

PRESS RELEASE – H12017 RESULTS

Credit Agricole Egypt reports H12017 Net Income of EGP 949.0 million
François Drion: “Service quality and innovation are at the core of our strategy leading to sustainable growth, activity generated a rise of 50% of net profit H12017”

HIGHLIGHTS ON H1 2017 RESULTS IN COMPARISON TO H12016:

- Dynamic growth in Net Income at +50.1%, reaching EGP 949,0 million.
- Substantial increase of clients’ deposits up by +46.2% (+10.1% without EGP devaluation effect) reaching EGP 40,7 billion.
- Satisfactory growth in loans, +25.6% compared to H12016 (+6.5% without EGP devaluation effect) reaching EGP 18,9 billion

A SUSTAINABLE COMMERCIAL DEVELOPMENT:

The healthy revenue growth is driven by all client business activities. A fair number of customers registered a net growth of 3% over June 2016.

Customers’ deposits have increased by 46.2% over June 2016 (+10.1% without devaluation effect). Total loans are up by +25.6% (+6.5% without devaluation effect) thanks to very dynamic growth of local currency Corporate loans (+38.0%) and Retail loans (+14.5%), reversing the decrease of foreign currency corporate loans due to weak demand since the beginning of 2016.

Deposits - EGP Million	Jun-2017	Jun-2016	Δ H1-17 H1-16
High Cost	24,629.6	16,764.3	46.9%
Low Cost	16,068.0	11,064.0	45.2%
Total	40,697.6	27,828.3	46.2%

Loans - EGP Million	Jun-2017	Jun-2016	Δ H1-17 H1-16
Corporate	12,804.8	9,720.5	31.7%
Retail	5,813.6	5,073.9	14.6%
Banks	251.8	235.2	7.0%
Total	18,870.2	15,029.6	25.6%

STRONG PROFITABILITY MAINTAINED:

H12017 recorded a robust rise of results demonstrating ongoing efficient and focused banking operations. The Net Banking Income reached EGP 1,834.8 million, increasing by +45.7% over H12016. The Net Interest Income also increased by +43.2% year-on-year, driven by both volumes and higher margins. As for the Net Commissions and Fees, an increase of +41.2% over H12016 has been recorded driven by all activities, Trade

Finance as well as Retail commissions. The Net Trading Income (mainly foreign exchange commissions) achieved a remarkable growth of +61.7% over H12016 at EGP 153.0 million.

Steady efforts are deployed to optimize costs despite much higher inflation. Yet, an increase of +23.9% occurred, justified mainly by salary increase, as well as continuous investments to support the digital transformation of the bank. Credit Agricole Egypt has launched in May 2017 the version 2.0 of its state-of-the-art mobile application offering advanced features for customers' convenience.

Credit Agricole Egypt continued improving its efficiency, with a Cost to Income Ratio of 28.0% in H12017 Vs 32.9% in H12016, positioning well the Bank among its peer banks.

H12017 Net Income reached EGP 949.0 million, up by +50.1% compared to Q1-2016.

Income Statement - EGP Million	Q22017		Δ Q2-17 Q1-17	Q22016		YTD Jun-17	YTD Jun-16	Δ H1-17 H1-16
	Q12017			Q2-17	Q2-16			
Net Interest Income	661.4	654.0	1.1%	476.2	38.9%	1,315.4	918.7	43.2%
Net Fees & Commission Income	157.2	176.0	-10.7%	120.9	29.9%	333.2	236.0	41.2%
Net Trading Income	55.0	98.0	-43.8%	45.4	21.2%	153.0	94.6	61.7%
Other Operating Income	4.1	29.1	-85.9%	7.1	-42.2%	33.2	10.0	231.1%
Net Banking Income	877.7	957.1	-8.3%	649.7	35.1%	1,834.8	1,259.3	45.7%
Total Expenses	(258.4)	(255.7)	1.1%	(208.1)	24.2%	(514.2)	(414.9)	23.9%
Gross Operating Profit	619.3	701.3	-11.7%	441.5	40.3%	1,320.6	844.5	56.4%
Other Income (Expenses)	(8.6)	6.6	-	(5.7)	50.7%	(1.9)	4.3	-
Income Before Impairment & Tax	610.7	708.0	-13.7%	435.8	40.1%	1,318.7	848.8	55.4%
Impairment	5.0	(88.2)	-	(18.5)	-	(83.2)	(24.2)	243.4%
Net Income Before Tax	615.7	619.8	-0.7%	417.4	47.5%	1,235.5	824.5	49.8%
Tax	(141.7)	(144.7)	-2.1%	(98.5)	43.8%	(286.4)	(192.3)	49.0%
Net Income	474.0	475.1	-0.2%	318.8	48.7%	949.0	632.3	50.1%
Cost / Income Ratio	29.4%	26.7%		32.0%		28.0%	32.9%	

STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:

Non-Performing Loans (NPL) slightly increased at 4.74% of total exposure in H12017 compared to 4.16% end of 2016. The Bank has pursued its risk conservative management by increasing provisions by EGP 83,2 million allowing a coverage of NPL of 180%.

Capital Adequacy Ratio reached 18.85%, well above regulatory threshold (11.25% in 2017), increasing by +728 basis points over December 2016 as a result of 2016 profit retention and interim profit of Q1 & Q2 2017. In addition, USD subordinated loan contributed to reinforce the Capital Adequacy Ratio. This strong solvency allows the bank to pursue its strategy of developing actively its franchise in Egypt.

Good quality of Liquidity of the Bank is evidenced by NSFR (Net Stable Funding Ratio) recorded 201% for local currency and 215% for foreign currency, well above CBE requirement and Basel II guidelines.

Local currency CBE liquidity ratio remain above the regulatory threshold 20% recording 50.3%, while foreign currency CBE liquidity ratio recorded 65.8% well above the regulator ratio 25%.

Ratios	Q22017	Q12017	Δ Q2-17 Q1-17	Q22016	Δ Q2-17 Q2-16	YTD Jun 2017	YTD Dec 2016	Δ YTD Jun-17 YTD Dec-16
Profitability								
Return on equity	56.5%	56.4%	0.3%	46.7%	21.2%	56.6%	51.0%	10.9%
Return on assets	3.9%	4.1%	-3.4%	3.8%	3.5%	3.9%	3.0%	33.3%
Efficiency								
Cost - to - Income	29.4%	26.7%	10.2%	32.0%	-8.1%	28.0%	30.9%	-9.4%
Liquidity								
Loans - to - Deposits	46.4%	47.9%	-3.1%	54.0%	-14.1%	46.4%	49.0%	-5.5%
Assets Quality								
Capital adequacy ratio	18.85%	15.14%	19.95%	15.24%	19.16%	18.85%	11.57%	56.96%
Non-performing loans ratio	4.74%	4.20%	12.95%	3.03%	56.56%	4.74%	4.16%	14.03%
Provision Coverage	180%	205%	-12.36%	199%	-10%	180%	186%	-3%

Credit Agricole Egypt set up its own foundation “Credit Agricole Egypt Foundation for Development” in May 2017 to support more actively its CSR projects in healthcare, education, environment and social development with a broad geographical coverage all over Egypt.

CONCLUSION:

Credit Agricole Egypt managed to achieve a solid sustainable growth, based on quality of service provided to its clients. The Bank’s profitability has been still strengthened, with satisfactory quality and robust solvency in a market that is showing signs of positive evolution.