

## PRESS RELEASE – Q3-2017 RESULTS

Credit Agricole Egypt has reported on November 14<sup>th</sup> the Q3 2017 Net Profit of EGP 554.5 million and the first 9 months 2017 Net Profit of EGP 1,503.6 million. The newly appointed Managing Director of the Bank, Mr. Pierre Finas commented: “Our continuing strategy considering the customer on the top of our priorities and our endeavor towards innovation for offering high-quality and value added services has led to sustainable growth across all the bank’s activities. As a result, our well-balanced and diversified business model generated a rise of +50% of 9 months 2017 net profit through the increase of all lines of revenues”

### HIGHLIGHTS ON Q3-2017 RESULTS IN COMPARISON TO Q3-2016:

- Sharp growth of Net Profit at +61.51% compared to Q3-2016 and by +17.0% compared to Q2-2017, reaching EGP 554.5 million.
- Very good business momentum in On-balance sheet deposits up by +29.3% reaching EGP 39,3 billion.
- Sharp growth in lending up by +21.9% reaching EGP 18,7 billion.

### A SUSTAINABLE COMMERCIAL DEVELOPMENT:

The healthy revenue increase is driven by a well-balanced performance as well as the growth of the different business activities across the Bank.

Total deposits have increased by +29.3% over September 2016 (almost stable without devaluation effect). Total loans are up by +21.9% (-2.3% without devaluation effect) thanks to the very dynamic growth of local currency loans up by +27.5%. Foreign currency loans declined by -46%, as per the direction to reduce FCY exposure since 2016.

Deposits - EGP Million	Sept-2017	Sept-2016	Δ Q3-17 Q3-16
Time and Certificate Deposits	22,459.4	18,442.4	21.8%
Other Deposits	16,801.0	11,924.9	40.9%
<b>Total</b>	<b>39,260.4</b>	<b>30,367.3</b>	<b>29.3%</b>

Loans - EGP Million	Sept-2017	Sept-2016	Δ Q3-17 Q3-16
Corporate	12,184.8	9,695.6	25.7%
Retail	6,071.1	5,269.1	15.2%
Banks	313.1	269.4	16.2%
<b>Total</b>	<b>18,569.1</b>	<b>15,234.1</b>	<b>21.9%</b>

**CONTINUING ROBUST PROFITABILITY:**

During the 9 months of 2017, Credit Agricole Egypt recorded again a robust rise of results. The Net Banking Income reached EGP 2,840.0 million, increasing by +47% year-on-year, benefiting from the growth of all lines of revenues. Indeed, the Net Interest Income increased by +41% year-over-year, driven by both volumes and higher margins. As for the Net Commissions and Fees, an increase of +48.6% over 9 months of 2016 has been recorded driven by all activities, Trade Finance, Foreign Exchange as well as Retail commissions. Especially, the Capital Markets Income achieved a remarkable growth of +92.1% at EGP 234.6 million.

Constant efforts have been made to contain costs evolution despite still high inflation. Overall an increase of +21.1% occurred over 2016, well below revenues growth (+47.0% YoY), mainly driven by salary increase and continuous investments to support the ongoing digital transformation of the bank to enhance its services for further customers' convenience.

Credit Agricole Egypt continued improving its efficiency, with a Cost to Income Ratio of 26.8% in 9 months 2017 versus 32.6% recorded during the same period of 2016, positioning the Bank among the best practices in the banking sector.

The above lead to the outstanding increase of the Net Income by 54.1% reaching EGP 1,503.6 million recorded during the 9 months of 2017 compared to the same period in 2016. Also, it is worth noting that Q3-2017 results increased significantly over Q2-2017, with a Net Profit up by +17.0%.

Income Statement - EGP Million	Q3-2017	Q2-2017	Δ Q3-17 Q2-17	Q3- 2016	Δ Q3-17 Q3-16	YTD Sept-17	YTD Sept-16	Δ 9M-17 9M-16
Net Interest Income	736.7	661.4	11.4%	537.1	37.2%	2,052.2	1,455.7	41.0%
Net Fees & Commission Income	172.1	157.2	9.5%	103.9	65.6%	505.3	339.9	48.6%
Net Trading Income	81.6	55.0	48.2%	27.5	196.5%	234.6	122.1	92.1%
Other Operating Income	14.7	4.1	259.4%	4.6	221.5%	47.9	14.6	228.1%
<b>Net Banking Income</b>	<b>1,005.2</b>	<b>877.7</b>	<b>14.5%</b>	<b>673.1</b>	<b>49.3%</b>	<b>2,840.0</b>	<b>1,932.4</b>	<b>47.0%</b>
Total Expenses	(248.0)	(258.4)	-4.0%	(214.3)	15.7%	(762.1)	(629.1)	21.1%
<b>Gross Operating Profit</b>	<b>757.2</b>	<b>619.3</b>	<b>22.3%</b>	<b>458.8</b>	<b>65.0%</b>	<b>2,077.8</b>	<b>1,303.3</b>	<b>59.4%</b>
Other Income (Expenses)	(42.8)	(8.6)	398.7%	44.0	197.3%	(44.8)	48.3	192.7%
<b>Income Before Impairment &amp; Tax</b>	<b>714.4</b>	<b>610.7</b>	<b>17.0%</b>	<b>502.8</b>	<b>42.1%</b>	<b>2,033.1</b>	<b>1,351.6</b>	<b>50.4%</b>
Impairment	15.6	5.0	214.6%	(65.3)	124.0%	(67.6)	(89.5)	-24.5%
<b>Net Income Before Tax</b>	<b>730.0</b>	<b>615.7</b>	<b>18.6%</b>	<b>437.6</b>	<b>66.8%</b>	<b>1,965.5</b>	<b>1,262.1</b>	<b>55.7%</b>
Tax	(175.5)	(141.7)	23.9%	(94.1)	86.4%	(461.9)	(286.4)	61.3%
<b>Net Income</b>	<b>554.5</b>	<b>474.0</b>	<b>17.0%</b>	<b>343.4</b>	<b>61.5%</b>	<b>1,503.6</b>	<b>975.7</b>	<b>54.1%</b>
<b>Cost / Income Ratio</b>	<b>24.7%</b>	<b>29.4%</b>		<b>31.8%</b>		<b>26.8%</b>	<b>32.6%</b>	

**STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:**

The Non-Performing Loans (NPL) slightly increased at 4.63% of total exposure in 2017 compared to 4.16% end of 2016. The Bank has pursued its risk conservative management by increasing provisions by EGP 67.6 million in the 9 months of 2017, maintaining a coverage of NPL of 185%.

Capital Adequacy Ratio reached 19.27%, well above regulatory threshold (11.25% in 2017), increasing from 11.57% as of December 2016 as a result of 2016 profit retention and interim profit of 6 months of 2017. In addition, the USD subordinated loan fully issued in H1-2017 from Credit Agricole Group contributed to reinforce the Capital Adequacy Ratio. This strong solvency allows the bank to pursue its strategy of developing actively its franchise in Egypt.

As for the good quality of Liquidity of the Bank, this is evidenced again by the Net Stable Funding Ratio (NSFR) recording 202% for local currency and 201% for foreign currency, well above the Central Bank of Egypt's requirement and Basel II guidelines.

The Local currency liquidity ratio remained above the regulatory threshold of 20% recording 45%, while the foreign currency liquidity ratio recorded 66%, well above the regulator ratio of 25%.

Ratios	Q3-2017	Q2-2017	Δ Q3-17 Q2-17	Q3- 2016	Δ Q3-17 Q3-16	YTD Sept 2017	YTD Dec 2016	Δ YTD Sept- 17 YTD Dec-16
<b>Profitability</b>								
Return on equity	64.2%	56.5%	13.6%	50.6%	27.0%	58.0%	51.0%	13.8%
Return on assets	4.7%	3.9%	19.0%	3.8%	24.4%	4.2%	3.0%	43.2%
<b>Efficiency</b>								
Cost - to - Income	24.7%	29.4%	-16.2%	31.8%	-22.5%	26.8%	30.9%	-13.3%
<b>Liquidity</b>								
Loans - to - Deposits	47.3%	46.4%	2.0%	50.2%	-5.7%	47.3%	49.0%	-3.6%
<b>Assets Quality</b>								
Capital adequacy ratio	19.27%	18.85%	0.80%	14.83%	28.12%	19.27%	11.57%	64.22%
Non-performing loans ratio	4.63%	4.74%	-2.37%	3.50%	32.50%	4.63%	4.16%	11.33%
Provision Coverage	185%	180%	3.11%	191%	-3%	185%	186%	0%

#### **CONTINUING COMMITMENT TOWARDS THE COMMUNITY:**

In line with its commitment to the community engaging the bank towards protecting the environment, Credit Agricole Egypt has inaugurated during July, in the presence of the Minister of Electricity and Renewable Energy, Mr. Mohamed Shaker, the largest solar station owned by a bank in Egypt with a capacity 201.135 kw. The station, located on the roof of its Head Office in New Cairo, generates an average of 295 thousand kW/h per year, which suffices the consumption of 110 households per year.

#### **CONCLUSION:**

Through a strong performance and strong business momentum, Credit Agricole Egypt has achieved during the 9 months of 2017 a solid sustainable profitability while prioritizing the quality of services offered to its clients. The Bank's solvency has been strengthened, with very satisfactory level of risks in a resilient market and an environment showing signs of positive evolution.