



**The National Bank for Development in Cooperation
with Abu Dhabi Islamic Bank Announces Q1 2012 Financial Results**

Nevine Loutfy: “The National Bank for Development continued to improve its performance in terms of reducing losses and increasing deposits and funds compliant with the principles of Islamic Shari’a”

Cairo – May 17th - 2012 – The National Bank for Development (NBD) in cooperation with Abu Dhabi Islamic Bank (ADIB) announced its financial results for Q1 2012, which shows a continuation of the substantial progress made in 2011.

Most encouraging indicator in Q1 2012 was the growth in customer assets and deposits by 10.1% and 32.6% respectively over the last 12 months. As for customer assets, it is evident that the new Islamic finance portfolio has grown by 26.3% compared to Q1 2011. The level of growth in assets and deposits is over four times the rate of growth in the market as a whole and demonstrates the continued investment in the bank’s branch network, IT infrastructure, human resources and products, which had a positive impact on the customer experience and the service provided to them, allowing the bank to build deeper relationships with customers and increase client base.

Nevine Loutfy, Managing Director and CEO of NBD in cooperation with ADIB, stated, ***“Balance sheet growth, together with tight management of costs and lower provisions have helped us to achieve a 42.3% improvement in net income compared to Q1 2011 and a 38.5% improvement compared to Q4 2011.”***

These are the most positive indicators in Q1 2012:

- Income Statement
 - Performance indicators registered a decrease in net loss by EGP 71.6mn or 42.3% compared to Q1 2011, to reach EGP 97.6mn.
 - The main cause of the decline in net loss is growth in Net Revenue From Funds (NRFF) amounting to EGP 24.2mn, or 66.6% to reach EGP 60.5mn compared to Q1 2011.
 - Among the indicators of positive performance, is that operating leverage / revenue grew by 53% compared to the same period in 2011.
 - The bank continued its plan to strengthen provisions which reached EGP 82.6mn, with an improvement of EGP 57.1mn compared to Q1 2011, of which EGP 7.1mn are due to improved portfolio of new Islamic finance and EGP 50mn provisions on non-performing loans before acquisition.
- Balance Sheet
 - Total financing grew by EGP 418mn or 10.1% reaching EGP 4.54bn compared to Q1 2011.
 - New Islamic Financing post acquisition grew by EGP 706mn or 26.3% to reach EGP 3.39bn, compared to Q1 2011.



- Core deposits grew by EGP 2bn or 23% to reach EGP 10.7bn. Total deposits, which include treasury deposits, grew by EGP 2.9bn or 32.6% over the same period in 2011.
 - Provisions shortfall for the non-performing loans before acquisition fell from EGP 1.2bn at the end of Q1 2011 to reach EGP 891mn at Q1 2012, reporting a reduction of 26%.
 - Shareholders' Equity increased by EGP 241mn or 50.2% from EGP 481mn in Q1 2011 to reach EGP 722mn.
- The bank maintained its leading position in retail banking services in accordance with the principles of Islamic Shari'a during Q1 2012. Retail financing increased by 4.3% or EGP 60mn compared to the end of 2011 to reach a total of EGP 1.46bn while the portfolio achieved an increase of EGP 489mn or 50% compared to Q1 2011. The deposit portfolio grew by EGP 119mn or 1.4% to reach EGP 8.5bn compared to the end of 2011. The portfolio has grown by EGP 1.74bn or 25.8% compared to Q1 2011. The growth in retail is a result of continued efforts to introduce new Shari'a compliant products and improve existing products to meet customers' needs during the current phase, as well as our marketing initiatives aimed at advertising products and services nationally within the network of branches and surrounding areas through micro-marketing initiatives. This is in addition to continuing to refurbish branches covering 19 governorates, which strengthen the banks presence across Egypt.
 - Wholesale Shari'a compliant asset portfolio grew by EGP 100mn or 5.7% to reach EGP 1.84bn compared to the end of 2011. The portfolio has grown by EGP 0.4bn or 25.2% compared to Q1 2011. Additionally, Wholesale deposits grew by 4.3%, with an increase of EGP 100mn to reach EGP 2.2bn compared to the end of 2011. The portfolio has grown by EGP 0.4bn or 20% compared to Q1 2011. Wholesale continued to leverage on the infrastructure built during 2011 and Q1 saw record activity in cash management where cash pick up volumes increased by 31% compared to the end of 2011.

As part of the bank's belief in improving its competitive ability and that a key driver of this will be delivering a level of service that exceeds customers' expectations, the bank has dedicated a team to supervise the simplification of the processes and the reduction of time taken to deliver transactions or services, with an aim to make customers' visit to any of our branches a unique experience.

It is worth mentioning that despite all the challenges facing the economy and the banking sector, NBD continues its efforts to transform the bank into a modern Islamic bank compliant with the principles of Islamic Shari'a and constantly aims to provide unique products and services as well as widening its revenue base and maintaining the quality of its financing portfolio.

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