

News Release

4 November 2019

COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS THIRD-QUARTER 2019 CONSOLIDATED REVENUE OF EGP 6.06 BILLION AND NET INCOME OF EGP 3.18 BILLION, OR EGP 1.96 PER SHARE, UP 23% FROM THIRD-QUARTER 2018

Record Third-Quarter 2019 Consolidated Financial Results

- Net income of EGP 3.18 billion, up 23% year-on-year (YoY)
- Revenues of EGP 6.06 billion, up 1% YoY
- Return on average equity of 28.4%
- Return on average assets of 3.46%
- Efficiency ratio of 20.7%
- Net Interest Margin (NIM)¹ of 6.41%

Record 9M19 Consolidated Financial Results

- Net income of EGP 8.54 billion, up 22% YoY
- Revenues of EGP 16.9 billion, up 11% YoY
- Return on average equity of 27.8%
- Return on average assets of 3.18%
- Efficiency ratio of 23.1%
- Net interest margin¹ of 6.30%

Robust Balance Sheet

- Total tier capital recorded EGP 50.3 billion, or 27.2% of risk-weighted assets
- CBE local currency liquidity ratio of 74.0%, foreign currency of 58.2% (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% of total liabilities
- Non-performing loans coverage ratio of 190%

Supporting our Economy

- Funding to businesses and individuals grew by 3% over 9M19 to record EGP 123 billion, with a loan market share of 6.81%²
- Deposits grew by 8% over 9M19 to reach EGP 308 billion, translating into a deposit market share of 7.64%²
- In third-quarter 2019, CIB’s operations generated EGP 1.46 billion in corporate, payroll and other taxes

Committed to our Community

- CIB Foundation, in a partnership with Faculty of Dentistry Cairo University, established 10 full paediatric dental units in the Faculty Hospital’s branch in El-Sheikh Zayed and purchased the necessary equipment and supplies for the Hospital’s branch in El Kasr El Aini.
- CIB Foundation covered 46 eye surgeries for underprivileged children in “Children’s Right to Sight Program”.
- CIB Foundation joined forces with the Egyptian Liver Care Society in the “Children Without Virus C” Project which aims at screening and treating children with Hepatitis C with no charge.
- CIB Foundation, along with Gozour Foundation for Development, initiated the funding of eye sight testing for 80,000 students in underprivileged urban areas in Egypt with free eye care services.

¹ Based on managerial accounts

² As of August 2019; latest available CBE data at time of print

Awards & Rankings

- Global Finance: Best Trade Finance Provider in Egypt, Best Bank for Payment & Collections in the Middle East, Best Treasury & Cash Management Providers in Egypt, Best Bank in Egypt, Best Online Portal Services, Best Information Security and Fraud Management, Best Online Deposit, Credit and Investment Product Offerings, Best Bill Payment and Presentment, Best Integrated Consumer Banking Site, Best in Mobile Banking, Best Mobile Banking App, Most Innovative Digital Bank, Best Trade Finance Services, Best Sub-custodian Bank in Egypt
- Euromoney: Best Bank in Egypt, The Middle East's Best Bank for Corporate Responsibility
- EMEA Finance: Best FX Services in North Africa, Best Payment Services in North Africa

CAIRO - Commercial International Bank (EGX: COMI) today reported third-quarter 2019 consolidated net income of EGP 3.18 billion, or EGP 1.96 per share, up 23% from third-quarter 2018.

Management commented: "Third-quarter of 2019 has been an eventful quarter with significant macroeconomic developments. As largely consented, the CBE executed two consecutive corridor rate cuts, confirming continuation of the monetary easing cycle and reassuring structurally contained inflation levels, despite wide anticipations of upward inflationary pressures as impacted by the energy subsidy cuts that took place at the beginning of the quarter. Furthermore, local currency continued its appreciation course, further signaling stabilization of economic conditions and enhancing the global sentiment for Egyptian sovereign securities. This positive development, coupled with the Bank's insightful Management, endorse yet another strong quarter for CIB, recording top and bottom line of EGP 16.9 billion and EGP 8.5 billion, respectively, for the first nine months of 2019, growing by 26% and 22% over the same year-ago period, after normalizing for the EGP 1.82 billion recycled from unearned interest to interest income last year.

The robust performance for CIB largely drew on its flexible balance sheet structure, which Management has been securing ever since the strongly admitted anticipations of interest rate cut episodes, possessing thereby an edge as it adapts promptly to major market variations. This came in line with the Bank's strategy in striking the desirable balance between liquidity and profitability, while highlighting the importance of sustaining an adequate capital position. By means of this, CIB continues to deliver strong profitability metrics as evident in a 28% Return on Average Equity, while maintaining comfortable Capital Adequacy Ratio of 27%, with ample buffer above the minimum regulatory requirement that would pave the way for the Bank's lending growth aspirations and global expansions, and serving as a strong footing to firmly hedge against any unanticipated movements in interest or exchange rates resulting from any upcoming macroeconomic and/or regulatory developments.

Committing to its continuous record in compliance with regulatory initiatives, CIB in this quarter finalized the tax inspection for the year 2018 pertaining to all types of tax, becoming first in the history of both the Egyptian Tax Society and the Tax Authority, to conclude the tax inspection process for a particular year ahead of the subsequent year-end. This, in turn, will inherently amplify the quality of CIB's financial statements, based on both local and international standards, clearing away any tax-related uncertainties and adding to the Bank's distinct position amongst its peers.

Moving towards end of the year, we are positive about the Bank's growth prospects as visible in its resilient balance sheet fundamentals alongside Management current focus on growing the Bank's lending portfolio, efficiently utilizing its capital and making the most of the consecutive corridor rate cuts which took place and are yet expected to materialize over subsequent periods."

THIRD-QUARTER 2019 FINANCIAL HIGHLIGHTS

REVENUES

Third-quarter 2019 standalone revenues were EGP 6.06 billion, up 22% from third-quarter 2018, after excluding an amount of EGP 1.06 billion transferred from unearned interest and recognized as interest income in third-quarter 2018, driven mainly by net interest income growth. 9M19 standalone revenues were EGP 16.9 billion, up 27% YoY, after excluding EGP 1.82 billion pertaining to the aforementioned transfer from unearned interest to interest income in 9M18.

NET INTEREST INCOME

9M19 standalone net interest margin¹ was 6.30%, generating net interest income¹ of EGP 15.4 billion, up 34% YoY, excluding the aforementioned EGP 1.82 billion.

NON-INTEREST INCOME

9M19 standalone non-interest income was EGP 1.42 billion, representing 8% of revenues. Trade service fees were EGP 543 million, with net outstanding balance of EGP 68.6 billion.

OPERATING EXPENSE

9M19 standalone operating expense was EGP 3.89 billion, up 32% YoY. Cost-to-income recorded 23.0%, 394bp higher YoY, but still comfortably below the desirable level of 30%.

LOANS

CIB's gross loan portfolio recorded EGP 123 billion, adding EGP 3.55 billion or 3% year-to-date (YtD). Growth was driven wholly by local currency loans, which grew by 14%, adding EGP 8.64 billion over 9M19, while FCY loans remained flat, with the EGP appreciation bringing the equivalent balance down by EGP 5.09 billion. CIB's loan market share reached 6.81% as of August 2019.

DEPOSITS

Deposits recorded EGP 308 billion, adding EGP 22.5 billion or 8% YtD. Growth was driven wholly by local currency deposits, which grew by 18%, adding EGP 32.7 billion over 9M19. CIB's deposit market share was 7.64% as of August 2019, maintaining the highest deposit market share among all private-sector banks.

ASSET QUALITY

CIB maintained its resilient asset quality. Standalone non-performing loans represented 5.27% of the gross loan portfolio, covered 190% by the Bank's EGP 12.3 billion loan loss provision balance. Loan Loss Provision Expense recorded EGP 1.21 billion for 9M19, 23% higher YoY, excluding the aforementioned EGP 1.82 billion, transferred to interest income and fully provisioned for.

CAPITAL AND LIQUIDITY

Total tier capital was EGP 50.3 billion, or 27.2% of risk-weighted assets as of September 2019. Tier I capital was EGP 45.6 billion, or 91% of total tier capital.

CIB maintained its comfortable liquidity position above CBE requirements and Basel III guidelines in both local currency and foreign currency. LCY CBE liquidity ratio remained well above the regulator's 20% requirement, recording 74.0% as of September 2019, while FCY CBE liquidity ratio reached 58.2%, above the threshold of 25%. NSFR was 197% for local currency and 162% for foreign currency, and LCR was 748% for local currency and 241% for foreign currency, comfortably above the 100% Basel III requirement.

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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 96.2 billion, coming in flat YtD.
- End-of-period deposits were EGP 97.3 billion, 2% down YtD.
- Gross outstanding contingent business reached EGP 73.6 billion, 6% down YtD.

BUSINESS BANKING

- End-of-period gross loans were EGP 0.71 billion, 47% up YtD.
- End-of-period deposits were EGP 23.3 billion, 17% up YtD.
- Gross outstanding contingent business reached EGP 1.18 billion, coming in flat YtD.

RETAIL INDIVIDUALS BANKING

- End-of-period gross loans were EGP 26.1 billion, 14% up YtD.
- End-of-period deposits were EGP 187 billion, 13% up YtD.
- CIB continued to expand its network to reach a total of 176 branches and 27 units across Egypt, supported by a network of 990 ATMs.

³ Loan, deposit, and outstanding contingent balances based on managerial accounts

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CONSOLIDATED FINANCIAL HIGHLIGHTS

Income Statement	3Q19	2Q19	QoQ Change	3Q18	YoY change	9M19	9M18	YoY change
	EGP million	EGP million	(3Q19 vs. 2Q19)	EGP million	(3Q19 vs. 3Q18)	EGP million	EGP million	(9M19 vs. 9M18)
Net Interest Income	5,443	5,066	7%	5,455	0%	15,449	13,308	16%
Non-Interest Income	617	142	335%	559	10%	1,421	1,854	-23%
Net Operating Income	6,060	5,208	16%	6,014	1%	16,870	15,163	11%
Non-Interest Expense	(1,270)	(1,297)	-2%	(1,014)	25%	(3,889)	(2,948)	32%
Loan loss provision	(412)	(274)	50%	(1,512)	-73%	(1,207)	(2,803)	-57%
Net Profit before Tax	4,378	3,637	20%	3,487	26%	11,774	9,412	25%
Income Tax	(1,225)	(969)	26%	(877)	40%	(3,284)	(2,563)	28%
Deferred Tax	30	43	-29%	(15)	NM	48	170	-72%
Net profit from continued operations	3,183	2,711	17%	2,595	23%	8,538	7,019	22%
Net Profit After Minority	3,183	2,711	17%	2,595	23%	8,538	7,019	22%

Financial Indicators	3Q19	2Q19	QoQ Change	3Q18	YoY change	9M19	9M18	YoY change
			(3Q19 vs. 2Q19)		(3Q19 vs. 3Q18)			(9M19 vs. 9M18)
Profitability								
ROAE	28.4%	26.9%	6%	35.2%	-19%	27.8%	31.8%	-13%
ROAA	3.46%	3.04%	14%	3.25%	7%	3.18%	3.01%	6%
Efficiency								
Cost-to-Income	20.7%	24.6%	-16%	16.8%	24%	23.1%	19.1%	21%
Liquidity								
Gross Loans-to-Deposits	40.0%	40.4%	-1%	41.9%	-5%	40.0%	41.9%	-5%
Asset Quality								
NPLs-to-Gross Loans	5.27%	4.96%	6%	4.64%	14%	5.27%	4.64%	14%
Capital Adequacy Ratio	27.2%	25.8%	5%	19.1%	43%	27.2%	19.1%	43%

STANDALONE FINANCIAL HIGHLIGHTS

Income Statement	3Q19	2Q19	QoQ Change	3Q18	YoY change	9M19	9M18	YoY change
	EGP million	EGP million	(3Q19 vs. 2Q19)	EGP million	(3Q19 vs. 3Q18)	EGP million	EGP million	(9M19 vs. 9M18)
Net Interest Income	5,443	5,066	7%	5,455	0%	15,448	13,308	16%
Non-Interest Income	615	147	320%	550	12%	1,422	1,838	-23%
Net Operating Income	6,059	5,213	16%	6,005	1%	16,870	15,146	11%
Non-Interest Expense	(1,269)	(1,297)	-2%	(1,014)	25%	(3,886)	(2,948)	32%
Loan loss provision	(412)	(274)	50%	(1,512)	-73%	(1,207)	(2,803)	-57%
Net Profit before Tax	4,378	3,642	20%	3,478	26%	11,777	9,395	25%
Income Tax	(1,225)	(969)	26%	(877)	40%	(3,284)	(2,563)	28%
Deferred Tax	30	43	-29%	(15)	NM	48	170	-72%
Net Profit	3,183	2,716	17%	2,586	23%	8,541	7,003	22%

Financial Indicators	3Q19	2Q19	QoQ Change	3Q18	YoY change	9M19	9M18	YoY change
			(3Q19 vs. 2Q19)		(3Q19 vs. 3Q18)			(9M19 vs. 9M18)
Profitability								
ROAE	28.5%	27.0%	5%	35.2%	-19%	27.9%	31.8%	-12%
ROAA	3.46%	3.05%	14%	3.24%	7%	3.18%	3.00%	6%
NIM*	6.41%	6.21%	3%	7.59%	-16%	6.30%	6.50%	-3%
Efficiency								
Cost-to-Income	20.7%	24.6%	-16%	16.8%	23%	23.0%	19.1%	21%
Liquidity								
Gross Loans-to-Deposits	40.0%	40.4%	-1%	41.9%	-5%	40.0%	41.9%	-5%
Asset Quality								
NPLs-to-Gross Loans	5.27%	4.96%	6%	4.64%	14%	5.27%	4.64%	14%
Direct Coverage Ratio	190%	200%	-5%	240%	-21%	190%	240%	-21%

*NIM is based on managerial accounts



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BALANCE SHEET

	Consolidated			Standalone		
	Sep-19	Dec-18	YtD Change	Sep-19	Dec-18	YtD Change
	EGP million	EGP million	(Sep-19 Vs. Dec-18)	EGP million	EGP million	(Sep-19 Vs. Dec-18)
Cash & Due from Central Bank	27,205	20,059	36%	27,205	20,059	36%
Due from Banks	25,599	46,519	-45%	25,599	46,519	-45%
Net Loans & Overdrafts	110,637	106,377	4%	110,637	106,377	4%
Financial Derivatives	292	52	458%	292	52	458%
Financial Investments Securities	198,156	157,586	26%	198,156	157,586	26%
Financial Investment in Subsidiaries	107	107	0%	65	69	-6%
Other Assets	12,157	11,762	3%	12,155	11,762	3%
Total Assets	374,152	342,461	9%	374,109	342,423	9%
Due to Banks	1,828	7,260	-75%	1,828	7,260	-75%
Customer Deposits	307,846	285,297	8%	307,884	285,340	8%
Other Liabilities	16,831	15,676	7%	16,830	15,676	7%
Total Liabilities	326,504	308,233	6%	326,542	308,276	6%
Shareholders' Equity & Net Profit	47,648	34,228	39%	47,566	34,147	39%
Total Liabilities & Shareholders' Equity	374,152	342,461	9%	374,109	342,423	9%