

## News Release

12 November 2013

### **COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS RECORD THIRD-QUARTER 2013 CONSOLIDATED NET INCOME OF EGP 920 MILLION, OR EGP 1.00 PER SHARE, UP 51% FROM THIRD-QUARTER 2012**

### **CIB REPORTS RECORD YEAR-TO-DATE SEPTEMBER-2013 CONSOLIDATED NET INCOME OF EGP 2.25 BILLION, UP 37% FROM THE SAME PERIOD IN 2012**

#### **Record Third-Quarter 2013 Consolidated Financial Results:**

- Record quarterly net income of EGP 920 million, or EGP 1.0 per share, up 51% year-on-year (YoY) and 37% quarter-on-quarter (QoQ)
- Quarterly revenues of EGP 1.8 billion, up 24% YoY
- Efficiency (cost-to-income) ratio of 26.0%, near recent lows
- Quarterly standalone net interest margin<sup>1</sup> of 5.25%

#### **Record Year-to-Date September 2013 Consolidated Financial Results:**

- Record net income of EGP 2.25 billion, or EGP 3.05 per share, up 37% YoY
- Record revenue of EGP 5.24 billion, up 37% YoY
- Efficiency ratio improved to 26.6% from 29.6% in the year-ago period

#### **Robust Balance Sheet:**

- Total Basel II tier capital<sup>2</sup> of EGP 9.7 billion, or 14.4% of risk-weighted assets, of which 92% is Tier I capital
- Year-to-Date balance sheet growth of 16%
- High quality of funding, with customer deposits comprising 96% of total liabilities
- Local and foreign currency liquidity positions comfortably in excess of regulatory requirements
- Standalone non-performing loans were 3.98% of the gross loan portfolio
- Loan loss provision balance of EGP 2.58 billion covered non-performing loans 143%

#### **Strong Year-to-Date Returns:**

- Consolidated return on average equity of 27.1% versus 22.9% in the year-ago period
- Consolidated return on average assets of 2.95% versus 2.44% in the year-ago period

#### **Supporting our Economy**

- Funding to businesses and individuals reached EGP 45.1 billion by the end of September 2013
- Deposits increased 3% in the third quarter to EGP 94.1 billion, with deposit market share of 7.75%<sup>3</sup>
- In the third quarter of 2013, CIB’s operations generated EGP 429 million in corporate, payroll and other taxes

<sup>1</sup> Based on managerial accounts

<sup>2</sup> CBE regulations announced in December 2012 stipulate that banks report capital adequacy according to a Basel II framework (prior to this, reported capital adequacy was based on Basel I)

<sup>3</sup> As of July 2013 (latest published figures)

### **Committed to our Community**

- The CIB Foundation's Board of Trustees approved a EGP 14 million exclusive sponsorship of the Second Pediatric Floor in the Aswan Heart Centre. The CIB Foundation is the sole sponsor of pediatric units in the Centre.
- The CIB Foundation has continued to support the Children's Right to Sight Program through the Rotary Club of Kasr El-Nile. 127 eye surgeries were sponsored in Q3.

### **Awards & Rankings**

- CIB was awarded the "**Best On-line Cash Management Regional Award**" by *Global Finance* in recognition of the Bank's efforts to introduce a comprehensive self-service on-line channel for cash management services.
- CI Capital was recognised as the "**Best Investment Bank**" of 2013 by the Arab Investment Summit, and was ranked third in terms of announced Middle Eastern Target M&A deals in first-half 2013 by Thomson Reuters and Dealogic.

**CAIRO** – Commercial International Bank (EGX: COMI) today reported third-quarter 2013 consolidated net income of EGP 920 million, or EGP 1.0 per share, an increase of 51% over third-quarter 2012 net income of EGP 611 million, or EGP 0.90 per share.

Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented: "CIB continued its run of record quarterly income, putting us on course for a record full-year performance. Consolidated revenues were EGP 1.8 billion for the quarter, nearly 24% over third-quarter 2012, while income came in at EGP 920 million, 51% over 2012.

"Demonstrating our unwavering commitment to the Egyptian market, CIB continued to gain market share by growing its deposit base, attracting EGP 3 billion during the quarter. This was a key driver of the Bank's growing top line. Additionally, strong non-interest income performance compensated for the effects of a falling interest rate environment in the third quarter.

"Year-to-Date performance has remained solid across all key performance indicators. CIB's strong and resilient balance sheet and liquidity position continue to provide the Bank with great flexibility in dealing with a variable and uncertain economic environment."

## **THIRD-QUARTER 2013 CONSOLIDATED FINANCIAL HIGHLIGHTS**

### **REVENUES**

Third quarter consolidated revenues were EGP 1.8 billion, steady from second-quarter 2013 and up 24% from the EGP 1.45 billion achieved in third-quarter 2012. All revenue lines recorded solid growth, with non-interest income continuing to outpace net interest income.

Consolidated revenues were EGP 5.24 billion YtD, up 37% from the EGP 3.83 billion achieved in the year-ago period.

### **Net Interest Income**

Third-quarter net interest margin (NIM) was 5.25%, up 40 basis points from 4.85% in third-quarter 2012, as net interest income generated EGP 1.28 billion, 24% higher than the year-ago period. The falling interest rate environment (following a sharp decline in sovereign yields, alongside two 50bp cuts by the CBE) led to a slowdown in NII growth, which was almost flat QoQ.

YtD NIM was 5.32%, 67 basis points higher than the year-ago period, while net interest income was EGP 3.7 billion, 30% higher than the year-ago period.

## **CIB Third-Quarter 2013 News Release**

### ***Non-Interest Income***<sup>4</sup>

Consolidated non-interest income for the third quarter was EGP 520 million, an increase of 23% year-on-year. Consolidated non-interest income for the three quarters was EGP 1.55 billion, 55% over the year-ago period.

Trade service fees in the third quarter were EGP 126 million, double the year ago figure, bringing YtD fees to EGP 364 million, up 107% year-on-year. Trade service gross outstanding balances were EGP 14.6 billion.

Dealing room profits for the third quarter were EGP 124 million, bringing YtD profits to EGP 334 million, a 107% YoY increase. Debt Capital Markets generated EGP 29 million in YtD revenues, more than double full-year 2012 revenues, boosted by up-front and agency fees for syndicated loans.

### **OPERATING EXPENSE**

Consolidated operating expense for third-quarter 2013 was EGP 464 million, 2% less than the second quarter, and up 23% YoY. The consolidated efficiency ratio increased marginally to 26.0% versus 25.8% in third-quarter 2012.

YtD operating expense was EGP 1.41 billion, up 23% YoY, with the YtD efficiency ratio improving to 26.6% versus 29.6% in the first nine months of 2012. First three quarters operating expense was inflated by stamp duty accruals taken in relation to the new tax law introduced at the end of 2012. Adjusted for these and other one-offs, expenses would have grown 14% YoY.

### **LOANS**

CIB's total consolidated gross loan portfolio was EGP 45.1 billion at the end of September 2013, adding EGP 740 million, or 2%, over year-end 2012.

CIB maintained the highest loan market share of all private-sector banks, at 8.32% as of July 2013<sup>5</sup>.

### **DEPOSITS**

Customer deposits were EGP 94.1 billion, up EGP 15.3 billion, or 19%, over year-end 2012 and 3% QoQ. Deposit market share was 7.75% as of July 2013, maintaining CIB's leading position amongst all private-sector banks.

The consolidated gross loan-to-deposit ratio was 47.9% by the end of September 2013, versus 55.2% for the comparable year-ago period.

### **ASSET QUALITY**

CIB maintained its resilient asset quality. Standalone non-performing loans represented 3.98% of the gross loan portfolio, almost flat from the second-quarter 2013 level and 35 basis points higher than year-end 2012.

Loan loss provision expenses were EGP 75 million in third-quarter 2013, 72% lower QoQ. Year-to-Date 2013 loan loss provision expense was EGP 566 million. The direct coverage ratio increased to 143% from 140% in second-quarter 2013 and 120% at year-end 2012, based on a total loan loss provision balance of EGP 2.58 billion.

---

<sup>4</sup> Income breakdown based on managerial accounts

<sup>5</sup> As of July 2013 (latest published figures)

### CAPITAL AND LIQUIDITY

Total Basel II tier capital was EGP 9.7 billion<sup>6</sup> in September 2013, or 14.41% of risk-weighted assets (EGP 67.4 billion). Tier I capital was EGP 8.95 billion, or 13.3% of risk-weighted assets and 92% of total tier capital.

CIB maintained its conservative liquidity position in both local and foreign currencies, remaining comfortably above CBE requirements. CIB maintained a healthy proforma liquidity coverage ratio of 248%. Net stable funding was 140% (as per Basel III, not currently required by CBE). Liquid assets<sup>7</sup> constituted 51% of total assets.

### KEY METRICS AND BUSINESS UPDATES<sup>8</sup>

#### INSTITUTIONAL BANKING

- #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 38 billion, up 1% from year-end 2012
- End-of-period deposits were EGP 23.8 billion, up 21% from year-end 2012
- Gross outstanding contingent business reached EGP 14.6 billion
- Institutional Banking net income for first nine months of 2013 increased 76% YoY to EGP 1.54 billion, representing almost 76% of CIB's total profitability

#### CONSUMER BANKING

- End-of-period loans retained were EGP 7.3 billion, 10% over year-end 2012
- End-of-period deposits were EGP 70.3 billion, 19% over year-end 2012
- 117 branches and 27 units throughout Egypt, supported by a network of 540 ATMs and 8,317 points of sale
- Consumer Banking net income for first nine months of 2013 increased 7% YoY to reach EGP 633 million

#### SECURITIES BROKERAGE, ASSET MANAGEMENT & INVESTMENT BANKING

- **CI Capital** recorded revenues of EGP 92 million YtD, up 33% YoY, and positive bottom line of EGP 7.2mn.
- **Brokerage** continued to gain market share, with revenues increasing 17% QoQ. CI Capital maintained its leading position among brokerage companies during the quarter, recording transaction value of EGP 9.6 billion with 202 million shares traded.
- **Asset Management** achieved 9% YoY revenue growth, although assets under management showed a 5% quarterly decrease (to EGP 8.2 billion) due to the CBE's recently introduced restriction on sales of bank-owned money market mutual funds. CIAM attained a fourth place position with market share of 12%.
- **Investment banking** turned in a strong quarter with the closing of a major cross-border transaction in the third quarter.

<sup>6</sup> 2013 profits are excluded from the capital base as per regulations

<sup>7</sup> Liquid assets include cash, central bank reserves, domestic government debt and corporate bonds rated A or above

<sup>8</sup> Loan and deposit balances, profitability figures based on managerial accounts

**CONSOLIDATED FINANCIAL HIGHLIGHTS**

	Consolidated P&L Statement							
	3Q13 EGP million	2Q13 EGP million	QoQ Change (3Q13 vs. 2Q13)	3Q12 EGP million	YoY Change (3Q13 vs. 3Q12)	Ytd Sep-13 EGP million	Ytd Sep-12 EGP million	YoY Change (YTD 3Q13 vs. YTD 3Q12)
Net Interest Income	1,281	1,272	0.7%	1,030	24.4%	3,691	2,831	30.4%
Non-Interest Income	520	554	-6.2%	422	23.2%	1,546	998	54.8%
<b>Net Operating Income</b>	<b>1,801</b>	<b>1,826</b>	-1.4%	<b>1,452</b>	24.0%	<b>5,237</b>	<b>3,830</b>	36.7%
Non-Interest Expense	(464)	(472)	-1.8%	(376)	23.4%	(1,410)	(1,146)	23.0%
Provisions	(75)	(264)	-71.6%	(247)	-69.6%	(566)	(407)	39.2%
<b>Net Profit before Tax</b>	<b>1,262</b>	<b>1,090</b>	15.8%	<b>829</b>	52.2%	<b>3,261</b>	<b>2,277</b>	43.2%
Income Tax	(351)	(414)	-15.2%	(224)	56.7%	(1,025)	(654)	56.7%
Deferred Tax	9	(4)	NM	6	57.5%	13	17	-22.4%
<b>Net Profit</b>	<b>920</b>	<b>671</b>	37.1%	<b>611</b>	50.6%	<b>2,250</b>	<b>1,640</b>	37.2%
Minority Interest	0	0	NM	1	NM	0	1	NM
<b>Net Profit After Minority</b>	<b>920</b>	<b>671</b>	37.1%	<b>610</b>	50.8%	<b>2,249</b>	<b>1,639</b>	37.3%

	Consolidated Key Financial Indicators							
	3Q13	2Q13	QoQ Change (3Q13 vs. 2Q13)	3Q12	YoY Change (3Q13 vs. 3Q12)	Ytd Sep-13	Ytd Sep-12	YoY Change (YTD 3Q13 vs. YTD 3Q12)
<b>Profitability</b>								
ROAE	33.2%	25.0%	33.1%	25.5%	30.0%	27.1%	22.9%	18.4%
ROAA	3.62%	2.69%	34.7%	2.73%	32.8%	2.95%	2.44%	20.9%
<b>Efficiency</b>								
Cost-to-Income	26.0%	25.4%	2.4%	25.8%	0.7%	26.6%	29.6%	-10.0%
<b>Liquidity</b>								
Gross Loans-to-Deposits	47.9%	49.8%	-3.8%	55.2%	-13.2%	47.9%	55.2%	-13.2%
<b>Asset Quality</b>								
NPLs-to-Gross Loans	4.01%	3.97%	1.0%	3.42%	17.3%	4.01%	3.42%	17.3%
Capital Adequacy Ratio	14.4%	14.0%	2.7%	16.5%	-12.5%	14.4%	16.5%	-12.5%

**STANDALONE FINANCIAL HIGHLIGHTS**

	Standalone P&L Statement							
	3Q13 EGP million	2Q13 EGP million	QoQ Change (3Q13 vs. 2Q13)	3Q12 EGP million	YoY Change (3Q13 vs. 3Q12)	Ytd Sep-13 EGP million	Ytd Sep-12 EGP million	YoY Change (YTD 3Q13 vs. YTD 3Q12)
Net Interest Income	1,279	1,271	0.6%	1,027	24.5%	3,685	2,821	30.6%
Non-Interest Income	129	518	-75.0%	388	-66.7%	1,083	918	17.9%
<b>Net Operating Income</b>	<b>1,408</b>	<b>1,788</b>	-21.3%	<b>1,415</b>	-0.5%	<b>4,768</b>	<b>3,740</b>	27.5%
Non-Interest Expense	(404)	(439)	-8.0%	(341)	18.5%	(1,282)	(1,042)	23.0%
Provisions	(75)	(264)	-71.6%	(247)	-69.6%	(566)	(407)	39.2%
<b>Net Profit before Tax</b>	<b>929</b>	<b>1,085</b>	-14.4%	<b>827</b>	12.3%	<b>2,920</b>	<b>2,291</b>	27.5%
Income Tax	(350)	(412)	-15.2%	(222)	57.2%	(1,021)	(650)	57.0%
Deferred Tax	(49)	(4)	NM	6	NM	(44)	18	NM
<b>Net Profit</b>	<b>531</b>	<b>669</b>	-20.6%	<b>611</b>	-13.1%	<b>1,855</b>	<b>1,659</b>	11.8%

	Standalone Key Financial Indicators							
	3Q13	2Q13	QoQ Change (3Q13 vs. 2Q13)	3Q12	YoY Change (3Q13 vs. 3Q12)	Ytd Sep-13	Ytd Sep-12	YoY Change (YTD 3Q13 vs. YTD 3Q12)
<b>Profitability</b>								
ROAE	18.6%	23.7%	-21.7%	24.7%	-24.8%	21.6%	22.4%	-3.3%
ROAA	2.09%	2.67%	-21.8%	2.72%	-23.4%	2.43%	2.46%	-1.5%
NIM <sup>9</sup>	5.25%	5.44%	-3.5%	4.85%	8.3%	5.32%	4.65%	14.3%
<b>Efficiency</b>								
Cost-to-Income	29.0%	24.1%	20.4%	24.0%	20.8%	26.6%	27.6%	-3.6%
<b>Liquidity</b>								
Gross Loans-to-Deposits	48.2%	50.0%	-3.7%	55.2%	-12.6%	48.2%	55.2%	-12.6%
<b>Asset Quality</b>								
NPLs-to-Gross Loans	3.98%	3.95%	1.0%	3.42%	16.7%	3.98%	3.42%	16.7%
Direct Coverage Ratio	142.7%	140.1%	1.9%	115.3%	23.8%	142.7%	115.3%	23.8%

<sup>9</sup> Based on managerial accounts



## CONSOLIDATED AND STANDALONE BALANCE SHEETS

Balance Sheet Highlights	Consolidated Balance Sheet			Standalone Balance Sheet		
	Sep-13	Dec-12	YtD Change	Sep-13	Dec-12	YtD Change
	EGP million	EGP million		EGP million	EGP million	
Cash & Due from Central Bank	3,956	5,394	-26.7%	3,956	5,394	-26.7%
Due from Banks	9,102	8,048	13.1%	8,904	7,958	11.9%
Treasury Bills & Governmental Notes	21,735	8,018	171.1%	21,688	7,978	171.8%
Trading Financial Assets	2,185	1,515	44.2%	2,161	1,472	46.8%
Available-for-Sale Investments	22,049	21,177	4.1%	22,023	21,162	4.1%
Net Loans & Overdrafts	41,855	41,877	-0.1%	42,105	41,877	0.5%
Financial Derivatives	85	137	-37.9%	85	137	-37.9%
Held-to-Maturity Investments	4,202	4,216	-0.3%	4,192	4,206	-0.3%
Financial Investment in Subsidiaries	189	165	14.4%	599	938	-36.1%
Other Assets	3,851	3,409	13.0%	3,571	3,283	8.8%
<b>Total Assets</b>	<b>109,209</b>	<b>93,957</b>	<b>16.2%</b>	<b>109,284</b>	<b>94,405</b>	<b>15.8%</b>
Due to Banks	632	1,715	-63.1%	632	1,715	-63.1%
Customer Deposits	94,079	78,729	19.5%	94,110	78,835	19.4%
Other Liabilities	3,046	2,701	12.8%	2,986	2,545	17.4%
<b>Total Liabilities</b>	<b>97,758</b>	<b>83,144</b>	<b>17.6%</b>	<b>97,728</b>	<b>83,094</b>	<b>17.6%</b>
Total Shareholders' Equity	9,154	8,538	7.2%	9,701	9,108	6.5%
Net Profit for the Period	2,249	2,226	1.0%	1,855	2,203	-15.8%
<b>Shareholders' Equity &amp; Net Profit</b>	<b>11,403</b>	<b>10,765</b>	<b>5.9%</b>	<b>11,556</b>	<b>11,311</b>	<b>2.2%</b>
Minority Interest	48	48	0.7%	-	-	
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>109,209</b>	<b>93,957</b>	<b>16.2%</b>	<b>109,284</b>	<b>94,405</b>	<b>15.8%</b>