

Crédit Agricole Egypt H1-2020 RESULTS **Net Profit of EGP 701.2Mln**

HIGHLIGHTS ON H1-2020 RESULTS

- **Net Profit of EGP 701.2 Mln**
- **Return on Assets of 2.7%**
- **Return on Equity of 24%**
- **Strong Capital Adequacy Ratio at 19.53%**
- **Earning Assets 87% of total Assets**
- **Customer Loans portfolio recorded EGP 27.2 Bln**
- **Ongoing good quality of assets (NPL at 2.50%)**
- **Customer Deposits portfolio recorded EGP 40.7 Bln**
- **Gross Loans to Deposit Ratio of 66.7%**
- **Total Equity of EGP 6.5Bln**

GLOBAL OVERVIEW

Crédit Agricole Egypt has actively responded to overcome the challenging COVID-19 economic crisis, and according to its set sustainability strategy and responsibility, giving the priority for the support of its customers and community, while maintaining the path of its operations with a vigilant approach.

Therefore, Crédit Agricole Egypt has acted in full alignment with the Central Bank of Egypt's measures and has mobilized its forces to pursue its operations and services across all its channels aiming to be closer to its customers and safeguard their safety during this critical time. Thus, in order to alleviate the impact of the crisis, the bank has implemented waivers of certain fees and granted a moratorium to more than 120,000 corporate and individual facilities including loans and credit cards based on its customers' requests.

The COVID-19 crisis has confirmed the pertinence of the bank's strategy. In accordance, the bank is pursuing its development plans to provide its customers with the appropriate banking service and solutions from one side and amplify its business and operations, while keeping risks under control with a good percentage coverage.

During H1-2020, on the commercial side, the bank has been vigorously present next to its customers, seeing a significant and strong increase of its lending portfolio for both corporate and individual with 13.5% YOY during the second quarter.

For its expansion, the bank has noticeably renewed its strategic partnership with Shooting Club to extend its innovative concept launched for the first time in Egypt to serve the transformation towards cashless society in Egypt.

Accordingly, the bank will convert the +200,000 membership access cards to payment cards.

In terms of network expansion, the bank has announced the inaugurating of 3 new branches with one in Delta and 2 in Cairo to give more accessibility to its customers and reach out to new business.

On the digital and remote banking side, as a result of the bank's ongoing efforts for the spread of the digital culture, the number of transactions has seen a spectacular surge during Q2-2020, achieving an increase of 75% YOY for corporate who opted to bank remotely and safely during the pandemic. As for individuals, they have confirmed once more their convenience and trust in Crédit Agricole Egypt's digital services, registering a new record of over 1.8 million number of logins on the bank's various channels.

In recognition of its constant endeavor to create a unique customer experience through its multiple channels and services, Crédit Agricole Egypt was awarded "the most innovative bank" award by Global Business Outlook.

For the community, the bank has been also actively present across all the spectrum of impacted sectors to provide medical equipment for the patients' treatment, avail protection kits for the medics or support the daily workers. These initiatives included a cooperation protocol signed between CA Egypt Foundation for Development and Ahl Masr Foundation, under which the bank provided funds for an intensive care unit (ICU), as well as for the purchase of artificial ventilators, syringe pumps, and X-ray machine for a number of public hospitals, which are aimed to help the Ministry of Health in the treatment of coronavirus patients. CA Egypt Foundation has also participated in 'Kheir w Baraka' initiative to support daily-wage workers.

COMMERCIAL DEVELOPMENT:

Despite the negative economic outlook and the national shrinking of commercial activities CAE growth across all commercial activities is satisfactory during Q2-2020 Vs Q1-2020, recording 7.2 % growth in Loans portfolio as well 1 % growth in Customer Deposits portfolio within a diversified portfolio structure approach between different business lines and customer segments

YTD growth in Loans portfolio of 11.3 % to reach EGP 27.2Bln (+13.4% as of Q2-2019) (+7.2% as of Q1-2020), driven by the corporate line of business growth of 10.5% and individual portfolio growth of 12.7 %

YTD growth in Loans portfolio, driven by LCY growth of 16.5 %, 20.2% YoY and 12.6% QoQ. While YTD FCY loans decreased by -9%, -11.2% YoY and -13.4% QoQ which is impacted partially by EGP appreciation against FCY.

YTD growth in Deposits portfolio of 2.7% to reach EGP 40.7Bln (-2.9% YoY) (+1% as of Q1-2020), driven by YTD LCY growth of 6.9% ,10.2% YoY and 3.3% QoQ while YTD FCY deposits decreased by -7.8%, -27.8% YoY and -5.1% QoQ which is impacted partially by EGP appreciation against FCY .

Loans to Clients & Banks EGP Million	Jun-20	Mar-20	Δ QoQ	Dec-19	Δ YTD	Jun-19	Δ YoY
Corporate	18,682	17,468	6.9%	16,901	10.5%	16,737	11.6%
Retail	8,471	7,878	7.5%	7,519	12.7%	7,185	17.9%
Banks	19	2	850.0%	4	375.0%	34	-43.9%
Total	27,172	25,348	7.2%	24,424	11.3%	23,956	13.4%

Clients Deposits EGP Million	Jun-20	Mar-20	Δ QoQ	Dec-19	Δ YTD	Jun-19	Δ YoY
Time & Certificate Deposits	22,207	22,427	-1.0%	22,691	-2.1%	22,881	-2.9%
Other Deposits	18,518	17,892	3.5%	16,946	9.3%	19,052	-2.8%
Total	40,725	40,319	1.0%	39,637	2.7%	41,933	-2.9%

Loans & Deposits - EGP Million	Jun-20	Mar-20	Δ QoQ	Dec-19	Δ YTD	Jun-19	Δ YoY
Loans - LCY	22,586	20,050	12.6%	19,383	16.5%	18,790	20.2%
Loans - FCY	4,586	5,298	-13.4%	5,041	-9.0%	5,166	-11.2%
Total	27,172	25,348	7.2%	24,424	11.3%	23,956	13.4%
Deposits - LCY	30,329	29,358	3.3%	28,359	6.9%	27,530	10.2%
Deposits - FCY	10,396	10,960	-5.1%	11,277	-7.8%	14,403	-27.8%
Total	40,725	40,318	1.0%	39,637	-2.9%	41,933	-2.9%
LCY L/D Ratio	74.5%	68.3%		68.3%		68.3%	
FCY L/D Ratio	44.1%	48.3%		44.7%		35.9%	
Global L/D ratio	66.7%	62.9%		61.6%		57.1%	

PROFITABILITY INDICATORS

Q2 2020 NII recorded a decrease of -10.1% compared with Q1 2020 and -12.9% compared with Q2 2019 and -10% YoY mainly as a result to market rates down trend and CBE cut of 300 bps in Q1 2020

Net Fees and Commission income recorded decrease QoQ by -26% as a result to commission waiver initiatives and slowdown in business back to COVID 19 implications

Net Trading Income increased by 24.7% Vs Q1 2020 & 35.1% compared with Q2 2019.

Other operating income increased by 59.6% vs Q1 2020 & 184.3% compared with Q2 2019.

Q2 2020 NBI recorded a decrease of -9.2% compared with Q1 2020 and -11.7% compared with Q2 2019

Total expenses decreased by -0.5% Vs Q1 2020 & increased by 12.9% compared with Q2 2019 mainly due to the significant OPEX related to COVID-19 in addition to the normal increase in salary and other expenses.

Q2 2020 Net Cost of Risk of EGP -153.7Mln compared with Net CoR of EGP -30.6Mln in Q1-2020. (Q2-2020 Gross CoR of EGP -164.2Mln compared with Q1 gross CoR of EGP -74.8Mln and compared with Q2-2019 gross CoR of EGP 72.4Mln and net CoR of EGP 81.1Mln)

Q2 2020 Net Income before Impairment & Tax recorded EGP 517Mln in Q2 2020 as lower by -17.6% compared with Q1 2020 and -23.9% compared with Q2 2019 and EGP 1.14Bln YTD compared with EGP 1.4Bln in H1 2019 representing -18%

During Q2-2020, Crédit Agricole Egypt recorded a net income of EGP 257.4Mln and YTD Net Profit of EGP 701.2Mln

Income Statement - EGP Million	QoQ			YTD June- 2020	YTD June- 2019	Δ YoY	QoQ	
	Q22020	Q12020	Q2-20 Vs. Q1-20				Q22019	Q2-20 Vs. Q2-19
Net Interest Income	671.5	746.9	-10.1%	1,418.5	1,576.2	-10.0%	770.9	-12.9%
Net Fees & Commission Income	97.5	132.2	-26.2%	229.7	299.4	-23.3%	145.4	-32.9%
Net Trading Income	71.8	57.6	24.7%	129.4	128.5	0.7%	53.1	35.1%
Other Operating Income	21.8	13.7	59.6%	35.5	18.6	90.9%	7.7	184.3%
Net Banking Income	862.6	950.3	-9.2%	1,813.0	2,022.7	-10.4%	977.2	-11.7%
Total Expenses	(326.6)	(328.3)	-0.5%	(654.9)	(566.3)	15.6%	(289.4)	12.9%
Gross Operating Profit	536.0	622.0	-13.8%	1,158.1	1,456.4	-20.5%	687.8	-22.1%
Other Income (Expenses)	(18.8)	5.4	-448.0%	(13.4)	(57.1)	-76.6%	(8.0)	135.4%
Income Before Impairment & Tax	517.3	627.4	-17.6%	1,144.7	1,399.3	-18.2%	679.8	-23.9%
Impairment	(153.7)	(30.6)	402.0%	(184.3)	236.8	-177.8%	81.1	-289.6%
Net Income Before Tax	363.6	596.8	-39.1%	960.4	1,636.1	-41.3%	760.9	-52.2%
Tax	(106.2)	(153.0)	-30.6%	(259.2)	(326.1)	-20.5%	(152.4)	-30.3%
Net Income	257.4	443.8	-42.0%	701.2	1,310.1	-46.5%	608.5	-57.7%
Cost / Income Ratio	37.9%	34.5%		36.1%	28.0%		29.6%	

STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:

The Non-Performing Loans (NPL) have decreased again, reaching 2.5% of total exposure as of June 2020 compared to 2.71 % as of March 2020, with an impaired loans coverage ratio of 199% as of June 2020 compared to 168% as of March 2020 & 156% as of June 2019.

The Capital Adequacy Ratio after excluding the top 50 customers to cope with CBE instructions increased to 19.53% well above the regulatory threshold (12.5%), it is worth mentioning that if we considered the top 50 customers, CAR ratio as of June 2020 will be 17.59% compared with 18.25% in March 2020 and 17.72% at the end of Q2 2019.

Cost to income ratio increased in Q2 2020 to reach 37.9% vs Q1 2020 34.5% and YTD recorded 36.1%.

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

Bank sustains a good level of liquidity, recording LCY NSFR (Net Stable Funding Ratio) of 171% and 164% for FCY well above the regulatory threshold of 100%; and LCR (Liquidity Coverage Ratio) at 604% at the consolidated level (all currencies included) which is also above CBE requirement and Basel II guidelines of 100%.

Ratios	Q22020	Q12020	QoQ	YTD	YTD	Δ YoY	Q22019	QoQ
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			Q2-20 Vs. Q1-20	June-2020	June-2019		Q2-20 Vs. Q2-19	
Efficiency								
Cost - to - Income	37.9%	34.5%	9.6%	36.1%	28.0%	29.0%	29.6%	27.9%
Liquidity								
Loans - to - Deposits	66.7%	62.9%	6.1%	66.7%	57.1%	16.8%	57.1%	16.8%
Liquidity Coverage Ratio	604%	531%	13.8%	604%	744%	-18.8%	744%	-18.8%
Net Stable Funding Ratio - LCY	171%	185%	-7.6%	171%	175%	-2.3%	175%	-2.3%
Net Stable Funding Ratio - FCY	164%	160%	2.6%	164%	171%	-4.1%	171%	-4.1%
Assets Quality								
Capital adequacy ratio	19.53%	18.25%	7.0%	19.53%	17.72%	10.2%	17.72%	10.2%
Non-performing loans ratio	2.50%	2.71%	-7.6%	2.50%	2.96%	-15.4%	2.96%	-15.4%
Provision Coverage	199%	168%	18.5%	199%	156%	27.7%	156%	27.7%

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.