
News Release

11 November 2014

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS THIRD-QUARTER 2014 CONSOLIDATED REVENUE OF EGP 2,037 MILLION AND RECORD NET INCOME OF EGP 972 MILLION, OR EGP 0.93 PER SHARE, UP 6% FROM THIRD-QUARTER 2013

Record Third-Quarter 2014 Consolidated Financial Results:

- Record net income of EGP 972 million¹, up 6% year-on-year (YoY)
- Record revenues of EGP 2.04 billion, up 17% YoY

Record YtD Sep-14 Consolidated Financial Results:

- Record net income of EGP 2.71 billion, or EGP 2.55 per share, up 20% YoY
- Record revenues of EGP 5.83 billion, up 17% YoY
- Efficiency ratio improved to 21.9% from 23.1% in the year-ago period
- Standalone net interest margin of 5.32%², unchanged YoY

Robust Balance Sheet:

- Total tier capital of EGP 11.7 billion, or 15.5% of risk-weighted assets, of which 93% is high quality Tier I capital
- Central bank EGP liquidity ratio of 70.5%, foreign currency at 47.4% (comfortably above the required 20% and 25% respectively)
- High quality of funding, with customer deposits comprising 95% of total liabilities
- Standalone non-performing loans coverage ratio of 136%

Sector-leading Sept YtD 2014 Returns:

- Standalone return on average equity of 28.3% versus 23.9% in the year-ago period
- Standalone return on average assets of 2.81% versus 2.43% in the year-ago period

Supporting our Economy

- Funding to businesses and individuals reached EGP 50.4 billion by September 2014
- Deposits increased 4% in the third quarter to EGP 116 billion, with deposit market share of 7.75% in July 2014, up from 7.37% in December 2013
- In third-quarter 2014, CIB’s operations generated EGP 702 billion in corporate, payroll and other taxes

Committed to our Community

- The CIB Foundation allocated EGP 1.5 million to the ADVANCE Society for Persons with Autism and Other Disabilities to complete their new premises. The first instalment of EGP 1.05 million was disbursed in the third quarter
- The Foundation disbursed EGP 525,000 (50% down payment) for essential pediatric endoscope equipment for the Mansoura University Hospital
- The Foundation disbursed the first installment (EGP 1.2 million) to the Egyptian Liver Care Society for the Children without Virus C project. The project is expected to last for 24 months and provide treatment to 600 children with Virus C

¹ Net profit after minority interest

² Based on managerial accounts

Awards & Rankings

- EMEA Finance's "Best Local Bank in Egypt" and "Pan-Africa Award for Corporate Social Responsibility" for 2014
- Global Finance's "Best Integrated Corporate Bank Site", "Best Online Cash Management", "Best Corporate/Institutional Internet Bank in Egypt" and "Best Emerging Markets Bank in Africa" for 2014
- Global Trade Review's "Best Trade Finance Bank" for 2014
- JP Morgan's "Elite Quality Recognition" for 2014 money transfer best-in-class straight-through processing rates

CAIRO- Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented: "CIB continued its strong performance in the third quarter, turning in record 9-month consolidated revenues of EGP 5.8 billion, with year-on-year growth of 17%. Consolidated bottom line came in at EGP 2.7 billion, an increase of 20% over last year"

"The government's landmark issuance of EGP 64 billion in Suez Canal certificates had a limited impact on deposit gathering, with the Bank seeing EGP 5.0bn in net new deposits. The third quarter also saw the successful launch of the strategic alliance between CIB and EgyptAir across a range of retail products that will provide greater value and convenience to our customers. Trade service volumes reflected Egypt's ongoing economic recovery, growing almost 26% year-on-year."

"CIB turned in improved profitability and efficiency indicators, with standalone return on average equity of 28.3%, the highest in three years. Strong asset quality and liquidity indicators were maintained.

"Overall, we are observing a marked improvement in economic activity alongside increased business and consumer confidence, which has been reflected across our corporate, consumer and investment banking businesses."

THIRD-QUARTER 2014 CONSOLIDATED FINANCIAL HIGHLIGHTS

REVENUES

Third quarter consolidated revenues were EGP 2.04 billion, up 17% from EGP 1.74 billion achieved in third-quarter 2013. Growth was driven by a strong increase in interest income (19% YoY) resulting from growing assets and higher corridor rates (CBE increased corridor rates in July by 100bp).

Third-quarter standalone revenues were EGP 1.98 billion, up 47% from EGP 1.35 billion achieved in third-quarter 2013.

YtD consolidated revenues were EGP 5.8 billion, up 17% from EGP 5 billion achieved in the comparable year ago period. On a standalone basis, the Bank achieved EGP 5.6 billion in revenues, 24% over the year-ago period.

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Net Interest Income

Year-to-date standalone net interest margin (NIM) was 5.32%³, almost steady QoQ and YoY. Standalone net interest income came in at EGP 4.4 billion, 19% higher than the year-ago period.

Non-Interest Income

Consolidated non-interest income for the first three quarters was EGP 1.5 billion (25% of Year-to-date revenue), 13% over the year-ago period on strong increase in fees and commissions revenue and capital gain.

Trade service fees⁴ in the third quarter were EGP 177 million, 40% above the year-ago figure. YtD trade service fees recorded EGP 469 million, 29% over the year-ago period, driven by trade service volumes growth. Trade service gross outstanding balances were EGP 21.2 billion, up 45% YoY.

Dealing room profits for the third quarter were EGP 65 million and EGP 176 million year-to-date.

OPERATING EXPENSE

Consolidated operating expense for third-quarter 2014 was EGP 469 million, up 15% YoY. The consolidated efficiency ratio improved to 22.9% from 23.6% in third-quarter 2013, as expenses grew well below the top-line.

YtD consolidated operating expense recorded EGP 1.3 billion, up 12% YoY from EGP 1.16 billion. Consolidated efficiency ratio improved to 21.9% versus 23.1% in the first nine months of 2013. Standalone operating expense stood at EGP 1.2 million, higher 15% YoY.

LOANS

CIB's total consolidated gross loan portfolio was EGP 50.4 billion at the end of Q3-2014, adding EGP 5 billion, or 11% over year-end 2013, and EGP 1.2 billion, or 2%, on a quarterly basis.

CIB maintained the highest loan market share of all private-sector banks, at 8.39% as of July 2014 (latest public figures).

DEPOSITS

Customer deposits were EGP 116 billion adding EGP 19 billion or 20% over year-end 2013. QoQ deposits added 4% and 23% over third-quarter 2013. Deposit market share was 7.75% as of July 2014⁵, maintaining CIB's leading position amongst all private-sector banks.

The consolidated gross loan-to-deposit ratio was 43.5% by the third quarter of 2014, versus 48% for the comparable year-ago period.

ASSET QUALITY

CIB maintained its resilient asset quality. Standalone non-performing loans represented 4.85% of the gross loan portfolio, covered 136% by the bank's EGP 3.3 billion loan loss provision balance.

Loan loss provision expenses Sep-14 YtD were EGP 467 million, lower 18% YoY and 38% QoQ.

³ Based on managerial accounts

⁴ Based on managerial accounts

⁵ Latest published data by CBE



CAPITAL AND LIQUIDITY

Total tier capital (after appropriation) was EGP 11.7 billion in September 2014, or 15.49% of risk-weighted assets (EGP 75.8 billion). Tier I capital was EGP 11 billion, or 14.4% of risk-weighted assets and 93% of total tier capital.

CIB maintained its conservative liquidity position in both local and foreign currencies, remaining comfortably above CBE requirements and Basel III guidelines (the latter on a pro forma basis).

KEY METRICS AND BUSINESS UPDATES⁶

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 gross loans were EGP 41.2 billion, 8% above year-end 2013.
- End-of-period deposits were EGP 29.6 billion, 13% above year-end 2013.
- Gross outstanding contingent business reached EGP 21.2 billion, 31% over year-end 2013.

CONSUMER BANKING

- End-of-period gross loans were EGP 9.5 billion, up 32% over year-end 2013.
- End-of-period deposits were EGP 86.3 billion, an increase of EGP 15.6 billion, or 22%, over year-end 2013.
- CIB continued to expand its network in first three quarters of 2014, to reach a total of 133 branches and 26 units throughout Egypt, supported by a network of 590 ATMs and 9,195 points of sale.

SECURITIES BROKERAGE, ASSET MANAGEMENT & INVESTMENT BANKING

- **CI Capital** recorded revenues of EGP 208 million to date, 2x the year-ago period, and record net income of EGP 69 million.
- **Brokerage** maintained its leading position among brokerage companies with a market share of 9% with revenues 3x higher year-on-year.
- **Assets Management** achieved 28% revenue growth over the year-ago period, with assets under management up 12% over year-end 2013 (EGP 8.8 billion). CIAM's equity fund Istethmar is maintaining its 1st place ranking (by returns) in third quarter 2014.
- **Investment banking** is building on its successful year by continuing to work on its promising pipeline of capital markets transactions.

⁶ Loans and deposits balances based on managerial accounts

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Consolidated P&L Statement							
	3Q14 EGP million	2Q14 EGP million	QoQ Change (3Q14 vs. 2Q14)	3Q13 EGP million	YoY Change (3Q14 vs. 3Q13)	YtD Sep-14 EGP million	YtD Sep-13 EGP million	YoY Change (YtD 3Q14 vs. YtD 3Q13)
Net Interest Income	1,561	1,433	8.9%	1,281	21.8%	4,363	3,691	18.2%
Non-Interest Income	476	602	-20.9%	464	2.7%	1,465	1,298	12.8%
Net Operating Income	2,037	2,035	0.1%	1,745	17%	5,828	4,989	16.8%
Non-Interest Expense	(469)	(411)	14.1%	(408)	15.1%	(1,302)	(1,162)	12.0%
Provisions	(107)	(175)	-38.5%	(75)	42.9%	(467)	(566)	-17.6%
Net Profit before Tax	1,460	1,449	0.8%	1,262	15.7%	4,059	3,261	24.5%
Income Tax	(499)	(524)	-4.7%	(351)	42.2%	(1,349)	(1,025)	31.6%
Deferred Tax	11	8	45.5%	9	18.0%	0	13	-99.1%
Net Profit	972	932	4.3%	920	5.6%	2,710	2,250	20.5%
Minority Interest	0	0	56.7%	0	978.0%	1	0	260.1%
Net Profit After Minority	972	932	4%	920	6%	2,709	2,249	20%

	Consolidated Key Financial Indicators							
	3Q14	2Q14	QoQ Change (3Q14 vs. 2Q14)	3Q13	YoY Change (3Q14 vs. 3Q13)	YtD Sep-14	YtD Sep-13	YoY Change (YtD 3Q14 vs. YtD 3Q13)
Profitability								
ROAE	29.1%	30.0%	-3.1%	33.2%	-12.5%	29.5%	28.4%	3.9%
ROAA	2.94%	3.00%	-2.1%	3.43%	-14.3%	2.90%	2.97%	-2.1%
Efficiency								
Cost-to-Income	22.9%	19.7%	16.0%	23.6%	-3.1%	21.9%	23.1%	-4.9%
Liquidity								
Gross Loans-to-Deposits	43.5%	44.4%	-1.9%	47.9%	-9.2%	43.5%	47.9%	-9.2%
Asset Quality								
NPLs-to-Gross Loans	4.88%	4.66%	4.8%	4.01%	21.9%	4.88%	4.01%	21.9%
Capital Adequacy Ratio	15.49%	15.74%	-1.6%	14.41%	7.49%	15.49%	14.4%	7.5%

STANDALONE FINANCIAL HIGHLIGHTS

	Standalone P&L Statement							
	3Q14 EGP million	2Q14 EGP million	QoQ Change (3Q14 vs. 2Q14)	3Q13 EGP million	YoY Change (3Q14 vs. 3Q13)	YtD Sep-14 EGP million	YtD Sep-13 EGP million	YoY Change (YtD 3Q14 vs. YtD 3Q13)
Net Interest Income	1,567	1,434	9.3%	1,279	22.5%	4,373	3,685	18.7%
Non-Interest Income	416	501	0	73	468.4%	1,244	836	48.8%
Net Operating Income	1,983	1,935	2.5%	1,352	46.6%	5,617	4,521	24.2%
Non-Interest Expense	(436)	(365)	19.4%	(348)	25.5%	(1,194)	(1,035)	15.4%
Provisions	(107)	(175)	-38.5%	(75)	42.9%	(467)	(566)	-17.6%
Net Profit before Tax	1,439	1,395	3.2%	929	54.8%	3,956	2,920	35.5%
Income Tax	(494)	(518)	-4.7%	(350)	41.2%	(1,338)	(1,021)	31.0%
Deferred Tax	11	8	36.4%	(49)	-121.8%	0	-44	NM
Net Profit	956	884	8%	531	80%	2,619	1,855	41.2%

	Standalone Key Financial Indicators							
	3Q14	2Q14	QoQ Change (3Q14 vs. 2Q14)	3Q13	YoY Change (3Q14 vs. 3Q13)	YtD Sep-14	YtD Sep-13	YoY Change (YtD 3Q14 vs. YtD 3Q13)
Profitability								
ROAE	28.5%	28.2%	0.8%	18.6%	52.6%	28.3%	23.9%	18.1%
ROAA	2.90%	2.86%	1.3%	1.97%	46.9%	2.81%	2.43%	15.8%
NIM	5.26%	5.29%	-0.5%	5.25%	0.2%	5.32%	5.32%	0.0%
Efficiency								
Cost-to-Income	21.8%	18.4%	18.7%	26.0%	-16.1%	20.8%	22.6%	-7.9%
Liquidity								
Gross Loans-to-Deposits	43.8%	44.6%	-1.8%	48.2%	-9.1%	43.8%	48.2%	-9.1%
Asset Quality								
NPLs-to-Gross Loans	4.85%	4.63%	4.8%	3.98%	21.8%	4.85%	3.98%	21.8%
Direct Coverage Ratio	136%	142%	-3.9%	143%	-4.5%	136%	143%	-4.5%



BALANCE SHEET

	Consolidated			Standalone		
	Sep-14	Dec-13	YtD Change	Sep-14	Dec-13	YtD Change
	EGP million	EGP million	(3Q14 Vs. 4Q13)	EGP million	EGP million	(3Q14Vs. 4Q13)
Cash & Due from Central Bank	6,612	3,543	86.6%	6,612	3,543	86.6%
Due from Banks	13,341	9,004	48.2%	13,062	8,894	46.9%
Treasury Bills & Governmental Notes	26,584	23,665	12.3%	26,581	23,655	12.4%
Trading Financial Assets	3,535	2,295	54.0%	3,495	2,246	55.6%
Available-for-Sale Investments	25,561	23,378	9.3%	25,547	23,364	9.3%
Net Loans & Overdrafts	46,102	41,866	10.1%	46,436	41,970	10.6%
Financial Derivatives	68	103	-34.2%	68	103	-34.2%
Held-to-Maturity Investments	8,990	4,197	114.2%	8,990	4,187	114.7%
Financial Investment in Subsidiaries	222	193	15.4%	606	599	1.2%
Other Assets	5,251	4,254	23.4%	4,528	3,938	15.0%
Total Assets	136,265	112,499	21.1%	135,925	112,499	20.8%
Due to Banks	1,578	1,373	14.9%	1,578	1,373	14.9%
Customer Deposits	115,867	96,846	19.6%	115,945	96,940	19.6%
Other Liabilities	5,004	3,526	41.9%	4,568	3,324	37.4%
Total Liabilities	122,448	101,745	20.3%	122,091	101,637	20.1%
Total Shareholders' Equity	11,059	10,706	3.3%	11,215	10,862	3.2%
Net Profit for the Period	2,709		0.0%	2,619		NM
Shareholders' Equity & Net Profit	13,768	10,706	28.6%	13,834	10,862	27.4%
Minority Interest	49	47	2.4%	-	-	
Total Liabilities & Shareholders' Equity	136,265	112,499	21.1%	135,925	112,499	20.8%