

## News Release

15 May 2013

### COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS RECORD FIRST-QUARTER 2013 CONSOLIDATED NET INCOME OF EGP 658 MILLION, OR EGP 1.0 PER SHARE, UP 30% FROM FIRST-QUARTER 2012

#### Record First-Quarter 2013 Consolidated Financial Results:

- Record quarterly net income of EGP 658 million, or EGP 1.0 per share, up 30% year-on-year (YoY) and 12% quarter-on-quarter (QoQ)
- Record quarterly revenues of EGP 1.61 billion, up 40% YoY, 6% QoQ
- Efficiency (cost-to-income) ratio improved to 28.8%, from 33.3% in first-quarter 2012
- Record quarterly standalone net interest margin<sup>1</sup> of 5.25%, up 74 basis points from first-quarter 2012 and 30 basis points from fourth-quarter 2012

#### Robust Balance Sheet:

- Total Basel II tier capital<sup>2</sup> of EGP 10.1 billion, or 15.2% of risk-weighted assets, of which 92% is Tier I capital
- Balance sheet growth of 8% in the first quarter
- High quality of funding, with customer deposits comprising 94% of total liabilities
- Non-performing loans were 3.97% of the gross loan portfolio
- Loan loss provision balance of EGP 2.24 billion covered non-performing loans by 123%

#### Superior First-Quarter Returns:

- Consolidated return on average equity of 25.0% versus 23.8% in first-quarter 2012
- Consolidated return on average assets of 2.69% versus 2.35% in first-quarter 2012

#### Supporting our Economy

- Grew funding to businesses and individuals in the first quarter by 2% to EGP 45.4 billion
- Deposits increased 9% in the quarter to EGP 86.1 billion, with deposit market share of 7.2%<sup>3</sup>
- Largest corporate tax payer in 2012<sup>4</sup>. In first-quarter 2013, our operations generated EGP 330 million in corporate, payroll and other taxes

#### Committed to our Community

- In January 2013, the CIB Foundation conducted eye exam caravans in Manial Shiha, in collaboration with the Gozour Foundation for Development and Al Noor Magrabi Foundation. CIB employees were instrumental in providing 900 children with free eye exams and care.
- In March 2013, the CIB Foundation's Board of Trustees approved a EGP 10 million protocol of cooperation with the Friends of Abou El Reesh Children's Hospitals Organisation to fully renovate and equip the Abou El Reesh El Mounira Hospital's Emergency Ward.

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

<sup>2</sup> After profit appropriation. 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 January 2013 (latest published figures)

<sup>4</sup> Egyptian Tax Authority statement on 8/5/2013

## CIB First-Quarter 2013 News Release

**CAIRO** – Commercial International Bank (EGX: COMI) today reported first-quarter 2013 consolidated net income of EGP 658 million, or EGP 1.0 per share, an increase of 30% over first-quarter 2012 net income of EGP 505 million, or EGP 0.79 per share. On a standalone basis, the Bank reported net income of EGP 655 million.

Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented: “CIB has made a strong start to 2013, turning in record quarterly top and bottom lines in the face of continued economic weakness. Consolidated revenues came in at EGP 1.61 billion for the first quarter, up 40% over first-quarter 2012 and 65% over first-quarter 2010 (pre-revolution).

“The Group’s asset/liability strategy continued to generate its intended objectives. Deposits grew by 9.3% during the quarter, reaching EGP 86.1 billion, while at the same time cost of funds declined despite a rising rate environment.

“Although we faced a higher cost of risk resulting from a change of outlook in the tourism and textiles sectors, nimble management actions allowed us to absorb this cost in our stride and have positioned us well for the rest of the year. Group performance in growing non-interest income by 68% year-on-year was quite significant and is a reflection of the Bank’s superior market position.”

## FIRST-QUARTER 2013 FINANCIAL HIGHLIGHTS

### REVENUES

First-quarter consolidated revenues were EGP 1.61 billion, up 40% from the EGP 1.15 billion achieved in first-quarter 2012 and 6% higher than fourth-quarter 2012. On a standalone basis, the Bank achieved EGP 1.57 billion in revenues for the first quarter, up 40% YoY and 15% QoQ. All revenue components witnessed healthy growth, particularly non-interest income.

#### *Net Interest Income*

Management continued to review asset pricing to account for market developments. This, in addition to a 50 basis point increase in the CBE's corridor rates, led to an increase in the Bank’s net interest margin (NIM) of 74 basis points to 5.25% (from 4.51% in first-quarter 2012) and of 30 basis points from fourth-quarter 2012. This generated consolidated net interest income of EGP 1.14 billion, 31% higher than the EGP 870 million recorded in the year-ago period. The replacement of the high-cost EGP 3.2 billion repo position with customer deposits further improved the Bank’s NIM.

#### *Non-Interest Income*

For the first time in recent years, growth in non-interest income strongly outpaced that of net interest income, mainly on strong trade finance performance and foreign exchange gains. Consolidated non-interest income for the quarter was EGP 471 million, an increase of 68% over the year-ago period and 9% over the last quarter of 2012.

Trade finance fees were EGP 101 million, up 32% over fourth-quarter 2012 and 71% over the year-ago period, as CIB capitalised on its competitive advantages in the foreign currency markets. Trade services gross outstanding balances added 9% YoY to EGP 17 billion. Dealing room profits increased 33% over first-quarter 2012 to reach EGP 80 million.

## **OPERATING EXPENSE**

Consolidated operating expense during the first quarter was EGP 473 million, down 7% QoQ and up 22% YoY from EGP 388 million, impacted by stamp duty accruals taken in relation to the new tax law introduced at the end of 2012. The consolidated efficiency ratio improved to 28.8% versus 33.3% and 33.2% in the first and fourth quarters of 2012 respectively, on tight control over costs alongside solid revenue growth.

On a standalone basis, CIB's operating expense was EGP 439 million, up 9% QoQ and 24% YoY. The standalone efficiency ratio improved to 27.4% from 31.1% in the year-ago period and 29.2% in fourth-quarter 2012.

## **LOANS**

Total standalone gross loans were EGP 45.7 billion at the end of first-quarter 2013, up EGP 1.4 billion or 3% over the last quarter of 2012.

CIB maintained the highest loan market share of all private-sector banks, reaching 8.68% as of January 2013<sup>5</sup>, 23 basis points higher YoY and 10 basis points higher QoQ.

## **DEPOSITS**

Customer deposits were EGP 86.1 billion on a standalone basis, up 16% YoY and 9% QoQ. The loan-to-deposit ratio was 53% at the end of the first quarter, versus 57% for the comparable year-ago period.

Deposit market share was 7.2% as of January 2013, maintaining CIB's leading position amongst all private-sector banks.

## **ASSET QUALITY**

CIB has shown resilient asset quality. The Bank took provisions of EGP 226 million in first-quarter 2013, of which EGP 89 million were related to a downgrade of the tourism and textile sector portfolios. These two sectors have been most impacted by current economic conditions.

The non-performing loan ratio was 3.97%, adding 34 basis points from fourth-quarter 2012 and 106 basis points from first-quarter 2012. The direct coverage ratio increased to 123% from 120% in the fourth-quarter and 121% in the first quarter last year, based on a total loan loss provision balance of EGP 2.24 billion.

## **CAPITAL<sup>6</sup> AND LIQUIDITY**

Total Basel II tier capital was EGP 10.1 billion in March 2013, or 15.2% of risk-weighted assets (EGP 66.9 billion). Tier I capital was EGP 9.4 billion, or 14% of risk-weighted assets and 92% of total tier capital,

The negative revaluation of available for sale (AFS) investments due to rising yields reduced the Bank's net worth by EGP 208 million in first-quarter 2013.

CIB achieved a healthy pro-forma liquidity coverage ratio of 214% and net stable funding ratio of 125% based on Basel III criteria (not currently mandated by the CBE).

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<sup>5</sup> Latest published figures

<sup>6</sup> After 2012 profit appropriation

**KEY METRICS AND BUSINESS UPDATES<sup>7</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 38.6 billion, up 2% from fourth-quarter 2012 and 6% from first-quarter 2012
- End-of-period deposits were EGP 23.4 billion, up 18% from year-end 2012 and 8% over first-quarter 2012
- Gross outstanding contingent business reached EGP 17 billion, or 9% over first-quarter 2012
- Number of trade hubs increased to 25 by end-March 2013, helping boost trade service fees and increasing the proportion of trade transactions executed online or through hubs to 83%
- Net income for Institutional Banking increased to EGP 442 million, representing 70% of CIB's total profitability

**CONSUMER BANKING**

- End-of-period loans retained were EGP 7.1 billion, up 6% over year-end 2012 and 28% over first-quarter 2012
- End-of-period deposits were EGP 62.7 billion, up 6% over year-end 2012 and 19% over first-quarter 2012 and 6% over year-end 2012
- 158 branches and units throughout Egypt (a net increase of 2 during the quarter), supported by a network of 516 ATMs and 8,217 points of sale
- Net income for Consumer Banking was EGP 189 million, representing 30% of total profitability. This was down slightly YoY due to changes in the internal fund transfer pricing curve

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

- CI Capital recorded a bottom line of EGP 0.9 million during the first quarter of 2013, versus a net loss of EGP 0.5 million in the comparable year-ago period
- Asset management achieved YoY revenue growth of 31% to reach EGP 9.4 million during the quarter
- Investment banking revenues were EGP 5.4 million on the closing of two transactions
- Brokerage revenues declined by 10% to EGP 13.5 million in first-quarter 2013 as the business faced difficult market conditions and declining market volumes

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<sup>7</sup> Loan and deposit balances, profitability figures based on managerial accounts

## CONSOLIDATED FINANCIAL HIGHLIGHTS

INCOME STATEMENT	1Q13	4Q12	QoQ Change	1Q12	YoY Change
	EGP million	EGP million	(1Q13 vs. 4Q12)	EGP million	(1Q13 vs. 1Q12)
Net Interest Income	1,138	1,082	5.1%	870	30.8%
Non-Interest Income	471	432	9.2%	280	68.4%
<b>Net Operating Income</b>	<b>1,609</b>	<b>1,514</b>	<b>6.3%</b>	<b>1,150</b>	<b>40.0%</b>
Non-Interest Expense	(473)	(506)	-6.5%	(388)	22.0%
Provisions	(226)	(203)	11.3%	(17)	NM
<b>Net Profit before Tax</b>	<b>909</b>	<b>804</b>	<b>13.1%</b>	<b>745</b>	<b>22.0%</b>
Income Tax	(260)	(233)	11.7%	(248)	4.8%
Deferred Tax	9	16	-46.7%	8	0.4%
<b>Net Profit</b>	<b>658</b>	<b>587</b>	<b>12.0%</b>	<b>505</b>	<b>30.1%</b>
Minority Interest	0	(0)	NA	0	NM
<b>Net Profit After Minority</b>	<b>658</b>	<b>588</b>	<b>11.9%</b>	<b>505</b>	<b>30.1%</b>

FINANCIAL INDICATORS	1Q13	4Q12	QoQ Change	1Q12	YoY Change
			(1Q13 vs. 4Q12)		(1Q13 vs. 1Q12)
<b>Profitability</b>					
ROAE	25.0%	24.1%	3.6%	23.8%	5.0%
ROAA	2.7%	2.6%	3.5%	2.3%	14.6%
<b>Efficiency</b>					
Cost-to-Income	28.8%	33.2%	-13.3%	33.3%	-13.4%
<b>Liquidity</b>					
Gross Loans-to-Deposits	52.7%	56.3%	-6.4%	56.6%	-6.8%
<b>Asset Quality &amp; Capital</b>					
NPLs-to-Gross Loans	4.00%	3.63%	10.2%	2.90%	37.9%
Capital Adequacy Ratio <sup>8</sup>	15.2%	15.7%	-3.5%		

## STANDALONE FINANCIAL HIGHLIGHTS

INCOME STATEMENT	1Q13	4Q12	QoQ Change	1Q12	YoY Change
	EGP million	EGP million	(1Q13 vs. 4Q12)	EGP million	(1Q13 vs. 1Q12)
Net Interest Income	1,135	1,079	5.2%	866	31.1%
Non-Interest Income	436	289	51.1%	256	70.4%
<b>Net Operating Income</b>	<b>1,571</b>	<b>1,368</b>	<b>14.9%</b>	<b>1,122</b>	<b>40.1%</b>
Non-Interest Expense	(439)	(402)	9.2%	(354)	24.2%
Provisions	(226)	(203)	11.3%	(17)	NM
<b>Net Profit before Tax</b>	<b>906</b>	<b>762</b>	<b>18.8%</b>	<b>751</b>	<b>20.6%</b>
Income Tax	(259)	(235)	10.3%	(247)	4.8%
Deferred Tax	8	16	-49.6%	8	0.5%
<b>Net Profit</b>	<b>655</b>	<b>544</b>	<b>20.4%</b>	<b>513</b>	<b>27.8%</b>

FINANCIAL INDICATORS	1Q13	4Q12	QoQ Change	1Q12	YoY Change
			(1Q13 vs. 4Q12)		(1Q13 vs. 1Q12)
<b>Profitability</b>					
ROAE	23.8%	21.5%	10.5%	23.2%	2.4%
ROAA	2.7%	2.4%	10.6%	2.4%	12.5%
NIM <sup>9</sup>	5.3%	5.0%	6.0%	4.5%	16.5%
<b>Efficiency</b>					
Cost-to-Income	27.4%	29.2%	-6.2%	31.1%	-12.0%
<b>Liquidity</b>					
Gross Loans-to-Deposits	53.1%	56.3%	-5.7%	56.6%	-6.2%
<b>Asset Quality</b>					
NPLs-to-Gross Loans	3.97%	3.63%	9.4%	2.91%	36.4%
Direct Coverage Ratio	123.2%	120.0%	2.7%	121.2%	1.6%

<sup>8</sup> After 2012 profit appropriation, as per CBE Basel II regulations<sup>9</sup> Based on managerial accounts

**BALANCE SHEET**

BALANCE SHEET HIGHLIGHTS	CONSOLIDATED			STANDALONE		
	Mar-13	Dec-12	QoQ Change	Mar-13	Dec-12	QoQ Change
	EGP million	EGP million	(Mar-13 vs. Dec-12)	EGP million	EGP million	(Mar-13 vs. Dec-12)
Cash & Due from Central Bank	5,616	5,394	4.1%	5,616	5,394	4.1%
Due from Banks	9,682	8,048	20.3%	9,300	7,958	16.9%
Treasury Bills & Governmental Notes	13,751	8,018	71.5%	13,720	7,978	72.0%
Trading Financial Assets	1,153	1,515	-23.9%	1,103	1,472	-25.1%
Available-for-Sale Investments	20,273	21,177	-4.3%	20,260	21,162	-4.3%
Net Loans & Overdrafts	42,568	41,877	1.6%	42,883	41,877	2.4%
Financial Derivatives	116	137	-15.4%	116	137	-15.4%
Held-to-Maturity Investments	4,208	4,216	-0.2%	4,198	4,206	-0.2%
Financial Investment in Subsidiaries	172	165	4.0%	941	938	0.3%
Other Assets	3,913	3,467	12.9%	3,369	3,283	2.6%
<b>Total Assets</b>	<b>101,452</b>	<b>94,014</b>	<b>7.9%</b>	<b>101,504</b>	<b>94,405</b>	<b>7.5%</b>
Due to Banks	999	1,715	-41.7%	999	1,715	-41.7%
Customer Deposits	86,077	78,729	9.3%	86,149	78,835	9.3%
Other Liabilities	4,088	2,701	51.4%	3,630	2,545	42.6%
<b>Total Liabilities</b>	<b>91,164</b>	<b>83,144</b>	<b>9.6%</b>	<b>90,778</b>	<b>83,094</b>	<b>9.2%</b>
Total Shareholders' Equity	9,582	8,596	11.5%	10,071	9,108	10.6%
Net Profit for the Period	658	2,226	-70.5%	655	2,203	-70.3%
<b>Shareholders' Equity &amp; Net Profit</b>	<b>10,240</b>	<b>10,822</b>	<b>-5.4%</b>	<b>10,726</b>	<b>11,311</b>	<b>-5.2%</b>
Minority Interest	48	48	0.3%	-	-	
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>101,452</b>	<b>94,014</b>	<b>7.9%</b>	<b>101,504</b>	<b>94,405</b>	<b>7.5%</b>