

Commercial International Bank (CIB) 2009 and Q4 2009 results and highlights

Earnings Flash Note

Monday February 22, 2010



Commercial International Bank (CIB) (COMI.CA) reported in line 2009 and Q4 2009 results

Q4 2009 Highlights

- Q4 2009 net income and EPS reached EGP 388.9 million and EGP 1.33 compared to our forecast of EGP 407.0 million and EGP 1.39, respectively.
- Net interest margins (NIMs) reached 4.3% in Q4 2009, 10 basis points below our estimate of 4.4%.
- Non-performing loans (NPLs) stood at EGP 843.5, representing a ratio of 2.9%, roughly flat with Q3 2009 and 2008 and in line with our estimate.
- CIB took an additional EGP 8.7 million in loan loss provisions during the quarter bringing the total to EGP 1,655 million.
- The bank's coverage ratio was a healthy 187.3%.
- Interest income declined 13.6% to EGP 982.1 million, in line with our expectation of EGP 987.7 million.
- Q4 2009 net banking fees and commissions grew 54.4% to EGP 234.4 million, ahead of our forecast of EGP 185.7 million.
- Loans grew by a modest 0.4% to EGP 27.3 billion at the end of Q4 2009 compared to our estimate of EGP 27.5 billion.
- Deposits grew 7.5% during the quarter to EGP 54.6 billion compared to our estimate of EGP 51.8 billion.
- Shareholders' equity ended the quarter and year at EGP 7.0 billion.

2009 Highlights

- 2009 net income and EPS came in at EGP 1.7 billion and EGP 5.84 compared to our estimate of EGP 1.7 billion and EGP 5.90, respectively. The growth in bottom line is largely attributed to an increase in net interest income and a significant decline in loan loss provisions recorded during the year. Net income came in line with our expectation of EGP 1.7 billion.
- Full year net interest margins (NIMs) improved 30 basis points to 4.2%.
- Non-performing loans (NPLs) stood at EGP 843.5, representing a ratio of 2.9%, roughly flat with Q3 2009 and 2008 and in line with our estimate.
- Provisions recorded in 2009 stood at EGP 97.4 million compared to our estimate of EGP 106.0 million.
- The bank maintained a solid coverage ratio of 187.3% in 2009 compared to 185.0% a year earlier.
- 2009 interest income grew 7.1% to EGP 4.0 billion, in line with our expectation of EGP 4.0 billion. The increase was driven by interest received from government securities amounting to EGP 1.7 billion.
- 2009 net banking fees and commissions grew 2.4% to EGP 765.4 million compared to our estimate of EGP 716.8 million.
- Cost to income ratio stood at 37.7% at the end of the year compared to our estimate of 37.0%.

Recommendation

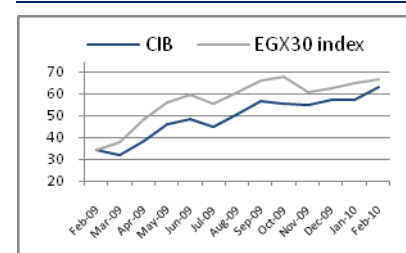
Neutral

Stock Data

Price (as of Feb 21 2010) (EGP)	61.1
Target Price (EGP)	51.7
Upside / Downside	-15.0%
GDR Price (as of 21 Feb 2010) (USD)	11.3
Market Cap (EGP mn)	17,872
Market Cap (USD mn)	3,249
Number of Shares (mn)	292.5
52 Wk Av. value traded (USD mn)	6.6
Reuters / Bloomberg	COMI.CA / COMI.EY
Exchange Rate (EGP/ USD)	5.5

Source: Reuters, Rasmala Research

Performance graph



Source: Reuters, Rasmala Research

12m High / Low (EGP) 63.8/30.9

	1M	3M	12M
CIB	9.5%	14.7%	85.0%
EGX 30 Index	2.0%	9.4%	94.4%

Source: Reuters, Rasmala Research

Major Shareholders

	(%)
Actis	9.35
Free Float	90.65

- Loans rose 3.7% to EGP 27.3 billion at the end of 2009 compared to our forecast of EGP 27.5 billion. Retail loans represented 9.3% of total loans and the balance was directed towards the corporate segment.
- Deposits were up 12.0% to EGP 54.6 billion at the end of 2009, higher than our forecast of EGP 51.8 billion.
- Shareholders' equity stood at EGP 7.0 billion, matching our estimate of EGP 7.0 billion.

Contact

Financials Team

Monsef Morsy

Monsef.morsy@rasmala.com

Director of Research

Sameh Hassan

sameh.hassan@rasmala.com

Rasmala Research Department

research@rasmala.com

+971 4 363 5600

Summary financials and forecasts

Table 1: 2009A vs. 2009E

EGP mn (YE 31 Dec)	2008A	2009A	Growth	2009E	Variance
Interest Income	3,765	4,033	7.1%	4,038	0.1%
Net Interest Income	1,799	2,030	12.9%	2,015	(0.7%)
Net Fees and Commission Income	747.8	765.4	2.4%	716.8	(6.4%)
Provisions	(410.5)	(97.4)	(76.3%)	106.0	8.8%
Net Profit	1,371	1,708	24.6%	1,726	1.1%
Loans (net)	26,330	27,304	3.7%	27,455	0.6%
Deposits	48,790	54,649	12.0%	54,649	(5.2%)
Shareholders Equity	5,778	6,996	21.1%	7,034	0.6%

Source: Company reports, Rasmala Research estimates

Table 2: Summary income statement

EGP mn (YE 31 Dec)	2008A	2009A	2010E	2011E	2012E
Interest Income	3,765	4,033	4,317	4,894	5,589
Interest Expense	(1967)	(2003)	(2180)	(2559)	(2972)
Net Interest Income	1,799	2,030	2,137	2,335	2,617
Net Fees and Commission Income	747.7	765.4	798.6	929.9	1,061.8
Other Income	688.0	626.8	581.0	669.9	750.1
Total Fee Income	1,436	1,392	1,380	1,600	1,812
Provisions	(410.5)	(97.4)	(134.8)	(297.6)	(306.8)
Minority Interest	5.2	1.5	9.6	10.3	11.7
Tax	(251.0)	(338.8)	(364.4)	(389.6)	(444.0)
Attributable Profit	1,371	1,708	1,815	1,946	2,221

Source: Company reports, Rasmala Research estimates

Table 3: Summary balance sheet

EGP mn (YE 31 Dec)	2008A	2009A	2010E	2011E	2012E
Assets					
Cash and Equiv.	4,473	4,179	5,790	6,855	8,100
Due from Banks	6,572	7,946	13,639	16,650	21,114
Treasury Bills & Other Government Securities	12,457	13,199	9,571	9,644	9,718
Net Loans & Overdrafts	26,330	27,304	29,530	35,990	42,527
Investment Assets	4,803	8,737	7,527	8,912	10,530
Other Assets	2,078	2,011	2,041	2,172	2,336
Fixed Assets	748.3	749.6	1,078	1,347	1,684
Total Assets	57,462	64,125	69,176	81,570	96,010
Liabilities					
Due to Banks	229.0	458.2	868.5	1,028	1,215
Deposits	48,790	54,649	57,902	68,553	81,003
Long Term Debt	109.3	93.2	144.5	166.2	191.1
Provisions	372.6	380.2	417.9	509.4	601.9
Others	2,136	1,502	1,545	1,720	1,927
Total Liabilities	51,637	57,083	60,878	71,977	84,938
Minority Interest	48.6	45.6	65.9	76.1	87.9
Total Shareholders Equity	5,776	6,996	8,233	9,517	10,983
Total Liabilities and Shareholders Equity	57,462	64,125	69,176	81,570	96,010
Contingent Liabilities	13,291	12,638	13,835	16,314	19,202

Source: Company reports, Rasmala Research estimates

Table 4: Financial ratios

	2008A	2009A	2010E	2011E	2012E
PE (x)	11.6	10.4	9.8	9.2	8.1
PB (x)	3.1	2.6	2.2	1.9	1.7
Div. Yield (%)	1.6%	1.6%	2.2%	2.4%	2.7%
Net Interest Margin (%)	4.0%	4.2%	4.1%	3.7%	3.6%
Interest Income/Total Revenues (%)	72.4%	74.3%	75.8%	75.4%	75.5%
Net Fee Income/Total Revenues (%)	14.4%	14.1%	14.0%	14.3%	14.3%
Cost to Income (%)	33.6%	37.8%	34.5%	33.6%	33.9%
Loans / Total Assets (%)	45.8%	42.6%	42.7%	44.1%	44.3%
Loans / Deposits (%)	54.0%	50.0%	51.0%	52.5%	52.5%
Deposits/Assets (%)	84.9%	85.2%	83.7%	84.0%	84.4%
NPLs/Gross Loans (%)	3.0%	2.9%	3.0%	3.0%	3.0%
NPLs Coverage Ratio (%)	185.5%	187.3%	190.0%	180.0%	173.3%
Shareholders Equity/Total Assets (%)	10.1%	10.9%	11.9%	11.7%	11.4%
Capital Adequacy Ratio (%)	15.0%	13.7%	18.8%	18.0%	17.6%
ROAE (%)	30.3%	27.2%	24.4%	22.5%	22.2%
ROAA (%)	3.0%	2.9%	2.9%	2.7%	2.6%
Payout Ratio (%)	21.5%	17.3%	22.5%	22.5%	22.5%

Source: Company reports, Rasmala Research estimates



Research Contact

research@rasmala.com
+971 4 365 3100

MENA Sales Contact

menasales@rasmala.com
+971 4 424 2770

Disclaimer

The information provided herein is for informational purposes only for and is not intended as an offer or solicitation with respect to the purchase or sale of security, nor a recommendation to participate in any particular investment strategy.

Rasmala Investment Bank Limited ("Rasmala") has conducted reasonable research to arrive at the fair value estimates for the company(ies) or stocks mentioned in this report. Although the information in this report has been obtained from public sources that Rasmala believes to be reliable, we do not guarantee its accuracy, and such information may be condensed or incomplete.

The information provided herein is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of securities, nor as a recommendation to participate in any particular investment strategy.

Readers should understand that financial projections, fair value estimates and statements regarding future prospects may not be realized. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

The report may also include analysis and views expressed by our research team. While reasonable care has been taken to ensure that the information contained herein is correct and not misleading, no representation is made as to the accuracy or completeness of this report and, as a result, no reliance should be placed on it and no liability is accepted for any direct, consequential or other loss arising from any use of this report or its contents.

Rasmala is not registered with the U.S. Securities and Exchange Commission, or any U.S. state authority, as a broker-dealer or investment advisor. This report has not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States, the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits or the accuracy or adequacy of this report.

Rasmala does and may seek to do business with companies covered in its reports. As a result, users should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Rasmala, its group entities, and their respective employees, directors and officers shall not be responsible or liable for liabilities, damages, losses, claims, causes of action, or proceedings (including without limitation indirect, consequential, special, incidental, or punitive damages) arising out of or connection with the use of this report or any errors or omissions in its content.
