

### Key Highlights

- Total Assets reached 525,015 EGP million, up +9% YTD, +41,735 EGP million.
- Gross Loans reached 245,151 EGP million, up +8% YTD, +17,131 EGP million.
- Customer Deposits reached 442,738 EGP million, up +9% YTD, +36,496 EGP million.
- Non-performing Loans ratio and Coverage ratio of 4.67% and 124.8%, respectively.
- Capital Adequacy ratio of 21.22%, well above minimum required by CBE.
- Gross profit reached 7,668 EGP million, +76% YOY, +3,314 EGP million.
- Net Profit recorded 4,715 EGP million, +114% YOY, +2,507 EGP million.
- Cost-to-Income ratio of 18.5%.
- ROAA and ROAE of 3.74% and 34.4%, respectively.

Egypt is diligent in reviving the economy back on the right track. The Foreign Currency saga should dissolve progressively as Egypt proceeds with the ambitious economic reform plan published a few months ago. Offering shares in a chosen list of state companies for sale or strategic partnerships will be optimally integrated with another set of rigorous fiscal actions. In tandem with these measures, the CBE is fiercely working on restoring inflation to the tolerance area after reaching troublesome levels in February 2023 by adopting more aggressive tightening monetary policy actions.

Yet, QNB ALAHLI relied on its resilient business model to deliver a robust performance in the first quarter of the year. The balance sheet expanded by +9% YTD to reach 525 BEGP mainly driven by a gross loan increase of +8% YTD. Maintaining the asset quality was challenging given the market conditions, although QNB ALAHLI has managed to keep the NPL ratio at 4.67% buffered by a coverage ratio of 124.8% as of Mar-23. These metrics were supported by the sequential upswings in the deposits that grew by +9% YTD to 443 BEGP, to keep the LTD ratio at its place, 55.4% far above the latest market average of 47.7% in Dec-22.

The favorable financial position expansion was mirrored on a net profit lift of +114% YOY to reach 4,715 MEGP. The increase was made based upon the good management of the bank's resources, supported by increasing asset's yield, to conclude the NII at 6,629 MEGP, +56% YOY. The fees & commissions are making a statement performance shooting up to +77% YOY, to mark the NBI at 9,404 MEGP representing +68% growth YOY. These results were endorsed by a healthy efficiency reading of 18.5%, although the increase was restrained by the impact of the inflation and the FCY on the expenditure side, which was partially offset by the FX gains, allowing an increased provisioning, growing to 938 MEGP for 1Q23.

Inclusion, sustainability, and consideration. These keywords have been the main pillars of QNB ALAHLI's module on corporate social responsibility. Starting by signing two major cooperation protocols with "Misr EIKheir" and "Al-Orman" foundations, followed by sponsoring employment fairs in multiple universities to empower the labor market's young future calibers. Crowned by QNBAA's latest addition to the social responsibility, the Carbon Footprint Report, taking part in the annual sustainability plans.

## Financial Results

### 1.1. Financial Position

- **Gross Loans** defied the market conditions and realized a growth of +8% YTD, to reach 245,151 MEGP, mainly relying on the corporate loans that were up by 15,264 MEGP during 1Q23 to wrap-up at 198,056 MEGP, +8% YTD. On the retail side, loans were up to 47,095, +4% YTD. Loans market share stood at 5.64% in Dec-22 as per the latest available data revealed by CBE.

As for the SMEs, they succeeded to maintain their share of the total corporate loans, increasing to 25.25% by Mar-23 above the benchmark set earlier by the CBE that was already achieved in Dec-21.

- **Customer Deposits** increased by 36,496 MEGP over Dec-22, strengthening by +9% YTD. Corporate deposits jumped by 26,378 MEGP to reach 287,940 MEGP. Speaking of the retail deposits, it sprouted by +7% YTD to reach 154,798 MEGP. Deposits market share reading came at 4.74%, by end of Dec-22, as per the latest available data revealed by the CBE.
- **Total Equity** went up to 55,487 MEGP, +3% YTD. Capital adequacy ratio and tier 1 ratios scored 21.22% & 20.53% respectively, ahead of the minimum required by the CBE of 12.5% & 8.5%.
- **Liquidity Position** remained solid even with one of the highest utilization levels within the market with a gross loan/deposit ratio of c. 55% at the end of Mar-23. The CBE Liquidity ratio in local currency reached 45.5% versus 20% as required by the CBE, while the CBE liquidity ratio in foreign currency reached 50.3% versus 25% as required by the CBE. Net Stable Funding Ratio (NSFR) in both local currency and foreign currency reached 201% and 146%, respectively, while Liquidity Coverage Ratio (LCR) in local and foreign currency reached 471% and 379%, respectively as of February 2023.

### 1.2. Income Statement

- **Net Banking Income** expanded by +68% over Mar-22, having a primary driver the NII recording 6,629 MEGP, climbing by +56% YOY, reflected on an improved NIM of 6.01%. The non-interest income jumped to +107% YOY, split into an increase in the other revenues due to the last round of devaluation, and the solid performance of +77% YOY for the fees and commissions. NBI recorded 9,404 MEGP.
- **Operating expenses** were managed despite the inflation and the currency depreciation, gassed up by +39% YOY to reach 1,736 MEGP for the first quarter of 2023.
- **Provision expense** cushioned the loan growth by 938 MEGP at the end of Mar-23, which is -16% YOY.
- **Net profit** excelled over last year by +114% to reach 4,715 MEGP.

## Corporate Social Responsibility:

QNB AL-AHLI has succeeded to revolutionize corporate social responsibility in the market. The **Inclusion** was executed by diverse acts such as the financial literacy sessions held for women of several governorates within **Hayah karima** initiative, in the occasion of international women's day, focalizing the important role of women in the society.

**Sustainability** was well executed by the numerous projects in collaboration with our partners “**Misr El-Kheir**” and “**El-Orman**” foundations, including a medical convoy, providing prosthetic devices to people with special needs, improving the housing environment and the offering of many job opportunities through the participation in “**Economic Empowerment for Youth**” event, celebrating the distribution of income

generating projects, to enable having a permanent source of income, raise the economic level of the families and to reduce the unemployment rate.

**Consideration** was carried out by diverse applications, of which the release of the **Carbon Footprint Report**, as part of QNB ALAHLI's annual sustainability plans that were developed under the CBE and the **Federation of Egyptian Banks**. Also, by sponsoring employment fairs mixed with talks, circles and sessions about various financial topics.

## Results Summary

### 1.3. Financial Position

Description in EGP million	Separate basis			Consolidated basis		
	Mar-23	Dec-22	YTD Growth	Mar-23	Dec-22	YTD Growth
Cash & due from banks	99,271	72,821	36%	101,059	73,922	37%
Loans (Net)	233,325	216,591	8%	230,688	213,960	8%
Investments	172,494	175,401	-2%	176,723	179,289	-1%
Other assets	12,347	11,979	3%	16,545	16,109	3%
<b>Total Assets</b>	<b>517,436</b>	<b>476,792</b>	<b>9%</b>	<b>525,015</b>	<b>483,280</b>	<b>9%</b>
Customer Deposits	443,110	407,067	9%	442,738	406,242	9%
Due to banks	4,839	3,522	37%	4,839	3,522	37%
Other liabilities	15,737	13,622	16%	21,951	19,418	13%
Shareholders' equity	53,751	52,581	2%	55,487	54,098	3%
<b>Total Liabilities and Equity</b>	<b>517,436</b>	<b>476,792</b>	<b>9%</b>	<b>525,015</b>	<b>483,280</b>	<b>9%</b>

### 1.4. Income Statement

Description in EGP million	Separate basis			Consolidated basis		
	Mar-23	Mar-22	YOY Growth	Mar-23	Mar-22	YOY Growth
Net interest income	6,522	4,154	57%	6,629	4,262	56%
Fees and commissions	1,013	579	75%	1,000	566	77%
Other operating income ①②	1,537	635	142%	1,775	775	129%
<b>Net banking income</b>	<b>9,073</b>	<b>5,368</b>	<b>69%</b>	<b>9,404</b>	<b>5,603</b>	<b>68%</b>
Operating expenses ②	(1,702)	(1,222)	39%	(1,736)	(1,248)	39%
<b>Gross operating income</b>	<b>7,370</b>	<b>4,146</b>	<b>78%</b>	<b>7,668</b>	<b>4,355</b>	<b>76%</b>
Net cost of risk ①	(915)	(1,100)	-17%	(938)	(1,111)	-16%
<b>Net income before tax</b>	<b>6,455</b>	<b>3,046</b>	<b>112%</b>	<b>6,731</b>	<b>3,244</b>	<b>107%</b>
Income tax	(1,974)	(1,006)	96%	(2,016)	(1,036)	95%
<b>Net Profit</b>	<b>4,481</b>	<b>2,040</b>	<b>120%</b>	<b>4,715</b>	<b>2,208</b>	<b>114%</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		Mar-23	Mar-22
Profitability	ROAA	3.7%	2.4%
	ROAE	34.4%	19.1%
Efficiency	Cost-to-Income ratio	18.5%	22.3%
Financial Indicators – Balance Sheet		Mar-23	Dec-22
Liquidity	Gross loans / deposits ratio	55.4%	56.1%
Asset Quality	Non-performing loans ratio	4.67%	5.05%
	Coverage ratio *	124.8%	120.6%
	Capital adequacy ratio**	21.22%	21.79%
	Leverage ratio**	9.7%	9.8%
Non-Financial Indicators		Mar-23	Dec-22
Non-Financial Indicators	Staff	7,199	7,230
	Active customers	1,673,184	1,403,658
	Branches	232	232
	ATMs	900	893
	Points of sales	56,321	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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