

PRESS RELEASE
Crédit Agricole Egypt
2020 - 9 months Results
Net Profit of EGP 1,031Mln

HIGHLIGHTS ON SEPT. 2020 RESULTS

- > **Net Profit of EGP 1,031 Mln**
- > **Return on Assets of 2.6%**
- > **Return on Equity of 23.5%**
- > **Strong Capital Adequacy Ratio at 19.02%**
- > **Earning Assets 88% of total Assets**
- > **Customer Loans portfolio recorded EGP 27.7 Bln**
- > **Ongoing good quality of assets NPL at 2.52%.**
- > **Customer Deposits portfolio recorded EGP 41 Bln**
- > **Gross Loans to Deposit Ratio of 68%**
- > **Total Equity of EGP 6.9Bln**

GLOBAL OVERVIEW

Crédit Agricole Egypt has pursued its commitment and mobilization for its customers and community in light of the challenging COVID-19 economic crisis, while maintaining the path of its operations with a vigilant approach and in full alignment with the Central Bank of Egypt's measures.

During the 3rd quarter of 2020, the bank has been actively present on the commercial side next to its customers, seeing a significant and strong increase of its lending portfolio for both corporate and individual with 18% YOY.

With the current health crisis, the bank has taken accelerated steps in its digital development and deployment, launching new features and services to increase its customers' convenience to bank remotely and safely. To reward its constant endeavor, Global Finance, the leading internationally-renowned media institution, has awarded Crédit Agricole Egypt 2 digital awards Best Mobile Banking Adaptive Website - consumer category and the digital Best Trade Finance Service - corporate category. These awards come as a recognition of the bank's commitment to offer innovative digital banking services for both the consumer and corporate sectors. They also underline the pertinence of the bank's transformation plans that are in cohesion with the directions of the Central Bank of Egypt, to serve the transformation towards a cashless society.

For the community, the bank's Foundation for Development, following its important actions for the support of the different impacted segments during the COVID-19 crisis, has continued its set plans according to its strategic pillars: education, health and empowerment. In this context, the Foundation has launched the 3rd year of its program for sponsoring the talented youth "Ebhar Masr" and sustained its cooperation protocols with Magdi Yacoub Hospital and the Ministry of Social Solidarity for women empowerment, aiming to create a sustainable impact on the society.

COMMERCIAL DEVELOPMENT:

Despite the global slowdown of commercial activities, the bank has showed a satisfactory level of growth across all its commercial activities during Q3-2020 Vs Q2-2020, while maintain risk under control and a well-diversified portfolio structure between the different business lines and customer segments.

The YTD growth in Loans portfolio has recorded a rise of 13.4%, reaching EGP 27.7Bln (+18% compared to Q3-2019) (+2% compared to Q2-2020), driven by the corporate line of business growth of 8.5% and individual portfolio growth of 24.4 %. This YTD increase in Loans portfolio is driven by LCY growth of 20.1%, and by 22.5% YoY of which 3.1% QoQ. As for the YTD FCY loans, they have decreased by 12.3%, and by 1.3% YoY and 3.6% QoQ which is impacted partially by EGP appreciation against FCY.

For the Deposits portfolio, the YTD growth is 3.4% to reach EGP 41Bln (-0.3% YoY) (+0.7% compared to Q2-2020), driven by YTD LCY growth of 9.2% , and by 9.8% YoY of which 2.1% QoQ. The YTD FCY deposits decreased by 11% and by 22.4% YoY and 3.4% QoQ which is impacted partially by EGP appreciation against FCY.

Loans to Clients & Banks EGP Bln	Q32020	Q22020	Δ QoQ	Dec-19	Δ YTD	Q32019	Δ YoY
Corporate	18.3	18.7	-1.8%	16.9	8.5%	16.0	14.6%
Retail	9.4	8.5	10.4%	7.5	24.4%	7.5	25.1%
Banks	0.0	0.0	-3.2%	0.0	367.5%	0.0	52.5%
Total	27.7	27.2	2.0%	24.4	13.4%	23.5	18.0%

Clients Deposits EGP Bln	Q32020	Q22020	Δ QoQ	Dec-19	Δ YTD	Q32019	Δ YoY
Time & Certificate Deposits	23.0	22.2	3.4%	22.7	1.2%	22.2	3.3%
Other Deposits	18.0	18.5	-2.6%	16.9	6.5%	18.9	-4.6%
Total	41.0	40.7	0.7%	39.6	3.4%	41.1	-0.3%

Loans & Deposits - EGP Bln	Q32020	Q22020	Δ QoQ	Dec-19	Δ YTD	Q32019	Δ YoY
Loans - LCY	23.3	22.6	3.1%	19.4	20.1%	19.0	22.5%
Loans - FCY	4.4	4.6	-3.6%	5.0	-12.3%	4.5	-1.3%
Total	27.7	27.2	2.0%	24.4	13.4%	23.5	18.0%
Deposits - LCY	31.0	30.3	2.1%	28.4	9.2%	28.2	9.8%
Deposits - FCY	10.0	10.4	-3.4%	11.3	-11.0%	12.9	-22.4%
Total	41.0	40.7	0.7%	39.6	3.4%	41.1	-0.3%
LCY L/D Ratio	75.2%	74.5%		68.3%		67.4%	
FCY L/D Ratio	44.1%	44.1%		44.7%		34.6%	
Global L/D ratio	67.6%	66.7%		61.6%		57.1%	

PROFITABILITY INDICATORS

Q3 2020 NII recorded an increase of 6.8% compared with Q2 2020 and a decrease of 7% compared with Q3 2019 and 9 % YoY mainly back to market rates down trend and sharply impacted by CBE Corridor cut of 300 bps in March 2020.

Net Fees and Commission income recorded increase QoQ by 31.5% while Net Trading Income decreased by -23% Vs Q2 2020 & -55.1% compared with Q3 2019 due to COVID-19 implications..

Other operating income decreased by -87.3% vs Q2 2020 & -83.1% compared with Q3 2019 due to business slowdown as a result of COVID-19 implications.

Q3 2020 NBI recorded an increase of 4.7% compared with Q2 2020 and -14.6% compared with Q3 2019

Total expenses increased by 3.3% Vs Q2 2020 & increased by 15.8% compared with Q3 2019 mainly due to the significant OPEX related to COVID-19 in addition to other expenses.

Q3 2020 Net Cost of Risk of EGP -53.6Mln compared with Net CoR of EGP -153.7Mln in Q2-2020.

Net Income before Impairment & Tax recorded EGP 555Mln in Q3 2020, higher by 7.4% compared with Q2 2020 and lower by -19% compared with Q3 2019 and EGP 1.7Bln YTD compared with EGP 2.1Bln for the same period in 2019 representing -18.5%.

During Q3-2020, Crédit Agricole Egypt recorded a net income of EGP 330.1Mln and YTD Net income of EGP 1,031.3Mln

Income Statement - EGP Million	Q32020	Q22020	QoQ	YTD Sept-2020	YTD Sept-2019	Δ YoY	Q32019	QoQ
			Q3-20 Vs. Q2-20					Q3-20 Vs. Q3-19
Net Interest Income	717.0	671.5	6.8%	2,135.5	2,347.2	-9.0%	771.0	-7.0%
Net Fees & Commission Income	128.2	97.5	31.5%	357.8	446.6	-19.9%	147.2	-12.9%
Net Trading Income	55.3	71.8	-23.0%	184.6	251.6	-26.6%	123.0	-55.1%
Other Operating Income	2.8	21.8	-87.3%	38.2	35.0	9.3%	16.4	-83.1%
Net Banking Income	903.2	862.6	4.7%	2,716.2	3,080.3	-11.8%	1,057.6	-14.6%
Total Expenses	(337.5)	(326.6)	3.3%	(992.4)	(857.7)	15.7%	(291.4)	15.8%
Gross Operating Profit	565.8	536.0	5.5%	1,723.8	2,222.6	-22.4%	766.2	-26.2%
Other Income (Expenses)	(10.5)	(18.8)	-44.2%	(23.8)	(137.9)	-82.7%	(80.8)	-87.0%
Income Before Impairment & Tax	555.3	517.3	7.4%	1,700.0	2,084.8	-18.5%	685.5	-19.0%
Impairment	(53.6)	(153.7)	-65.1%	(237.9)	299.5	-179.4%	62.7	-185.5%
Net Income Before Tax	501.7	363.6	38.0%	1,462.1	2,384.2	-38.7%	748.1	-32.9%
Tax	(171.7)	(106.2)	61.6%	(430.8)	(516.3)	-16.6%	(190.3)	-9.8%
Net Income	330.1	257.4	28.2%	1,031.3	1,867.9	-44.8%	557.9	-40.8%
Cost / Income Ratio	37.4%	37.9%		36.5%	27.8%		27.6%	

STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:

The Non-Performing Loans (NPL) in Q3 is almost same to Q2 recording 2.52% of total exposure, with an impaired loans coverage ratio of 202% as of Sept 2020 compared to 199% as of June 2020 & 140% as of Sept. 2019.

The Capital Adequacy Ratio after excluding the top 50 customers to cope with CBE instructions is 19.02% well above the regulatory threshold (12.5%), it is worth mentioning that if we considered the top 50 customers, CAR ratio as of Sept. 2020 will be 17.35% compared with 17.59% in June 2020.

This strong solvency allows the bank to pursue its strategy of actively developing its franchise in Egypt in both Retail and Corporate Banking

Cost to income ratio decreased in Q3 2020 to reach 37.4% vs Q2 2020 37.9% and YTD recorded 36.5%.

Bank sustains a good level of liquidity, recording LCY NSFR (Net Stable Funding Ratio) of 167.1% and 162.9% for FCY well above the regulatory threshold of 100%; and LCR (Liquidity Coverage Ratio) at 579.6% at the consolidated level (all currencies included) which is also above CBE requirement and Basel II guidelines of 100%.

	Q32020	Q22020	QoQ	YTD Sept-2020	YTD Sept-2019	Δ YoY	Q32019	QoQ
			Q3-20 Vs. Q2-20					Q3-20 Vs. Q3-19
Liquidity								
Liquidity Coverage Ratio	579.6%	604.0%	-4.0%	579.6%	756.5%	-23.4%	756.5%	-23.4%
Net Stable Funding Ratio - LCY	167.1%	171.0%	-2.3%	167.1%	175.5%	-4.8%	175.5%	-4.8%
Net Stable Funding Ratio - FCY	162.9%	164.0%	-0.7%	162.9%	183.9%	-11.4%	183.9%	-11.4%
Assets Quality								
Capital adequacy ratio	19.0%	19.5%	-2.6%	19.0%	19.4%	-1.7%	19.4%	-1.7%
Non-performing loans ratio	2.5%	2.5%	0.6%	2.5%	3.1%	-19.1%	3.1%	-19.1%
Provision Coverage	201.9%	199.3%	1.3%	201.9%	139.7%	44.5%	139.7%	44.5%

CONCLUSION:

Crédit Agricole Egypt is maintaining a solid and sustainable growth, as well as strong profitability, based on the quality of services provided to its clients and the quality of its assets. The sustainable Bank's business model is continuously translated by a robust solvency ratio.