

Commercial International Bank - Egypt (CIB)

Strong growth in funded income and a decline in impairments boosted profitability

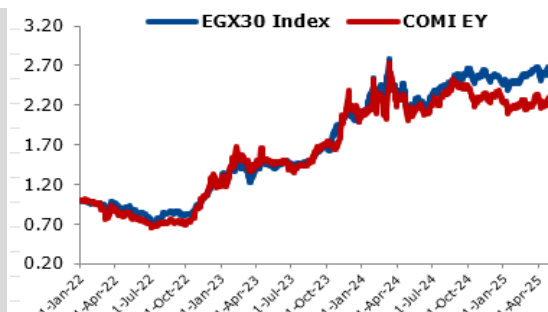
Current Price
EGP 80.00

Target Price
EGP 110.00

Upside/Downside (%)
+38%

Rating
BUY

- Net advances grew 40.0% YOY and 7.7% QOQ to EGP 380.4 Bn in 1Q25.
- The Bank's asset quality strengthened as the NPL ratio improved from 3.3% in 4Q24 to 3.1% in 1Q25, owing to the ability to effectively reduce risk.
- Capitalization improved with a reported CAR of 26.8% in 1Q25 compared to 24.1% in 4Q24.
- COMI network consists of 214 branches along with 1,396 ATMs and more than two million clients.



Bloomberg Code: COMI

Stock Information

Market Cap (EGP, Mn)	243,452.64
Paid Up Capital (Mn)	30,431.58
52 Week High	89.70
52 Week Low	73.00
3M Avg. daily value (EGP)	157,671,900

1Q25 Result Review (EGP, Mn)

Total Assets	1,262,885
Total Liabilities	1,104,668
Total Equity	158,218
Total Deposits	1,000,618
Net Profit	16,632

Financial Ratios

Dividend Yield (12m)	3.13
Dividend Pay-out (%)	6.03
Price-Earnings Ratio(x)	4.53
Price-to-Book Ratio (x)	1.59
Book Value (EGP)	50.16
Return-on Equity (%)	40.70

Stock Performance

5 Days	0.00%
1 Months	2.96%
3 Months	1.27%
6 Months	0.00%
1 Year	4.88%
Month to Date (MTD%)	-1.20%
Quarter to Date (QTD%)	-2.97%
Year to Date (YTD%)	1.91%

1Q25 Net Profit in line with our estimate

Commercial International Bank's (COMI/ the Bank) net profit grew 39.5% YOY to EGP 16,632 Mn in 1Q25, in line with our estimate of EGP 16,382 Mn. The growth in net profit is driven by a strong growth in net funded income, Net Fees and commissions Income and a decline in impairments, partially offset by a reduction in Net trading income and higher operating expenses.

P&L Highlights

The Bank's Funded income grew substantially from EGP 36.7 Bn in 1Q24 to EGP 52.5 Bn in 1Q25, primarily due to a solid growth in net advances and higher asset yield. Asset yield rose 98 bps YOY but declined 78 bps QOQ to 17.7% in 1Q25. Funded expenses grew in line with funded income from EGP 17.9 Bn in 1Q24 to EGP 27.1 Bn in 1Q25 driven by the higher cost of funds. The Bank's cost of funds grew 190 bps YOY and remained unchanged on QOQ basis to 10.5% in 1Q25. As a result, net funded income grew 35.1% YOY to EGP 25.4 Bn in 1Q25. Furthermore, fees and commission income rose 23.5% YOY to EGP 1.9 Bn in 1Q25. Income from Trading declined significantly from EGP 16.2 Bn in 1Q24 to EGP 645 Mn in 1Q25. Other non-funded income fell substantially 91.5% YOY to EGP 1.3 Bn in 1Q25. Resultantly, non-funded income declined 56.2% YOY to EGP 1.3 Bn in 1Q25. Furthermore, the Bank's total operating income rose 22.5% YOY to EGP 26.7 Bn in 1Q25. Operating expenses grew 34.3% YOY to EGP 3.9 Bn in 1Q25. The cost-to-income ratio increased 98 bps YOY but fell by 523 bps QOQ to 14.4% in 1Q25. Impairment charges fell significantly from EGP 1.4 Bn in 1Q24 to EGP 84 Mn in 1Q25, mainly driven by the recalibration of the ECL calculation to reflect the current economic environment. Tax charges grew 9.4% YOY to EGP 6.1 Bn in 1Q25.

Balance Sheet Highlight

COMI's total assets grew 29.2% YOY and 3.9% QOQ to EGP 1,262.9 Bn in 1Q25. Net advances increased 40.0% YOY and 7.7% QOQ to EGP 380.4 Bn in 1Q25. Funding to businesses and individuals increased 7% YOY to EGP 426 Bn in 1Q25. Customer deposits grew 25.7% YOY and 2.9% QOQ to EGP 1,000.6 Bn in 1Q25 driven by a solid growth across savings and demand deposits. The Bank maintained a healthy CASA ratio of 56% in 1Q25. The Bank's deposit market share stood at 7.1% as of December 2024. As per our calculations, the Bank's loan-to-deposit ratio rose 146 bps YOY and 82 bps QOQ to 41.2% in 1Q25. Total equity grew 56.7% YOY and 3.5% QOQ to EGP 158.2 Bn in 1Q25. The reported capital adequacy ratio increased from 24.1% in 4Q24 to 26.8% in 1Q25.

Target Price and Rating

We maintain our BUY rating on COMI with an unchanged target price of EGP 110.0. The Bank recorded a solid growth in advances, increasing 40.0% YOY to EGP 380.4 Bn in 1Q25, mainly driven by solid growth across the corporate lending, particularly in the services sector, along with an increase in SME loans and retail loans. The Bank's deposits rose 25.7% YOY to EGP 1,000.6 Bn, maintaining a CASA ratio of 56%. As a result, the Bank's loan to deposit ratio, according to our calculation, increased 146 bps YOY and 82 bps QOQ to 41.2% in 1Q25. The net profit attributable to shareholders rose 39.5% YOY to EGP 16.6 Bn in 1Q25, driven by an increase in net funded income and a decline in impairments. COMI aims to expand in underpenetrated markets for financial inclusion and to serve non-resident Egyptians, especially in the GCC region. Moreover, CIB, in line with the Central Bank of Egypt's financial inclusion strategy, is enhancing access for unbanked and underbanked segments through light KYC products, expanded acquisition channels, and a new segmentation strategy. The Bank's asset quality strengthened as the NPL ratio improved from 3.3% in 4Q24 to 3.1% in 1Q25, owing to the ability to effectively reduce risk. NPL coverage ratio stood robust at 337% in 1Q25 compared to 351% in 4Q24. COMI's capitalization improved with a reported CAR of 26.8% in 1Q25. Thus, based on our analysis, we assign a BUY rating on the stock.

COMI - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PB	2.67	2.31	3.55	2.69	1.61	1.17
PE	15.53	20.20	23.20	13.10	6.80	4.22
DPS	NA	0.90	0.54	0.55	2.50	2.87
Dividend yield	NA	1.1%	0.7%	0.7%	3.1%	3.6%

FABS Estimates & Co Data

COMI – P&L

EGP mm	1Q24	4Q24	1Q25	1Q25F	VAR	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	36,653	51,736	52,535	53,647	-2.1%	43.3%	1.5%	182,735	214,586	17.4%
Funded expense	-17,853	-26,355	-27,139	-27,241	-0.4%	52.0%	3.0%	-91,671	-108,965	18.9%
Net funded income	18,800	25,381	25,396	26,405	-3.8%	35.1%	0.1%	91,064	105,621	16.0%
Net Fees and commissions	1,567	1,860	1,935	2,008	-3.7%	23.5%	4.0%	7,085	8,033	13.4%
Trading gain/(loss)	16,202	2,278	645	795	-18.9%	-96.0%	-71.7%	20,472	3,180	-84.5%
Other non-funded income	-14,750	-5,502	-1,257	-1,587	-20.8%	-91.5%	-77.2%	-23,049	-6,347	-72.5%
Non-funded income	3,019	-1,364	1,322	1,217	8.7%	-56.2%	-196.9%	4,509	4,867	7.9%
Operating income	21,819	24,017	26,718	27,622	-3.3%	22.5%	11.2%	95,573	110,488	15.6%
Operating expenses	-2,929	-4,715	-3,932	-3,978	-1.1%	34.3%	-16.6%	-13,896	-15,910	14.5%
Pre-provision profit	18,890	19,302	22,786	23,645	-3.6%	20.6%	18.0%	81,677	94,578	15.8%
Impairment (charge)	-1,421	-779	-84	-1,025	-91.8%	-94.1%	-89.2%	-4,524	-4,100	-9.4%
Share of profits assoc	5	-9	0	3	NM	NM	-96.8%	-18	11	NM
PBT	17,474	18,514	22,702	22,622	0.4%	29.9%	22.6%	77,136	90,489	17.3%
Tax	-5,549	-5,605	-6,068	-6,221	-2.5%	9.4%	8.3%	-21,879	-24,884	13.7%
Profit before NCI	11,925	12,909	16,633	16,401	1.4%	39.5%	28.9%	55,257	65,604	18.7%
Minority interest	0	60	1	19	-92.7%	NM	-97.7%	60	76	26.0%
Net Profit after NCI	11,924	12,848	16,632	16,382	1.5%	39.5%	29.4%	55,196	65,528	18.7%

FABS estimate & Co Data
COMI - KPI

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	86.2%	105.7%	95.6%	943	-1,008	95.3%	95.6%	31
Fees & comms/OI	7.2%	7.7%	7.3%	9	-47	7.4%	7.3%	-14
NIS	8.1%	8.0%	7.2%	-92	-78	9.4%	6.7%	-270
Trading/OI	74.3%	9.5%	2.9%	-7,138	-660	21.4%	2.9%	-1,854
Cost to income	13.4%	19.6%	14.4%	98	-523	14.5%	14.4%	-14
Impairment/PPP	7.5%	4.0%	4.3%	-319	30	5.5%	4.3%	-120
Tax/PBT	31.8%	30.3%	27.5%	-426	-278	28.4%	27.5%	-86
NP/OI	54.7%	53.5%	59.3%	466	581	57.8%	59.3%	155
Cost of risk	1.8%	0.8%	0.1%	-172	-71	1.2%	1.0%	-20
Loan-to-deposit	39.7%	40.3%	41.2%	146	82	40.3%	40.3%	0
Tier 1 (Reported)	20.3%	20.1%	22.8%	256	272	20.1%	23.8%	369
Capital adequacy (Reported)	25.2%	24.1%	26.8%	160	270	24.1%	27.3%	321
ROAE	44.5%	45.9%	44.8%	26	-111	45.4%	36.2%	-921
ROAA	4.3%	5.3%	5.3%	100	1	5.4%	5.0%	-38

FABS estimate & Co Data
COMI – Key BS Items

(EGP mm)	1Q24	2Q24	3Q24	4Q24	1Q25	YOY Ch
Net advances	271,637	287,648	307,367	353,098	380,384	40.0%
<i>QOQ change</i>	15.2%	5.9%	6.9%	14.9%	7.7%	
Total assets	977,148	1,057,168	1,119,958	1,214,973	1,262,885	29.2%
<i>QOQ change</i>	17.0%	8.2%	5.9%	8.5%	3.9%	
Customer deposits	796,081	861,720	900,967	972,596	1,000,618	25.7%
<i>QOQ change</i>	17.5%	8.2%	4.6%	8.0%	2.9%	
Total Equity	100,992	119,378	138,406	152,819	158,218	56.7%
<i>QOQ change</i>	11.4%	18.2%	15.9%	10.4%	3.5%	

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	105.26	70.0%	73.68
Relative Valuation (RV)	121.06	30.0%	36.32
Weighted Average Valuation (EGP)			110.0
Current market price (EGP)			80.00
Upside/Downside (%)			+38%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 16.1%. Cost of equity is calculated by using Egypt's 10-year government bond yield of 10.7%, beta of 1.0, and equity risk premium of 5.4%. We arrive at a negative risk premium due to a higher risk-free rate compared to the expected equity market return. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (EGP, Mn)	101,566
Terminal value (EGP, Mn)	60,815
Book Value of Equity (as of Mar 2025)	157,951
FV to Common shareholders (EGP, Mn)	320,331
No. of share (Mn)	3,043
Current Market Price (EGP)	80.00
Fair Value per share (EGP)	105.26

Residual Income Method

(All Figures in EGP Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Net Profit	65,528	81,583	88,776	96,228	100,226
(-) Equity Charge	33,676	45,045	57,415	70,824	84,789
Excess Equity	31,852	36,538	31,361	25,404	15,437
Discounting Factor	0.91	0.79	0.68	0.59	0.50
Present Value of Excess Equity	29,054	28,712	21,230	14,815	7,755

Source: FAB Securities

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 1.76x..

Company	Market (USD Mn)	P/B (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Alinma Bank	19,637	2.0	1.8	12.1	11.1
Abu Dhabi Islamic Bank PJSC	16,157	2.4	2.2	11.3	10.6
Commercial Bank of Dubai	6,258	1.4	1.3	7.5	7.9
Gulf Bank K.S.C.P.	4,449	1.6	1.5	19.7	17.2
Banque Saudi Fransi	11,476	1.1	1.0	9.4	8.8
Bank Al Bilad	11,642	2.7	2.3	17.7	15.5
Qatar Islamic Bank	13,630	1.8	1.6	12.0	11.2
Average		1.9x	1.7x	12.8x	11.8x
Median		1.8x	1.6x	12.0x	11.1x
Max		2.7x	2.3x	19.7x	17.2x
Min		1.1x	1.0x	7.5x	7.9x

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link
 +971-2-6161777

Institutional Desk +971-4-4245765

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.