

Dubai Capital acquires stake in Egyptian bank

August 3 2008

Cairo: Commercial International Bank (CIB) said yesterday that the Dubai Capital Group (DCG) had bought a 5.24 per cent stake in the bank, the emirate's second major investment in a year in Egypt's financial sector.

DCG, part of the government-owned Dubai Holding, had accumulated the stake of Egypt's largest publicly traded lender from the Egyptian and London stock exchanges over the past few months, a CIB spokesman said, without giving details.

Mustafa Fareed Geninah, chief executive of DIC, said: "This investment [provides] us opportunities in an environment which has been challenged by the changes in the global financial services sector."

Another Dubai government-owned firm bought a 25 per cent stake in EFG-Hermes, Egypt's largest investment bank by market value, in November.
"The potential growth in Egypt is so much greater than in Dubai," said Angus Blair, head of research at Egyptian bank Beltone Financial. "The fall in the stock market has made the stock more attractive."

Shares of CIB, which said in May talks to merge with Arab African International Bank had ended, have tumbled 20 per cent this year. Egypt's benchmark Case 30 index is down 12 per cent this year.

Shares of the bank, which posted a 67 per cent surge in first-quarter profit, closed 0.2 per cent higher.

"It is a vote of confidence in CIB that a leading regional group such as Dubai Capital is investing and believes that CIB has the potential to develop its activities," said Elena Sanchez-Cabezudo, banking analyst at EFG-Hermes.

Egypt, the fourth-largest Arab economy, is growing at its fastest rate in at least two decades after the government cut taxes and sold state assets.

CIB spokesman Sharif Khalil said the bank informs its shareholders when any group acquires five per cent or more.

US buyout firm Ripplewood, the largest investor in CIB, leads a consortium that owns 18.7 per cent of the Egyptian lender

Source: Reuters