

BOARD OF DIRECTORS REPORT FOR THE QUARTER ENDING 31ST MARCH 2012

**NBD POSTS A NET INCOME OF LE (97.6)mn, LE 71.6mn OR 42% BETTER THAN Q1 2011 AND
 LE 61.2mn OR 39% BETTER THAN Q4 2011**

Bank Standalone Financial Highlights:- Income Statement

Vs. Q1 2011

1. Net Income was LE (97.6)mn, LE 71.6mn or 42.3% better than Q1 2011
2. Net Profit Income (NRFF) was LE 60.5mn, LE 24.2mn or 66.6% higher than Q1 2011
3. Operating Leverage - revenue grew by 53.0% whilst expenses grew by 13.8% - an operating leverage of 39.2%
4. Q1 Provisions were LE 82.6mn, LE 57.1mn better than Q1 2011 (LE 50.0mn Acquired Bank & LE 7.1mn New Bank)

Vs Q4 2011

1. Net Income was LE (97.6)mn, LE 61.2mn or 38.5% better than Q4 2011
2. Net Profit Income (NRFF) was LE 60.5mn, 4.7mn or 8.5% higher than Q4 2011
3. Operating Leverage – revenue grew by 4.4% whilst expenses fell by 6.9% - an operating leverage of 11.3%
4. Q1 provisions of LE 82.6mn were LE 35.0mn higher than Q4 2011(LE 50.0mn higher in the Acquired Bank & LE 15.0mn lower in the New Bank)

Balance Sheet

Vs March 2011

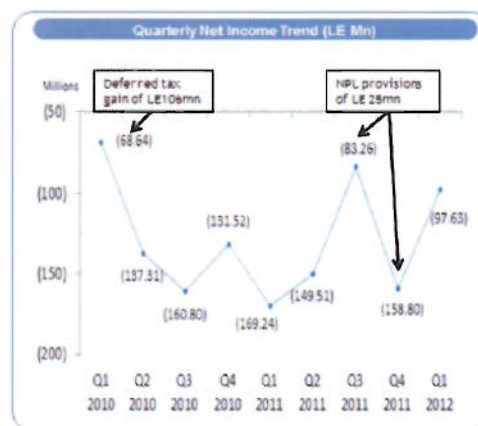
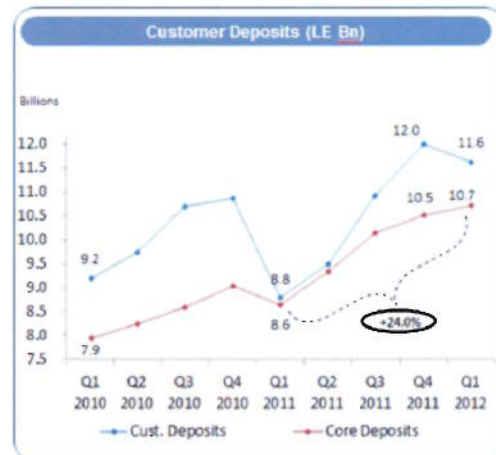
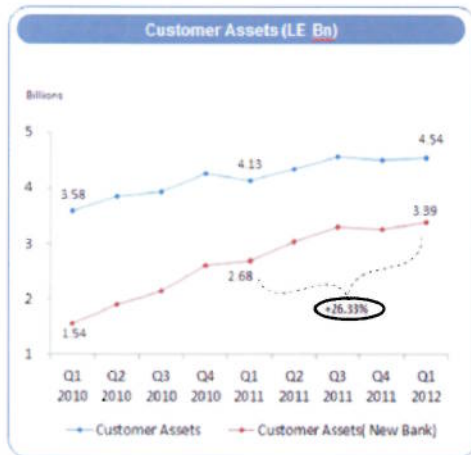
1. Headline financings grew by LE 418mn or 10.1% to reach LE 4.54bn
2. New Bank financings grew by LE 706mn or 26.3% to reach LE 3.39bn
3. Core deposits grew by LE 2.0bn or 23% to reach LE 10.7bn. Total deposits which include Treasury deposits increased by LE 2.9bn or 32.6%
4. Provisions shortfall for the Acquired Bank fell from LE 1,200mn at Q1 2011 to LE 896mn at Q1 2012, a reduction of 25%
5. Shareholders' Equity increased by LE 241mn or 50.2% from LE 481mn to LE 722mn

Vs December 2011

1. Headline financings grew by LE 44.9n or 1.0% to reach LE 4.5bn.
2. Acquired Bank financings grew by LE 124mn or 3.8% to reach LE 3.4bn
3. Core deposits grew by LE 186mn or 1.8%. Total deposits which includes the Treasury deposits fell by LE 387mn or 3.2%
4. Provisions shortfall for the Acquired Bank fell from LE 950mn at Q4 2011 to LE 896mn at Q1 2012, a reduction of 5.7%

5. Shareholders' Equity increased by LE 14mn or 2% to LE 722.9mn

Key Graphs



*NPL Provisions highlighted on the Net Income Chart refer to the amount taken under the CBE agreement for the Acquired Bank where in Q3 and Q4 2011 it was LE 25mn and Q1 2012 was LE 75mn

Commentary

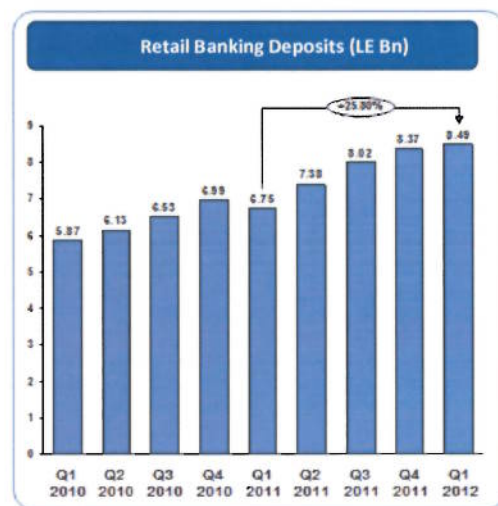
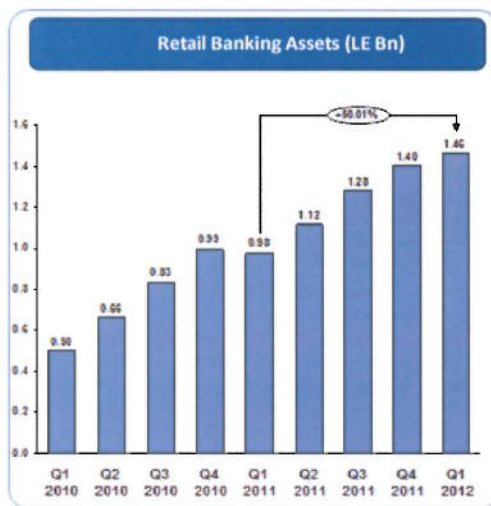
The National Bank for Development has declared its financial results for Q1 2012 which shows a continuation of the substantial progress that was made in 2011. Most encouraging was the growth in customer assets and deposits which have increased by 10.1% and 32.6% over the last twelve months. On customer assets, if we only focus on the New Bank, the key to our future, the actual growth rate was 26.3%. This level of growth in assets and deposits is over four times the rate of growth of the market as a whole and demonstrates that the continued investment in our branch network, IT infrastructure, people and products is continuing to have a positive impact on the customer experience and thus allowing us to build deeper relationships with an ever greater number of customers.

This balance sheet growth, together with tight management of costs and lower provisions has helped us to achieve a 42.3% improvement in Net Income compared to Q1 2011 and a 38.5% improvement compared to Q4 2011.

In recognition that we need to constantly improve our competitive position and that a key driver of this will be delivering a level of service that exceeds our customers' expectations, we have launched the "Special Service" initiative. Teams have been formed to supervise the simplification of the processes and the reduction of time taken to deliver a transaction or service. We aim through this initiative to make a customers' visit to a branch or interaction with the bank through other channels a unique experience.

Key Business Segment highlights are:

Retail

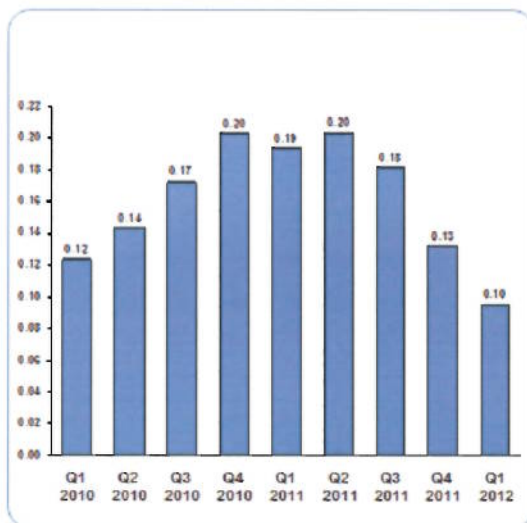


The asset portfolio grew by LE 60mn or 4.3% in Q1 to reach LE 1.46bn. Over the last 12 months the portfolio has grown by LE 489mn or 50.0%

The deposit portfolio grew by LE 119mn or 1.4% in Q1 to reach LE 8.5bn. Over the last 12 months the portfolio has grown by LE 1.74bn or 25.8%

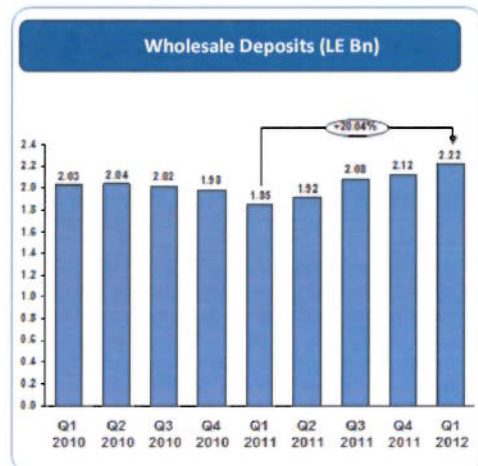
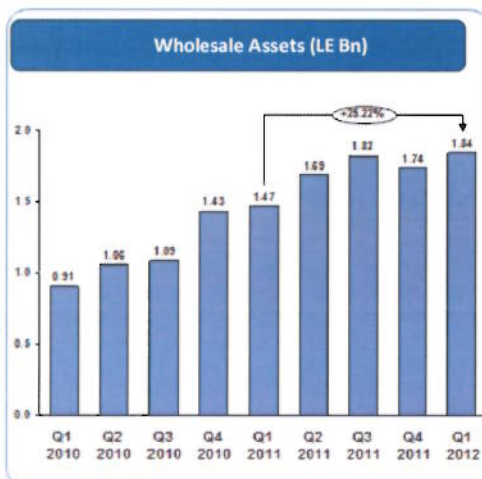
The growth in Retail over the last 12 months is a result of continued efforts to introduce new Shari'a compliant products that fulfill our customers' needs as well as our marketing initiatives aimed at advertising products and services nationally, and within the neighborhood of branches and surrounding areas through micro marketing initiatives. In addition, we are also seeing the impact of the refurbished and new branches, as well as benefitting by having a national footprint covering all 19 governorates that gives us a solid diversified presence across Egypt.

Micro Finance



The asset portfolio reduced by LE 46.4mn or 34.1% in Q1 to reach LE 0.1bn. Over the last 12 months the portfolio has reduced by LE 0.1bn or 50.8%. The fall is in line with our plans and reflects the challenges faced by this sector and its vulnerability to the Egyptian economic and political environment. To address these challenges the microfinance staff focused their efforts towards collecting past due accounts and current installments on time. As the portfolio has stabilized we have started to write business again in a selected number of microfinance branches but we still expect to see further contraction before we start to see growth.

Wholesale



The asset portfolio grew by LE 0.1bn or 5.7% in Q1 to reach LE 1.84bn. Over the last 12 months the portfolio has grown by LE 0.4bn or 25.2%

The deposit portfolio grew by LE 0.1bn or 4.3% in Q1 to reach LE 2.2bn. Over the last 12 months the portfolio has grown by LE 0.4bn or 20.0%

Our Wholesale group continued to leverage on the infrastructure built during 2011 and the first quarter saw record activity in Cash Management where our Cash Pick Up volumes increased by 31% vs Q4 2011. As the charts indicate we have continued to build our customer footings and over the last 12 months assets grew by 25% and deposits grew by 20%. 2012 has also started positively with a 5.7% growth in assets and a 4.3% growth in customer deposits thus maintaining the same levels of growth we have seen over the previous nine months.

Treasury

Treasury continued within Q1 2012 to handle the management of our excess liquidity as well as our foreign exchange operations. Due to the growth in customer deposits the asset portfolio managed by Treasury increased by 51% over Q1 2011 and 2% over Q4 2011

Information Technology

During the first quarter the bank successfully tested our new state-of-the-art contingency site. This test involved switching all our core systems from our main data centre to the back-up site and running all the bank's systems out of that centre for over 8 weeks. This test was carried out seamlessly and without any disruption to the continuation of services to our valued customers. We have invested significant resources to build this capability to ensure our customers do not face service disruptions as a result of unforeseen events

Employees

NBD adopts the basic philosophy that continuing to support and strengthening the "Capital Manpower" represents the most important point of competitive advantage we have. We recently introduced new job grades and corporate titles to harmonize the structure between the new and pre-acquisition employees. 928 employees received training in the quarter through a combination of internal workshops and external programmes. Lastly, to ensure all employees have the opportunity to air their concerns we established a grievance committee and provided a formal channel through which all employees can communicate any issues they may have.

Gratitude

The Board of Directors would like to express their appreciation to our customers, shareholders and staff for their continued support and trust in the National Bank for Development