FAB SECURITIES أبوظبي الأول للأوراق المالية

First Look Note | 2Q26

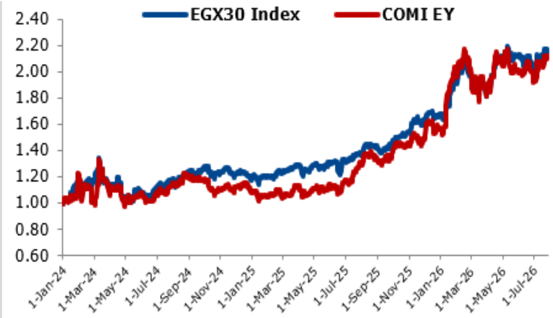
Egypt Equity Research Sector: Banking Market: EGX

Commercial International Bank - Egypt (COMI)

Strong core and non-core income supported bottom-line growth

Current Price	Target Price	Upside/Downside (%)	Rating
EGP 140.00	EGP 150.00	+7.1%	HOLD

- Net advances increased 43.5% YOY and 6.5% QOQ to EGP 646.2 Bn in 2Q26, supported by growth in local and foreign currency loans.
- Customer deposits grew 25.2% YOY and 7.7% QOQ to EGP 1,308.6 Bn in 2Q26, accounting for 90.2% of the Bank's total liabilities in 2Q26.
- The Bank CASA ratio increased from 59% in 2Q25 to 63% in 2Q26 of total deposits.
- Online digital banking platforms served more than 2.2 Mn users by the end of 1H26, while transaction value across the Bank's digital platforms increased 55% YOY to c. EGP 3.6 Tn.



Stock Information	
Market Cap (EGP, Mn)	476,719.47
Paid Up Capital (Mn)	34,051.39
52 Week High	145.01
52 Week Low	84.33
3M Avg. daily value (EGP)	524,680,600

2Q26 Result Review (EGP, Mn)	
Total Assets	1,690,040
Total Liabilities	1,451,624
Total Equity	238,416
Total Deposits	1,308,646
Net Profit	21,491

Financial Ratios	
Dividend Yield (12m)	4.29
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	5.87
Price-to-Book Ratio (x)	2.00
Book Value (EGP)	70.01
Return-on Equity (%)	38.75

Stock Performance	
5 Days	4.48%
1 Months	7.84%
3 Months	2.11%
6 Months	4.48%
1 Year	62.28%
Month to Date (MTD%)	9.80%
Quarter to Date (QTD%)	9.80%
Year to Date (YTD%)	35.92%

2Q26 Net Profit in line with our estimate

Commercial International Bank's (COMI/ the Bank) reported a 28.6% YOY increase in net profit to EGP 21.5 Bn in 2Q26, in line with our estimate of EGP 21.0 Bn. The growth in net profit was primarily driven by higher net funded and non-funded income, partially offset by higher operating expenses, impairment charges and tax expenses.

P&L Highlights

The Bank's funded income grew 8.8% YOY to EGP 57.3 Bn in 2Q26, primarily driven by strong growth in net advances and interest-earning assets, partially offset by a decline in asset yield. Funded expenses declined 2.1% YOY to EGP 26.1 Bn in 2Q26, supported by a decline in the cost of funds, partially offset by an increase in average interest-bearing liabilities. Consequently, net funded income increased 20.0% YOY to EGP 31.1 Bn in 2Q26. The Bank's NIMs declined 43 bps YOY and 52 bps QOQ to 8.4% in 2Q26. Furthermore, fees and commission income increased from EGP 2.2 Bn in 2Q25 to EGP 3.6 Bn in 2Q26. Income from trading also increased significantly from EGP 603 Mn in 2Q25 to EGP 1.0 Bn in 2Q26. However, other non-funded income remained negative, improving from negative EGP 1.6 Bn in 2Q25 to negative EGP 1.0 Bn in 2Q26. As a result, the Bank reported non-funded income of EGP 3.6 Bn in 2Q26, compared to EGP 1.2 Bn in 2Q25. The Bank's total operating income grew 28.2% YOY to EGP 34.8 Bn in 2Q26. Operating expenses increased 30.6% YOY to EGP 5.2 Bn in 2Q26. Thus, calculated the cost-to-income ratio increased by 28 bps YOY to 15.0% in 2Q26. The Bank recorded impairment charges of EGP 963 Mn in 2Q26, compared to a reversal of impairments of EGP 418 Mn in 2Q25. Tax charges increased 3.8% YOY to EGP 7.1 Bn in 2Q26.

Balance Sheet Highlight

COMI's total assets grew 27.9% YOY and 7.8% QOQ to EGP 1,690.0 Bn in 2Q26, driven by growth in net advances and financial investments. Net advances increased 43.5% YOY and 6.5% QOQ to EGP 646.2 Bn in 2Q26, supported by growth in local and foreign currency loans. Customer deposits grew 25.2% YOY and 7.7% QOQ to EGP 1,308.6 Bn in 2Q26. Customer deposits accounted for 90.2% of total liabilities in 2Q26, driven by growth in local and foreign currency deposits. The Bank's calculated loan-to-deposit ratio increased by 385 bps YOY but declined by 7 bps QOQ to 48.8% in 2Q26. Total equity post non-controlling interest grew 34.5% YOY and 10.3% QOQ to EGP 238.4 Bn in 2Q26.

Target Price and Rating

We maintain our HOLD rating on COMI with a revised target price of EGP 150.00. COMI delivered a strong performance in 2Q26, supported by robust growth across both funded and non-funded income. Growth in financing volumes and interest-earning assets supported a 20.0% YOY increase in net funded income during 2Q26. The Bank continued to demonstrate healthy balance sheet expansion, with net advances increasing 43.5% YOY and 6.5% QOQ to EGP 646.2 Bn, driven by growth in both local and foreign currency lending. COMI continued to make strong progress in expanding its digital banking ecosystem, with its online banking platforms serving more than 2.2 Mn users by the end of 1H26, representing a 15% YOY increase. Transaction value across digital platforms rose 55% YOY to c. EGP 3.6 Tn, while the digital acquisition rate for certificates of deposit (CDs) reached 90.2%. The Bank also acquired c. 227K new-to-bank (NTB) customers during 1H26, up 35% YOY, supported by its robust digital infrastructure and a 21% YOY increase in the NTB digital registration rate. COMI further strengthened its retail banking franchise through the expansion of its credit card business, supported by growing traction in the Explore Credit Card and the ongoing development of the Talabat co-branded card. In addition, the Bank expanded its partnership with Mastercard to enhance payment solutions and digital capabilities, while continuing to invest in automation, process optimization, strategic partnerships, and new digital banking features. The Bank's funding profile also remained strong, with customer deposits increasing 25.2% YOY and 7.7% QOQ to EGP 1,308.6 Bn, supported by growth across both local and foreign currency deposits. The CASA ratio improved to 63% in 2Q26 from 59% in 2Q25, strengthening the Bank's low-cost funding base and supporting margin resilience. Despite higher operating expenses during the quarter, COMI maintained a strong cost-to-income ratio of 15.0%, reflecting continued operating efficiency. Asset quality remained robust, with the NPL ratio improving to 1.5% in 2Q26 from 1.7% in 1Q26, while reported provision coverage strengthened to 358% in 2Q26 from 344% in 1Q26, providing a substantial buffer against potential credit losses. Liquidity and capitalization also remained comfortable, with local and foreign currency liquidity ratios at 46.4% and 56.3% during 2Q26, respectively, both well above the Central Bank of Egypt's regulatory requirements. Meanwhile, the Tier 1 capital ratio and capital adequacy ratio remained strong at 24.4% and 28.4%, respectively during 2Q26, providing ample capacity to support future balance sheet growth. Overall, we remain positive on COMI's underlying fundamentals, supported by strong balance sheet growth, a resilient low-cost funding franchise, improving asset quality, robust capitalization, and continued progress in digital banking. However, following the recent share price performance, we believe the stock's current valuation largely reflects these positives, resulting in more limited upside to our revised target price of EGP 150.00. Thus, based on our analysis, we maintain our HOLD rating on the stock.

COMI - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026
PB	6.63	6.78	5.14	3.07	2.04	1.49
PE	37.96	31.89	18.04	9.43	7.67	6.78
BVPS	21.117	20.653	27.242	45.597	68.529	103.996
EPS	3.688	4.390	7.761	14.849	18.246	20.640
DPS	0.823	0.492	0.500	2.273	6.010	6.000
Dividend yield	0.6%	0.4%	0.4%	1.6%	4.3%	4.3%

FABS Estimates & Co Data, DPS for 2025 and historical periods are Bonus adjusted.

COMI – P&L

EGP Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	52,626	53,306	57,262	56,690	1.0%	8.8%	7.4%	211,600	230,906	9.1%
Funded expense	-26,686	-23,606	-26,136	-25,639	1.9%	-2.1%	10.7%	-103,901	-105,085	1.1%
Net funded income	**25,940**	**29,700**	**31,127**	**31,051**	**0.2%**	**20.0%**	**4.8%**	**107,700**	**125,821**	**16.8%**
Fees and commissions	2,216	2,221	3,607	3,390	6.4%	62.8%	62.4%	9,219	11,592	25.7%
Trading gain/(loss)	603	434	1,022	1,001	2.0%	69.5%	NM	1,801	3,351	86.1%
Other non-funded income	-1,640	-2,116	-1,002	-1,153	-13.0%	-38.9%	-52.6%	1,597	-4,996	NM
Non-funded income	**1,178**	**539**	**3,626**	**3,239**	**12.0%**	**NM**	**NM**	**12,616**	**9,947**	**-21.2%**
Operating income	**27,118**	**30,238**	**34,753**	**34,289**	**1.4%**	**28.2%**	**14.9%**	**120,316**	**135,768**	**12.8%**
Operating expenses	-3,983	-5,155	-5,201	-5,259	-1.1%	30.6%	0.9%	-17,562	-21,044	19.8%
Pre-provision profit	**23,135**	**25,084**	**29,551**	**29,030**	**1.8%**	**27.7%**	**17.8%**	**102,754**	**114,724**	**11.6%**
Impairment (charge)	418	481	-963	-915	5.3%	NM	NM	8,817	-3,028	NM
Share of profits assoc	6	-2	8	8	-1.0%	39.9%	NM	11	14	NM
PBT	**23,558**	**25,563**	**28,596**	**28,123**	**1.7%**	**21.4%**	**11.9%**	**111,582**	**111,709**	**0.1%**
Tax	-6,845	-7,741	-7,104	-7,175	-1.0%	3.8%	-8.2%	-29,323	-34,183	16.6%
Profit before NCI	**16,713**	**17,822**	**21,492**	**20,948**	**2.6%**	**28.6%**	**20.6%**	**82,259**	**77,526**	**-5.8%**
Profit for the year	**16,713**	**17,822**	**21,492**	**20,948**	**2.6%**	**28.6%**	**20.6%**	**82,259**	**77,526**	**-5.8%**
Minority interest	0	0	0	0	-1.0%	NM	NM	20	8	-60.8%
Net Profit after NCI	**16,714**	**17,822**	**21,491**	**20,948**	**2.6%**	**28.6%**	**20.6%**	**82,239**	**77,519**	**-5.7%**

FABS estimate & Co Data

COMI - KPI

	2Q25	1Q26	2Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	95.7%	98.2%	89.6%	-609	-865	89.5%	92.7%	316
Fees & comms/OI	8.2%	7.3%	10.4%	221	303	7.7%	8.5%	88
NIM (Reported)	8.8%	8.9%	8.4%	-43	-52	8.95%	8.06%	-89
NIS	7.2%	7.3%	7.1%	-8	-21	7.6%	6.9%	-70
Trading/OI	2.2%	1.4%	2.9%	72	151	1.5%	2.5%	97
Cost to income	14.7%	17.0%	15.0%	28	-208	14.6%	15.5%	90
Impairment/PPP	-1.8%	-1.9%	3.3%	507	518	-8.6%	2.6%	NM
Tax/PBT	29.1%	30.3%	24.8%	-421	-544	26.3%	30.6%	432
NP/OI	61.6%	58.9%	61.8%	21	290	68.4%	57.1%	NM
Cost of risk	-0.4%	-0.3%	0.6%	96	93	-1.6%	0.4%	203
Loan-to-deposit	44.9%	48.9%	48.8%	385	-7	49.2%	50.5%	130
NPL (Reported)	2.7%	1.7%	1.5%	-121	-21	1.7%	1.3%	NM
NPL Coverage (Calculated)	422.4%	437.5%	447.6%	NM	NM	453.0%	448.0%	-496
Tier 1 (Reported)	23.6%	22.6%	24.4%	72	178	23.0%	26.0%	305
Capital adequacy (Reported)	28.4%	27.0%	28.4%	0	143	27.3%	29.8%	249
ROAE	41.2%	44.6%	42.5%	129	-215	42.8%	28.1%	NM
ROAA	5.1%	5.9%	5.9%	73	-3	6.2%	4.7%	-150

FABS estimate & Co Data

COMI – Key BS Items

(EGP Mn)	2Q25	3Q25	4Q25	1Q26	2Q26	YOY Ch
Net advances	450,441	482,635	542,395	606,906	646,248	43.5%
QOQ change	*18.4%*	*7.1%*	*12.4%*	*11.9%*	*6.5%*	
Total assets	1,321,096	1,355,579	1,442,494	1,568,268	1,690,040	27.9%
QOQ change	*4.6%*	*2.6%*	*6.4%*	*8.7%*	*7.8%*	
Customer deposits	1,045,325	1,047,464	1,110,396	1,214,998	1,308,646	25.2%
QOQ change	*4.5%*	*0.2%*	*6.0%*	*9.4%*	*7.7%*	
Total Equity	177,306	208,047	231,514	216,173	238,416	34.5%
QOQ change	*12.1%*	*17.3%*	*11.3%*	*-6.6%*	*10.3%*	

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	150.91	70.0%	105.64
Relative Valuation (RV)	147.88	30.0%	44.37
Weighted Average Valuation (EGP)			**150.00**
Current market price (EGP)			140.00
Upside/Downside (%)			+7.1%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 14.0%. Cost of equity is calculated by using Egypt's 10-year government bond yield of 8.4%, beta of 0.99, and equity risk premium of 5.7%. 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)	126,975
Terminal value (EGP, Mn)	148,491
Book Value of Equity (as of June 2026)	238,403
FV to Common shareholders (EGP, Mn)	**513,870**
No. of share (Mn)	3,405
Current Market Price (EGP)	140.00
Fair Value per share (EGP)	**150.91**

Residual Income Method

(All Figures in EGP Mn)	2026E	2027E	2028E	2029E	2030E
Net Profit	70,886	81,017	89,008	95,260	1,03,914
(-) Equity Charge	32,410	44,805	54,345	64,593	75,401
Excess Equity	**38,476**	**36,211**	**34,662**	**30,667**	**28,512**
Discounting Factor	0.94	0.83	0.73	0.64	0.56
Present Value of Excess Equity	**36,326**	**29,989**	**25,181**	**19,542**	**15,938**

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 2026 PB multiple of 1.6x.

Company	Market (USD Mn)	P/B (x) 2026F	P/B (x) 2027F	P/E (x) 2026F	P/E (x) 2027F
Alinma Bank	19,184	1.8x	1.7x	11.6x	10.8x
Abu Dhabi Islamic Bank PJSC	21,557	2.7x	2.4x	12.0x	10.9x
Commercial Bank of Dubai	7,680	1.5x	1.4x	8.6x	9.5x
Gulf Bank K.S.C.P.	4,718	1.7x	1.6x	38.9x	20.9x
Banque Saudi Fransi	12,513	1.0x	1.0x	9.4x	8.6x
Bank Al Bilad	9,580	1.5x	NA	11.4x	10.9x
Qatar Islamic Bank	14,020	1.6x	1.5x	11.4x	10.5x
Average		**1.7x**	**1.6x**	**14.7x**	**11.7x**
Median		**1.6x**	**1.6x**	**11.4x**	**10.8x**
Max		**2.7x**	**2.4x**	**38.9x**	**20.9x**
Min		**1.0x**	**1.0x**	**8.6x**	**8.6x**

Source: FAB Securities

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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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