

PRESS RELEASE – H1-2019 RESULTS
Credit Agricole Egypt reports a net income of EGP 1,3 billion at end of H1-2019
Representing a rise of +20% over H1-2018

HIGHLIGHTS ON H1-2019 RESULTS

- Net income recorded EGP 1,310 million increase by 20% over H1-2018
- Continuous improvement of efficiency with a Cost to Income Ratio of 28%
- Strong Capital Adequacy Ratio at 17.72%
- Ongoing good quality of assets and improvement of NPL at 2.96%
- Loans portfolio reach EGP 24 billion
- Deposits portfolio reach EGP 42 billion

GLOBAL OVERVIEW

In a materialization of Credit Agricole Egypt's strategy prioritizing customer satisfaction and aiming to reach leadership in sustainability based on innovation, the Bank has reported its first half year results. Results show an increase of around 20% in comparison to the same period in 2018 translating the steady growth, the ongoing operational efficiency and commercial development.

The first half of 2019 has seen the acceleration of the Bank's efforts to offer a distinctive banking experience to its customers and to support the culture of digital transformation across Egypt. In this context, the bank continues to spread the innovative branch model "banki Store" creating the harmony between digital services and the professional banking advice in 3 different geographical locations across the country: Cairo, Tanta and Banha.

The Bank has also launched the latest version of its Award winning mobile application "best mobile application in Egypt" adding state-of-the-art recognition features among others for individuals. For corporate customers, the Bank has enriched its digital banking solution "banki Business" to empower companies with a financial tool to simplify their daily operations.

In response to these efforts, the number of active customers has risen as well as the number of digital services users with a significant trend for transacting remotely and conveniently.

In terms of responsibility, Credit Agricole Egypt confirmed its usefulness to the national economy and its integration with its community by actively participating in the financial inclusion initiative by the Central Bank of Egypt. The Bank's Foundation for development has launched its second-year initiative for the support of talented Egyptian youth "Ebhar".

A SUSTAINABLE COMMERCIAL DEVELOPMENT:

The growth of the overall commercial activities during Q2-2019 is based on the balanced model of Credit Agricole Egypt built on a diversified portfolio approach and an equilibrium between the different lines of business contributing almost on the same level to the Bank's results.

The increase in the profitability is mainly driven by the Bank's endeavor to accompany its customers in their projects and investments during this national economic positive outlook and the consequent rise of commercial activities.

In comparison to the same period last year, the loans portfolio has recorded an increase of 14.2% and of 3.9% over March 2019. This evolution was mainly driven by the Corporate business line that grew by 4.6%, while the individual portfolio loans increased by 2.7%. The customers' deposits have started to pick up after a slight decrease during Q1-2019. In addition, the Net Trading activity has significantly risen by 30.6%.

Loans to Clients & Banks EGP Million	June-19	March. 19	Δ Q2-19 vs Q1-19
Corporate	16,737	15,999	4.6%
Retail	7,185	6,998	2.7%
Banks	34	61	-44.8%
Total	23,956	23,059	3.9%

Clients Deposits EGP Million	June-19	March. 19	Δ Q2-19 vs Q1-19
Time & Certificate Deposits	22,881	23,141	-1.1%
Other Deposits	19,052	19,034	0.1%
Total	41,933	42,175	-0.6%

SHARP GROWTH OF PROFITABILITY

During H1-2019, the rise of results demonstrated the pertinence of its strategy, where the Bank puts the focus on the quality of its assets as well as costs optimization and operational efficiency enhancement as drivers for the ongoing growth of its profitability.

Regarding its assets, the increase of the results benefited from the release of impairment for an amount of 236 MEGP representing a difference of 246% in comparison to H1-2018 and reflecting the positive evolution of assets quality.

CAE continued improving its efficiency, achieving a Cost to Income Ratio of 28% in H1-2019 vs 27.6% in H1-2018, positioning the Bank well among its peers.

CAE is following IFRS 9 & compliance with CBE directives certified by Bank's external auditors as well as independent party as requested by CBE.

Thanks to both higher volumes and margins in local currency activities, the Net Trading Income (mainly foreign exchange commissions) rose by 30.6% in H1-2019 vs H1-2018.

The Net Income reached EGP 1,310 million, with an increase of 20% compared to H1-2018 and an increase of 24.7 % compared to Q2-2018.

Income Statement - EGP Million	Q22019	Q12019	QoQ		YTD June-2019	YTD June-2018	Variance	
			Q2-19 Vs. Q1-19	Q2-19 Vs. Q2-18				
Net Interest Income	770.9	805.3	-4.3%	686.1	12.4%	1,576.2	1,406.5	12.1%
Net Fees & Commission Income	145.4	154.0	-5.6%	160.7	-9.5%	299.4	323.9	-7.6%
Net Trading Income	53.1	75.4	-29.5%	49.5	7.5%	128.5	98.4	30.6%
Other Operating Income	7.7	10.9	-29.7%	6.1	25.3%	18.6	18.7	-0.7%
Net Banking Income	977.2	1,045.6	-6.5%	902.3	8.3%	2,022.7	1,847.6	9.5%
Total Expenses	(289.4)	(276.9)	4.5%	(258.2)	12.1%	(566.3)	(509.4)	11.2%
Gross Operating Profit	687.8	768.6	-10.5%	644.1	6.8%	1,456.4	1,338.1	8.8%
Other Income (Expenses)	(8.0)	(49.1)	-83.8%	(41.2)	-80.6%	(57.1)	(21.1)	170.3%
Income Before Impairment & Tax	679.8	719.5	-5.5%	602.9	12.8%	1,399.3	1,317.0	6.2%
Impairment	81.1	155.8	-48.0%	23.2	248.7%	236.8	68.4	246.0%
Net Income Before Tax	760.9	875.2	-13.1%	626.2	21.5%	1,636.1	1,385.5	18.1%
Tax	(152.4)	(173.7)	-12.3%	(138.4)	10.1%	(326.1)	(291.9)	11.7%
Net Income	608.5	701.6	-13.3%	487.8	24.7%	1,310.1	1,093.5	19.8%
Cost / Income Ratio	29.6%	26.5%		28.6%		28.0%	27.6%	

STRONG RATIOS:

The Non-Performing Loans (NPL) have decreased again, to 2.96 % of total exposure as of end of June 2019 compared to 3.27% as of end of December 2018, with an impaired loans coverage ratio of 156% as of end-June 2019 compared to 182% as of end-December 2018 and 278 % as of end of June 2018.

The Capital Adequacy Ratio reached 17.72% at end of June 2019, well above the regulatory threshold (12.5% starting 2019) compared to a CAR of 19.57% at the end of H1-2018.

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 175% for local currency and 171% for foreign currency, above the regulatory threshold (90% in 2019), and by LCR (Liquidity Coverage Ratio) at 744% at the consolidated level (all currencies included) which is also above CBE requirement and Basel II guidelines (100%).

Ratios	Q2-2019		Q1-2019		Δ	
	Q2-2019	Q1-2019	Q2-19	Q1-19	Q2-2018	Q2-19
Profitability						
Return on equity	52.5%	60.7%	-13.5%		48.8%	7.4%
Return on assets	4.7%	5.4%	-12.9%		4.0%	15.7%
Efficiency						
Cost - to - Income	29.6%	26.5%	11.8%		28.6%	3.5%
Liquidity						
Loans - to - Deposits	57.1%	54.7%	4.5%		53.0%	7.8%
Liquidity Coverage Ratio	744%	756%	-1.6%		751%	-1.0%

Net Stable Funding Ratio - LCY	175%	180%	-2.8%	201%	-12.8%
Net Stable Funding Ratio - FCY	171%	182%	-6.0%	181%	-5.6%
Assets Quality					
Capital adequacy ratio	17.72%	17.46%	1.5%	19.57%	-9.5%
Non-performing loans ratio	2.96%	3.01%	-1.5%	2.23%	32.5%
Provision Coverage	156%	169%	-7.4%	278%	-43.8%

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.
