

**CREDIT AGRICOLE EGYPT
BOARD OF DIRECTORS' REPORT TO
THE SHAREHOLDERS FOR
THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020**

Dear Shareholders,

The Board and the management of Credit Agricole Egypt are pleased to present to you the results of the year 2020 with the Bank's performance summary, as well as an overview of the coming year. The 2020 results have been approved by Credit Agricole Egypt Board of Directors on its meeting on February 9th, 2021.

During 2020, the Bank has pursued its sustainable growth and recorded a global satisfactory performance. Those results were achieved through the development of the Bank's Retail Banking franchise and the expansion of SMEs and Corporate portfolios, focusing on financing investments of Large and Multinational Corporate, benefiting especially from strong synergies with Credit Agricole Group. In 2020, CAE has pursued its commitment and mobilization for its customers and community in light of the challenging COVID-19 economic crisis, while maintaining the path of its operations with a vigilant approach and in full alignment with the Central Bank of Egypt measures

Basic Information

Company Scope	Banking Activities		
Duration of the company	50 Years	EGX listing date	3 / 7 / 1996
Law	8 for the year 1997	Share nominal value	EGP 4
*Authorized capital	EGP 3,500 Million	Commercial registration	20051
Paid up and issued capital	EGP 1,244 Million	Commercial registration date	16 / 8 / 2006

Investors Relations

Relation Officer	Hany Nassef – CFO		
H.O.	Touristic Area, land piece (9/10/11/12/13), 5th Settlement, Cairo Governorate, Egypt		
Telephone	002022605 0541	Fax	0020225410051
Website	www.ca-egypt.com		
E-mail	Hany.Nassef@ca-egypt.com		

External Auditors

External auditor name	Rashad Hosny – MAZARS Mostafa Shawki		
Appointment date	31/ 3 / 2020		
Registration number	73	Registration date	06/11/2006
External auditor name	Mr. Ashraf Mohamed Mohamed Ismael – EY Allied for Accounting & Auditing		
Appointment date	31/ 3 / 2020		
Registration number	102	Registration date	3 / 11 /1992

*CAE has increased its authorized Capital in the GA. Of March 2020 to 6billion in order to be able to increase its paid up capital to 5billion as per the new banking law 194/2020 deadline 15 September 2021.

The minutes of the said G.A is still under approval at Sinai Authority.

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Shareholders Structure Above 5%

Shareholders	Number of Shares	%
Credit Agricole SA	147,329,416	47.39%
Credit Agricole Corporate and Investment	40,625,052	13.07%
Rolako IGB for Investment Owned by Ali Hassan Ali Daykh In addition to (37052 share) personal shares owned by Dr. Ali Hassan Ali Daykh	23,612,346	7.59%
Total	211,566,814	68.05%

Board of Directors

Board Member	Representing	Executive – Non-Executive
Mr. Assem RAGAB		Chairman – Non- executive
Mr. Pierre FINAS	Credit Agricole SA (CASA)	Managing Director - Executive
Mr. Francois-Edouard DRION	Credit Agricole SA (CASA)	Member - Non executive
Mr. Didier Reboul	Credit Agricole SA (CASA)	Member – Non-executive
Mr. Jean-Paul KERRIEN	Credit Agricole SA (CASA)	Member – Non-executive
Mr. Paul CARITE	Credit Agricole SA (CASA)	Member – Non-executive
Mr. Thierry SIMON	Credit Agricole Corporate Inv. Banking (CACIB)	Member – Non-executive
Dr. Ali DAYEKH	Public Subscription	Member – Non-executive / Independent
Dr. Adel Danish	Independent	Member – Non-executive / Independent

Board of Directors Meetings

The board of directors held 8 Board Meetings during 2020.

Changes in the Board of Directors

Resignations:

- Mr. Michel Mathieu 31/3/2020
- Mr. Philippe Enjalbal 11/2/2020
- Mr. Pierre Finas 31/12/2020

End of Term:

Dr. Mona Mostafa El Baradei 31/3/2020

Appointment: Mr. Didier Reboul, replacing Mr. Michel Mathieu, as Non-Executive Board Member, representing CASA as of 15/7/2020.

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Audit Committee

Committee Member	
Mr. Paul CARITE – Chairman	Non-Executive
Mr. Assem RAGAB – Member	Non-Executive
Dr. Mona Mostafa El BARADIE – Member Till 31/3/2020	Non-Executive
Mr. Didier Reboul – Member Replaced Dr. Mona El Baradei as of 15/7/2020	Non-Executive

Responsibilities of the Committee

The Audit Committee exercises the functions as per Law No. 88 of 2003 replaced on September 2020 by law No. 194 of 2020 and its executive regulations as well as the regulatory instructions issued by the Central Bank in this respect.

Committee Meetings	4 meetings
Have the Committee's reports been presented to the Company's Board of Directors	Yes
Have the Committee's reports contained observations that need to be addressed?	Yes, there are some observations that do not affect the financial position of the bank, i.e. in the framework of normal operations.
Has the Board of Directors followed up the material observations?	Yes, in each Audit Committee, recommendations are adopted and followed up.

HIGHLIGHTS ON 2020 RESULTS:

- **Net Profit of EGP 1,365 Mln**
- **Return on Assets of 2.6%**
- **Return on Equity of 23.2%**
- **Strong Capital Adequacy Ratio at 20.33%**
- **Customer Loans portfolio recorded EGP 26.9 Bln**
- **Ongoing good quality of assets NPL at 3.06%.**
- **Customer Deposits portfolio recorded EGP 41.3 Bln**
- **Gross Loans to Deposit Ratio of 65.1%**

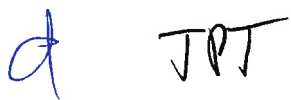
A SUSTAINABLE COMMERCIAL DEVELOPMENT:

The growth of the overall commercial activities during 2020 is based on the balanced model of the bank built on a diversified portfolio approach and balance between the different lines of business.

Giving attention to the customer relationship, the bank has proudly witnessed the increase of its total active customers by 1 % as at end of 2020 in comparison to 2019

Loans to Clients & Banks EGP Million	Dec-20	Dec-19	Change %
Corporate	17,578	16,901	4.0%
Retail	9,282	7,519	23.5%
Banks	3	4	-13.5%
Total	26,863	24,424	10.0%

Clients Deposits EGP Million	Dec-20	Dec-19	Change %
Time & Certificate Deposits	18,051	18,406	-1.9%
Other Deposits	23,203	21,231	9.3%
Total	41,254	39,637	4.1%



Loans & Deposits - EGP Million	Dec-20	Dec-19	Change %
Loans - LCY	23,281	19,383	20%
Loans - FCY	3,582	5,041	-29%
Total	26,863	24,424	10%
Deposits - LCY	31,404	28,359	11%
Deposits - FCY	9,850	11,277	-13%
Total	41,254	39,637	4%
LCY L/D Ratio	74%	68%	
FCY L/D Ratio	36%	45%	
Global L/D ratio	65%	62%	

PROFITABILITY HIGHLIGHTS:

- During 2020, Credit Agricole Egypt recorded a net income of 1,365 MEGP.
- The Net Banking Income decreased by -10 % in 2020 recording 3,640 MEGP impacted by CBE interest rates cuts during 2020 & COVID- 19 economic crisis.
- Net Commissions and Fees has been impacted also by COVID-19 crisis which decreased by -15.7% in 2020 driven by decrease in Trade Finance & cards revenues.
- The Net Trading Income decreased by -20.5 % recording EGP 252 MEGP mainly in foreign exchange commissions.
- In terms of costs, Cost to income ratio increased compared with 2019 to close at 36.6 %.
- Impairment of loans increased in 2020 compared with 2019 by 588 MEGP is mainly due Covid-19 negative impact on risk portfolio in 2020, which resulted in stressing certain sectors/counterparties.

*Net Income recorded EGP 1,365 MEGP, down by -42.2 % compared with 2019.

Income Statement - EGP Million	Q42020	Q32020	QoQ Q4-20 Vs. Q3- 20	Q42019	QoQ Q4-20 Vs. Q4-19	YTD Dec-2020	YTD Dec-2019	Variance
Net Interest Income	715.6	717.0	-0.2%	763.6	-6.3%	2,851.1	3,110.8	-8.3%
Net Fees & Commission Income	136.7	128.2	6.6%	139.9	-2.3%	494.5	586.5	-15.7%
Net Trading Income	67.5	55.3	22.2%	65.4	3.2%	252.1	317.0	-20.5%
Other Operating Income	3.9	2.8	41.5%	5.1	-23.3%	42.1	40.1	5.1%
Net Banking Income	923.8	903.2	2.3%	974.1	-5.2%	3,639.9	4,054.4	-10.2%
Total Expenses	(341.1)	(337.5)	1.1%	(322.9)	5.6%	(1,333.5)	(1,180.6)	12.9%
Gross Operating Profit	582.7	565.8	3.0%	651.1	-10.5%	2,306.5	2,873.8	-19.7%
Other Income (Expenses)	19.7	(10.5)	-287.8%	76.3	-74.2%	(4.2)	(61.5)	-93.2%
Income Before Impairment & Tax	602.3	555.3	8.5%	727.5	-17.2%	2,302.3	2,812.2	-18.1%
Impairment	(126.3)	(53.6)	135.7%	(75.8)	66.6%	(364.1)	223.7	-262.8%
Net Income Before Tax	476.1	501.7	-5.1%	651.7	-26.9%	1,938.2	3,035.9	-36.2%
Tax	(141.8)	(171.7)	-17.4%	(158.8)	-10.6%	(572.7)	(675.1)	-15.2%
Net Income	334.2	330.1	1.3%	492.9	-32.2%	1,365.5	2,360.9	-42.2%
Cost / Income Ratio	36.9%	37.4%		33.2%		36.6%	29.1%	

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STRONG QUALITY OF ASSETS, SOLVENCY AND LIQUIDITY:

Non-Performing Loans (NPL) at 3.06% of total exposure in December 2020 compared to 2.94% end of 2019. Coverage ratio increased to 179 % in Dec 2020 compared with 154% by end of 2019. The Bank pursued in 2020 its risk conservative management.

Credit Agricole Egypt is now following IFRS 9 in compliance with CBE directives certified by Bank's external auditors as well as independent party as requested by CBE in 2019

Capital Adequacy Ratio reached 20.33% at end of 2020, well above regulatory threshold (12.5%). The ratio includes, Originally USD 30Mln subordinated loan issued since June 2017. This strong solvency allows the bank to pursue its strategy of developing actively its franchise in Egypt in Retail banking as well as in corporate banking.

Bank sustains a good level of liquidity, as recorded NSFR (Net Stable Funding Ratio) of 169% for local currency and 169 % for foreign currency, above the regulatory threshold of 100%; and LCR (Liquidity Coverage Ratio) at 636% at the consolidated level (all currencies included) which is also above CBE requirement and Basel II guidelines of 100%;

PROFITABILITY, GOOD QUALITY OF ASSETS AND STRONG SOLVENCY

Ratios	YTD Dec-2020	YTD Dec-2019
Profitability		
Return on equity	23.2%	48.7%
Return on assets	2.6%	4.7%
Efficiency		
Cost - to - Income	36.6%	29.1%
Liquidity		
Loans - to - Deposits	65.1%	61.6%
Liquidity Coverage Ratio	636%	711.3%
Net Stable Funding Ratio - LCY	169%	178.0%
Net Stable Funding Ratio - FCY	169%	164.4%
Assets Quality		
Capital adequacy ratio	20.33%	18.25%
Non-performing loans ratio	3.06%	2.94%
Provision Coverage	179%	153.53%

**NPLs and provisions related to funded loans only*

OVERVIEW ON CREDIT AGRICOLE EGYPT'S ACTIVITIES DURING 2020

To overcome the challenging COVID-19 pandemic unforeseen crisis, Credit Agricole Egypt has actively responded giving the priority for the support of its customers and community, while maintaining its operations and ensuring staff, customers and stakeholders protection. In full alignment with the Central Bank of Egypt's comprehensive strategy, the bank has implemented the instructions including fees waivers and granted a moratorium to corporate and individual facilities based on customers' requests.

During 2020, Credit Agricole Egypt has progressed in the implementation of its strategic development plans, relying on innovation and sustainability, to ensure customer satisfaction and bring support to the

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society and economy. To serve the transformation towards cashless society, the bank has renewed successfully its strategic partnership with Shooting Club to extend its innovative initiative launched for the first time in Egypt. In accordance, the bank is converting club members access cards into prepaid payment cards. The bank has started this initiative in cooperation with Alexandria Sporting Club end of 2018. In total, the bank has distributed over 300,000 prepaid cards to the members of both clubs.

The pandemic has created a new norm in the digital usage of our customers. Credit Agricole Egypt has accelerated on all its projects to provide customers with additional features and solutions for a safer and more convenient interaction with their bank. During 2020 the number of log in on digital channels has increased by 50%.

For individuals the bank has consolidated its comprehensive platform of digital services “banki by Credit Agricole” and confirm the omnichannel concept by launching banki Lite, which provides the mobile banking experience on desktops. The bank has also launched an upgraded loyalty program “Happy Points” to reward customers on each cards payments and most of the digital operations and to provide a full digital point redemption experience.

To support companies in their commercial activities, the bank has also released the Digital Trade Finance factory as part of banki Business, the specially tailored corporate online banking service. Consequently, the bank has recorded a spectacular increase in customers utilization, reaching over 7 million login times and 1.2 million transactions during 2020.

To enhance customers’ experience in the branches as well, Credit Agricole Egypt has inaugurated 5 new branches, according to the banki Store model creating the right balance between the best in digital services and the banking advice. The bank is also embarking on a project to increase and modernize its ATM network across Egypt in line with the Central Bank of Egypt plan for financial inclusion.

To reward its constant endeavor, Global Finance, the leading internationally-renowned media institution, has awarded Crédit Agricole Egypt 2 digital awards Best Mobile Banking Adaptive Website - consumer category and the digital Best Trade Finance Service - corporate category. These awards come as a recognition of the bank’s commitment to offer innovative digital banking services for both the consumer and corporate sectors. They also underline the pertinence of the bank’s transformation plans that are in cohesion with the directions of the Central Bank of Egypt, to serve the transformation towards a cashless society.

As for the corporate customers, the bank has confirmed its position as the preferred bank for multinational companies providing them with all required sophisticated services while maintaining a very healthy and solid portfolio of large corporate groups. Credit Agricole Egypt has also increased its penetration to SMEs by increasing its by 44% YoY while maintaining very good performing portfolio with good risk profile.

CONTINUOUS SUPPORT TO OUR COMMUNITY

To support the community during the health crisis, the whole bank was mobilized. Credit Agricole Foundation for Development, the bank and the staff, took diverse actions for the support of all impacted sectors.

Credit Agricole Foundation for Development signed a cooperation protocol with Ahl Masr Foundation to fund an intensive care unit (ICU), purchase artificial ventilators, syringe pumps, and X-ray machine for a number of public hospitals across nation, with the aim to help the Ministry of Health in the treatment of coronavirus patients. The Foundation has also participated in ‘Kheir w Baraka’ initiative to support daily-wage workers affected by the pandemic.

From the bank’s side, corporate responsibility dimension was integrated within customers campaigns: stimulating cards utilization through a cash back offer while dedicating a part for medical teams protection as well as encouraging and rewarding the utilization of digital channels by giving a donation for each transaction to support the daily workers. In an outstanding initiative to recognize the heroic role of doctors during the pandemic, Credit Agricole Egypt has honored the members of Shooting Club who are specialized doctors within public hospitals.

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Credit Agricole Egypt's staff was also engaged in the fight against the COVID through a donation campaign for medical teams protection. The bank doubled the staff share for further staff encouragement and maximization of campaign's impact.

Beyond the pandemic, Credit Agricole Foundation for Development pursued its plans in alignment with its set strategic pillars: education, health, entrepreneurship and empowerment. On the education pillar, the Foundation pursued the support of more than 150 community schools in Upper Egypt.

The Foundation has launched the third year of its program for sponsoring the talented youth "Ebhar Masr" in partnership with Education First Foundation, and organized the first artistic exhibition for Ebhar Alumni. Taking Ebhar program's scope to a new mile, the Foundation has signed a cooperation protocol to set the first steps for the launch of a new initiative to foster the social innovation.

On the health pillar, the Foundation is actively cooperating with Magdi Yacoub Foundation to support the launch of the new complex for heart surgeries to be located in Aswan. For the support to orphanages across Egypt, the Foundation is sponsoring medical conveys and securing the children needs, in cooperation with Ibrahim Badran Foundation. On the entrepreneurship and empowerment level, the Foundation is pursuing its 3-year cooperation protocol with the Ministry of Social Solidarity for women empowerment.

COMMITMENT TO SUSTAINABILITY

Credit Agricole Egypt has issued its first integrated sustainability report covering the period 2017-2019, as well as, the bank's efforts during the outbreak of the COVID-19. This report is the first sustainability report in Egypt to follow the most advanced reporting framework [Integrated Reporting](#) (IR) and comply with the Global Reporting Initiative (GRI).

Titled "Innovation and Sustainability to Create an Impact", the report reveals the bank's strategy and objectives in line with the Group's medium term plan and in correlation with its external environment, national objectives and the United Nations Sustainable Development Goals. Finally, It brings out its value creation towards its customers, staff, economy, community and environment.

Furthermore and for the first time in Egypt, the bank has issued the first recyclable contactless card and concluded the first finance for a hybrid card. The bank is proceeding with the carbon footprint measurement exercise on different activities. These efforts stem from the bank's belief in preserving the environment and reducing its carbon footprint.

2020 RESULTS – SUMMARY OF KEY FINANCIAL DATA

The following table summarizes the financial highlights of the Bank for 2020:

Total Assets	Total Assets at the end of December 2020 were EGP 51,736 million, versus EGP 50,427 million at the end of December 2019, an increase of EGP 1,309 million (+2.6 %).
Lending	Total gross Loans and Advances (Banks & Clients) at the end of 2020 was EGP 26,863 million, versus EGP 24,424 million at the end of the previous year, an increase of EGP 2,439 million (+10%)
*Investments	Investments in Treasury Bills & Bonds, and other investments, were decreased in 2020, with net investments of EGP12,357 million compared with EGP14,274 million at the end of 2019,
Client Deposits	Total Client Deposits was EGP 41,254 million at the end of 2020 compared with EGP 39,637 million at the end of December 2019, an increase of EGP 1,617 million (+4,1%)
Contingents	Contingent liabilities, including Letters of Credit, Guarantees and Acceptances, were EGP 15,005 million as at 31 st December 2020, compared with EGP 10,388 million at the end of 2019, an increase of EGP 4,618 million (+44,5%) .



<p>Income Statement</p>	<p>* Net income after taxation recorded EGP 1,365 million, versus EGP 2,360.9 million in 2019, a decrease of (-42,2%).</p> <p>*Net interest income recorded EGP 2,851 million in 2020, compared to EGP 3,111 million in 2019, a decrease of (-8,3%).</p> <p>*Net fees and commission income recorded EGP 494.5 million in 2020 compared with EGP 586.5 million in 2019. Fees and commission income is predominantly derived from Trade Finance activities and customer related account fees charged on loans, liability accounts and credit cards.</p> <p>*Dividends income of EGP15.9 million in 2020 compared to EGP15.5 million. Dividends of EGP 6.17 million was received from the Bank's mortgage subsidiary, EHFC in 2020 compared to EGP 7.12 million in 2019.</p> <p>Net trading income is driven by Capital Markets activities, including gains on foreign currency transactions, gains from the sale of trading investments, revaluation of trading investments, and interest income received on trading investments. In total, net trading income decreased by -20.5% from 2019 (from EGP 317 million to EGP 252 million).</p> <p>*Gains on financial investments increased from EGP24.5 million in 2019, to EGP 31.7 million in 2020.</p> <p>*Impairment of loans increased from EGP 223.7 million in 2019 to EGP -364 million in 2020 due to COVID-19 Crisis impact on all sectors (retail & corporate).</p> <p>*Total general & administrative expenses, depreciation and amortization increased by 12.9 % over 2019.</p> <p>*The Bank's taxation expense is 573 MEGP in 2020 compared with 675 MEGP in 2019.</p>
<p>Key Performance Indicators & Other Data</p>	<p>*The Basel 2 Capital Adequacy Ratio is 20.33% at the end of 2020, compared with the minimum Central Bank of Egypt requirement of 12.5%. This compares to a Capital Adequacy Ratio of 18.25% at the end of 2019.</p> <p>*The Bank's Return on Equity of 23.2% in 2020 compared to 48.7% in 2019.</p> <p>*The Return on Assets is 2.6% in 2020, versus 4.7% for 2019.</p> <p>*The Cost to Income Ratio (total general & administrative expenses and depreciation / revenues) is 36.6% in 2020, compared to 29.1% in 2019.</p> <p>*The total number of active (permanent and temporary) employees was 2,499 at the end of 2020, compared with 2,496 employees at the end of 2019. Total salary expense increased from EGP516.4 million in 2019, to EGP565.8 million in 2020, an increase of 9.6%. The average annual salary per employee in 2020 was EGP 226,410.</p> <p>Total benefits paid to senior management of the Bank in 2020 were EGP37.9 million compared to EGP37.5 million in 2019.</p> <p>Total number of Board Meetings held during 2020 was 8.</p> <p>Total Audit and Risk Committees meetings held during 2020 were 4 / each, with a report presented to the Board of Directors following each Committee.</p> <p>Total allowances paid to the members of the Board of Directors and members of the Audit, Risk and Governance Committees was EGP3.8 million in 2020 compared with EGP5.4 million in 2019.</p>
<p>Related Party Transactions</p>	<p>The Bank has related party transactions and outstanding with the Egyptian Housing Finance Company and the Credit Agricole Group. Details is provided in Note 39 to the financial statements.</p>

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	Donations		
	Donated by	Description	Donated Amount
CSR		Food Bank	115,000
		Sub Total	115,000
Foundation		Ahl Misr Foundation – COVID19 Crisis Support	2,715,000
		Kheir & Baraka – Supporting 400 families	200,000
		Ministry of Solidarity – Women Empowerment	2,000,000
		Magdy Yacoub FOUNDATION – Gama Room & 86 surgeries	5,000,000
		Misr el Khair Foundation – Community Schools	3,000,000
		Ibrahim Badran Foundation – Medical care to orphanages	1,905,000
		Education First – Ebhar Misr Program	1,000,000
		EL Nidaa Foundation – Social Entrepreneurship	2,055,000
		Sub Total	17,875,000
		Total Donation Paid During 2020	17,990,000
Dividends	<p>Net income after taxation was EGP 1,365.5 million, includes profit on sale of Fixed Assets EGP 1,116 KEGP to be transferred to capital reserves, the profit available for distribution after eliminating the 10% of asset acquired not sold is EGP 1,363.8 million.</p> <p>With reference to CBE circular # 21 dated January 11,2021 which prohibiting banks to make cash dividends from year 2020 profits and retained earnings to shareholders for strengthening the capital base to hedge the risks of continuing Coronavirus Crisis, CAE is following CBE decision and will increase its paid up capital in 2021 as per new banking law requirement.</p>		

Subsidiary

The Egyptian Housing Finance Company (“EHFC”) is a 100% subsidiary of the Bank, established in 2004 to offer mortgage products to the Egyptian Market. The company had EGP352 million in mortgage loans at the end of 2020, and achieved a net income of EGP11.3 million in 2020.

The Board and the Management of Credit Agricole Egypt would like to express their utmost appreciation to CBE for its support and their directives to the banking sector. Thank also to all those who contributed to the Bank 2020 results, in particular all employees of the Bank, whose commitment and dedication were again remarkable.

The Bank also thanks its shareholders for their continued support and looking forward to share in its future success.

The 9th of February 2021.


Jean-Pierre Trinelle
Managing Director


Assem Ragab
Chairman