

## News Release

20 May 2021

# COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS FIRST-QUARTER 2021 CONSOLIDATED REVENUE OF EGP 6.27 BILLION AND NET INCOME OF EGP 2.87 BILLION, OR EGP 1.72 PER SHARE, UP 20% FROM FIRST-QUARTER 2020

### **First-Quarter 2021 Consolidated Financial Results**

- Net income of EGP 2.87 billion, up 20% year-on-year (YoY)
- Revenues of EGP 6.27 billion, down 2% YoY
- Return on average equity of 19.3%
- Return on average assets of 2.63%
- Efficiency ratio of 23.1%
- Net interest margin (NIM)<sup>1</sup> of 5.67%

### **Resilient Balance Sheet**

- Total tier capital recorded EGP 64.4 billion, or 31.5% of risk-weighted assets
- CBE local currency liquidity ratio of 59.6%, foreign currency liquidity ratio of 69.0% (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 279%

### **Supporting our Economy**

- Funding to businesses and individuals grew by 2% in first-quarter 2021 to record EGP 138 billion, with a loan market share of 5.39%<sup>2</sup>
- Deposits grew by 7% in first-quarter 2021 to record EGP 365 billion, with a deposit market share of 6.49%<sup>2</sup>
- In first-quarter 2021, CIB’s operations generated EGP 1.54 billion in corporate, payroll, and other taxes

### **Committed to our Community**

- CIB Foundation funded “Shifa’ Al-Orman Hospital” to furnish the Paediatric Department with the needed equipment.
- CIB Foundation financed “Magdi Yacoub Heart Foundation” to cover 100 open-heart surgeries and 350 Cath Lab consumables.
- CIB Foundation paid 2021 annual operating costs for “Children Cancer Hospital 57357” in Cairo and Tanta.
- CIB Foundation subsidized “Mabara El Maadi Hospital” with the final instalment to equip a Paediatric Intensive Care Unit.
- CIB Foundation participated to cover 176 eye surgeries for Children's Right-to-Sight Program, in collaboration with Rotary Kasr El Nile.

### **Awards & Rankings**

- Global Finance: Best Trade Finance Provider in Egypt
- Global Finance: Best Treasury and Cash Management in Egypt
- Global Finance: Best Bank in Egypt
- The Digital Banker: Best Transaction Banking
- The Digital Banker: Best Bank for Payment Services
- The Digital Banker: Best Bank for Cash Management
- The Digital Banker: Best Supplier Financing Initiative
- The Digital Banker: Best Financial Chain Initiative in Egypt

<sup>1</sup> Based on managerial accounts.

<sup>2</sup> As of February 2021; latest available CBE data at time of print.

## **CIB First-Quarter 2021 News Release**

CAIRO - Commercial International Bank (EGX: COMI) today reported first-quarter 2021 consolidated net income of EGP 2.87 billion, or EGP 1.72 per share, up 20% from first-quarter 2020.

Management commented: “CIB started off 2021 on a positive note, following a year marked with exceptional challenges and uncertainties, recording a bottom line of EGP 2.9 billion in the first quarter, growing by 20% from last year. The Bank’s prudent risk management and intact coverage, through 2020 and earlier, paved the way for normalizing provision accumulations, with the ambiguity underlying macroeconomic dynamics and client creditworthiness gradually tapering-off. Accordingly, provisions for the first quarter of 2021 came down by half from last year, to record EGP 0.8 billion for direct and contingent facilities, albeit without compromising CIB’s prime market position in terms of coverage for expected losses at 13%<sup>3</sup>, while reserving its top-notch capital adequacy for unexpected losses at 31.5%.

Notably, this quarter witnessed favorable balance sheet growth, especially on the local currency front, going apace with Management strategic focus on growing funds at controlled costs as the key top line booster. This, along with Treasury Management adept tactics to cope with interest rate volatilities and balance between liquidity and profitability, contributed broadly to upholding top line performance, amidst declining interest rates and consequent pressure posed on spreads.

Moving forward, Management remains positive that CIB will continue to sustain its profitability and solvency against current and potential macroeconomic variations amid the global pandemic, drawing largely on its resilient coverage and strong balance sheet fundamentals.”

### **FIRST-QUARTER 2021 FINANCIAL HIGHLIGHTS**

#### **REVENUES**

First-quarter 2021 standalone revenues were EGP 6.27 billion, down 2% from first-quarter 2020, wholly driven by 8% decrease in net interest income, partially offset by non-interest income coming 2.7x higher YoY.

#### **NET INTEREST INCOME**

First-quarter 2021 standalone net interest income was EGP 5.68 billion, down 8% YoY, due mainly to the maturities of exceptionally-high-yielding bonds previously purchased. Normalizing for the above-market-interest-rate-differential of the aforementioned bonds in first-quarter 2020, net interest income grew by 6% YoY, generated at 5.67% Total NIM<sup>1</sup>, down 35 basis points (bp) YoY, with Local Currency NIM<sup>1</sup> recording 7.49%, down 32bp, and Foreign Currency NIM<sup>1</sup> recording 0.92%, down 85bp YoY.

#### **NON-INTEREST INCOME**

First-quarter 2021 standalone non-interest income recorded EGP 590 million, coming almost triple last year and representing 9% of total revenues. Upon adding back contingent provision charged, which is normally deducted from Non-Interest Income as part of Other Operating Expenses, recording EGP 121 million for first-quarter 2021 and EGP 414 million for first-quarter 2020, standalone non-interest income grew by 13% YoY. Trade service fees were EGP 197 million, growing by 20% YoY, with outstanding balance of EGP 82.9 billion<sup>4</sup>.

#### **OPERATING EXPENSE**

First-quarter 2021 standalone operating expense was EGP 1.47 billion, down 3% YoY. Cost-to-income reported 23.1%, 74bp higher YoY<sup>5</sup>, while remaining comfortably below the desirable level of 30%.

<sup>3</sup> Coverage for total loan portfolio by loan loss provision balance and IFRS9 Risk Reserve.

<sup>4</sup> Net of Collateral, Gross of Provisions.

<sup>5</sup> Cost-to-income is calculated using revenues after adding/deducting back contingent provision charged/released.

### LOANS

Gross loan portfolio recorded EGP 138 billion, growing by 2% or EGP 2.07 billion Year-to-Date (YtD). Growth was driven wholly by local currency loans, which grew by 4% or EGP 3.91 billion, sufficiently offsetting foreign currency net loan repayments of USD 113 million or 4%. CIB's loan market share reached 5.39% as of February 2021.

### DEPOSITS

Deposits recorded EGP 365 billion, adding 7% or EGP 25.1 billion YtD. Growth was driven mainly by local currency deposits, adding 8% or EGP 21.1 billion, besides foreign currency deposits, adding 5% or USD 260 million. CIB's deposit market share recorded 6.49% as of February 2021, maintaining the highest deposit market share among all private-sector banks.

### ASSET QUALITY

CIB maintained its resilient asset quality. Standalone non-performing loans represented 4.41% of the gross loan portfolio, covered 279% by the Bank's EGP 17.1 billion loan loss provision balance. First-quarter 2021 loan loss provision expense recorded EGP 702 million, 43% lower YoY.

### CAPITAL AND LIQUIDITY

Total tier capital recorded EGP 64.4 billion, or 31.5% of risk-weighted assets as of March 2021. Tier I capital reached EGP 57.7 billion, or 90% of total tier capital.

CIB maintained its comfortable liquidity position above CBE requirements and Basel III guidelines in both local currency and foreign currency. CBE local currency liquidity ratio remained well above the regulator's 20% requirement, recording 59.6% as of March 2021, while CBE foreign currency liquidity ratio reached 69.0%, above the threshold of 25%. NSFR was 272% for local currency and 166% for foreign currency, and LCR was 2204% for local currency and 297% for foreign currency, comfortably above the 100% Basel III requirement.

### KEY METRICS AND BUSINESS UPDATES<sup>6</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 100.3 billion, coming in almost flat YtD, on 5% growth in local currency loans, mostly offset by 3% decrease in foreign currency loans.
- End-of-period deposits were EGP 127.6 billion, 14% higher YtD, predominantly on growth in local currency deposits by 15% and in foreign currency deposits by 12%.
- Gross outstanding contingent business reached EGP 86.6 billion, coming in flat YtD.

### BUSINESS BANKING

- End-of-period gross loans were EGP 1.86 billion, 12% higher YtD, solely in local currency.
- End-of-period deposits were EGP 32.2 billion, 9% higher YtD, mostly on local currency deposit growth of 10%.
- Gross outstanding contingent business reached EGP 1.8 billion, 2% lower YtD.

### RETAIL INDIVIDUALS BANKING

- End-of-period gross loans were EGP 36.3 billion, 3% higher YtD, wholly on 4% growth in local currency loans.
- End-of-period deposits were EGP 205.4 billion, 3% higher YtD, wholly on local currency deposit growth of 4%, while foreign currency deposits came in flat YtD.
- CIB continued to expand its network to reach a total of 181 branches and 28 units across Egypt, supported by a network of 1,159 ATMs.

<sup>6</sup> Loan, deposit, and outstanding contingent balances are based on managerial accounts.

Outstanding contingent balances are gross of collateral and provisions.

Growth in foreign currency balances is in real terms, excluding the effect of EGP appreciation by EGP 0.02 over first-quarter 2021.

**CONSOLIDATED FINANCIAL HIGHLIGHTS**

<b>Income Statement</b>	<b>1Q21</b>	<b>4Q20</b>	<b>QoQ Change</b>	<b>1Q20</b>	<b>YoY change</b>
	<b>EGP million</b>	<b>EGP million</b>	<b>(1Q21 vs.4Q20)</b>	<b>EGP million</b>	<b>(1Q21 vs. 1Q20)</b>
Net Interest Income	5,678	6,332	-10%	6,195	-8%
Non-Interest Income	589	246	139%	225	161%
<b>Net Operating Income</b>	<b>6,266</b>	<b>6,578</b>	<b>-5%</b>	<b>6,421</b>	<b>-2%</b>
Non-Interest Expense	(1,475)	(1,425)	3%	(1,525)	-3%
Loan Loss Provision	(702)	(1,156)	-39%	(1,240)	-43%
<b>Net Profit before Tax</b>	<b>4,089</b>	<b>3,997</b>	<b>2%</b>	<b>3,656</b>	<b>12%</b>
Income Tax	(1,209)	(1,129)	7%	(1,332)	-9%
Deferred Tax	(6)	24	NM	75	NM
<b>Net profit</b>	<b>2,873</b>	<b>2,892</b>	<b>-1%</b>	<b>2,399</b>	<b>20%</b>
Minority Interest	0.4	0.3	58%	0	NM
<b>Net Profit After Minority</b>	<b>2,873</b>	<b>2,892</b>	<b>-1%</b>	<b>2,399</b>	<b>20%</b>

<b>Financial Indicators</b>	<b>1Q21</b>	<b>4Q20</b>	<b>QoQ Change</b>	<b>1Q20</b>	<b>YoY change</b>
			<b>(1Q21 vs.4Q20)</b>		<b>(1Q21 vs. 1Q20)</b>
<b>Profitability</b>					
ROAE	19.3%	20.4%	-5%	19.6%	-1%
ROAA	2.63%	2.75%	-4%	2.50%	5%
<b>Efficiency</b>					
Cost-to-Income	23.1%	20.8%	11%	22.3%	4%
<b>Liquidity</b>					
Gross Loans-to-Deposits	38.0%	40.2%	-5%	41.7%	-9%
<b>Asset Quality</b>					
NPLs-to-Gross Loans	4.40%	4.26%	3%	4.00%	10%
Capital Adequacy Ratio	31.5%	31.4%	0%	26.3%	20%

**STANDALONE FINANCIAL HIGHLIGHTS**

<b>Income Statement</b>	<b>1Q21</b>	<b>4Q20</b>	<b>QoQ Change</b>	<b>1Q20</b>	<b>YoY change</b>
	<b>EGP million</b>	<b>EGP million</b>	<b>(1Q21 vs.4Q20)</b>	<b>EGP million</b>	<b>(1Q21 vs. 1Q20)</b>
Net Interest Income	5,676	6,257	-9%	6,195	-8%
Non-Interest Income	590	245	141%	217	172%
<b>Net Operating Income</b>	<b>6,267</b>	<b>6,502</b>	<b>-4%</b>	<b>6,412</b>	<b>-2%</b>
Non-Interest Expense	(1,473)	(1,368)	8%	(1,524)	-3%
Loan loss provision	(702)	(1,127)	-38%	(1,240)	-43%
<b>Net Profit before Tax</b>	<b>4,092</b>	<b>4,006</b>	<b>2%</b>	<b>3,648</b>	<b>12%</b>
Income Tax	(1,209)	(1,126)	7%	(1,332)	-9%
Deferred Tax	(6)	24	NM	75	NM
<b>Net Profit</b>	<b>2,876</b>	<b>2,904</b>	<b>-1%</b>	<b>2,391</b>	<b>20%</b>

<b>Financial Indicators</b>	<b>1Q21</b>	<b>4Q20</b>	<b>QoQ Change</b>	<b>1Q20</b>	<b>YoY change</b>
			<b>(1Q21 vs.4Q20)</b>		<b>(1Q21 vs. 1Q20)</b>
<b>Profitability</b>					
ROAE	19.4%	20.5%	-5%	19.5%	-1%
ROAA	2.64%	2.77%	-5%	2.49%	6%
NIM*	5.67%	6.40%	-11%	6.94%	-18%
<b>Efficiency</b>					
Cost-to-Income	23.1%	20.2%	14%	22.3%	3%
<b>Liquidity</b>					
Gross Loans-to-Deposits	37.9%	40.1%	-5%	41.7%	-9%
<b>Asset Quality</b>					
NPLs-to-Gross Loans	4.41%	4.27%	3%	4.00%	10%
Direct Coverage Ratio	279%	281%	-1%	247%	13%

\*NIM based on managerial accounts

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BALANCE SHEET	Consolidated			Standalone		
	Mar-21	Dec-20	YtD Change	Mar-21	Dec-20	YtD Change
	EGP million	EGP million	(Mar-21 Vs. Dec-20)	EGP million	EGP million	(Mar-21 Vs. Dec-20)
Cash & Due from Central Bank	21,800	33,769	-35%	21,581	33,573	-36%
Due from Banks	97,498	87,426	12%	97,069	86,997	12%
Net Loans & Overdrafts	121,805	120,347	1%	121,085	119,632	1%
Financial Derivatives	290	249	17%	290	249	17%
Financial Investment Securities	193,332	173,764	11%	192,599	173,027	11%
Investments in Associates and Subsidiaries	309	140	121%	1,033	874	18%
Other Assets	12,642	12,148	4%	12,323	11,793	4%
<b>Total Assets</b>	<b>447,676</b>	<b>427,842</b>	<b>5%</b>	<b>445,980</b>	<b>426,145</b>	<b>5%</b>
Due to Banks	2,513	8,818	-71%	2,511	8,816	-72%
Customer Deposits	366,249	341,169	7%	365,163	340,087	7%
Other Liabilities	18,960	17,896	6%	18,903	17,838	6%
<b>Total Liabilities</b>	<b>387,722</b>	<b>367,883</b>	<b>5%</b>	<b>386,577</b>	<b>366,740</b>	<b>5%</b>
<b>Shareholders' Equity &amp; Net Profit</b>	<b>59,470</b>	<b>59,476</b>	<b>0%</b>	<b>59,402</b>	<b>59,405</b>	<b>0%</b>
Minority Interest	483	483	0%	0	0	NM
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>447,676</b>	<b>427,842</b>	<b>5%</b>	<b>445,980</b>	<b>426,145</b>	<b>5%</b>