



News Release

9 May 2012

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS FIRST-QUARTER 2012 NET INCOME OF EGP 505 MILLION, OR EGP 0.80 PER SHARE, UP 64% FROM EGP 308 MILLION IN FIRST-QUARTER 2011

🌐 Strong financial results

- Consolidated net income of EGP 505 million, up 64% year-on-year (YoY), or EGP 0.80 per share (up 54% YoY)
- Consolidated revenues of EGP 1.15 billion, up 25% YoY
- Consolidated net profit before tax of EGP 745 million, up 92% YoY
- Standalone net interest margin of 4.5%¹, up 21% YoY
- Consolidated cost-to-income ratio (efficiency ratio) improved to 33.3% from 44.2% in first-quarter 2011
- Return on average equity of 25% versus 16% in March 2011

🌐 Stable and liquid capital position

- Total tier capital of EGP 8.6 billion (15.3% of risk-weighted assets) versus 8.5 billion at year-end 2011, of which 92% is high quality Tier I capital
- Total risk-weighted assets of EGP 56.5 billion, up 2% from year-end 2011

🌐 Resilient credit quality

- Provisions covered actual non-performing loans by a comfortable 121.2% versus 120.6% at year-end 2011
- Non-performing loans were 2.9% of the gross loan portfolio versus 2.8% for year-end 2011

🌐 Committed to our community

- CIB’s 2012 AGM approved the increase of the Firm’s annual donation to the CIB Foundation from 1% to 1.5% of standalone net profits
- The CIB Foundation made a significant contribution to the development of the intensive care unit at Abou El Reesh El Mounira Children’s Hospital
- The CIB Foundation Fellowship for Science and Technology was established in partnership with Zewail City to support 50 Egyptian public-school graduates pursuing degrees in science and engineering

¹ Based on managerial accounts

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CAIRO – Commercial International Bank (EGX: COMI) today reported first-quarter 2012 net income of EGP 505 million, or EGP 0.80 LE per share, compared with net income of EGP 308 million, or EGP 0.52 LE per share, in first-quarter 2011.

Hisham Ezz Al-Arab, Chairman and Managing Director of CIB, commented on the quarter: “I am pleased with the strong revenue and earnings growth we delivered for the first quarter in the face of political and economic headwinds. CIB maintained its leading position in both loans and deposits amongst private-sector banks while increasing our net interest margin by 21%.

“Results are even stronger than 2010, with revenues up by 18% compared with first-quarter 2010. This outstanding performance was achieved alongside a decrease in expenses and maintenance of our high-quality portfolio, reflecting management’s strict focus on costs and asset quality. These results put us well along the way to achieving our 2012 targets by continuing to build momentum across consumer and institutional banking.”

FIRST QUARTER FINANCIAL HIGHLIGHTS

REVENUES

Consolidated revenue was EGP 1.15 billion, up 25% from EGP 922 million in the first-quarter 2011, as CIB maintained its market-leading position among private-sector banks in both loans and deposits.

On a standalone basis, the Bank achieved EGP 1.12 billion in revenues, up 26% over first-quarter 2011.

Net Interest Income

Management actions and conducive market developments, specifically new asset-liability management strategies, led to an enhancement of net interest margin of 79 basis points, an increase of 21% over first-quarter 2011. This propelled net interest income to EGP 870 million on a consolidated basis, outperforming first-quarter 2011 by 37% (versus EGP 633 million).

Standalone NII recorded EGP 866 million compared to EGP 631 million in the comparable period last year.

Non-Interest Income

CIB enjoyed strong fee performance during the quarter, with a 12% YoY increase to record EGP 213 million versus EGP 190 million for first-quarter 2011.

Total non-interest income showed a slight decrease of 3% on lower income from trading and investment activities. Net trading income declined 34% to EGP 101 million compared with EGP 153 million in 2011. Dividends were EGP 3.9 million (up from EGP 0.57 million in first-quarter 2011).

On a standalone basis, CIB non-interest income showed a slight decrease of 0.7% to EGP 256 million compared to EGP 258 million in first-quarter 2011.

NON-INTEREST EXPENSE

Consolidated non-interest expense was EGP 388 million compared to EGP 410 million in first-quarter 2011, down 5.4%. Administrative expense showed a decline of 1% to register EGP 380 million thanks to strict management control over costs. As a result, the consolidated cost-to-income ratio improved to 33.3% from 44.2% in the comparable period last year.



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Expenses also benefited EGP 19.7 million from the revised treatment for goodwill and amortization related to CI Capital. This will help narrow the difference between consolidated and standalone results in the future.

CIB standalone non-interest expense remained impressively stable, registering a 0.1% increase alongside a 26% growth in revenues.

LOANS

Total gross loans were EGP 42 billion, up 10% YoY. CIB maintained its leading market share amongst its private-sector peer group of 8.45% as of Jan 2012, with a YoY growth of 5.3%. On a quarterly basis, gross and net loans declined 2.23% and 2.46% respectively from fourth-quarter 2011 due to regular business seasonality, a slowdown in general market demand for loans, and a renewed management focus on margins. Individual loans enjoyed a quarterly increase of 10.5%, continuing a strong growth trend in this segment. The loans-to-deposits ratio was 56.6% versus 60.1% at year-end 2011.

DEPOSITS

Customer deposits were EGP 74.2 billion, up 13.7% YoY and 3.9% QoQ. This increase was achieved mainly as a result of management's focus on increasing deposit market share, which grew to 7.25% as of Jan 2012, maintaining CIB's leading position amongst private-sector banks. Certificate and time deposits registered the highest growth rate of 8.4% QoQ.

ASSET QUALITY

Management maintained their conservative approach to risk management with a solid coverage ratio over and above CIB's high asset quality. Non-performing loans were 2.91% of gross loans, versus 3.29% and 2.88% in first-quarter 2010 and first-quarter 2011 respectively. The Bank's provisions covered non-performing loans by a comfortable 121.2% margin, versus 120.6% at year-end 2011. The loan loss provisions reserve was EGP 1.5 billion, while other provisions registered EGP 330 million.

CAPITAL

Total tier capital increased to EGP 8.6 billion in first-quarter 2012, or 15.3% of risk-weighted assets versus 15.4% at year-end 2011. High quality Tier I capital grew to EGP 7.9 billion, or 14.0% of risk-weighted assets.

Note on Taxes

At 32.2%, CIB's effective tax rate for first-quarter 2012 is higher than the newly-introduced nominal 20-25% progressive tax rate on the Firm's profits. The quarter's taxes included EGP 50 million related to taxes on full-year 2011 income from treasury bills and bonds. Management has conservatively accrued this amount in response to the Tax Authority's circular distributed in March 2012, which raised doubts on Egyptian banks' tax calculations in 2011.

The total impact of the new tax circular on first-quarter bottom line is EGP 84.5 million. Normalising for this amount, consolidated net income would be EGP 590 million, up 91% over first-quarter 2011.



INSTITUTIONAL BANKING

Key Metrics and Business Updates

- #1 private-sector bank in Egypt in terms of revenues, net income, deposits, loans, total assets, book value and market capitalization.
- Achieved remarkable growth in contingent business, which closed first-quarter 2012 up 9.4% QoQ despite tough market conditions
- End-of-period loans retained were EGP 36.8 billion², up 7.5% YoY and down 3.8% QoQ
- End-of-period deposits were EGP 37.6 billion, up 7.4% YoY and 1.4% QoQ

CONSUMER BANKING

Key Metrics and Business Updates

- End-of-period individual deposits were EGP 36.6 billion, up 21.1% on the prior year and 6.5% QoQ
- End-of-period individual loans retained were EGP 5.1 billion, up 34.3% on the prior year and 10.5% QoQ
- Second largest branch network amongst private-sector banks in Egypt

² Loans and deposits based on managerial accounts

CONSOLIDATED AND STANDALONE FINANCIAL HIGHLIGHTS

	Consolidated Profit and Loss Statement			Standalone Profit and Loss Statement		
	31-Mar-12 EGP million	31-Mar-11 EGP million	% Growth	31-Mar-12 EGP million	31-Mar-11 EGP million	% Growth
Net Interest Income	870	633	37.4%	866	631	37.2%
Non-Interest Income	280	289	-3.0%	256	258	-0.7%
Net Operating Income	1,150	922	24.8%	1,122	889	26.2%
Non-Interest Expense	(388)	(410)	-5.4%	(354)	(354)	0.1%
Provisions	(17)	(123)	-86.5%	(17)	(123)	-86.5%
Net Profit before Tax	745	389	91.7%	751	412	82.2%
Income Tax	(248)	(90)	175.2%	(247)	(89)	177.8%
Deferred Tax	8	9	-9.8%	8	9	-9.2%
Net Profit	505	308	64.2%	513	333	54.1%
Minority Interest	0	(0)				
Net Profit after Minority	505	308	64.0%	513	333	54.1%

	Consolidated Key Financial Indicators			Standalone Key Financial Indicators		
	31-Mar-12 EGP million	31-Mar-11 EGP million	% Growth	31-Mar-12 EGP million	31-Mar-11 EGP million	% Growth
Profitability						
ROAE	25.2%	15.9%	58.3%	24.5%	17.1%	43.9%
ROAA	2.3%	1.6%	47.3%	2.4%	1.7%	37.6%
NIM ³	4.5%	3.7%	21.3%	4.5%	3.7%	21.3%
Efficiency						
Cost : Income ⁴	33.3%	44.2%	-24.7%	34.2%	41.8%	-18.2%
Liquidity						
Gross loans-to-deposits	56.6%	60.1%	-5.9%	56.6%	60.0%	-5.7%
Asset Quality						
NPLs to Gross Loans	2.9%	2.8%	3.0%	2.9%	2.8%	3.0%
Direct Coverage Ratio	121.2%	120.4%	0.7%	121.2%	120.4%	0.7%
Capital Adequacy Ratio	15.3%	15.4%	-0.8%	15.3%	15.4%	-0.8%

³ Based on standalone financial statements⁴ Consolidated expense includes goodwill and intangible assets amortisation expense

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Balance Sheet Highlights	Consolidated Balance Sheet			Standalone Balance Sheet		
	31-Mar-12	31-Dec-11	% Growth	31-Mar-12	31-Dec-11	% Growth
	EGP million	EGP million		EGP million	EGP million	
Cash & Due from Central Bank	5,395	7,492	-28.0%	5,395	7,492	-28.0%
Due from Banks	9,585	8,528	12.4%	9,445	8,449	11.8%
Treasury Bills & Notes	8,945	9,261	-3.4%	8,903	9,213	-3.4%
Trading Financial Assets	755	675	11.8%	694	561	23.8%
Available for Sale Inv.	15,613	15,422	1.2%	15,603	15,413	1.2%
Loans & Overdrafts (Net)	40,053	41,065	-2.5%	40,098	41,065	-2.4%
Financial Derivatives	100	147	-31.7%	100	147	-31.7%
Held to Maturity Inv.	2,968	39	NM	2,958	29	NM
Financial Inv. in Subsidiaries	107	107	0.6%	996	996	0.0%
Other Assets	2,988	2,798	6.8%	2,599	2,263	14.9%
Total Assets	86,511	85,534	1.1%	86,791	85,628	1.4%
Due to Banks	1,045	3,341	-68.7%	1,045	3,341	-68.7%
Customer Deposits	74,220	71,468	3.9%	74,253	71,574	3.7%
Other Liabilities	2,954	1,939	52.4%	2,756	1,792	53.8%
Total Liabilities	78,219	76,748	1.9%	78,054	76,707	1.8%
Total Shareholders' Equity	7,740	7,125	8.6%	8,224	7,172	14.7%
Net Profit for the Period	505	1,615	NM	513	1,749	NM
Shareholders & Net Profit	8,245	8,740	-5.7%	8,737	8,921	-2.1%
Minority Interest	47	46	1.5%			
Total Liabilities & Shareholders' Equity	86,511	85,534	1.1%	86,791	85,628	1.4%