

BOARD OF DIRECTORS REPORT FOR THE NINE MONTHS ENDED 30th SEPTEMBER 2012

NBD POSTS NET INCOME FOR THE NINE MONTHS TO 30TH SEPTEMBER 2012 OF LE (260.9)MN, LE 141.1MN OR 35.1% BETTER THAN THE SAME PERIOD IN 2011

2012 QTR 3 NET INCOME OF LE (73.5)MN, LE 16.4MN or 18.2% BETTER THAN Q2 2012 & LE 24.1MN OR 24.7% BETTER THAN Q1 2012

Income Statement

9 Months to 30/9/2012 vs. 9 Months to 30/9/2011

1. Net Income was LE (260.9)mn, LE 141.1mn or 35.1% better than Sept 2011 YTD
2. Net Profit Income (NRFF) was LE 217.1mn, LE 99.3mn or 84.3% higher than Sept 2011 YTD
3. Customer Net Revenue (CNR) was LE 260.6mn, LE 100.7mn or 63.0% higher than Sept 2011 YTD
4. Operating Leverage - revenue grew by 63.0% whilst expenses grew by 13.9% - a leverage of 49.1%
5. Sept YTD Provisions were LE 241.3mn, LE 82.1mn or 25.4% better than Sept 2011 YTD (LE 50.0mn Acquired Bank & LE 32.1mn New Bank)

Qtr 3 2012 vs. Q2 2012

1. Q3 Net Income was LE (73.5)mn, LE 16.4mn or 18.2% better than Q2 2012
2. Q3 Net Profit Income (NRFF) was LE 80.2mn, 4.0mn or 5.2% higher than Q2 2012
3. Q3 Customer Net Revenue (CNR) was LE 94.9mn, 4.0mn or 4.5% better than Q2 2012
4. Operating Leverage - revenue grew by 4.5% whilst expenses increased by 4.1%. A leverage of 0.4%.
5. Q3 Provisions of LE 76.4mn, LE 6.0mn or 7.3% lower than Q2 2012

Balance Sheet

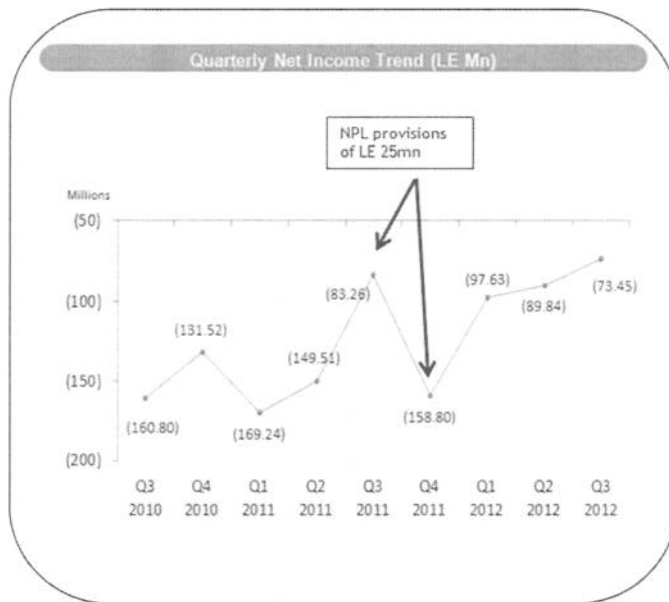
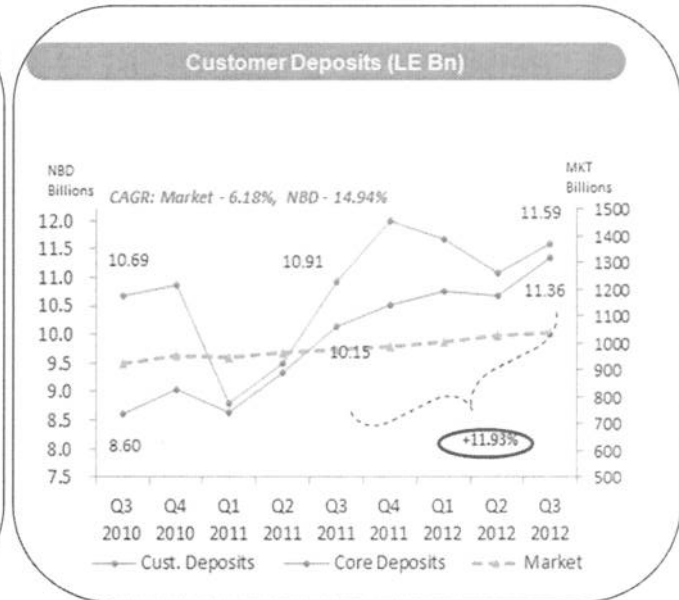
Qtr 3 2012 vs. Qtr 4 2011

1. Headline financings grew by LE 395.6mn or 8.8% to reach LE 4.89bn.
2. New Bank financings grew by LE 628mn or 19.2% to reach LE 3.9bn
3. Core deposits grew by LE 787.9mn or 7.5% to reach LE 11.4bn. Headline deposits which include Treasury deposits fell by LE 458.8mn or 3.8% to 11.6bn.
4. NPL provisions shortfall fell from LE 950mn at Q4 2011 to LE 749mn at Q3 2012, a reduction of LE 201mn or 21.1%
5. Shareholders' Equity increased by LE 82mn or 11.7% from LE 706.4mn to LE 788.9mn

Q3 2012 vs. Q2 2012

1. Headline financings fell by LE 30.9mn or 0.6% to LE 4.9bn.
2. New Bank financings grew by LE 51.3mn or 1.3% to reach LE 3.9bn
3. Core deposits grew by LE 689.3bn or 6.5%. Headline deposits which includes the TMU increased by LE 524.3mn or 4.7%
4. NPL provisions shortfall fell from LE 829mn at Q2 2012 to LE 749mn at Q3 2012, a reduction of LE 80mn or 9.6%
5. Shareholders' Equity increased by LE 37.7mn or 5.0% to LE 788.9mn

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, Q2 & Q3 2012 were LE 75mn

Commentary

The National Bank for Development has declared its financial results for the first nine months of 2012. They show a continuation of the substantial progress that was made in 2011 and built on the solid results released for the first half of the year. Most encouraging was the Net Income loss reduced from LE 97.6mn in Q1 & LE 89.8mn in Q2 to LE 73.5mn in Q3, an improvement of 18.2% on Q2 and 24.7% on Q1 and brings the cumulative loss for the nine months to LE 260.9mn, LE 141.1mn or 35.1% better than the first nine months of 2011.

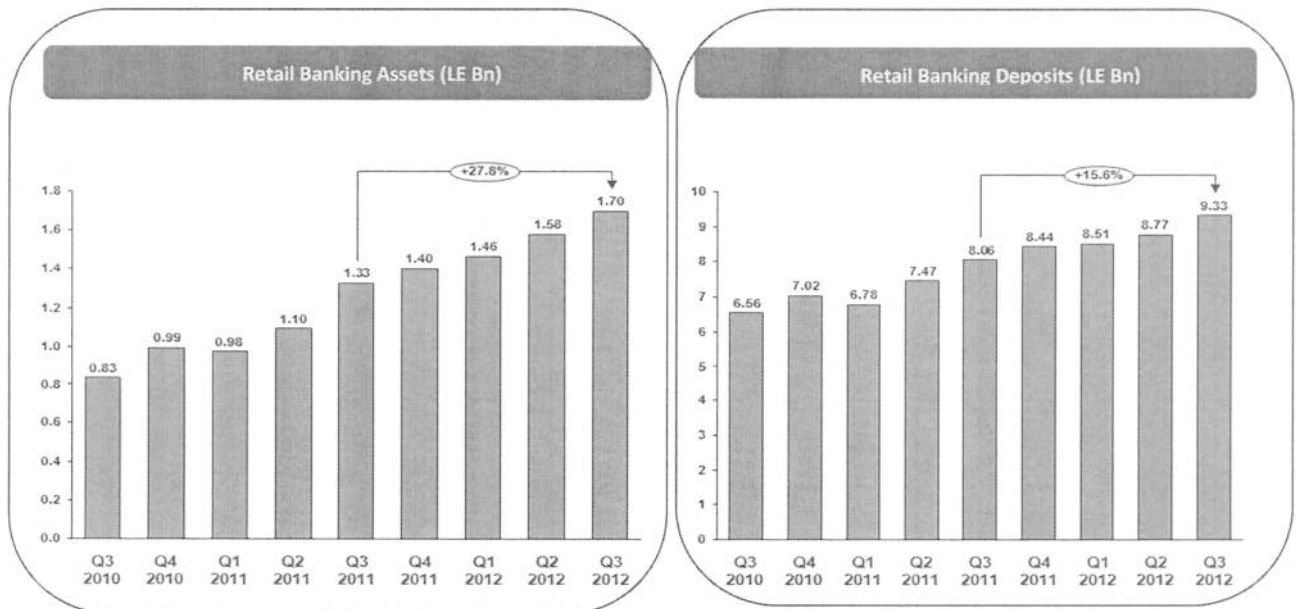
Within the results, compared to the first nine months of 2011, Customer Net Revenue, which comprises of all revenues directly attributable to Consumer and Wholesale customers and Treasury placements reached LE 260.6mn an increase of LE 100.7mn or 63.0%. Whilst achieving this substantial revenue growth our expenses over the same period increased by a more modest LE 36.4mn or 13.9%.

The key driver of the revenue increase has been the growth in Customer assets and core deposits which grew by 7.3% and 11.9% respectively over the last twelve months. The asset growth for the New Bank was an even more impressive 18.0% and was almost five times the estimated level of the overall market growth. Additional benefits were gained through the yield on placement of our surplus liquidity and the reduction of the Central Bank reserve requirement which fell from 14% from 10% during the nine months.

During the year, as detailed below, we continued to make substantial investments in our franchise with continued investment in our branch network, IT infrastructure, people and products all of which continue to have a positive impact on the customer experience and thus allowing us to build deeper relationships with an ever greater number of customers.

Key Business Segment highlights are:

Retail

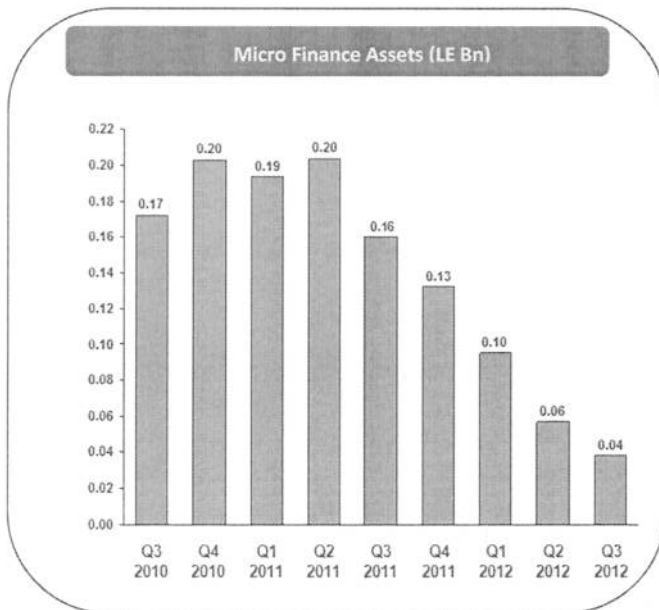


The asset portfolio grew by LE 298.5mn or 21.3% in the first nine months to reach LE 1.69bn. Over the last 12 months the portfolio has grown by LE 369.6mn or 27.8%.

The deposit portfolio grew by LE 881mn or 10.4% in the first nine months to reach LE 9.3bn. Over the last 12 months the portfolio has grown by LE 1.3bn or 15.6%

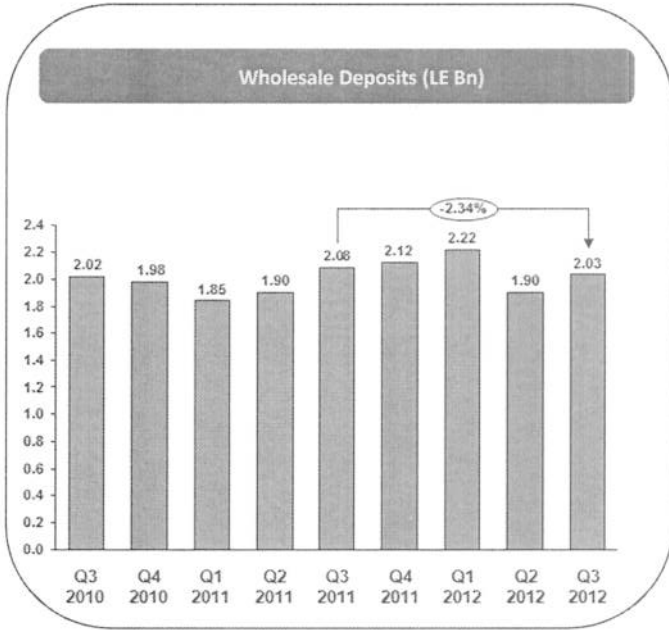
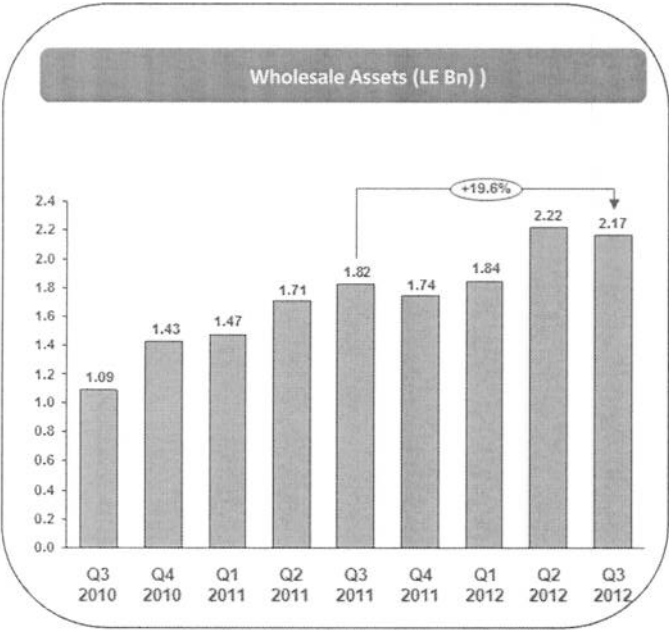
The growth in Retail over the last 12 months is a result of continued efforts to introduce new Shari'a compliant products that fulfill our customers' needs as well as our marketing initiatives aimed at advertising products and services nationally, and within the neighborhood of branches and surrounding 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. A major focus has continues to be on customer service and during the first nine months we opened up a mock branch for staff training and improved our external branch customer mystery shopper satisfaction levels from 66% to 83%.

Micro Finance



The asset portfolio reduced by LE 98.4mn or 72.2% in the first nine months to reach LE 37.8mn. Over the last 12 months the portfolio has reduced by LE 128mn or 77.2%. The fall is in line with our plans to clean up the portfolio 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 now started to write business in almost all branches and would expect to see stabilization and modest growth over the remainder of 2012.

Wholesale



The first nine months saw a substantial increase of LE 427mn or 24.5% in the Wholesale asset portfolio to reach LE 2.17bn. Over the last 12 months the portfolio has grown by LE 354.7mn or 19.6%.

The deposit portfolio in the first nine months fell by LE 92.8mn or 4.4% and over the last twelve months the portfolio was LE 48.6mn or 2.3% lower due to pressure on Wholesale liquidity and corporates investing directly in T-bills. However encouragingly in Q3 the portfolio grew by LE 135.7mn or 7.2% on the back of our continued focus on cash management services to our clients.

In the first nine months the Wholesale Bank also achieved some significant milestones including winning a number of prestigious mandates such as lead arrangers for a LE 620mn Syndicated Mudarbah Facility for East Delta Electricity Production Company and initial lead arranger/ book runner/ facility agent for a EGP 300 Million Syndicated Ijara Facility for Emaar Misr. In addition to these corporate finance activities our trade business has performed very strongly with volumes substantially higher than the same period last year.

Treasury

Treasury continued within the first nine months to handle the management of our excess liquidity as well as our foreign exchange operations. For the first nine months based on a growth in volumes and improvement in rates Treasury revenue is up 101mn or 53% on the same period last year.

Information Technology

During the period our technology group focused on infrastructure upgrades which are fundamental and critical for our business growth for the remainder of 2012 and 2013. Those included communication network upgrade, enhanced email system, boosting database & reporting performance, augmenting data center & disaster recovery sites. In addition we commenced an upgrade of our core banking application to ensure we are well positioned to deliver outstanding service and products to our clients.

Employees

NBD continues to adopt the basic philosophy that continuing to support and strengthening the "Capital Manpower" represents the most important point of competitive advantage we have. Employees received 2,649 training days in the first nine months through a combination of internal workshops and external programs.

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