

CIB Continues to Show Momentum and Maintains Its Leadership in The Egyptian Banking Sector

CAIRO, August 13, 2009—Commercial International Bank (CIB), the leading financial institution in Egypt, today released its first half results. With its strong corporate franchise, rapidly-growing consumer business and disciplined risk management, CIB continued to deliver solid profit growth and high returns on assets and equity while maintaining strong asset quality.

Business Highlights as of 30 June 2009 – Consolidated Performance

- During the first half, CIB generated net operating income of EGP 1,794 million and NPAT of EGP 910 million, reflecting normalized growth rates of 5% and 4%, respectively, versus the same period in 2008 (adjusting for one-time gains and accrual expense accounting).
- CIB achieved a return on average assets of 3.02% and a return on average equity of 29.9% during the period.
- CIB maintained loan growth of 3% during a period in which overall borrowing in the market was flat, while customer deposits grew by 4%.
- CIB continues to maintain solid liquidity, with net loans/deposits of 53.5%, strong asset quality, with NPLs/Gross Loans of 2.8%, and a prudent coverage ratio of 203%.
- CI Capital realized solid business achievements across all business lines despite a steep drop in market-related activity.
- This year CIB adopted accrual accounting for operating expenses in its financial reporting. Wherever appropriate, historical financial information is adjusted to reflect trends in operating performance more accurately.

Key Operating Ratios

	2005	2006	2007	2008	1H 2008	1H 2009
NIM (%) ¹	3.50	3.14	3.27	4.06	3.77	3.98
ROAA (%)	2.09	2.25	3.02	2.59	3.81	3.02
ROAE (%)	23.8	26.5	33.1	26.4	42.2	29.9
Cost/Income (%) ¹	32.7	37.0	29.6	39.6	25.7	36.1
CAR (%) ²	13.1	12.8	11.7	11.7	12.8	14.1
NPL/Gross Loans (%) ²	5.6	3.8	3.0	3.0	2.8	2.8

¹ Adjusting for accrual accounting, Cost/Income in 2008 would have been 31.5%

² On stand-alone basis

Summary of the First Half of 2009

The year 2009 has been challenging for the banking sector globally. The steep drop in economic activity and subsequent reduction in interest rates have directly impacted CIB's profitability. Despite these difficult challenges, CIB has been able to maintain normalized revenue growth of 5%, with loan growth of 3% and deposit growth of 4%. Strong liquidity and robust capital adequacy position CIB to capitalize on the resilient growth of the Egyptian economy over the coming period. We plan to further augment our attractive market position through our continued efforts to cross-sell across business lines and with our subsidiaries. We also plan to launch new fee products across all of our segments to broaden our income streams.

As a result of our ongoing investment in our consumer banking franchise, our operating expenses have continued to increase relative to our slowing revenues. We reaffirm our commitment to a conservative cost discipline. The management will continue to diligently review all our expenses as well as any new initiatives from the perspective of value and resource optimization.

Our net profit after tax increased by 4% over the same period last year, after adjusting for one-time gains and accrual accounting for operating expenses. Importantly, our net profit in the first half was in line with our budget year-to-date.

Ultimately, our continued focus on our customers will determine our future growth and success. Given our investments in people, processes and infrastructure over the past few years, we believe we have the framework in place to deliver value to our customers and, thus, value for our shareholders and our employees.

Summary Consolidated Income Statement

<i>EGP Million</i>	YTD Jun-09	YTD Jun-08	Variance %
Net Interest Income	955,899	753,352	27%
Non Interest Income ³	837,957	1,000,688	-16%
Operating Income	1,793,856	1,754,040	2%
<i>Less:</i>			
Operating Expenses ⁴	646,818 ⁵	451,286	43%
Provisions	62,133	164,355	-62%
Net Profit Before Taxes	1,084,905	1,138,399	-5%
Taxes	174,453	145,958	20%
Net Profit After Taxes⁶	910,452	992,441	-8%

³ 2008 figure includes a one-time gain of EGP 50 million due to the sale of Contact

⁴ Adjusting for accrual accounting, 2008 expenses were EGP 536 million and the y-o-y increase was 21%

⁵ Includes EGP 34 mn of intangibles amortization expense in 2009 operating expenses

⁶ Adjusting for the one-time gain and accrual accounting, 2008 NPAT was EGP 875 million and y-o-y change was 4%

Revenues

- Consolidated Revenues increased by 2% this year, with a 27% rise in net interest income largely offset by a decline of 16% in non-interest income. Adjusting for a one-time gain in 2008, revenues rose by 5% and non-interest income declined by 12%.
- Our net interest margin rose to 3.98% versus 3.77% in the first half of 2008. Net interest margin in the second quarter declined to 3.88% from 4.16% in the first quarter due to the compression in corridor rates and related spreads over the period.
- The decline in non-interest income was mainly attributable to a decrease in LC fees, loan fees and brokerage commissions due to the drop in economic activity.
- According to the latest CBE data, lending in Egypt was largely stagnant during the first five months of 2009, with corporate borrowing growing only 0.25% and private sector borrowing actually falling 0.87%.
- LCY loans grew 12% since December 31, 2008, while foreign currency loans declined by 4.1%. Starting the beginning of Q4 2008, the Bank has been proactively reducing its FCY exposure with those customers potentially vulnerable to foreign exchange risk. In addition, the Bank has been able to shift some FCY exposures to LCY.
- Total customer deposits grew by 3.8% to reach EGP 50.8 billion.

<i>EGP million</i>	Consolidated June 30, 2009	Consolidated Dec. 31, 2008	% Change
LCY Net Loans	13,296	11,873	12.0%
FCY Net Loans	13,866	14,457	-4.1%
LCY Deposits	28,250	27,337	3.3%
FCY Deposits	22,548	21,601	4.4%
LCY Loans/Deposits	47.1%	43.4%	
FCY Loans/Deposits	61.5%	66.9%	

Expenses

- On a consolidated basis, CIB's cost-to-income ratio increased to 36.1. This increase was mainly attributable to our long-term strategy continued investment in people and infrastructure to build out our consumer banking business in the midst of a slowdown in revenue growth due to the financial crisis. Over this period our head count increased by 12% to reach 4,426 as of June 2009 from 3,956 as of June 2008.
- In the fourth quarter of 2008, CIB adopted the accrual method to account for operating expenses. This accounting change eliminates the intra-year volatility in our operating expenses witnessed in prior years.
- Adjusting for accrual accounting, operating expenses increased 21% over the same period last year.

- Given our already elaborate branch network, the currently stands at 155 outlets, a few select outlets in key locations were added.
- CIB continued to invest in its alternative distribution channels as its total ATMs grew to 500, and POS machines reached 7,052.
- An additional tax expense was added in June 2009 due to a change in the tax law introduced in May 2008, resulting in the removal of the tax exemption for T-Bills and T-Bonds. As a result, this has partially impacted CIB's effective tax rate which increased from 12.82% to 16.08%.

Summary Consolidated Balance Sheet

<i>EGP Million</i>	June 30, 2009	Dec. 31, 2008	Variance %
Cash and Due From Central Bank	4,115	4,473	-8%
Due from Banks	7,944	6,572	21%
Net Loans	27,162	26,330	3%
Treasuries & Investments	20,968	17,353	21%
Intangibles	808	842	-4%
Other Assets	1,959	1,892	4%
Total Assets	62,956	57,462	10%
Due to Banks	3,574	229	1461%
Customer Deposits	50,798	48,790	4%
Other Liabilities	2,222	2,618	-15%
Total Liabilities	56,594	51,637	10%
Equity	6,362	5,825	9%

Credit Quality and Capital Adequacy

- Total provision expenses were EGP 62 million as of June 30, 2009 versus EGP 164 million during the comparable period last year, while the coverage reached at 203%. This figure reflects the lower growth in our loan book. There have been no material downgrades in our loan portfolio and we have not observed any material degradation in asset quality.
- CIB's recoveries year-to-date have been EGP 13.4 million, compared to EGP 14.5 million over the same period last year.
- CIB further strengthened its capital base, as its Capital Adequacy Ratio reached 14.1%, well above the CBE requirement of 10%.

CI Capital Performance

- During the first half of 2009, CI Capital's operating performance showed solid improvement across business lines despite the steep drop in market-related activity. We believe CI Capital will continue to benefit from the synergies of being wholly-owned by CIB.



- Brokerage was ranked 4th in Q2, with total market share of 4.67%, versus 6th in Q1. On a quarter-over-quarter basis, CI Capital's total trading rose 137% in Q2 2009.
- Asset Management increased AUM by 20% to reach EGP 6 billion during first half of 2009. The company is in the final stage of launching a new money market fund in cooperation with BLOM Bank - Egypt.
- Investment Banking was the most active investment bank in Egypt during the first half of 2009, closing 5 M&A and corporate finance deals with a value exceeding EGP 2 billion.
- Research extended equity coverage from 28 companies to 32 companies and launched two new products: weekly MENA Telecom report and CI Capital 100 Hand Book.
- CI Capital launched Egypt's first industrial mid-cap private equity fund with a target size of EGP 250 million in cooperation with the Industrial Modernization Centre (IMC).

CIB's Board of Directors is pleased to announce the appointment of two new non-executive board members:

Ambassador Frank G. Wisner is the international affairs advisor to Patton Boggs LLP, a full-service firm with a national presence in every major area of legal representation. Prior to joining Patton Boggs, Mr. Wisner served as Vice Chairman of the American International Group (AIG), external affairs, following his retirement from the U.S. government with the personal rank of Career Ambassador, the highest grade in the Foreign Service.

Mr. Wisner joined the State Department in 1961 and served in a variety of overseas and Washington positions during his 36-year career. Among his other posts, Ambassador Wisner served successively as U.S. Ambassador to Zambia, Egypt, the Philippines and India.

Currently, he is on the board of the U.S. India Business Council. Mr. Wisner is a member of the boards of Directors of EOG Resources, an oil and natural gas exploration and production company and Ethan Allen, a large furniture manufacturer. He has been a member of the Board of Directors of the Pharaonic American Life Insurance Company (ALICO) in Egypt since 2007. He is a senior advisor at Kissinger Associates. Mr. Wisner is Vice Chairman of the Business Council on International Understanding. His non-profit board affiliations include, but are not limited to: Rockefeller Brothers Fund, the American University in Cairo, Princeton University's Middle Eastern Affairs Advisory Board and the advisory board at Columbia University's SIPA.

Mr. Wisner graduated from Princeton University with a B.A. degree in 1961.

Dr. Medhat Hassanein, Egypt's former Minister of Finance (1999-2004), is currently a professor of Finance and Banking with the Management Department of the School of Business, Economics & Communication at the American University in Cairo.

Dr. Hassanein is a senior policy analyst with long experience in institutional building, macro-policy analysis, financial economic, corporate finance and international financial management. He has previously served as advisor to government, high-level advisory bodies and the donor community. During his term as Minister of Finance, he developed and instituted the second generation set of fiscal public policy reforms for the government of Egypt. Dr. Hassanein has also served as Chairman and Board Member in public holding companies, private corporations and many renowned banks in Egypt, last of which was HSBC Egypt (2004-May 2009) where he chaired its Audit Committee.

Dr. Hassanein obtained a B.A. in Economics from Cairo University (graduating with honors), an M.B.A. from New York University (graduating with distinction) and a Ph.D. from Wharton School, University of Pennsylvania.

The addition of Ambassador Wisner and Dr. Hassanein to CIB's distinguished Board of Directors will add tremendous value to CIB.