

Commercial International Bank - Egypt (CIB)

Robust loan growth and healthy asset quality boosted profitability

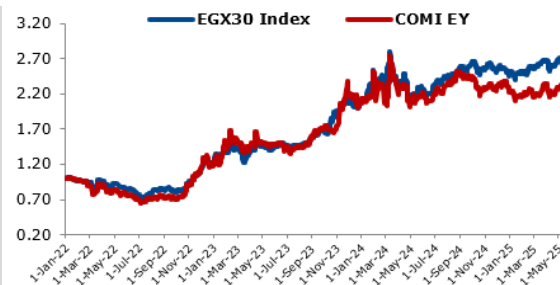
Current Price
EGP 100

Target Price
EGP 115

Upside/Downside (%)
+15%

Rating
BUY

- Net advances expanded 56.6% YOY and 18.4% QOQ to EGP 450.4 Bn in 2Q25.
- Total deposit increased 21.3% YOY and 4.5% QOQ to EGP 1,045.3 Bn, with retail and corporate Deposits expanding 22% and 21%, respectively, during 2Q25.
- The Bank maintained a healthy CASA ratio of 59% in 2Q25, compared to 56.4% in 1Q25.
- The Bank's reported NPL ratio fell from 3.1% in 1Q25 to 2.7% in 2Q25, while provision coverage grew from 307% in 1Q25 to 338% in 2Q25.
- COMI's capital adequacy ratio grew from 26.8% in 1Q25 to 28.4% in 2Q25.



Stock Information

Market Cap (EGP, Mn)	307,392.19
Paid Up Capital (Mn)	30,708.51
52 Week High	100.90
52 Week Low	73.00
3M Avg. daily value (EGP)	231,979,800

2Q25 Result Review (EGP, Mn)

Total Assets	1,321,096
Total Liabilities	1,143,790
Total Equity	177,306
Total Deposits	1,045,325
Net Profit	16,714

Financial Ratios

Dividend Yield (12m)	2.50
Dividend Pay-out (%)	6.03
Price-Earnings Ratio(x)	5.58
Price-to-Book Ratio (x)	1.74
Book Value (EGP)	57.67
Return-on Equity (%)	36.86

Stock Performance

5 Days	6.38%
1 Months	19.85%
3 Months	25.36%
6 Months	28.33%
1 Year	21.63%
Month to Date (MTD%)	6.38%
Quarter to Date (QTD%)	18.74%
Year to Date (YTD%)	27.52%

2Q25 Net Profit in line with our estimate

Commercial International Bank's (COMI/ the Bank) net profit grew 7.0% YOY to EGP 16,714 Mn in 2Q25, in line with our estimate of EGP 16,439 Mn. The growth in net profit is driven by a strong increase in net funded income and reversals in impairments, partially offset by a decline in non-funded income and higher operating expenses and taxes.

P&L Highlights

The Bank's Funded income grew 16.8% YOY to EGP 52.6 Bn in 2Q25, primarily due to a strong growth in net advances and other interest-earning assets. Funded expenses expanded 19.7% YOY to EGP 26.7 Bn in 2Q25. Thus, net funded income increased 14.1% YOY to EGP 25.9 Bn in 2Q25. The Bank's calculated NIMs declined 90 bps YOY and 16 bps QOQ to 8.4% during 2Q25. Furthermore, fees and commission income rose 20.3% YOY to EGP 2.2 Bn in 2Q25. However, income from trading declined significantly from EGP 1.2 Bn in 2Q24 to EGP 0.6 Bn in 2Q25. Other non-funded expenses rose 23.3% YOY to EGP 1.6 Bn in 2Q25. Resultantly, non-funded income declined 30.7% YOY to EGP 1.2 Bn in 2Q25. The Bank's total operating income rose 11.0% YOY to EGP 27.1 Bn in 2Q25. Operating expenses grew 38.8% YOY to EGP 4.0 Bn in 2Q25. Resultantly, the cost-to-income ratio rose 294 bps YOY but fell 3 bps QOQ to 14.7% in 2Q25. The Bank recorded a reversal of impairments of EGP 418 Mn in 2Q25, compared to impairment charges of EGP 631 Mn in 2Q24, mainly driven by the recalibration of the ECL calculation to reflect the current economic environment. Tax charges grew 29.0% YOY to EGP 6.8 Bn in 2Q25.

Balance Sheet Highlight

COMI's total assets grew 25.0% YOY and 4.6% QOQ to EGP 1,321.1 Bn in 2Q25, driven by the growth in cash and bank balance, net advances, and financial investments. Net advances increased 56.6% YOY and 18.4% QOQ to EGP 450.4 Bn in 2Q25. Customer deposits grew 21.3% YOY and 4.5% QOQ to EGP 1,045.3 Bn in 2Q25, supported by sustained growth across the corporate and individual deposits. Customer deposits accounted for 91.4% of the total liabilities in 2Q25. The Bank's calculated loan-to-deposit ratio rose by 623 bps YOY and 377 bps QOQ to 44.9% in 2Q25. Total equity grew 48.5% YOY and 12.1% QOQ to EGP 177.3 Bn in 2Q25.

Target Price and Rating

We maintain our BUY rating on COMI with a revised target price of EGP 115.0. COMI recorded an increase in profitability driven by a higher net funded income and impairments reversals during 2Q25. The Bank recorded a solid growth in advances, increasing 56.6% YOY and 18.4% QOQ to EGP 450 Bn in 2Q25, primarily attributed to increased lending across Corporate, Small and Medium-Sized Enterprises (SMEs) and Retail loans. The Bank's total loan portfolio comprised 80.4% from corporate and business banking, while retail banking accounted for the remaining 19.6% during 2Q25. CIB also expanded its lending to SMEs, with the portfolio growing to 29%, surpassing the minimum threshold set by the CBE. The Bank maintains its status as the leading private-sector lender in Egypt, capturing a 9.23% share of the private-sector corporate loan market, reflecting its solid competitive position. COMI's total deposit demonstrated a strong momentum, rising 21.3% YOY and 4.5% QOQ to EGP 1,045 Bn, with both Retail and Corporate deposits expanding 21.6% and 20.9%, respectively, during 2Q25. The Bank maintained a healthy CASA ratio of 59% in 2Q25, compared to 56.4% in 1Q25. COMI's calculated NIMs remained nearly constant at 8.4% in 2Q25, compared to 1Q25. The Bank expects some pressure on NIMs amid a declining interest rate environment, however, its diversified revenue base and rising CASA balance are anticipated to cushion the impact. Furthermore, the Bank's reported NPL ratio declined from 3.1% in 1Q25 to 2.7% in 2Q25, reflecting improved asset quality and effective risk management. The reported provision coverage also grew from 307% in 1Q25 to 338% in 2Q25, indicating a healthy buffer against bad loans. COMI's capital adequacy ratio increased from 26.8% in 1Q25 to 28.4% in 2Q25, indicating a strengthened capital position and enhanced ability to absorb potential risks. Furthermore, the Bank's local currency liquidity ratio stood at 55.0%, while the foreign currency liquidity ratio stood at 74.0%, both comfortably above the minimum requirements set by CBE, reflecting strong liquidity management across currencies. Thus, based on our analysis, we maintain our BUY rating on the stock.

COMI - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PB	3.31	2.86	4.40	3.34	1.99	1.29
PE	19.23	25.03	23.20	13.10	6.80	5.38
BVPS	19.328	22.374	22.019	29.404	49.602	76.385
EPS	NA	3.994	4.741	8.394	16.187	18.564
DPS	NA	0.900	0.538	0.550	2.500	2.785
Dividend yield	NA	0.9%	0.5%	0.5%	2.3%	2.8%

FABS Estimates & Co Data

COMI – P&L

	2Q24	1Q25	2Q25A	2Q25F	VAR	YOY Ch	QOQ Ch	2024	2025F	Change
EGP Mn										
Funded income	45,040	52,535	52,626	53,512	-1.7%	16.8%	0.2%	182,735	211,269	15.6%
Funded expense	-22,303	-27,139	-26,686	-27,163	-1.8%	19.7%	-1.7%	-91,671	-110,169	20.2%
Net funded income	22,737	25,396	25,940	26,349	-1.6%	14.1%	2.1%	91,064	101,100	11.0%
Fees and commissions	1,842	1,935	2,216	2,087	6.2%	20.3%	14.5%	7,085	8,347	17.8%
Trading gain/(loss)	1,188	645	603	783	-23.0%	-49.3%	-6.5%	20,472	2,585	-87.4%
Other non-funded income	-1,330	-1,257	-1,640	-1,572	4.3%	23.3%	30.5%	-23,049	-6,454	-72.0%
Non-funded income	1,701	1,322	1,178	1,298	-9.2%	-30.7%	-10.9%	4,509	4,479	-0.7%
Operating income	24,438	26,718	27,118	27,647	-1.9%	11.0%	1.5%	95,573	105,578	10.5%
Operating expenses	-2,870	-3,932	-3,983	-3,973	0.3%	38.8%	1.3%	-13,896	-15,098	8.7%
Pre-provision profit	21,567	22,786	23,135	23,674	-2.3%	7.3%	1.5%	81,677	90,481	10.8%
Impairment (charge)	-631	-84	418	-232	NM	NM	NM	-4,524	-2,472	-45.4%
Share of profits assoc	-8	0	6	3	NM	NM	NM	-18	13	NM
PBT	20,928	22,702	23,558	23,445	0.5%	12.6%	3.8%	77,136	88,021	14.1%
Tax	-5,305	-6,068	-6,845	-6,987	-2.0%	29.0%	12.8%	-21,879	-24,382	11.4%
Profit before NCI	15,622	16,633	16,713	16,458	1.6%	7.0%	0.5%	55,257	63,639	15.2%
Discont operation	0	0	0	0	NM	NM	NM	0	0	NM
Profit for the year	15,622	16,633	16,713	16,458	1.6%	7.0%	0.5%	55,257	63,639	15.2%
Minority interest	0	1	0	19	NM	261.3%	-132.1%	60	74	22.5%
Net Profit after NCI	15,623	16,632	16,714	16,439	1.7%	7.0%	0.5%	55,196	63,565	15.2%

FABS estimate & Co Data

COMI – KPI

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	93.0%	95.1%	95.7%	261	60	95.3%	95.8%	48
Fees & comms/OI	7.5%	7.2%	8.2%	63	93	7.4%	7.9%	49
NIS	8.4%	7.2%	7.2%	-120	0	9.4%	5.7%	-370
Trading/OI	4.9%	2.4%	2.2%	-264	-19	21.4%	2.4%	-1,897
Cost to income	11.7%	14.7%	14.7%	294	-3	14.5%	14.3%	-24
Impairment/PPP	2.9%	0.4%	-1.8%	-473	-217	5.5%	2.7%	-281
Tax/PBT	25.4%	26.7%	29.1%	370	232	28.4%	27.7%	-66
NP/OI	63.9%	62.2%	61.6%	-229	-61	57.8%	60.2%	245
Cost of risk	0.8%	0.1%	-0.4%	NM	NM	1.2%	0.5%	-70
Loan-to-deposit	38.7%	41.2%	44.9%	623	377	40.3%	46.0%	566
Tier 1 (Reported)	21.6%	22.8%	23.6%	205	82	20.1%	23.6%	350
Capital adequacy (Reported)	26.2%	26.8%	28.4%	220	160	24.1%	26.7%	262
ROAE	45.9%	46.3%	41.2%	-478	-513	45.4%	32.8%	-1,262
ROAA	4.7%	5.3%	5.1%	48	-22	5.4%	4.5%	-85

FABS estimate & Co Data

COMI – Key BS Items

(EGP Mn)	2Q24	3Q24	4Q24	1Q25	2Q25	YOY Ch
Net advances	287,648	307,367	353,098	380,384	450,441	56.6%
QOQ change	5.9%	6.9%	14.9%	7.7%	18.4%	
Total assets	1,057,168	1,119,958	1,214,973	1,262,885	1,321,096	25.0%
QOQ change	8.2%	5.9%	8.5%	3.9%	4.6%	
Customer deposits	861,720	900,967	972,596	1,000,618	1,045,325	21.3%
QOQ change	8.2%	4.6%	8.0%	2.9%	4.5%	
Total Equity	119,378	138,406	152,819	158,218	177,306	48.5%
QOQ change	18.2%	15.9%	10.4%	3.5%	12.1%	

FABS estimate & Co Data

Valuation:

We use the Residual Income and Relative Valuation (RV) method to value Commercial International Bank. We have assigned 70% weight to Residual Income, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
Residual Income	103.91	70.0%	72.74
Relative Valuation (RV)	140.88	30.0%	42.26
Weighted Average Valuation (EGP)			115.00
Current market price (EGP)			100
Upside/Downside (%)			+15%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 16.0%. Cost of equity is calculated by using Egypt's 10-year government bond yield of 10.0%, beta of 0.8, and equity risk premium of 7.6%. Government bond yield is calculated after adding Egypt's 10-year CDS spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (EGP, Mn)	65,257
Terminal value (EGP, Mn)	73,853
Book Value of Equity (as of June 2025)	177,099
FV to Common shareholders (EGP, Mn)	316,209
No. of share (Mn)	3,043
Current Market Price (EGP)	100
Fair Value per share (EGP)	103.91

Residual Income Method

(All Figures in EGP Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Net Profit	63,565	72,531	78,141	86,507	102,680
(-) Equity Charge	37,597	47,651	58,483	70,473	84,705
Excess Equity	25,968	24,880	19,659	16,033	17,975
Discounting Factor	0.94	0.81	0.70	0.60	0.52
Present Value of Excess Equity	12,236¹	20,213	13,769	9,681	9,357

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used international peers to value Commercial International Bank, and it is valued using the PB multiple. It is valued at a 2025 PB multiple of 1.8x.

Company	Market (USD Mn)	P/B (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Alinma Bank	17,652	1.8x	1.6x	11.0x	10.3x
Abu Dhabi Islamic Bank PJSC	21,773	3.2x	2.8x	13.6x	12.7x
Commercial Bank of Dubai	7,152	1.6x	1.5x	8.7x	9.6x
Gulf Bank K.S.C.P.	4,462	1.6x	1.5x	22.8x	18.7x
Banque Saudi Fransi	11,700	1.1x	1.0x	9.2x	8.8x
Bank Al Bilad	10,791	2.2x	2.0x	13.8x	13.3x
Qatar Islamic Bank	15,785	1.9x	1.8x	12.7x	12.1x
Average		1.9x	1.8x	13.1x	12.2x
Median		1.8x	1.6x	12.7x	12.1x
Max		3.2x	2.8x	22.8x	18.7x
Min		1.1x	1.0x	8.7x	8.8x

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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