

PRESS RELEASE – 1st 9 months 2019 RESULTS
Credit Agricole Egypt reports a net income of EGP 1,868 MEGP at end of Sept. 2019
Representing an increase of +11.5% over Sept. 2018

HIGHLIGHTS ON SEPT 2019 RESULTS

- Net income increased to EGP 1,868 million, up by 11.5% over same period 2018
- Continuous improvement of efficiency with a Cost to Income Ratio of 27.6 %
- Return on Assets of 4.4%
- Return on Equity of 46.9%
- Strong Capital Adequacy Ratio at 19.36%
- Loans portfolio reach EGP 23.4 billion
- Ongoing good quality of assets (NPL at 3.11%)
- Deposits portfolio reach EGP 41.1 billion
- Loans / Deposit ratio recorded 57.1%
- Total Shareholders' Equity reached EGP 6.6 billion

GLOBAL OVERVIEW

Pursuing its strategic growth plans, Credit Agricole Egypt has achieved during the 1st 9 months of 2019 a net profit of EGP 1,868 million, showing an increase over the same period last year by 11.5%, translating a steady momentum of commercial development and operational efficiency.

As a recognition to the bank's pertinent growth strategy, Fitch Ratings has affirmed in its recent review Credit Agricole Egypt's National Long-Term rating as AA+ with a Stable Outlook and F1+ for Short-Term rating; this review is based on the bank's acceptable capitalization, healthy liquidity profile, and sound asset-quality metrics that are supported by adequate risk management systems and policies as well as the potential parent support. Fitch's statement indicates that Credit Agricole Egypt has some of the strongest profitability metrics among private-sector banks in Egypt.

In its endeavor towards customer excellence and in the framework of its "Customer at the Heart" projects, Credit Agricole Egypt has achieved a new milestone in consolidating its digital infrastructure by launching the most updated Customer Relationship Manager (CRM) system that constitutes the concrete base for more new systems to be launched soon. This new CRM will take to a new mile the quality of services provided and the overall banking experience.

In this same context, the bank is pursuing its plans for network expansion and optimization. New branches are coming to life during early Q4 in different areas of Egypt as well as existing branches are remodeled according to the "banki Store" concept creating the harmony between digital services and the financial advice and paving the ways towards more dissemination of the digital culture.

Being a cornerstone of its strategic ambition to become a leading innovation-driven sustainable bank, Credit Agricole Egypt has sponsored the France-Egypt startup competition calling for the innovation of young entrepreneurs. Credit Agricole Egypt is supporting innovation, among its strategic plans, through different initiatives to bring new digital solutions in favor of important sectors such as the SMEs.

Credit Agricole Egypt Foundation for Development has celebrated the graduation of the second class of talented students of "Ebhar Misr" program as part of the bank's strategy to achieve sustainability and push forward with development through societal initiatives including fostering youths and nurturing talents.

In terms of responsibility, Credit Agricole Egypt being part of the worldwide Credit Agricole Group signatory of the UNEP FI (United Nations Environment Program for Financial Institutions) will be complying to the Principles of Responsible Banking to help create a financial sector that serves people and planet while delivering positive impacts.

A SUSTAINABLE COMMERCIAL DEVELOPMENT:

The growth of the overall commercial activities during 2019 is based on the balanced model of Credit Agricole Egypt built on a diversified portfolio approach and balance between the different lines of business contributing almost on the same level to the Bank's results.

The increase in the profitability is mainly driven by the Bank's efforts to accompany its customers in their projects and investments during this national economic positive outlook and the consequent rise of commercial business.

In comparison to the same period last year, the loans portfolio has recorded an increase of 11%; This evolution was mainly driven by corporate business that grew by 13.6%, while the individual portfolio loans increased by 7.6%.

Loans to Clients & Banks EGP Million	Sep-19	Sep-18	Δ YTD Sept -19 vs YTD Sept-18
Corporate	15,997	14,088	13.6%
Retail	7,478	6,952	7.6%
Banks	12	119	-89.6%
Total	23,487	21,158	11.0%

Clients Deposits - EGP Million	Sep-19	Sep-18	Δ YTD Sept -19 vs YTD Sept-18
Time & Certificate Deposits	22,222	24,365	13.6%
Other Deposits	18,912	19,119	-1.1%
Total	41,134	43,484	-5.4%

SHARP GROWTH OF PROFITABILITY

The rise of results demonstrated the pertinence of its strategy, where the Bank puts the focus on the quality of its customers and assets as well as costs optimization and operational efficiency enhancement as drivers for the ongoing sustainable profitability growth.

Regarding its assets, the increase of the results benefited from a net reversal of provisions in the cost of risk for an amount of 299.5 MEGP representing a difference of 274% in comparison to YTD Sept. 2018 and reflecting the positive evolution of assets quality.

Credit Agricole Egypt continued improving its efficiency by maintaining almost same level of Cost to Income Ratio at 27.6 % in Q3 2019 vs 27.7 % in Q3 2018, positioning the Bank well among its peers.

Credit Agricole Egypt is following IFRS 9 & compliance with CBE directives certified by Bank's external auditors as well as independent party as requested by CBE.

The Net Income reached EGP 1,868 million, with an increase of 11.5% compared to Sept. 2018.

Income Statement - EGP Million	Q32019	Q22019	QoQ		YTD Sept-2019	YTD Sept-2018	Change	
			Q3-19 Vs. Q2-19	Q3-19 Vs. Q3-18				
Net Interest Income	771.0	770.9	0.0%	748.6	3.0%	2,347.2	2,155.1	8.9%
Net Fees & Commission Income	147.2	145.4	1.2%	167.6	-12.2%	446.6	491.6	-9.1%
Net Trading Income	123.0	53.1	131.5%	53.3	130.7%	251.6	151.8	65.8%
Other Operating Income	16.4	7.7	113.9%	5.4	204.9%	35.0	24.1	45.3%
Net Banking Income	1,057.6	977.2	8.2%	974.9	8.5%	3,080.3	2,822.5	9.1%
Total Expenses	(291.4)	(289.4)	0.7%	(270.2)	7.8%	(857.7)	(779.7)	10.0%
Gross Operating Profit	766.2	687.8	11.4%	704.7	8.7%	2,222.6	2,042.8	8.8%
Other Income (Expenses)	(80.8)	(8.0)	912.4%	12.1	-765.8%	(137.9)	(9.0)	1431.9%
Income Before Impairment & Tax	685.5	679.8	0.8%	716.8	-4.4%	2,084.8	2,033.8	2.5%
Impairment	62.7	81.1	-22.7%	11.7	435.7%	299.5	80.1	273.7%
Net Income Before Tax	748.1	760.9	-1.7%	728.5	2.7%	2,384.2	2,114.0	12.8%
Tax	(190.3)	(152.4)	24.9%	(146.8)	29.6%	(516.3)	(438.7)	17.7%
Net Income	557.9	608.5	-8.3%	581.7	-4.1%	1,867.9	1,675.2	11.5%
Cost / Income Ratio	27.6%	29.6%		27.7%		27.8%	27.6%	

STRONG RATIOS:

The Non-Performing Loans (NPL) have decreased again, to 3.11 % of total exposure as of end of Sep2019 compared to 3.27% as of end of December 2018, with an impaired loans coverage ratio of 140% as of end Sept 2019 compared to 182% as of end of Dec 2018.

The Capital Adequacy Ratio reached 19.36% at end of Sept 2019, well above the regulatory threshold of 12.5% starting 2019 and compared to 17.72% as of end of June 2019.

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

The liquidity is also at a sufficient level as:

- NSFR (Net Stable Funding Ratio), which stands at 175% for local currency and 184% for foreign currency, above the regulatory threshold (90%).
- LCR (Liquidity Coverage Ratio) at 756% at the consolidated level (all currencies included) which is also above CBE requirement and Basel II guidelines (100%).

Ratios	Q32019	Q22019	QoQ	Q32018	QoQ
				Q3-19 Vs. Q3-18	
Profitability					
Return on equity	46.9%	52.5%	-10.5%	58.5%	-19.8%
Return on assets	4.4%	4.7%	-6.4%	4.4%	-0.7%
Efficiency					
Cost - to - Income	27.6%	29.6%	-7.0%	27.7%	-0.6%
Liquidity					
Loans - to - Deposits	57.1%	57.1%	-0.1%	48.7%	17.3%
Liquidity Coverage Ratio	756%	744%	1.7%	812.5%	-6.9%
Net Stable Funding Ratio - LCY	175%	175%	0.3%	198.0%	-11.4%
Net Stable Funding Ratio - FCY	184%	171%	7.6%	181.4%	1.4%
Assets Quality					
Capital adequacy ratio	19.36%	17.72%	9.3%	20.6%	-6.2%
Non-performing loans ratio	3.11%	2.96%	5.2%	2.5%	25.1%
Provision Coverage	140%	156%	-10.5%	240.0%	-41.8%

CONCLUSION:

Credit 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.
