

The National Bank for Development in Cooperation with Abu Dhabi Islamic Bank Announces its H1 2012 Results

**Nevine Loutfy: “41.2% improvement in net income compared to last
year and evident growth in Islamic financing portfolio”**

Cairo – XX, 2012 – The National Bank for Development (NBD) announced its H1 2012 financial results, which demonstrate the continuation of the substantial progress achieved in 2011 and building on the results accomplished in Q1 2012.

One of the most significant positive indicators during H1 2012 was the reduction in net income loss from EGP 97.6 million in Q1 2012 to EGP 89.8 million during Q2 2012, an improvement of 8%, which brings the cumulative loss for the first six months in 2012 to EGP 187.5 million, an improvement of EGP 131.3 million or 41.2% compared to the same period in 2011.

Comparing H1 2012 to the same period in 2011, customer net revenue, which comprises of all revenues directly attributable to retail, wholesale customers and treasury placements, reached EGP 165.7 million, with an increase of EGP 66.3 million or 66.7%. Meanwhile, expenditures increased during the same period by EGP 22.8 million or 13.3%.

Nevine Loutfy, Managing Director and CEO of NBD, stated, *“The key reason behind the increase in revenue is our success in augmenting customer assets and deposits which grew over the last 12 months by 27.9% and 16.7% respectively, representing five times the estimated level of overall market growth.”*

The following are the most significant positive indicators during H1 2012:

Income Statement: Comparison between H1 2012 and H1 2011

- Net income loss amounted to EGP 187.5 million, marking an improvement of EGP 131.3 million or by 41.2% compared to H1 2011.
- Net profit reached EGP 136.8 million with an increase of EGP 64.2 million or by 88.4% compared to H1 2011.
- Customer net revenue totaled EGP 165.7 million with an increase of EGP 66.3 million or 66.7% compared to H1 2011.
- Operating leverage revenue grew by 66.3% while expenditures grew by 13.3%.
- The bank continued to implement its plan to strengthen provisions which totaled to EGP 164.9 million at H1 2012, with an improvement of EGP 115.5 million compared to H1 2011 (including EGP 150 million for provisions for bad debts prior to the acquisition and EGP 15.5 million for new Islamic bank financing).

Balance Sheet: Comparison between Q2 2012 and Q2 2011

- Headline financing grew by EGP 594 million or by 13.7% to reach EGP 4.92 billion.
- New Islamic bank financing portfolio grew by EGP 841 million or by 27.9% to reach EGP 3.85 billion.
- Core deposits grew by EGP 1.29 billion or by 13.8% compared to Q2 2011.
- Non Performing Loans (NPL) provisions prior to the acquisition shortfall fell from EGP 964 million at the end of Q2 2011 to EGP 829 million at the end of Q2 2012, with a reduction of EGP 135 million or 14%.
- Shareholders' equity increased by EGP 236 million or by 45.8%, reaching EGP 751.1 million.

The bank maintained its leading position in retail banking in accordance with Islamic Shari'a during H1 2012 as the asset portfolio grew by EGP 178.92 million or 12.8%, reaching a total of EGP 1.58 billion. Deposits grew by EGP 327 million or by 3.9%, amounting to EGP 8.7 billion at the end of H1 2012.

Growth in retail resulted from ongoing efforts during the past 12 months to introduce new Shari'a compliant products and enhance existing products to meet the needs of customers, as well as carrying out marketing initiatives aimed at advertising products and services within the neighborhood of branches and surrounding areas. In addition, the bank is continuing to implement its plan to refurbish branches spread across 19 governorates to strengthen its presence throughout the nation. A major focus has also been on customer service, as a result of which customer satisfaction increased from 66% to 83% through the mystery shopper program.

The first half of the year witnessed a substantial increase in the wholesale asset portfolio amounting to EGP 476.6 million or by 27.4%, reaching a total of EGP 2.217 billion. Over the past 12 months, the portfolio has grown by EGP 505.4 million or by 29.5%.

Furthermore, due to the significant growth in cash management activity, wholesale banking also achieved several milestones including winning a number of prestigious mandates such as lead arranger and facility agent for syndicated Ijara and Mudarbah for major companies operating in various business sectors. In addition to short-term funding, trade business performed strongly during H1 2012 with volumes at 94% more than the same period last year.

The bank continued to carry out its plan to strengthen its position by investing in the renovation of its branch network, infrastructure, human resources, and developing Shari'a compliant products. It also aimed at providing distinguished service, broadening the base

of its revenues and maintaining the position of its finance portfolio, which strengthened the bank's competitiveness in the market.

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