

## CIB Retains its Leadership Among Banks in Egypt With an Impressive Y-O-Y Growth of 12%

CAIRO, May 12<sup>th</sup>, 2010—Commercial International Bank (CIB), the leading financial institution in Egypt, today released its first quarter results. With its strong corporate franchise, rapidly-growing consumer business and disciplined risk management, CIB continued to deliver solid profit growth and high returns on assets and equity while maintaining strong asset quality and liquidity.

### *Business Highlights as of 31<sup>st</sup> March 2010 – Consolidated Performance*

- On a consolidated basis, CIB achieved EGP 528 million of Net Profit After Tax (NPAT)<sup>1</sup> as of Q1 2010, an increase of 11.94% compared to EGP 472 million in Q1' 2009.
- On a stand alone basis, Net Interest Margin remained healthy at 3.40 % in Q1' 2010.
- CIB maintained loan growth of 7.21% compared to December 2009, during a period in which the overall loan market was up by 1.03% during the first two months of 2010<sup>2</sup>.
- CIB continues to maintain strong liquidity ratios, with Gross Loans/Deposits of 53.28%, strong asset quality, with NPLs/Gross Loans of 3.2 %, and a prudent coverage ratio of 170.9%.

### *Key Operating Ratios*

	YTD Mar-09	YTD Mar-10
NIM (%) <sup>3</sup>	4.02	3.40
ROAA (%)	3.17	3.18
ROAE (%)	32.37	30.17
Cost/Income (%)	34.50	35.64
CAR (%) <sup>3</sup>	13.7	15.9
NPL/Gross Loans (%) <sup>3</sup>	2.81	3.2

### *Summary of First Quarter 2010*

The Egyptian economy was not immune to the international financial crisis or its negative repercussions notably on tourism, exports, remittances, FDIs and Suez Canal revenues. The deterioration in global markets started to hit the Egyptian economy over FY 2008/09, as reflected in a GDP growth of 4.7% compared with 7.2% in FY 07/08. However, real GDP growth registered 5.8% as of Q3 of FY 2009/2010 and the general consensus is that the Egyptian economy is likely to grow in the range of 5% in the fiscal year ending June 2010. This reflects the resilience of the Egyptian economy and insinuates the return to “Normal”.

CIB started off the year with consolidated net profits of EGP 528 million reflecting a Return on Average Equity of 30.17% and Return On Average Assets of 3.18%. CIB's loan portfolio grew

<sup>1</sup> NPAT figure is after Minority Interest

<sup>2</sup> The market data is based on the latest CBE data

<sup>3</sup> On stand-alone basis

7.21% as of March 2010 compared to December 2009 while the overall market in private corporate borrowings grew by 1.37% during the first two months of the year.

CIB's 2010 first quarter financial performance reflects the solid foundation of its business model, risk management culture, market position and strategy. CIB delivered record revenue and profits across all business lines securing CIB's position among the top performers in the Egyptian financial Sector.

### *Summary Consolidated Income Statement*

<i>EGP millions</i>	<b>March.31, 2009</b>	<b>March.31, 2010</b>	<b>Variance %</b>
Net Interest Income	518	520	0
Non Interest Income	346	456	32
<b>Operating Income</b>	<b>864</b>	<b>975</b>	<b>13%</b>
<i>Less:</i>			
Operating Expenses	298	348	17
Impairment of loans	12	2	-84
<b>Net Profit Before Taxes</b>	<b>554</b>	<b>626</b>	<b>13</b>
Taxes	82	97	18
<b>Net Profit After Taxes</b>	<b>472</b>	<b>528</b>	<b>11.94</b>

### *Revenues*

- CIB has always been conservative in its interest rate risk management to ensure stability of returns to its stakeholders. With the current views on interest rates, the books of the bank are being managed on a shorter duration in order to secure flexibility for management to respond quickly to market changes. A minor increase in cost of funds and declining yields on the securities book caused NIM to temporarily dip to 3.40% in March 2010 compared to 3.63% in December 2009 and 4.02% in March 2009. Loan growth and other initiatives will help NIMs expand moving forward.
- During the first quarter of 2010, consolidated revenues increased by 13%, mostly driven by a healthy rise of 32% rise in non interest income and maintaining the level of net interest income at EGP 520 million.
- The increase in non-interest income was mainly attributable to a pickup in most of the fee income lines including but not limited to debt capital markets agency fees, loans' fees and capital gains from selling investments.
- LCY loans grew 5.08% compared to December 2009, while FCY loans grew by 9.30%. Such growth reflects the return of market confidence in the economy, where Corporate Egypt wants to benefit from the expected favorable growth momentum of the economy

### Loans and Deposits by Currency

<i>EGP million</i>	<i>Consolidated Mar.31,2010</i>	<i>Consolidated Dec. 31, 2009</i>	<i>% Change</i>
LCY Gross Loans	15,069.8	14,341	5.08%
FCY Gross Loans	16,002	14,640	9.30%
LCY Deposits	34,679	32,612	6.34%
FCY Deposits	23,636	22,231	6.32%
<b>LCY Loans/Deposits</b>	<b>43.46%</b>	<b>43.98%</b>	<b>-1.18%</b>
<b>FCY Loans/Deposits</b>	<b>67.70%</b>	<b>65.85%</b>	<b>2.81%</b>

### Expenses

- Cost: Income ratio at 35.64% as compared to 34.5% in March 2009 reflects the momentum in revenues and effective cost management.
- Given that our branch network is already among the largest within the private banking sector, with 155 outlets, only a few select outlets in important strategic locations will be added moving forward.
- CIB continued to invest in its alternative distribution channels expanding its ATM network to 506.

### Summary Consolidated Balance Sheet

<i>EGP Million</i>	<b>Mar. 2010</b>	<b>31, Dec. 2009</b>	<b>31, Variance %</b>
Cash and Due From Central Bank	4,099	4,179	-1.9
Due from Banks	8,080	7,946	1.7
Loans and overdrafts for Banks	191	201	-4.9
Loans and overdrafts for Customers	29,337	27,242	7.7
Treasuries & Investments	23,926	22,010	8.7
Intangibles	747	774	-3.5
Other Assets	2,189	1,894	15.6
<b>Total Assets</b>	<b>68,569</b>	<b>64,246</b>	<b>6.7</b>
Due to Banks	1,062	458	131.9
Customer Deposits	58,163	54,649	6.4
Other Liabilities	2,310	2,068	11.8
<b>Total Liabilities</b>	<b>61,535</b>	<b>57,175</b>	<b>7.6</b>
<b>Equity<sup>4</sup></b>	<b>6,988</b>	<b>7,025</b>	<b>-0.5</b>

<sup>4</sup> December 31st figure is before dividend distribution

### Credit Quality and Capital Adequacy

- Although several businesses experienced adverse market effects during 2009, CIB's conservative risk management culture enabled the Bank to maintain its asset quality, with no observable deterioration. The Bank's NPLs/Loans ratio remained healthy at 3.2% as of March 2010. The increase of EGP 159 million in NPLs is due to the write back of a previously written off exposure. This amount is expected to be fully recovered in 3 years. However, the NPL classification is directed by CBE requirements and doesn't reflect asset quality. The exposure will be gradually upgraded over term. Consequently, adjusted NPLs would represent 2.7% and the Bank's coverage ratio would be 203.6%.
- CIB maintained its strong equity base with a conservative Capital Adequacy Ratio (CAR) of 15.92%, providing a solid cushion for adverse market movements.

### Stand-alone Performance

- On a stand-alone basis, the Bank achieved an NPAT for Q1'2010 of EGP 569.7 million, an increase of 14.27% as compared to the same period of 2009.
- The success of the Bank's management strategy is evident from its profitability ratios; whereby CIB has realized Return on Average Equity (ROAE) of 34.36%. Moreover, Return on Average Assets (ROAA) increased to reach 3.44% as compared to 3.37% in March 2009.
- On a stand-alone basis we maintained a cost: income ratio of 33.08%, which falls within our targeted range.

### Summary Unconsolidated Income Statement

<i>EGP millions</i>	<b>March.31, 2009</b>	<b>March.31, 2010</b>	<b>Variance %</b>
Net Interest Income	549	522	-4.86
Non Interest Income	333	470	41.17
<b>Net Operating Income</b>	<b>882</b>	<b>992</b>	<b>12.53</b>
<i>Less:</i>			
Non interest Expense	(292)	(328)	12.34
Impairment of loans	(12)	(2)	-82.40
<b>Net Profit Before Taxes</b>	<b>578</b>	<b>662</b>	<b>14.56</b>
Income Tax	(85)	(99)	15.44
Deferred Tax	6	6	3.08
<b>Net profit</b>	<b>499</b>	<b>570</b>	<b>14.27</b>

### *Summary Unconsolidated Balance Sheet*

<i>EGP Million</i>	<b>Mar. 2010</b>	<b>31, Dec. 2009</b>	<b>31, Variance %</b>
Cash and Due From Central Bank	4,098	4,179	-1.9
Due from Banks	7,909	7,785	1.6
Loans and overdrafts for Banks	191	201	-4.9
Loans and overdrafts for Customers	29,337	27,242	7.7
Treasuries & Investments	24,763	22,936	7.9
Other Assets	2,013	1,720	17
<b>Total Assets</b>	<b>68,311</b>	<b>64,063</b>	<b>6.6</b>
Due to Banks	1,062	458	131.9
Customer Deposits	58,315	54,843	6.3
Other Liabilities	1,974	1,816	8.7
<b>Total Liabilities</b>	<b>61,351</b>	<b>57,117</b>	<b>7.4</b>
<b>Equity</b>	<b>6,960</b>	<b>6,946</b>	<b>0.2</b>

### *Key Operating Ratios*

	<b>YTD Mar-09</b>	<b>YTD Mar-10</b>
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ROAA (%)	3.37	3.44
ROAE (%)	36.44	34.36
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### IFRS Accounting Methodology

Based on CBE instructions in December 2008, the Banking sector in Egypt started implementation of IFRS. The first phase of implementation was completed in December 2008 primarily related to treasury instruments. In 2010 we have completed implementation of all CBE requirements for IFRS. Provisions for 2010 and prior years have been restated in the income statement based on IFRS. However, the difference between CBE provisions and IFRS has been kept as a “Bank Risk Reserve” in the Equity in 2009 and beyond. Up till 2008, the difference has been kept in the “Special Reserve” which can only be released based on CBE approval. Please note that the “Special Reserve” and the “Bank Risk Reserve” are not distributable as dividends to shareholders.

### The difference between CBE and IFRS

<i>2008</i>	<i>2009</i>	<i>Q1' 2010</i>
<i>Special Reserves</i>	<i>Bank Risk Reserve</i>	<i>Bank Risk Reserve</i>
20,536,765	26,652,790	44,378,643

The other significant change has been the “Mark to Market” of our investments in associates for our consolidated financials whereby the “Mark to Market” has been done on Equity Method.

<i>2009</i>	<i>Q1' 2010</i>
<i>In thousands</i>	<i>In thousands</i>
-18,602	12,074

### Significant differences between IFRS-Egypt vs IFRS internationally

- Provisions are based on IFRS. However, the difference between CBE provisions and IFRS is kept in Equity in Special Reserve for 2008 and Bank Risk Reserve for 2009 and moving forward.
- Mark to Market on fixed assets is based on cost or impairment.

## Press Release: CIB Stock Dividends

CAIRO, May 12<sup>th</sup>, 2010

Commercial International Bank – Egypt’s Board of Directors meeting held on May 12<sup>th</sup>, 2010 has unanimously approved to increase the Bank’s Paid-in Capital from EGP 2,950,721,800 to EGP 5,901,443,600 by capitalizing portion of the Bank’s reserves through distributing Stock Dividends of ONE free share for every share outstanding. The Bank is moving forward with obtaining approvals from all the relevant authorities. Once approved, another announcement will be made relaying the execution dates and details.

**End of Release-----**

بيان صحفى

القاهرة فى 12 مايو 2010

وافق مجلس إدارة البنك التجارى الدولى - مصر فى اجتماعه الـمنعقد فى يوم 12 مايو 2010 على زيادة رأس مال البنك المدفوع من 2,950,721,800 جنيه مصرى إلى 5,901,443,600 جنيه مصرى وذلك من خلال تخصيص جزء من احتياطات البنك لإصدار سهم مجانى مقابل كل سهم مصدر .

هذا وسيشرع البنك فى اتخاذ الإجراءات اللازمة للحصول على الموافقات من الجهات المعنية . وسوف يقوم البنك بإعلان تاريخ التنفيذ وتفاصيله فور الحصول على تلك الموافقات .

نهاية البيان-----