

**Egypt
Credit Analysis**

Piraeus Bank Egypt SAE

Ratings

Security Class	Current Ratings
Piraeus Bank Egypt SAE	
National	
Long-Term	AA
Short-Term	F1+
Outlook	Stable
Support Rating	3
Sovereign Risk	
Foreign Long-Term IDR	BB+
Outlook	Positive
Local Long-Term IDR	BBB
Outlook	Stable
Country Ceiling	BB+

Financial Data

Piraeus Bank Egypt SAE	30 Jun 07	31 Dec 06
Total Assets (USDm)	1,408.1	978.9
Total Assets (EGPm)	8,011	5,583.4
Total Equity (EGPm)	821.7	523.5
Net Income (EGPm)	1.9	0
ROA (%)	0.06	0
ROE (%)	0.56	0
Capital Adequacy (%)	14.87	12.12

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Rating Rationale

- The National Ratings of Piraeus Bank Egypt SAE (PBE) reflect the moderate probability of support that would be available from its parent, Greece-based Piraeus Bank (PB, rated BBB+ positive outlook). In July 2005, PB acquired a stake in PBE, subsequent capital injections have increased the stake to 95.35%. PBE was the group's first acquisition in the Middle East and North Africa. In H107, PBE accounted for 2.2% of PB group's loans, and 4.1% of its deposits.
- Since acquisition, the level of integration between PBE and its parent has increased, evidenced by support in terms of capital for expansion and the use of the PB's expertise in systems, policies and controls. An experienced local management team is responsible for day-to-day operations, with direct reporting lines to head office.
- PBE is expanding very rapidly, doubling its loan portfolio between January 2006 and June 2007, and plans further expansion.
- Revenue generation improved during 2006 and the first half of 2007, although the bank did not report any net profit in 2006, and only minimal profits for H107 as a result of ongoing provisioning expenses, and high expansion costs.
- Non-performing loan ratio showed marked improvement in the first half of 2007, due to a combination of write-offs and recoveries and to the rapid loan growth during this period. The non-performing loan ratio stood at 6.6% at end-H107 (FYE06: 11%).
- PBE is funded mainly by corporate deposits, which have proved stable. Liquidity is adequate for the low loans/deposit ratio, but rapid asset growth may change this. Liquidity is supported by very large interbank placements and a sizable government securities portfolio. PBE also benefits from a liquidity line from PB.
- PB recapitalised its subsidiary in 2005 and again in 2007. The capital adequacy ratio at end-H107 was 14.87% (2006: 12.12%).

Support

- PBE's primary source of support, if necessary, would come from PB, although such support could be limited due to the potential transfer risk of Egypt (as defined by its Country Ceiling of 'BB+').

Key Rating Drivers

- There is limited upside potential in PBE's National Ratings given their current high level. A downward rating movement would be prompted by a significant weakening in PB group's willingness to provide support; although this is unlikely, as the parent remains committed to PBE and its expansion strategy.

Profile

PBE is a small bank representing 0.9% of system assets as at June 2007. It is owned by the Greek bank PB, and benefits from the support of its shareholder both in terms of capital and expertise. Historically a corporate bank, PBE is targeting the retail/SME market. The number of branches has increased to 41 from 13 at June 2005, and further expansion is planned.

- Small Egyptian corporate bank, acquired by the Piraeus Bank Group in July 2005
- Very high growth rates, and further rapid expansion planned, especially into the higher-margin retail market.

Background

PBE, formerly the Egyptian Commercial Bank SAE, is a small domestic bank offering corporate, retail and some treasury and investment services. In 2005, PBE was acquired by Piraeus Bank (PB) (see Fitch's credit analysis on PB dated 21 September 2007 and available at www.fitchratings.com) following a public sale process. Subsequent capital injections brought PB's stake up to 95.35%.

PBE was PB's first acquisition in the Middle East and North Africa region and it was quickly integrated into the expanding international network of the parent group, which includes subsidiary banks in most Balkan countries, the US, Egypt and, most recently, Ukraine. At end-H107, PB's international operations accounted for 17% of group loans, 14% of group deposits and 12% of pre-tax profit (excluding extraordinary gains). PB has appointed six representatives to PBE's nine-member board. An experienced local management team is responsible for the day-to-day operations of the bank, although direct reporting lines to head office in Athens are in place. Since acquisition, the level of integration between PBE and its parent has been increasing, evidenced by the change in the name of the Egyptian bank, and increasing use of the parent bank's expertise in upgrading systems, policies and controls in PBE.

PBE has a domestic network of 41 branches (with plans to increase this to 55 by end-2007), and 65 ATMs. Internationally it has a representative office in Tripoli, having disposed of its stake in Sudan-based Sudanese Egyptian Bank in 2006. Local subsidiaries include Piraeus Brokerage, Piraeus Leasing and Piraeus Egypt Asset Management Company. Total staff numbered 1,047 at end June 2007.

Established in 1978, the bank, like many of its peers, suffered from serious asset quality problems when Egypt experienced economic difficulties in the late 1990s and early 2000s. The bank's problems were exacerbated by inexperienced management, lack of critical size, low capitalisation and weak credit policies and risk management. A new and experienced management team was appointed in 2002 and has since been working on restructuring the bank, a process that has been boosted by PB's acquisition of a majority stake in 2005.

Corporate banking has historically been PBE's core business, and still constitutes around 80% of total lending, providing around 70% of interest and fee income, although the bank is making great efforts to expand into the more lucrative retail market.

Corporate Banking

Like much of the Egyptian banking sector, PBE's business is firmly based on serving large corporates, and consists mainly of providing working capital loans and trade finance facilities, in addition to some medium- and long-term financing. Because of increasing competition for large corporates' business, margins and revenue in this segment are declining, and PBE is looking to broaden its customer base by targeting second-tier names. The bank is also targeting Egypt's vast and underdeveloped SME market, where it intends to expand. As at June 2007, SME loans represented only around 10% of the total loan book. PBE is developing its SME product range and infrastructure with its parent, which has long experience in the Greek SME market.

Retail Banking

PBE considers the retail market as an essential part of its growth strategy. In spite of the rapid expansion of retail lending in the Egyptian market during the last few years, margins are still relatively healthy and compensate for the decreasing margins in corporate lending. The bank's retail portfolio is growing rapidly, and it is targeting a wider demographic to grow market share. To pursue this strategy, the bank is expanding its branch network and widening its product range of deposit accounts, salary-assigned personal loans, credit cards and vehicle loans. PBE also sees significant opportunities for growth in mortgages and real estate finance,

mainly in the upper/middle end of the residential segment. The bank is integrating its IT systems and retail credit scoring systems with its parent's, which will give it a much stronger base for retail expansion.

Strategy

PBE is targeting a stronger presence in Egypt by consolidating its position in its existing markets and by aggressively expanding retail banking and SME finance. As the SME and retail markets are undeveloped and untested in an economic downturn, this strategy does increase the risk of further asset quality problems. However, these are areas in which PBE can benefit from its parent's experience with risk management systems and procedures.

Presentation of Accounts

Fitch's analysis is based on the bank's financial statements prepared under Egyptian Accounting Standards. The unqualified audit opinion of the 2006 accounts was provided by two Egyptian audit firms, one of which is the local affiliate of Ernst and Young.

Performance

Egypt continues to make progress in its economic and structural reform programme, started in 2004. Results are evident in accelerating GDP growth, which Fitch estimates will reach 7% this year; rising investment, especially foreign direct investment; and falling unemployment. The country's external liquidity position is strong: In 2006, Egypt attained net external creditor status. The business climate is improving, tax and tariff rates have been cut, and the whole tax system simplified. Nonetheless, the operating environment does remain potentially volatile, with concerns regarding political risk, still high unemployment and a high budget deficit and public debt ratio. Although good progress has been made in cleaning up the banking system, it remains weak in global terms. Bank of Alexandria, one of the big four state-owned banks, was sold to Sanpaolo IMI in 2006 and the sale of another, Banque du Caire is being planned. Banks' minimum required share capital has increased to EGP500m, which has led to consolidation; the number of banks has dropped to 41 at June 2007 from 61 in 2004. The government is also moving towards resolving the banking sector's weak asset quality burden. These reforms, as well as the opportunities available in the vast untapped retail and SME sectors, have attracted new foreign entrants, which have mainly acquired smaller banks in the system. Although these are positive changes, they will lead to increasing competition in the Egyptian market.

Since 2001, PBE has allocated all year-end profits to the provisioning of its loan book. The bank expects to cover the shortfall in specific provisions by year-end.

- Profits have historically been absorbed by large provisions to overcome reserve shortfall
- Rapid expansion and improving revenue generation; however, cost of expansion weighs on bottom-line profits

Table 1: Peer Group

	Suez Canal Bank			Commercial Int Bank			Piraeus Bank Egypt			Credit Agricole Egypt		
	H107	2006	2005	H107	2006	2005	H107	2006	2005	H107	2006	2005
Assets (EGPm)	13,054	12,257	12,453	40,642	37,423	30,390	8,011	5,583	4,430	21,820	15,762	13,932
Equity (EGPm)	1,028	1,028	532	3,690	3,235	2,657	822	524	524	1,598	1,407	1,386
Net income (EGPm)	0	0	-525	635	710	540	1.9	0	0	212	21	378
Net interest margin	1.37	0.97	0.48	2.95	2.91	3.20	1.54	1.62	0.53	2.81	2.82	4.54
ROAE (%)	0	0	-76.3	36.7	24.1	21.6	0.6	0	0	28.15	1.48	44.77
Cost/income (%)	30.85	38.79	40.76	34.2	44.8	49.16	77.0	62.6	68.1	48.51	59.14	48.64
Equity/assets (%)	7.9	8.4	4.3	9.1	8.6	8.7	10.3	9.4	11.8	7.3	8.9	9.9
Loans/deposits* (%)	51.6	54.9	50.4	55.1	53.2	54.9	56.8	62.4	48.1	19.7	26.3	32.7
Loan loss reserve/ gross loans (%)	26.8	25.9	25.2	5.3	5.6	6.3	5.4	8.2	15.1	11.6	12.9	14.6

* includes money mkt funding

Source: Bank financial statements, adapted by Fitch.

Table 2: Revenue Mix

(EGPm)	H107	2006	2005
Net interest income	52.5	81.0	20.1
Fees and commissions	41.8	72.5	36.8
Gains on revaluation of investments	-	4.1	53.6
FX gains	10.7	43.0	1.1
Gains from sale of investments	3.2	14.0	18.0
Other	1.6	3.0	2.1
Total	109.8	217.6	131.7

Source: PBE data analysed by Fitch

Revenues

PBE's core revenues showed strong improvement in 2006 and the first half of 2007, benefiting from a rapid growth of business volumes in the improving operating environment. Net interest income has become the main contributor to income, representing 47.8% at mid-year 2007 (37.3% at end-2006 and 15.3% at end-2005). Just over half of interest income is from the bank's corporate loan portfolio, with the rest split fairly evenly between the retail portfolio, interest on interbank placements and income from government securities. The net interest margin improved to 1.54% at H107 (1.62% 2006) from a low 0.53% for 2005. The improvement during 2006 was due mainly to the reduction in NPLs, also to the higher proportion of loans relative to lower-yielding interbank placements on the bank's balance sheet.

Fees and commissions remain a significant and increasing contributor to income. They represented 38% of total income in H107 (33% at end-2006 and 28% at end-2005), the substantial increase due to higher business volumes and the bank's rapidly growing credit card business. Fees are generated mainly from issuance of letters of credit (20%), other trade-finance-related business (28.4%), and credit card fees (34%). Other operating income in the attached spreadsheet in H107 consisted mainly of an EGP10.7m gain from FX (2006: EGP43m) and gains from sale of investments. The unrealised revaluation gains on investments made in 2005, which were included in 2005 other income, were not repeated due to the more subdued performance of the local stock market in 2006.

Non-Interest Expenses

The bank's operating expenses continue to rise as a result of the substantial expansion programme. These expenses consist mainly of infrastructure costs – PBE has increased the number of branches to 41 at September 2007 from 13 at June 2005, and plans an additional 14 branches by the end of this year – and staff costs. As most banks in Egypt are currently expanding, there is huge competition to attract qualified staff; consequently, salaries and staff costs have soared. This resulted in a 46% y-o-y increase in operating expenses in H107 (2006: 52% increase), pressuring the bank's already high efficiency ratios. The cost/income ratio increased to 77% in H107 (2006: 62.6%) in spite of strong revenue growth during the period.

Loan Loss Provisions

Since 2001, PBE has used pre-provision profits to build up its loan loss reserves. The bank expects to cover the shortfall in specific provisions by the end of 2007; thereafter it will focus on its currently non-existent general provisions. Provision expenses totalled EGP23.5m during the first half of 2007 (2006: EGP81.5m). PBE booked recoveries of EGP60m in 2006 and EGP29m during the first half of 2007; it expects EGP38m of additional recoveries by end-2007.

Prospects

Medium-term growth prospects have brightened because of the improving business environment, and the increasing level of integration between PBE and its parent. Rapid expansion will, however, require continuing high levels of investment, which could negatively affect the bank's efficiency ratios in the medium term. It will also require careful risk management, especially in view of the bank's expansion into retail/SME lending, and will be increasingly challenging given higher levels of competition, especially from foreign banks entering the market.

Risk Management

PBE reorganised its risk management framework so that it is now more closely aligned with that of its parent. In 2005, management created a separate risk management department, and completely overhauled the credit department. The management of market risk and operational risk is less developed as the bank is less exposed to these risks. PBE's asset and liability committee is responsible for managing market risk. The committee is headed by the CEO and reports to the board.

Credit Risk

Credit risk is PBE's main risk. Under the new credit approval system, all decision-making for loans is now centralised, and credit approval authority for branches has been removed. Credit functions have been split into corporate and retail. PB intends to implement its credit scoring system for retail loans at PBE; this has been planned since 2005 and the process is still ongoing. The lack of a credit scoring system at present is one of the major hindrances to retail expansion, the other being lack of access to potential clients' credit history.

The bank's loan portfolio almost doubled during the period from end-2005 to mid-year 2007, growing by 56% during 2006, and by a further 26% during the first half of 2007. In addition to the increased lending opportunities resulting from the improving business environment, PBE has spent much effort on re-branding and marketing. This extremely rapid growth creates risks and could lead to deterioration of the bank's asset quality. However, in spite of this growth, loans still represented only 50% of total assets at June 2007, although this percentage is likely to increase as the bank continues to implement its expansion plans.

Table 3: Loans by Sector

(%)	1H07	2006
Agriculture	1	1
Industry	28	27
Trade	25	20
Services	25	31
Retail	21	20
Other	1	1
Total gross loans	100	100

Source: PBE data and Fitch analysis

PBE, like many domestic banks, has large credit risk concentrations, and efforts to reduce these have had limited success. The 20 largest loans at mid-year 2007 represented around 45% of the total loan book, or 233% of equity. Central bank regulations limit single client exposure to 20% of a bank's equity, so PBE is arranging to book exposures in excess of that limit with PB Athens or PB London; this will have the additional advantage of freeing up capital. At the moment, exposures above the limit must be covered by deposits. The current focus is to build market share in the still underdeveloped but potentially very profitable retail market, which will help to diversify the portfolio. Foreign-currency loans constituted 30% of the portfolio at June 2007 (2006: 20%). PBE restricts foreign-currency lending to clients that have foreign-currency earnings; however, the

- Massive loan growth and expansion into retail lending may increase risks
- Improving asset quality and strengthened risk management culture, enhanced by PB's practices
- Fairly basic market risk management

performance of these loans could still be affected by any substantial devaluation of the EGP. Around 83% of the loan portfolio is unsecured.

PBE is a net lender to the interbank market, with 25% of assets placed with banks as at June 2007. Of these placements, just over half consist of balances with the Central Bank of Egypt, with most of the remainder being foreign-currency deposits with international, mostly Western European, banks. Most of PBE's remaining assets consist of investments in government securities: Treasury bills of EGP 1,088.6m and Central Bank of Egypt notes of EGP131m.

Loan Loss Reserves

The Central Bank of Egypt's provisioning guidelines classify non-performing loans (NPLs) into three categories: substandard (three to six months overdue, requiring a 20% provision), doubtful (six to 12 months, 50%) and bad (over 12 months, 100%). The guidelines also require banks to hold general provisions for performing loans of between 1% and 5% depending on the loan category for corporate loans, and 3% for retail loans.

Table 4: Asset Quality

(EGPm)	H107	2006	2005
Total loans*	4,150.6	3,283.8	2,074.8
Loan loss reserves (LLRs)	136.5	183.6	237.2
Total net loans	4,014.1	3,100.2	1,837.6
Non-performing loans**	273.5	363.4	407.3
NPLs/total loans (%)	6.6	11.0	19.6
LLRs/total loans (%)	3.3	5.6	11.4
LLRs/total NPLs (%)	50	51	58

* Net of interest in suspense
Source: PBE and Fitch analysis

Most of PBE's corporate NPLs date from the economic downturn of the early 2000s. NPLs were reduced in 2006 through a combination of recoveries and loan rescheduling (around EGP110m) and write-offs (around EGP139m), with further recoveries and write-offs of around EGP29m and EGP69m respectively during H107. This, in addition to the bank's rapid loan growth, has dramatically reduced the NPL ratio to 6.6% in H107 (2006: 11%) from 19.6% in 2005. This is mostly a reflection of the current benign economic environment, although also of the government's gradual settlement of non-performing public-sector bank debt as part of the banking sector restructuring. There are approximately EGP52m of public-sector NPLs remaining on PBE's books, of which the bank expects to receive at least half by the end of 2007. The level of provisioning for NPLs remained at 50% at June 2007, and the bank's aim to have NPLs fully provisioned by year-end is ambitious given the high expansion costs.

Market Risk

Market risk management at PBE is fairly basic, but can be considered adequate for the level of the bank's current operations. Interest rate and foreign-currency mismatches are PBE's main risks, which the bank manages by using gap analysis and manual sensitivity analysis. The bank is increasingly making use of three-year fixed rate certificates of deposit (CDs) as a funding source, giving rise to interest rate risk, and there are very limited means of hedging this risk in the Egyptian market. Foreign-currency risk is to a great extent naturally hedged as PBE has reasonably well balanced foreign-currency assets and liabilities; the bank's open FX position is monitored and limited to a maximum of EUR 5m. The trading portfolio is relatively small at EGP145m or 18% of equity as at June 2007.

- Stable deposit funding base
- Capital ratios under pressure from rapid growth

Funding and Capital

Funding and Liquidity

PBE is funded mainly by customer deposits, which accounted for a very high 88% of total liabilities at H107 (2006: 86%). Around 40% of these are longer-term CDs. PBE relies on more expensive time deposits from corporate customers due to its still small retail franchise, although this is changing as the bank's retail franchise increases.

The bank has adequate liquidity. Customer deposits fund the loan portfolio and excess funds are placed in liquid inter-bank placements and marketable, mainly government, securities. Further liquidity would be provided if needed by the parent, although this has never been required.

Capital

PBE's capital adequacy ratio stood at 20.4% at end-2005 (according to Central Bank of Egypt guidelines) but rapid growth during 2006 caused the ratio to fall to 12.12%. The bank's parent injected a further EGP296.2m during the first half of 2007, without which the bank would have slipped below the 10% threshold required by the Central Bank of Egypt. CAR stood at 14.87% at end-H107, and PBE's management has indicated that the parent is willing to support PBE's expansion plans, and will inject additional capital to fund it when necessary. PB has elected to maintain around 75% of PBE's equity in EUR, although from PBE's perspective this creates foreign-currency gains/losses as the Egyptian pound fluctuates against the euro; it also somewhat depresses interest revenue, which is lower on EUR investments.

Balance Sheet Analysis
PIRAEUS BANK EGYPT SAE

	30 Jun 2007				31 Dec 2006		31 Dec 2005		31 Dec 2004	
	6 Months - Interim	6 Months - Interim	As % of	Average	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EGPm	Assets	EGPm	EGPm	Assets	EGPm	Assets	EGPm	Assets
	Original	Original	Original	Original	Original	Original	Original	Original	Original	Original
A. LOANS										
1. Loans	745.9	4,243.3	52.97	3,809.4	3,375.5	60.46	2,163.6	48.84	1,646.9	53.25
2. Impaired Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. (Loan Loss Reserves)	40.3	229.2	2.86	252.2	275.2	4.93	326.0	7.36	260.9	8.44
TOTAL A	705.6	4,014.1	50.11	3,557.2	3,100.3	55.53	1,837.6	41.48	1,386.0	44.82
B. OTHER EARNING ASSETS										
1. Deposits with Banks	350.9	1,996.6	24.92	1,592.7	1,188.8	21.29	1,405.1	31.71	694.8	22.47
2. Government Securities	223.6	1,271.9	15.88	949.5	627.0	11.23	648.3	14.63	485.2	15.69
3. Other Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	150.3	4.86
4. Equity Investments	18.5	105.4	1.32	93.5	81.5	1.46	111.6	2.52	88.8	2.87
5. Other Investments	36.9	210.2	2.62	206.4	202.6	3.63	171.6	3.87	83.6	2.70
TOTAL B	630.0	3,584.1	44.74	2,842.0	2,099.9	37.61	2,336.6	52.74	1,502.7	48.59
C. TOTAL EARNING ASSETS (A+B)	1,335.5	7,598.2	94.85	6,399.2	5,200.2	93.14	4,174.2	94.22	2,888.7	93.40
D. FIXED ASSETS	18.1	102.9	1.28	96.8	90.6	1.62	46.7	1.05	37.2	1.20
E. NON-EARNING ASSETS										
1. Cash and Due from Banks	21.2	120.8	1.51	95.4	69.9	1.25	37.0	0.84	26.8	0.87
2. Other	33.2	189.1	2.36	205.9	222.7	3.99	172.5	3.89	140.0	4.53
3. Intangible Assets	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
F. TOTAL ASSETS	1,408.1	8,011.0	100.00	6,797.2	5,583.4	100.00	4,430.4	100.00	3,092.7	100.00
G. DEPOSITS & MONEY MARKET FUNDING										
1. Demand Deposits	176.6	1,004.6	12.54	1,074.6	1,144.6	20.50	338.4	7.64	314.5	10.17
2. Time Deposits	811.1	4,614.5	57.60	3,611.5	2,608.5	46.72	2,673.1	60.34	2,006.6	64.88
3. Other Customer Deposits	117.6	668.9	8.35	643.1	617.2	11.05	469.4	10.59	479.9	15.52
4. Total Retail Deposits	1,105.3	6,288.0	78.49	5,329.2	4,370.3	78.27	3,480.9	78.57	2,801.0	90.57
5. Interbank Deposits	137.5	782.4	9.77	691.8	601.2	10.77	337.7	7.62	23.0	0.74
6. Other Short-Term Funding	0.0	0.0	0.00	n.a.	n.a.	-	n.a.	-	0.0	0.00
TOTAL G	1,242.8	7,070.4	88.26	6,021.0	4,971.5	89.04	3,818.6	86.19	2,824.0	91.31
H. OTHER FUNDING										
1. Subordinated Debt	n.a.	n.a.	-	n.a.	0.0	0.00	0.0	0.00	16.0	0.52
2. Other Long-Term Borrowing	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	0.0	0.00
TOTAL H	n.a.	n.a.	-	n.a.	0.0	0.00	0.0	0.00	16.0	0.52
I. OTHER (Non-Interest Bearing)	20.8	118.5	1.48	103.3	88.0	1.58	87.8	1.98	79.2	2.56
J. LOAN LOSS RESERVES	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
(Not Deducted from Assets)										
K. OTHER RESERVES	0.1	0.4	0.00	0.4	0.4	0.01	0.5	0.01	n.a.	-
L. EQUITY										
1. Preference Shares	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Common Equity	144.4	821.7	10.26	672.6	523.5	9.38	523.5	11.82	173.5	5.61
TOTAL L	144.4	821.7	10.26	672.6	523.5	9.38	523.5	11.82	173.5	5.61
M. TOTAL LIABILITIES & EQUITY	1,408.1	8,011.0	100.00	6,797.2	5,583.4	100.00	4,430.4	100.00	3,092.7	100.00
Exchange Rate		USD1 = EGP 5.6892			USD1 = EGP 5.7036		USD1 = EGP 5.7322		USD1 = EGP 6.1310	

Income Statement Analysis
PIRAEUS BANK EGYPT SAE

	30 Jun 2007		31 Dec 2006		31 Dec 2005		31 Dec 2004	
	Income Expenses	As % of Total AV	Income Expenses	As % of Total AV	Income Expenses	As % of Total AV	Income Expenses	As % of Total AV
	EGPm	Earning Assts	EGPm	Earning Assts	EGPm	Earning Assts	EGPm	Earning Assts
	Original	Original	Original	Original	Original	Original	Original	Original
1. Interest Income	225.2	7.04	298.6	6.37	221.0	6.26	186.0	7.09
2. Interest Expense	172.7	5.40	217.6	4.64	200.9	5.69	165.4	6.30
3. NET INTEREST REVENUE	52.5	1.64	81.0	1.73	20.1	0.57	20.6	0.79
4. Net Fees and Commissions	41.8	1.31	72.5	1.55	36.8	1.04	39.5	1.51
5. Other Operating Income	15.4	0.48	64.2	1.37	74.9	2.12	22.7	0.87
6. Personnel Expenses	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Operating Expenses	84.5	2.64	136.3	2.91	89.7	2.54	60.8	2.32
8. Loan Loss Provisions	23.5	0.73	81.5	1.74	41.7	1.18	31.4	1.20
9. OPERATING PROFIT	1.7	0.05	-0.1	0.00	0.4	0.01	-9.4	-0.36
10. Other Income and Expenses	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. PROFIT BEFORE EXCEPTIONAL ITEMS	1.7	0.05	-0.1	0.00	0.4	0.01	-9.4	-0.36
12. Exceptional Items	0.2	0.01	0.1	0.00	0.1	0.00	9.4	0.36
13. PRE-TAX PROFIT	1.9	0.06	0.0	0.00	0.5	0.01	0.0	0.00
14. Taxes	0.0	0.00	0.0	0.00	0.5	0.01	0.0	0.00
15. Transfers To/(From) Equity Reserves	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. PUBLISHED NET INCOME INCLUDING MINORITIES	1.9	0.06	0.0	0.00	0.0	0.00	0.0	0.00
17. Memo: Extraordinary Items	0.2	0.01	0.1	0.00	0.1	0.00	9.4	0.36
18. Memo: FITCH NET INCOME before appropriations	1.9	0.06	0.0	0.00	0.0	0.00	0.0	0.00

Ratio Analysis

PIRAEUS BANK EGYPT SAE

		30 Jun 2007	31 Dec 2006	31 Dec 2005	31 Dec 2004
		Original	Original	Original	Original
I. PROFITABILITY LEVEL					
1. Pre-Tax Profit/Total Assets (av)	%	0.06	0.00	0.01	0.00
2. Net Inc before Appr/Equity (av)	%	0.56	0.00	0.00	0.00
3. Net Inc before Appr/Total Assets (av)	%	0.06	0.00	0.00	0.00
4. Non-Int Exp/Net Interest Rev & Other Operating Inc & Other Inc		77.03	62.61	68.06	73.43
5. Net Interest Rev/Total Assets (av)	%	1.54	1.62	0.53	0.71
II. CAPITAL ADEQUACY (Year End)					
1. Internal Capital Generation	%	0.62	0.02	0.03	4.61
2. Equity/Total Assets	%	10.26	9.38	11.82	5.61
3. Equity/Loans	%	20.47	16.89	28.49	12.52
4. Capital/Risks - Tier 1	%	n.a.	n.a.	n.a.	n.a.
5. Capital/Risks - Total	%	14.87	12.12	20.40	10.57
III. LIQUIDITY (Year End)					
1. Liquid Assets/Deposits & Money Mkt Funding	%	18.50	7.46	19.15	16.00
2. Liquid Assets & Marketable Debt Securities/Deposits & Money Mkt Funding	%	47.94	37.93	54.74	48.06
3. Loans/Deposits & Money Mkt Funding	%	56.77	62.36	48.12	49.08
IV. ASSET QUALITY					
1. Loan Loss Provisions/Loans Gross (av)	%	1.23	2.94	2.19	1.89
2. Loan Loss Provisions/Profit before Provisions & Taxes	%	92.52	100.00	98.82	100.00
3. Loan Loss Reserves/Loans Gross	%	5.40	8.15	15.07	15.84

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