

April 10th, 2013

All figures and comments are made on a consolidated basis unless it is otherwise stated. In Sep-12, NSGB started consolidating the results of "NSGB Factoring", in which the bank owns 99.9%. Results of "Sogelease" were consolidated starting Dec-12 as the bank increased its stake to 60%. By the end of Mar-13, NSGB completed the purchase of Société Générale's stake in Sogelease (40%) raising the level of ownership to 99.9%.

Highlights

- **Net interest Income: 687 MEGP, up +11% vs. Mar-12.**
- **Net banking income: 1 118 MEGP, up +33% vs. Mar-12 and +14% QoQ compared to 4Q12.**
- **Cost / Income ratio is down to 33% in Mar-13 from 34% in Mar-12.**
- **NPL ratio decreased to 2.70% compared to Dec-12 level of 2.71%, while the Coverage ratio recorded 131.51% compared to 123.31% at the end of Dec-12.**
- **Net Profit: 463 MEGP, 32% up vs. Mar-12 and +27% QoQ compared to 4Q12.**
- **Total Assets: 68 958 MEGP recording 3% increase compared to Dec-12.**
- **As of Mar-13, the ROAA and ROAE stand at 2.73% and 24.10% respectively.**
- **Capital adequacy ratio as per Basel II is 15.17% for CAR and 13.95% for Tier I.**

Commenting on 1Q13 results, Mr. Mohamed EIDib, Chairman and Managing Director, stated:

"NSGB has just stepped into a new era by joining QNB Group following the completion of the purchase of 97.12% of NSGB shares including the Société Générale 77.17% stake that was completed during 1Q13.

Strong results for 1Q13, with 32% growth in net profit, reinforce QNB's vision about NSGB in terms of profitability, robustness of its capital structure as well as the potential for growth.

The integration of NSGB within QNB and the development of the existing synergies represent the catalyst for stronger growth that will reflect positively on NSGB customers, the Egyptian economy and QNB Group.

We look to the future with optimism while maintaining our long standing position as key supporter of the economy and our customers".

NSGB

1. Balance Sheet

1.1 Total Assets

NSGB total assets increased by 3% since the beginning of the year, to reach 68 958 MEGP compared to 66 904 MEGP in Dec-12.

1.2 Gross Loans

Loans grew by 4% since the beginning of the year to reach 38 502 MEGP. YTD, Retail loan growth is two times that of Corporate.

Amounts in MEGP	Dec-12	Mar-13	YTD Growth
Corporate Loans	29,692	30,566	3%
Retail Loans	7,454	7,936	6%
Total Loans	37,146	38,502	4%
LCY Loans	26,738	27,575	3%
FCY Loans	10,408	10,927	5%

According to CBE latest released data as of Dec-12, NSGB loans market share remained stable at 7.41% compared to the end of 2011.

Asset quality has been resilient despite the delayed economic recovery. The NPL ratio improved slightly at 2.70% by the end of Mar-13 compared to 2.71% at the end of Dec-12. NSGB continued to increase its provisioning levels. The coverage ratio (including specific and collective provision) stood at 131.5% by the end of Mar-13 up from 123.3% by the end of Dec-12.

Amounts in MEGP	Dec-12	Mar-13	YTD Growth
Non-performing loans	1 007	1 038	3%
Loans provision balance	1 242	1 365	10%
NPL Ratio	2.71%	2.70%	
Coverage ratio	123.3%	131.5%	

- The amounts above include the reserved interest

1.3 Deposits

Total deposits recorded a 5% increase compared to Dec-12 to reach a total of 56 402 MEGP. Retail deposit growth accelerated to 3% YTD compared to 1% in 4Q12. Corporate deposits increased by 7% YTD assisted by the appreciation of the FCY deposits since the beginning of the year.

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According to the latest CBE data as of Dec-12, NSGB Market share stands at 4.92%.

Amounts in MEGP	Dec-12	Mar-13	YTD Growth
Corporate Deposits	30,783	32,848	7%
Retail Deposits	22,878	23,554	3%
Total Deposits	53,661	56,402	5%
LCY Deposits	37,246	38,913	4%
FCY Deposits	16,415	17,489	7%

1.4 Liquidity Position

NSGB continues to enjoy a healthy liquidity position with a loan/deposit ratio below 100% for all currencies. Overall, the gross loan/deposit ratio stood at 68% as at the end of Mar-13.

Loans / Deposits Ratio	Dec-12	Mar-13
Gross Loans / Deposit (LCY)	72%	71%
Gross Loans / Deposit (FCY)	63%	62%
Gross Loans / Deposit	69%	68%

1.5 Capital base and CAR

NSGB, now 97.12% owned by QNB Group, is the 2nd largest private bank in terms of market capitalization with market value standing at 13 315 MEGP by the end of Mar-13 down from 15 617 MEGP by the end of Dec-12.

The bank capital base should support its organic growth plans.

Basel II regulation CAR & tier 1 ratio stood at 15.17% & 13.95% respectively indicating a solid position for NSGB with a substantial capital buffer.

2. Profit and Loss

2.1 Decent growth in all revenue items

in EGP million	YTD Consolidated		YOY Growth	4Q12	1Q13 / 4Q12
	1Q12	1Q13			
Net interest income	616	687	11%	686	0%
Fees and commissions	186	226	21%	216	5%
Other operating income ① ② ③	39	205	424%	76	168%
Net banking income	842	1,118	33%	979	14%
Operating expenses ③	(290)	(371)	28%	(314)	18%
Gross operating income	552	747	35%	665	12%
Credit risk provision	(89)	(116)	30%	(180)	-36%
Other provisions ①	-	(10)	-	(1)	952%
Total COR	(89)	(126)	42%	(181)	-30%
Net profit before tax	463	621	34%	484	28%
Income tax charge ②	(113)	(158)	40%	(121)	30%
Net profit	350	463	32%	363	27%
Cost / Income Ratio	34%	33%	-	32%	-

① the net impact of the contingent liabilities provision and the other provisions – which is a part of the “Other operating income” according to the EAS – was transferred into “Credit Risk Provisions and other provisions”, as it better fits with the economic nature of these items.

② Just one exception is a tax provision, which has been restated to the “Income tax charge” for the presentation purposes, as it better fits with the economic nature of this item.

③ Intangible software expenses and building rental expenses have been restated from “Other operating income” to “Operating expenses” as they better fit with the economic nature of these items.

2.2 Net banking income

Net interest income grew by 11% YoY to reach EGP 687 million. This is due to the efficient pricing policy of the bank, the clear focus on core-banking activities seeking sustainability and the initiation of new products.

The NII growth is clearly reflected on the YTD NIM, which continued to improve to 4.84% at the end of Mar-13, compared to 4.52% at the end of Mar-12 and 4.72% at the end of Dec-12.

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Net commissions reached 226 MEGP in Mar-13, showing an increase by +21% compared to 186 MEGP realized by Mar-12, which was positively impacted by the growth in the loans and trade finance activity as well as the introduction of new products and services.

Other operating income reached 205 MEGP by end of Mar-13 compared to 39 MEGP as of Mar-12 impacted by non-recurring revenue in 2013 derived mainly by the capital revaluation as a result of EGP depreciation against USD, along with the integration of the leasing revenue for Sogelease which was not consolidated in Mar-12.

Overall, Net banking income in Mar-13 stood at 1 118 MEGP, recording YoY growth of 33% and +14% compared to 4Q12.

2.3 Operating expenses

The operating expenses strong growth of 28% YoY was mainly driven by a one-off impact of the welcome bonus decided by QNB Group to the employees of NSGB that was recognized fully in 1Q13. Operating expenses amounted to 371 MEGP by the end Q1 2013.

Despite the one-off impact, Cost / Income ratio decreased to 33% during Mar-13 compared to 34% during the same period in the previous year.

2.4 Net Profit

NSGB Gross Operating Income reached 747 MEGP at end of 1Q13, up 35% compared to the same period last year and +12% compared to 4Q12.

Driven by the extended unsettled environment and our conservative risk policy, the net cost of risk contributed negatively to the Profit and Loss by 126 MEGP by the end of 1Q13 (of which 116 MEGP relates to credit risk and 10 MEGP for other provisions), compared to a negative contribution of 89 MEGP during the same period last year.

NSGB's net profit during the period amounted to 463 MEGP, up by 32% YoY compared to 1Q12 and 27% compared to 4Q12.

2.5 Conclusion

NSGB closed 1Q13 with a solid increase in its profits, emphasizing its ability to succeed and grow despite a prolonged unsettled environment. This was achieved through its strong risk management, diversified products and widely spread network. NSGB will continue along this trend and is looking forward to seeking the opportunities in a better recovering future.

3. About NSGB

Established in April 1978, NSGB is the second largest private bank in Egypt in terms of market capitalization. The bank currently employs 4 260 staff (vs. 4 228 in Dec 12) in two key businesses:

- Retail banking: the bank serves close to 705 thousand active customers, providing them a wide range of products.
- Corporate and investment banking: NSGB provides services and tailor-made financial solutions to large, medium and small companies.
- NSGB is one of the main players in the banking activity supported by a wide coverage of 160 branches and 341 ATMs.

NSGB is managing three successful funds: **“Themar fund”**, which is our successful money market fund, **“Tadawol Equity Fund”** and also a balanced fund **“Tawazon Fund”**.

Over the past years, NSGB have established several subsidiaries in Egypt:

- NSGB Leasing Company “Sogelease” (created in 1997). By March 26th 2013, NSGB raised its stake in Sogelease from 60% to 99.9% following the acquisition from Société Générale of their 40% stake.
- NSGB Life Insurance Co. set up in 2003.
- NSGB Factoring Company set up in 2012.

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