

CIB Shows Resilience and Maintains Its Leadership Position within the Egyptian Banking Sector

CAIRO, February 22nd, 2012 – Commercial International Bank (CIB), the leading financial institution in Egypt, today released its Year-End financial results.

2011 was a remarkable year for Egypt and CIB. The institution showed resilience, with trivial declines in top line numbers despite the challenges faced in 2011.

Business Highlights as of 31 December 2011 – Consolidated Performance

- On a consolidated basis, CIB achieved EGP 1,615 million in 2011 in comparison to EGP 2,021 million in December 2010, thus recording just 20% decline YoY primarily driven by much higher Provisions reaching EGP 321 million compared to just EGP 6 million in 2010 as a pre-emptive measure to cope with the ongoing economic and political upheaval Egypt is witnessing.
- Capital gains from sale of investments (Available for Sale and Held to Maturity portfolios as well as investment in associates) fell 80% to EGP 39 million in 2011 from EGP 203 million the previous year. In a strategic decision, the management saw fit not to sell investments at current market prices and, instead, hold them until prices reflect true values
- In addition, a decline of almost 63% in Dividend income came on the back of the companies' decisions to retain their earnings after being affected by capital market activities in 2011 and adopting cash-preservation strategies.
- Despite ongoing market challenges, CIB's gross loan growth stood at 16.93%, the bulk of which are LCY working capital facilities. Besides, deposits side grew by around 13% YoY.
- Worth noting in this respect is that more than 50% of loan growth reported on a full-year basis was achieved in Q4'2011 standalone, reflecting that economic activity and confidence are improving.
- CIB's loan market share recorded 8.66%, as of November, up from 8.01% in the beginning of the year. Market shares in deposits witnessed substantial growth as it recorded 7.23% as of November up from 6.70% in January.
- Despite prevailing economic conditions, CIB maintained a healthy liquid LDR ratio of 60.1%.
- CIB total assets grew by 13.40% compared to December 2010, largely due to the aforementioned loan growth.
- On a standalone basis, Net Interest Margin YTD increased to reach 3.71% in 2011 up from 3.62% in December 2010. This came as a result of both an increase in T-Bill rates (which prices-in gradually over time) and the focus on Egyptian pound lending versus FCY lending. It's worth noting that NIM has been increasing QoQ as it recorded 3.87% in Q4'2011 over 3.7% in Q3'2011.

- CIB enjoys the lowest NPLs/Gross Loans among its peer group standing at 2.81% as of December 2011. Although the bank is growing its loan book, such growth clearly doesn't come at the expense of quality.
- Coverage ratio remains healthy at 136.04% as of year-end 2011 with minor decrease from 141.8% in December 2010.
- ROAE and ROAA recorded 19.61% and 2.01% respectively.
- 2011 witnessed almost flat consolidated revenues YoY, where December 2011's figure stood at EGP 3,929 million versus EGP 3,951 million in December 2010.

Key Operating Ratios - Consolidated

	YTD Dec-11	YTD Dec-10
ROAA	2.01%	2.89%
ROAE	196.1%	28.66%
Cost/Income	39.50%	39.52%
NIM*	3.71%	3.62%

*Calculated on a standalone basis to reflect core banking sustainable operations.

Summary Consolidated Income Statement

EGP Million	YTD Dec-11	YTD Dec-10	Variance %
Net Interest Income	2,690	2,258	19.15%
Non Interest Income	1,244	1,694	-26.55%
Net Operating Income	3,934	3,952	-0.44%
<i>Less:</i>			
Non Interest Expense	(1,557)	(1,562)	-0.28%
Provisions	(321)	(6)	5102.39%
Net Profit before Tax	2,056	2,384	-13.74%
Taxes	(442)	(362)	22.09%
Net Profit After Taxes	1,614	2,022	-20.17%
Minority Interest	(1)	1	-137.56%
Net Profit After Taxes	1,615	2,021	-20.09%

Revenues

- Despite prevailing macro-picture in the country, management's priority was to focus on asset quality while growing the top line which remains resilient in CIB.
- CIB's total consolidated revenues were almost flat on YoY basis. On quarterly basis, consolidated revenues in Q4'2011 recorded a good 17.8% growth over Q3'2011, while declined only by 4.7% below Q4'2010.
- Such growth came on the back of a healthy rise in net interest income of 19.15%. In addition to a 13.2% increase in loan fees. The YoY 26.55% decline in non-interest income is directly related to the slowdown in the sector due to the revolution.

- Core banking fees witnessed a decrease of 1% to reach EGP 843 million, while other income from dividends and investment revaluations declined by 52% to EGP reach 401 million.

Expenses

- On a Standalone basis, non-interest expenses recorded 12.5% YoY increase driven mainly by increase in staff expenses which accounted for 25.4%. The reason behind this increase was decisions taken for the best interest of CIB's employees related to unified allowance as well as special increase in 2011 based on the market.
- Consolidated Cost: income ratio came in the same line with last year's and recorded 39.50% as of December 2011.
- It is worth mentioning that the year 2011 had ended with cost: income ratio much less than what it began with, evidently, Q4'2011 recorded 38.52% down from 44.50% in Q1'2011. This reflects Management's strategic focus to keep the ratio below 40%.

Summary Consolidated Balance Sheet

<i>EGP Million</i>	Dec-11	Dec-10	Variance %
Cash and Due From Central Bank	7,492	5,675	32.01%
Due from Banks	8,528	7,055	20.89%
Gross Loans	42,933	36,717	15.28%
Provisions and Unearned items	(1,868)	(1,542)	15.76%
Net Loans	41,065	35,175	16.75%
Treasuries & Investments	25,650	24,556	4%
Intangible Assets & Goodwill	430	537	-20%
Other Assets	2,369	2,427	-2.39%
Total Assets	85,534	75,425	13.40%
Due to Banks	3,341	1,322	152.67%
Customer Deposits	71,468	63,364	12.79%
Other Liabilities	1,939	2,125	-8.76%
Total Liabilities	76,748	66,812	14.87%
Equity	8,740	8,567	- 2.02%
Minority Interest	46	47	-1.30%

Credit Quality and Capital Adequacy

- Well known for its conservative credit culture, management prudently took provisions of EGP 321 million YTD December 2011 in light of the current levels of uncertainty. This is up from EGP6 million YTD December 2010.
- Despite the current circumstances in the economy, CIB continues to maintain its resilient asset quality, with its NPLs/Gross loans relatively unchanged at 2.81%
- CIB maintains its strong equity base with CAR of 13.78% compared to 14.41% in 2010 (both figures do not include profits of the year).

Stand-alone Performance

- CIB ended the turbulent 2011 with EGP 1,749 million, only 18% down YoY on the back of the economic slowdown.
- Total revenues are up by 2.96% YoY recording EGP 3,837 million as of December 2011 over EGP 3,727 million in December 2010. It's worth mentioning that Q4'2011 standalone recorded 14.1% growth over Q3'2011 and grew by 7.1% over Q4'2010.
- Total assets grew by 14% YoY to record EGP 85,628 million as of year-end 2011.
- CIB managed to realize ROAE of 21.0% and ROAA of 2.2% as of December 2011.
- Cost: income ratio stood at 34.84% up from 31.87% in December 2010 mainly due to the decline in income.

Summary Unconsolidated Income Statement

<i>EGP Million</i>	YTD Dec-11	YTD Dec-10	Variance %
Net Interest Income	2,679	2,255	18.79%
Non Interest Income	1,159	1,472	-21.30%
Net Operating Income	3,837	3,727	2.96%
Non Interest Expense	(1,337)	(1,188)	12.52%
Provisions	(321)	(6)	5102.39%
Net Profit before Tax	2,180	2,533	-13.94%
Income Tax	(446)	(432)	3.40%
Deferred Tax	15	40	-61.15%
Net Profit	1,749	2,141	-18.32%

Summary Unconsolidated Balance Sheet

<i>EGP Million</i>	Dec-11	Dec-10	Variance %
Cash and Due From Central Bank	7,492	5,675	32.01%
Due from Banks	8,449	6,770	24.81%
Gross Loans	42,933	36,717	16.93%
Provisions and Unearned Items	(1868)	(1,542)	21.1
Net Loans	41,065	35,175	16.75%
Treasuries & Investments	26,358	25,273	4%
Other Assets	2,263	2,200	3%
Total Assets	85,628	75,093	14.03%
Due to Banks	3,341	1,322	152.65%
Customer Deposits	71,574	63,480	12.75%
Other Liabilities	1792	1682	6.55
Total Liabilities	76,707	66,484	15.38%
Equity	8,921	8,609	10.89%

Key Operating Ratios - Unconsolidated

	YTD Dec-11	YTD Dec-10
NIM (%)	3.7	3.6
ROAA (%)	2.2	3.1
ROAE (%)	21.0	28.7
Cost/Income (%)	34.84%	31.87%