

### Key Highlights

- Total Assets reached EGP 628,758 million, +30% YTD, up by EGP 145,478 million.
- Gross Loans reached EGP 266,521 million, +17% YTD, up by EGP 38,502 million.
- Customer Deposits reached EGP 529,560 million, +30% YTD, up by EGP 123,317 million.
- Non-performing Loans ratio and Coverage ratio of 5.53% and 108.0%, respectively.
- Capital Adequacy ratio of 25.1%, well above minimum required by CBE.
- Net Profit recorded EGP 16,228 million, +57% YOY, up by EGP 5,878 million.
- Cost-to-Income ratio of 18.2%.
- ROAA and ROAE of 2.92% and 26.9%, respectively.

Geopolitical risks escalated towards the end of the year, posing significant challenges. The Central Bank of Egypt had to strike a delicate balance between controlling soaring inflation and fostering growth. A devaluation of the exchange rate at the outset of the year, accompanied by a cumulative increase of +300 basis points in the reference discount rate over the course of 2023, impacted the local market, including the banking sector. These actions are originally aspired to combat inflationary pressures. Although the outlook for 2024 remains uncertain, but we maintain a positive outlook on Egypt's economic reform prospects.

Demonstrating a resilient business model, the year concluded with a strong 30% YTD growth in our Total Assets. This growth was primarily driven by a 30% hike in deposits, reaching EGP 530 billion. Additionally, our gross loans portfolio expanded to EGP 267 billion, marking a 17% increase compared to December 2022, while maintaining a utilization ratio of 50.3%. Despite ongoing market uncertainties, asset quality remained a focal point for QNB ALAHLI, with non-performing loans standing at 5.53% and a coverage ratio of 108.0%.

Our Net Profit increased with an impressive 57% YOY, totaling EGP 16,228 million. Throughout the year, QNB ALAHLI's profitability exhibited consistent growth. The net interest margin reached 6.23%, driven by a net interest income of EGP 30,884 million. Revenue growth helped to offset a 21% YOY rise in expenditures and mitigated the necessary cost of risk amounting to EGP 5,898 million.

While pursuing these results and acknowledging the associated risks, we continued to strengthen our liquidity position, establish provisions, and reinforce our capital buffers. Yet, QNB ALAHLI management is pleased to deliver a remarkable ROE of 26.9% to our shareholders up from 20.6% in 2022.

# Financial Results

## 1.1. Financial Position

- **Gross Loans** build up to +17% YTD, reaching a sum of EGP 266,521 million, showcasing the lending module's durability. Corporate loans jumped to EGP 212,561 million, indicating a YTD growth of +16%, meanwhile the retail loans hit EGP 53,960 million, reflecting a +19% YTD increase.
- **Customer Deposits** showed a net increase of EGP 123,317 million, reaching a total of EGP 529,560 million. Notably, corporate deposits surged by EGP 94,619 million to a total of EGP 356,182 million, reflecting a solid +36% YTD growth. Also, retail deposits persisted in their upward track to EGP 173,378 million by the end of Dec-23.
- **Total Equity** advanced to 66,638 MEGP, up by +23% YTD. The capital adequacy and tier 1 ratios were 25.1% and 24.2%, respectively, above the CBE's minimum requirements of 12.5% and 8.5%.
- **Liquidity Position** remained strong despite one of the market's highest utilization levels, with a gross loan/deposit ratio of around 50.3% at the end of Dec-23. The CBE liquidity ratio in local currency was 56.9%, compared to the CBE's requirement of 20%, and the CBE liquidity ratio in foreign currency was 51.3%, compared to the CBE's requirement of 25%. As of November 2023, the Net Stable Funding Ratio (NSFR) in both local and foreign currency was 214% and 151%, respectively, while the Liquidity Coverage Ratio (LCR) was 453% and 370%, respectively.

## 1.2. Income Statement

- **Net Banking Income** continued to fuel profitability, reaching EGP 37,696 million, showcasing a strong +49% YOY growth. Similarly, Net Interest Income experienced notable expansion, hitting EGP 30,884 million, with a +55% YOY increase. The non-interest income went up to EGP 6,812 million, which represents +28% YOY. The NIM has concluded at 6.23%, +83 bps from Dec-22.
- **Operating expenses** were contained within a +21% increase compared to December 2022, reaching a total of EGP 6,876 million, below the current inflation rates.
- **Provision expense** increased alongside the changes in the loans' portfolio, reaching EGP 5,898 million, demonstrating a careful approach to protecting the assets' quality.
- **Net profit** increased by +57% YOY, reaching EGP 16,228 million.

## Corporate Social Responsibility:

Turning "**Inclusion**" from just a vision into a mission was our commitment, and we diligently executed it in collaboration with our partners in success, **Misr El-Kheir, Al-Orman, Baheya Hospital, Zewil University and El-Nile University**.

Throughout 2023, QNB ALAHLI maintained its significant role in social responsibility. Our projects encompassed various initiatives, including empowering women, upgrading hospitals, renovating homes, conducting financial literacy sessions, supporting career summits, and organizing development sessions for university students.



## Results Summary

### 1.3. Financial Position

Description in MEGP	Separate basis			Consolidated basis		
	Dec-23	Dec-22	YTD Growth	Dec-23	Dec-22	YTD Growth
Cash & due from banks	104,169	72,821	43%	105,808	73,922	43%
Loans (Net)	253,353	216,591	17%	250,481	213,960	17%
Investments	249,577	175,401	42%	254,375	179,289	42%
Other assets	13,432	11,979	12%	18,094	16,109	12%
<b>Total Assets</b>	<b>620,531</b>	<b>476,792</b>	<b>30%</b>	<b>628,758</b>	<b>483,280</b>	<b>30%</b>
Customer Deposits	530,119	407,067	30%	529,560	406,242	30%
Due to banks	5,088	3,522	44%	5,088	3,522	44%
Other liabilities	20,622	13,622	51%	27,472	19,418	41%
Shareholders' equity	64,702	52,581	23%	66,638	54,098	23%
<b>Total Liabilities and Equity</b>	<b>620,531</b>	<b>476,792</b>	<b>30%</b>	<b>628,758</b>	<b>483,280</b>	<b>30%</b>

### 1.4. Income Statement

Description in MEGP	Separate basis			Consolidated basis		
	Dec-23	Dec-22	YOY Growth	Dec-23	Dec-22	YOY Growth
Net interest income	30,382	19,578	55%	30,884	19,968	55%
Fees and commissions	4,014	2,506	60%	3,948	2,449	61%
Other operating income ① ②	2,408	2,707	-11%	2,864	2,878	0%
<b>Net banking income</b>	<b>36,805</b>	<b>24,791</b>	<b>48%</b>	<b>37,696</b>	<b>25,295</b>	<b>49%</b>
Operating expenses ②	(6,727)	(5,549)	21%	(6,876)	(5,668)	21%
<b>Gross operating income</b>	<b>30,078</b>	<b>19,242</b>	<b>56%</b>	<b>30,820</b>	<b>19,627</b>	<b>57%</b>
Net cost of risk ①	(5,772)	(4,104)	41%	(5,898)	(4,136)	43%
<b>Net income before tax</b>	<b>24,306</b>	<b>15,137</b>	<b>61%</b>	<b>24,922</b>	<b>15,491</b>	<b>61%</b>
Income tax	(8,537)	(5,013)	70%	(8,693)	(5,141)	69%
<b>Net Profit</b>	<b>15,770</b>	<b>10,124</b>	<b>56%</b>	<b>16,228</b>	<b>10,350</b>	<b>57%</b>

\*After the following adjustments from financial information published under Egyptian Accounting Standards ("EAS"):

① The net impact of the contingent liabilities provision and the other provisions – which is a part of the "Other operating income" according to the EAS, was transferred into "Credit Risk Provisions and other provisions", as it fits better with the economic nature of these items.

② Intangible software expenses and building rental expenses have been restated from "Other operating income" to "Operating expenses" as they fit better with the economic nature of these items.

## 1.5. Key Indicators (Consolidated Basis)

Financial Indicators – Income Statement		Dec-23	Dec-22
Profitability	ROAA	2.92%	2.46%
	ROAE	26.9%	20.6%
Efficiency	Cost-to-Income ratio	18.2%	22.4%
Financial Indicators – Balance Sheet		Dec-23	Dec-22
Liquidity	Gross loans / deposits ratio	50.3%	56.1%
Asset Quality	Non-performing loans ratio	5.53%	5.05%
	Coverage ratio *	108.0%	120.6%
	Capital adequacy ratio**	25.1%	21.8%
	Leverage ratio**	9.7%	9.8%
Non-Financial Indicators		Dec-23	Dec-22
Non-Financial Indicators	Staff	7,371	7,230
	Active customers	1,752,585	1,403,658
	Branches	234	232
	ATMs	931	893
	Points of sales	45,042	56,976

\* Including loans provision for stage 1, 2 and 3.

\*\*CAR & Leverage ratios are restated compared to Dec-22 released data after considering profit share, board remuneration and the banking system support and development share.

## About QNB ALAHLI

QNB ALAHLI was established in April 1978, with a majority stake of 94.97% owned by QNB Group, after the Group reduced their stake down from 97.12% during 1H18, bringing the free float to the required minimum of 5% to comply with EGX listing requirements.

QNB ALAHLI is managing three successful funds: Money Market “Themar Fund”, equity “Tadawol Fund” and balanced “Tawazon Fund”.

Over the years, QNB ALAHLI established several subsidiaries in Egypt:

- QNBAA Leasing Company established in 1997. On June 26<sup>th</sup>, 2013, QNB ALAHLI raised its stake in QNBAA Leasing Co. from 60% to 99.9%.
- QNBAA Factoring Company set up in 2012, with QNB ALAHLI stake representing 99.9%.
- QNBAA Life Insurance Company set up in 2003. In January 2014, QNB ALAHLI increased its stake in QNBAA Life Insurance from 25% to 99.9%.
- QNBAA Asset Management Company, in June 2014 QNB ALAHLI increased its stake from 4.9% to 97.4%.

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