

### Key Highlights

- Total Assets reached EGP 795,296 million, +26% YTD, up by EGP 166,538 million.
- Gross Loans reached EGP 331,602 million, +24% YTD, up by EGP 65,081 million.
- Customer Deposits reached EGP 677,187 million, +28% YTD, up by EGP 147,627 million.
- Non-performing Loans ratio and Coverage ratio of 5.58% and 108%, respectively.
- Capital Adequacy ratio of 23.5%, well above minimum required by CBE.
- Net Profit recorded EGP 20,061 million, +60% YOY, up by EGP 7,537 million.
- Cost-to-Income ratio of 16.7%.
- ROAA and ROAE of 3.76% and 35.5%, respectively.

The Egyptian economy is charting a clear course towards recovery. Inflation is on a downward trajectory, bolstered by an improving balance of payments and despite the ongoing challenges of subsidy reforms. Significantly, Egypt's PMI has, for the first time in several years, reached 50.4, signaling a much-anticipated resurgence in private sector activity. In parallel, the U.S. Federal Reserve has embarked on a 50bps rate cut, with further reductions anticipated. This development opens a window of opportunity for Egypt to re-enter global debt markets at more favorable borrowing costs.

QNB has delivered robust financial results, with its financial position growing by an impressive 26% compared to December of the previous year, bringing total assets to EGP 795 billion. This expansion was underpinned by a substantial EGP 148 billion increase in customer deposits, which supported a 24% YTD growth in the bank's gross loan portfolio. These results underscore QNB's capacity and strategic acumen in effectively deploying its deposit base to drive lending activities.

Despite broader economic challenges, QNB has maintained the high quality of its loan portfolio through disciplined asset management. The bank's NPL ratio remains stable at 5.58%, with a coverage ratio of 108%, ensuring a well-protected and resilient portfolio.

The bank's financial position growth has translated into a commendable net profit of EGP 20,061 million. Despite inflationary pressures, QNB has skillfully managed overhead costs, limiting YOY growth to a controlled 29%.

# Financial Results

## 1.1. Financial Position

- **Gross loans** increased by +24% YTD to reach EGP 331,602 million, with retail loans increasing by +18% YTD to reach EGP 63,770 million and corporate loans growing by +26% YTD to reach EGP 267,832 million.
- **Customer deposits** increased to EGP 677,187 million +28% YTD. Retail deposits rising by +31% YTD to EGP 226,362 million. On the other hand, corporate deposits increased to EGP 450,825 million, up by +27% YTD.
- **Total Equity** closed at EGP 83,847 million +26% YTD. The capital adequacy and tier 1 ratios stood at 23.5% and 23.0%, respectively, well above CBE's minimum requirements of 12.5% and 8.5%.
- **Liquidity Position** remained strong, with a gross loan/deposit ratio of 49.0%, despite high market utilization levels. When compared to the CBE's LCY liquidity ratio requirement of 20%, QNB recorded 39.9%. On the other hand, the CBE's FCY liquidity ratio requirement is 25%, while QNB recorded 59.5%. As of Aug-2024, the Liquidity Coverage Ratio (LCR) was 912% in LCY and 359% in FCY, with the Net Stable Funding Ratio (NSFR) was 182% and 159%, respectively.

## 1.2. Income Statement

- **Net Banking Income** maintained its strong performance to reach EGP 39,396 million, driven by the NII reading which showed EGP 30,150 million in 9M24, +37% YOY. Fees and Commissions grew by 38% YOY to reach EGP 4,050 million in 9M24. The YTD NIM increased by +11 bps from September 2023 to reach 6.26%.
- **Operating expenses** increased by +29% YOY to reach EGP 6,593 million for 9M24, reflecting improved efficiency that reached 16.7% by the end of Sep-24, down by -178 bps YOY.
- **Provision expense**, QNB made sure to cover the necessary needs given the prevailing uncertainty. Charges for expected credit losses (ECL) reached a net allocation of EGP 2,707 million YTD.
- **Net profit** recorded EGP 20,061 million for 9M24, +60% YOY.

## Corporate Social Responsibility:

QNB's corporate social responsibility initiatives consistently promote real, long-term improvements to enhance the general well-being of the community. In line of the bank's commitment in supporting the medical field, QNB contributed to equipping **El Kasr Al-Aini Hospital**'s surgery department, delivered wheelchairs to people of determination, implemented medical convoys and financed "Health Unit Development Project" in multiple governorates in collaboration with **Misr El-Khair Foundation**. Moreover, it collaborated with "**Vacsera**" to conduct a blood donation campaign at its headquarters, engaging its employees in community caregiving.



## Results Summary

### 1.3. Financial Position

Description in MEGP	Separate basis			Consolidated basis		
	Sep-24	Dec-23	YTD Growth	Sep-24	Dec-23	YTD Growth
Cash & due from banks	168,673	104,169	62%	170,657	105,808	61%
Loans (Net)	314,224	253,353	24%	311,359	250,481	24%
Investments	286,302	249,577	15%	291,880	254,375	15%
Other assets	15,907	13,432	18%	21,400	18,094	18%
<b>Total Assets</b>	<b>785,106</b>	<b>620,531</b>	<b>27%</b>	<b>795,296</b>	<b>628,758</b>	<b>26%</b>
Customer Deposits	679,099	530,119	28%	677,187	529,560	28%
Due to banks	3,294	5,088	-35%	3,294	5,088	-35%
Other liabilities	21,461	20,622	4%	30,969	27,472	13%
Shareholders' equity	81,252	64,702	26%	83,847	66,638	26%
<b>Total Liabilities and Equity</b>	<b>785,106</b>	<b>620,531</b>	<b>27%</b>	<b>795,296</b>	<b>628,758</b>	<b>26%</b>

### 1.4. Income Statement

Description in MEGP	Separate basis			Consolidated basis		
	Sep-24	Sep-23	YOY Growth	Sep-24	Sep-23	YOY Growth
Net interest income	29,658	21,630	37%	30,150	21,979	37%
Fees and commissions	4,104	2,992	37%	4,050	2,945	38%
Other operating income ①②	4,523	1,968	130%	5,196	2,572	102%
<b>Net banking income</b>	<b>38,286</b>	<b>26,590</b>	<b>44%</b>	<b>39,396</b>	<b>27,496</b>	<b>43%</b>
Operating expenses ②	(6,459)	(4,988)	29%	(6,593)	(5,092)	29%
<b>Gross operating income</b>	<b>31,826</b>	<b>21,602</b>	<b>47%</b>	<b>32,803</b>	<b>22,404</b>	<b>46%</b>
Net cost of risk ①	(2,637)	(3,694)	-29%	(2,707)	(3,791)	-29%
<b>Net income before tax</b>	<b>29,189</b>	<b>17,908</b>	<b>63%</b>	<b>30,096</b>	<b>18,613</b>	<b>62%</b>
Income tax	(9,805)	(5,988)	64%	(10,035)	(6,089)	65%
<b>Net Profit</b>	<b>19,384</b>	<b>11,919</b>	<b>63%</b>	<b>20,061</b>	<b>12,524</b>	<b>60%</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		Sep-24	Sep-23
Profitability	ROAA	3.76%	3.11%
	ROAE	35.5%	28.6%
Efficiency	Cost-to-Income ratio	16.7%	18.5%
Financial Indicators – Balance Sheet		Sep-24	Dec-23
Liquidity	Gross loans / deposits ratio	49.0%	50.3%
Asset Quality	Non-performing loans ratio	5.58%	5.53%
	Coverage ratio *	108%	108%
	Capital adequacy ratio**	23.5%	23.6%
	Leverage ratio**	9.6%	9.1%
Non-Financial Indicators		Sep-24	Dec-23
Non-Financial Indicators	Staff	7,317	7,371
	Active customers	1,824,525	1,752,585
	Branches	234	234
	ATMs	935	931
	Points of sales	41,298	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 26<sup>th</sup>, 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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