BOARD OF DIRECTORS REPORT FOR THE YEAR ENDED 31st DECEMBER 2012

NBD CLOSES THE PROVISIONS GAP TWO YEARS AHEAD OF SCHEDULE BY TAKING A FINAL CHARGE OF LE 956mn IN 2012

NET INCOME IS LE (855)mn; LE 285mn/50% BETTER THAN 2011

EXCLUDING THE ADDITIONAL PROVISIONS TO CLOSE THE GAP TWO YEARS EARLY, NET INCOME IS LE (363)mn; LE 208mn /36.4% BETTER THAN 2011

Bank Standalone Financial Highlights

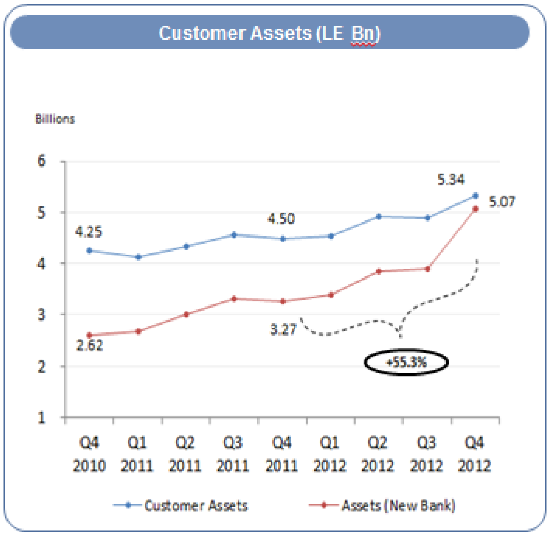
Income Statement vs. 2011

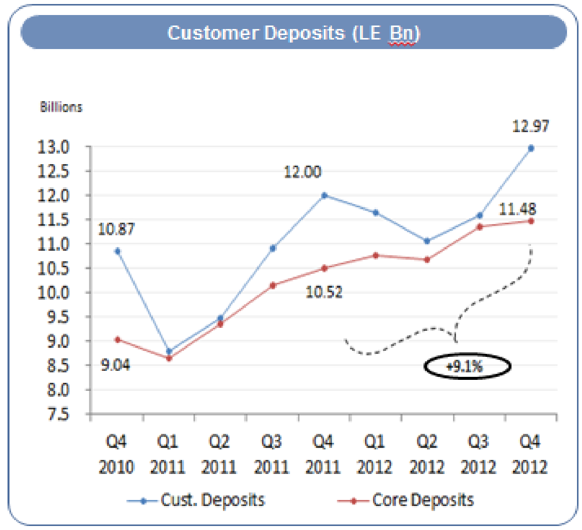
1. Net Income was LE (854.9)mn, excluding the impact of closing the provisions gap, Net Income was LE (362.6)mn, LE 208mn/36.4% better than 2011
2. Net Profit Income (NRFF) was LE 310.5mn, 136.8mn/78.8% better than 2011
3. Customer Net Revenue was LE 370.7mn, LE 139.2mn/60.1% better than 2011
4. Operating Leverage - revenue grew by 60.1% whilst expenses grew by 12.7% - an operating leverage of 47.4%
5. Provisions were LE 978.3mn, of which LE 956.4mn was related to the Acquired Bank and LE 21.9mn was due to the New Bank. The New Bank provisions reduced by LE 49.2mn vs 2011

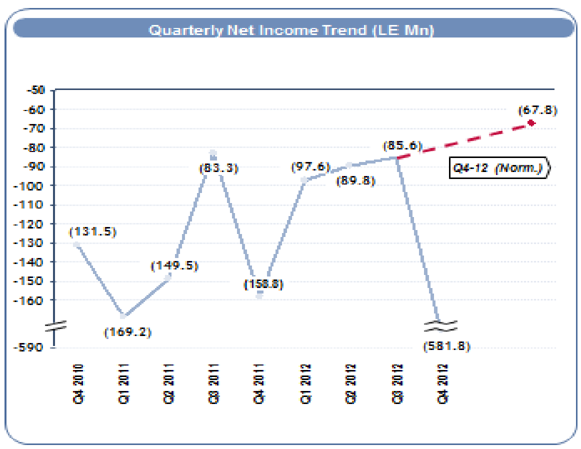
Balance Sheet vs December 2011

1. Headline financings grew by LE 837mn/18.6% to reach LE 5.3bn.
2. New Bank financings grew by LE 1,802.4mn/55.0% to reach LE 5.07bn
3. Core deposits grew by LE 910mn/8.6% to reach LE 11.4bn.
4. Headline deposits which include Treasury deposits grew by LE 919mn/7.6% to reach 12.9bn.
5. NPL provisions shortfall fell from LE 950mn at December 2011 to LE 0 at 31st December 2012
6. Capital Adequacy was 11.33% at December 2012 vs.11.17% at December 2011.

Key Graphs







Commentary

The National Bank for Development has declared its financial results for 2012. The headline results which showed a Net Income of LE (855)mn included the (LE 492mn) after tax impact of closing the provisions gap two years ahead of schedule. The BOD took this decision, which was supported by additional cash under capital increase from our major shareholder, Abu Dhabi Islamic Bank, to finally close the issue of non-performing loans acquired at the acquisition in 2007 and the required annual provisions impacting Net Income.

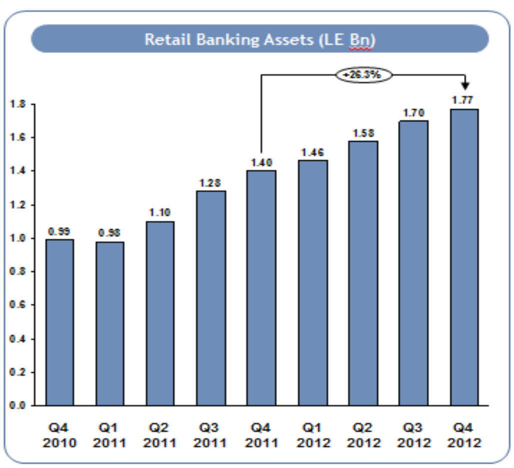
Despite the challenging political and economic environment the underlying performance of the Bank which excludes the Net Income impact of closing the Provisions Gap two years early was very encouraging with Net Income at LE (363)mn, which is LE 208mn or 36.4% better than 2011. The driver for this improvement was the substantial balance sheet growth with the New Bank assets increasing by LE 1.8bn or 55% compared to an overall market growth estimated to be at 6% and Core Customer deposits grew by LE 0.9bn or 8.6%. This balance sheet growth together with a reduction in the Central Bank reserve requirement from 14% to 10% and an improved yield on T-bill investments led to Net Profit/Interest Income growing by LE 137mn or 78.8%. Cost management remained disciplined with General and Administrative expenses increasing by only LE 45.8mn or 12.7% and reflected salary inflation and the commencement of amortization of prior investment in systems, premises and infrastructure.

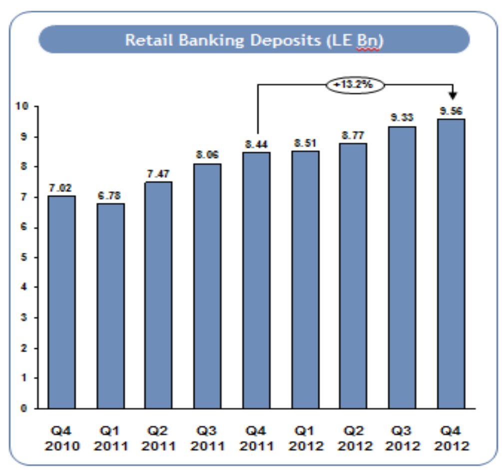
Underpinning the financial performance was the continued investment in the infrastructure of the bank which saw us commission a state of the art contingency site that mirrors our production environment and the upgrade of our operating platform to the latest release. These developments were undertaken to ensure we can continue to provide the optimum level of service to our customers and allow us to bring new products to market faster and ensure that we remain at the cutting edge of banking developments in Egypt.

In recognizing that we need to constantly improve our competitive position and deliver a level of service that exceeds our customers' expectations, we have launched the "Special Service" initiative. Teams have been formed to simplify and enhance our customers experience at all points of service. We aim through this initiative to make a customers' visit to a branch or interaction with the bank through any channel a unique experience.

Key Business Segment highlights:

Retail



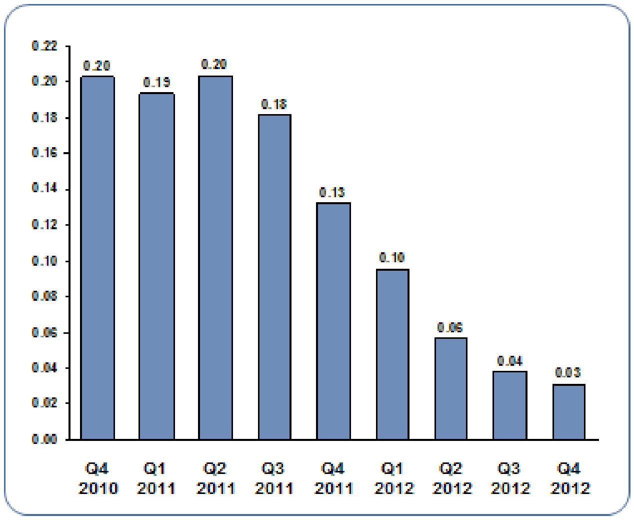


The asset portfolio grew by LE 370mn or 26.3% in 2012 to reach LE 1.77bn.

The deposit portfolio grew by LE 1,112mn or 13.2% in 2012 to reach LE 9.5bn.

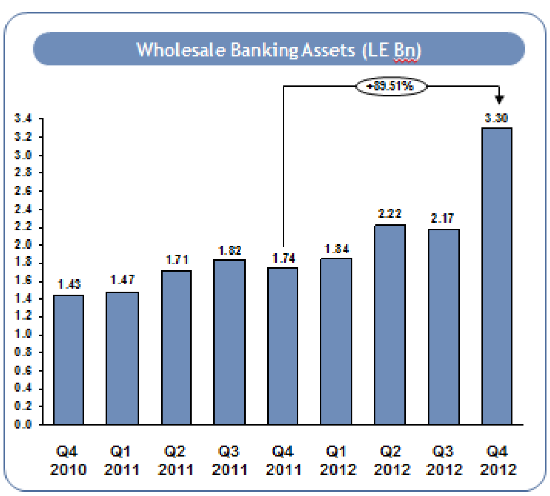
The growth in Retail over the last 12 months is a result of continued efforts to introduce new Shari'a compliant products that fulfill our customers' needs such as "Covered Cards", a Shari'a complaint form of credit card, as well as our marketing initiatives aimed at advertising products and services nationally, and within the neighborhood of branches and surrounding areas through micro marketing initiatives. In addition, we are also seeing the impact of our refurbished and new branches that give us a national footprint covering all 19 governorates that gives us a solid diversified presence across Egypt.

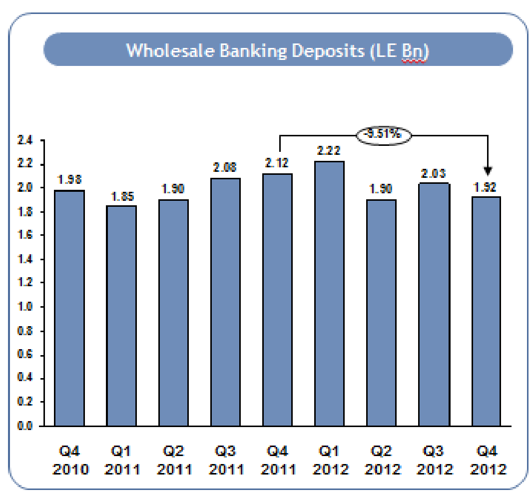
Micro Finance



The asset portfolio reduced by LE 104mn or 76.4% in 2012 to reach LE 31mn at year end. The fall is in line with our plans 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 started to write business again.

Wholesale





The asset portfolio grew by LE 1.6bn or 89.5% in 2012 to reach LE 3.3bn at year end.

The deposit portfolio reduced by LE 0.2bn or 9.5% in 2012 which was a reflection of the tight corporate liquidity and the direct investment of corporates into T-Bills. This reduction was in line with the fall in the overall Corporate sector.

Our Wholesale group continued to leverage on the infrastructure built during 2011 and saw a substantial growth in the asset base. Importantly our newly formed Corporate Finance unit won a major success by winning and delivering on the mandate 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 to handle the management of our excess liquidity as well as our foreign exchange operations. Due to the growth in our balance sheet the average asset portfolio managed by Treasury increased by 23% in 2012 to reach 5.0bn

Information Technology

During the period our technology group focused on infrastructure upgrades which are fundamental and critical for our business growth for future years. During the year the bank successfully implemented a state-of-the-art contingency site. This allows us to switch all our core systems from our main data centre to the back-up site. We have invested significant resources to build this capability to ensure our customers do not face service disruptions as a result of unforeseen events. In addition we upgraded our core operating system to the latest release from the vendor to ensure we can bring new products to market quicker and are able to launch new service offerings like Internet Banking.

Employees

NBD adopts the basic philosophy that continuing to support and strengthening the “Capital Manpower” represents the most important point of competitive advantage we have. We invested substantially in training having built a new internal training function, launched a mock branch where in 2012 we trained 47 Branch Managers, and 134 Personal Bankers and additionally we undertook 3,166 man days of training in 2012 in both internal and external courses.

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