

News Release

13 August 2013

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS RECORD SECOND-QUARTER 2013 CONSOLIDATED NET INCOME OF EGP 671 MILLION, OR EGP 0.99 PER SHARE, UP 28% FROM SECOND-QUARTER 2012

CIB REPORTS RECORD FIRST-HALF 2013 CONSOLIDATED NET INCOME OF EGP 1.33 BILLION, UP 29% FROM THE FIRST-HALF 2012

Record Second-Quarter 2013 Consolidated Financial Results:

- Record quarterly net income of EGP 671 million, or EGP 0.99 per share, up 28% year-on-year (YoY) and 2% quarter-on-quarter (QoQ)
- Record quarterly revenues of EGP 1.83 billion, up 49% YoY, 14% QoQ
- Efficiency (cost-to-income) ratio improved to 25.4%, from 28.8% in first-quarter 2013
- Record quarterly standalone net interest margin¹ of 5.44%, up 4% or 19 basis points from first-quarter 2013

Record First-Half 2013 Consolidated Financial Results:

- Record net income of EGP 1.33 billion, or EGP 1.97 per share, up 29% YoY
- Strong revenue growth to EGP 3.44 billion, up 45% YoY
- Efficiency ratio improved to 27.0% from 31.9% in first-half 2012

Robust Balance Sheet:

- Total Basel II tier capital² of EGP 10.0 billion, or 14% of risk-weighted assets, of which 92% is Tier I capital
- Balance sheet growth of 12% in the first half
- 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 3.95% of the gross loan portfolio
- Loan loss provision balance of EGP 2.52 billion covered non-performing loans 140%

First-Half Returns:

- Consolidated return on average equity of 24.6% versus 23.3% in first-half 2012
- Consolidated return on average assets of 2.66% versus 2.35% in first-half 2012

Supporting our Economy

- Funding to businesses and individuals reached EGP 45.4 billion by the end of first-half 2013
- Deposits increased 6% in the second quarter to EGP 91.2 billion, with deposit market share of 7.7%³
- In the second quarter of 2013, CIB’s operations generated EGP 509 million in corporate, payroll and other taxes

¹ Based on managerial accounts

² 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)

³ As of April 2013 (latest published figures)

Committed to our Community

- The CIB Foundation held six blood donation campaigns in collaboration with PriceWaterhouseCoopers' Takatof Foundation, raising 495 bags of blood
- In June, the Foundation covered the costs of 102 eye surgeries through its partnership with Rotary Kasr El Nil and the Children's Right to Sight Program
- The CIB Foundation implemented three 6/6 eye exam caravans in Manial Shiha and Menya, in collaboration with Gozour Foundation. A total of 1,350 children received free eye exams and care with the help of CIB volunteers

AWARDS & RANKINGS

- According to *The Banker's* "2012 Top 1000 World Banks", CIB was the 15th-largest African bank based on tier 1 capital
- CIB was named "Egypt's Most Efficient Bank" by *Al Borsa* newspaper's survey⁴. According to the survey, CIB was the fastest growing bank amongst its peers

CAIRO – Commercial International Bank (EGX: COMI) today reported second-quarter 2013 consolidated net income of EGP 671 million, or EGP 0.99 per share, an increase of 28% over second-quarter 2012 net income of EGP 523 million, or EGP 0.79 per share. On a standalone basis, the Bank reported net income of EGP 669 million.

Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented: "CIB has continued its record run this quarter, turning in our highest ever quarterly top- and bottom-lines. Consolidated revenues were EGP 1.83 billion, up nearly 50% over second-quarter 2012. Moreover, growth was well distributed amongst our product lines and performance was strong across all key performance indicators.

"Although the loan business remained sluggish due to on-going economic uncertainty, CIB attracted EGP 5 billion in deposits during the quarter, reflecting the confidence our clients place in us during times of difficulty.

"CIB also solidified its leading competitive position, increasing market shares across most products at the same time as growing margins and spreads on increased productivity. Our solid asset quality and liquidity indicators show that the Bank stands ready both to weather continued weakness in the operating environment and to grab market opportunities where they arise."

SECOND-QUARTER 2013 FINANCIAL HIGHLIGHTS

REVENUES

Second quarter consolidated revenues were EGP 1.83 billion, 14% higher than first-quarter 2013 and up by 49% from the EGP 1.23 billion achieved in second-quarter 2012 to show the highest YoY revenue growth in 5 years. On a standalone basis, the Bank achieved EGP 1.79 billion in revenues for the second quarter, up 49% YoY and 14% QoQ. All revenue lines recorded strong growth, with non-interest income continuing to outpace net interest income.

First-half consolidated revenues were EGP 3.44 billion, up 45% from the EGP 2.38 billion achieved in the first half of 2012. On a standalone basis, the Bank achieved EGP 3.36 billion in revenues for the first half, up 45% YoY.

⁴ El Borsa newspaper survey ranked 25 Egyptian banks (including multinationals and public sector). Ranking was based on quantitative measures captured from published FY-2012 results. KPIs used in the rankings include ROA, ROE, Cost to Income, Deposits/branch, Loans to Deposit ratio, and NPLs/Gross Loans ratio.

Net Interest Income

Net interest margin (NIM) of 5.44%, up 89 basis points from 4.55% in second-quarter 2012 and 19 basis points from 5.25% in first-quarter 2013. This generated consolidated net interest income of EGP 1.27 billion, 37% higher than the EGP 932 million recorded in the year-ago period.

NIM for first-half 2013 was 5.35%, 81 basis points higher than first-half 2012. This generated consolidated net interest income of EGP 2.41 billion, 34% higher than the EGP 1.8 billion recorded in the year-ago period.

NIM benefitted from continued loan repricing alongside a steady cost of funds, aided by growth in demand deposit account balances.

Non-Interest Income⁵

Non-interest income continued its strong performance and growth trend in second-quarter 2013, with growth outpacing that of net interest income. Consolidated non-interest income for the second quarter was EGP 554 million, an increase of 87% over the year-ago period and 18% over first-quarter 2013. Consolidated non-interest income for the first half was EGP 1.03 billion, 78% over the year-ago period.

Trade finance benefitted from CIB's strong position in foreign currency markets continuing its strong Growth trend YoY and QoQ. Trade finance fees in the second quarter came at EGP 136 million, 35% higher than first-quarter 2013 and more than double the revenue generated in the year ago period. Trade finance fees for first-half 2013 recorded EGP 237 million, double first-half 2012 fees. Trade services gross outstanding balances added 20% YoY to reach EGP 18.3 billion.

Dealing room profits for the second quarter were EGP 128 million, increasing 60% over first-quarter 2013. First-half 2013 dealing room profits were EGP 209 million, achieving an 84% YoY increase.

Debt Capital Markets had a strong quarter, boosted by upfront and agency fees for syndicated loans. First half revenues were EGP 28 million, more than double full-year 2012 revenues.

OPERATING EXPENSE

Consolidated operating expense for second-quarter 2013 was EGP 472 million, remaining almost flat QoQ and up 23% YoY from EGP 383 million. The consolidated efficiency ratio improved to 25.4% versus 30.7% in second-quarter 2012 and 28.8% in first-quarter 2013, on stronger revenue growth. On a standalone basis, CIB's operating expense was EGP 439 million, nearly flat QoQ and up 26% YoY. The standalone efficiency ratio improved to 24.1% from 28.4% in the year-ago period and 27.4% in first-quarter 2013.

Consolidated operating expense for first-half 2013 recorded EGP 946 million, up 23% YoY from EGP 771 million. The consolidated efficiency ratio improved to 27.0% versus 31.9% in the first half of 2012. On a standalone basis, CIB recorded first-half 2013 operating expense of EGP 878 million, up 25% YoY. First half 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 11% YoY. The standalone efficiency ratio improved to 25.6% from 29.7% in the year-ago period.

⁵ Income breakdown included based on managerial accounts

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LOANS

The Bank's total standalone gross loan portfolio was EGP 45.7 billion at the end of first-half 2013, adding EGP 1.3 billion, or 3% over year-end 2012, and flat from first-quarter 2013.

CIB maintained the highest loan market share of all private-sector banks, at 8.42% as of April 2013⁶.

DEPOSITS

Customer deposits were EGP 91.3 billion on a standalone basis, up 16% over year-end 2012 and 6% QoQ, adding EGP 12.5 billion over year-end 2012. Deposit market share was 7.7% as of April 2013, maintaining CIB's leading position amongst all private-sector banks.

Standalone gross loans-to-deposits was 50% by the first-half 2013, versus 55.8% for the comparable year-ago period.

ASSET QUALITY

CIB maintained its resilient asset quality. Loan loss provision expenses amounted to EGP 264 million during the second quarter of 2013, 17% higher QoQ. First-half 2013 loan loss provision expense was EGP 491 million.

Standalone non-performing loans represented 3.95% of the gross loan portfolio, almost unchanged from the first-quarter 2013 level and 32 basis points higher than year-end 2012. The direct coverage ratio increased to 140% from 123% in first-quarter 2013 and 120% at year-end 2012, based on a total loan loss provision balance of EGP 2.52 billion.

CAPITAL AND LIQUIDITY

Total Basel II tier capital was EGP 10.0 billion in June 2013, or 14.03% of risk-weighted assets (EGP 71.5 billion). Tier I capital was EGP 9.2 billion, or 12.8% of risk-weighted assets and 92% of total tier capital.

Rising yields had a negative impact of EGP 217 million on the Bank's net worth in second-quarter 2013 and EGP 425 million in first-half 2013 (related to the available-for-sale portfolio).

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 223%. Net stable funding was 129% (as per Basel III, not currently required by CBE). Liquid assets⁷ constituted 48% of total assets.

⁶ As of April 2013 (latest published figures)

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

KEY METRICS AND BUSINESS UPDATES⁸

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 38.4 billion, up 2% from year-end 2012 and up 4% from June 2012
- End-of-period deposits were EGP 24.3 billion, up 25% from year-end 2012 and 13% over first-half 2012
- Gross outstanding contingent business reached EGP 17 billion, 18% over first-half 2012.
- Institutional Banking net income for first-half 2013 increased 86% YoY to EGP 1.01 billion, representing almost 70% of CIB's total profitability

CONSUMER BANKING

- End-of-period loans retained were EGP 7.3 billion, 10% over year-end 2012 and 20% over first-half 2012
- End-of-period deposits were EGP 66.9 billion, 13% over year-end 2012 and 21% over first-half 2012
- 113 branches and 28 units throughout Egypt, supported by a network of 525 ATMs and 8,585 points of sale
- Consumer Banking net income for first-half 2013 increased 16% YoY to reach EGP 426 million, representing 30% of CIB's total profitability

SECURITIES BROKERAGE, ASSET MANAGEMENT & INVESTMENT BANKING

- CI Capital narrowed its bottom line losses for first-half 2013 to EGP 0.8 million, down from losses of EGP 3.9 million in first-half 2012, on significant growth in revenues marking the success of the new strategy executed since 2012
- Brokerage saw an expansion in both market shares and average commission rates, leading to a YoY revenue growth of 7% in first-half 2013 despite market volumes declining 12%
- Asset management achieved YoY revenue growth of 15% during first-half 2013. AUMs increased 5% since year-end 2012, yet decreased 11% QoQ, reflecting the CBE's new regulation tightening AUM limits of bank-owned money market mutual funds
- Investment banking revenues grew 8-fold over the comparable year-ago period

⁸ Loan and deposit balances, profitability figures based on managerial accounts

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Consolidated P&L Statement							
	2Q13 EGP million	1Q13 EGP million	QoQ Change (2Q13 vs. 1Q13)	2Q12 EGP million	YoY Change (2Q13 vs. 2Q12)	1H13 EGP million	1H12 EGP million	YoY Change (1H13 vs. 1H12)
Net Interest Income	1,272	1,138	11.8%	932	36.6%	2,410	1,801	33.8%
Non-Interest Income	554	471	17.5%	296	87.1%	1,026	576	78.0%
Net Operating Income	1,826	1,609	13.5%	1,228	48.7%	3,435	2,377	44.5%
Non-Interest Expense	(472)	(473)	-0.2%	(383)	23.4%	(946)	(771)	22.7%
Provisions	(264)	(226)	16.8%	(143)	85.3%	(491)	(159)	208.2%
Net Profit before Tax	1,090	909	19.8%	703	55.1%	1,999	1,448	38.1%
Income Tax	(414)	(260)	59.1%	(182)	127.3%	(674)	(430)	56.6%
Deferred Tax	(4)	9	NM	3	NM	4	11	-63.4%
Net Profit	671	658	2.1%	523	28.3%	1,329	1,029	29.2%
Minority Interest	0	0	NM	0	NM	0	1	NM
Net Profit After Minority	671	658	2.1%	523	28.3%	1,329	1,028	29.2%

	Consolidated Key Financial Indicators							
	2Q13	1Q13	QoQ Change (2Q13 vs. 1Q13)	2Q12	YoY Change (2Q13 vs. 2Q12)	1H13	1H12	YoY Change (1H13 vs. 1H12)
Profitability								
ROAE	24.9%	24.9%	-0.1%	23.7%	4.9%	24.6%	23.3%	5.6%
ROAA	2.69%	2.69%	0.0%	2.39%	12.6%	2.66%	2.35%	13.4%
Efficiency								
Cost-to-Income	25.4%	28.8%	-11.9%	30.7%	-17.2%	27.0%	31.9%	-15.5%
Liquidity								
Gross Loans-to-Deposits	49.8%	52.7%	-5.5%	55.8%	-10.7%	49.8%	55.8%	-10.7%
Asset Quality								
NPLs-to-Gross Loans	3.97%	4.00%	-0.8%	2.77%	43.0%	3.97%	2.77%	43.0%
Capital Adequacy Ratio	14.0%	15.2%	-7.5%			14.0%		

STANDALONE FINANCIAL HIGHLIGHTS

	Standalone P&L Statement							
	2Q13 EGP million	1Q13 EGP million	QoQ Change (2Q13 vs. 1Q13)	2Q12 EGP million	YoY Change (2Q13 vs. 2Q12)	1H13 EGP million	1H12 EGP million	YoY Change (1H13 vs. 1H12)
Net Interest Income	1,271	1,135	11.9%	929	36.8%	2,406	1,794	34.1%
Non-Interest Income	518	436	18.7%	274	88.9%	954	530	79.9%
Net Operating Income	1,788	1,571	13.8%	1,203	48.7%	3,360	2,324	44.5%
Non-Interest Expense	(439)	(439)	-0.1%	(348)	26.2%	(878)	(702)	25.2%
Provisions	(264)	(226)	16.8%	(143)	85.3%	(491)	(159)	208.2%
Net Profit before Tax	1,085	906	19.8%	712	52.3%	1,991	1,464	36.0%
Income Tax	(412)	(259)	59.4%	(181)	128.1%	(671)	(428)	56.9%
Deferred Tax	(4)	8	NM	3	NM	4	12	-62.3%
Net Profit	669	655	2.1%	535	25.0%	1,324	1,048	26.4%

	Standalone Key Financial Indicators							
	2Q13	1Q13	QoQ Change (2Q13 vs. 1Q13)	2Q12	YoY Change (2Q13 vs. 2Q12)	1H13	1H12	YoY Change (1H13 vs. 1H12)
Profitability								
ROAE	23.7%	24.5%	-3.2%	23.4%	1.4%	23.5%	22.9%	2.6%
ROAA	2.67%	2.68%	-0.3%	2.44%	9.4%	2.64%	2.39%	10.6%
NIM ⁹	5.44%	5.25%	3.7%	4.55%	19.7%	5.35%	4.54%	18.0%
Efficiency								
Cost-to-Income	24.1%	27.4%	-12.0%	28.4%	-15.3%	25.6%	29.7%	-13.8%
Liquidity								
Gross Loans-to-Deposits	50.0%	53.1%	-5.7%	55.8%	-10.3%	50.0%	55.8%	-10.3%
Asset Quality								
NPLs-to-Gross Loans	3.95%	3.97%	-0.7%	2.77%	42.3%	3.95%	2.77%	42.3%
Direct Coverage Ratio	140.1%	123.2%	13.7%	134.8%	3.9%	140.1%	134.8%	3.9%

⁹ Based on managerial accounts

CONSOLIDATED AND STANDALONE BALANCE SHEETS

Balance Sheet Highlights	Consolidated Balance Sheet			Standalone Balance Sheet		
	Jun-13	Dec-12	YtD Change	Jun-13	Dec-12	YtD Change
	EGP million	EGP million		EGP million	EGP million	
Cash & Due from Central Bank	6,418	5,394	19.0%	6,418	5,394	19.0%
Due from Banks	9,942	8,048	23.5%	9,808	7,958	23.3%
Treasury Bills & Governmental Notes	17,799	8,018	122.0%	17,772	7,978	122.8%
Trading Financial Assets	1,808	1,515	19.3%	1,767	1,472	20.0%
Available-for-Sale Investments	19,018	21,177	-10.2%	19,004	21,162	-10.2%
Net Loans & Overdrafts	42,314	41,877	1.0%	42,564	41,877	1.6%
Financial Derivatives	80	137	-41.7%	80	137	-41.7%
Held-to-Maturity Investments	4,204	4,216	-0.3%	4,194	4,206	-0.3%
Financial Investment in Subsidiaries	187	165	13.2%	950	938	1.2%
Other Assets	3,811	3,467	9.9%	3,582	3,283	9.1%
Total Assets	105,582	94,014	12.3%	106,139	94,405	12.4%
Due to Banks	954	1,715	-44.4%	954	1,715	-44.4%
Customer Deposits	91,187	78,729	15.8%	91,288	78,835	15.8%
Other Liabilities	2,646	2,701	-2.0%	2,666	2,545	4.8%
Total Liabilities	94,787	83,144	14.0%	94,908	83,094	14.2%
Total Shareholders' Equity	9,418	8,596	9.6%	9,907	9,108	8.8%
Net Profit for the Period	1,329	2,226	-40.3%	1,324	2,203	-39.9%
Shareholders' Equity & Net Profit	10,747	10,822	-0.7%	11,231	11,311	-0.7%
Minority Interest	48	48	0.6%	-	-	
Total Liabilities & Shareholders' Equity	105,582	94,014	12.3%	106,139	94,405	12.4%