

# Commercial International Bank

**IR presentation**

3Q 2013



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# Agenda

- ⌘ Macro-Environment
- ⌘ About **CIB**
- ⌘ **CIB** Financial Highlights
- ⌘ Consumer Banking Snapshot
- ⌘ **CIB** Strategy
- ⌘ Summary and Conclusion



# Macro-Environment

# Egypt Fact Sheet

## Favorable Demographics

-Population: 87.1mn\*      -Median age: 24      -Growth: 3.1% over 2010  
 -Private consumption/GDP: 71.7%      -Public consumption/GDP: 11.9%  
 -Labor force/population: 27.9%\*      -Unemployment rate: 12%\*

## Attractive Growth Opportunities

-Nominal GDP: EGP 381,246bn      -Historical GDP growth: 5.31% (2005/2011CAGR)<sup>1</sup>  
 -GDP Per Capita (PPP): \$2,958<sup>1</sup>

## Underleveraged<sup>2</sup>

-Total bank lending facilities/GDP: **34.14%**      -Loans/Deposits: **45.46 %** (July 2013)  
 -Corporate loans/GDP: **26.18 %**      -Household debt/GDP: **7.95 %**

## Diversified as % of Total Domestic Production

-Agricultural: 9.98%      -Gross Exports: 1.14%\*\* \*      -Transportation: 4.59%  
 -Industrial: 27.78%      -Government: 9.51%      -Tourism: 3.29%  
 -Mining: 11.76%      -Remittances: 2.70%\*\*\*      -Suez Canal: 1.37%  
 -Financial services 2.1%      -Trade: 8.96%      -Construction: 7.59%  
 -FDIs: 0.7 %\*\*\*

## Manageable Debt

-Net International reserve: \$15bn (Sep.2012)      -Current A/C balance: \$-1535.7\*\*\*  
 -LT external debt: \$31.5bn\*\*\*      -ST external debt: \$2.9bn\*\*\*  
 80% of debt is in local currency, held by public sector

## Robust banking sector reforms

- Banking reform program, **Phase I (2005-2008)** successfully completed
- **Phase II (2009- 2012)**: currently being implemented, aiming at improving the regulatory environment, adopting Basel II and increased focus on corporate governance
- Stringent regulations limit concentrated risk exposure and proprietary investment

1. IMF WEO Estimates for 2012, April 2012

2. Figures as of June 2013 based on 2012/2013 GDP at market price

\* Preliminary number

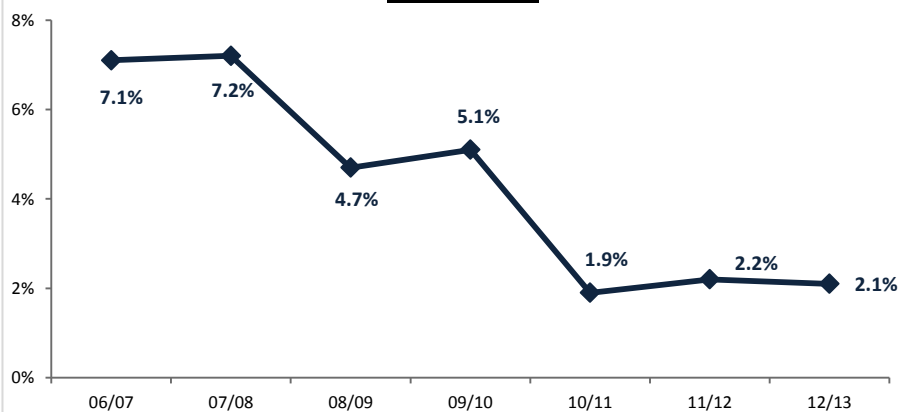
\*\*\* Figures as of Q4 2011/2012

As of July/March 2011/2012

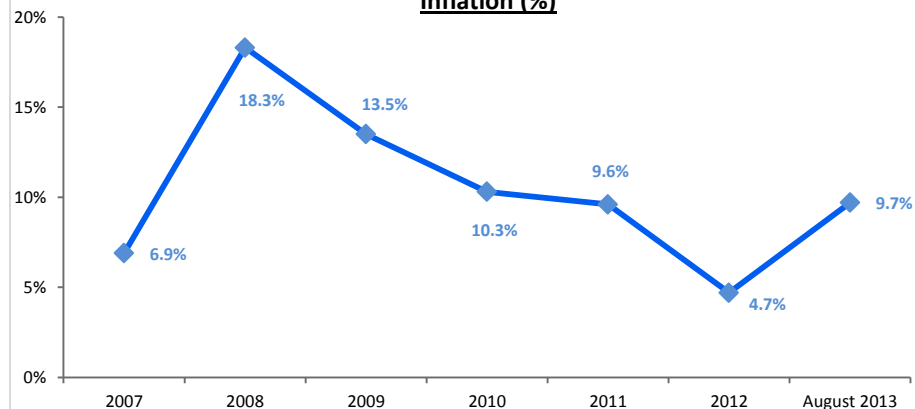
Source: Central Bank of Egypt (CBE)

# Macroeconomics Snapshot

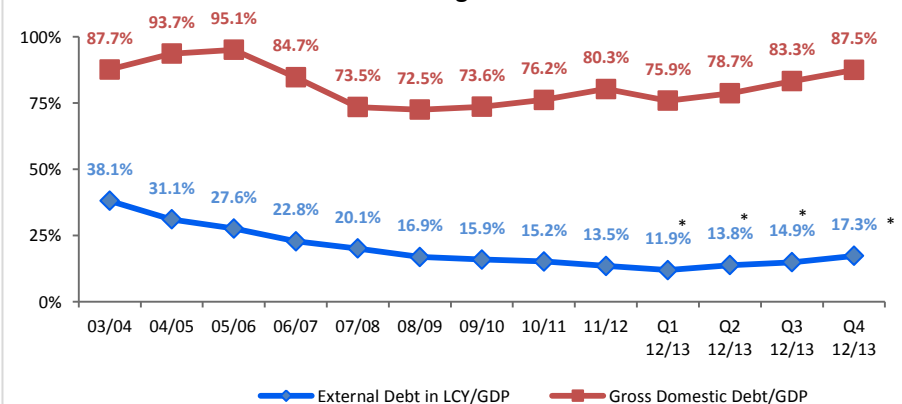
**GDP Growth\***



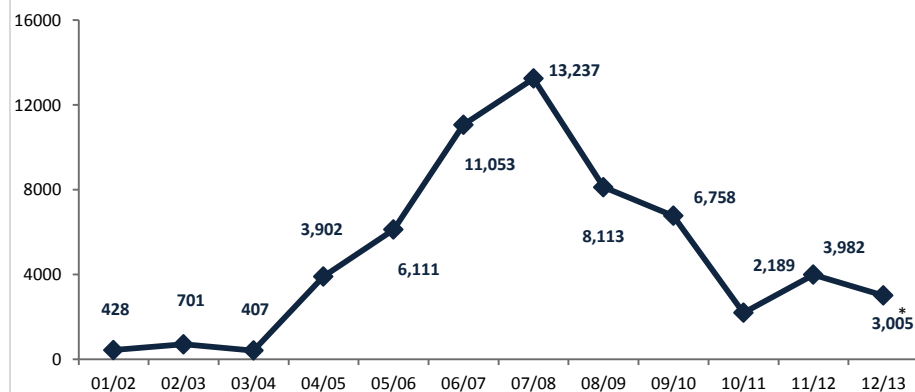
**Inflation (%)**



**Sovereign Debt**

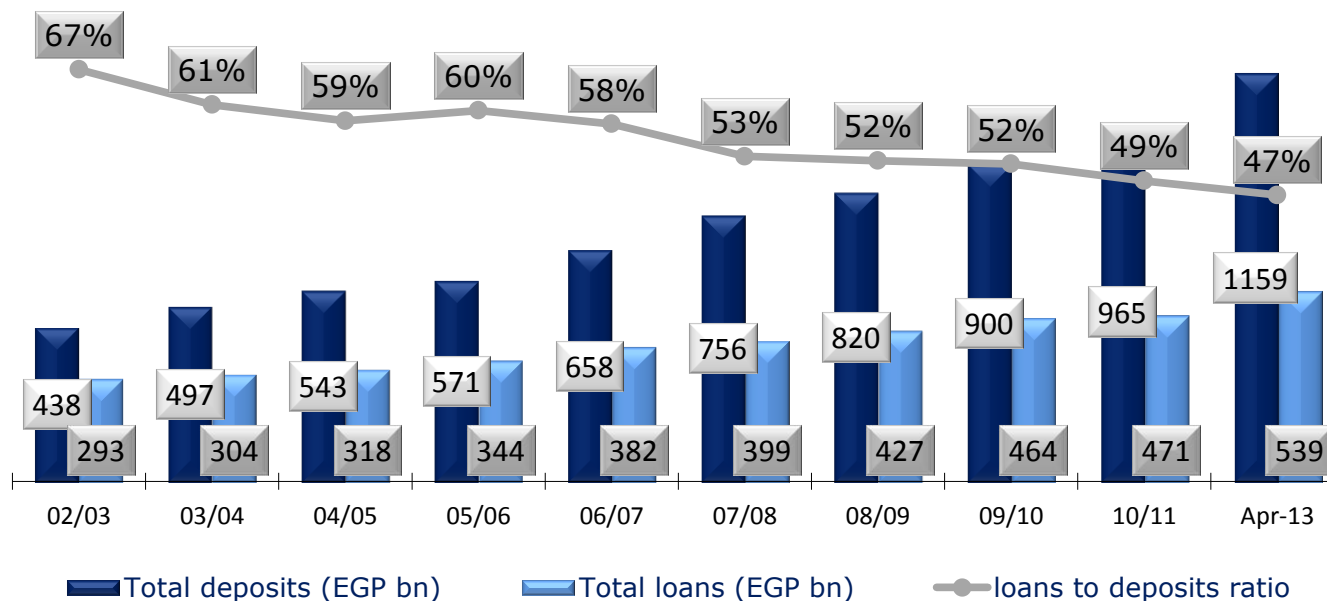


**FDI (USD mn)**



Source: CBE

# Egyptian Banking Sector Snapshot



	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	Sept.12
# of banking licenses	62	61	59	43	41	40	39	39	40

Source: CBE

# Challenges Facing Egypt

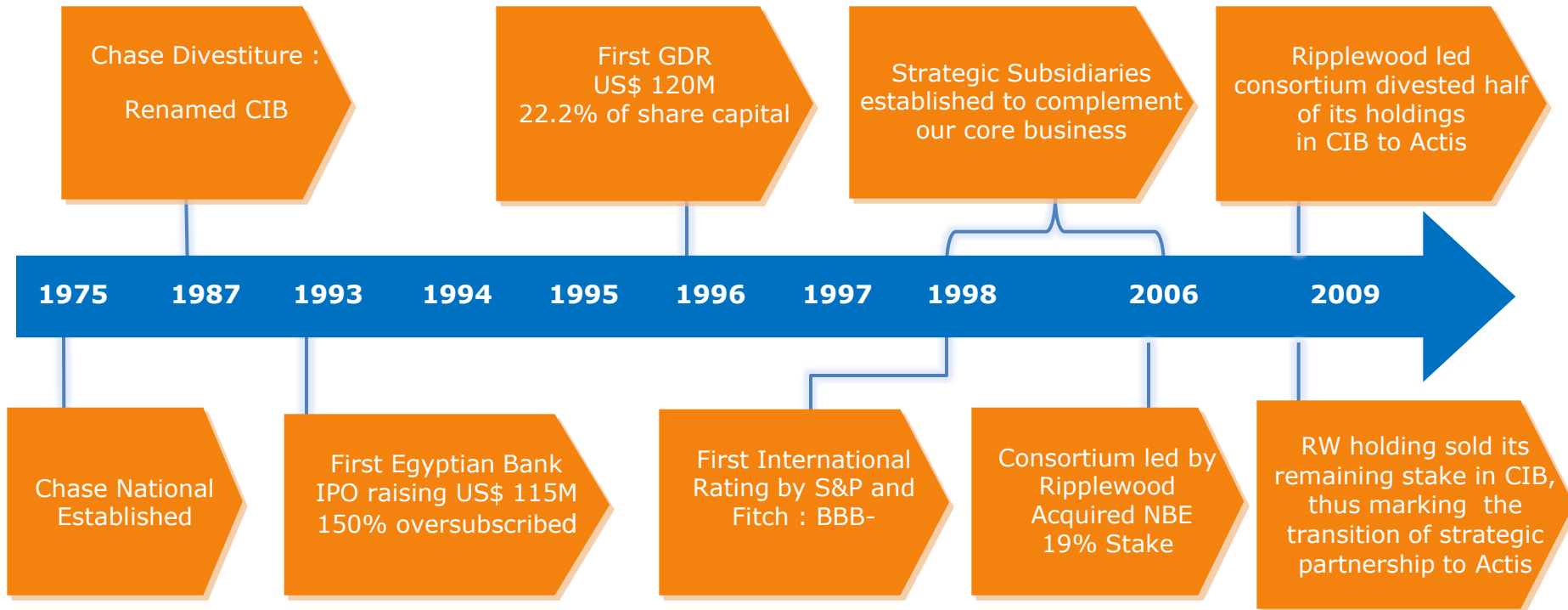
## Egypt's Socio-Economic Problems

- Slow improvement in standards of living;  
UNDP Human Development Index: Score of 0.662, ranking 112/187
- 1 Population Below Poverty Line: 20% of population
- 1 Low quality health care services;  
4.7% of GDP spent on health care services
- 1 Lack of educational reforms  
3.8% of GDP spent on education
- 4 Ease of doing business index:  
Ranked 110/185 in 2012
- 1 High unemployment rates:  
13.5% as of 2012, and 12% as of 2011
- 1 Low GDP/Capita:  
USD 6,700 as of 2012
- 2 Soaring budget deficit:  
EGP 239.9 (USD 34.27 at USD/EGP 7) as of FY 2012/2013
- 3 Corruption Perception Index:  
In 2012; Scored 32 and ranked 118/176 vs. a score of 29 in 2011



**About CIB**

# Strategic Milestones



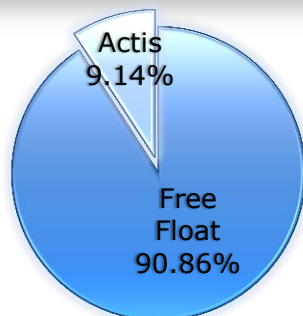
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# General Information

- 🌐 **CIB's** Stock is listed in the **Egyptian Stock Exchange**, **London Stock Exchange** and traded in **New York Stock Exchange**

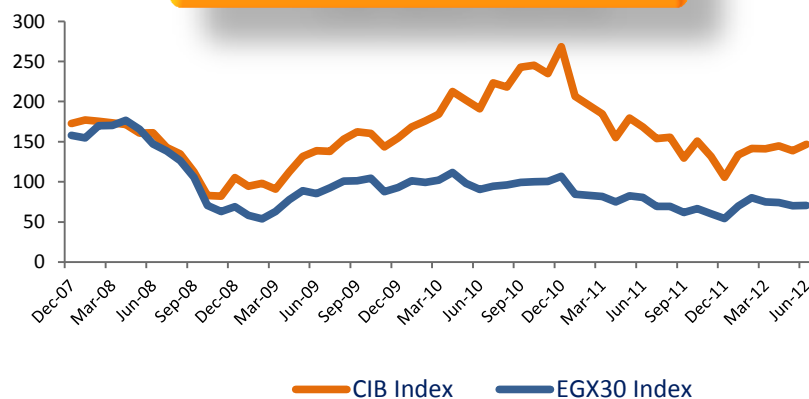
## Shareholding Structure



## Share Information

Shares outstanding	600,162,379
Par value	EGP 10.00
GDR Ratio	1:1
Last 52 weeks Hi	45.47
Last 52 weeks Lo	26.7

## CIB Stock Activity

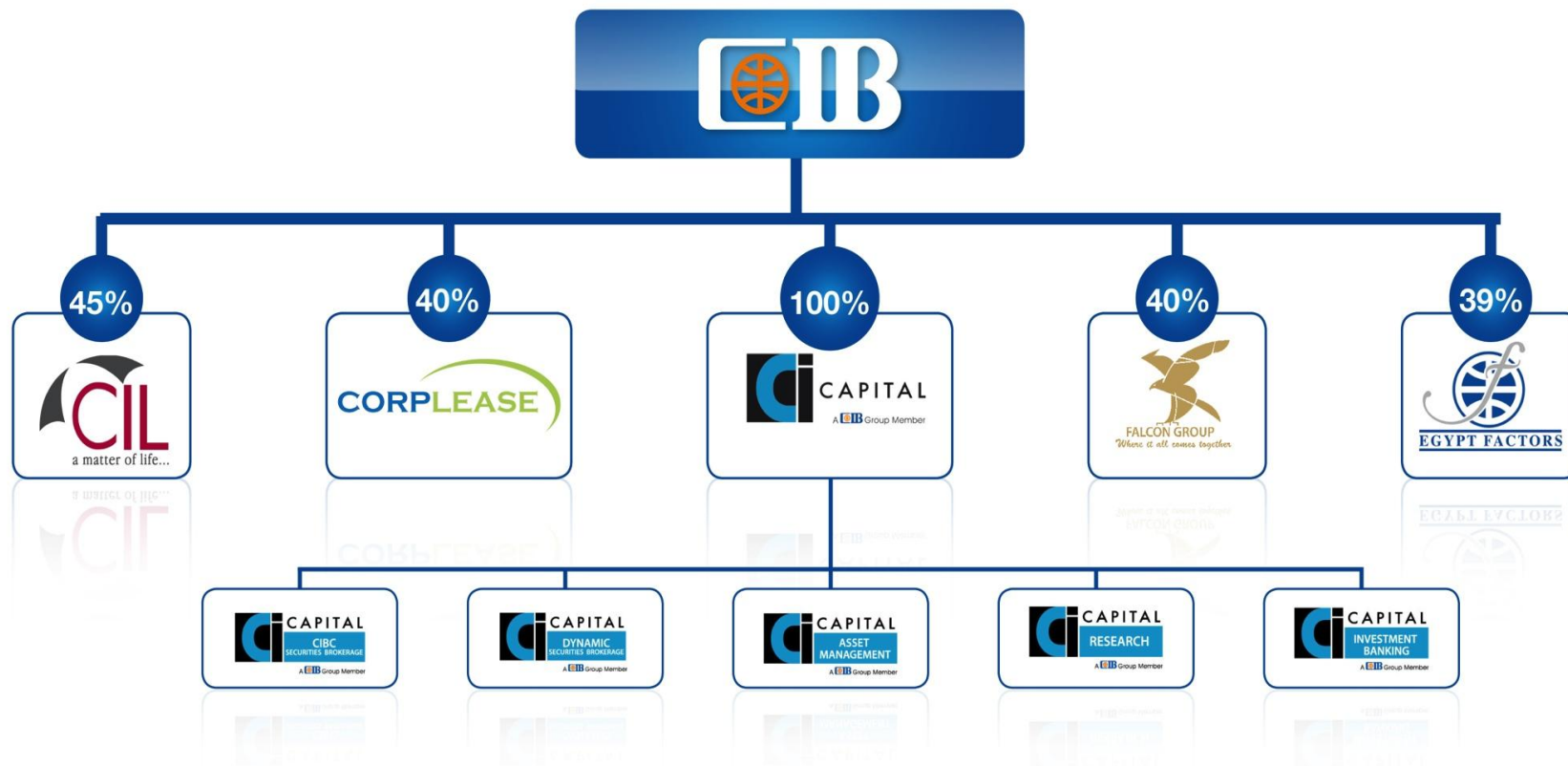


Source: Bloomberg

## CIB Stock Info.

	2010	2011	YTD 2013
Market Cap.-EGP	27,972mn	11,097mn	26,875mn
Daily Liquidity	57.06mn	26.85mn	32.57mn
Avg. Daily Volume	1.51mn	0.953mn	0.932mn
Avg. Daily Price-EGP	38.02	28.18	34.95

# CI Group Structure



# CIB's Distribution Network

## Branch Distribution:

Cairo:	87
Alex:	26
Delta:	6
Upper Egypt & Red Sea:	21
Sinai & Canal:	25
Total Outlets:	165

## Alternate Channel Distribution:

ATMs: 540  
POS: 8,317  
On-line Banking hits per month: N/A  
Call Center: 198.8k hits per month through  
Our 24 hours 7 days a week dedicated  
Customer Service short number 1966



# CIB's Business Segments

Business Segments	Institutional Banking	Consumer Banking	CI Capital
Description	<ul style="list-style-type: none"> <li>Market leader in Egypt</li> <li>The prime contributor to profitability</li> </ul>	<ul style="list-style-type: none"> <li>The take-off for a world class consumer banking franchise</li> </ul>	<ul style="list-style-type: none"> <li>Full-fledged Investment Banking arm</li> </ul>
Focus on	<ul style="list-style-type: none"> <li>Multinationals and Egypt's largest corporations, Mid-caps, Institutions and Banks</li> </ul>	<ul style="list-style-type: none"> <li>Retail customers and SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Research</li> <li>Securities Brokerage</li> <li>Asset Management</li> <li>Investment Banking</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Over 500</li> </ul>	<ul style="list-style-type: none"> <li>493,915</li> </ul>	
Contribution to	Loans		16.2%
	Deposits		74.7%

# Corporate Governance

## Commitment to Corporate Governance

- 🌐 Corporate governance is an issue that rates high on our list of priorities
- 🌐 CIB's commitment to maintaining the highest standards of corporate governance is supported by several mandates, including:
  1. Segregation of role of Executive Management and Board of Directors
  2. Internal policies and manuals covering all business aspects
  3. Highly skilled Investor Relations Team
  4. Board sub-committees:
    - Audit Committee
    - Corporate Governance and Compensation Committee
    - Risk Committee
    - Management Committee
    - High Lending and Investment Committee
    - Operations and IT Committee
    - Affiliates Committee
    - Sustainability Committee

## Importance of Corporate Governance

It has been demonstrated over and over that effective corporate governance in banks

***not only***

- 🌐 **enhances investor confidence in the Bank**

***and***

- 🌐 **provides it with a competitive advantage to attract domestic and foreign capital**

***but also***

- 🌐 **helps in withstanding economic downturns**

# Commitment to **Corporate Governance**

- 🌐 CIB was the first Egyptian corporation to establish an Audit Committee in 1998
- 🌐 The Board and its committees are governed by well-defined charters
- 🌐 CIB's Board of Directors sets the Bank's overall strategy and ensures that controls are in place to deliver maximum value to all stakeholders;
- 🌐 CIB's Board consists of ten members, nine of which are Non-Executive members with a range of industry expertise
- 🌐 When a board seat becomes vacant, the Governance Committee is responsible for nominating a new member

We take pride in our strong corporate governance structures which include

🌐 **Experienced team of professional executive directors and senior management**

🌐 **Competent board committees**

🌐 **Distinguished group of non-Executive directors**

CIB's highly qualified Board of Directors is supported by internal and external auditors, as well as other internal control functions

- Risk
- Compliance



# CIB's Board of Directors

**Hisham Ezz Al-Arab**

Chairman &  
Managing Director

**Jawaid Mirza**

Managing Director

**Essam El Wakil**

Chairman  
of CI Capital

**Mahmoud Fahmy**

Former Chairman  
of Egyptian Capital  
Markets Authority

**Paul Fletcher**

Senior Partner  
of Actis

**William Mikhail**

Econometrics  
Professor at the  
American University in  
Cairo (AUC)

**Nadia Makram Ebeid**

Executive Director of the  
Center for Environment  
and Development for the  
Arab Region and Europe  
(CEDARE)

**Medhat Hassanein**

Egypt's former  
Minister of Finance

**Sherif Kamel**

Dean of School  
of Business  
Administration (AUC)

**Yasser Hashem**

Managing Partner of  
Zaki Hashem &  
Partners, Attorneys at  
Law,

# Awards and Recognition



Best Bank in Egypt  
for the last 17 years

Best Foreign Exchange Bank in Egypt - 2013  
for the last 10 years

BEST SUB-CUSTODIAN Bank in Egypt  
for the 5<sup>th</sup> consecutive year

Best Trade Finance Bank in Egypt - 2013  
for the last 7 years

Best Provider of Money Market Fund  
2008

Best World's Emerging Markets Banks  
in the Middle East - 2013

Best Internet Bank Award - 2013



Deal of the Year - 2013  
Deal of the Year - 2011



Best Bank in Egypt - 2013  
for the 16<sup>th</sup> year



Best Foreign Exchange Service in North Africa - 2013

Best local Bank in Egypt - 2012  
for the 5<sup>th</sup> consecutive year

Best Asset Manager - 2012

Best Securitization Deal in EMEA - 2011

Best Structured Finance Deal in Africa - 2010

Best PPP Deal in Africa - 2010

Best Bank in Egypt - 2009



Asset Manager of the year - Middle East 2013  
Asset Manager of the Year - 2012



Foreign Exchange Provider of the Year - 2012



GTR Best Trade Finance Bank in Egypt - 2012  
for the 4<sup>th</sup> consecutive year



2012 Quality Recognition Award

2012 Elite Quality Recognition Award



Bank of the Year - 2011 Egypt



Project Finance Award - 2011



Project Finance Deals of the Year - 2010



Best Bank in North Africa - 2006



Gas Deal of the Year - 2005



Top Ranked Bank in North Africa  
Best Overall Provider within Levant & North Africa

## **CIB Financial Highlights**

# Performance Snapshot: 30 September 2013

## Total Assets

**EGP 109,209 mn**

Year End 2012 : EGP **93,957** mn;  
+ 16.2 %

## Net Loans

**EGP 41,855 mn**

Year End 2012 : EGP41,877 mn;  
-0.1%

## Customer Deposits

**EGP 94,079 mn**

Year End 2012 :EGP78,729 mn;  
+ 19.5 %

## Shareholders' Equity

**EGP 11,403 mn**

Year End 2012 EGP **10,765** mn;  
+5.9%

## Revenues

**EGP 5.24 billion**

YTD 3Q2012 :EGP 3.83billion ;  
+37%

## NPAT

**EGP 2,249 mn**

YTD 3Q2012 : EGP **1,639** mn;  
+ 37.3 %

## NPLs/Gross Loans \*

**3.98 %**

Almost flat from the second quarter of 2013 and 35 basis points higher than year end 2012

## CAR

**14.41 %**

Based on Basel II according to CBE's new regulations

## ROAE

**33.1 %**

3Q2012 : 25.5 %;  
+29.7%

## ROAA

**3.62 %**

3Q2012 : 2.73 %;  
+ 32.8 %

## Cost/Income

**26.0 %**

3Q2012 : 25.8 %;  
+0.7%

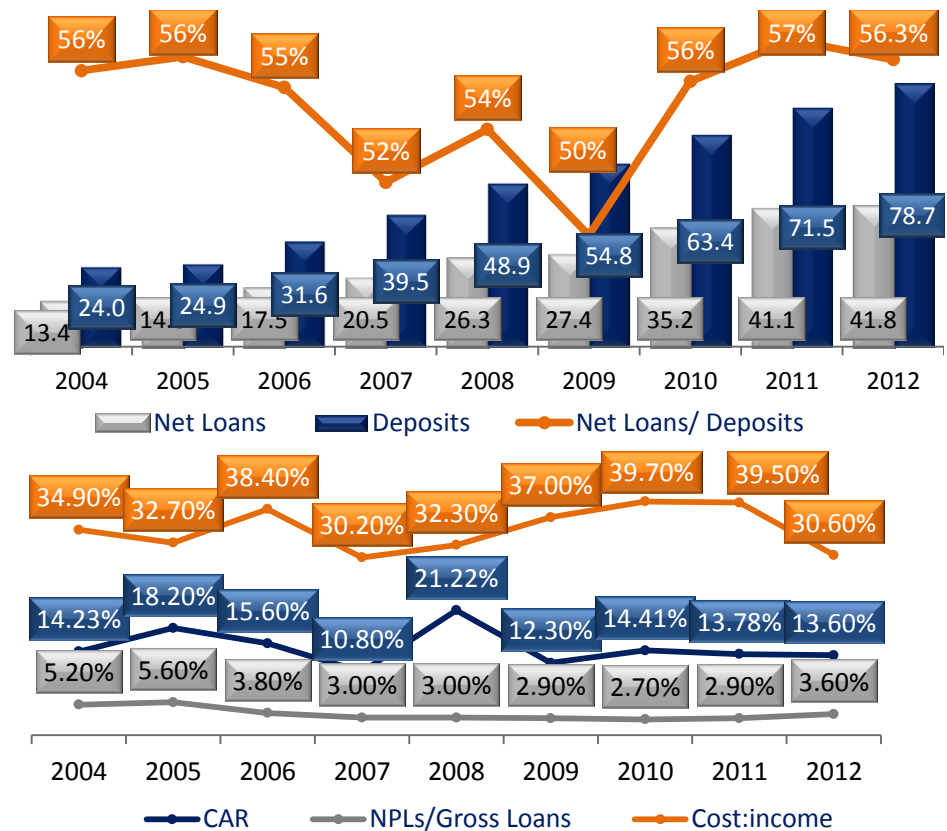
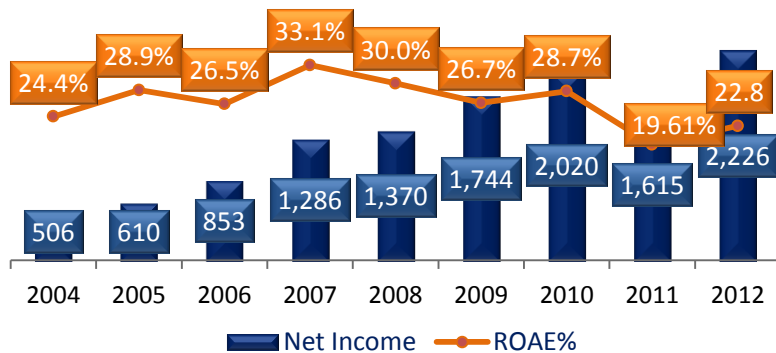
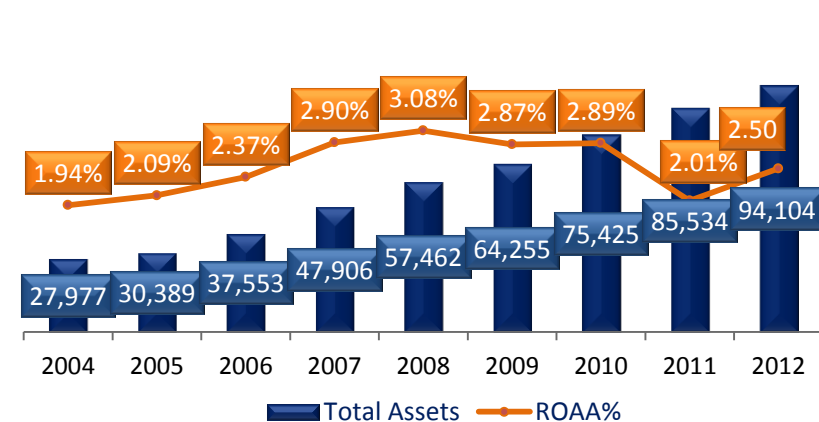
## Net Interest Margin\*

**5.25%**

3Q2012: 4.85%  
+8.3%

•Figures are on a consolidated basis except for NIM and NPLs/Gross loan ratios which are on a standalone basis

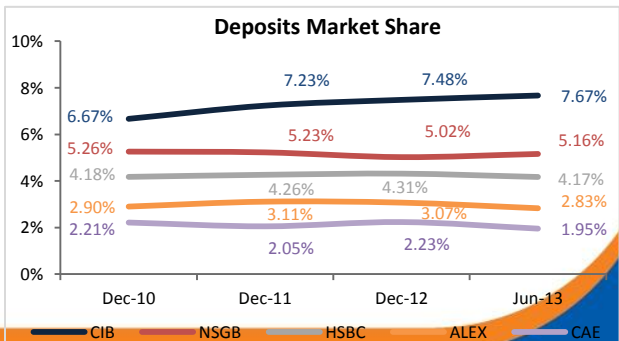
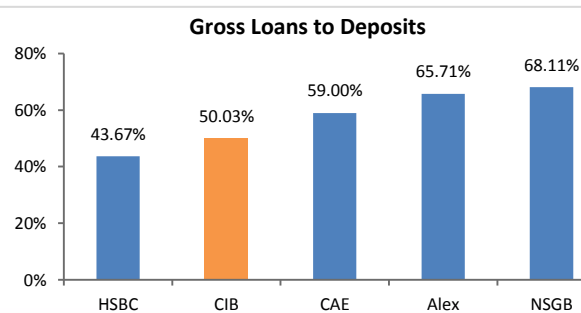
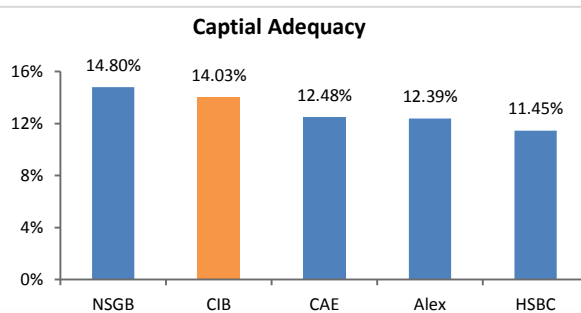
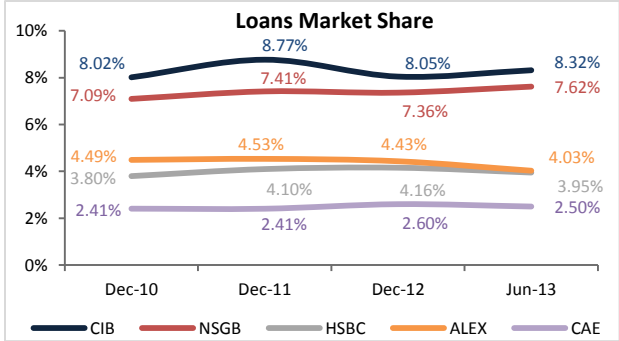
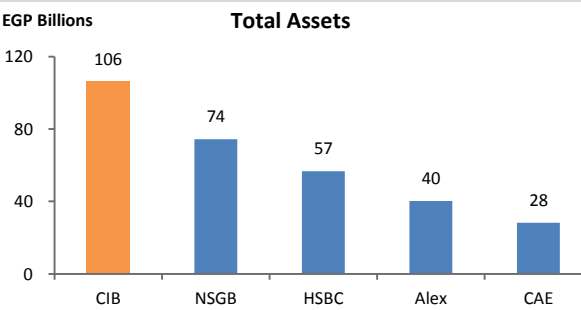
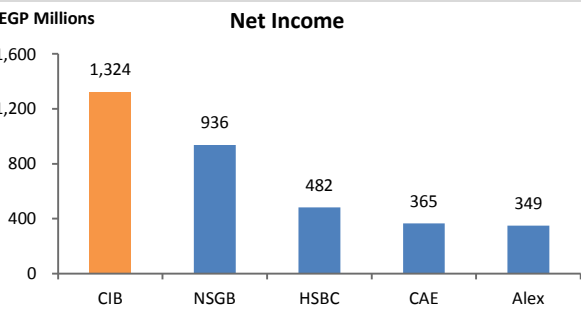
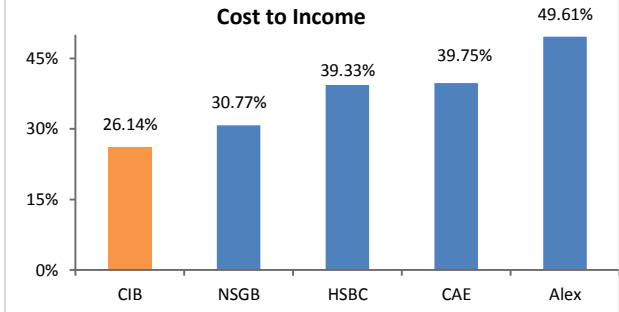
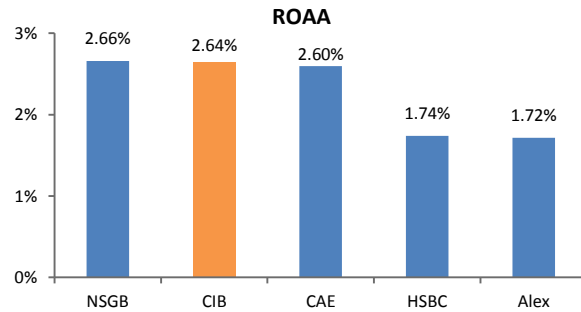
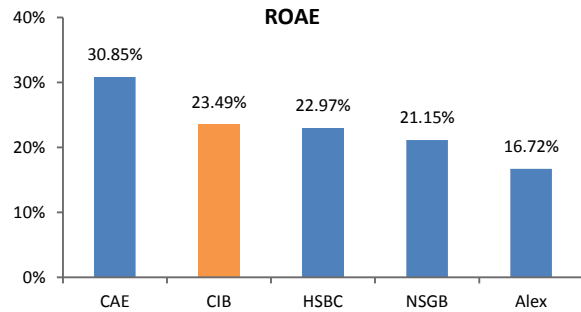
# Historical Performance



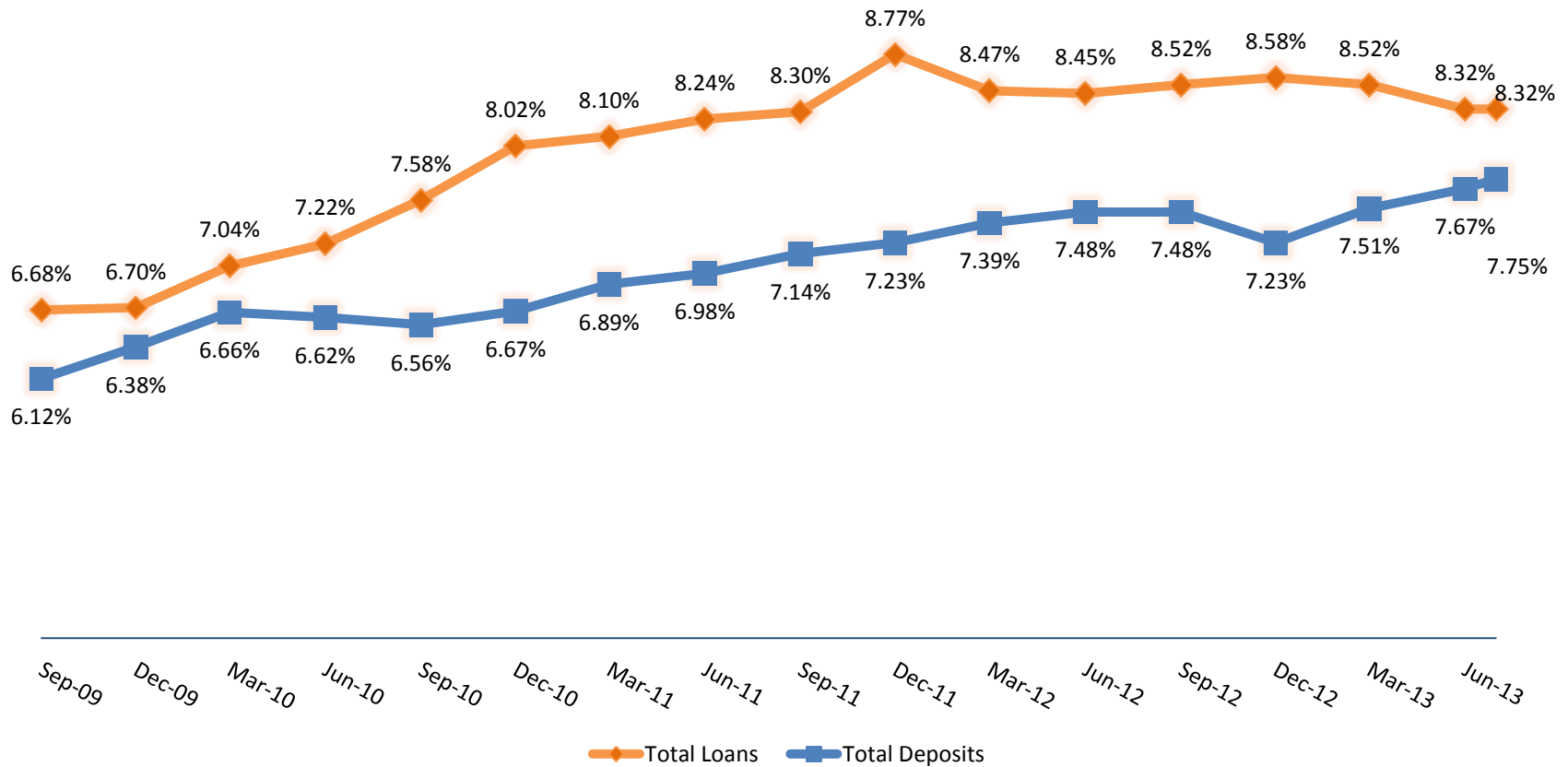
Branches & Outlets	92	100	119	131	152	155	153	154	155
Headcount	2,109	2,301	2,477	3,508	4,014	4,426	4,750	4,845	5,181
Years	2004	2005	2006	2007	2008	2009	2010	2011	2012

• Starting 2009, CIB used IFRS

# Peer Analysis – Q2 2013



# CIB Market Shares Trends



- CIB maintained the highest loan market share of all private-sector banks, reaching 8.32 % as of July 2013
- Deposit market share was 7.75 % as of July 2013, maintaining CIB's leading position amongst all private-sector banks
- N.B: CIB's loans market share from performing loans is significantly higher

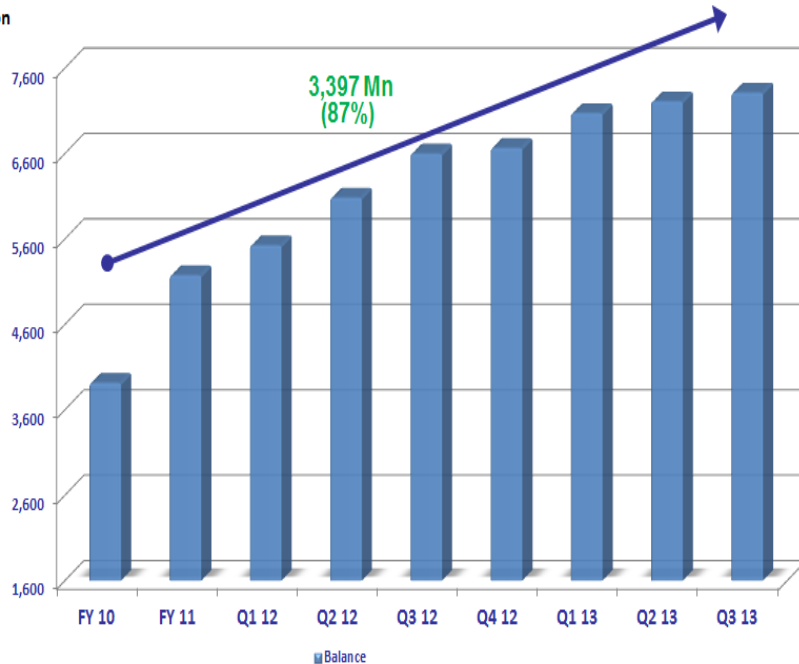
# Consumer Banking Snapshot



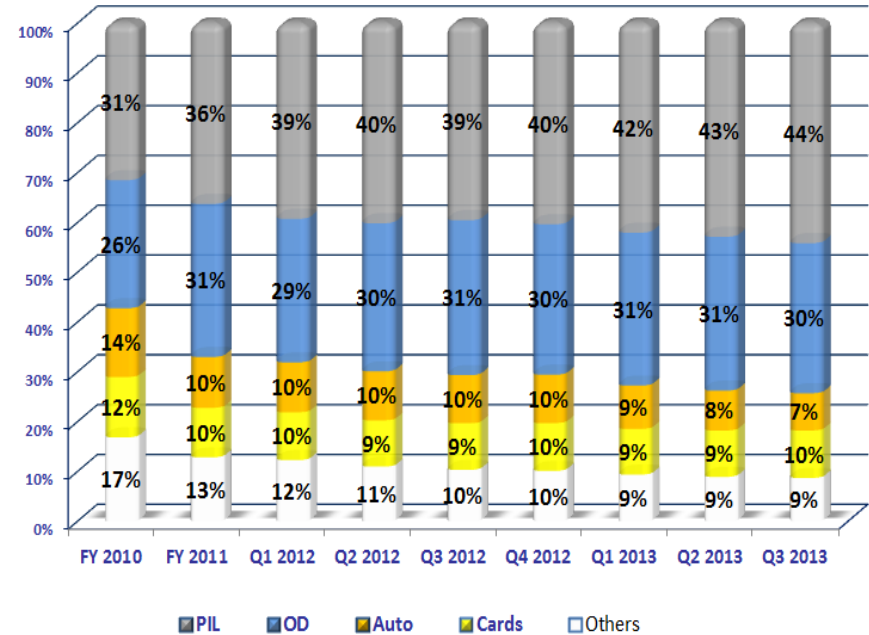
# Consumer Banking Assets Portfolio Growth

## Assets

In Million



## Assets Mix



In Million

	FY 10	FY 11	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Balance	3,915	5,175	5,525	6,083	6,599	6,664	7,073	7,210	7,312

# CIB Strategy

# CIB's Future Growth Opportunities

## Here is where we stand today ...

- ⊗ **Quality portfolio**
- ⊗ **Product-centric**
- ⊗ **Developed initiatives to instill client focused culture**
  - Wealth Management, Business Banking, Mid-Cap Banking, Global Customer Relations (GCR)
- ⊗ **Longstanding client relationships**
- ⊗ **Optimization of alternative channel strategy**
- ⊗ **Further develop Global Transactional Services solutions (GTS)**
  - CIB offers the groundbreaking one-of-a-kind Trade online
- ⊗ **Customer service is continuously added to in order to constantly ensure customer satisfaction**

## But this is where we will be tomorrow

- ⊗ **Product penetration and increase share of wallet without risking quality**
- ⊗ **Customer-centric solutions**
  - Offering +Segment
- ⊗ **Focus on Mid-Cap, business banking relationships and further enhance ALM**
- ⊗ **Shift to "Relationship Management" model**
- ⊗ **Become the top e-banking provider in the country**
  - Further develop Cash Management to become as competitive as Trade online
- ⊗ **Deliver superior customer service**
- ⊗ **Start the mortgage lending market**
- ⊗ **Continue offering innovative financial solutions to our clients**

## Summary and Conclusion

# Why CIB?

CIB is the leading financial institution in Egypt, has been a key player in the market for more than 30 years

Strongest brand equity in the Egyptian corporate banking sector

With prudent credit policies, the Bank is well-equipped to manage future risks

CIB's management is strongly committed to shareholder value maximization

CIB is well positioned to gain market share and accelerate growth

The only one stop shop solutions provider in Egypt

## Profitability

- Market leader
- NPAT EGP 2.249 bn
- Total revenues 5.24 bn

## Liquidity

- High liquidity
- LDR 47.9%

## Strategy

- Clear strategy
- Corporate leadership
- Retail break out

## Asset Quality

- NPL/Gross loans 3.95%
- Coverage Ratio 140%

## KPIs

- ROA 3.62%
- ROE 33.1 %
- Cost: income 26.0%

## Largest in ...

- Total Assets 109.2bn
- Market Cap 26.875 bn in private banks

# Conclusion

- Egypt has been a safe haven for investments, given its favorable demographics (1/3 of the population is under 15 years), its diversified economy and implementation of economic reforms that enhanced accessibility
- With the revolution of 25th January 2011 and June 30<sup>th</sup> 2013, we at CIB feel that the future of this country is positive
- We believe one of the main milestones achieved by this revolution is the boost in transparency and accountability
- This will significantly reduce the cost of doing business in Egypt and will ultimately lead to healthy competition without favoritism
- In fact, moving to a more open political system will support further institutionalization and policy formulation, leading to higher consumer and business confidence
- The Egyptian banking sector possesses high structural profitability and remains intact
- CIB's performance during these historical times is impressive
- CIB demonstrated its leadership of the sector during these past turbulent times
- CIB has positioned itself to benefit from the upcoming stability and the prosperity Egypt will witness in the years to come
- CIB is the strongest bank in Egypt with tremendous upside potential:
  - ⊗ Strong, sustainable core institutional business
  - ⊗ Incremental institutional initiatives
  - ⊗ Significant retail opportunity

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Thank you

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