

News Release

8 November 2017

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS RECORD THIRD-QUARTER 2017 CONSOLIDATED REVENUE OF EGP 4.16 BILLION AND NET INCOME OF EGP 2.09 BILLION, OR EGP 1.59 PER SHARE, UP 23% FROM THIRD-QUARTER 2016

Record Third-Quarter 2017 Consolidated Financial Results

- Net income of EGP 2.09 billion, up 23% year-on-year (YoY)
- Revenues of EGP 4.16 billion, up 45% YoY
- Return on average equity of 32.88%
- Return on average assets of 2.98%
- Efficiency ratio of 18.46%
- Net interest margin of 5.47%

Record 9M17 Consolidated Financial Results

- Net income of EGP 5.65 billion, up 27% YoY
- Revenues of EGP 11.03 billion, up 35% YoY
- Return on average equity of 31.39%
- Return on average assets of 2.74%
- Efficiency ratio of 20.47%
- Net interest margin of 4.94%

Robust Balance Sheet

- Total tier capital recorded EGP 27.21 billion, or 16.95% of risk-weighted assets
- CBE local currency liquidity ratio of 67.64%, foreign currency of 53.53% (comfortably above CBE requirements of 20% and 25% respectively)
- CIB remains well above the 100% requirement in the Basel III NSFR and LCR ratios
- High quality of funding, with customer deposits comprising 97% of total liabilities
- Non-performing loans coverage ratio of 155%

Supporting our Economy

- Funding to businesses and individuals grew by 4% year-to-date (YtD), though shrinking by 3% during the third quarter of 2017 to reach EGP 102 billion, with a loan market share of 7.30%¹
- Deposits grew by 7% YtD and 1% during the third quarter of 2017 to reach EGP 248 billion, translating into a deposit market share of 8.18%¹
- In third-quarter 2017, CIB’s operations generated EGP 857 million in corporate, payroll and other taxes

Committed to our Community

- CIB Foundation purchased an outfitted mobile dental caravan for the Faculty of Oral and Dental Medicine at Cairo University, in collaboration with Rotary Club of Zamalek.
- CIB Foundation conducted 6 blood donation campaigns for collecting 201 blood bags to cover the needs of more than 600 patients.

¹ As of July 2017; latest available CBE data at time of print

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- CIB Foundation launched the second phase of “Squash for Everyone” with the aim of offering an equal opportunity to underprivileged children to explore and develop their athletic capabilities.
- CIB Foundation organized multiple visits to Kidzania, whereby the children of “Move Foundation - Logain Foundation” performed several professions and engaged in various activities in a unique fully-fledged edutainment environment.

Awards & Rankings

- EMEA Finance: Best Cash Management Services in North Africa
- EMEA Finance: Best FX Services in North Africa
- EMEA Finance: Best Local Bank in Egypt
- EMEA Finance: Most Innovative Bank - Pan Africa

CAIRO - Commercial International Bank (EGX: COMI) today reported year-to-date consolidated net income of EGP 5.65 billion, or EGP 4.34 per share, and consolidated revenue of EGP 11.03 billion, up 27% and 35% from last year, respectively.

Management commented: Marked by its robust fundamentals and steadfast balance sheet growth, CIB continued to deliver strong financial results in the third quarter of 2017, albeit challenging macroeconomic and regulatory conditions.

CIB’s exceptional performance throughout the eventful 2017 largely owes to successful balance sheet and treasury management performance. Re-engineering of the Bank’s balance sheet, previously communicated in our latest releases, to become more perceptive to interest rate fluctuations, proved powerful during the third quarter of the year. That said, the Bank was able to grow its net interest income, despite intense market competition, which pushed all banks to raise their cost of deposits in order to compete efficiently with the rates offered by public sector banks.

On a different note, Bank’s Management has also been proficient in making the most of foreign currency availability following the floatation of the Egyptian Pound, distinctly growing its non-interest income, driven specifically by an increased momentum in contingent business activity. Not only did CIB succeed in delivering strong growth across its different revenue lines amid current circumstances, but has also been successful in improving efficiency, as evident in a decrease in its cost-to-income ratio, notwithstanding inflationary pressures on the Bank’s expenses.

The road ahead remains challenging, especially after the CBE’s latest decision to increase the Required Reserve Ratio back to its historical 14%, which is expected to impact Banks’ interest margins in the short run, after which pressure would start to ease off as Banks gradually adjust their cost of deposits, thereby placing downward pressure on interest rates and helping bring inflation down.

THIRD-QUARTER FINANCIAL HIGHLIGHTS

REVENUES

Third-quarter 2017 standalone revenues were EGP 4.17 billion, up 45% from third-quarter 2016, driven by growth in both net interest income and non-interest income.

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Net Interest Income

YtD Net Interest Margin (NIM)² was 4.94%, generating net interest income of EGP 9.31 billion, up 32% YoY.

Non-Interest Income

Standalone non-interest income for 9M17 was EGP 2.03 billion, 18% of revenues.

Trade service fees were EGP 662 million. Trade service net outstanding balances stood at EGP 70.83 billion, 3% higher YtD.

OPERATING EXPENSE

Standalone operating expense for 9M17 was EGP 2.26 billion, up 26% YoY. Cost-to-income reported 19.92% down from 21.42% for the same period last year, comfortably below the desirable level of 30%.

LOANS

CIB's total consolidated gross loan portfolio was EGP 102 billion, adding EGP 4.3 billion, or 4% YtD. CIB's loan market share reached 7.30% as of July 2017. CIB witnessed 26% growth in its local currency gross loan portfolio in 9M17 adding EGP 11 billion and outweighing foreign currency loan repayments by an equivalent of EGP 7 billion.

DEPOSITS

Deposits were EGP 248 billion, adding EGP 16 billion, or 7% YtD. CIB's deposit market share was 8.18% as of July 2017, maintaining the highest deposit market share among all private-sector banks.

ASSET QUALITY

CIB maintained its resilient asset quality. Standalone non-performing loans represented 6.94% of the gross loan portfolio, covered 155% by the Bank's EGP 10.94 billion loan loss provision balance. Loan loss provision expenses were EGP 623 million in the third quarter of 2017, as CIB continued its conservative risk management strategy to counter current and potential economic challenges in certain industries.

CAPITAL AND LIQUIDITY

Total tier capital was EGP 27.21 billion, or 16.95% of risk-weighted assets as of September 2017. Tier I capital was EGP 25.59 billion, or 94% of total tier capital.

CIB maintained its comfortable liquidity position above CBE requirements and Basel III guidelines, which have been recently enforced by the CBE, in both local currency and foreign currency. LCY CBE liquidity ratio remained well above the regulator's 20% requirement, recording 67.64% as of September 2017, while FCY CBE liquidity ratio reached 53.53%, above the threshold of 25%. NSFR was 177.22% for local currency and 151.86% for foreign currency, and LCR was 704.34% for local currency and 527.39% for foreign currency, comfortably above the 100% Basel III requirement.

² Based on managerial accounts

KEY METRICS AND BUSINESS UPDATES³

- #1 private-sector bank in Egypt in terms of revenues, net income, deposits, and total assets

INSTITUTIONAL BANKING

- End-of-period gross loans were EGP 80.9 billion, 5% lower QoQ and 1% lower YtD.
- End-of-period deposits were EGP 46.3 billion, 8% lower QoQ and 21% lower YtD.
- Gross outstanding contingent business reached EGP 72.4⁴ billion, flat QoQ and 2% higher YtD.

BUSINESS BANKING

- End-of-period gross loans were EGP 2.2 billion, 1% lower QoQ and 7% higher YtD.
- End-of-period deposits were EGP 61.3 billion, 3% higher QoQ and 15% higher YtD.
- Gross outstanding contingent business reached EGP 2.0⁴ billion, 11% higher both QoQ and YtD.

RETAIL INDIVIDUALS BANKING

- End-of-period gross loans were EGP 18.6 billion, 6% higher QoQ and 32% higher YtD.
- End-of-period deposits were EGP 140.1 billion, 3% higher QoQ and 17% higher YtD.
- CIB continued to expand its network to reach a total of 172 branches and 22 units across Egypt, supported by a network of 802 ATMs.

³ Loan and deposit balances based on managerial accounts

⁴ On gross basis; based on managerial accounts

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CONSOLIDATED FINANCIAL HIGHLIGHTS

Income Statement	3Q17 EGP million	2Q17 EGP million	QoQ Change (3Q17 vs. 2Q17)	3Q16 EGP million	YoY Change (3Q17 vs. 3Q16)	9M17 EGP million	9M16 EGP million	YoY change (9M17 vs. 9M16)
Net Interest Income	3,567	2,959	21%	2,532	41%	9,310	7,066	32%
Non-Interest Income	588	594	-1%	336	75%	1,721	1,135	52%
Net Operating Income	4,155	3,554	17%	2,868	45%	11,030	8,200	35%
Non-Interest Expense	(762)	(754)	1%	(589)	29%	(2,263)	(1,794)	26%
Loan loss provision	(623)	(303)	106%	(74)	745%	(1,432)	(578)	148%
Net Profit before Tax	2,770	2,497	11%	2,205	26%	7,336	5,829	26%
Income Tax	(695)	(651)	7%	(496)	40%	(1,945)	(1,453)	34%
Deferred Tax	(7)	(18)	-62%	(5)	34%	(10)	(0)	NM
Net profit from continued operations	2,068	1,828	13%	1,704	21%	5,381	4,376	23%
CI Capital Profit (Net of Tax)	18	-	NM	7	148%	291	96	204%
Net profit	2,087	1,828	14%	1,711	22%	5,672	4,472	27%
Minority Interest	-	-	NM	9	NM	24	14	75%
Net Profit After Minority	2,087	1,828	14%	1,703	23%	5,648	4,458	27%

Financial Indicators	3Q17	2Q17	QoQ Change (3Q17 vs. 2Q17)	3Q16	YoY Change (3Q17 vs. 3Q16)	9M17	9M16	YoY change (9M17 vs. 9M16)
Profitability								
ROAE	32.88%	31.65%	4%	37.40%	-12%	31.39%	33.26%	-6%
ROAA	2.98%	2.66%	12%	3.38%	-12%	2.74%	3.07%	-11%
Efficiency								
Cost-to-Income	18.46%	21.44%	-14%	19.83%	-7%	20.47%	21.56%	-5%
Liquidity								
Gross Loans-to-Deposits	41.08%	42.62%	-4%	38.05%	8%	41.08%	38.05%	8%
Asset Quality								
NPLs-to-Gross Loans	6.94%	6.81%	2%	5.29%	31%	6.94%	5.29%	31%
Capital Adequacy Ratio	16.95%	15.61%	9%	13.90%	22%	16.95%	13.90%	22%

STANDALONE FINANCIAL HIGHLIGHTS

Income Statement	3Q17 EGP million	2Q17 EGP million	QoQ Change (3Q17 vs. 2Q17)	3Q16 EGP million	YoY Change (3Q17 vs. 3Q16)	9M17 EGP million	9M16 EGP million	YoY change (9M17 vs. 9M16)
Net Interest Income	3,567	2,959	21%	2,532	41%	9,310	7,066	32%
Non-Interest Income	602	588	2%	335	80%	2,029	1,191	70%
Net Operating Income	4,169	3,547	18%	2,867	45%	11,339	8,257	37%
Non-Interest Expense	(762)	(754)	1%	(589)	29%	(2,263)	(1,794)	26%
Loan loss provision	(623)	(303)	106%	(74)	745%	(1,432)	(578)	148%
Net Profit before Tax	2,784	2,490	12%	2,204	26%	7,644	5,886	30%
Income Tax	(695)	(651)	7%	(496)	40%	(1,945)	(1,453)	34%
Deferred Tax	(7)	(18)	-62%	(5)	34%	(10)	(0)	NM
Net Profit	2,082	1,821	14%	1,703	22%	5,689	4,433	28%

Financial Indicators	3Q17	2Q17	QoQ Change (3Q17 vs. 2Q17)	3Q16	YoY Change (3Q17 vs. 3Q16)	9M17	9M16	YoY change (9M17 vs. 9M16)
Profitability								
ROAE	32.87%	31.59%	4%	37.54%	-12%	31.72%	33.15%	-4%
ROAA	2.60%	2.65%	-2%	3.44%	-24%	2.78%	3.09%	-10%
NIM*	5.47%	4.72%	16%	5.75%	-5%	4.94%	5.68%	-13%
Efficiency								
Cost-to-Income	18.40%	21.48%	-14%	19.84%	-7%	19.92%	21.42%	-7%
Liquidity								
Gross Loans-to-Deposits	41.08%	42.62%	-4%	38.29%	7%	41.08%	38.29%	7%
Asset Quality								
NPLs-to-Gross Loans	6.94%	6.81%	2%	5.26%	32%	6.94%	5.26%	32%
Direct Coverage Ratio	155%	148%	4%	158%	-2%	155%	158%	-2%

* NIM based on managerial accounts



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BALANCE SHEET

	Consolidated			Standalone		
	Sep-17	Dec-16	YtD Change	Sep-17	Dec-16	YtD Change
	EGP million	EGP million	(Sep-17 Vs. Dec-16)	EGP million	EGP million	(Sep-17 Vs. Dec-16)
Cash & Due from Central Bank	23,175	10,522	120%	23,175	10,522	120%
Due from Banks	38,891	58,011	-33%	38,891	58,011	-33%
Treasury Bills & Governmental Notes	54,950	39,177	40%	54,950	39,177	40%
Trading Financial Assets	4,599	2,445	88%	4,599	2,445	88%
Available-for-Sale Investments	17,781	5,447	226%	17,781	5,447	226%
Financial assets held for sale	-	4,890	NM	-	428	NM
Net Loans & Overdrafts	87,997	85,384	3%	87,997	86,152	2%
Financial Derivatives	69	269	-75%	69	269	-75%
Held-to-Maturity Investments	47,495	53,925	-12%	47,495	53,925	-12%
Financial Investment in Subsidiaries	59	37	60%	10	11	-7%
Other Assets	7,870	7,436	6%	7,870	7,465	5%
Total Assets	282,886	267,544	6%	282,837	263,852	7%
Due to Banks	664	3,009	-78%	664	3,009	-78%
Customer Deposits	247,734	231,741	7%	247,734	231,965	7%
Other Liabilities	7,879	11,286	-30%	7,879	7,602	4%
Total Liabilities	256,277	246,036	4%	256,277	242,576	6%
Total Shareholders' Equity	20,961	15,365	36%	20,871	15,325	36%
Net Profit for the Period	5,648	6,009	-6%	5,689	5,951	-4%
Shareholders' Equity & Net Profit	26,609	21,374	24%	26,560	21,276	25%
Minority Interest	-	133	NM	-	-	
Total Liabilities & Shareholders' Equity	282,886	267,544	6%	282,837	263,852	7%