

Crédit Agricole Egypt, 12M 2023 Standalone Financial Results - Press Release

The Board of Directors of Credit Agricole Egypt approved the Bank's results for the 12 months ended on December 31, 2023, at its meeting on Tuesday, February 06, 2024.

Main Highlights

- ☒ Net Profit at record EGP 5,142 million, up 113% Year-on-Year;
- ☒ Customer Deposits reached EGP 84.2 billion, up 39% Year-on-Year;
- ☒ Gross Loans reached EGP 42.8 billion, up 22% Year-on-Year;
- ☒ Current and Saving Accounts to Total Deposits reached 54.1% down by 5.35% Year-on-Year;
- ☒ Non-performing Loans ratio at 3.1% and Coverage Ratio at 133%;
- ☒ Loans-to-Deposit Ratio at 51%, down -7% Year-on-Year driven by high increase in deposits vis-à-vis loans and EGP devaluation effect;
- ☒ Resilient Capital Structure, Capital Adequacy ratio of 18.5%;
- ☒ Return on Average Assets at 5.7% up 2% and Return on Average Equity at 42.1% up 16%;

Economic Dynamics:

Globally, economic growth has slowed down given the continued effect of policy rate increases by key central banks. Furthermore, key international commodity prices, particularly energy, have declined, mainly due to reduced speculation over oil supply shortages and dampening global demand. Given the tight monetary policy across the globe, the inflationary pressures are slowing down and expected to reduce further in 2024. However, increasing geopolitical tensions in the region have raised uncertainty surrounding the inflation outlook, particularly concerning energy prices.

Domestically, inflationary pressures eased with headline inflation at 33.7% and core inflation at 34.2%, driven by recent government measures and seasonal demand on select core food items. The MPC decided to keep policy rates unchanged in December 2023 meeting i.e. bid-Corridor at 19.25%, assessing the impact of previously enacted tightening policies and its transmission to the economy.

Crédit Agricole Egypt: Record performance despite challenging environment

Crédit Agricole Egypt (CAE) continued to maintain its solid performance through 2023, generating a Net Banking Income of EGP 9,557 million, up 88%YoY, on the back of good performance by business lines. Gross Loans outstanding reaching EGP 42.8billion, up 22%YoY and Customer Deposits reaching EGP 84.2billion, up 39%YoY.

Corporate banking continued to achieve remarkable results in 2023 driven by all segments, despite the challenging market conditions, where the lending portfolio increased by EGP 6.8billion, thereby achieving a 27% YoY growth, with resilient and high quality of assets. Further robust growth in corporate deposits, increasing by EGP 23.4billion, achieving 65% YoY growth. Further, the strong performance in Q4 2023 i.e. +14% in Loans and +7% in Deposits reflect CAE's commitment to providing best-in-class financial solutions and services to our corporate clients, in light of the bank strategy i.e. ongoing growth in the Egyptian market while maintaining our lead position for Multinationals.

Retail banking achieved decent portfolio growth in 2023 i.e. +10% for Loans and +1% for Deposits YoY. The performance driven by targeted marketing campaigns, new products and client acquisition despite the competitive CD market during the whole of 2023. Cash loans production were healthy +45%. Auto loans production were slow due to current market conditions while mortgage loans production were very good i.e. more than 99% higher YoY.

The bank continued to witness good growth in active customer i.e. 3% QoQ sequentially and 10% YoY driven by campaign/offers directed to customer acquisition, account acquisition, financial inclusion, loans and cross-sell. This was also supported by launching new products i.e. Education Loans, Solar Loans, New Visa Platinum business cards and participation in events hosted by Clubs. With the launch of Solar Loans in Q4 2023, the bank has reinforced its ambition to expand in the green finance space.



Dynamic Commercial Activity and Solid Balance Sheet Structure

Commercial activity growth continues to be good with limited impact due to the evolution of the CDs and FX market thereby providing both Corporate and Individual customers with adequate financial solutions and increasing the active customer base. Gross Loans portfolio (*including Loans to Banks*) increased +22% YTD, to reach EGP 42.8billion, while Customer Deposits increased +39%YTD, to reach EGP 84.2billion.

(Clients and Banks)	Dec-23	Sept-23	QtD	Dec-22	YtD
Gross Loans Portfolio	EGP billion	EGP billion	Dec-23 vs Sept-23	EGP billion	Dec-23 vs Dec-22
Corporate Loans	31.9	28.1	14%	25.2	27%
Retail Loans	10.9	10.4	4%	9.9	10%
Loans to Banks	0.0	0.0	0%	0.0	-100%
Gross Loans	42.8	38.5	11%	35.1	22%

Customer Deposits	Dec-23	Sept-23	QtD	Dec-22	YtD
Customer Deposits	EGP billion	EGP billion	Dec-23 vs Sept-23	EGP billion	Dec-23 vs Dec-22
Corporate Deposits	59.6	55.9	7%	36.2	65%
Retail Deposits	24.6	24.9	-1%	24.3	1%
Customer Deposits	84.2	80.8	4%	60.5	39%

L/D Ratio	51%	48%	3%	58%	-7%
------------------	------------	------------	-----------	------------	------------

*Corporate and Retail breakdown based on Published Financial Statements

Profitability Performance

Net Banking Income (NBI) increased +88% YoY, reaching EGP 9,557 million, where Net Interest Income increased +96% YoY, reaffirming the bank's commercial activity and efficient control on the cost of funding. Operating Expenses increased +32% YoY demonstrating efficient controls on costs despite higher inflation and pressure through EGP devaluation of ~25% in 2023. Accordingly, Cost to Income Ratio (C/I) reduced significantly to 22.3% from 31.8% and Gross Operating Income (GOI) increased +115% YoY to reach EGP 7,426 million.

Higher cost of risk at EGP -484 million, compared to -134 million in the same period last year driven by prudent risk management including additional provisions on specific sectors and counterparties,

Net Profit reached EGP 5,142 million, +113% YoY, driven by higher NBI with effective control on cost of funds and operating expenses complemented by prudent risk management.

QoQ sequentially, NBI and GOI grew by +9% and +8% respectively, where NII increased by +11% on the back of higher yields on earning assets, volumes increase and exercised control on cost of funding despite lower net commissions decreasing by -17% due to less trade finance & retail commissions. OPEX increased by 13%.

Income Statement	4Q23	3Q23	QoQ	4Q22	YoY	Dec-23	Dec-22	YoY
	EGP million	EGP million	4Q23 vs 3Q23	EGP million	4Q23 vs 4Q22	EGP million	EGP million	12M23 vs 12M22
Net Interest Income	2,207	1,990	11%	1,205	83%	7,428	3,799	96%
Fees and Commission	276	333	-17%	303	-9%	1,444	826	75%
Other Operating Income	158	104	51%	126	25%	684	453	51%
Net Banking Income	2,641	2,427	9%	1,634	62%	9,557	5,078	88%
Overhead Expenses	-634	-564	13%	-455	39%	-2,131	-1,617	32%
Gross Operating Profit	2,007	1,863	8%	1,179	70%	7,426	3,461	115%
Other Income/Expense	22	-37	-159%	14	57%	-53	-22	143%
Impairment Charges	-225	-72	213%	-82	173%	-484	-134	262%
Net Profit before Tax	1,804	1,754	3%	1,111	62%	6,889	3,305	108%
Income Tax	-467	-458	2%	-296	58%	-1,747	-886	97%
Net Profit	1,337	1,296	3%	815	64%	5,142	2,419	113%

* Income Statement based on managerial reporting



Press Release – Fourth Quarter and Twelve months 2023

High Quality of Assets, Strong Solvency and Liquidity

CAE NPL ratio of 3.1% continues to remain among one of the lowest ratios within the banking sector, coupled with a decent coverage buffer, demonstrating the high quality credit positioning of the bank to pursue healthy lending portfolio growth, with prudent risk management practices in place.

Furthermore, the bank's strong liquidity position and solid capital buffer, well above regulatory requirements, provide adequate safeguard to absorb shocks, if any.

Key Indicators	Dec-23	Sept-23	QtD Change	Dec-22	Ytd Change
Liquidity					
Loans-to-Deposits Ratio	50.9%	47.7%	3%	58.0%	-7%
Liquidity Coverage Ratio	455.3%	584.1%	-129%	447.9%	7%
Net Stable Funding Ratio	187.3%	194.9%	-8%	174.7%	13%
Assets Quality					
Capital Adequacy Ratio	18.5%	18.8%	0%	18.7%	0%
Leverage Ratio	8.4%	8.2%	0%	8.6%	0%
Non-performing Loans Ratio	3.1%	2.5%	1%	2.8%	0%
Coverage Ratio	133.2%	166.0%	-33%	164.4%	-31%

*CAR excluding Top 50 Concentration risk for periods other than 2023.

** CAR, LCR, NSFR and Leverage as reported to CBE.

Key Financial and Business Indicators

Key Indicators	Dec-23	Sept-23	QtD Change	Dec-22	Ytd Change
Financial Indicators					
Net Interest Margin NIM	9.3%	9.2%	0%	6.7%	3%
Cost-to-Income Ratio	22.3%	21.6%	1%	31.8%	-10%
Return on Assets ROAA	5.7%	5.8%	0%	3.6%	2%
Return on Equity ROAE	42.1%	44.0%	-2%	26.0%	16%
Earnings per Share	3.70	2.74	1.0	1.74	2.0
Non-Financial Indicators					
Staff Headcount	2,529	2,535	0%	2,515	1%
Active Customers	354,147	345,450	3%	322,214	10%
Number of Branches	83	83	0%	83	0%
Number of ATMs	686	651	5%	521	32%

*Net Interest Margin "NIM" based on managerial reporting and Earnings per Share net of Profit Share to Employees

Digital Development

Another successful quarter for CAE digital channels Banki Mobile, showing competitive positive achievements.

For retail, Banki Mobile proved to be an essential tool for customers with the average login per customer around 1.9M times during Q4. While app rating increased significantly to become 4.7 (average on app stores) up from 3.7 in 2021. Our digital channels have witnessed more than 1.7M transactions executed during Q4 2023, with a remarkable 98% of domestic transfers done online. Banki Wallet usage and transactions reached +211K transactions in Q4 2023, with an increase of +20% compared to Q4 2022.



Press Release – Fourth Quarter and Twelve months 2023

CAE went live on **InstaPay** in May 2023 and since its launch has made a significant contribution i.e. over 1.7M outgoing transactions and exponential increase in incoming transactions (contributing to the LCY inflows) as well as attracting more than 50K registered users emphasizing the contribution of the bank towards financial inclusion.

For corporate and SMEs customers, 43% of the companies have been digitally active on the platform, with almost half of the domestic transfers now done digitally with 15% increase over Q4 2022 and more than +350 customers onboarded/reactivated on Banki Business. CAE witnessed an increase in digital governmental payments volumes by around 14% in Q4 2023 vis-à-vis Q4 2022.

For e-commerce, by end of Q4 2023 CAE continued its momentum in the digital payment acceptance field with the successful launch of Banki Commerce in 2022, payment gateway. As e-commerce continues to grow, CAE also contributes to the CBE efforts towards a "less cash society". By the end of Q4 2023, Banki Commerce had generated a total of EGP 42M payment inflows, with 32K ecommerce transactions processed through the new gateway. CAE consistently remains committed to its ambitious vision in the payment acceptance field, and its unique journey continues to make it easy for all customers to onboard.

Crédit Agricole Egypt has been honored with 5 international digital awards in 2023 including "Best Digital Transformation Program" from International Business Magazine, "Digital Banking Provider of the Year in Egypt" from World Business Outlook and banki Mobile was named "Best Mobile Banking App" by Global Finance. These awards collectively highlight Crédit Agricole Egypt's exceptional contributions to the digital banking landscape, reinforcing its position as a leader in technological innovation and customer-centric financial services that cater to a diverse customer base

Sustainability and CSR Activities

In Q4 2023, Credit Agricole Egypt has released its second integrated sustainability report 2020-2022, titled "Shaping a Sustainable Future". The report reflects CAE's strategic direction, toward adding value for its customers, investors, the general public, and the economy it serves. The bank is the first in Egypt to introduce integrated reporting, in alignment with Integrated Reporting (IR) framework, and in compliance with the Global Reporting Initiative (GRI).

In Q4 2023, CAE foundation has started phase 5 of the Family Empowerment Initiative that serves more than 200 underprivileged families in Old Cairo. This phase serves the house-wives with technical, managerial training, healthcare, general awareness sessions, seed funds and guidance to launch one micro project for each family.

CAE also started phase 2 in community development project in Menoufeya governorate. The project provides solar-powered development components that provide food, saves water and creates job opportunities.

CAE also conducted Blood Drive wherein staff members donated blood for the benefit of Ahl Masr Burns Hospital.

Conclusion

Credit Agricole Egypt continues to leverage on its digital infrastructure, diversified expertise, solid balance sheet structure, prudent risk management, strong liquidity position and adequate capital buffer allowing the bank to pursue its strategic profitable growth by serving its customers as well as the economy.