



News Release

13 November 2012

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS THIRD-QUARTER 2012 CONSOLIDATED NET INCOME OF EGP 611 MILLION, OR EGP 0.91 PER SHARE, UP 94% FROM EGP 314 MILLION IN THIRD-QUARTER 2011

🌐 Record third-quarter 2012 financial results:

- Consolidated net income of EGP 611 million, or EGP 0.91 per share, up 17% quarter-on-quarter (QoQ) and 94% year-on-year (YoY)
- Consolidated revenues of EGP 1.45 billion, up 18% QoQ and 57% YoY

🌐 September 2012 Year-to-Date (YtD) financial highlights:

- Consolidated net income of EGP 1.64 billion, or EGP 2.73 per share (up 54% YoY), on revenues of EGP 3.83 billion (up 35% YoY)
- Consolidated net income before tax of EGP 2.28 billion, up 63% YoY
- Standalone net interest margin of 4.65%¹, up 27% YoY
- Consolidated efficiency ratio (cost-to-income) improved to 29.7% from 40.4% in the comparable period last year

🌐 Robust balance sheet:

- Total tier capital of EGP 9.43 billion (16.5% of risk-weighted assets) versus EGP 8.53 billion at year-end 2011, of which 91% is high quality Tier I capital
- Total risk-weighted assets of EGP 57.2 billion, up 3% from year-end 2011
- High quality of funding, with customer deposits comprising 94% of total liabilities
- Non-performing loans were 3.39% of the gross loan portfolio versus 2.81% for year-end 2011
- Loan loss provision balance increased to EGP 1.71 billion, up 17% from year-end 2011, and covered non-performing loans by 116.0% (versus 120.6% at year-end 2011)

🌐 Superior nine-month returns:

- Consolidated return on average equity of 24.1% versus 15.0% in the prior-year period
- Consolidated return on average assets of 2.44% versus 1.81% in the prior-year period

🌐 Committed to our community:

- The CIB Foundation signed a EGP 1 million protocol of cooperation with Rotary Kasr El-Nil to sponsor 1,000 children's eye surgeries through Rotary's "Children's Right to Sight" programme. Another EGP 0.5 million was donated to the Gozour Foundation for Development to fund ten eye exam caravans through the 6/6 Eye Exam Caravan program
- Following a previous EGP 13 million donation to the Magdi Yacoub Heart Foundation, the CIB Foundation donated EGP 6 million to cover the costs associated with 100 children's open heart surgeries, and committed to a further EGP 2 million donation to fund a children's playroom in the Aswan Heart Centre.

¹ Based on managerial accounts

CIB Third-Quarter 2012 News Release

CAIRO – Commercial International Bank (EGX: COMI) today reported third-quarter 2012 consolidated net income of EGP 611 million, or EGP 0.91 per share, an increase of 94% over third quarter 2011 net income of EGP 314 million, or EGP 0.54 per share. On a standalone basis, the Bank reported the same net income of EGP 611 million.

Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented on the quarter: “I am delighted to report that CIB has continued its strong performance in 2012, with record top and bottom lines for the third quarter despite the typical seasonal slowdown at this time of year. Consolidated revenues came in at EGP 3.83 billion in the first nine months, up 35% over both 2011 and 2010. Third-quarter revenues were EGP 1.45 billion, an increase of 57% year-on-year and 18% over a strong second quarter, demonstrating an accelerating growth trend during the year.

“These outstanding numbers mark the success of CIB’s approach of driving strong expansion in our consumer banking position while upholding our leading position in the corporate sector. We expect the Bank’s momentum to continue into the fourth quarter, producing strong full-year results.”

THIRD-QUARTER FINANCIAL HIGHLIGHTS

REVENUES

Third-quarter consolidated revenues were EGP 1.45 billion, up 57% from EGP 923 million in third-quarter 2011 and 18% higher than second-quarter 2012. Year-to-date consolidated revenues were EGP 3.83 billion, up 35% from the EGP 2.84 billion achieved in the year-ago period.

On a standalone basis, the Bank achieved EGP 1.42 billion in revenues for the third quarter, up 59% over the year-ago period and 18% over second-quarter 2012. Year-to-date standalone revenues were EGP 3.74 billion, an increase of 34% over the equivalent year-ago period.

Net Interest Income

The asset pricing strategy adopted in early 2012, alongside larger sovereign debt positions and yields, lifted the Bank’s net interest margin (NIM) 100 basis points to 4.65% for the year-to-date, a 27% increase in margins over the 3.65% achieved in the first nine months of 2011. This generated consolidated net interest income of EGP 2.83 billion, 45% higher than the EGP 1.95 billion recorded in the year-ago period.

Non-Interest Income

Consolidated non-interest income for the first three quarters of 2012 was EGP 999 million, an increase of 12% over the year-ago period. Third-quarter non-interest income was EGP 422 million, 43% over second-quarter 2012 and 81% over third-quarter 2011.

Trade services experienced strong year-on-year growth of 15%, recording fees of EGP 176 million in the first three quarters of 2012. Bancassurance revenues surged to EGP 33 million, almost three times the year-ago figure. Net credit and debit card fees reached EGP 72 million, a 40% year-on-year increase, reflecting the Bank’s solid growth strategy in consumer banking.

CIB incurred losses on financial investments of EGP 30 million compared to income of EGP 38 million in the comparable year-ago period, and dividend income decreased 62% to EGP 23 million from EGP 59 million in the year-ago period. These declines were offset by EGP 101 million in income related to the positive mark-to-market revaluation of the sovereign debt trading portfolio.



OPERATING EXPENSE

Consolidated operating expense in the first three quarters of 2012 was EGP 1.15 billion, up 1% from EGP 1.13 billion in the comparable year-ago period. Third-quarter operating expense was EGP 376 million, down 2% from the second quarter and up 2% year-on-year. Consolidated administrative expense grew by 7% in the first nine months to EGP 1.12 billion, compared to 1.05 billion in the year-ago period.

Despite aggressive revenue growth, management continued its strict control of expenses, leading to a significantly improved consolidated year-to-date efficiency ratio of 29.7% versus 40.4% in 2011. On a standalone basis, CIB's operating expense increased 8%, and the standalone efficiency ratio improved to 27.6% from 35.3% in the year-ago period.

LOANS

Total gross loans were EGP 43.3 billion at the end of the third quarter, up 9% over third-quarter 2011 and 1% over year-end 2011. Gross and net loans increased 1% over second-quarter 2012.

CIB maintained the highest loan market share of all private-sector banks at 8.35% as of August 2012 (according to the Central Bank of Egypt's latest data at time of print).

DEPOSITS

Customer deposits were EGP 78.5 billion on a standalone basis, up 12% year-on-year and 10% over year-end 2011. On a QoQ basis, deposits increased 2%.

Deposit market share grew to 7.59% as of August 2012, maintaining CIB's leading position amongst all private-sector banks.

The loan-to-deposit ratio was 55% in third-quarter 2012, versus 60% at year-end 2011.

ASSET QUALITY

Management's conservative risk management approach continued in third-quarter 2012, with cost of risk reaching 99 bp² in the first nine months of 2012, up from 77 bp for full-year 2011. Non-performing loans were 3.39% of gross loans, up from 2.81% at year-end 2011.

Coverage of non-performing loans by provisions was 116%, based on a total loan loss provisions reserve of EGP 1.7 billion and EGP 284 million for contingent and other provisions.

CAPITAL³

Total tier capital increased to EGP 9.43 billion in September 2012, or 16.5% of risk-weighted assets, versus 15.4% at year-end 2011. High quality Tier I capital grew to EGP 8.59 billion, or 15.0% of risk-weighted assets vs. EGP 7.8 billion, or 14.1%, at year-end 2011. The increase in capital base resulted largely from a positive mark-to-market revaluation of the available-for-sale (AFS) sovereign portfolio. Risk-weighted assets increased by 3% to EGP 57.2 billion from EGP 55.4 billion at year-end 2011.

² Based on net loans

³ Regulatory capital adequacy ratios for 2012 do not include net profits from the period

Note on Taxes

In June 2011, the Government of Egypt raised corporate taxes from 20% to 25% for all income over EGP 10 million. The tax burden for the first three quarters of 2012 includes EGP 80 million related to taxes on full-year 2011 income from treasury bills and bonds. Management conservatively accrued this amount in response to the Tax Authority's circular distributed in March 2012. Normalising for this amount, consolidated year-to-date net income would be EGP 1.72 billion, up 61% over the year-ago period.

INSTITUTIONAL BANKING

Key Metrics and Business Updates⁴

- #1 private-sector bank in Egypt in terms of revenues, net income, deposits, loans, total assets, book value and market capitalization.
- End-of-period loans retained were EGP 36.7 billion, down 3% from year-end 2011 and flat from second-quarter 2012.
- End-of-period deposits were EGP 19.1 billion, down 14% from year-end 2011 and 12% from second-quarter 2012.
- Outstanding contingent business continued its growth trend in 2012, reaching EGP 13.7 billion, or 9% over December 2011 and 3% over June 2012.

CONSUMER BANKING

Key Metrics and Business Updates⁴

- End-of-period loans retained were EGP 6.6 billion, up 27% over year-end 2011 and 8% over second-quarter 2012.
- End-of-period deposits were EGP 59.5 billion, up 20% over year-end 2011 and 8% over second-quarter 2012.
- 155 branches and units throughout Egypt, supported by a network of 506 ATMs and 7,864 points of sale.
- #2 position in debit card usage and #3 in credit cards.

⁴ Loan and deposit balances based on managerial accounts

CONSOLIDATED FINANCIAL HIGHLIGHTS

CONSOLIDATED P&L STATEMENT								
	3Q12	2Q12	QoQ Change	3Q11	YoY Change	YtD 3Q12	YtD 3Q11	YoY Change
	EGP million	EGP million	(3Q12 vs. 2Q12)	EGP million	(3Q12 vs. 3Q11)	EGP million	EGP million	(YtD 3Q12 vs. YtD 3Q11)
Net Interest Income	1,030	932	10.5%	690	49.3%	2,831	1,952	45.0%
Non-Interest Income	422	296	42.6%	233	80.8%	999	890	12.3%
Net Operating Income	1,452	1,228	18.3%	923	57.3%	3,830	2,842	34.8%
Operating Expense	(376)	(382)	-1.6%	(367)	2.5%	(1,146)	(1,134)	1.1%
Provisions	(247)	(143)	73.0%	(111)	122.9%	(407)	(312)	30.2%
Net Income before Tax	829	703	17.9%	446	86.0%	2,277	1,396	63.2%
Income Tax	(224)	(182)	23.1%	(109)	106.0%	(654)	(325)	101.5%
Deferred Tax	6	3	96.2%	(23)	NM	17	(6)	NM
Net Income	611	524	16.6%	314	94.4%	1,640	1,065	54.1%
Minority Interest	1	(0)	NA	(0)	NM	1	0	NM
Net Income After Minority	610	523	16.7%	314	94.2%	1,639	1,065	53.9%

CONSOLIDATED KEY FINANCIAL INDICATORS								
	3Q12	2Q12	QoQ Change	3Q11	YoY Change	YtD 3Q12	YtD 3Q11	YoY Change
			(3Q12 vs. 2Q12)		(3Q12 vs. 3Q11)			(YtD 3Q12 vs. YtD 3Q11)
Profitability								
ROAE	26.9%	25.1%	7.3%	13.3%	102.8%	24.1%	15.0%	60.7%
ROAA	2.7%	2.4%	13.4%	1.6%	69.9%	2.4%	1.8%	34.9%
NIM ¹	4.9%	4.6%	5.4%	3.7%	31.1%	4.7%	3.7%	27.4%
Efficiency								
Cost-to-Income	25.9%	30.6%	-15.6%	41.41%	-37.5%	29.7%	40.6%	-26.7%
Liquidity	3Q12	2Q12	QoQ Change	3Q11	YoY Change	3Q12	3Q11	YoY Change
Gross Loans-to-Deposits	55.2%	55.8%	-1.2%	57.0%	-3.2%	55.2%	57.0%	-3.2%
Asset Quality								
NPLs-to-Gross Loans	3.4%	2.8%	22.5%	2.9%	15.9%	3.4%	2.9%	15.9%
Direct Coverage Ratio	116.0%	134.8%	-14.0%	124.0%	-6.5%	116.0%	124.0%	-6.5%
Capital Adequacy Ratio	16.5%	15.3%	7.5%	15.4%	7.3%	16.5%	15.4%	7.3%

STANDALONE FINANCIAL HIGHLIGHTS

STANDALONE P&L STATEMENT								
	3Q12	2Q12	QoQ Change	3Q11	YoY Change	YtD 3Q12	YtD 3Q11	YoY Change
	EGP million	EGP million	(3Q12 vs. 2Q12)	EGP million	(3Q12 vs. 3Q11)	EGP million	EGP million	(YtD 3Q12 vs. YtD 3Q11)
Net Interest Income	1,027	929	10.6%	687	49.5%	2,821	1,945	45.0%
Non-Interest Income	388	274	41.7%	205	89.3%	918	838	9.6%
Net Operating Income	1,415	1,203	17.7%	892	58.7%	3,739	2,783	34.3%
Operating Expense	(341)	(348)	-2.1%	(285)	19.3%	(1,042)	(969)	7.6%
Provisions	(247)	(143)	73.0%	(111)	122.9%	(407)	(312)	30.2%
Net Income before Tax	827	712	16.2%	496	67.0%	2,290	1,502	52.5%
Income Tax	(222)	(181)	22.9%	(107)	107.3%	(650)	(320)	102.9%
Deferred Tax	6	3	95.2%	(11)	NM	18	5	262.1%
Net Income	611	534	14.4%	377	61.9%	1,658	1,187	39.7%

STANDALONE KEY FINANCIAL INDICATORS								
	3Q12	2Q12	QoQ Change	3Q11	YoY Change	YtD 3Q12	YtD 3Q11	YoY Change
			(3Q12 vs. 2Q12)		(3Q12 vs. 3Q11)			(YtD 3Q12 vs. YtD 3Q11)
Profitability								
ROAE	27.0%	24.7%	9.4%	19.3%	40.3%	23.5%	19.2%	22.2%
ROAA	2.7%	2.4%	13.4%	1.9%	41.3%	2.5%	2.0%	21.9%
NIM ¹	4.8%	4.6%	5.4%	3.7%	31.2%	4.7%	3.7%	27.3%
Efficiency								
Cost-to-Income	24.0%	28.5%	-15.7%	33.4%	-28.2%	27.6%	35.3%	-21.9%
Liquidity								
Gross Loans-to-Deposits	55.2%	55.8%	-1.2%	56.9%	-3.0%	55.2%	56.9%	-2.9%
Asset Quality								
NPLs-to-Gross Loans	3.4%	2.8%	22.5%	2.9%	15.9%	3.4%	2.9%	15.9%
Direct Coverage Ratio	116.0%	134.8%	-14.0%	124.0%	-6.5%	116.0%	124.0%	-6.5%
Capital Adequacy Ratio	16.5%	15.3%	7.5%	15.4%	7.3%	16.5%	15.4%	7.3%

CONSOLIDATED AND STANDALONE BALANCE SHEETS

Balance Sheet Highlights	CONSOLIDATED			STANDALONE		
	3Q12 EGP million	4Q11 EGP million	Change	3Q12 EGP million	4Q11 EGP million	Change
Cash & Due from Central Bank	3,415	7,492	-54.4%	3,415	7,492	-54.4%
Due from Banks	8,851	8,528	3.8%	8,754	8,449	3.6%
Treasury Bills & Governmental Notes	9,139	9,261	-1.3%	9,097	9,213	-1.3%
Trading Financial Assets	1,839	675	172.4%	1,773	561	216.1%
Available-for-Sale Investments	21,058	15,422	36.6%	21,042	15,413	36.5%
Net Loans & Overdrafts	41,129	41,065	0.2%	41,130	41,066	0.2%
Financial Derivatives	145	147	-1.3%	145	147	-1.3%
Held-to-Maturity Investments	4,222	39	NM	4,212	29	NM
Financial Investment in Subsidiaries	138	107	29.4%	1,026	996	3.1%
Other Assets	3,568	2,798	27.5%	3,239	2,263	43.1%
Total Assets	93,505	85,534	9.3%	93,834	85,628	9.6%
Due to Banks	2,085	3,341	-37.6%	2,085	3,341	-37.6%
Customer Deposits	78,428	71,468	9.7%	78,533	71,574	9.7%
Other Liabilities	2,590	1,939	33.6%	2,357	1,792	31.5%
Total Liabilities	83,103	76,748	8.3%	82,975	76,707	8.2%
Total Shareholders' Equity	8,716	7,125	22.3%	9,200	7,172	28.3%
Net Profit for the Period	1,639	1,615	1.5%	1,659	1,749	-5.2%
Shareholders' Equity & Net Profit	10,354	8,740	18.5%	10,859	8,921	21.7%
Minority Interest	48	46	4.2%	-	-	
Total Liabilities & Shareholders' Equity	93,505	85,534	9.3%	93,834	85,628	9.6%