

Key Highlights

- Total Assets reached EGP 359,569 million, up +24% YTD.
- Gross Loans reached EGP 182,913 million, up +6% YTD
- Customer Deposits reached EGP 295,492 million, up +27% YTD.
- Non-performing Loans ratio and Coverage ratio of 3.81% and 143% respectively.
- Capital Adequacy ratio of 22.8% well above minimum required by CBE.
- Gross profit reached EGP 13,328 million, +4% YOY.
- Net Profit recorded EGP 7,627 million, +2% YOY.
- Cost-to-Income ratio of 25.3%.
- ROAA and ROAE of 2.3% and 17.7%, respectively.

Egypt economic recovery shows resilience despite the successive infection waves and evolving COVID-19 variants that continue to elevate the uncertainty level across the globe. The preemptive measures by both the fiscal and monetary policies with accelerating pace of the vaccination campaign should soften the impact of prolonged recovery.

QNB ALAHLI has shown similar resilience against the challenges posed by effects of the pandemic whether on subdued private sector demand, inflationary pressures, or elevated risk with increasing uncertainty. QNB ALAHLI delivered a robust balance sheet and strong core earnings growth backed by the agility of its business model. Assets' growth accelerated to 24% YTD while net profit grew 2% recording 7,627 MEGP bringing ROAA and ROE to 2.3% and 17.7% respectively.

The remarkable balance sheet growth was led by 27% YTD growth in deposits to record EGP 295,492 million by end of 2021. Gross loans portfolio stood at EGP 182,913 million being +6% YTD. Gross Loans to Deposits scored c. 62% with a conscious focus on profitability. Assets quality remains good relative to the market benchmarking levels with NPL ratio of 3.81% backed by a coverage ratio of 143%.

QNB ALAHLI managed once more to exceed the 25% target for SMEs, designated by CBE, scoring 25.47% end of Dec-21 one full year ahead of the mandated time frame. This marks off the 2nd and last target after already achieving the one for small enterprises back in 1H21. Such achievements assert the commercial orientation of the bank and dynamism of its business model.

QNB ALAHLI has positioned itself well to overcome impact of the economic slowdown while it looks forward for the post-pandemic accelerated growth. The well spread branches' network with continued investment and innovation in digital channels, the diversity of its products' offering as well as its subsidiaries and the large customers' base are key enablers for reaping the benefits of its dynamic model while providing further support to Egypt economic success story.

Financial Results

1.1. Balance Sheet

- **Gross Loans** reached EGP 182,913 million, with an increase of +6% compared to Dec-20. Retail loans achieved a pleasant yearly growth to reach EGP 36,304 million with a difference of 12% YTD. While corporate loans secured an increase by 4% despite to tough market competition, reaching EGP 146,610 million. Loans market share reached 6.10% as of Sep-21 down from 6.98% in Dec-20, on a standalone basis, as per latest available data revealed by CBE.
- **Customer Deposits** made a decent stretch reaching EGP 295,492 million +27% compared to Dec-20. Growth was split to +39% YTD on the corporate side reaching EGP 170,366 million and +13% YTD on the retail side, with an amount of EGP 125,126 million representing 42% of the deposit stock. Deposits market share has maintained its position of 4.54% total market share as of Sep-21, on a standalone basis, as per latest available data revealed by the CBE.
- **Total Equity** amounted to EGP 46,375 million, giving the bank more room for growth. The Capital Adequacy Ratio and Tier 1 ratios stood at 22.8% and 22.3%, respectively, well above the minimum required by CBE of 12.50% and 8.50%, respectively.
- **Liquidity Position** remained solid even with the one of the highest utilization levels within the market with a gross loan/deposit ratio of c. 62% as at Dec-21. The CBE Liquidity ratio in local currency reached 47% versus 20% as required by the CBE, while the CBE liquidity ratio in foreign currency reached 39% versus 25% as required by the CBE. Moreover, the Net Stable Funding Ratio (NSFR) in local currency and foreign currency reached 200% and 144%, respectively, while Liquidity Coverage Ratio (LCR) in local and foreign currency reached 669% and 226%, respectively as of November 2021.

1.2. Income Statement

- **Net Banking Income** reached EGP 17,853 million FY21 with growth of 6% YOY. Net interest income attained EGP 15,340 million for FY21 representing a 5% growth YOY. Net fees and commissions were up by +13% YOY, recording EGP 2,030 million for FY21 impacted by the extension of the CBE decisions to waive some banking fees. While other operating income reached EGP 483 million and YTD NIM reached 5.25%
- **Operating expenses** recorded EGP 4,525 million for FY21, along with a cost to income ratio of 25.3%.
- **Provision expense**, QNB ALAHLI made sure to cover the necessary needs given the prevailing uncertainty. Charges for expected credit losses (ECL) reached a net allocation of EGP 2,193 million YTD.
- **Net profit** grew by +2% over FY20, recording EGP 7,627 million.

Corporate Social Responsibility:

QNB ALAHLI is pressing ahead as far as corporate social responsibility is concerned given its financial sector leadership position. The diversity of projects, to maintain its support and effect across various domains, were aligned to boost CBE, the banking sector and government joint efforts to soften the pandemic impact, accelerate the local availability of the vaccines as well as increase the welfare of the population within under-served rural areas.

Results Summary

1.3. Balance Sheet

Description in EGP million	Standalone basis			Consolidated basis		
	Dec-21	Dec-20	YTD Growth	Dec-21	Dec-20	YTD Growth
Cash & due from banks	38,804	22,391	73%	39,953	24,235	65%
Loans (Net)	174,641	164,962	6%	172,829	163,635	6%
Investments	130,407	91,148	43%	133,044	92,224	44%
Other assets	10,343	6,975	48%	13,743	10,068	36%
Total Assets	354,195	285,476	24%	359,569	290,162	24%
Customer Deposits	296,240	233,892	27%	295,492	233,321	27%
Due to banks	3,459	4,139	-16%	3,459	4,139	-16%
Other liabilities	9,445	8,992	5%	14,243	13,065	9%
Shareholders' equity	45,051	38,453	17%	46,375	39,637	17%
Total Liabilities and Equity	354,195	285,476	24%	359,569	290,162	24%

1.4. Income Statement

Description in EGP million	Standalone basis			Consolidated basis		
	Dec-21	Dec-20	YoY Growth	Dec-21	Dec-20	YoY Growth
Net interest income	14,922	14,354	4%	15,340	14,637	5%
Fees and commissions	2,082	1,848	13%	2,030	1,803	13%
Other operating income ① ②	412	107	284%	483	399	21%
Net banking income	17,416	16,309	7%	17,853	16,839	6%
Operating expenses ②	(4,422)	(3,928)	13%	(4,525)	(4,020)	13%
Gross operating income	12,994	12,381	5%	13,328	12,819	4%
Net cost of risk ①	(2,142)	(1,977)	8%	(2,193)	(2,250)	-3%
Net income before tax	10,852	10,404	4%	11,135	10,569	5%
Income tax	(3,400)	(3,005)	13%	(3,508)	(3,077)	14%
Net Profit	7,452	7,399	1%	7,627	7,492	2%

*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-21	Dec-20
Profitability	ROAA	2.3%	2.7%
	ROAE	17.7%	20.0%
Efficiency	Cost-to-Income ratio	25.3%	23.9%
Financial Indicators – Balance Sheet		Dec-21	Dec-20
Liquidity	Gross loans / deposits ratio	61.9%	74.1%
Asset Quality	Non-performing loans ratio	3.81%	3.00%
	Coverage ratio *	143%	177%
	Capital adequacy ratio	22.8%	21.5%
	Leverage ratio	11.6%	11.9%
Non-Financial Indicators		Dec-21	Dec-20
Non-Financial Indicators	Staff	6,970	6,686
	Active customers	1,333,781	1,247,742
	Branches	231	231
	ATMs	872	611
	Points of sales	62,234	54,144

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

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 26th, 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%.

Contacts: www.qnbalahli.com

Sameh Badry
+ 202 2770 7770
Sameh.Badry@qnbalahli.com

Ahmed Osama
+202 2770 7727
Ahmed M-Osama@qnbalahli.com

