

## News Release

1 August 2018

### **COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS RECORD SECOND-QUARTER 2018 CONSOLIDATED REVENUE OF EGP 5.0 BILLION AND NET INCOME OF EGP 2.40 BILLION, OR EGP 1.83 PER SHARE, UP 31% FROM SECOND-QUARTER 2017**

#### **Record Second-Quarter 2018 Consolidated Financial Results**

- Net income of EGP 2.40 billion, up 31% year-on-year (YoY)
- Revenues of EGP 5.0 billion, up 41% YoY
- Return on average equity of 34.1%
- Return on average assets of 3.09%
- Efficiency ratio of 18.7%
- Net interest margin of 6.69%

#### **Record First-Half 2018 Consolidated Financial Results**

- Net income of EGP 4.42 billion, up 24% YoY
- Return on average equity of 31.1%
- Return on average assets of 2.92%
- Efficiency ratio of 20.6%
- Net interest margin of 5.89%

#### **Robust Balance Sheet**

- Total tier capital recorded EGP 32.6 billion, or 17.9% of risk-weighted assets
- CBE local currency liquidity ratio of 56.2%, foreign currency of 47.5% (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 216%

#### **Supporting our Economy**

- Funding to businesses and individuals grew by 11% during second quarter of 2018 and 17% over 2017 year-end to reach EGP 120 billion, with a loan market share of 6.97%<sup>1</sup>
- Deposits grew by 4% during second quarter of 2018 and 6% over 2017 year-end to reach EGP 267 billion, translating into a deposit market share of 7.35%<sup>1</sup>
- In second quarter of 2018, CIB’s operations generated EGP 1.1 billion in corporate, payroll and other taxes

#### **Committed to our Community**

- CIB Foundation organized “6/6 Eye Exam Caravan” in 25 public elementary schools from Upper Egypt governorates, in collaboration with Gozour Foundation for Development, examining almost 16,000 students and providing 1,481 prescription glasses.
- CIB Foundation arranged a day at the Children’s Cancer Hospital 57357 for Ramadan decorations, with the participation of CIB staff volunteers.
- CIB Foundation covered 203 eye surgeries through the Children’s Right to Sight Program.
- CIB Foundation finalized the funding of 159 pediatric burn patient surgeries / sessions through Ahl Masr Foundation.

<sup>1</sup> As of March 2018; latest available CBE data at time of print

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### Awards & Rankings

- Global Finance: Best Foreign Exchange Provider in Egypt, Best Subcustodian Bank in Egypt, Best Trade Finance Provider in Egypt, Best Treasury & Cash Management Providers in Egypt, Best Bank in Egypt
- 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 second-quarter 2018 consolidated net income of EGP 2.40 billion, or EGP 1.83 per share, up 31% from second-quarter 2017. Cumulatively, first-half 2018 consolidated net income recorded EGP 4.42 billion, growing by 24% from first half 2017.

Management commented: “Building on its steadfast performance in the first quarter, CIB delivered another record set of results in the second quarter of 2018, maintaining its resilient position in terms of profitability, liquidity and capital adequacy. Topline for the quarter includes a lump sum amount of EGP 760 million that was transferred from the unearned interest account to interest income on the Bank’s P&L, which was charged a provision expense by the same amount, as per CBE guidelines, leaving the bottom line unaffected. When normalizing for this amount, CIB grew its top line by a normal 22% over last year, despite being pulled down by a negative revaluation of its trading bond portfolio driven by a surge in sovereign yields. Topline growth was backed mainly by an improvement in local currency spreads, while preserving deposit market share, alongside a considerable pick-up in foreign currency lending activity.

CIB maintained its Capital Adequacy Ratio at 18%, well above the minimum requirement and remaining flat from first quarter, despite the increase in sovereign yields, which resulted in a significant negative revaluation for the Bank’s available-for-sale Treasury bond portfolio, as this was fully offset by interim profits of the quarter. With regards to 2019, and the accompanying higher minimum requirement, we remain comfortable that CIB is prone to exceed this minimum by a reasonable buffer. We keep an eye open, however, in order to assure the sustainability of capital levels above regulators’ requisites notwithstanding unfavorable market dynamics that may arise in the near future.”

## SECOND-QUARTER FINANCIAL HIGHLIGHTS

### REVENUES

Second-quarter 2018 standalone revenues were EGP 5.0 billion, up 41% from second-quarter 2017, driven mainly by NII growth. First-half 2018 standalone revenues recorded EGP 9.14 billion, up 27% YoY. Excluding an amount of EGP 760 million transferred from unearned interest and recognized as interest income, first-half revenues grew by 17% YoY.

### NET INTEREST INCOME

Year-to-date (YtD) net interest margin (NIM)<sup>2</sup> was 5.89%, generating net interest income of EGP 7.85 billion, up 37% YoY. Excluding the aforementioned EGP 760 million, YtD net interest margin recorded 5.34%, generating net interest income of EGP 7.09 billion, up 24% YoY.

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<sup>2</sup> Based on managerial accounts

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### **NON-INTEREST INCOME**

Standalone non-interest income for first half of 2018 was EGP 1.29 billion (14% of revenues). Trade service fees were EGP 464 million. Trade service net outstanding balances stood at EGP 72 billion, remaining flat YtD.

### **OPERATING EXPENSE**

Standalone operating expense for first half of 2018 was EGP 1.93 billion, up 29% YoY. Cost-to-income reported 20.6%, flat YoY and remaining comfortably below the desirable level of 30%.

### **LOANS**

CIB's gross loan portfolio recorded EGP 120 billion, adding EGP 17.5 billion, or 17% YtD. CIB's loan market share reached 6.97% as of March 2018. CIB witnessed 12% growth in its local currency gross loan portfolio in first half of the year, adding EGP 5.7 billion, and 24% growth in its foreign currency portfolio adding EGP 11.8 billion.

### **DEPOSITS**

Deposits were EGP 267 billion, adding EGP 16 billion, or 6% YtD. CIB's deposit market share was 7.35% as of March 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 4.5% of the gross loan portfolio, covered 216% by the Bank's EGP 11.6 billion loan loss provision balance. Loan Loss provision expense recorded EGP 971 million for second-quarter 2018 and EGP 1.3 billion for the first half, of which EGP 760 million pertains to the amount transferred from unearned interest.

### **CAPITAL AND LIQUIDITY**

Total tier capital was EGP 32.6 billion, or 17.93% of risk-weighted assets as of June 2018. Tier I capital was EGP 27.1 billion, or 83% 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 56.2% as of June 2018, while FCY CBE liquidity ratio reached 47.5%, above the threshold of 25%. NSFR was 208% for local currency and 157% for foreign currency, and LCR was 570% for local currency and 210% for foreign currency, comfortably above the 100% Basel III requirement.

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### KEY METRICS AND BUSINESS UPDATES<sup>3</sup>

- #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 96.9 billion, 12% higher QoQ and 18% higher YtD.
- End-of-period deposits were EGP 67.1 billion, 2% higher QoQ while 6% lower YtD.
- Gross outstanding contingent business reached EGP 78.6<sup>4</sup> billion, 2% higher QoQ and 6% higher YtD.

#### BUSINESS BANKING

- End-of-period gross loans were EGP 1.3 billion, 3% lower QoQ and remaining flat YtD.
- End-of-period deposits were EGP 45.1 billion, 5% higher QoQ and 16% higher YtD.
- Gross outstanding contingent business reached EGP 1.98<sup>4</sup> billion, 20% higher QoQ and 4% higher YtD.

#### RETAIL INDIVIDUALS BANKING

- End-of-period gross loans were EGP 21.7 billion, 7% higher QoQ and 15% higher YtD.
- End-of-period deposits were EGP 154.7 billion, 5% higher QoQ and 10% higher YtD.
- CIB continued to expand its network to reach a total of 180 branches and 22 units across Egypt, supported by a network of 877 ATMs.

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<sup>3</sup> Loan and deposit balances based on managerial accounts

<sup>4</sup> On gross basis; based on managerial accounts



## CIB Second-Quarter 2018 News Release

### CONSOLIDATED FINANCIAL HIGHLIGHTS

| Income Statement                            | 2Q18         | 1Q18         | QoQ Change      | 2Q17         | YoY change      | 1H18         | 1H17         | YoY change      |
|---|--------------|--------------|-----------------|--------------|-----------------|--------------|--------------|-----------------|
|   | EGP million  | EGP million  | (2Q18 vs. 1Q18) | EGP million  | (2Q18 vs. 2Q17) | EGP million  | EGP million  | (1H18 vs. 1H17) |
| Net Interest Income                         | 4,593        | 3,260        | 41%             | 2,959        | 55%             | 7,853        | 5,743        | 37%             |
| Non-Interest Income                         | 405          | 890          | -55%            | 594          | -32%            | 1,296        | 1,132        | 14%             |
| <b>Net Operating Income</b>                 | <b>4,998</b> | <b>4,150</b> | <b>20%</b>      | <b>3,554</b> | <b>41%</b>      | <b>9,149</b> | <b>6,875</b> | <b>33%</b>      |
| Non-Interest Expense                        | (976)        | (957)        | 2%              | (754)        | 29%             | (1,933)      | (1,501)      | 29%             |
| Loan loss provision                         | (971)        | (320)        | 203%            | (303)        | 221%            | (1,291)      | (809)        | 60%             |
| <b>Net Profit before Tax</b>                | <b>3,051</b> | <b>2,873</b> | <b>6%</b>       | <b>2,497</b> | <b>22%</b>      | <b>5,925</b> | <b>4,565</b> | <b>30%</b>      |
| Income Tax                                  | (789)        | (896)        | -12%            | (651)        | 21%             | (1,686)      | (1,250)      | 35%             |
| Deferred Tax                                | 141          | 45           | 214%            | (18)         | NM              | 185          | (3)          | NM              |
| <b>Net profit from continued operations</b> | <b>2,403</b> | <b>2,021</b> | <b>19%</b>      | <b>1,828</b> | <b>31%</b>      | <b>4,424</b> | <b>3,313</b> | <b>34%</b>      |
| CI Capital Profit (Net of Tax)              | -            | -            | NM              | -            | NM              | -            | 273          | NM              |
| <b>Net profit</b>                           | <b>2,403</b> | <b>2,021</b> | <b>19%</b>      | <b>1,828</b> | <b>31%</b>      | <b>4,424</b> | <b>3,585</b> | <b>23%</b>      |
| Minority Interest                           | -            | -            | NM              | -            | NM              | -            | 24           | NM              |
| <b>Net Profit After Minority</b>            | <b>2,403</b> | <b>2,021</b> | <b>19%</b>      | <b>1,828</b> | <b>31%</b>      | <b>4,424</b> | <b>3,561</b> | <b>24%</b>      |

| Financial Indicators    | 2Q18        | 1Q18        | QoQ Change      | 2Q17        | YoY change      | 1H18        | 1H17        | YoY change      |
|-------------------------|-------------|-------------|-----------------|-------------|-----------------|-------------|-------------|-----------------|
|                         | EGP million | EGP million | (2Q18 vs. 1Q18) | EGP million | (2Q18 vs. 2Q17) | EGP million | EGP million | (1H18 vs. 1H17) |
| <b>Profitability</b>    |             |             |                 |             |                 |             |             |                 |
| ROAE                    | 34.1%       | 28.7%       | 19%             | 31.6%       | 8%              | 31.1%       | 31.3%       | -1%             |
| ROAA                    | 3.09%       | 2.67%       | 16%             | 2.66%       | 16%             | 2.92%       | 2.61%       | 12%             |
| <b>Efficiency</b>       |             |             |                 |             |                 |             |             |                 |
| Cost-to-Income          | 18.7%       | 22.9%       | -18%            | 21.4%       | -13%            | 20.6%       | 21.7%       | -5%             |
| <b>Liquidity</b>        |             |             |                 |             |                 |             |             |                 |
| Gross Loans-to-Deposits | 44.9%       | 42.2%       | 6%              | 42.6%       | 5%              | 44.9%       | 42.6%       | 5%              |
| <b>Asset Quality</b>    |             |             |                 |             |                 |             |             |                 |
| NPLs-to-Gross Loans     | 4.50%       | 5.11%       | -12%            | 6.81%       | -34%            | 4.50%       | 6.81%       | -34%            |
| Capital Adequacy Ratio  | 17.9%       | 17.9%       | 0%              | 15.6%       | 15%             | 17.9%       | 15.6%       | 15%             |

### STANDALONE FINANCIAL HIGHLIGHTS

| Income Statement             | 2Q18         | 1Q18         | QoQ Change      | 2Q17         | YoY change      | 1H18         | 1H17         | YoY change      |
|------------------------------|--------------|--------------|-----------------|--------------|-----------------|--------------|--------------|-----------------|
|                              | EGP million  | EGP million  | (2Q18 vs. 1Q18) | EGP million  | (2Q18 vs. 2Q17) | EGP million  | EGP million  | (1H18 vs. 1H17) |
| Net Interest Income          | 4,593        | 3,260        | 41%             | 2,959        | 55%             | 7,853        | 5,743        | 37%             |
| Non-Interest Income          | 401          | 887          | -55%            | 588          | -32%            | 1,288        | 1,427        | -10%            |
| <b>Net Operating Income</b>  | <b>4,995</b> | <b>4,147</b> | <b>20%</b>      | <b>3,547</b> | <b>41%</b>      | <b>9,141</b> | <b>7,170</b> | <b>27%</b>      |
| Non-Interest Expense         | (976)        | (957)        | 2%              | (754)        | 29%             | (1,933)      | (1,501)      | 29%             |
| Loan loss provision          | (971)        | (320)        | 203%            | (303)        | 221%            | (1,291)      | (809)        | 60%             |
| <b>Net Profit before Tax</b> | <b>3,048</b> | <b>2,869</b> | <b>6%</b>       | <b>2,490</b> | <b>22%</b>      | <b>5,917</b> | <b>4,860</b> | <b>22%</b>      |
| Income Tax                   | (789)        | (896)        | -12%            | (651)        | 21%             | (1,686)      | (1,250)      | 35%             |
| Deferred Tax                 | 141          | 45           | 214%            | (18)         | NM              | 185          | (3)          | NM              |
| <b>Net Profit</b>            | <b>2,399</b> | <b>2,018</b> | <b>19%</b>      | <b>1,821</b> | <b>32%</b>      | <b>4,417</b> | <b>3,607</b> | <b>22%</b>      |

| Financial Indicators    | 2Q18        | 1Q18        | QoQ Change      | 2Q17        | YoY change      | 1H18        | 1H17        | YoY change      |
|-------------------------|-------------|-------------|-----------------|-------------|-----------------|-------------|-------------|-----------------|
|                         | EGP million | EGP million | (2Q18 vs. 1Q18) | EGP million | (2Q18 vs. 2Q17) | EGP million | EGP million | (1H18 vs. 1H17) |
| <b>Profitability</b>    |             |             |                 |             |                 |             |             |                 |
| ROAE                    | 34.1%       | 28.7%       | 19%             | 31.6%       | 8%              | 31.1%       | 31.8%       | -2%             |
| ROAA                    | 3.09%       | 2.67%       | 16%             | 2.65%       | 17%             | 2.91%       | 2.66%       | 9%              |
| NIM*                    | 6.69%       | 5.05%       | 33%             | 4.72%       | 42%             | 5.89%       | 4.66%       | 26%             |
| <b>Efficiency</b>       |             |             |                 |             |                 |             |             |                 |
| Cost-to-Income          | 18.7%       | 22.9%       | -18%            | 21.5%       | -13%            | 20.6%       | 20.8%       | -1%             |
| <b>Liquidity</b>        |             |             |                 |             |                 |             |             |                 |
| Gross Loans-to-Deposits | 44.9%       | 42.2%       | 6%              | 42.6%       | 5%              | 44.9%       | 42.6%       | 5%              |
| <b>Asset Quality</b>    |             |             |                 |             |                 |             |             |                 |
| NPLs-to-Gross Loans     | 4.50%       | 5.11%       | -12%            | 6.81%       | -34%            | 4.50%       | 6.81%       | -34%            |
| Direct Coverage Ratio   | 216%        | 202%        | 7%              | 148%        | 45%             | 216%        | 148%        | 45%             |

\* NIM based on managerial accounts



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### BALANCE SHEET

|   | Consolidated   |                |                     | Standalone     |                |                     |
|---|----------------|----------------|---------------------|----------------|----------------|---------------------|
|   | Jun-18         | Dec-17         | YtD Change          | Jun-18         | Dec-17         | YtD Change          |
|   | EGP million    | EGP million    | (Jun-18 Vs. Dec-17) | EGP million    | EGP million    | (Jun-18 Vs. Dec-17) |
| Cash & Due from Central Bank                        | 24,601         | 14,663         | 68%                 | 24,601         | 14,663         | 68%                 |
| Due from Banks                                      | 51,245         | 45,320         | 13%                 | 51,245         | 45,320         | 13%                 |
| Treasury Bills & Governmental Notes                 | 33,939         | 54,478         | -38%                | 33,939         | 54,478         | -38%                |
| Trading Financial Assets                            | 6,906          | 7,295          | -5%                 | 6,906          | 7,295          | -5%                 |
| Available-for-Sale Investments                      | 38,249         | 30,475         | 26%                 | 38,249         | 30,475         | 26%                 |
| Net Loans & Overdrafts                              | 107,083        | 88,428         | 21%                 | 107,083        | 88,428         | 21%                 |
| Financial Derivatives                               | 31             | 40             | -22%                | 31             | 40             | -22%                |
| Held-to-Maturity Investments                        | 40,185         | 45,168         | -11%                | 40,185         | 45,168         | -11%                |
| Financial Investment in Subsidiaries                | 87             | 65             | 33%                 | 69             | 54             | 27%                 |
| Other Assets  | 9,853          | 8,850          | 11%                 | 9,853          | 8,850          | 11%                 |
| <b>Total Assets</b>                                 | <b>312,179</b> | <b>294,782</b> | <b>6%</b>           | <b>312,161</b> | <b>294,771</b> | <b>6%</b>           |
| Due to Banks  | 5,658          | 1,878          | 201%                | 5,658          | 1,878          | 201%                |
| Customer Deposits                                   | 266,826        | 250,723        | 6%                  | 266,871        | 250,767        | 6%                  |
| Other Liabilities                                   | 11,171         | 13,742         | -19%                | 11,171         | 13,742         | -19%                |
| <b>Total Liabilities</b>                            | <b>283,654</b> | <b>266,343</b> | <b>6%</b>           | <b>283,699</b> | <b>266,388</b> | <b>6%</b>           |
| <b>Shareholders' Equity &amp; Net Profit</b>        | <b>28,525</b>  | <b>28,439</b>  | <b>0%</b>           | <b>28,463</b>  | <b>28,384</b>  | <b>0%</b>           |
| <b>Total Liabilities &amp; Shareholders' Equity</b> | <b>312,179</b> | <b>294,782</b> | <b>6%</b>           | <b>312,161</b> | <b>294,771</b> | <b>6%</b>           |