**Despite a Challenging Year… National Bank for Development**

 **In Cooperation with Abu Dhabi Islamic Bank**

**Achieved Positive Indicators in 2011**

**Nevine Loutfy: “We succeeded in strengthening our presence in the market and fortifying the bank’s financial position during the last year”**

**Cairo XX, 2012 –** The National Bank for Development (NBD) in cooperation with Abu Dhabi Islamic Bank (ADIB) announced its 2011 financial results, which revealed positive indicators despite the circumstances the Egyptian economy faced during the past year. Nevine Loutfy, Managing Director and CEO of NBD, said, “Throughout the past year the bank achieved solid growth in order to complete its development strategy that it has adopted since its acquisition, which has proved its strength in achieving high growth rates across various business fields.”

She also added, “NBD’s achievements during 2011 confirmed the strong and outstanding performance of the bank’s employees, which was reflected in the significant growth in both assets and liabilities, in addition to increasing the bank’s market share and reducing the provisions gap, thus strengthening the overall financial position.”

Financial growth indicators were highlighted as follows:

* 2011 witnessed significant growth in the **Islamic financing portfolio**, reaching EGP 600 million after excluding bad debt from before the acquisition, with a growth rate of 24% compared to 2010. The portfolio increased from EGP 2.7 billion in 2010 to EGP 3.3 billion at the end of 2011, which is five times the growth rate of 4.5% in the Egyptian market.
* **Total deposits** achieved growth worth EGP 1.5 billion at a rate of 16.4%, exceeding market’s growth rate of 6.1% of the same period. Total deposits at the end of the year amounted to EGP 10.5 billion, compared to EGP 9 billion at the end of 2010.
* Wholesale banking managed to increase its financing portfolio at a growth rate of 9.7% compared to 2010. As for wholesale deposits, it achieved a growth rate of 8.4% compared to 2010.
* The bank maintained its leading position in offering consumer banking products and services in accordance with Islamic Shari’a during 2011. Consumer banking portfolio increased by EGP 400 million, at a growth rate of 25.2%, reaching EGP 1.6 billion at the end of 2011, compared to EGP 1.2 billion at the end of 2010. Retail banking deposits registered a growth rate of 19.6% in 2011 compared to 2010, with an increase worth EGP 1.4 billion, reaching a total of EGP 8.4 billion, compared to EGP 7 billion in 2010.
* As for the **income statement**, an increase in losses was reported worth EGP 50 million, reaching EGP 560 million at the end of 2011 compared to EGP 510 million at the end of 2010 due to an increase in expenses worth EGP 75 million, which resulted from salary adjustments of employees appointed prior to the acquisition that took place in Q1 2011, amounting to EGP 36 million, as well as business stoppage at turbulent times during Q1 2011 and completing infrastructure projects. It is apparent that despite this, the bank’s operations have achieved positive results recording an increase of EGP 64 million in total income at a growth rate of 29.5% compared to 2010. This is enhanced by the net revenue achieved from finance worth EGP 56 million at a growth rate of 48% compared to 2010.
* The bank continued its plan to strengthen provisions for non-performing loans which existed pre the bank’s acquisition; therefore provisions have been increased by EGP 300 million compared to EGP 500 million, with a decrease of EGP200 million from 2010. The decrease resulted from a new agreement with the Central Bank of Egypt, accordingly total provisions for non- performing loans reached **EGP 2774, 5** million. Covering the provisions gap is expected to be complete by mid- 2014.

In line with this, the provisions of the new Islamic finance portfolio post acquisition, increased by EGP 69 million, in addition to the outstanding balance at the end of 2010, which amounted to EGP 35 million. This increase is mainly attributed to the growth in the portfolio as well as the credit rating downgrade of a number of customers as a result of current economic conditions.

It is noteworthy, that NBD’s strategy during 2011 depended on continuing to renovate its branches network as it completed the restructuring of seven additional branches, bringing the total to 25 branches within the network of 70 branches spread nationwide. Additionally, the bank’s headquarters in Omar Makram and Garden City were completed where NBD’s logo has been placed at the top of Omar Makram building taking central stage in Tahrir Square, which resulted in significantly bolstering NBD’s corporate identity. The bank also continued to launch new products to meet customer needs including innovative accounts such as the Daily Investment Account and Tiered Savings Account, as well as new investment options such as Five Year Sukuk Plus, in addition to diverse financial services such as Ijara Service, which included education finance and travel finance. Moreover, the bank maintained its leadership in auto financing and it launched ADIB@Work Banking Solutions for company employees, all of which comply with the principles of Islamic Shari’a.

Finally, to achieve its specific objectives, the bank depends on a fundamental principle - its ability to take advantage of its wide network of branches and its ability to enhance its strong customer base, as well as continuing to improve and develop its banking products and services to strengthen its sound financial position.

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