

Price
EGP57.0
at close of 20 May 2021

Fair Value
EGP94.0
set on 6 Oct 2020

12M PT
EGP83.0 (+46%)
set on 25 Oct 2020

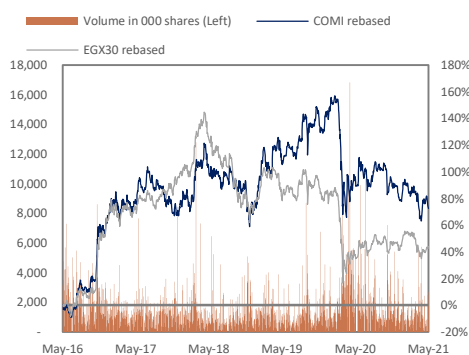
Investment Rating **Overweight** ★ ★ ★
Risk Rating **Medium** ! ! !

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Source: Bloomberg.

Key Stock Statistics

Shares outstanding (mn)	1,478
Free float	68%
Market cap (mn)	EGP84,246
Market cap (mn)	USD5,373
52w range (EGP/share)	70.25-52.70
EGP100 invested 5y ago	EGP172
TTM EPS	EGP7.30
TTM P/E	7.8x
P/BV	1.42x
2021e EPS	EGP9.40
2021e P/E	6.1x
2021e P/B	1.3x
Last fiscal year's DPS	EGP0.0
Dividend yield	0.0%
5Yr beta	0.94
3Y Proj. EPS CAGR	23%

Earnings Growth Driven by Lower Provisions

Overweight and 12M PT maintained

Double-digit earnings growth, thanks to lower provisions

build-up: Q1 2021 separate net profits grew 20% y/y to EGP2.9bn as a result of lower provisions build-up (-43% y/y) of EGP702mn (-38% q/q). This was despite lower net interest income (NII) (-8% y/y) of EGP5.7bn (-9% q/q).

NIM slips but ROAE stabilizes:

Net interest margin (NIM) retreated 141bps y/y to 5.8% in Q1 2021; it declined 86bps on a quarterly basis, despite a 68bps y/y lower cost of funds to 4.6%. ROAE almost stabilized at 19.6%, thanks to a lower cost of risk (-182bps y/y) and a lower effective tax rate and despite a lower financial leverage.

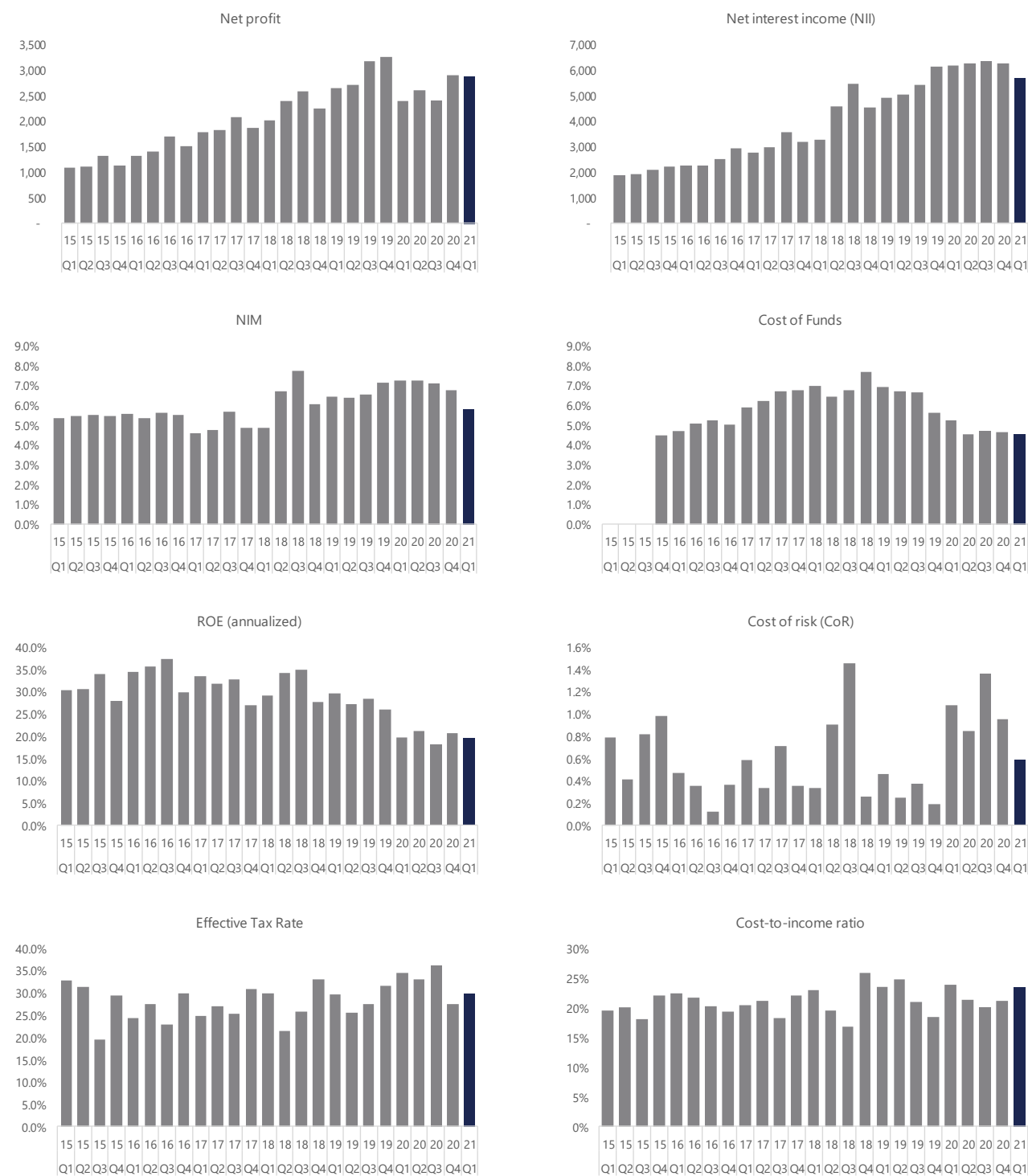
Balance sheet grew, supported by T-bills with healthy asset quality:

Total assets grew 4.7% ytd to EGP446bn in Q1 2021. This came due to a 33% ytd higher T-bills of EGP52.3bn, while net lending inched up 1.2% ytd to EGP120bn. Meanwhile, deposits grew 7.4% ytd to EGP365bn. Hence, the gross loans-to-deposits ratio slipped from 39.7% to 37.7%. Asset quality remains healthy despite a 14bps q/q higher non-performing loans (NPL) ratio of 4.41% and leaning on a comfortable higher provision coverage ratio of 279%.

Overweight and 12M PT maintained for now: In our opinion, we think it is too early to tell whether the bank will be able to meet our full-year 2021 estimates of EGP14bn, which includes EGP1.8bn in estimated provisions. Thus, we prefer to wait for Q2 2021 results to have more visibility on earnings. Meanwhile, COMI is currently traded at a TTM P/E of 7.8x and P/BV of 1.4x. For now, we maintain our 12-month price target (12M PT) at EGP83/share, implying an upside potential of +46%.



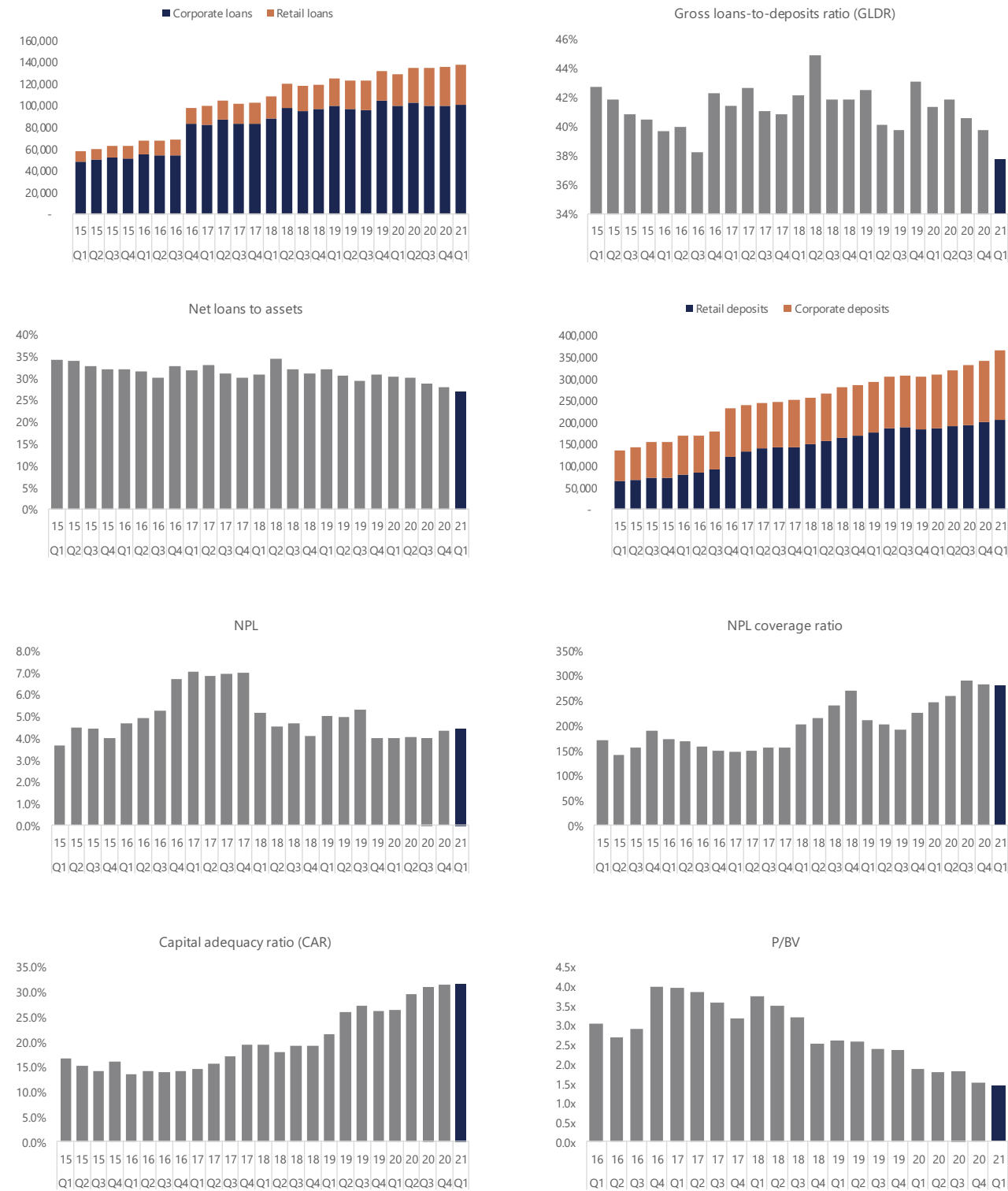
FINANCIAL KPIs (figures in EGPmn, unless otherwise noted)



Source: Bank reports, Prime Research.



OPERATIONAL KPIs (figures in EGPmn, unless otherwise noted)



Source: Bank reports, Prime Research.

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