

## 2020 Highlights on Credit Agricole Egypt

### A bank fully mobilized to support customers, economy and community Strong balance sheet and dynamic commercial activities

#### FINANCIAL HIGHLIGHTS:

- Net Profit of EGP 1,365 Mln
- Return on Assets of 2.6%
- Return on Equity of 23.2%
- Strong Capital Adequacy Ratio at 20.33%
- Good quality of assets, NPL 3.06% and strong NPL coverage
- Customer Loans portfolio recorded EGP 26.9 Bln
- Customer Deposits portfolio recorded EGP 41.3 Bln
- Gross Loans to Deposit Ratio of 65.1%

#### ACTIVITIES HIGHLIGHT

- **Priority to supporting our customers and community through COVID-19 situation:**
  - Maintain business continuity while adapting strict health and safety measures to ensure staff and customers' protection
  - Attention to customer's specific needs, implementation of around 75K credit facilities postponement for 6-months and a focused action plan to encourage customers for repayment at end of moratorium
  - Acknowledgment and ongoing support for medical teams through a dedicated offer
  - Donation of medical equipment for public hospitals and contribution to the impacted daily workers
- **Acceleration of digital plans to meet the customers' shift for remote service and electronic payments:**
  - Expansion of the bank's digital platform and strong awareness campaigns leading to sharp increase in utilization with 30% of digital active customers and over 70% of logins
  - Release of a new fully-digital loyalty program and a digital trade finance portal
  - Launch a complete range of contactless cards
  - Renewed partnership with Shooting Club to support the transformation to cashless society through the conversion of membership access cards to payment cards: +300 prepaid cards issued for Alex Sporting and Shooting Clubs
- **Dynamic commercial activities on all segments, driven by customer relationship excellence:**
  - Network optimization: inauguration of 5 new digital branches "banki Stores" in addition to the ATM increase and upgrade project
  - Expanding credit offers for individuals leading to a global rise in retail portfolio YOY by 23.5%
  - Increase SMEs penetration and offering multinationals and corporates a distinctive level of services, backed by the Group expertise
  - Active involvement in infrastructure projects in the energy sector
- **Re-inforced commitment to sustainability and development of society**
  - Launch of CAE's first integrated report
  - Continuing development projects by CAE Foundation for Development

Credit Agricole Egypt (CAE) is proud to announce its 2020 performance, where the pandemic and global slowdown allowed the bank to fully demonstrate its proximity to its customers and community. It also enabled the bank to confirm the resilience of its universal banking business model and the relevance of its strategy.

During 2020, the bank was able to record a good performance with a net income of 1,365 MEGP and a strong growth of the commercial activities based on a diversified portfolio and balanced business mix. The bank successfully maintained the path of its operations and development plans while keeping a vigilant approach, good quality of assets, solid capital adequacy ratio and ensuring a stronger coverage entailing a sharp rise in provisioning.

#### **CLOSE LOOK ON THE MOBILIZATION AGAINST COVID-19**

Facing the pandemic, CAE has given the priority for the support of its customers and society, while maintaining its operations and ensuring staff, customers and stakeholders protection. In full alignment with the Central Bank of Egypt's comprehensive strategy, the bank has implemented the instructions including fee waivers and granted six-month payment postponement for around 75K loans and cards for individuals and corporate customers impacted by COVID-19.

A particular attention was given to the corporate and SME customers, as our teams have been mobilized to provide them with adequate solutions when possible, to go through the crisis. The bank has also implemented a focused action plan to encourage customers to resume repayment at the end of the moratorium.

In an outstanding initiative to recognize the heroic role of medical teams during the pandemic, CAE has launched a dedicated "Thank You" campaign with full fee waiver and unprecedented welcome offers to doctors. The bank has also honored, by distributing recognition trophies, to the members of Shooting Club who are specialized doctors within public hospitals for the treatment of COVID-19.

To support society, the bank has integrated the corporate responsibility dimension within customer campaigns: stimulating card utilizations through a cash back offer while dedicating a part for medical teams' protection as well as encouraging and rewarding the utilization of digital channels by giving a donation for each transaction to support the daily workers.

From its side, Credit Agricole Foundation for Development signed a cooperation protocol with Ahl Masr Foundation to fund an intensive care unit (ICU), artificial ventilators, syringe pumps, and X-ray machine for a number of public hospitals across nation, with the aim to help the Ministry of Health in the treatment of coronavirus patients. The Foundation has also participated in 'Kheir w Baraka' initiative to support impacted daily-wage workers.

#### **ACCELERATION OF DIGITAL PLANS**

To face the new norms imposed by the pandemic and to meet the customers' shift for remote service and electronic payments, the bank has accelerated its digital plans to provide customers with additional solutions for a safer and more convenient interaction with their bank.

For individuals the bank has consolidated its comprehensive platform of digital services "banki by Credit Agricole" and confirmed the omnichannel concept by launching banki Lite, which provides the mobile banking experience on desktops. The bank has also launched an upgraded loyalty program "Happy Points" to reward customers on each card payment and most of the digital operations and to provide a full digital point redemption experience. The bank has also released a complete range of contactless cards.

To support companies in their commercial activities, the bank has also released the Digital Trade Finance service as part of banki Business, specially tailored corporate online banking service. Consequently, the

bank has recorded a sharp increase in the number of digital active customers by 30% and a rise in the utilization reaching over 7 million login times and 1.2 million transactions during 2020.

To serve the transformation towards cashless society, the bank has renewed successfully its strategic partnership with Shooting Club to extend its innovative initiative launched for the first time in Egypt. In accordance, the bank is converting club member's access cards into prepaid payment cards. The bank has started this initiative in cooperation with Alexandria Sporting Club end of 2018. In total, the bank has distributed over 300,000 prepaid cards to the members of both clubs.

#### **DYNAMIC COMMERCIAL ACTIVITIES DRIVEN BY CUSTOMER RELATIONSHIP EXCELLENCE**

CAE has inaugurated 5 new branches, according to the banki Store model creating the right balance between the best in digital services and the banking advice. The bank is also embarking on a project to increase and modernize its ATM network across Egypt in line with the Central Bank of Egypt's plan for financial inclusion.

To improve customer's purchase power and access to personal finance, the bank has expanded its offering in loans and cards. In addition, CAE has signed a protocol with the Mortgage Finance Fund to expand its home loan offering to different segments.

Backed by the Group expertise, CAE has once again confirmed its position as one of the preferred bank for multinational companies and corporates. The bank has also benefited from strong synergies with Credit Agricole Group and was actively involved in important deals in favor of the development of the energy sector in Egypt. CAE has also increased its penetration to SMEs by 44% YoY while maintaining a very good performing portfolio with good risk profile.

Thanks to a focused customer approach, the loan portfolio reached 24,424 MEGP at end of 2020 with a global increase of 10% in comparison to the same period last year. The deposits reached 41,254 MEGP, up by 4%, which confirms the quality relationship of CAE with its customers, amidst a competitive market.

#### **BEYOND THE PANDEMIC, CONTINUOUS SUPPORT TO OUR COMMUNITY**

Credit Agricole Foundation for Development pursued its plans in alignment with its set strategic pillars: education, health, entrepreneurship and empowerment.

On the education pillar, the Foundation pursued the support of more than 150 community schools in Upper Egypt. It has launched the third year of its program for sponsoring the talented youth "Ebhar Masr" in partnership with Education First Foundation, and organized the first artistic exhibition for Ebhar Alumni. Taking Ebhar program's scope to a new mile, the Foundation has signed a cooperation protocol to set the first steps for the launch of a new initiative to foster the social innovation.

On the health pillar, the Foundation is actively cooperating with Magdi Yacoub Foundation to support the launch of the new complex for heart surgeries to be located in Aswan. For the support to orphanages across Egypt, the Foundation is sponsoring medical conveys and securing the children needs, in cooperation with Ibrahim Badran Foundation. On the entrepreneurship and empowerment level, the Foundation is pursuing its 3-year cooperation protocol with the Ministry of Social Solidarity for women empowerment.

#### **COMMITMENT TO SUSTAINABILITY**

Credit Agricole Egypt has issued its first integrated sustainability report covering the period 2017-2019, as well as, the bank's efforts during the outbreak of the COVID-19. The report maps the bank's actions in correlation with its external environment, national objectives and the United Nations Sustainable Development Goals. Finally, it brings out its value creation towards its customers, staff, economy, community and environment.

Furthermore and for the first time in Egypt, the bank has issued the first recyclable contactless card and concluded the first finance for a hybrid card. The bank is proceeding with the carbon footprint measurement exercise on different activities. These efforts stem from the bank's belief in preserving the environment and reducing its carbon footprint.

## RESULTS SUMMARY

### A SUSTAINABLE BUSINESS DEVELOPMENT:

EGP Million	Q4 2020	Q3 2020	QoQ	Q42019	QoQ	YTD Dec-2020	YTD Dec-2019	YoY
Total Assets	51,736	52,251	-1.0%	50,427	2.6%	51,736	50,427	2.6%
Equity	5,893	5,846	0.8%	4,849	21.5%	5,893	4,849	21.5%
Gross Loans	26,863	27,708	-3.1%	24,424	10.0%	26,863	24,424	10.0%
Total Deposits	41,254	41,003	0.6%	39,637	4.1%	41,254	39,637	4.1%

- The growth of the overall commercial activities during 2020 based on the balanced model built on a diversified portfolio approach and balance between the different lines of business.

Deposits - EGP Million	Q4 2020	Q3 2020	QoQ	Q4 2019	QoQ	YTD Dec 2020	YTD Dec 2019	YoY
Corporate	19,507	18,967	2.8%	18,783	3.9%	19,507	18,783	3.9%
Retail	21,747	22,036	-1.3%	20,854	4.3%	21,747	20,854	4.3%
<b>Total</b>	<b>41,254</b>	<b>41,003</b>	<b>0.6%</b>	<b>39,637</b>	<b>4.1%</b>	<b>41,254</b>	<b>39,637</b>	<b>4.1%</b>

  

Gross Loans - EGP Million	Q4 2020	Q3 2020	QoQ	Q4 2019	QoQ	YTD Dec-2020	YTD Dec-2019	YoY
Corporate	17,578	18,336	-4.1%	16,901	4.0%	17,578	16,901	4.0%
Retail	9,282	9,353	-0.8%	7,519	23.5%	9,282	7,519	23.5%
Banks	3	19	-81.5%	4	-13.5%	3	4	-13.5%
<b>Total</b>	<b>26,863</b>	<b>27,708</b>	<b>-3.1%</b>	<b>24,424</b>	<b>10.0%</b>	<b>26,863</b>	<b>24,424</b>	<b>10.0%</b>

Giving attention to the customer relationship, the bank has witnessed the increase of its total active customers by 1 % as at end of 2020 in comparison to 2019

## PROFITABILITY HIGHLIGHTS

- During 2020, Credit Agricole Egypt recorded a net income of 1,365 MEGP.
- The Net Banking Income decreased by -10 % in 2020 recording 3,640 MEGP impacted by CBE interest rate cuts during 2020 & COVID-19 economic crisis.
- Net Commissions and Fees has been impacted by the slowdown of trade activities
- In terms of costs, Cost to income ratio increased compared with 2019 to close at 36.6 %.
- Impairment of loans increased in 2020 compared with 2019 by 588 MEGP mainly due to Covid-19 negative impact on risk portfolio in 2020, which resulted in stressing certain sectors/counterparties.

EGP Million	Q4 2020	Q3 2020	QoQ	Q42019	QoQ	YTD Dec-2020	YTD Dec-2019	YoY
Net Interest Income	716	717	-0.2%	764	-6.3%	2,851	3,111	-8.3%
Net Banking Income	924	903	2.3%	974	-5.2%	3,640	4,054	-10.2%
Total Expenses	(341)	(337)	1.1%	(323)	5.6%	(1,333)	(1,181)	12.9%
Gross Operating Profit	583	566	3.0%	651	-10.5%	2,306	2,874	-19.7%
Income Before Impairment & T	602	555	8.5%	727	-17.2%	2,302	2,812	-18.1%
Impairment	(126)	(54)	135.7%	(76)	66.6%	(364)	224	-262.8%
Net Income Before Tax	476	502	-5.1%	652	-26.9%	1,938	3,036	-36.2%
Tax	(142)	(172)	-17.4%	(159)	-10.6%	(573)	(675)	-15.2%
Net Income	334	330	1.3%	493	-32.2%	1,365	2,361	-42.2%
Cost / Income Ratio	37%	37%		33%		37%	29%	

### GOOD PROFITABILITY, GOOD QUALITY OF ASSETS AND STRONG SOLVENCY

Ratios	Q42020	Q32020	QoQ	Q42019	QoQ	YTD Dec-2020	YTD Dec-2019
			Q4-20 Vs. Q3-20		Q4-20 Vs. Q4-19		
<b>Profitability</b>							
Return on equity	22.7%	22.6%	0.5%	40.7%	-44.2%	23.2%	48.7%
Return on assets	2.6%	2.5%	2.3%	3.9%	-33.9%	2.6%	4.7%
<b>Efficiency</b>							
Cost - to - Income	36.9%	37.4%	-1.2%	33.2%	11.4%	36.6%	29.1%
<b>Liquidity</b>							
Loans - to - Deposits	65.1%	67.6%	-3.6%	61.6%	5.7%	65.1%	61.6%
Liquidity Coverage Ratio	636%	580%	9.7%	711%	-10.6%	636%	711.3%
Net Stable Funding Ratio - LCY	169%	167%	1.2%	178%	-5.0%	169%	178.0%
Net Stable Funding Ratio - FCY	169%	163%	3.7%	164%	2.8%	169%	164.4%
<b>Assets Quality</b>							
Capital adequacy ratio	20.33%	19.02%	6.9%	18.25%	11.4%	20.33%	18.25%
Non-performing loans ratio	3.06%	2.52%	21.3%	2.94%	3.8%	3.06%	2.94%
Provision Coverage	179%	202%	-11.1%	154%	16.9%	179%	153.53%

\*NPLs and provisions related to funded loans only

For more on CAE financial figures, please consult the balance sheet on [www.ca-egypt.com](http://www.ca-egypt.com).

### POSITIVE OUTLOOK FOR 2021

2020 has confirmed the resilience of the Egyptian economy as well as the relevance of the bank's strategy aligned with CA Group's project. Thus, CAE is looking forward during 2021 to broaden its position, enhance its profitability, maintain its efficiency and vigilant approach.

The bank is pursuing its business development plans: further expediting the digital transformation, optimizing its network, growing its client base while keeping the focus on the quality of the customer relationship. The bank is engaged in projects for the optimization of its offering, such as the development of leasing product, reinforcement of the mortgage finance and boosting of enterprises finance. Already the bank have signed cooperation protocols respectively with the Mortgage Finance Fund and Credit Guarantee Company for the last two mentioned products.

During 2021, the bank will continue to align its plans with the regulators' instructions and will increase its capital as per the new banking law.

Finally, being part of CA Group classified N. 10 worldwide in terms of tier 1 capital, the bank benefits from its ongoing support and follows its orientations to stay ahead of new trends and constantly bring value to the Egyptian economy, its customers and community.