

The National Bank for Development Bank Announces Results for First Nine Months of 2012

Nevine Loutfy: "The results demonstrate the continued growth pace in 2012 and strengthen the results achieved in Q2 2012"

Cairo – Novemebr 8th- 2012 - The National Bank for Development (NBD) announced its financial results for the first nine months of 2012. One of the most encouraging indicators during this period was a decrease in net income loss from EGP 97.6 million in Q1 2012 to EGP 89.8 million in Q2 2012 to EGP 73.5 million in Q3, an improvement of 24.7% on Q1 and 18.2% on Q2, bringing the cumulative loss for the nine months to EGP 260.9 million, an improvement of EGP 141.1 million or 35.1% compared to the same period in 2011.

Within the positive results achieved during the first nine months of 2012 compared to the same period in 2011, customer net revenue, which comprises all revenues directly attributable to consumer, wholesale customers and treasury placements reached EGP 260.6 million, an increase of EGP 100.7 million or 63%.

Nevine Loutfy, Managing Director and CEO of NBD, stated, "During Q3 2012, net revenue increased by 63%, which is one of the main reasons behind the improvement in net loss. The key driver for revenue growth is an increase in Islamic financing and core deposits over the past 12 months, registering 18% and 11.9% growth respectively. This has resulted from the bank's commitment to introduce new banking products that are Shari'a compliant, to meet the changing needs of customers, and improving our service quality as well as arranging and financing major projects that contribute to supporting the Egyptian economy."

The following are the most significant positive indicators during Q3 2012:

- **Income Statement - Nine months to 30/9/2012 compared to 30/9/2011**
 - Net income loss totaled EGP 206.9 million, marking an improvement of EGP 141.1 million or by 35.1% compared to September 2011 YTD.
 - Net Profit Income was EGP 217.1 million, marked growth for EGP 99.3 million or by 84.3% compared to September 2011 YTD.
 - Customer Net Revenue reached 260.6 million, with an increase of EGP 100.7 million or by 63% compared to September 2011 YTD.
 - Operating leverage revenue grew by 63%.
 - The bank continued its plan to strengthen provisions, which reached EGP 241.3 million, with an improvement of EGP 82.1 million or 25.4% compared September 2011 YTD (including EGP 50 million for provisions for bad debts prior to the acquisition and EGP 32.1 million for new Islamic financing).
- **Balance Sheet - Comparison between Q3 2012 vs. Q4 2011**
 - Headline financing grew by EGP 395.6 million or by 8.8%, reaching EGP 4.89 billion.
 - Islamic finance increased by EGP 628 million or by 19.2% to reach a total of EGP 3.9 billion.
 - Core deposits grew by EGP 787.9 million or 7.5%, reaching EGP 11.4 billion.
 - Non Performing Loans provisions gap prior to the acquisition fell from EGP 950 million in Q4 2011 to reach EGP 749 million in Q3 2012, with a reduction of EGP 201 million or by 21.1%.

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- Shareholders' equity increased by EGP 82 million or by 11.7%, totaling EGP 788.9 million.
- The bank maintained its leading position in providing Shari'a compliant banking services to retail customers during the first nine months of 2011. The retail asset portfolio grew by EGP 298.5 million or 21.3%, to reach a total of EGP 1.69 billion. Over the last 12 months, the portfolio has grown by EGP 369.6 million or 27.8%. Additionally, the deposit portfolio grew by EGP 881 million or 10.4% in the first nine months to reach EGP 9.3 billion. Over the last 12 months, the portfolio has grown by EGP 1.3 billion or 15.6%.

The growth in retail over the past 12 months resulted from continued efforts to introduce new Shari'a compliant products and enhancing existing products to fulfill customers' needs, as well as micro marketing initiatives aimed at advertising products and services across the neighborhoods of branches and surrounding areas. This is in addition to refurbishing branches across 19 governorates, giving the bank solid diversified presence throughout Egypt. A major focus has continued during the first nine months on improving customer service. The bank opened up a mock branch for staff training to develop and improve their customer service skills, which has resulted in improved customer service.

- The first nine months of the year witnessed a substantial increase in the wholesale asset portfolio by EGP 427 million or 24.5%, reaching EGP 2.17 billion. In addition, over the past 12 months, the portfolio has grown by EGP 354.7 million or 19.6%.

Wholesale banking also achieved significant milestones, such as winning a number of prestigious mandates such as lead arrangers for an EGP 620 million Syndicated Mudarbah Facility for East Delta Electricity Production Company and lead arranger /facility agent for an EGP 300 million Syndicated Ijara Facility for Emaar Misr. In addition to these corporate finance activities, trade business has performed strongly with volumes substantially higher than the same period in 2011.

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