

News Release

7 November 2018

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS RECORD THIRD-QUARTER 2018 CONSOLIDATED REVENUE OF EGP 6.01 BILLION AND NET INCOME OF EGP 2.60 BILLION, OR EGP 1.97 PER SHARE, UP 24% FROM THIRD-QUARTER 2017

Record Third-Quarter 2018 Consolidated Financial Results

- Net income of EGP 2.60 billion, up 24% year-on-year (YoY)
- Revenues of EGP 6.01 billion, up 45% YoY
- Return on average equity of 35.2%
- Return on average assets of 3.25%
- Efficiency ratio of 16.8%
- Net interest margin of 7.59%

Record 9M18 Consolidated Financial Results

- Net income of EGP 7.02 billion, up 24% YoY
- Return on average equity of 31.8%
- Return on average assets of 3.01%
- Efficiency ratio of 19.1%
- Net interest margin of 6.50%

Robust Balance Sheet

- Total tier capital recorded EGP 34.4 billion, or 19.08% of risk-weighted assets
- CBE local currency liquidity ratio of 60.6%, foreign currency of 51.6% (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 94.5% of total liabilities
- Non-performing loans coverage ratio of 240%

Supporting our Economy

- Funding to businesses and individuals grew by 15% over 2017 year-end to reach EGP 118 billion, with a loan market share of 7.26%¹
- Deposits grew by 12% over 2017 year-end to reach EGP 281 billion, translating into a deposit market share of 7.65%¹
- In third-quarter of 2018, CIB’s operations generated EGP 1.1 billion in corporate, payroll and other taxes

Committed to our Community

- CIB Foundation, in collaboration with Sawy Cultural Wheel, started an initiative to develop the skills of NGOs’ children, through hosting several NGOs in weekly workshops.
- CIB Foundation conducted blood donation campaigns in several governorates, providing 121 bags of blood and potentially saving more than 360 patients.
- CIB Foundation was honoured in the 10th Annual Conference of the National Hepatology and Tropical Medicine Research Institute for its role in combating Virus C among children, funding the treatment of 400 patients under the management of the institute.

¹ As of August 2018; latest available CBE data at time of print

CIB Third-Quarter 2018 News Release

- CIB Foundation started the funding of annual operating costs for ‘Move Foundation for Cerebral Palsy Center’, responsible for schooling and rehabilitation of children with physical disabilities.

Awards & Rankings

- Global Finance: Digital Bank of Distinction in Egypt, Best Online Cash Management in Egypt, Best Trade Finance Services in Egypt, Best Online Portal Services in Egypt, Best Information Security and Fraud Management in Egypt, Best Foreign Exchange Provider in Egypt, Best Trade Finance Provider in Egypt, Best Treasury & Cash Management Providers in Egypt , Best Bank in Egypt, Best Sub-custodian Bank in Egypt, World's Best Bank in the Emerging Markets
- EMEA Finance: Best FX Services in North Africa, Best Payment Services in North Africa
- Euromoney: Best Bank in Egypt, Best Bank Transformation in the Middle East
- African Banker: Best Regional Bank - Northern Africa

CAIRO - Commercial International Bank (EGX: COMI) today reported third-quarter 2018 consolidated net income of EGP 2.60 billion, or EGP 1.97 per share, up 24% from third-quarter 2017. Cumulatively, 9M18 consolidated net income recorded EGP 7.02 billion, growing by 24% from 9M17.

Management commented: “CIB hit a new record, delivering strong results in the third quarter of 2018, attesting its resilience amidst ambiguity in the global arena and signaling a smooth closure for the year. In continuation to what has commenced in the first half, this quarter marked the second and final re-engineering of the Bank’s unearned interest accounts to be recognized off- rather than on-balance sheet, whereby an amount of EGP 1.06 billion has been credited to the Bank’s P&L as interest income. Thereupon, top line for the first nine months of 2018 includes an amount of EGP 1.82 billion pertaining to the aforementioned, for which a full provision has been charged, thereby leaving the Bank’s bottom line untouched. With that excluded, top line grew by 21% over last year, primarily anchored by an impressive growth in local currency deposits, which added EGP 29 billion from 2017 year-end and EGP 14 billion over the quarter, alongside a recovery in foreign currency lending activity by the start of 2018.

Balance sheet dynamics in the third quarter have been instrumental. The prevailing instability in the Emerging Markets and the subsequent wave of sovereign investment sell-offs triggered a hike in Egyptian sovereign yields, leading Management to direct a significant portion of its local currency funding to short-term Treasury Bills, in order to benefit from current sovereign highs while keeping the Bank’s liquidity at its highest level possible to fit in smoothly with interest rate movements. Capital Adequacy Ratio for CIB recorded 19.08%, comfortably above the current minimum regulatory requirement, and with a buffer sufficient enough to accommodate the higher requisites which will accompany the onset of 2019 as well as keeping an open eye to market dynamics that may pose pressure on capital adequacy levels, thus, reassuring the Bank’s buoyant capital position and its ability to absorb any unforeseen circumstances that may come into play over the coming year.”

THIRD-QUARTER FINANCIAL HIGHLIGHTS

REVENUES

Third-quarter 2018 standalone revenues were EGP 6.01 billion, up 44% from third-quarter 2017, driven mainly by NII growth. 9M18 standalone revenues recorded EGP 15.1 billion, up 34% YoY. Excluding an amount of EGP 1.82 billion transferred from unearned interest and recognized as interest income, 9M18 revenues grew by 18% YoY.



CIB Third-Quarter 2018 News Release

NET INTEREST INCOME

Year-to-date (YtD) net interest margin (NIM)² was 6.50%, generating net interest income of EGP 13.3 billion, up 43% YoY. Excluding the aforementioned EGP 1.82 billion, YtD net interest margin recorded 5.65%, translating into net interest income of EGP 11.5 billion, up 23% YoY.

NON-INTEREST INCOME

Standalone non-interest income for 9M18 was EGP 1.84 billion, representing 12% of revenues. Trade service fees were EGP 693 million, up 5% YoY. Trade service net outstanding balances stood at EGP 70.8 billion, 2% lower YtD.

OPERATING EXPENSE

Standalone operating expense for 9M18 was EGP 2.95 billion, up 30% YoY. Cost-to-income reported 19.1%, 82bp lower YoY, and comfortably below the desirable level of 30%.

LOANS

CIB's gross loan portfolio recorded EGP 118 billion, adding EGP 15.2 billion, or 15% YtD. CIB's loan market share reached 7.26% as of August 2018. CIB witnessed 12% growth in its local currency gross loan portfolio in 9M18, adding EGP 6.5 billion, and 18% growth in its foreign currency portfolio adding EGP 8.7 billion.

DEPOSITS

Deposits were EGP 281 billion, adding EGP 30 billion, or 12% YtD. CIB's deposit market share was 7.65% as of August 2018, maintaining the highest deposit market share among all private-sector banks.

ASSET QUALITY

CIB maintained its resilient asset quality. Standalone non-performing loans represented 4.64% of the gross loan portfolio, covered 240% by the Bank's EGP 13.1 billion loan loss provision balance. Loan Loss provision expense recorded EGP 1.51 billion for third-quarter 2018 and EGP 2.80 billion for 9M18, of which EGP 1.82 billion pertains to the amount transferred from unearned interest.

CAPITAL AND LIQUIDITY

Total tier capital was EGP 34.4 billion, or 19.08% of risk-weighted assets as of September 2018. Tier I capital was EGP 28.9 billion, or 84% 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 60.6% as of September 2018, while FCY CBE liquidity ratio reached 51.6%, above the threshold of 25%. NSFR was 194% for local currency and 163% for foreign currency, and LCR was 725% for local currency and 282% for foreign currency, comfortably above the 100% Basel III requirement.

² Based on managerial accounts

CIB Third-Quarter 2018 News Release

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 95 billion, 2% lower QoQ while 15% higher YtD.
- End-of-period deposits were EGP 72 billion, 7% higher QoQ while flat YtD.
- Gross outstanding contingent business reached EGP 77⁴ billion, 2% lower QoQ while 4% higher YtD.

BUSINESS BANKING

- End-of-period gross loans were EGP 1 billion, 13% lower both QoQ and YtD.
- End-of-period deposits were EGP 48 billion, 6% higher QoQ and 22% higher YtD.
- Gross outstanding contingent business reached EGP 1.65⁴ billion, 17% lower QoQ, while flat YtD.

RETAIL INDIVIDUALS BANKING

- End-of-period gross loans were EGP 22 billion, 2% higher QoQ and 17% higher YtD.
- End-of-period deposits were EGP 161 billion, 4% higher QoQ and 15% higher YtD.
- CIB continued to expand its network to reach a total of 179 branches and 22 units across Egypt, supported by a network of 888 ATMs.

³ Loan and deposit balances based on managerial accounts

⁴ On gross basis; based on managerial accounts



CIB Third-Quarter 2018 News Release

CONSOLIDATED FINANCIAL HIGHLIGHTS

Income Statement	3Q18	2Q18	QoQ Change	3Q17	YoY change	9M18	9M17	YoY change
	EGP million	EGP million	(3Q18 vs. 2Q18)	EGP million	(3Q18 vs. 3Q17)	EGP million	EGP million	(9M18 vs. 9M17)
Net Interest Income	5,455	4,593	19%	3,567	53%	13,308	9,310	43%
Non-Interest Income	559	405	38%	588	-5%	1,854	1,721	8%
Net Operating Income	6,014	4,998	20%	4,155	45%	15,163	11,030	37%
Non-Interest Expense	(1,014)	(976)	4%	(762)	33%	(2,948)	(2,263)	30%
Loan loss provision	(1,512)	(971)	56%	(623)	143%	(2,803)	(1,432)	96%
Net Profit before Tax	3,487	3,051	14%	2,770	26%	9,412	7,336	28%
Income Tax	(877)	(789)	11%	(695)	26%	(2,563)	(1,945)	32%
Deferred Tax	(15)	141	NM	(7)	124%	170	(10)	NM
Net profit from continued operations	2,595	2,403	8%	2,068	25%	7,019	5,381	30%
Net profit from discontinued operations	-	-	NM	18	NM	-	291	NM
Net profit	2,595	2,403	8%	2,087	24%	7,019	5,672	24%
Minority Interest	-	-	NM	-	NM	-	24	NM
Net Profit After Minority	2,595	2,403	8%	2,087	24%	7,019	5,648	24%

Financial Indicators	3Q18	2Q18	QoQ Change	3Q17	YoY change	9M18	9M17	YoY change
			(3Q18 vs. 2Q18)		(3Q18 vs. 3Q17)			(9M18 vs. 9M17)
Profitability								
ROAE	35.2%	34.1%	3%	32.9%	7%	31.8%	31.4%	1%
ROAA	3.25%	3.09%	5%	2.98%	9%	3.01%	2.74%	10%
Efficiency								
Cost-to-Income	16.8%	18.7%	-10%	18.5%	-9%	19.1%	20.5%	-7%
Liquidity								
Gross Loans-to-Deposits	41.9%	44.9%	-7%	41.1%	2%	41.9%	41.1%	2%
Asset Quality								
NPLs-to-Gross Loans	4.64%	4.50%	3%	6.94%	-33%	4.64%	6.94%	-33%
Capital Adequacy Ratio	19.1%	17.9%	6%	17.0%	13%	19.08%	17.0%	13%

STANDALONE FINANCIAL HIGHLIGHTS

Income Statement	3Q18	2Q18	QoQ Change	3Q17	YoY change	9M18	9M17	YoY change
	EGP million	EGP million	(3Q18 vs. 2Q18)	EGP million	(3Q18 vs. 3Q17)	EGP million	EGP million	(9M18 vs. 9M17)
Net Interest Income	5,455	4,593	19%	3,567	53%	13,308	9,310	43%
Non-Interest Income	550	401	37%	602	-9%	1,838	2,029	-9%
Net Operating Income	6,005	4,995	20%	4,169	44%	15,146	11,339	34%
Non-Interest Expense	(1,014)	(976)	4%	(762)	33%	(2,948)	(2,263)	30%
Loan loss provision	(1,512)	(971)	56%	(623)	143%	(2,803)	(1,432)	96%
Net Profit before Tax	3,478	3,048	14%	2,784	25%	9,395	7,644	23%
Income Tax	(877)	(789)	11%	(695)	26%	(2,563)	(1,945)	32%
Deferred Tax	(15)	141	NM	(7)	124%	170	(10)	NM
Net Profit	2,586	2,399	8%	2,082	24%	7,003	5,689	23%

Financial Indicators	3Q18	2Q18	QoQ Change	3Q17	YoY change	9M18	9M17	YoY change
			(3Q18 vs. 2Q18)		(3Q18 vs. 3Q17)			(9M18 vs. 9M17)
Profitability								
ROAE	35.2%	34.1%	3%	32.9%	7%	31.8%	31.7%	0%
ROAA	3.24%	3.09%	5%	2.97%	9%	3.00%	2.78%	8%
NIM*	7.59%	6.69%	14%	5.47%	39%	6.50%	4.94%	32%
Efficiency								
Cost-to-Income	16.8%	18.7%	-10%	18.4%	-9%	19.1%	19.9%	-4%
Liquidity								
Gross Loans-to-Deposits	41.9%	44.9%	-7%	41.1%	2%	41.9%	41.1%	2%
Asset Quality								
NPLs-to-Gross Loans	4.64%	4.50%	3%	6.94%	-33%	4.64%	6.94%	-33%
Direct Coverage Ratio	240%	216%	11%	155%	55%	240%	155%	55%

* NIM based on managerial accounts



CIB Third-Quarter 2018 News Release

BALANCE SHEET

	Consolidated			Standalone		
	Sep-18	Dec-17	YtD Change	Sep-18	Dec-17	YtD Change
	EGP million	EGP million	(Sep-18 Vs. Dec-17)	EGP million	EGP million	(Sep-18 Vs. Dec-17)
Cash & Due from Central Bank	33,253	14,663	127%	33,253	14,663	127%
Due from Banks	45,039	45,320	-1%	45,039	45,320	-1%
Treasury Bills & Governmental Notes	48,324	54,478	-11%	48,324	54,478	-11%
Trading Financial Assets	4,113	7,295	-44%	4,113	7,295	-44%
Available-for-Sale Investments	36,735	30,475	21%	36,735	30,475	21%
Net Loans & Overdrafts	104,432	88,428	18%	104,432	88,428	18%
Financial Derivatives	15	40	-63%	15	40	-63%
Held-to-Maturity Investments	42,549	45,168	-6%	42,549	45,168	-6%
Financial Investment in Subsidiaries	95	65	47%	69	54	27%
Other Assets	12,727	8,850	44%	12,727	8,850	44%
Total Assets	327,283	294,782	11%	327,256	294,771	11%
Due to Banks	1,365	1,878	-27%	1,365	1,878	-27%
Customer Deposits	280,581	250,723	12%	280,626	250,767	12%
Other Liabilities	14,960	13,742	9%	14,960	13,742	9%
Total Liabilities	296,906	266,343	11%	296,951	266,388	11%
Shareholders' Equity & Net Profit	30,376	28,439	7%	30,305	28,384	7%
Total Liabilities & Shareholders' Equity	327,283	294,782	11%	327,256	294,771	11%