

21-JAN-2013 15:52 FROM EKONOMI BAK. SERBEST BDLG TO TIM



Egyptian Gulf Bank

9M FY12 Update

Egypt

Summary

Report Date	December 31, 2012
Sector	Banking
Company Traded Market	EGX
Report Reason	9M FY12 Update
Exchange Rate	LE1.35/US\$
Stock Currency	USD
Reuters Code	EGBE.CA
Outstanding Shares (mn)	207.7
Par Value/Share (US\$)	1.0
Financial Year Ending	December
Mkt. Cap (LE mn)	2,120
Paid-in capital (LE mn)	951.4
Avg. Daily Volume (000)	30.4
Price Low - High (US\$)	1.3-1.7

Shareholding

Major Shareholders

Misr Insurance	28.40%
Misr Holding	8.67%
Misr Company for Life	4.94%
Others	12.83%
Free Float	59.12%

Egyptian Gulf Bank released its 9M FY12 financial results ending September 2012, reflecting 153% y-o-y growth in net income reaching LE121.8 million. This increase resulted from 60% y-o-y increase in net banking income, due to high interest rate on government treasuries coupled with 36% decline y-o-y in provision.

Net interest income mounted to LE205.7 million, up by 39% y-o-y. Interest income from government treasuries increased by 172 y-o-y corresponding to increasing bank's holding of government treasuries reaching LE1.6 billion. Interest income from clients and banks, on the other side increased by only 10% y-o-y reflecting 5% y-o-y decline in net loans.

Non-interest income escalated to LE51.7 million from LE16 million in 9M FY11. This growth came from recording trading securities gains of LE1.7 million versus trading securities losses in the previous year. In addition to increasing forex gains to LE10.6 million from LE1.1 million in the last year.

On the expenses side, non-interest expenses inched up 5% y-o-y to LE106.8 million. Hence, Cost/Income ratio improved to 42% from 62% in 9M FY11.

NPL's extended to 14.4% from 10.4% in September FY11 of total loans combined with low coverage ratio of 95%. Hence, low asset quality.

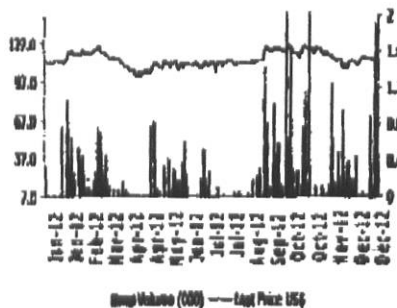
On the balance sheet side, deposits recorded 36% growth y-o-y reaching LE6.4 billion. On the other hand, net Loans declined by 5.5% y-o-y, reaching LE3.1 billion, resulting in L/D ratio of 48.8% in comparison to its level at 70% in 9M FY11. On the other side, Egyptian Gulf increased its holdings of government treasuries to LE1.55 billion from LE149 million in September FY11, representing 24% of deposits. With regard to financial investments, it contributed 51% of deposits.

Research Opinion;

At a market price of US\$1.62/share (LE10.29/share), the bank is trading at P/E 13.2X and P/B is 1.77x. The 9M FY12 financials reflects strong good profitability as reflected in;

- High profitability with ROA and ROE estimated at 2.1% and 13.5% respectively.
- Adequate liquidity with L/D standing at 48.8%.

However, the bank reflects low asset quality ratio with NPL's extended to 14.4% combined with low coverage ratio estimated at 95%.



Please refer to disclaimer on last page

9M FY12	2011	2010	2009
Deposits (LE mn)	4,958	4,867	5,472
Growth	16.3%	-1.2%	11.7%
Loans (LE mn)	3,510.3	4,019.2	3,227.6
Growth	6.7%	14.5%	-19.7%
Net Int. Inc. (LE mn)	161	200	208
Growth	2.8%	23.8%	4.1%
Net Banking Inc. (LE mn)	203	268	220
Growth	-18.0%	31.7%	-17.7%
Non-Tax Provisions (Reversal)	18	-24	20
Net Attrib. Inc. (LE mn)	48	151	52
EPS (LE)	0.23	0.73	0.25
EPS Growth	-23.9%	214.0%	-65.7%
P/E x	43.9	14.0	40.8
BVPS (LE)	4.8	5.7	7.0
P/B x	2.1	1.8	1.5

Source: Bank Financials/Prime Estimate

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PRIME SALES LEAD

Shariif Nabih	Group Head - Global Securities Brokerage	☎	+202 3300 5088	✉	snabih@egy.primegroup.org
Hosain Samir	Managing Director - P2 Sales	☎	+202 3300 5611	✉	hsamir@egy.primegroup.org
Mohamed Elzot	Head of Branches	☎	+202 3300 5704	✉	mezot@egy.primegroup.org
Mohamed Qabil	Twin Head, Foreign Institution Desk	☎	+202 3300 5615	✉	mqabil@egy.primegroup.org
Amr Alex, CFA	Supervisor, Local Institutional Desk	☎	+202 3300 5609	✉	aalim@egy.primegroup.org
Mohamed Magdy	SRM - Gulf & MEHA Desk	☎	+202 3300 5653	✉	mmagdy@egy.primegroup.org
Amr El Sabaa	Manager, High Networth	☎	+202 3300 5622	✉	asabaa@egy.primegroup.org

PRIME INVESTMENT RESEARCH

Mohamed Faddak	Head of Research/Strategist	☎	+202 3300 5720	✉	mfaddak@egy.primegroup.org
Rehab Taha, CPA	Acting Head of Research	☎	+202 3300 5724	✉	rtaha@egy.primegroup.org
Ahmed Hindawy	Senior Analyst	☎	+202 3300 5729	✉	ahhindawy@egy.primegroup.org
Rachwa Abuhega	Senior Analyst	☎	+202 3300 5718	✉	rabuhega@egy.primegroup.org
Ahmed Hassan	Analyst	☎	+202 3300 5723	✉	ahassan@egy.primegroup.org
Haba Sherif	Analyst	☎	+202 3300 5717	✉	hsharif@egy.primegroup.org
Haba Monir	Junior Analyst	☎	+202 3300 5722	✉	hmonir@egy.primegroup.org
Lara Ahmed, CFA, CETA, MST	Senior Technical Analyst	☎	+202 3300 5721	✉	lahmad@egy.primegroup.org

HEAD OFFICE

PRIME SECURITIES S.A.E.
 Regulated by CMA license no. 179
 Members of the Cairo Stock Exchange
 2 West El Nil St., Liberty Tower,
 7th-8th Floor, Mohandessin, Giza, Egypt
 Tel: +202 33805700/770650440

PRIME ENBRAYES LLC. (UAE)

Members of the ADX and DFM
 Sheikh Zayed 1st Street, Khaldiya, Abu Dhabi, UAE, PO Box 60355
 Tel: +971 2 6910000 Fax: +971 2 6670807
 Email: research@primegroup.org

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