

CIB Proud to be Egyptian

CAIRO, May 11th, 2011 – Commercial International Bank (CIB), the leading financial institution in Egypt, today released its first quarter financial results. The current situation in Egypt remains fluid and complex with a wide range of potential political and economic outcomes. The effects of the revolution in Egypt have impacted the confidence of the business community. However, it is important to remember that not much has fundamentally changed, as Egypt has always had positives and negatives as any emerging market would.

Despite the interruption of the banking operations across the country for the better part of the quarter, CIB's performance during these historical times is an impressive start to the year. The results posted reiterate that the Bank is on the right track to overcome the short term uncertainties and translate them into long term success and more importantly sustainability. Moreover, Management made every effort to stay in touch with all stakeholders to keep them posted on how everything is progressing from the ground. We feel that CIB demonstrated its leadership of the sector during these past turbulent times in satisfying its clients' needs in prime time and has positioned itself to benefit from the upcoming opportunities as Egypt enters this new era of prosperity and stability.

Summary of Q1' 2011

The Bank's management believes our performance during these historical times is a notable start to the year, given the recent events. We foresee the route to recovery starting; and it's only going to improve from here on out.

For the most part of the quarter the core economic activities were severely disrupted as a result of massive demonstrations throughout the country, lack of security, labor demands and the imposed curfew. All led to significant slowdown of the major contributing sectors to the economy and accordingly the related banking services.

Primarily, tourism and trade businesses were the most affected by the temporary security outbreak and logistics bottlenecks. In addition, many of the large manufacturers and service providers' workers were on strikes for several weeks in almost every sector, thus disrupting production and sales.

On the banking sector front, banks were closed for the better part of the quarter and upon re-opening, banks initially didn't operate at full capacity for 40 days due to security conditions. However, despite the slowdown on the commercial banking front, we successfully managed to produce fees and commissions very close to those achieved last year. FX business was among the most affected lines due to its perfect correlation to tourism and trade cash flow.

Other items of the non-interest income were obviously impacted, especially with the closure of the stock exchange. In fact, the dividends income almost vanished given the fact that companies were unable to hold their general assembly meetings to decide on profits appropriation accounts. Also, equity valuation multiples were unattractive for CIB to offload equity investments and decided to postpone exit plans till the market bounces back to be within our IRR targets.

Through maintaining its client focused strategy, CIB was able to cater to its clients' needs. Our international operations as well as a large portion of our ATM networks were fully operational, while conforming to CBE regulations. Such initiatives led to a sentiment by the market of "flight

to quality” as there were no net deposits withdrawal. As a matter of fact, deposits grew by 3% outperforming the overall market of deposits which decreased by 0.88% as of February 2011.

Finally, CIB’s market shares in both loans and deposits increased to record a steady share of 8.03% and 7.02% respectively, as of February 2011.

Business Highlights as of 31 March 2011 – Consolidated Performance

- On a consolidated basis, CIB achieved EGP 307.94 million of Net Profit After Tax (NPAT) in March 2011. After normalizing the effects of cost of liquidity for Q1, Consolidated NPAT would record EGP 326 mn as of March 2011 as compared to EGP 391 mn in March 2010 after normalizing the effect of capital gains along with dividends, tax refund and provision refund. As such, from an operational perspective, CIB delivered very positive results when accounting for the challenges that came about due to the Revolution.
- ROAE and ROAA stood at 15.08% and 1.60% respectively.
- On a stand alone basis, Net Interest Margin in March 2011 remained healthy at 3.72% reflecting management’s efficiency in managing the Bank’s liquidity.
- The Bank’s loans increased by 3.74% as of March 2011, while the overall market for loans grew by 2.49% during the first two months of the year. In addition, the Bank saw a rise in deposits by 3.00%,
- CIB total assets grew by 4.84% compared to December 2010, predominately driven by the increase in institutional loans by 4.09% and the retail loan portfolio by 0.74%.
- The consumer banking was impacted by the closure of banks for close to 30 days of the quarter. Since reopening, the consumer banking focused on growing the deposits base with a special emphasis on low cost funding and succeeded in growing the deposits base by 3.7%. On the assets side, risk policies were amended post the revolution. Such amendments were driven by the lack of customer access to making payments. However, we are gradually opening up risk policies and we’ll be reverting back to pre revolution levels and BAU levels soon.
- CIB successfully maintained high levels of liquidity throughout the past few months where its loans to deposits ratio recorded 58.36 %.
- CIB continues to maintain strong asset quality, with NPLs/Gross Loans of 2.88 %, and a prudent coverage ratio of 148.27%.

Key Operating Ratios (Consolidated)

	YTD Mar-11	YTD Mar-10	Variance %	Normalized Mar-11
NIM (%)	3.72	3.50	6.34	3.84
ROAA (%)	1.60	3.18	-49.87	1.70
ROAE (%)	15.08	30.15	-49.97	16.07
Cost/Income (%)	45.60	36.76	24.05	43.94

Summary Consolidated Income Statement

<i>EGP millions</i>	YTD Mar-11	YTD Mar-10	Variance %	Normalized Mar-11
Net Interest Income	633	520	21.73%	655
Non Interest Income	308	473	-34.90%	308
Operating Income	941	993	-5.24%	963
<i>Less:</i>				
Operating Expenses	(429)	(365)	17.55	(429)
Provisions	(123)	(2)	-	(123)
Operating Profit before taxes	389	626	-37.86%	411
Taxes	(81)	(97)	-16.65%	(85)
Net Profit After Taxes	308	529	-41.75%	325
Minority Interest	(0)	0		(0)
Net Profit After Taxes	308	528	-41.69%	326

Revenues

- During the first quarter of 2011, consolidated revenues recorded EGP 940.52, broken down into both a healthy rise of 21.73% in net interest income and a drop of 34.90% in non interest income.
- The contribution of non interest income to total revenues has been increasing YOY. However, due to the political turmoil Egypt has witnessed and its impact on the economic activity, the first quarter of 2011 has shown lower banking fees and commissions short falling the correspondent period from last year by 6.32%. This limited decrease in the fee business reflects the solid foundation of CIB's business model and insinuates that the return to business as usual is underway.
- CIB succeeded in remaining very liquid throughout the past events where its LDR was maintained at 58.36%, LCY and FCY loans to deposits ratios recorded 54.27% and 63.74% respectively, LCY loans grew 6.02% compared to March 2010, while FCY loans grew by 1.29%.

Expenses

- Total expenses increased by 17.55 % to record a cost to income ratio of 45.60% up from 36.76% in March 2010 mainly attributable to the decline in total revenues and increase in staff expenses however as we move forward in the year the ratio is expected to fall back within the targeted range of management.
- Given that our branch network is already among the largest within the private banking sector, with 150 outlets and an ATM network of 502, only a few select outlets in important strategic locations will be added moving forward.

Summary Consolidated Balance Sheet

<i>EGP Million</i>	Mar.31, 2011	Dec.31, 2010	Variance %
Cash and Due From Central Bank	5,169	5,675	-8.9
Due from Banks	10,037	7,055	42.3
Gross Loans	38,088	36,717	3.7
Provisions and Unearned items	(1,703)	(1,542)	7.1
Net Loans	36,386	35,175	3.4
Treasuries & Investments	24,711	24,556	0.6
Intangibles	510	537	-5
Other Assets	2,266	2,429	-6.7
Total Assets	79,079	75,425	4.8
Due to Banks	3,163	1,322	139.3
Customer Deposits	65,264	63,364	3
Other Liabilities	2,834	2,120	33.7
Total Liabilities	71,261	66,806	6.7
Equity	7,771	8,572	-9.3
Minority Interest	47	47	0

Credit Quality and Capital Adequacy

- The Bank's NPLs/Loans ratio remained healthy at 2.88% as of March 2011.
- In line with CIB's conservative credit culture and in light of the current levels of uncertainty, CIB provided for EGP 123 million in its provisions based on IFRS methodology.
- CIB maintained its strong equity base with a conservative Capital Adequacy Ratio (CAR) of 15.72%, providing a solid cushion for adverse market movements.

Stand-alone Performance

- On a stand-alone basis, the Bank achieved an NPAT for Q1' 2011 of EGP 332.5 million. After normalizing one-off items, NPAT would record EGP 349.78 million.
- CIB has managed to realize a Return on Average Equity (ROAE) of 17.04% and a Return on Average Assets (ROAA) of 1.73% as of March 2011.
- Cost: income ratio stood at 41.64%, recording a 21.12% increase over the same period last year, mainly attributable to an increase in head count and staff expenses.

Summary Unconsolidated Income Statement

<i>L.E. Million</i>	YTD Mar-2011	YTD Mar-2010	Variance %	Normalized Mar-2011
Net Interest Income	653	522	25.18	675
Non Interest Income	271	470	-42.39	271
Net Operating Income	924	992	-6.84	946
Non Interest Expense	(389)	(328)	18.54	(389)
Provisions	(123)	(2)	-	(123)
Net Profit before Tax	412	662	-37.72	434
Income Tax	(89)	(99)	-9.82	(94)
Deferred Tax	9	6	43.92	9
Net Profit	333	570	-41.64	350

Summary Unconsolidated Balance Sheet

<i>EGP Million</i>	Mar.31, 2011	Dec.31, 2010	Variance %
Cash and Due From Central Bank	5,168	5,675	-8.9
Due from Banks	9,859	6,770	45.6
Gross Loans	38,088	36,717	3.7
Provisions and Unearned Items	(1,703)	(1,542)	10.4
Net Loans	36,386	35,176	3.4
Treasuries & Investments	25,400	25,273	-0.4
Other Assets	2,053	2,200	-6.7
Total Assets	78,867	75,093	5
Due to Banks	3,163	1,322	139.3
Customer Deposits	65,365	63,480	3
Other Liabilities	2,499	1,677	49
Total Liabilities	71,027	66,479	6.8
Equity	7,840	8,614	-9

Key Operating Ratios (Unconsolidated)

	YTD Mar-11	YTD Mar-10	Variance %	Normalized Mar-11
NIM (%)	3.72	3.50	6.34	3.84
ROAA (%)	1.73	3.44	-49.82	1.82
ROAE (%)	17.04	34.41	-50.48	17.92
Cost/Income (%)	41.64	34.38	21.12	41.12

Conclusion

With the revolution of 25th January, we feel that the future of this country is positive. We believe one of the main milestones achieved by this revolution is the boost in transparency and accountability and therefore a more level playing field will emerge with a focus on economic as well as administrative reforms. This will significantly reduce the cost of doing business in Egypt and will ultimately lead to healthy competition without favoritism. In fact, the move to a more open political system will support further institutionalization and policy formulation, leading to higher consumer and business confidence. This will ultimately be reflected in stronger long-term GDP growth and a structurally improved economy, eventually resulting in higher investment inflows.

As previously stated, we feel that CIB demonstrated its leadership of the sector during these past turbulent times in satisfying its clients' needs in prime time and has positioned itself to benefit from the upcoming stability and the prosperity Egypt will witness in the years to come.

In fact, CIB's lead market position (3rd largest in Egypt, number one privately owned bank) puts us in a prime position to capture new business opportunities that could emerge in the long term out of Egypt's political turmoil e.g. funds raising for CAPEX investments, privatization, FDI inflow, diversion of household savings into new investment products. This should contribute positively to CIB's loan growth and margin expansion beyond FY11 while its conservative risk management limits asset quality deterioration to levels much below street expectations in this regard.