

**News Release**

8 July 2019

**COMMERCIAL INTERNATIONAL BANK ("CIB") REPORTS  
SECOND-QUARTER 2019 CONSOLIDATED REVENUE OF EGP 5.21 BILLION AND NET INCOME OF EGP  
2.71 BILLION, OR EGP 1.68 PER SHARE, UP 13% FROM SECOND-QUARTER 2018****Record Second-Quarter 2019 Consolidated Financial Results**

- Net income of EGP 2.71 billion, up 13% year-on-year (YoY)
- Revenues of EGP 5.21 billion, up 4% YoY
- Return on average equity of 26.9%
- Return on average assets of 3.04%
- Efficiency ratio of 24.6%
- Net interest margin<sup>1</sup> of 6.21%

**Record First-Half 2019 Consolidated Financial Results**

- Net income of EGP 5.36 billion, up 21% YoY
- Return on average equity of 28.1%
- Return on average assets of 3.04%
- Efficiency ratio of 24.4%
- Net interest margin<sup>1</sup> of 6.27%

**Robust Balance Sheet**

- Total tier capital recorded EGP 45 billion, or 25.8% of risk-weighted assets
- CBE local currency liquidity ratio of 59.3%, foreign currency of 57.2% (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 96% of total liabilities
- Non-performing loans coverage ratio of 200%

**Supporting our Economy**

- Funding to businesses and individuals grew by 3% over first-half 2019 to record EGP 123 billion, with a loan market share of 6.73%<sup>2</sup>
- Deposits grew by 7% over first-half 2019 to reach EGP 306 billion, translating into a deposit market share of 7.46%<sup>2</sup>
- In second-quarter 2019, CIB's operations generated EGP 1.2 billion in corporate, payroll and other taxes

**Committed to our Community**

- CIB Foundation launched its annual blood donation campaign, in collaboration with the Egyptian Red Crescent and CIB employees, saving more than 700 lives.
- CIB Foundation covered more than 20 pediatric open-heart surgeries at El Kasr El Aini Hospital.
- CIB Foundation covered 50 open-heart surgeries at Magdy Yacoub Aswan Heart Center.

**Awards & Rankings**

- Global Finance: Best Trade Finance Provider in Egypt
- Global Finance: Best Bank for Payment & Collections in the Middle East
- Global Finance: Best Treasury & Cash Management Providers in Egypt
- Global Finance: Best Bank in Egypt

<sup>1</sup> Based on managerial accounts<sup>2</sup> As of March 2019; latest available CBE data at time of print

## **CIB Second-Quarter 2019 News Release**

CAIRO - Commercial International Bank (EGX: COMI) today reported second-quarter 2019 consolidated net income of EGP 2.71 billion, or EGP 1.68 per share, up 13% from second-quarter 2018.

Management commented: "Amidst an undisturbed quarter and building on its strong performance at the onset of the year, CIB continued its resilient performance in the second quarter of 2019, achieving top and bottom line of EGP 10.81 billion and EGP 5.36 billion over the first half, growing from last year by 29% and 21%, respectively, after normalizing for the EGP 760 million that was transferred from unearned interest to interest income last year. Balance sheet growth has been robust, with local currency deposits adding an impressive EGP 25 billion over the half and EGP 18 billion in the second quarter with a large concentration in CASA, which alongside Management tactics to cope with potential interest and exchange rate movements, contributed broadly to revenue growth and give a glimpse of preserving the Bank's spreads moving forward. This yet goes apace with sustaining an adequate liquidity position that would deal efficiently with market movements, which remains a key priority for Management when it comes to balance sheet dynamics. Furthermore, Egypt's constructive macroeconomic conditions, as reflected in an improvement in Balance of Payments and the accompanying EGP appreciation against USD, came to the aid of the Bank's foreign exchange trading activity, and hence its top line performance.

CIB remains well-capitalized, recording a Capital Adequacy Ratio of 25.8%, comfortably above the now-higher minimum regulatory requirement, with a significant buffer that would keep the Bank covered in light of optimistic loan growth anticipations, as well as the Bank's expansion plan in Africa, while having simultaneously a reasonable shield to accommodate any foreign exchange or interest rate movements.

Second-half 2019 encloses a somewhat high degree of ambiguity attending Egypt's economic outlook, in view of the anticipated inflationary pressure likely to accompany the energy subsidy cuts that took place at the onset of the current quarter, following a period of relative stagnation whereby CBE maintained corridor rates unchanged for close to two quarters. We remain confident, however, in CIB's ability to endure uncertainties and well-accommodate macroeconomic and regulatory developments."

## **SECOND-QUARTER 2019 FINANCIAL HIGHLIGHTS**

### **REVENUES**

Second-quarter 2019 standalone revenues were EGP 5.21 billion, up 23% from second-quarter 2018, excluding an amount of EGP 760 million transferred from unearned interest and recognized as interest income in second-quarter 2018, driven wholly by net interest income growth. First-half 2019 standalone revenues were EGP 10.8 billion, up 29% from first-half 2018, excluding the aforementioned EGP 760 million.

### **NET INTEREST INCOME**

First-half 2019 standalone Net Interest Margin<sup>1</sup> (NIM) was 6.27%, generating net interest income of EGP 10 billion, up 41% YoY, excluding the aforementioned EGP 760 million.

### **NON-INTEREST INCOME**

First-half 2019 standalone non-interest income was EGP 807 million, representing 7% of revenues. Trade service fees were EGP 339 million, with net outstanding balance of EGP 68.6 billion.

### **OPERATING EXPENSE**

First-half 2019 standalone operating expense was EGP 2.62 billion, up 35% YoY. Cost-to-income reported 24.4%, 379bp higher YoY, but still comfortably below the desirable level of 30%.



### LOANS

CIB's gross loan portfolio recorded EGP 123 billion, adding EGP 3.81 billion or 3% year-to-date (YtD). CIB's loan market share reached 6.73% as of March 2019. Growth was driven mainly by local currency loans, which grew by 11%, adding EGP 7.1 billion in first-half 2019.

### DEPOSITS

Deposits recorded EGP 306 billion, adding EGP 20.3 billion or 7% YtD. CIB's deposit market share was 7.46% as of March 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 4.96% of the gross loan portfolio, covered 200% by the Bank's EGP 12.2 billion loan loss provision balance. Loan Loss provision expense recorded EGP 795 million for first-half 2019, 50% higher YoY, excluding the EGP 760 million pertaining to the aforementioned amount transferred from unearned interest in first-half 2018.

### CAPITAL AND LIQUIDITY

Total tier capital was EGP 45 billion, or 25.8% of risk-weighted assets as of June 2019. Tier I capital was EGP 40 billion, or 89% 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 59.3% as of June 2019, while FCY CBE liquidity ratio reached 57.2%, above the threshold of 25%. NSFR was 163% for local currency and 115% for foreign currency, and LCR was 655% for local currency and 264% for foreign currency, comfortably above the 100% Basel III requirement.

### 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 97.8 billion, 2% up YtD.
- End-of-period deposits were EGP 100.6 billion, 1% up YtD.
- Gross outstanding contingent business reached EGP 73.8 billion, 6% down YtD.

#### BUSINESS BANKING

- End-of-period gross loans were EGP 0.7 billion, 35% up YtD.
- End-of-period deposits were EGP 21.4 billion, 8% up YtD.
- Gross outstanding contingent business reached EGP 1.3 billion, 6% up YtD.

#### RETAIL INDIVIDUALS BANKING

- End-of-period gross loans were EGP 24.8 billion, 8% up YtD.
- End-of-period deposits were EGP 183.6 billion, 11% up YtD.
- CIB continued to expand its network to reach a total of 181 branches and 21 units across Egypt, supported by a network of 985 ATMs.

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

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### CONSOLIDATED FINANCIAL HIGHLIGHTS

Income Statement	2Q19 EGP million	1Q19 EGP million	QoQ Change 2Q19 vs. 1Q19	2Q18 EGP million	YoY change 2Q19 vs. 2Q18	1H19 EGP million	1H18 EGP million	YoY change 1H19 vs. 1H18
Net Interest Income	5,066	4,939	3%	4,593	10%	10,006	7,853	27%
Non-Interest Income	142	663	-79%	405	-65%	805	1,296	-38%
<b>Net Operating Income</b>	<b>5,208</b>	<b>5,602</b>	<b>-7%</b>	<b>4,998</b>	<b>4%</b>	<b>10,810</b>	<b>9,149</b>	<b>18%</b>
Non-Interest Expense	(1,297)	(1,322)	-2%	(976)	33%	(2,619)	(1,933)	35%
Loan loss provision	(274)	(521)	-47%	(971)	-72%	(795)	(1,291)	-38%
<b>Net Profit before Tax</b>	<b>3,637</b>	<b>3,759</b>	<b>-3%</b>	<b>3,051</b>	<b>19%</b>	<b>7,396</b>	<b>5,925</b>	<b>25%</b>
Income Tax	(969)	(1,090)	-11%	(789)	23%	(2,059)	(1,686)	22%
Deferred Tax	43	(25)	NM	141	-70%	17	185	-91%
<b>Net profit</b>	<b>2,711</b>	<b>2,644</b>	<b>3%</b>	<b>2,403</b>	<b>13%</b>	<b>5,355</b>	<b>4,424</b>	<b>21%</b>
<b>Net Profit After Minority</b>	<b>2,711</b>	<b>2,644</b>	<b>3%</b>	<b>2,403</b>	<b>13%</b>	<b>5,355</b>	<b>4,424</b>	<b>21%</b>

Financial Indicators	2Q19	1Q19	QoQ Change 2Q19 vs. 1Q19	2Q18	YoY change 2Q19 vs. 2Q18	1H19	1H18	YoY change 1H19 vs. 1H18
<b>Profitability</b>								
ROAE	26.9%	29.0%	-7%	34.1%	-21%	28.1%	31.1%	-9%
ROAA	3.04%	3.05%	0%	3.09%	-2%	3.04%	2.92%	4%
<b>Efficiency</b>								
Cost-to-Income	24.6%	24.2%	2%	18.7%	32%	24.4%	20.6%	19%
<b>Liquidity</b>								
Gross Loans-to-Deposits	40.4%	42.6%	-5%	44.9%	-10%	40.4%	44.9%	-10%
<b>Asset Quality</b>								
NPLs-to-Gross Loans	4.96%	4.99%	0%	4.50%	10%	4.96%	4.50%	10%
Capital Adequacy Ratio	25.8%	21.5%	20%	17.9%	44%	25.8%	17.9%	44%

### STANDALONE FINANCIAL HIGHLIGHTS

Income Statement	2Q19 EGP million	1Q19 EGP million	QoQ Change 2Q19 vs. 1Q19	2Q18 EGP million	YoY change 2Q19 vs. 2Q18	1H19 EGP million	1H18 EGP million	YoY change 1H19 vs. 1H18
Net Interest Income	5,066	4,939	3%	4,593	10%	10,005	7,853	27%
Non-Interest Income	147	661	-78%	401	-63%	807	1,288	-37%
<b>Net Operating Income</b>	<b>5,213</b>	<b>5,599</b>	<b>-7%</b>	<b>4,995</b>	<b>4%</b>	<b>10,812</b>	<b>9,141</b>	<b>18%</b>
Non-Interest Expense	(1,297)	(1,321)	-2%	(976)	33%	(2,617)	(1,933)	35%
Loan loss provision	(274)	(521)	-47%	(971)	-72%	(795)	(1,291)	-38%
<b>Net Profit before Tax</b>	<b>3,642</b>	<b>3,758</b>	<b>-3%</b>	<b>3,048</b>	<b>19%</b>	<b>7,399</b>	<b>5,917</b>	<b>25%</b>
Income Tax	(969)	(1,090)	-11%	(789)	23%	(2,059)	(1,686)	22%
Deferred Tax	43	(25)	NM	141	-70%	17	185	-91%
<b>Net Profit</b>	<b>2,716</b>	<b>2,642</b>	<b>3%</b>	<b>2,399</b>	<b>13%</b>	<b>5,358</b>	<b>4,417</b>	<b>21%</b>

Financial Indicators	2Q19	1Q19	QoQ Change 2Q19 vs. 1Q19	2Q18	YoY change 2Q19 vs. 2Q18	1H19	1H18	YoY change 1H19 vs. 1H18
<b>Profitability</b>								
ROAE	27.0%	29.1%	-7%	34.1%	-21%	28.2%	31.1%	-9%
ROAA	3.05%	3.05%	0%	3.09%	-1%	3.05%	2.91%	5%
NIM*	6.21%	6.32%	-2%	6.76%	-8%	6.27%	5.92%	6%
<b>Efficiency</b>								
Cost-to-Income	24.6%	24.2%	2%	18.7%	31%	24.4%	20.6%	18%
<b>Liquidity</b>								
Gross Loans-to-Deposits	40.4%	42.6%	-5%	44.9%	-10%	40.4%	44.9%	-10%
<b>Asset Quality</b>								
NPLs-to-Gross Loans	4.96%	4.99%	0%	4.50%	10%	4.96%	4.50%	10%
Direct Coverage Ratio	200%	199%	1%	216%	-7%	200%	216%	-7%

\* NIM based on managerial accounts



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### BALANCE SHEET

	Consolidated			Standalone		
	Jun-19 EGP million	Dec-18 EGP million	YtD Change Jun-19 Vs. Dec-18	Jun-19 EGP million	Dec-18 EGP million	YtD Change Jun-19 Vs. Dec-18
Cash & Due from Central Bank	24,993	20,059	25%	24,993	20,059	25%
Due from Banks	66,507	46,519	43%	66,507	46,519	43%
Net Loans & Overdrafts	110,996	106,377	4%	110,996	106,377	4%
Financial Derivatives	175	52	235%	175	52	235%
Financial Investments Securities	147,463	157,586	-6%	147,463	157,586	-6%
Financial Investment in Subsidiaries	105	107	-1%	66	69	-4%
Other Assets	11,074	11,762	-6%	11,073	11,762	-6%
<b>Total Assets</b>	<b>361,313</b>	<b>342,461</b>	<b>6%</b>	<b>361,272</b>	<b>342,423</b>	<b>6%</b>
Due to Banks	1,380	7,260	-81%	1,380	7,260	-81%
Customer Deposits	305,563	285,297	7%	305,604	285,340	7%
Other Liabilities	12,499	15,676	-20%	12,499	15,676	-20%
<b>Total Liabilities</b>	<b>319,442</b>	<b>308,233</b>	<b>4%</b>	<b>319,483</b>	<b>308,276</b>	<b>4%</b>
<b>Shareholders' Equity &amp; Net Profit</b>	<b>41,871</b>	<b>34,228</b>	<b>22%</b>	<b>41,789</b>	<b>34,147</b>	<b>22%</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>361,313</b>	<b>342,461</b>	<b>6%</b>	<b>361,272</b>	<b>342,423</b>	<b>6%</b>