



Fair Value
EGP94 (as of 6 Oct 2020)

12M PT
EGP83 (+34%, as of 16 Dec 2020)

Investment Rating

Overweight



Risk Rating

Medium



Earnings beat despite higher provisions

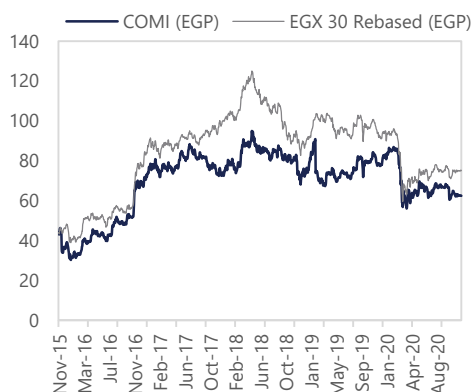
Overweight and 12M PT maintained

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- Earnings better than expected:** Net profit retreated 25% y/y to EGP2.4bn as a result of higher provisions build-up (+3.9 times y/y) of EGP1.6bn (+57% q/q). This was despite higher net interest income (NII) (+17% y/y) of EGP6.3bn (+1.2% q/q). Earnings came in 10% higher than our estimates of EGP2.17bn, thanks to better NII (+5.6%) and despite higher provisions (vs. our estimates of EGP976mn).
- Profitability inching higher but ROAE normalizing:** Net interest margin (NIM) inched up 0.70% y/y to 7.14% in Q3 2020. This was supported mainly by a 107bps lower cost of funds to 3% as a result of 350bps lower corridor rates during 9M 2020. ROAE declined by 900bps y/y to 19.3% on the back of a 380bps higher cost of risk, along with a higher effective tax rate and a lower financial leverage.
- Balance sheet continues to grow with intact asset quality:** Total assets grew 6.8% ytd to EGP413bn (+3.3% q/q) in Q3 2020. However, net lending retreated marginally by 0.7% ytd to EGP118.5bn (-1.3% q/q), driven by 16.2% ytd lower foreign-currency loans. Meanwhile, deposits grew 9% ytd to EGP331bn (+3.5% q/q). The asset quality remains intact as justified by a stable non-performing loans (NPL) ratio of 3.97% and leaning on a comfortable higher provision coverage ratio of 289%.
- Overweight and 12M PT maintained:** COMI is currently traded at a TTM P/E of 8.7x and P/BV of 1.7x. In view of Q3 2020 results which came generally better than our expectations, we are maintaining our 12-month price target (12M PT) at EGP83/share, implying an upside potential of +34%.

KEY STOCK STATISTICS

Shares outstanding (mn)	1,478
Free float	68%
Market Cap (EGPmn)	92,414
Market Cap (USDmn)	5,898
52w range	EGP87.10-51.20
EGP100 invested 5y ago	EGP221
TTM EPS	EGP7.21
TTM P/E	8.7x
2020e EPS	EGP7.5
2020e P/E	8.9x
2020e P/B	1.7x
Last fiscal years's DPS	EGP1.00
Dividend yield	1.2%
5Y beta	0.95
5Y Proj. EPS CAGR	15%

Commercial International Bank – Egypt (CIB) [COMI]

Wednesday, 16 December 2020 / 2:15 pm CLT

Egypt / Banks / Q3 2020 Results

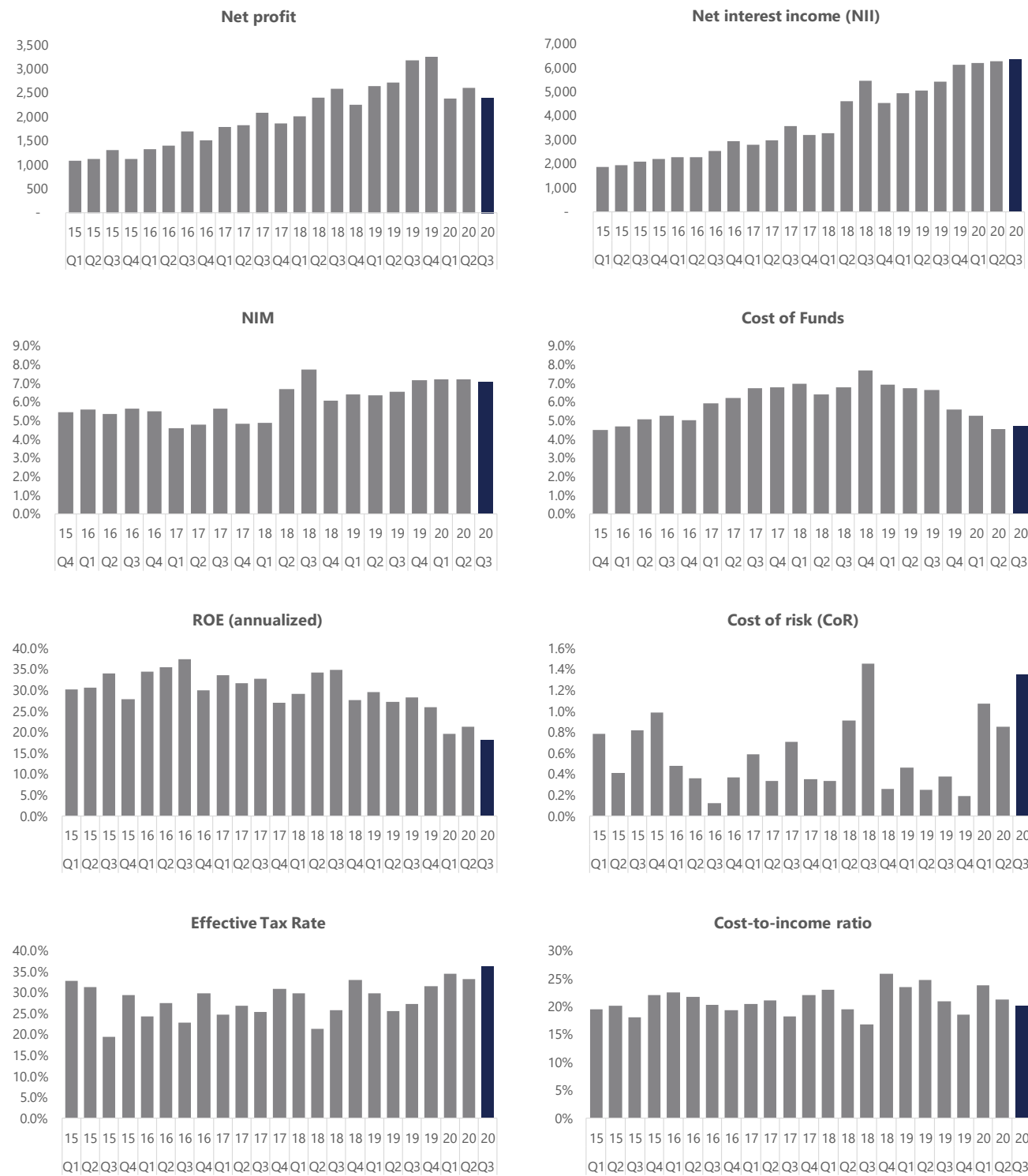
SUMMARY FINANCIALS

	Q3 2020 a	Q3 2020 e	
(EGPmn)	Reported	Prime estimates	Variance
Net interest income	6,356	6,021	6%
Net fees & Commissions income	351	347	1%
Core Banking Income	6,707	6,369	5%
Non-Interest Income	517	732	-29%
Other Operating Income	(20)	(354)	-94%
Operating Income	6,686	6,400	4%
Administrative expenses	(1,339)	(1,920)	-30%
Impairment of credit losses	(1,603)	(976)	64%
Net Profit before Income Tax	3,745	3,898	-4%
Income tax	(1,306)	(1,332)	-2%
Net Profit	2,394	2,172	10%

	Q3 2020 a	Q3 2020 e	
(EGPmn)	Reported	Prime estimates	Variance
Loans and advances to customers(Net)	118,479	121,670	-3%
Gross Loans	134,209	135,289	-1%
Corp Loans	99,327	108,927	-9%
Retail Loans	34,882	21,887	59%
Total assets	413,166	430,802	-4%
Customers' deposits	331,211	311,174	6%
Corp Deposits	136,992	127,102	8%
Retail Deposits	194,218	184,072	6%
LDR	40.5%	43.5%	
NPL Ratio	4.0%		
Capital Adequacy Ratio	31.0%		
NPL Coverage Ratio	289%		

Source: Bank reports, Prime Research.

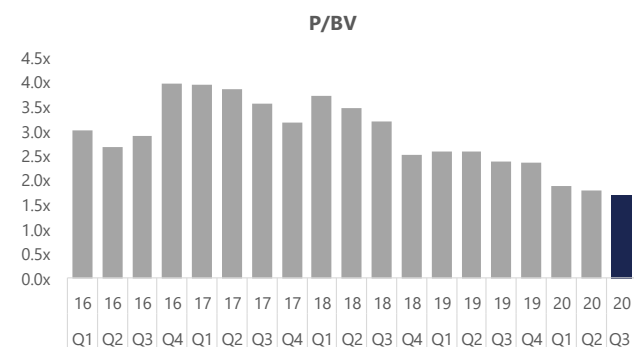
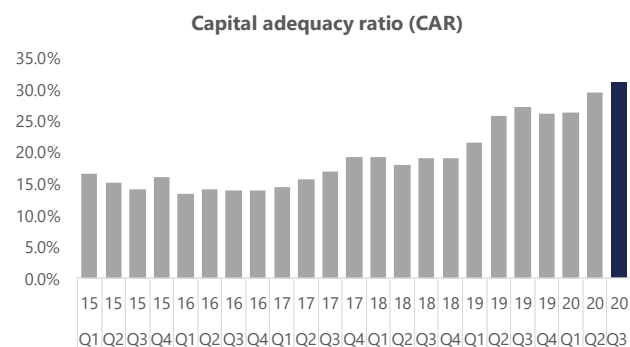
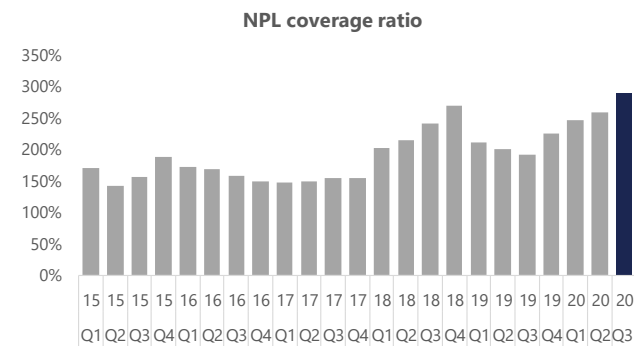
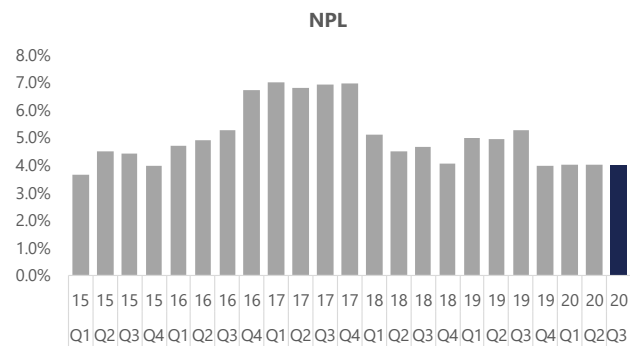
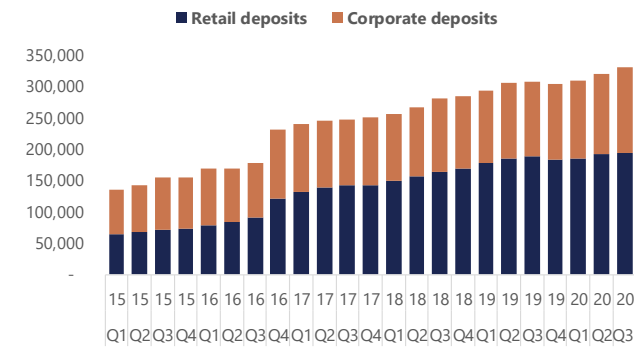
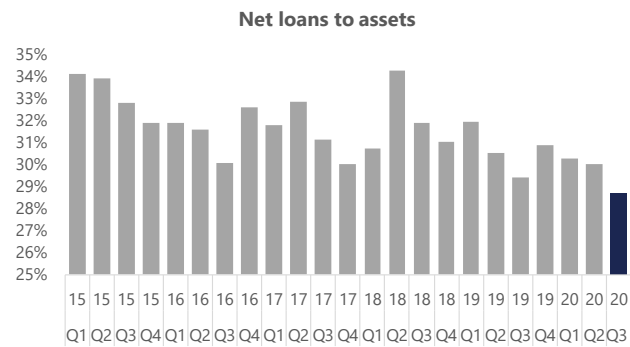
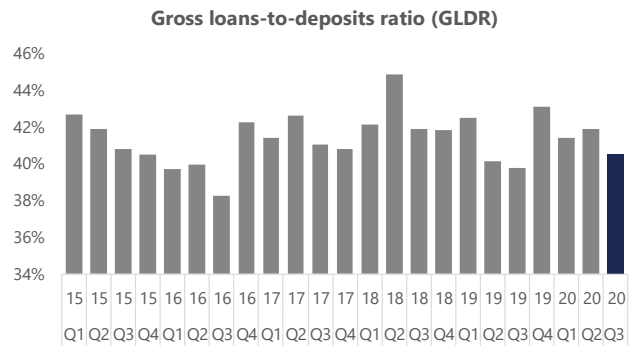
FINANCIAL KPIs (figures in EGPmn, unless otherwise noted)



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OPERATIONAL KPIs



Source: Bank reports, Prime Research.



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