

Key Highlights

- Total Assets reached EGP 750,333 million, +19% YTD, up by EGP 121,575 million.
- Gross Loans reached EGP 319,591 million, +20% YTD, up by EGP 53,070 million.
- Customer Deposits reached EGP 634,758 million, +20% YTD, up by EGP 105,198 million.
- Non-performing Loans ratio and Coverage ratio of 5.62% and 117%, respectively.
- Capital Adequacy ratio of 22.6%, well above minimum required by CBE.
- Net Profit recorded EGP 13,742 million, +59% YOY, up by EGP 5,076 million.
- Cost-to-Income ratio of 15.5%.
- ROAA and ROAE of 3.99% and 38.2%, respectively.

The Egyptian economy is displaying promising signs of recovery despite ongoing geopolitical risks. The positive shift in Egypt's total banking system's net foreign asset position, coupled with a decline in external debt during 1Q24, instills confidence that government-led economic reforms are contributing to stability and sustainable growth. Efforts to manage inflation are gaining momentum, and the depreciation of the Egyptian pound is viewed as an opportunity to enhance export competitiveness.

In the first half of 2024, QNB achieved remarkable results, witnessing a substantial +19% YTD growth in its balance sheet, reaching EGP 750 billion. This growth was fueled by increased deposits, which surged to EGP 635 billion, and a boosted gross loan portfolio, up by +20% since December 2023.

Despite economic challenges, QNB adeptly managed its loan portfolio, maintaining a high-quality asset base. Notably, the bank's NPL ratio recorded 5.62%, with a coverage ratio of 117%. Additionally, a carefully controlled cost of risk, totaling EGP 2,289 million as of June 2024, provides a buffer for the loan portfolio, reinforcing the bank's financial stability.

The net profit recorded EGP 13,742 million, a remarkable +59% YOY increase, reflecting sound financial management supported by substantial balance sheet expansion. The NIM marked 6.39%, up by +30 bps YOY. Expenses were managed efficiently, maintaining a moderate growth rate of +21% YOY despite high inflation rates. Also, the emphasis on innovation and excellent customer service played a key role in its success, suggesting an encouraging outlook for continued growth.

Financial Results

1.1. Financial Position

- **Gross Loans** accelerated to 319,591 million, up by +20% YTD. The portfolio segregation is almost the same, with a corporate loans' growth of +22% YTD marking EGP 259,560 million and a retail increase of +11% YTD to attain EGP 60,031 million.
- **Customer Deposits** grew to EGP 634,758 million +20% compared to Dec-23. Retail Deposits increased by +26% YTD, reaching EGP 219,241 million representing 35% of the deposit stock. While Corporate Deposits hiked by +17% YTD, reaching EGP 415,516 million.
- **Total Equity** closed at EGP 77,238 million +16% YTD. The capital adequacy and tier 1 ratios stood at 22.6% and 21.9%, respectively, surpassing CBE's minimum requirements of 12.5% and 8.5%.
- **Liquidity Position** remained strong, despite high market utilization levels, with a gross loan/deposit ratio of 50.3% as of June 2024. The CBE liquidity ratio in local currency was 48.8%, compared to the CBE's requirement of 20%, and the CBE liquidity ratio in foreign currency was 54.0%, compared to the CBE's requirement of 25%. As of May 2024, the Net Stable Funding Ratio (NSFR) in both local and foreign currency was 212% and 159%, respectively, while the Liquidity Coverage Ratio (LCR) was 378% and 397%, respectively.

1.2. Income Statement

- **Net Banking Income** maintained its solid performance to reach EGP 27,095 million, driven by the NII reading that marked EGP 19,813 million +43% YOY. Fees and commissions contributed 10% to the total NBI. The NIM marked 6.39%, up by +30 bps over June 2023.
- **Operating expenses** reached EGP 4,207 million for 1H24, up by +21% YOY, reflecting improved efficiency that reached 15.5% by the end of Jun-24, down by -3.7% YOY.
- **Provision expense**, QNB made sure to cover the necessary needs given the prevailing uncertainty. Charges related to the costs of risk, reached a net allocation of EGP 2,289 million YTD.
- **Net profit** went up to EGP 13,742 million, +59% YOY.

Corporate Social Responsibility:

QNB keeps showing its commitment to making a real difference in the community through its corporate social responsibility efforts. It supports various initiatives in healthcare, education, and sustainable development. By continually investing in projects that have a lasting impact, the bank is dedicated to fostering genuine, long-term improvements and contributing to the community's overall well-being.



Results Summary

1.3. Financial Position

Description	Separate basis			Consolidated basis			
	in MEGP	Jun-24	Dec-23	YTD Growth	Jun-24	Dec-23	YTD Growth
Cash & due from banks		171,438	104,169	65%	173,745	105,808	64%
Loans (Net)		301,221	253,353	19%	298,322	250,481	19%
Investments		249,573	249,577	0%	254,611	254,375	0%
Other assets		18,693	13,432	39%	23,654	18,094	31%
Total Assets		740,925	620,531	19%	750,333	628,758	19%
Customer Deposits		636,482	530,119	20%	634,758	529,560	20%
Due to banks		5,417	5,088	6%	5,417	5,088	6%
Other liabilities		24,145	20,622	17%	32,920	27,472	20%
Shareholders' equity		74,882	64,702	16%	77,238	66,638	16%
Total Liabilities and Equity		740,925	620,531	19%	750,333	628,758	19%

1.4. Income Statement

Description	Separate basis			Consolidated basis			
	in MEGP	Jun-24	Jun-23	YOY Growth	Jun-24	Jun-23	YOY Growth
Net interest income		19,498	13,672	43%	19,813	13,899	43%
Fees and commissions		2,632	1,995	32%	2,600	1,965	32%
Other operating income ① ②		4,237	1,794	136%	4,682	2,243	109%
Net banking income		26,368	17,461	51%	27,095	18,107	50%
Operating expenses ②		(4,121)	(3,406)	21%	(4,207)	(3,474)	21%
Gross operating income		22,247	14,055	58%	22,888	14,633	56%
Net cost of risk ①		(2,232)	(2,042)	9%	(2,289)	(2,120)	8%
Net income before tax		20,014	12,013	67%	20,599	12,513	65%
Income tax		(6,711)	(3,801)	77%	(6,858)	(3,847)	78%
Net Profit		13,304	8,212	62%	13,742	8,665	59%

*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		Jun-24	Jun-23
Profitability	ROAA	3.99%	3.35%
	ROAE	38.2%	30.5%
Efficiency	Cost-to-Income ratio	15.5%	19.2%
Financial Indicators – Balance Sheet		Jun-24	Dec-23
Liquidity	Gross loans / deposits ratio	50.3%	50.3%
Asset Quality	Non-performing loans ratio	5.62%	5.53%
	Coverage ratio *	117%	108%
	Capital adequacy ratio**	22.6%	23.6%
	Leverage ratio**	9.4%	9.1%
Non-Financial Indicators		Jun-24	Dec-23
Non-Financial Indicators	Staff	7,311	7,371
	Active customers	1,798,018	1,752,585
	Branches	234	234
	ATMs	941	931
	Points of sales	43,164	45,042

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

**CAR & Leverage ratios are restated compared to Dec-23 released data after considering profit share, board remuneration and the banking system support and development share.

About QNB

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

Over the years, QNB established several subsidiaries in Egypt:

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

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