

News Release

19 February 2013

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS FOURTH-QUARTER 2012 CONSOLIDATED NET INCOME OF EGP 588 MILLION, OR EGP 0.98 PER SHARE, UP 7% FROM FOURTH-QUARTER 2011

RECORD FULL-YEAR 2012 CONSOLIDATED REVENUES OF EGP 5.34 BILLION AND RECORD FULL-YEAR NET INCOME OF EGP 2.23 BILLION, OR EGP 3.53 PER SHARE, UP 38% FROM 2011

🌐 Fourth-quarter 2012 Consolidated Financial Results:

- Net income of EGP 588 million, or EGP 0.98 per share, up 7% year-on-year (YoY)
- Revenues of EGP 1.51 billion, up 39% YoY

🌐 Full-Year 2012 Consolidated Financial Highlights:

- Record net income of EGP 2.23 billion, or EGP 3.53 per share (up 38% YoY)
- Record revenues of EGP 5.34 billion (up 36% YoY)
- Record net income before tax of EGP 3.08 billion, up 50% YoY
- Record net interest margin of 4.74%¹, up 28% YoY
- Efficiency (cost-to-income) ratio improved to 30.6% from 40.0% in 2011

🌐 Robust Balance Sheet:

- Total Basel II tier capital² of EGP 8.87 billion, or 13.6% of risk-weighted assets (before profit appropriation), of which 90% is Tier I capital
- Balance sheet growth of 10% over 2011
- High quality of funding, with customer deposits comprising 95% of total liabilities
- Non-performing loans were 3.63% of the gross loan portfolio
- Loan loss provision balance of EGP 1.93 billion covered non-performing loans by 120%

🌐 Superior Full-Year Returns:

- Consolidated return on average equity of 22.8% versus 18.7% in 2011
- Consolidated return on average assets of 2.48% versus 2.01% in 2011

🌐 Supporting our Economy

- Grew funding to businesses and individuals in Egypt by 3% to EGP 42.9 billion
- During 2012, a growing number of Egyptian corporates & individuals entrusted their savings with CIB; deposits increased 10% to EGP 78.7 billion, enlarging our deposit market share to 7.3% (as per the latest published figures for November 2012)
- Our operations generated EGP 1.16 billion in corporate, payroll and other taxes in 2012
- Hired 314 additional staff during the year to reach a total headcount of 5,181, at the same time increasing revenues per employee by nearly 28% to EGP 1.03 million

¹ Based on standalone managerial accounts

² CBE regulations announced in December 2012 stipulate that all banks report capital adequacy according to a Basel II framework (prior to this, reported capital adequacy had been based on Basel I)

 **Committed to our Community:**

- In fourth-quarter 2012, the CIB Foundation provided the first and second payments of the 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
- EGP 0.5 million was donated to Bank Al Kesaa to support the national "One Million Blankets" Campaign
- The Foundation donated EGP 1 million to the Yahiya Arafa Children's Charity Foundation at the Ain Shams University Hospital to sustain the operations of three paediatric units
- As part of its continuing support for blood donation programs, CIB conducted a campaign at a number of its branches throughout Egypt to encourage staff members to donate

 **Achievements, Awards and Recognitions**

- *Bloomberg* ranked CIB 13th amongst all MENA banks in managing and marketing syndicated loans, and 18th amongst mandated loan arrangers. In 2012, CIB managed, marketed and participated in seven syndicated loans with a total value of USD 6.4 billion
- CIB was recognised with 12 awards during 2012, including *Global Finance's* "Best Bank in Egypt" (for the 16th time), *Emeafinance's* "Best Local Bank" (for the 5th consecutive year), *Global Trade Review's* "Best Trade Finance Bank in Egypt" (for the 4th consecutive year), and *Global Investor ISF's* "Best FX Provider in the Middle East" and "Best Asset Manager in Egypt" (for the 3rd consecutive year)

CAIRO – Commercial International Bank (EGX: COMI) today reported fourth-quarter 2012 consolidated net income of EGP 588 million, or EGP 0.98 per share, an increase of 7% over fourth-quarter 2011 net income of EGP 550 million, or EGP 0.92 per share. On a standalone basis, the Bank reported net income of EGP 544 million.

Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented: "I am very pleased to report that CIB has turned in another strong performance for 2012, with record top and bottom lines despite momentous economic and political developments in Egypt. Consolidated revenues came in at EGP 5.34 billion for the year, up 36% and 35% over 2011 and 2010. Fourth-quarter revenues were EGP 1.51 billion, a year-on-year increase of 39%.

"The Bank has accomplished a number of key goals in 2012, including a significant rebalancing of the balance sheet towards higher-yielding local currency products, solid growth in our fee- and commission-based businesses, and visible and proactive management actions in the face of changing market conditions. Taken together, these achievements have put CIB in a strong position to weather future volatility and to take advantage of any turnaround of the economy in 2013.

"I would also like to take this opportunity to thank Hisham Ramez, our former Vice-Chairman, for his significant contribution to the bank's performance during the past year. We all wish him the best in his new position as Governor of the Central Bank of Egypt, and are confident that he is the best choice to guide the CBE through this historic period."

FOURTH-QUARTER AND FULL-YEAR 2012 FINANCIAL HIGHLIGHTS

REVENUES

Fourth-quarter consolidated revenues were EGP 1.51 billion, up 39% from EGP 1.09 billion in fourth-quarter 2011 and 4% higher than third-quarter 2012. Full-year consolidated revenues were EGP 5.34 billion, up 36% from the EGP 3.94 billion achieved in 2011.

On a standalone basis, the Bank achieved EGP 1.37 billion in revenues for the fourth quarter, up 30% over the year-ago period. Full-year standalone revenues were EGP 5.11 billion, an increase of 33% over 2011.

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) 103 basis points to 4.74% for the full-year, a 28% increase over the 3.71% achieved in 2011. This generated consolidated net interest income of EGP 3.91 billion, 46% higher than the EGP 2.69 billion recorded in the year-ago period.

Non-Interest Income

Consolidated non-interest income for 2012 was EGP 1.43 billion, an increase of 15% over the year-ago period. Fourth-quarter non-interest income was EGP 432 million, 22% over the last quarter of 2011.

Trade service aggregate volumes increased 18% to EGP 56 billion. Bancassurance revenues surged to EGP 38 million, increasing by 142%. Net credit and debit card fees reached EGP 97 million, a 12% year-on-year increase, reflecting the Bank's solid growth strategy in consumer banking.

OPERATING EXPENSE

Consolidated operating expense during 2012 was EGP 1.65 billion, up 6% from EGP 1.56 billion in the comparable year-ago period. Adjusted for non-recurring items of EGP 55 million, fourth-quarter operating expense was EGP 451 million, up 6% year-on-year. Consolidated administrative expense grew by 8% in the last twelve months to EGP 1.56 billion, compared to 1.45 billion in 2011.

Despite aggressive revenue growth, management continued its strict control of expenses, leading to a significantly improved consolidated full-year efficiency ratio of 30.6% versus 40.0% in 2011. On a standalone basis, CIB's operating expense increased 8%, and the standalone efficiency ratio improved to 28.0% from 35.3% in the year-ago period.

CIB Fourth-Quarter 2012 News Release

LOANS

Total standalone gross loans were EGP 44.4 billion at the end of 2012, up EGP 1.42 billion over full-year 2011. Gross and net loans increased 2% over third-quarter 2012.

CIB maintained the highest loan market share of all private-sector banks at 8.45% as of November 2012 (according to the Central Bank of Egypt's latest data at time of print).

DEPOSITS

Customer deposits were EGP 78.8 billion on a standalone basis, up 10% over year-end 2011. On a QoQ basis, deposits increased 0.4%.

Deposit market share grew to 7.29% as of November 2012, maintaining CIB's leading position amongst all private-sector banks.

The loan-to-deposit ratio was 56% at year-end 2012, versus 60% at year-end 2011.

ASSET QUALITY

CIB continued to pursue a conservative risk management strategy, aiming to take action at the first sign of weakness in accounts before actual credit rating downgrades. The Bank took provisions of EGP 610 million in 2012 compared to EGP 321 million in 2011, of which EGP 397 million were related to a downgrade of the tourism sector portfolio.

Cost of risk for 2012 was 137 bps³, with non-performing loans 120% covered based on a total loan loss provisions reserve of EGP 1.93 billion.

CAPITAL⁴

Total Basel II tier capital was EGP 8.87 billion in December 2012, or 13.6% of risk-weighted assets (EGP 65.3 billion). Tier I capital was EGP 7.96 billion, or 12.2% of risk-weighted assets and 90% of total tier capital. In line with CBE regulations, this is the first time CIB reports capital under Basel II guidelines.

The revaluation of available for sale (AFS) investments added EGP 877 million to the Bank's net worth over the full year, reversing last year's negative revaluation of EGP 723 million. The fourth quarter revaluation of AFS investments saw a decline of EGP 105 million.

Regulatory liquidity ratios remained very comfortable at 59.9% for local currency (20% minimum) and 43.1% for foreign currencies (25% minimum). Moreover, CIB achieved a pro-forma liquidity coverage ratio of 238% and net stable funding ratio of 120% based on Basel III criteria (not currently mandated by the CBE).

Note on Taxes

2012's effective tax rate reached 27.9% due to the inclusion of EGP 65mn in tax settlements for previous-year taxes. After normalising for this, the effective tax rate would be 25.7% compared to 19.8% in 2011. This difference was mainly due to higher tax rates (increased from 20% to 25% in Jun-11).

³ On an average net loan basis, normalised for a one-off EGP 40 million of provision expense related to changes in the IFRS model

⁴ Regulatory capital adequacy ratios for 2012 do not include net profits from the period

INSTITUTIONAL BANKING

Key Metrics and Business Updates⁵

- #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 37.7 billion, up 3% from third-quarter 2012 and flat from year-end 2011
- End-of-period deposits were EGP 19.6 billion, down 11% from year-end 2011 and 3% over third-quarter 2012
- Outstanding contingent business continued its growth trend in 2012, reaching EGP 14.9 billion, or 19% over December 2011 and 9% over September 2012
- Net income for Institutional Banking increased 18% from EGP 1.2 billion to EGP 1.5 billion, representing 61% of CIB's total profitability

CONSUMER BANKING

Key Metrics and Business Updates⁵

- End-of-period loans retained were EGP 6.7 billion, up 29% over year-end 2011 and 1% over third-quarter 2012
- End-of-period deposits were EGP 59.2 billion, up 20% over year-end 2011 and flat over third-quarter 2012
- 156 branches and units throughout Egypt (a net increase of 6 during 2012), supported by a network of 510 ATMs and 8,130 points of sale
- #1 position in debit card usage and #3 in credit cards
- Net income for Consumer Banking increased by 31% YoY to EGP 870mn, representing 39% of total profitability

SECURITIES BROKERAGE, ASSET MANAGEMENT & INVESTMENT BANKING

- CI Capital had its strongest performance of recent years, growing consolidated revenues 41% to EGP 91mn and achieving a bottom line of EGP 2mn
- The brokerage business maintained its overall third place ranking during 2012, achieving transaction volumes of around EGP 20.7 billion on 503 million transactions over 2.9 billion shares, and capturing a market share of 7.1%
- CIBC was the market-leading brokerage for listed companies (excluding a single outsized transaction related to a corporate takeover)

⁵ Loan and deposit balances based on managerial accounts

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated P&L Statement								
	4Q12	3Q12	QoQ Change	4Q11	YoY Change	FY 2012	FY 2011	YoY Change
	EGP million	EGP million	(4Q12 vs. 3Q12)	EGP million	(4Q12 vs. 4Q11)	EGP million	EGP million	(FY-12 vs. FY-11)
Net Interest Income	1,082	1,030	5.1%	738	46.8%	3,914	2,690	45.5%
Non-Interest Income	432	422	2.3%	355	21.6%	1,430	1,244	14.9%
Net Operating Income	1,514	1,452	4.3%	1,092	38.6%	5,344	3,934	35.8%
Non-Interest Expense	(506)	(376)	34.7%	(424)	19.5%	(1,653)	(1,557)	6.1%
Provisions	(203)	(247)	-17.7%	(8)	NM	(610)	(321)	90.2%
Net Income before Tax	804	829	-3.0%	660	21.8%	3,081	2,056	49.8%
Income Tax	(233)	(224)	4.0%	(124)	88.1%	(887)	(449)	97.8%
Deferred Tax	16	6	166.6%	13	25.5%	33	6	423.0%
Net Income	587	611	-3.9%	549	7.0%	2,227	1,614	38.0%
Minority Interest	(0)	1	NA	(1)	NM	1	(1)	NM
Net Income After Minority	588	610	-3.7%	550	6.9%	2,226	1,615	37.9%

Consolidated Key Financial Indicators								
	4Q12	3Q12	QoQ Change	4Q11	YoY Change	FY 2012	FY 2011	YoY Change
			(4Q12 vs. 3Q12)		(4Q12 vs. 4Q11)			(FY-12 vs. FY-11)
Profitability								
ROAE	24.1%	26.9%	-10.4%	25.4%	-5.1%	22.8%	18.7%	21.9%
ROAA	2.6%	2.7%	-3.7%	2.7%	-3.7%	2.5%	2.0%	23.6%
NIM ¹	5.0%	4.8%	3.2%	3.9%	28.1%	4.7%	3.7%	27.7%
Efficiency								
Cost-to-Income	33.2%	25.8%	28.6%	39.1%	-15.0%	30.6%	40.0%	-23.5%
Liquidity								
Gross Loans-to-Deposits	56.3%	55.2%	2.1%	60.1%	-6.2%	56.3%	60.1%	-6.2%
Asset Quality								
NPLs-to-Gross Loans	3.6%	3.4%	6.7%	2.8%	20.6%	3.6%	2.8%	28.7%
Direct Coverage Ratio	120.0%	116.0%	3.4%	120.2%	-0.2%	120.0%	120.2%	-0.2%
Capital Adequacy Ratio ²	13.6%					13.6%		

¹ Based on managerial accounts

² Based on Basel II according to the CBE's new regulations

STANDALONE FINANCIAL HIGHLIGHTS

Standalone P&L Statement								
	4Q12	3Q12	QoQ Change	4Q11	YoY Change	FY 2012	FY 2011	YoY Change
	EGP million	EGP million	(4Q12 vs. 3Q12)	EGP million	(4Q12 vs. 4Q11)	EGP million	EGP million	(FY-12 vs. FY-11)
Net Interest Income	1,079	1,027	5.1%	733	47.2%	3,901	2,679	45.6%
Non-Interest Income	289	388	-25.6%	321	-9.9%	1,207	1,159	4.2%
Net Operating Income	1,368	1,415	-3.3%	1,054	29.8%	5,108	3,837	33.1%
Non-Interest Expense	(402)	(341)	18.0%	(368)	9.4%	(1,445)	(1,337)	8.1%
Provisions	(203)	(247)	-17.7%	(8)	NM	(610)	(321)	90.2%
Net Income before Tax	762	827	-7.8%	678	12.5%	3,053	2,180	40.1%
Income Tax	(235)	(222)	5.6%	(126)	86.0%	(884)	(446)	98.1%
Deferred Tax	16	6	174.7%	11	54.8%	34	15	119.5%
Net Income	544	611	-10.9%	562	-3.2%	2,203	1,749	26.0%

Standalone Key Financial Indicators								
	4Q12	3Q12	QoQ Change	4Q11	YoY Change	FY 2012	FY 2011	YoY Change
	EGP million	EGP million	(4Q12 vs. 3Q12)	EGP million	(4Q12 vs. 4Q11)	EGP million	EGP million	(FY-12 vs. FY-11)
Profitability								
ROAE	21.5%	27.0%	-20.4%	25.7%	-16.3%	21.8%	20.0%	8.9%
ROAA	2.4%	2.7%	-11.1%	2.8%	-14.2%	2.4%	2.2%	12.7%
NIM ¹	5.0%	4.8%	3.2%	3.9%	28.1%	4.7%	3.7%	27.7%
Efficiency								
Cost-to-Income ²	29.2%	24.0%	21.5%	35.1%	-16.9%	28.0%	35.3%	-20.6%
Liquidity								
Gross Loans-to-Deposits	56.3%	55.2%	1.9%	60.0%	-6.2%	56.3%	60.0%	-6.2%
Asset Quality								
NPLs-to-Gross Loans	3.6%	3.4%	6.7%	2.8%	28.7%	3.6%	2.8%	28.7%
Direct Coverage Ratio	120.0%	116.0%	3.4%	120.4%	-0.4%	120.0%	120.4%	-0.4%
Capital Adequacy Ratio	13.6%					13.6%		

¹ Based on managerial accounts

² Based on Basel II according to the CBE's new regulations

CONSOLIDATED AND STANDALONE BALANCE SHEETS

Balance Sheet Highlights	Consolidated			Standalone		
	Dec-12	Dec-11	YoY Change	Dec-12	Dec-11	YoY Change
	EGP million	EGP million	(Dec-12 vs. Dec-11)	EGP million	EGP million	(Dec-12 vs. Dec-11)
Cash & Due from Central Bank	5,394	7,492	-28.0%	5,394	7,492	-28.0%
Due from Banks	8,048	8,528	-5.6%	7,958	8,449	-5.8%
Treasury Bills & Governmental Notes	8,018	9,261	-13.4%	7,978	9,213	-13.4%
Trading Financial Assets	1,515	675	124.5%	1,472	561	162.4%
Available-for-Sale Investments	21,177	15,422	37.3%	21,162	15,413	37.3%
Net Loans & Overdrafts	41,877	41,065	2.0%	41,877	41,065	2.0%
Financial Derivatives	137	147	-6.5%	137	147	-6.5%
Held-to-Maturity Investments	4,216	39	NM	4,206	29	NM
Financial Investment in Subsidiaries	165	107	54.4%	938	996	-5.8%
Other Assets	3,467	2,770	25.1%	3,283	2,263	45.1%
Total Assets	94,014	85,506	10.0%	94,405	85,628	10.3%
Due to Banks	1,715	3,341	-48.7%	1,715	3,341	-48.7%
Customer Deposits	78,729	71,468	10.2%	78,835	71,574	10.1%
Other Liabilities	2,701	1,939	39.3%	2,545	1,792	42.0%
Total Liabilities	83,144	76,748	8.3%	83,094	76,707	8.3%
Total Shareholders' Equity	8,596	7,097	21.1%	9,108	7,172	27.0%
Net Profit for the Period	2,226	1,615	37.8%	2,203	1,749	25.9%
Shareholders' Equity & Net Profit	10,822	8,712	24.2%	11,311	8,921	26.8%
Minority Interest	48	46	3.3%	-	-	
Total Liabilities & Shareholders' Equity	94,014	85,506	10.0%	94,405	85,628	10.3%