

PRESS RELEASE – Q1-2019 RESULTS
Credit Agricole Egypt reports a net income of EGP 701.6 million at end of Q1-2019
Representing a rise of +33.7% over Q4.2018

HIGHLIGHTS ON Q1-2019 RESULTS

- Net income climbs to EGP 701.6 million up by +15.8% over Q1-2018 and +33.7% over Q4-2018
- Continuous improvement of efficiency with a Cost to Income Ratio of 26.5%.
- Strong Capital Adequacy Ratio at 17.46%
- Ongoing good quality of assets and improvement of NPL at 3%.
- Loans portfolio reach EGP 23 billion
- Deposits portfolio reach EGP 42.1 billion.

GLOBAL OVERVIEW

Building on the Bank's durable growth and pursuing the business strong momentum at the closing of 2018, Credit Agricole Egypt starts 2019 on a high note. The Bank has reported this week the results of the 1st quarter of the year showing an overall continuing commercial development and operational efficiency. The beginning of 2019 has witnessed outstanding events to confirm the Bank's endeavor towards innovation and sustainability to offer a distinctive banking experience to its customers. Credit Agricole Egypt has received the prestigious Arab Digital Banking Excellence Award 2018 "Best Mobile Banking Application" and inaugurated its first cashless branch in the league of its disruptive new branches model, creating the harmony between state-of-the-art digital services and the professional banking advice. In terms of conformity, Credit Agricole Egypt is the 1st bank in Egypt to receive the ISO 37001 certificate in anti-corruption. And once again, Credit Agricole Egypt confirmed its usefulness to the national economy and its integration with its community by signing a protocol with the Ministry of Social Solidarity for women empowerment.

A SUSTAINABLE COMMERCIAL DEVELOPMENT:

The recorded growth across the overall activities across the Bank is satisfactory during Q1-2019, showing an equilibrium between the different lines of business.

With the positive economic outlook and the consequent national rise of commercial activities, the loans portfolio have recorded an increase over December 2018 by +6.8% (+25% vs Q1-2018) to upkeep the demand and support the economy. This evolution was mainly driven by the Corporate business line that grew by +8.9%, while the individual portfolio loans increased by + 2.4%.

Loans to Clients EGP Million	Mar-19	Dec. 2018	Δ Q1-19 vs Q4-18
Corporate	15,999	14,694	8.9%
Retail	6,998	6,834	2.4%
Banks	61	62	-0.7%
Total	23,059	21,589	6.8%

Clients Deposits EGP Million	Mar-19	Dec. 2018	Δ Q1-19 vs Q4-18
Time & Certificate Deposits	23,141	23,891	-3.1%
Other Deposits	19,034	20,044	-5.0%
Total	42,175	43,935	-4.0%

SHARP GROWTH OF PROFITABILITY

During Q1-2019, Credit Agricole Egypt recorded a strong rise of results demonstrating ongoing stability and focused banking operations. This increase benefited also from the release of impairment, down by -397% compared to Q4 2018 reflecting positive evolution of assets quality.

Steady efforts are deployed to optimize costs and have succeeded in decreasing total expenses by -8% vs Q4-2018, despite inflation. Credit Agricole Egypt continued improving its efficiency, achieving a Cost to Income Ratio of 26.5% in Q1-2019 vs 28.9% in Q4-2018 and 26.6% in Q1-2018, positioning the Bank well among its peers.

CAE closed the first quarter under IFRS 9 in compliance with CBE directives.

In Q1-2019, the Cost of Risk recorded a net reversal of +155.8 million vs net cost of -52.3 million in Q4-2018: this was due to the positive effects of some repayments and the upgrade of Corporate counterparties.

Thanks to both higher volumes and margins in local currency activities, the Net Trading Income (mainly foreign exchange commissions) rose by +38.5% in Q1-2019.

The Net Income reached EGP 701.6 million, up by +33.7% compared to Q4-2018 and +15.8 % compared to Q1-2018.

Income Statement - EGP Million	Q1-2019	Q4-2018	QoQ	Q1-2018	QoQ
			Q1-19 Vs. Q4-18		Q1-19 Vs. Q1-18
Net Interest Income	805.3	815.8	-1.3%	720.4	11.8%
Net Fees & Commission Income	154.0	165.9	-7.2%	163.3	-5.7%
Net Trading Income	75.4	54.4	38.5%	49.0	53.9%
Other Operating Income	10.9	5.8	87.6%	12.6	-13.3%
Net Banking Income	1,045.6	1,041.9	0.3%	945.3	10.6%
Total Expenses	(276.9)	(301.0)	-8.0%	(251.2)	10.2%
Gross Operating Profit	768.6	740.9	3.7%	694.0	10.7%
Other Income (Expenses)	(49.1)	(12.6)	288.4%	20.1	-345.0%
Income Before Impairment & Tax	719.5	728.2	-1.2%	714.1	0.8%
Impairment	155.8	(52.3)	-397.9%	45.2	244.6%
Net Income Before Tax	875.2	675.9	29.5%	759.3	15.3%
Tax	(173.7)	(151.3)	14.8%	(153.6)	13.1%
Net Income	701.6	524.7	33.7%	605.7	15.8%
Cost / Income Ratio	26.5%	28.9%		26.6%	

STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:

The Non-Performing Loans (NPL) have decreased again, to 3.01% of total exposure as of end-March 2019 compared to 3.27% as of end-December 2018, with an impaired loans coverage ratio of 169% as of end-March 2019 compared to 182% as of end-December 2018 and 270.3% as of end of March 2018.

The Capital Adequacy Ratio reached 17.46% at end of March 2019, well above the regulatory threshold (12.5% starting 2019) compared to a CAR of 18.99% at the end of Q1-2018. It reached 20.31% in December 2018 where CAR was including 9 months interim profit.

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 180% for local currency and 182% for foreign currency, above the regulatory threshold (90% in 2019), and by 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	Q1-2019	Q4-2018	Δ Q1-19 Q4-18	Q1-2018	Δ Q1-19 Q1-18
Profitability					
Return on equity	60.7%	52.5%	15.6%	59.6%	1.8%
Return on assets	5.4%	3.9%	36.7%	5.1%	4.5%
Efficiency					
Cost - to - Income	26.5%	28.9%	-8.3%	26.6%	-0.3%
Liquidity					
Loans - to - Deposits	54.7%	49.1%	11.3%	48.2%	13.4%
Liquidity Coverage Ratio	756%	771%	-1.9%	672%	12.5%
Net Stable Funding Ratio - LCY	180%	189%	-4.6%	202%	-10.8%
Net Stable Funding Ratio - FCY	182%	184%	-0.9%	217%	-16.1%
Assets Quality					
Capital adequacy ratio	17.46%	20.31%	-14.0%	18.99%	-8.1%
Non-performing loans ratio	3.01%	3.27%	-8.1%	2.69%	11.8%
Provision Coverage	169%	182%	-7.4%	270%	-37.6%

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.