

Crédit Agricole Egypt, 1H 2022 Standalone Financial Results - Press Release

The Board of Directors of Credit Agricole Egypt approved the Bank's results for the quarter and half-year ended June 30, 2022, at its meeting held in New Cairo on Tuesday, August 2, 2022.

Main Highlights

- ☒ Gross Loans reached EGP 33 billion, up 17% Year-on-Year / 8% Year-to-Date
- ☒ Customer Deposits reached EGP 49 billion, up 11% Year-on-Year / 2% Year-to-Date
- ☒ Loans-to-Deposit Ratio of 68%
- ☒ Good quality of assets, Non-performing Loans ratio of 3.6%
- ☒ Resilient capital structure, Capital Adequacy ratio of 20.9%
- ☒ Net Profit recorded EGP 1,019 million, up 33% Year-on-Year
- ☒ Return on Average Assets of 3.3% and Return on Average Equity of 23.7%

Economic Context:

Economic activities in Egypt continues to be impacted by the global events i.e. Russian-Ukrainian crisis, continued COVID-19 lockdowns in some main Chinese cities, leading to **supply-chain disruptions** and sharp upsurge in commodity prices thereby **intensifying inflation** to above double digits in recent months.

In response, the Central Bank of Egypt raised key policy rates by 300 basis points in 1H22 to reign inflation, in addition to a 16% devaluation of the EGP followed by gradual depreciation of 4% to act as a shock absorber for Egypt's competitiveness.

Crédit Agricole Egypt: Good performance continues despite persistent challenging environment

Crédit Agricole Egypt maintains its solid performance through 1H22, generating a Net banking income of EGP 2,101 million, up 12%YoY, on the back of good performance by business lines, gross loan portfolio reaching EGP 33billion, up 17%YoY, and customer deposits reaching EGP 49billion, up 11%YoY.

Corporate lending robust performance, witnessing an increase in bookings during 1H22, leading to net increase of the portfolio around EGP 4.3billion, achieving a 22% YoY growth. CAE aims to continue strengthening its position across all corporate segments, via diversified products and service offering to meet customers' needs.

Credit cards have witnessed an increase of 19% in acquisition and 26% in cards' utilization YoY, driven by several acquisition and utilization campaigns initiated during 1H22, in addition to ongoing communication on cards' benefits campaigns i.e. Happy Points Program.

Corporate Social Responsibility and Foundation activities

Crédit Agricole Egypt Foundation participated as a gold sponsor in the art exhibition and gala dinner charity event organized by "Printemps Des Artistes", conducted under the patronage of the French Embassy in Cairo, in order to raise funds for "Samu Social International, Egypt" which supports street children in Egypt.

CAE foundation continues its collaboration started in 2017 with "Kheir wa Baraka" (K&B) association to support families below poverty line living at "Ezzbet Khair Allah". This phase targets to launch 200 projects to support 200 families in 2022. It involves selecting housewives (breadwinners) and identifying their potential skills to give them technical and basic business training to launch small projects including guidance in order to ensure success.



Digital Development

June recorded the **highest monthly registered users and monthly active users** in the history of CAE. During 2Q22, customers have logged on to our digital channels more than 1.7Mn times.

More than 61% of Credit Agricole Egypt customers have registered to CAE digital services, compared to 58% in 1Q22, and more than 29% are using it on monthly basis. The growth continues also with a consistent increase +10% (vs 1Q22) in digital transactions processed by individuals & +6% by corporate bringing the total number of transactions during the quarter to 547K digital transactions.

More than 97% of Corporate and SMEs customers have subscribed to “banki business” up from 95% in 1Q22 and 45% are digitally active on the platform. CAE, as part of our continuous development of our digital banki platform, the newest addition for companies, allows them to automate their day to day banking not only via our internet banking platform “banki business” (used by 45% of companies) but also via direct host to host automation from the convenience of their own systems.

Dynamic Commercial Activity and Solid Balance Sheet Structure

Commercial activity growth continues to be good across business lines with limited impact due to the evolution of the CD market thereby providing both Corporate and Individual customers with adequate financial solutions and increasing the active customer base. Gross loan portfolio (*including Loans to Banks*) increased +17%YoY, to reach EGP 33billion, while Customer Deposits increased +11%YoY, to reach EGP 49billion.

(Clients and Banks)	Jun-22	Mar-22	QtD	Dec-21	YtD	Jun-21	YoY
	EGP billion	EGP billion	Jun-22 vs Mar-22	EGP billion	Jun-22 vs Dec-21	EGP billion	Jun-22 vs Jun-21
Gross Loans Portfolio							
Corporate Loans	23.4	21.8	7%	20.9	12%	19.1	22%
Retail Loans	9.9	9.9	0%	9.6	3%	9.5	5%
Loans to Banks	0.0	0.3	n.m.	0.4	n.m.	0.0	n.m.
Gross Loans	33.4	32.0	4%	30.9	8%	28.6	17%
Loans LCY	29.5	27.5	7%	25.3	17%	23.2	27%
Loans FCY	3.9	4.5	-12%	5.7	-31%	5.4	-27%

Customer Deposits	Jun-22	Mar-22	QtD	Dec-21	YtD	Jun-21	YoY
	EGP billion	EGP billion	Jun-22 vs Mar-22	EGP billion	Jun-22 vs Dec-21	EGP billion	Jun-22 vs Jun-21
Corporate Deposits	26.2	25.2	4%	24.9	5%	21.4	22%
Retail Deposits	22.9	23.7	-3%	23.3	-2%	22.6	1%
Customer Deposits	49.1	48.9	0%	48.2	2%	44.1	11%
Deposits LCY	35.7	36.0	-1%	37.0	-4%	33.8	6%
Deposits FCY	13.4	12.9	4%	11.2	20%	10.3	30%

LCY L/D Ratio	83%	76%	6%	68%	14%	69%	14%
FCY L/D Ratio	29%	35%	-5%	51%	-21%	53%	-23%
Global L/D Ratio	68%	65%	3%	64%	4%	65%	3%

Profitability Performance

Net Banking Income increased +12% YoY, reaching EGP 2,101 million, where Net Interest Income increased +12%YoY, reaffirming the bank’s commercial growth and efficient control on the cost of funding. The Gross Operating Income increased by +14% YoY to reach EGP 1,399 million.

CAE benefited from lower cost of risk due to prudent risk management including additional provisions on specific sector and specific recoveries during the period.

CAE continues its good performance through 1H22, where improved profitability combined with effective expenses and cost of risk control, reflected in Net Profit +33%YoY, reaching EGP 1,019 million in June 2022, demonstrating the strength of the bank’s diversified and well-balanced business model.



Press Release - Second Quarter and First Six Months 2022

2Q22 performance witnessed the best Net Profit results since 4Q19, achieving the highest NBI and Gross Profit, where NII increased by +11% QoQ on the back of volumes' increase, combined with good momentum on commissions +37% QoQ given the pickup in Trade Finance, and well controlled expenses.

Income Statement	2Q22	1Q22	QoQ	2Q21	YoY	Jun-22	Jun-21	YoY
	EGP million	EGP million	2Q22 vs 1Q22	EGP million	2Q22 vs 2Q21	EGP million	EGP million	6M22 vs 6M21
Net Interest Income	830	750	11%	726	14%	1,581	1,414	12%
Fees and Commission	175	128	37%	134	31%	303	294	3%
Other Operating Income	98	120	-18%	89	11%	218	173	26%
Net Banking Income	1,103	998	11%	949	16%	2,101	1,882	12%
Overhead Expenses	-357	-345	3%	-330	8%	-702	-657	7%
Gross Operating Profit	746	653	14%	619	21%	1,399	1,224	14%
Other Income/Expense	0	-9	n.m.	0	n.m.	-9	46	n.m.
Impairment Charges	-24	23	-204%	-69	-66%	-1	-181	n.m.
Net Profit before Tax	723	666	9%	550	31%	1,389	1,090	27%
Income Tax	-190	-180	6%	-158	20%	-370	-326	14%
Net Profit	532	486	9%	392	36%	1,019	764	33%

*Income Statement figures is based on managerial reporting

High Quality of Assets, Strong Solvency and Liquidity

CAE NPL ratio continues to remain among one of the lowest ratios within the banking sector, demonstrating the high quality credit positioning of the bank to pursue healthy lending portfolio growth, with prudent risk management practices in place, while maintaining a strong provisioning practice.

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

Improved loans-to-deposit utilization ratio to reach 68% in June 2022, while maintain a stable liquidity buffer.

Key Idicators	June-22	Mar-22	QtD Change	Dec-21	Ytd Change
Liquidity					
Loans-to-Deposits Ratio	68%	65%	3%	64%	4%
Liquidity Coverage Ratio	572%	477%	95%	581%	-9%
Net Stable Funding Ratio	169%	181%	-12%	185%	-16%
Assets Quality					
Capital Adequacy Ratio	20.93%	22.66%	-1.7%	20.87%	0.1%
Leverage Ratio	11.33%	10.58%	0.8%	10.95%	0.4%
Non-performing Loans Ratio	3.56%	4.13%	-0.6%	3.33%	0.2%
Coverage Ratio	138.02%	131.39%	6.6%	164.42%	-26.4%

*CAR excluding Top 50 Concentration risk

Key Business Indicators

Key Idicators	June-22	Dec-21	YtD Change	Jun-21	YoY Change
Non-Financial Indicators					
Staff Headcount	2,507	2,504	0%	2,474	1%
Active Customers	298,173	296,170	1%	288,521	3%
Number of Branches	81	81	0%	82	-1%
Number of ATMs	248	249	0%	191	30%

Conclusion

Credit Agricole Egypt continues to leverage on its digital infrastructure, diversified expertise, solid balance sheet structure, high quality credit portfolio, strong liquidity position and adequate capital buffer to ensure business growth by serving its customers as well as the economy.