

PRESS RELEASE – Q3.2018 RESULTS

Confirming its sustainable growth, Credit Agricole Egypt reports a Net Income of EGP 1,675.2 million for the 9 months of 2018

HIGHLIGHTS ON SEPTEMBER 2018 RESULTS:

- Net profit for the 2018 nine months recorded EGP 1,675.2 million, up by +11.4% over the same period of last year.
- Net profit for the third quarter of 2018 recorded LE 581.7 million, up by + 19.3% compared to the second quarter of 2018.
- Customers' loan portfolio grew by +17.1% to reach LE 21 billion compared to the end of 2017.
- Customers' deposits increased by +17.3% to reach EGP 43.5 billion compared to the end of 2017.
- Strong capital adequacy ratio of 20.64%.

A CONTINUOUS COMMERCIAL DEVELOPMENT:

Credit Agricole Egypt has recorded a strong increase in the revenues generated by the growth of the different business activities and the continuous commercial development.

Indeed, both customers' loans and deposits have significantly increased over December 2017. Deposits have risen by +17.3% while Loans have climbed by +17.1% driven especially by a sharp growth of the Corporate loans up by +20.5%.

Deposits - EGP Million	Sep-2018	Dec-2017	Δ
Time & Certificate of Deposits	24,365	22,588	7.9%
Other Deposits	19,119	14,495	31.9%
Total	43,484	37,083	17.3%

Loans - EGP Million	Sep-2018	Dec-2017	Δ
Corporate	14,088	11,693	20.5%
Retail	6,952	6,166	12.7%
Banks	118	202	-41.1%
Total	21,158	18,061	17.1%

HIGH PROFITABILITY AND EFFICIENCY AGAIN

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

This performance is notably triggered by the Net Interest Income, up by +5.0% year-on-year, thanks to higher volumes and still high margins. The Net Commissions and Fees and the Net Trading Income (mainly foreign exchange commission) went down by -2.7% and -35.3% year-on-year respectively; Knowing strong growth in transactions volumes in 2018, especially for Trade Finance transactions, don't fully offset dramatic decline in Trade Finance and Capital Markets margins.

The increase of total expenses has been kept again under control, up by +2.3% year-on-year, well below inflation at 16% as of Sep. 2018. As a result the Cost to Income ratio recorded 27.6% putting the bank in an advanced position regarding expenses management amongst the banking industry.

The Cost of Risk has witnessed a total net reversal of +80.1 million as of September 2018 versus net cost of -67.6 million in 2017, the upgrade of some corporate customer's files driving again release of provisions in addition to the value of an asset swap already booked in Q1.2018.

As a result, the Net Income increased by 11.4% to reach LE 1,675.2 million during the first nine months of 2018 compared to the same period in 2017.

It should also be noted that the results of the third quarter of 2018 increased significantly compared to the second quarter, with the net profit rising by 19.3%.

Income Statement - EGP Million	Q32018	Q22018	Δ Q3-18 Q1-18	Q32017	Δ Q3-18 Q3-17	YTD Sep 2018	YTD Sep 2017	Δ 9M18 9M17
Net Interest Income	748.6	686.1	9.1%	736.7	1.6%	2,155.1	2,052.2	5.0%
Net Fees & Commission Income	167.6	160.7	4.3%	172.1	-2.6%	491.6	505.3	-2.7%
Net Trading Income	53.3	49.5	7.8%	81.6	-34.7%	151.8	234.6	-35.3%
Other Operating Income	5.4	6.1	-12.1%	14.7	-63.5%	24.1	47.9	-49.8%
Net Banking Income	974.9	902.3	8.0%	1,005.2	-3.0%	2,822.5	2,840.0	-0.6%
Total Expenses	(270.2)	(258.2)	4.7%	(248.0)	9.0%	(779.7)	(762.1)	2.3%
Gross Operating Profit	704.7	644.1	9.4%	757.2	-6.9%	2,042.8	2,077.8	-1.7%
Other Income (Expenses)	12.1	(41.2)	-129.5%	(42.8)	-128.3%	(9.0)	(44.8)	-79.9%
Income Before Impairment & Tax	716.8	602.9	18.9%	714.4	0.3%	2,033.8	2,033.1	0.0%
Impairment	11.7	23.2	-49.7%	15.6	-25.2%	80.1	(67.6)	-218.6%
Net Income Before Tax	728.5	626.2	16.3%	730.0	-0.2%	2,114.0	1,965.5	7.6%
Tax	(146.8)	(138.4)	6.1%	(175.5)	-16.4%	(438.7)	(461.9)	-5.0%
Net Income	581.7	487.8	19.3%	554.5	4.9%	1,675.2	1,503.6	11.4%

STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:

Non-Performing Loans ratio reached 2.49% of total exposure as of Sep. 2018, compared to 2.90% as of December 2017, with an impaired loans coverage ratio still high, at 240% as of Sep. 2018.

The Capital Adequacy Ratio reached 20.64% at end of September 2018, well above the regulatory threshold 11.875%, after 18.55% at end of December 2017. The ratio includes, in the capital base 2018, the interim profit for 9 months of 2018. 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 very good level as evidenced by the NSFR (Net Stable Funding Ratio), which stands at 198% for local currency and 181% for foreign currency, above the regulatory threshold 90%, and by LCR (Liquidity Coverage Ratio) at 813% at the consolidated level (all currencies included) which is also above CBE requirement and Basel II guidelines (100%).

As a result of the high Return on Equity and on Assets achieving respectively 56.2% and 4.2%, Credit Agricole remains within the best performers in the banking sector.

Ratios	Q32018	Q22018	Q32017	YTD Sep 2018	YTD Dec 2017
Profitability					
Return on equity	58.5%	48.8%	64.2%	56.2%	57.0%
Return on assets	4.4%	4.0%	4.7%	4.2%	4.3%
Efficiency					
Cost - to - Income	27.7%	28.6%	24.7%	27.6%	27.4%
Liquidity					
Loans - to - Deposits	48.7%	53.0%	47.3%	48.7%	48.7%
Liquidity Coverage Ratio	813%	751%	611%	813%	752%
Net Stable Funding Ratio - LCY	198%	201%	202%	198%	199%
Net Stable Funding Ratio - FCY	181%	181%	201%	181%	224%
Assets Quality					
Capital adequacy ratio	20.64%	19.61%	19.27%	20.64%	18.55%
Non-performing loans ratio	2.49%	2.23%	4.63%	2.49%	2.90%
Provisions Coverage	240%	278%	185%	240%	264%

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.

In the light of its strategy aiming to become a leading innovation-driven sustainable bank in Egypt, Credit Agricole Egypt has just received 2 prestigious awards from Global Finance: “the Best in Mobile Banking” and “the Most Innovative Digital Bank” in Egypt for the consumer category.