (1995:£163,690). The following table shows the number of directors of the company receiving emoluments, excluding pension contributions, within the bands stated.

Emoluments		Number of directors	
		1996	1995
£1 - £ 5,000		-	1
£ 5,001 - £ 10,000		-	1
£ 10,001 - £ 15,000		1	1
£ 15,001 - £ 20,000		1	1
£ 30,001 - £ 35,000		1	-
£110,001 - £115,000		-	1
£120,001 - £125,000		1	-
£160,001 - £165,000		1	1

### 6 Dividends

	1996 £	1995 £
Proposed ordinary dividends	<u>3,000,000</u>	<u>1,000,000</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 7 Loans and advances to banks

	1996 £	1995 £
<b>Banks</b>		
Repayable on demand	2,253,807	2,260,000
Other loans and advances		
Remaining maturity:		
Over 5 years	5,802,454	11,447,136
5 years or less but over 1 year	63,445,506	50,494,859
1 year or less but over 3 months	62,711,004	40,824,197
3 months or less	538,579,237	589,999,462
	<u>672,792,008</u>	<u>695,025,654</u>
<b>Parent company</b>		
Repayable on demand	86,391	99,031
Other loans and advances		
Remaining maturity:		
3 months or less	-	787,302
	<u>86,391</u>	<u>886,333</u>
<b>Total</b>	<u>672,878,399</u>	<u>695,911,987</u>

### 8 Loans and advances to customers

	1996 £	1995 £
Remaining maturity:		
Over 5 years	106,997	496,500
5 years or less but over 1 year	39,461,225	25,531,483
1 year or less but over 3 months	4,150,946	3,809,785
3 months or less	10,365,550	9,195,325
Bad and doubtful debt provision (note 9)	(1,704,225)	(640,043)
Suspended interest	(532,951)	(532,951)
	<u>51,847,542</u>	<u>37,860,099</u>
Of which repayable on demand or at short notice	<u>10,767,283</u>	<u>8,895,325</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 9 Provisions for bad and doubtful debts

	Specific £	General £	Total £
Provisions at 30 June 1995	640,043	-	640,043
Charge to the profit and loss account	65,105	1,000,000	1,065,105
Provisions written off	(923)	-	(923)
	<hr/>	<hr/>	<hr/>
Provisions at 30 June 1996	704,225	1,000,000	1,704,225
	<hr/>	<hr/>	<hr/>

£

#### *Interest in suspense*

At 30 June 1995 and 30 June 1996 532,951

The principal amounts on which interest is suspended are analysed below.

The accrual of interest on these loans ceased on 30 June 1995.

	1996 £	1995 £
Gross amounts	1,895,692	2,032,290
Provisions	(704,225)	(640,043)
	<hr/>	<hr/>
	1,191,467	1,392,247
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 10 Debt securities

	1996 £	1995 £
<i>Investment securities</i>		
Issued by public bodies		
- government securities	28,839,247	19,652,845
- other public sector securities	8,656,803	10,805,182
	<u>37,496,050</u>	<u>30,458,027</u>
Other issuers		
- other debt securities	37,194,583	32,624,403
	<u>74,690,633</u>	<u>63,082,430</u>
<i>Other debt securities - bills of exchange</i>	25,874,850	7,833,296
	<u>100,565,483</u>	<u>70,915,726</u>
<i>Investment securities</i>		
- listed on a UK recognised investment exchange	28,839,247	19,652,845
- unlisted	45,851,386	43,429,585
	<u>74,690,633</u>	<u>63,082,430</u>
Due within one year	8,220,228	8,384,779
Due one year and over	66,470,405	54,697,651
	<u>74,690,633</u>	<u>63,082,430</u>
Amounts include:		
Subordinated debt securities	3,217,296	3,146,633
Due from parent undertaking	7,759,620	6,116,735



# National Bank of Egypt International Limited

## Notes (continued)

### 10 Debt securities (continued)

	Cost	Discount	Net book value
	£	£	£
Balance at 1 July 1995	62,630,495	451,935	63,082,430
Purchases	40,488,684	-	40,488,684
Sales/maturities	(29,678,737)	(1,258,041)	(30,936,778)
Amortisation of discount	-	2,109,294	2,109,294
Exchange movements on provisions made	(52,997)	-	(52,997)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 1996	73,387,445	1,303,188	74,690,633

Unamortised discount as at 30 June 1996 2,930,051

In the year ended 30 June 1995, provisions were made of \$3,750,000 against the company's holding of Barings BV US\$ Guaranteed Floating Rate Capital Note due 2001.

	1996	1995
	£	£
<i>Investment securities - market value</i>		
Issued by public bodies		
- government securities	29,437,500	19,077,725
- other public sector securities	10,286,857	10,823,417
	<hr/>	<hr/>
	39,724,357	29,901,142
Other issuers		
- other debt securities	36,677,632	31,959,463
	<hr/>	<hr/>
	76,401,989	61,860,605

# National Bank of Egypt International Limited

## Notes (continued)

### 11 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 1995	271,251	993,094	1,264,345
Additions	237,000	211,386	448,386
Disposals	-	(2,013)	(2,013)
	<hr/>	<hr/>	<hr/>
At 30 June 1996	508,251	1,202,467	1,710,718
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation and amortisation</i>			
At 1 July 1995	23,281	277,472	300,753
Charge for year	24,000	221,643	245,643
Disposals	-	(2,013)	(2,013)
	<hr/>	<hr/>	<hr/>
At 30 June 1995	47,281	497,102	544,383
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
30 June 1996	460,970	705,365	1,166,335
	<hr/>	<hr/>	<hr/>
1 July 1995	247,970	715,622	963,592
	<hr/>	<hr/>	<hr/>

### 12 Other assets

	1996 £	1995 £
Foreign exchange and interest rate contracts	121,005	441,559
Other	30,548	121,325
Taxation	750,000	590,000
	<hr/>	<hr/>
	901,553	1,152,884
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 13 Deposits by banks

	1996 £	1995 £
With agreed maturity dates or periods of notice, by remaining maturity:		
<i>Banks</i>		
1 year or less but over 3 months	56,315,694	102,009,019
3 months or less but not repayable on demand	299,357,414	230,064,746
	<hr/>	<hr/>
	355,673,108	332,073,765
Repayable on demand	12,181,087	14,571,467
	<hr/>	<hr/>
	367,854,195	346,645,232
	<hr/>	<hr/>
<i>Parent company</i>		
1 year or less but over 3 months	13,898,720	23,662,681
3 months or less but not repayable on demand	152,550,129	131,946,403
	<hr/>	<hr/>
	166,448,849	155,609,084
Repayable on demand	13,994,905	19,418,208
	<hr/>	<hr/>
	180,443,754	175,027,292
	<hr/>	<hr/>
<i>Total</i>		
1 year or less but over 3 months	70,214,414	125,671,700
3 months or less but not repayable on demand	451,907,543	362,011,149
	<hr/>	<hr/>
	522,121,957	487,682,849
Repayable on demand	26,175,992	33,989,675
	<hr/>	<hr/>
	548,297,949	521,672,524
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 14 Customer accounts

	1996 £	1995 £
With agreed maturity dates or periods of notice, by remaining maturity:		
1 year or less but over 3 months	856,118	1,279,528
3 months or less but not repayable on demand	191,992,330	208,049,598
	<hr/>	<hr/>
	192,848,448	209,329,126
Repayable on demand	29,658,796	22,869,668
	<hr/>	<hr/>
	222,507,244	232,198,794
	<hr/>	<hr/>

### 15 Other liabilities

	1996 £	1995 £
Foreign exchange and interest rate contracts	30,409	401,855
Taxation	2,462,500	250,000
Other creditors	598,481	267,366
Proposed dividends	3,000,000	1,000,000
	<hr/>	<hr/>
	6,091,390	1,919,221
	<hr/>	<hr/>

### 16 Called up share capital

	1996 £	1995 £
<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)

### 17 Profit and loss account

	1996 £	1995 £
Balance at 1 July 1995	356,995	172,265
Retained profit for the year	62,464	184,730
	<hr/>	<hr/>
Balance at 30 June 1996	419,459	356,995
	<hr/>	<hr/>

### 18 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for year	3,062,464	1,184,730
Dividends	(3,000,000)	(1,000,000)
	<hr/>	<hr/>
	62,464	184,730
Opening shareholders' funds	50,356,995	50,172,265
	<hr/>	<hr/>
Closing shareholders' funds	50,419,459	50,356,995
	<hr/>	<hr/>

# National Bank of Egypt International Limited

## Notes (continued)

### 19 Cash flow statement

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

	1996 £	1995 £
Operating profit	5,187,514	1,847,761
Decrease in accrued interest and other accounts receivable	414,049	2,989,120
(Decrease) in accrued interest and other accounts payable	(624,917)	(3,134,275)
Depreciation	245,643	182,061
Provision for bad and doubtful debts	1,065,105	100,000
Loans and advances written off	(923)	(232,612)
Exchange movements on provisions made	52,997	-
Amounts written off fixed asset investments	-	2,359,976
(Profit)/loss on sale of investment debt securities	(76,085)	32,769
Amortisation of discounts on investment debt securities	(2,109,294)	(855,616)
Profit on sale of other variable yield securities	-	(17,687)
	<hr/>	<hr/>
	4,154,089	3,271,497
Decrease/(increase) in loans and advances	3,394,191	(6,373,948)
Increase/(decrease) in deposit accounts	11,012,195	(189,052,957)
Increase in other debt securities	(18,041,554)	(3,088,056)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>518,921</u>	<u>(195,243,464)</u>

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

	£
Balance at 1 July 1995	(20,745,797)
Net cash (outflow) for the year	<u>(10,477,836)</u>
Balance at 30 June 1996	<u>(31,223,633)</u>

# National Bank of Egypt International Limited

## Notes (continued)

### 19 Cash flow statement (continued)

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

	1996 £	1995 £
Cash	2,356,727	2,330,566
Loans and advances	491,712,528	496,294,845
Deposits	(525,292,888)	(519,371,208)
	<u>(31,223,633)</u>	<u>(20,745,797)</u>

### 20 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 1996 was £370,577 (1995:£209,138).

### 21 Commitments

#### (a) Other commitments

	1996 £	1995 £
Letters of credit - confirmed	31,580,284	35,681,193
Reimbursements - confirmed	-	1,268,343
Forward deposits placed	50,715,622	62,591,617
Forward assets purchased	39,399,713	28,011,000
	<u>121,695,619</u>	<u>127,552,153</u>

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

#### (b) Foreign exchange contracts

In addition to the commitments disclosed above, there are outstanding forward foreign exchange contracts for purchases of £43,927,305 (1995:£45,709,890) and sales of £44,074,189 (1995:£45,805,856).

# National Bank of Egypt International Limited

## Notes (continued)

### 22 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:

	1996			1995		
	Principal amount	Risk weighted amount	Replacement cost	Principal amount	Risk weighted	Replacement cost
	£	£	£	£	£	£
Interest rate related contracts	1,875,141	-	-	173,624,920	41,468	207,340
Exchange rate related contracts	43,927,305	18,191	90,954	62,056,855	91,965	459,823

Interest rate related contracts include swaps and forward rate agreements. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. Forward rate agreements 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 the 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.



# National Bank of Egypt International Limited

## Notes (continued)

### 23 Assets and liabilities denominated in foreign currency

	1996 £	1995 £
Denominated in sterling	143,304,936	133,568,280
Denominated in other currencies	689,472,488	678,375,222
<b>Total assets</b>	<b>832,777,424</b>	<b>811,943,502</b>
Denominated in sterling	137,752,288	129,705,633
Denominated in other currencies	695,025,136	682,237,869
<b>Total liabilities</b>	<b>832,777,424</b>	<b>811,943,502</b>

### 24 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.