

# EFG Holding EARNINGS RELEASE 1Q2024

INVESTOR RELATIONS

**Cairo, May 23<sup>rd</sup>, 2024**

EFG Holding reports a remarkable first quarter, with the Group net profit after tax and minority interest more than doubling, up 110% Y-o-Y, to reach EGP1.8 billion. Group revenues rose 92% Y-o-Y to EGP8.6 billion, on higher revenues recorded by all the three platforms. The Group's total assets stood at EGP170 billion at the end of March 2024.

**MOHAMED ABDELKHABIR**

Group Chief Financial Officer

mabdelkhabir@efg-hermes.com

Tel: +20 2 3535 6491



**HANZADA NESSIM**

Group Head of Corporate Strategy & IR

hnessim@efg-hermes.com

Tel: +20 2 3535 6502

**INVESTOR RELATIONS CONTACTS**

investor-relations@efg-hermes.com

Tel: +20 2 3535 6710

**LISTINGS & SYMBOLS**

**The Egyptian Exchange**

Reuters code: HRHO.CA

Bloomberg code: HRHO EY

**London Stock Exchange (GDRs)**

Reuters code: HRHOq.L

Bloomberg code: EFGD LI

## Key Financial Highlights

### EFG Holding

- ≡ EFG Holding had a good start for the year, reporting a strong set of results, with Group revenues rising 92% Y-o-Y to EGP8.6 billion, on strong fx-gains, unrealized gains on investments/seed capital; together with stronger revenues recognized by different lines of business across all platforms;
- ≡ Excluding Holding & Treasury Activities revenues in both periods, the Group's revenue would be up 70% Y-o-Y, primarily on higher revenues generated by Brokerage, Asset Management, Valu, Leasing, Tanmeyah and aiBANK;
- ≡ EFG Holding Group operating expenses (including provisions & ECL) rose 67% Y-o-Y to EGP5.0 billion on higher operating expenses that include employee expenses, other operating expenses and provisions & ECL. However, employee expenses/operating revenues came at 41% in 1Q24 versus 44% in 1Q23;
- ≡ EFG Holding net profit before tax climbed 137% Y-o-Y to EGP3.3 billion. Taxes for the Group rose 151% Y-o-Y, on higher tax charges related to profitability generated by Egyptian entities, this in addition to higher deferred taxes on unrealized gains and fx-gains. Despite higher taxes and deferred taxes, EFG Holding net profit after tax and minority interest rose 110% Y-o-Y to EGP1.8 billion.

### EFG Hermes

- ≡ All different verticals of EFG Hermes reported a growth in revenues, with Holding & Treasury Activities being the largest contributor benefiting from the Egyptian pound losing more than c.50% of its value. Additionally, the sell-side and the buy-side posted Y-o-Y increase in the revenues, thus lifting EFG Hermes revenues up 104% Y-o-Y to EGP6.2 billion;
- ≡ The Investment Bank operating expenses rose 85% Y-o-Y to EGP3.6 billion, mainly due to higher employee expenses, followed by higher other operating expenses. Meanwhile, provisions & ECL declined in 1Q24;
- ≡ EFG Hermes net operating profit rose 139% Y-o-Y to EGP2.6 billion. Pressured by higher contingent liability provisions, and taxes & deferred taxes which rose 162% Y-o-Y, EFG Hermes net profit after tax and minority interest rose 94% Y-o-Y to EGP1.4 billion.

### EFG Finance

- ≡ A buoyant quarter for EFG Finance, with its revenues rising 58% Y-o-Y to EGP1.1 billion, underpinned by revenues growth reported by all its lines of business, particularly Valu and Leasing;
- ≡ Operating expenses increased 40% Y-o-Y to EGP807 million; on higher employee expenses, other operating expenses, and provisions and ECL. The increase in operating expenses is mainly related to the growth in sales, operations, and inflationary environment;
- ≡ EFG Finance net operating profit rose 152% Y-o-Y as the increase in revenues surpassed the increase in expenses. Despite a 100% Y-o-Y increase in taxes, the platform profitability increased; net profits after tax and minority jumped 280% Y-o-Y to EGP142 million, on Leasing and Valu higher profitability.



## aiBANK

- ≡ The Commercial Bank continued its upward trajectory, with aiBANK's revenues soaring 75% Y-o-Y to EGP1.3 billion, driven mainly by higher net interest income on the back of loan book growth and supported by an increase in corridor rates. This in addition to higher revaluation gains and revenues from fx-trading;
- ≡ aiBANK operating expenses including provisions & ECL rose 22% Y-o-Y to EGP523 million, on higher salaries on the back of promotions, new hires and inflation; together with higher other G&A expenses, which came lower than inflation, and higher provisions & ECL to mirror weaker macro-economic indicators and loan portfolio growth;
- ≡ The Bank's net profit after tax shot up 173% Y-o-Y to EGP475 million (of which the Group's share is EGP244 million), as revenues growth outpaced the increase in expenses.



# EFG Holding

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## The Group



## Income Statement

### Performance Overview

<i>in EGP million</i>	Group Performance Summary				
	1Q24	4Q23	1Q23*	Q-o-Q	Y-o-Y
<b>Group Net Operating Revenue</b>	<b>8,564</b>	<b>4,194</b>	<b>4,454</b>	<b>104%</b>	<b>92%</b>
Investment Bank	6,210	2,089	3,038	197%	104%
NBFIs	1,086	1,003	689	8%	58%
aiBANK	1,269	1,103	727	15%	75%
<b>Group Operating Expenses</b>	<b>4,954</b>	<b>2,794</b>	<b>2,963</b>	<b>77%</b>	<b>67%</b>
Employees Expenses	3,549	1,810	1,978	96%	79%
Employee Expenses/Operating Revenues	41%	43%	44%		
Other Operating Expenses**	1,405	984	985	43%	43%
<b>Group Net Operating Profit</b>	<b>3,611</b>	<b>1,400</b>	<b>1,491</b>	<b>158%</b>	<b>142%</b>
<b>Group Net Operating Margin</b>	<b>42%</b>	<b>33%</b>	<b>33%</b>		
<b>Group Net Profit (Loss) Before Tax</b>	<b>3,281</b>	<b>1,139</b>	<b>1,382</b>	<b>188%</b>	<b>137%</b>
<b>Group Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>1,821</b>	<b>814</b>	<b>868</b>	<b>124%</b>	<b>110%</b>
Investment Bank	1,435	398	740	261%	94%
NBFIs	142	226	37	-37%	280%
aiBANK	244	190	90	29%	170%

Source: EFG Holding Management Accounts

\*1Q23 net profits were restated as a result of the Purchase Price Allocation (PPA) study for Fatura

\*\*Includes Other G&A and Provisions & ECL

### 1Q24

EFG Holding saw a strong kick-off for 2024, with Group revenues almost doubling Y-o-Y, up 92% to EGP8.6 billion, on strong fx-gains, unrealized gains on investments/seed capital, together with stronger revenues recognized by different lines of business within the different platforms. Excluding Holding & Treasury Activities revenues in both periods, the Group's revenues would be up 70% Y-o-Y, primarily on higher revenues generated by Brokerage, Asset Management, Valu, Leasing, Tanmeyah and aiBANK.

EFG Holding Group operating expenses (including provisions & ECL) rose 67% Y-o-Y to EGP5.0 billion on higher operating expense, particularly higher accruals for the variable portions of the employee expenses which rose in tandem with the increase in revenues. However, employee expenses/operating revenues came at 41% in 1Q24 versus 44% in 1Q23.

Other G&A expenses rose 44% Y-o-Y, with the increase in expenses related to inflation in Egypt, costs denominated in USD in Egypt particularly IT expenses, the impact of the weakening EGP from regional offices' expenses when translated to the Egyptian pound.

Provisions & ECL increased 40% Y-o-Y, on higher provisions & ECL related to aiBANK, Tanmeyah, Private Equity, Corp. Solutions and Finance Holding.

With the increase in revenues outpacing the increase in expenses, EFG Holding net operating profit and net profit before tax climbed 142% Y-o-Y and 137% Y-o-Y, respectively. Taxes for the Group rose 151% Y-o-Y, on higher tax charges related to profitability generated by the Egyptian entities, this in addition to higher deferred taxes on unrealized gains and fx-gains. Despite higher taxes and deferred taxes, EFG Holding net profit after tax and minority interest rose 110% Y-o-Y

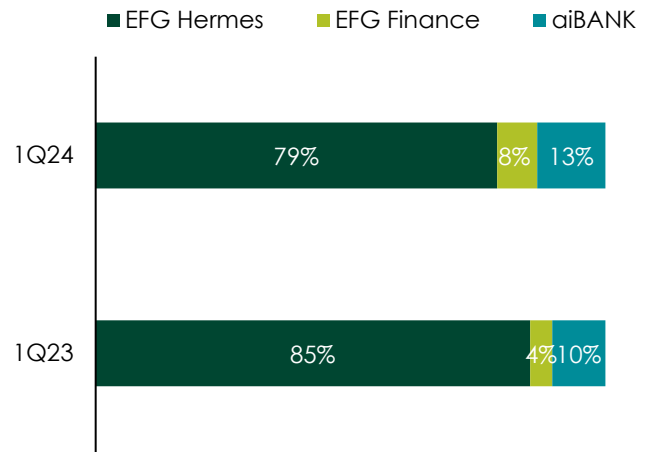
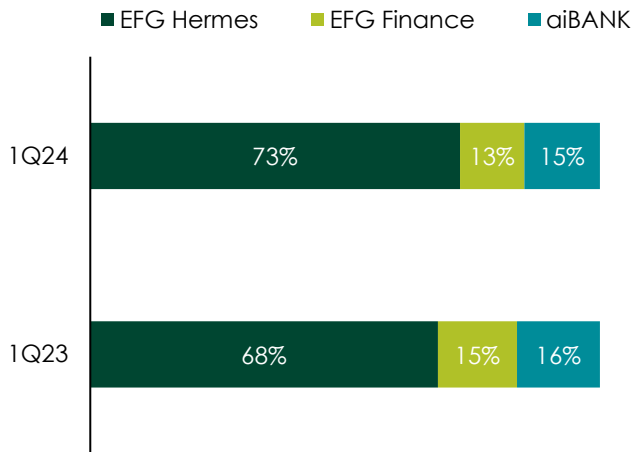


to EGP1.8 billion.

**Contribution by Platform**

**Revenues**

**NPAT\***



\*Net Profit After Tax and Minority Interest





# EFG Hermes

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## The Investment Bank



## Financial Overview

### Performance Overview

in EGP million	Investment Bank Performance Summary				
	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
Investment Banking	173	297	216	-42%	-20%
Brokerage	1,207	994	621	21%	94%
<b>Sell-Side</b>	<b>1,380</b>	<b>1,291</b>	<b>837</b>	<b>7%</b>	<b>65%</b>
Asset Management	240	579	47	-59%	412%
Private Equity	59	54	67	10%	-13%
<b>Buy-Side</b>	<b>299</b>	<b>633</b>	<b>114</b>	<b>-53%</b>	<b>162%</b>
<b>Holding &amp; Treasury Activities</b>	<b>4,531</b>	<b>164</b>	<b>2,087</b>	<b>2658%</b>	<b>117%</b>
<b>Total Net Operating Revenue</b>	<b>6,210</b>	<b>2,089</b>	<b>3,038</b>	<b>197%</b>	<b>104%</b>
Employees Expenses	3,050	1,231	1,578	148%	93%
Other Operating Expenses*	574	341	377	68%	52%
<b>Operating Expenses</b>	<b>3,624</b>	<b>1,572</b>	<b>1,955</b>	<b>131%</b>	<b>85%</b>
<b>Net Operating Profit</b>	<b>2,586</b>	<b>517</b>	<b>1,083</b>	<b>400%</b>	<b>139%</b>
<b>Net Profit (Loss) Before Tax</b>	<b>2,335</b>	<b>357</b>	<b>1,026</b>	<b>555%</b>	<b>128%</b>
<b>Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>1,435</b>	<b>398</b>	<b>740</b>	<b>261%</b>	<b>94%</b>

\*Includes Other G&A and Provisions & ECL

#### 1Q24

Revenues improved across the different verticals of EFG Hermes, with Holding & Treasury Activities, the sell-side and the buy-side all posting Y-o-Y increase in revenues, thus lifting EFG Hermes revenues up, more than double Y-o-Y, to reach EGP6.2 billion in 1Q24.

Holding & Treasury Activities revenue, c.73% of the Investment Bank revenue, was the largest contributor to the platform's 1Q24 revenue growth, on fx-gains and unrealized gains on seed capital/investments as the Egyptian pound lost more than 50% of its value Y-o-Y. Moreover, the comparable quarter 1Q23 included fx-gains and unrealized gains, yet the magnitude of the currency devaluation was lower.

Sell-side revenues rose 65% Y-o-Y to EGP1.4 billion, driven by higher Brokerage revenues. Brokerage revenues were up 94% Y-o-Y, primarily on the back of strong commissions generated by the Egyptian market including GDRs trading, together with higher revenues generated by the rest of the MENA markets. Investment Banking revenues declined 20% Y-o-Y, despite strong executions during the quarter.

Buy-side revenues shot up 162% Y-o-Y to EGP299 million, lifted by Asset Management revenues. Asset Management revenues rose 4x Y-o-Y, mainly on FIM's higher management fees, incentive fees, and lower comparable quarter which included EGP89 million of losses related to the SPAC. Moreover, Egypt Asset Management's management fees came stronger on higher AuMs Y-o-Y. Meanwhile, Private Equity revenues declined 13% Y-o-Y, as the comparable quarter included exceptional booking of management fees of EGP18 million.

Total operating expenses rose 85% Y-o-Y to EGP3.6 billion, mainly due to higher employee expenses, followed by higher other operating expenses.

Employee expenses rose 93% Y-o-Y, on higher variable portion of the employee expenses which included Frontier employees' severance pay. However, the increase in employee expenses





came in line with the Group's stronger revenues recognized in 1Q24, together with the EGP's devaluation impact on regional operations' salaries, the Y-o-Y increase in Egypt based employee salaries to reflect the elevated inflation levels, and the higher Brokerage commissions as execution increased Y-o-Y.

Other G&A expenses rose 79% Y-o-Y, to mirror mainly inflation and USD denominated expenses in Egypt and the translation of regional operations' expenses in EGP.

Provisions & ECL declined 57% Y-o-Y as no additional ECL is required for our Brokerage margin book, and despite higher ECL required for Private Equity's receivables.

EFG Hermes net operating profit rose 139% Y-o-Y, while EFG Hermes net profit before tax was up 128% Y-o-Y. Taxes rose 162% to EGP840 million in 1Q24, as the quarter included deferred taxes on seed capital unrealized gains and fx-gains in 1Q24. This in addition to higher taxes booked by Egypt's Brokerage entities as profitability increased Y-o-Y. Consequently, EFG Hermes net profit after tax and minority interest rose 94% Y-o-Y to EGP1.4 billion.



## Operational Performance

### i. Brokerage

A positive start for the MENA markets, with most markets' performance and volumes improving. This, together with a very buoyant performance from our frontier markets, namely Kenya and Nigeria. The MSCI EM added 1.9% Q-o-Q, and the S&P Pan Arab TR gained 1.2% Q-o-Q.

EFG Hermes Brokerage (which reflects MENA, Frontier markets, and Structured Products) total executions rose 18% Q-o-Q to reach USD26.5 billion in 1Q24, predominantly on higher executions across all the MENA markets with the exception of Egypt. On a Y-o-Y basis, total executions climbed a significant 34%, underpinned by higher executions across all MENA markets particularly KSA and Egypt (including GDRs).

Brokerage revenues reached EGP1.2 billion in 1Q24, up 21% Q-o-Q and 94% Y-o-Y. The Q-o-Q increase reflects higher revenues generated by all MENA markets except for Egypt, together with stronger revenues generated from the structured products desk mainly on the revival of the Egyptian carry trade. While the Y-o-Y increase reflects the increase in revenues generated in Egypt including GDRs, which doubled Y-o-Y. This in addition to higher revenues generated from other MENA markets, Frontier, and Structured Products.

in EGP million	Brokerage Revenue*				
	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
Egypt**	624	590	271	6%	130%
Other Markets	(3)	38	35	N/M	N/M
<b>Total Egypt</b>	<b>622</b>	<b>628</b>	<b>306</b>	<b>-1%</b>	<b>103%</b>
UAE	177	125	117	42%	52%
KSA	146	81	66	79%	120%
Kuwait	102	93	70	9%	46%
Frontier Markets***	52	43	40	21%	30%
Structured Products	83	8	5	984%	1421%
Others****	25	16	16	54%	52%
<b>Total Revenues</b>	<b>1,207</b>	<b>994</b>	<b>621</b>	<b>21%</b>	<b>94%</b>

\*Brokerage revenues highlighted above represent operations and not markets

\*\*Egypt revenues include GDRs trading

\*\*\*Frontier Markets include Pakistan, Kenya, Nigeria, and other frontier markets

\*\*\*\*Others include fixed income products, Jordan, Oman, and Bahrain

Source: Management Accounts

Commission contribution by market changed slightly in 1Q24, as Egypt remained the largest contributor to pure Brokerage commissions (excluding any other revenue generated including: margin income, research revenue and custody income) with a contribution of c.43%; meanwhile with stronger executions in KSA, the market jumped to second place with its commissions accounting for 16% of the total brokerage commissions. The UAE markets combined (DFM and ADX) came in the third place, with a contribution of 12.7%. Meanwhile, Kuwait landed on the 4<sup>th</sup> place with a 11% contribution.

### Commissions Breakdown by Market

Markets	1Q24
Egypt*	42.9%
DFM	6.9%
ADX	5.8%
KSA	16.1%
Kuwait	11.3%
Qatar	6.3%
Frontier Markets	2.4%
Others**	8.2%
<b>Total</b>	<b>100%</b>

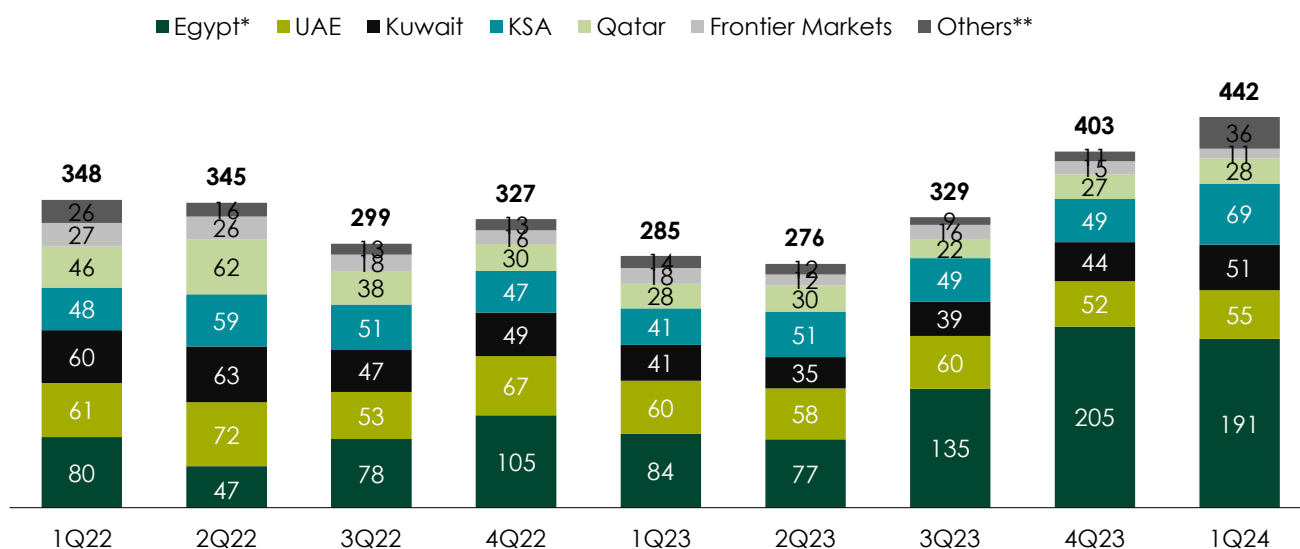
\*Egypt includes GDRs which represents 6.4% of total commissions in 1Q24

\*\*Others include Oman, Jordan, Bahrain, Lebanon, Structured Products and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

### Average Daily Commissions

In USD thousand



\*Egypt includes GDRs trading

\*\*Others include Oman, Lebanon, Jordan, Structured Products and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

The above chart highlights the average daily commissions (ADC) generated by Brokerage and reported in USD. Aggregate ADC reached record high of USD442 thousand a day in 1Q24, up 10% Q-o-Q and 55% Y-o-Y, to reflect the outperformance of the Egyptian market including the GDR trading, the improvement in KSA's market liquidity, and the resurgence of Structured Products revenues in March.

## Brokerage Market Share &amp; Executions

<i>in USD million</i>	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
<b>Egypt*</b>					
Market share	31.4%	32.0%	36.4%	-0.6%	-5.0%
Executions	3,468	4,797	1,928	-28%	80%
<b>UAE – DFM</b>					
Market share	50.2%	43.4%	52.3%	6.8%	-2.1%
Executions	3,486	2,767	2,715	26%	28%
<b>UAE – ADX</b>					
Market share	20.0%	16.1%	15.4%	3.8%	4.5%
Executions	3,748	3,335	4,312	12%	-13%
<b>KSA</b>					
Market share	5.7%	5.9%	6.4%	-0.3%	-0.8%
Executions	8,819	5,738	4,693	54%	88%
<b>Kuwait</b>					
Market share	34.4%	36.8%	35.7%	-2.4%	-1.3%
Executions	3,716	3,219	3,053	15%	22%
<b>Pakistan</b>					
Market share	1.6%	2.9%	5.0%	-1.3%	-3.4%
Executions	75	132	89	-43%	-16%
<b>Kenya</b>					
Market share	73.0%	43.4%	29.7%	29.6%	43.3%
Executions	98	236	105	-58%	-6%
<b>Nigeria</b>					
Market share	8.6%	13.8%	10.0%	-5.2%	-1.3%
Executions	78	76	46	2%	69%
<b>Frontier</b>					
Market share	N/A	N/A	N/A	N/M	N/M
Executions	233	235	269	-1%	-13%
<b>Structured Products</b>					
Market share	N/A	N/A	N/A	N/M	N/M
Executions	293	3	6	9028%	5127%

\*Market share calculation is based on executions excluding special transactions, and includes UK (GDRs)

\*\*Executions in Qatar, Oman, Jordan, Bahrain, Lebanon, Bonds, ETFs, and others represent an additional 9% of total Brokerage executions in 1Q24

Source: EFG Hermes and Regional Exchanges



### Egypt

The EGX strong performance in 2023 spilled over in the first couple of months in 1Q24, with the Index reaching all-time high, gaining more than 30%; however, these gains were lost post the much-anticipated devaluation of the Egyptian Pound (EGP) which resulted in the EGP losing c.50% of its value. The Hermes Financial Index (HFI) ended the quarter up 2.0%, while turnover rose 34% over the quarter.

Moreover, EFG Hermes inaugurated its 18<sup>th</sup> annual EFG Hermes One-on-One Conference in 1Q24, the world's largest investment forum dedicated to the MENA markets. This year's conference saw over 216 companies in numerous key sectors across 29 countries hold direct meetings with over 670 institutional investors and fund managers representing 250 international institutions.

EFG Hermes continued to dominate the first place on the EGX, with a market share of 31.4% in 1Q24. This was supported by retail investors, who continued to dominate the market, accounting for over 74%, of which EFG Hermes successfully captured around 10.4% of that business. Moreover, foreign participation accounted for 5.8% of the market, of which EFG Hermes seized 40%.



### UAE – Dubai

Investors shrug off geo-political concerns witnessed in 4Q23, with the DFMGI reversing direction in 1Q24, adding 4.6% Q-o-Q, and volumes increasing 9% Q-o-Q.

The Firm continued to hold its 1<sup>st</sup> place on the DFM in 1Q24, with a market share of 50.2%; underpinned by EFG Hermes' strong foreign institutional executions.

Foreign participation came at 30% of the total market in 1Q24, of which EFG Hermes executions accounted for 49%.



### UAE – ADX

ADX had a slow first quarter, with the ADI slipping 3.7% Q-o-Q as index heavyweight stocks declined. Meanwhile, volumes declined 9% Q-o-Q in 1Q24, partially on the back of lower retail activity participation in the more recent IPO listings.

EFG Hermes maintained the 2<sup>nd</sup> place ranking in 1Q24, with a market share of 20.0%. In terms of foreign activity, foreign investors accounted for 24% of the market activity, of which the Firm captured 27% of this flow in 1Q24.





### Saudi Arabia

A very promising start for the year, with the Tadawul All Share Index rising 3.6% Q-o-Q and volumes shooting up 60% Q-o-Q in 1Q24. This was fueled by a remarkable increase across different tiers of clients, including local institutions, GREs and QFIs. It is worth noting that the GREs volume had the strongest increase in 1Q24 reaching SAR36 billion from SAR7 billion in 1Q23.

The QFI volumes reached SAR237 billion, up 60% Q-o-Q and accounting for 20.6% of the market turnover while the swaps accounted for 0.1%. As for the swaps and QFI volumes combined, they reached SAR238 billion accounting for 20.7% of the market's turnover in 1Q24, of which the Firm captured 4.3% of this flow during the quarter.

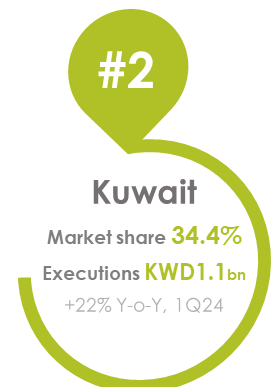
EFG Hermes executions increased 54% Q-o-Q in 1Q24, supported by a strong improvement in local funds flow executions, which the Firm manage to increase by 89% Q-o-Q. Accordingly, EFG Hermes market share came at 5.7%, with a 12<sup>th</sup> place ranking in 1Q24.



### Kuwait

With optimism on political stability and the progression of the appointed new government on different fronts, the Kuwaiti market reacted positively in 1Q24, with the market premier index adding 7.5% Q-o-Q and volumes spiraling up 23% Q-o-Q.

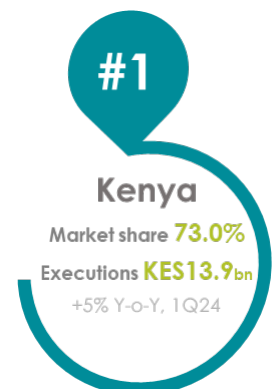
EFG Hermes IFA held the second place ranking with a market share of 34.4% in 1Q24. This was supported by foreign investors ending the quarter as net buyers, while local and GCC investors were net sellers. Foreign participation accounted for 10% of the total market in 1Q24, of which EFG Hermes captured 53% of this flow.



### Kenya

A positive start for the Kenyan market, supported by some macro news including the local currency appreciation against the USD, decline in local bond yields which channeled more liquidity into the equity market, and significant gains in large cap stocks. Accordingly, the NASI gained 22.8% Q-o-Q and volumes rose 62% Q-o-Q.

EFG Hermes jumped to 1<sup>st</sup> place in 1Q24 with a market share of 73.0%. As for foreign market share, foreign activity accounted for 58% of the market in 1Q24, of which EFG Hermes captured 59% of that flow.





## Nigeria

A very robust quarter for the Nigerian market with the index reaching all-time high to close 1Q24 up 39.8% Q-o-Q, and volumes climbing 79% Q-o-Q. Local investors dominated the market, with some positive news as the Naira made some recovery in the parallel market after hitting new highs, this together with the clearance of some of the fx backlog.

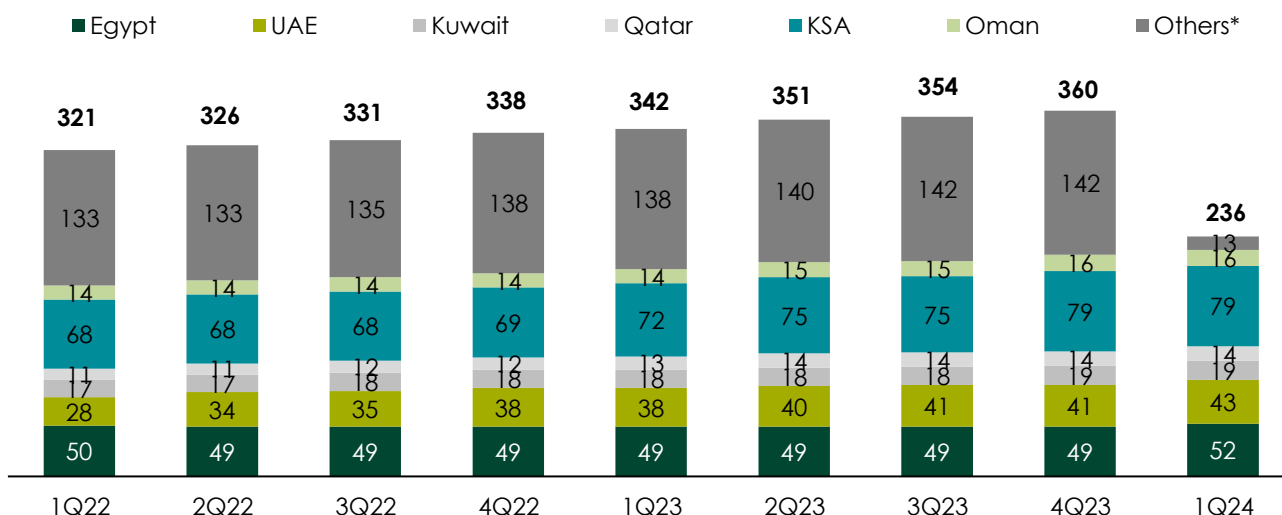
After a quiet start to the year, foreign participation improved and by mid-February our trade volumes improved significantly and that carried on into march. The Firm held 5<sup>th</sup> place ranking with a market share of 8.6% in 1Q24. Foreign activity accounted for 14% of the market in 1Q24 of which the Firm captured 30% of that flow.



ii. Research

Research Coverage Universe

Number of Companies



\*Others company breakdown: Jordan 6, Morocco 5, Bahrain 1, Other 1.

This quarter also witnessed our successful 18th Annual One on One conference, which we held in Dubai from 4 to 7 March 2024, welcoming more than 216 companies in several sectors across 29 countries. Under the theme "Exploring the Depth of FEM", the conference saw over 670 institutional investors meet with fund managers representing 250 international institutions.

During 1Q24, we have kept pace with monitoring and following up on regional developments, having issued five relevant insightful sector reports on: i) MENA gas and oil; ii) UAE telecoms; iii) Egypt pharmaceuticals; iv) MENA petrochemicals; and v) Saudi cement. In terms of new coverage, we published two initiations in 1Q24: Dubai Taxi (UAE); and Burjeel Holdings (UAE).

Additionally, during the quarter, we announced and completed the restructuring plan for the department, having officially closed our operations in Frontier markets, with the trading team continuing to offer execution services in Frontier markets, in line with client requirements. Our Research team coverage currently stands at 236 stocks across nine countries and 11 markets.

1Q24 also witnessed a plethora of IPOs, with Parkin, being the first IPO in the UAE, together with other IPO reports issued during the quarter, which included: Spinney's, UAE's premium supermarket chain; Miahona, KSA's leading water infrastructure developer; and Fakeeh, KSA's premium healthcare operator.

Our KSA Quant Portfolio (+22.9%) has outperformed the Saudi broad market index TASI (+5.3%) by 17.6%. And, in terms of awards, for the second year in a row, EFG Hermes has been named "Research House of the Year" by the Saudi Capital Market Awards.





### iii. Investment Banking

In 1Q24, EFG Hermes' Investment Banking division successfully concluded three equity transactions, two M&A transactions, and two debt transactions, totaling to an aggregate value of USD658 million.

EFG Hermes has delivered a robust start to the year on the equity front by successfully concluding the advisory on one Initial Public Offering (IPO) and two Accelerated Bookbuilds. The firm acted as Joint Bookrunner on the USD429 million IPO of Parkin, the largest provider of paid parking facilities and services in Dubai, on the Dubai Financial Market (DFM). The IPO has set an oversubscription record on the DFM, being oversubscribed approximately 165 times, with EFG Hermes alone covering the book more than 44 times. Building on its strong execution capabilities and longstanding relationships with recurring blue-chip clients, the Firm successfully advised on the Accelerated Bookbuilds of Salik and Taaleem Holding, worth USD30 million and USD67 million, respectively. Additionally, the team concluded the demerger of Al Arafa for Investment and Consultancies into Concrete Fashion Group and Industrial Investments and Gtex for Commercial and Industrial Investments, further showcasing EFG Hermes' ability to maximize value for its local and regional clients.

In alignment with the Firm's strategic objectives of bolstering its footprint in Saudi Arabia, the investment banking division successfully concluded two prominent M&A deals in the Kingdom. The team successfully advised the MENA-based discount retailer Kazyon on the acquisition of a 50% stake in Dukan, the sole discount retailer in Saudi Arabia, in a deal worth USD77 million. The division also advised Cenomi Retail, Saudi Arabia's leading franchise retailer, on the sale of a curated portfolio of brands to Abdullah Al-Othaim Fashion Company in a deal worth USD25 million.

On the debt front, the division continued to build on its strong momentum, successfully closing the 8th securitized bond issuance for Valu, worth USD19 million, demonstrating the Firm's ability to leverage the division to serve the Group's subsidiaries in raising capital in the Egyptian Debt Capital Market. Additionally, the team completed a securitization issuance for TMG, which included a floor and ceiling structure introduced to the market for the first time, showcasing the division's ability to provide innovative solutions to fortify its clients' financial stability and support their ambitious expansion strategies.

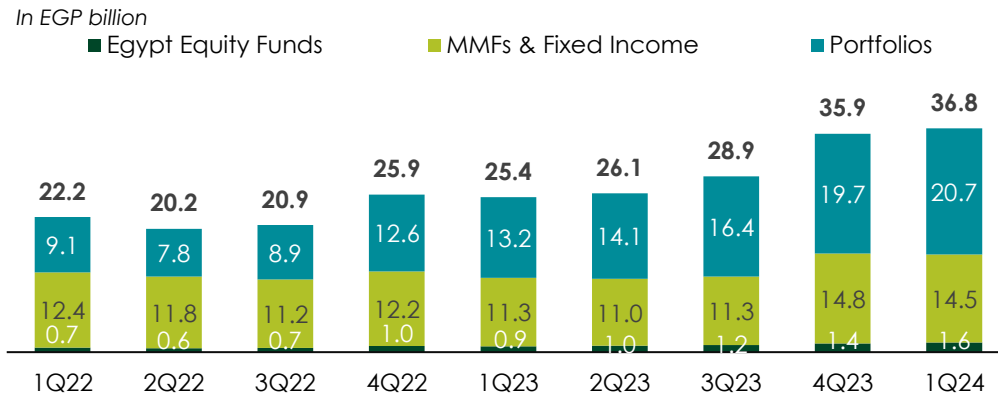
The division's solid performance in 1Q24 serves as a base for a strong upcoming year with anticipated success across the ECM, M&A and debt fronts. With a robust pipeline of deals in Egypt and the region and increasing investor appetite, the division anticipates to continue to sustain the positive momentum throughout the year.





iv. Asset Management

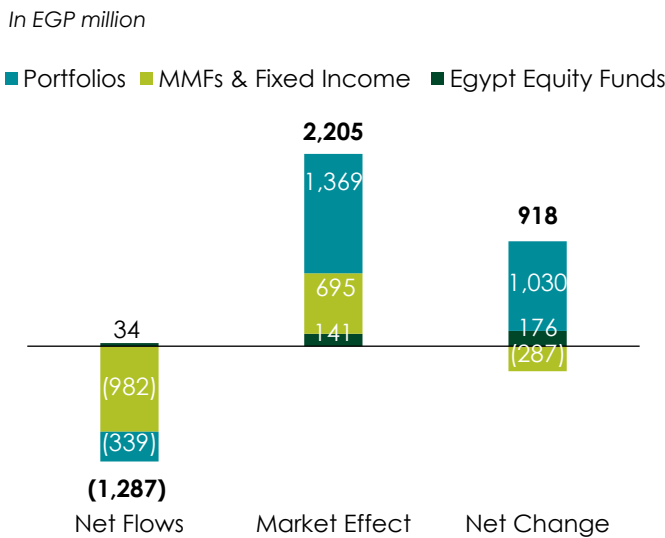
Egypt Assets under Management Evolution



Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AuMs rose 2.6% Q-o-Q to stand at EGP36.8 billion at the end of 1Q24. Markets appreciation added 6.2% during 1Q24, while net outflows withdrew 3.6% of AuMs. During the quarter all asset classes appreciated, including equity and fixed income across funds and portfolios. While net outflows was seen predominately across MMFs & FI and Equity portfolios.

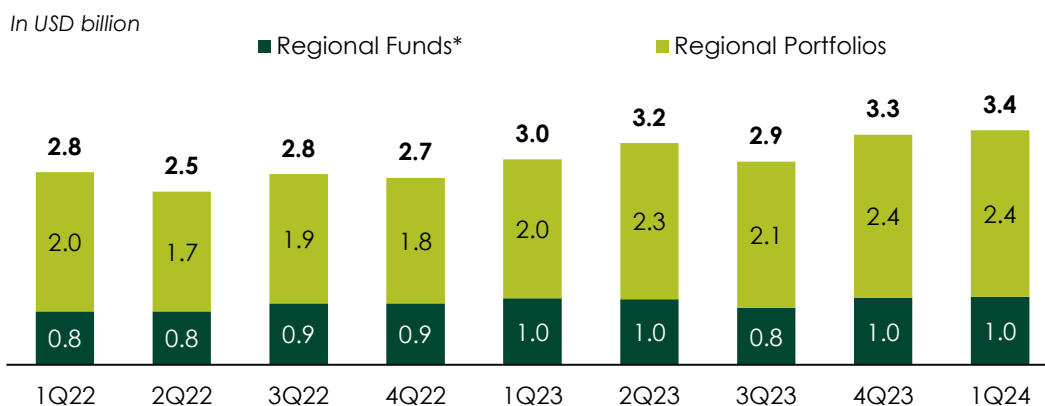
Quarterly Change in Egypt Mandates



Source: EFG Hermes Asset Management



### Regional Assets under Management “FIM” Evolution



\*Includes Equity, Fixed Income, SPAC and Real Estate funds

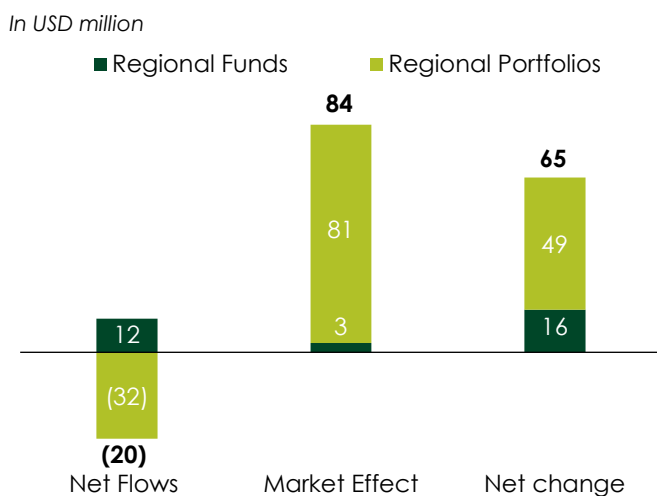
Source: FIM

A positive kick-off for the year, with EFG Hermes Regional Asset Management (FIM) AUMs adding 1.9% Q-o-Q to close 1Q24 at USD3.4 billion, as the firm continued to receive strong support from its deep institutional client base and onboarded one new account into its public equity strategy.

On the real estate side, the Oman REIT, listed on the Muscat Stock Exchange and managed by FIM Partners, has successfully closed its first transaction of the year 2024. The transaction consists of an acquisition of a logistics park, fully tenanted to renowned tenants, located in Rusayl Industrial area, Oman.

FIM was named the “Best Asset Manager in the UAE” by EMEA Finance Middle East Banking Awards 2023. In addition, the firm’s MENA Fixed Income Fund Strategy has won the 2024 Bonds, Loans & Sukuk Middle East Award for Best Mena fixed Income Fund Strategy (1 Year) from GFC Media Group.

### Quarterly Change in Regional Mandates



Source: FIM



### Funds' Performance

FIM MENA Horizon Fund ended the quarter with a NAV/ share of USD553.84 at the end of 1Q24 versus a NAV/share of USD521.63 in 4Q23. The Fund gained 6.2% during the quarter versus the S&P Pan Arab Composite Index, which gained 2.1% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV/ share of USD1,400.83 at the end of 1Q24 versus a NAV/share of USD1,275.75 in 4Q23. The Fund gained 9.8% over the quarter versus the MSCI FEM Index, which gained 5.0% over the same period.

FIM Saudi Long Term Opportunities Fund ended the quarter at a NAV/ share of USD2,329.14 at the end of 1Q24 versus a NAV/share of USD2,220.23 at the end of 4Q23. The Fund gained 4.9% during the quarter versus the TASI Index which gained 3.6% over the same period.

FIM MENA Credit Fund ended the quarter at a NAV/ share of USD1,234.28 at the end of 1Q24 versus a NAV/share of USD1,235.05 in 4Q23. The Fund lost 0.1% during the quarter versus the JPM MECIGCC, which was also 0.1% over the same period.

FIM Global Sukuk Fund ended the quarter at a NAV/ share of USD1,158.41 at the end of 1Q24 versus a NAV/share of USD1,159.91 in 4Q23. The Fund lost 0.1% during the quarter versus the Markit iBoxx Sukuk which gained 0.6% over the same period.

FIM GEM Debt Fund ended the quarter at a NAV/ share of USD1,050.49 at the end of 1Q24 versus a NAV/share of USD1,034.26 in 4Q23. The Fund gained 1.6% during the quarter versus a similar gain of 1.0% for its benchmark (75% JPM EMBIGD index & 25% JPM GBIEM Global Diversified) over the same period.

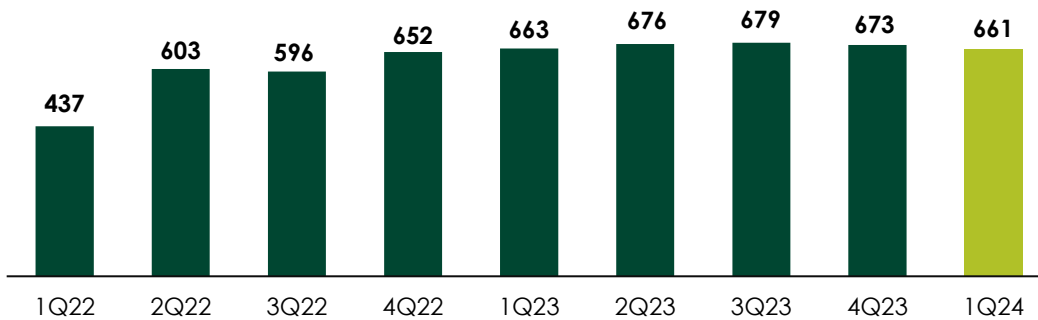




## v. Private Equity

### Assets under Management Evolution

In USD million



### Energy

Vortex Energy IV, a global renewable energy platform managed by the private equity arm of EFG Hermes, currently manages two companies, Ignis Energy and EO Charging and spans across two verticals within the Energy Transition sector, in renewable energy and e-mobility, respectively.

### Education

The Fund's education platform (EEP) now encompasses around 25 assets including K-12 schools, pre-schools, education content development business and a transportation business to serve the platform's transportation needs. The platform's total capacity is now reaching c.23k students with over 12k enrolled students across its different assets.

### Healthcare:

UpH Revenues were up by c.22% in 1Q24 vs. comparable 1Q23. UpH has continued to be the number 1 supplier to the market for life-saving IV solutions in 1Q24 and acting as the main player stabilizing the hospital pharmaceuticals supply market in Egypt. UpH increased its total sales of LVP and SVP products, despite substantial raw material shortages in the market that persisted through the first quarter of 2024 prior to devaluation towards the end of 1Q24. UpH continues to focus on its strategic repricing of key products in its LVP product mix, supporting mitigation of rising FX rates and inflation impacting the overall cost structure of the sector. UpH continues to focus on the development of its products portfolio, with new products currently in its R&D pipeline planned for launches between 2024 and 2025.

In parallel to the ongoing value creation process within UpH, EFG's healthcare PE platform is engaged at different stages on a number of highly promising opportunities in different generic pharma segments in the GCC and broader MENA, with an aim to close 1 to 2 new transactions in the regional pharma space within 2024.





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## The NBFIs



## Financial Overview

### Performance Overview

in EGP million	NBFIs Performance Summary				
	1Q24	4Q23	1Q23*	Q-o-Q	Y-o-Y
Micro-Finance (Tanmeyah)	415	357	351	16%	18%
Fatura	10	9	7	17%	41%
Consumer Finance (valu)	385	379	254	1%	52%
Leasing	242	180	44	35%	455%
Factoring	44	37	31	20%	43%
Finance Holding**	(11)	42	2	N/M	N/M
<b>Net Operating Revenue</b>	<b>1,086</b>	<b>1,003</b>	<b>689</b>	<b>8%</b>	<b>58%</b>
Employees Expenses	293	328	239	-11%	23%
Other Operating Expenses***	514	370	340	39%	51%
<b>Operating Expenses</b>	<b>807</b>	<b>698</b>	<b>578</b>	<b>16%</b>	<b>40%</b>
<b>Net Operating Profit</b>	<b>279</b>	<b>305</b>	<b>111</b>	<b>-9%</b>	<b>152%</b>
<b>Net Profit (Loss) Before Tax</b>	<b>244</b>	<b>293</b>	<b>87</b>	<b>-17%</b>	<b>180%</b>
<b>Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>142</b>	<b>226</b>	<b>37</b>	<b>-37%</b>	<b>280%</b>

\*1Q23 net profit is restated as a result of the Purchase Price Allocation (PPA) study of Fatura

\*\*Losses on Finance Holding were attributed to fx losses from intercompany balances, thus Holding recorded fx-gains

\*\*\*Includes Other G&A and Provisions & ECL

### 1Q24

EFG Finance platform's revenues rose 58% Y-o-Y to EGP1.1 billion, with all the platform's lines of business posting Y-o-Y growth, mainly driven by Valu and Leasing.

Valu continued to post Y-o-Y growth in revenues, with its revenue increasing 52% Y-o-Y, mainly driven by higher net interest income as the outstanding portfolio grew Y-o-Y, this in addition to securitization gain of EGP87 million. Leasing revenues rose 455% Y-o-Y, on higher interest income as its portfolio increased Y-o-Y, higher fees & commissions as loans issued almost tripled Y-o-Y, this in addition to fx-gains related to its USD loan portfolio of EGP122 million and EGP36 million of securitization gain.

Tanmeyah had a good start for the year, with its revenues increasing 18% Y-o-Y, despite the decline in fees & commissions on the back of the implementation of the Responsible Lending policy last July. However, this was masked by higher interest income that mirrors the impact of repricing and its growing portfolio.

Operating expenses increased 40% Y-o-Y to EGP807 million; on higher operating expenses particularly provisions and ECL. Employee expenses rose 23% Y-o-Y, on higher salaries including monthly commissions reported by Tanmeyah. Other G&A expenses added 18% Y-o-Y, predominantly on higher operating expenses booked by Valu.

Provisions & ECL increased 116% Y-o-Y, on higher provisions booked by different lines of businesses including Tanmeyah, Leasing, Factoring, in addition to EGP66 million of impairment taken by Finance Holding.

EFG Finance net operating profit rose 152% Y-o-Y as the increase in revenues surpassed the increase in expenses. Despite a 100 % increase in taxes as platform profitability increased, net profits after tax and minority jumped 280% Y-o-Y to EGP142 million, on Leasing and Valu higher profitability.

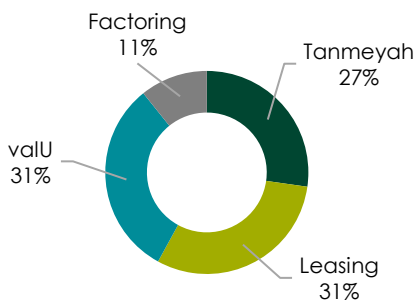


### Balance Sheet highlights

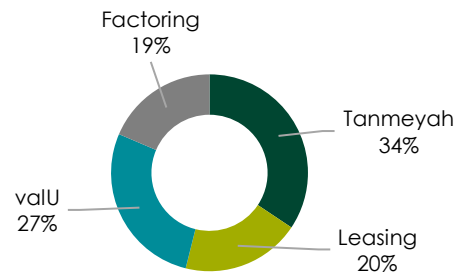
<i>in EGP million</i>	<b>Mar-24</b>	<b>Dec-23</b>	<b>Sep-23</b>	<b>Jun-23</b>	<b>Mar-23</b>	<b>Q-o-Q</b>	<b>Y-o-Y</b>
Portfolio Outstanding*	19,145	18,225	15,124	15,476	15,625	5%	23%
Provision Balance	661	507	492	487	434	30%	52%
Total Tangible Equity	2,303	2,098	1,235	1,874	1,740	10%	32%
Total Equity	3,941	3,757	2,923	3,075	3,013	5%	31%

\*Excludes EGP2,541 million of Leasing securitization, and EGP2,624 million of Valu securitization in 1Q24

#### Portfolio Contribution by LoB



#### Provisions Contribution by LoB





## Operational Overview

### i. Micro-Finance “Tanmeyah”

#### Results at a Glance and Performance Overview

	KPIs				
	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
Number of Active Borrowers	328,933	336,356	361,543	-2%	-9%
Number of Processed App.	121,934	116,048	100,664	5%	21%
Number of Loans Issued	69,011	71,954	68,425	-4%	1%
Portfolio Outstanding (EGP mn)	5,217	4,634	4,236	13%	23%
Total Tanmeyah Staff	4,867	4,782	4,280	2%	14%

Source: Tanmeyah

Tanmeyah had a strong quarter, recording its highest sales performance in a single month during the month of January and during 1Q24 with sales hovering around the EGP2 billion mark (EGP1.9 billion). This was backed by the momentum seen during and ahead of the seasonally high Holy month of Ramadan, together with enhanced performance from loan officers' and the improvement of sales efficiency.

Tanmeyah's portfolio rose 13% Q-o-Q and 23% Y-o-Y, which came as a direct result of the boost in sales during the past couple of quarters.

Tanmeyah's digital transformation plan is on track with close to 100% digital cash collection and on track for full digital disbursement before the end of 1H24. Live proofing of the Tanmeyah mobile application is underway and is expected to go live to all customers very soon. In addition, Tanmeyah introduced its insurance product in late 4Q23, and managed to add EGP16 million in revenues in 1Q24.

Tanmeyah's average ticket size increased 49% Y-o-Y; the significant increase is mainly driven by Tanmeyah's restructuring of its MEL product buckets, which was implemented in 3Q22, together with the inflation impact on the ticket size. As part of the restructuring, the minimum limit for MEL was raised from EGP 7,000 to EGP 10,000. Moreover, in July 2023, the MEL limit was further increased to EGP75,000, up from the previous limit of EGP50,000.

#### Portfolio Quality & Provisions

Despite the surge in sales and the portfolio growth, our risk ratios are being maintained within acceptable limits as PAR 30+ is being maintained with the same average, with PAR30+ at 2.4% by the end of 1Q24.

Provisions expense came at EGP60 million to mirror the growth in sales and the macro-economic outlook. Accordingly, provisions coverage improved to 4.4% in 1Q24 from 4.1% by the end of 4Q23.

## ii. BNPL “valu”

## Results at a Glance and Performance Overview

	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y	BTD
valu App Customers <sup>(1)</sup>	1,577	1,528	1,045	3%	51%	1,577
Limits Activated Value (EGP mn)	1,749	1,944	1,409	-10%	24%	20,344
Total Loans Issued (EGP mn)	2,613	2,904	1,765	-10%	48%	20,536
Outstanding Portfolio <sup>(2)</sup> (EGP mn)	8,609	8,309	5,545	4%	55%	8,609
Number of Transactions <sup>(1)</sup>	650	604	356	8%	83%	4,341
Portfolio Tenor (In months)	14	14	17			
Number of Merchants	6,950	6,568	3,628	6%	92%	6,950

<sup>(1)</sup> Numbers are in “000”

<sup>(2)</sup> Includes securitized portfolio of EGP2,624 mn

Source: valu

Valu issued loans worth EGP2.6 billion in 1Q24, up 48% Y-o-Y and 10% lower than last quarter. The reason for the quarterly decline is a result of the seasonality of 4Q23 (Black Friday in November).

Gross merchandise value (GMV) reached EGP2.8 billion, rising by 51% Y-o-Y and declining by 8% Q-o-Q (due to traditionally high 4Q23) and implying a financing ratio (loans issued/GMV) of 95%, down from 97% in both 4Q23 and 1Q23.

Gross outstanding portfolio (including securitized loans) totaled EGP8.6 billion, up 55% Y-o-Y and 4% Q-o-Q. Valu securitized EGP1.04 billion of its portfolio during 1Q24. Excluding securitized amounts, the gross loan portfolio stood at EGP6.0 billion, of which the principal amount was EGP4.2 billion and interest receivable was EGP1.7 billion.

Valu’s merchant network as of March 2024 reached 6,950 merchants almost doubling Y-o-Y (+92%) and increasing 6% Q-o-Q. Top merchants include Amazon, Noon and Carrefour.

Total app downloads reached 1.6 million downloads, of which 36% were active accounts, inching up from 34% last quarter.

## Geographical Presence

1Q24	4Q23	3Q23	2Q23	1Q23
Greater Cairo	Greater Cairo	Greater Cairo	Greater Cairo	Greater Cairo
Alexandria	Alexandria	Alexandria	Alexandria	Alexandria
Gharbia	Gharbia	Gharbia	Gharbia	Hurghada
Dakahlia	Dakahlia	Dakahlia	Dakahlia	Tanta
Sharkia	Matruh	Matruh	Matruh	Mansoura
Asyut	Red Sea	Red Sea	Red Sea	Qalyubia
Suez	Sharqia	Sharqia	Sharqia	Ismailia
Damietta	Asyut	Asyut	Asyut	Asyut
Red Sea	Qalyubia	Qalyubia	Qalyubia	Sharqia
Ismailya	Beheira	Beheira	Beheira	Matruh
	Damietta	Damietta	Damietta	Faiyum

Source: Valu



### Portfolio Quality & Provisions

The risk indicators remained within an acceptable range, with PAR30+ at 2.6% at the end of 1Q24.

Provisions coverage rose to 2.9% by the end of 1Q24 from 2.4% at the end of 4Q23, as stronger provisions were taken over the quarter that took ECL provisions to stand at EGP182 million by the end of March 2024. Recoveries reached EGP9.1 million from 180+ and EGP1.9 million from the written-off accounts during the quarter.



### iii. Leasing

#### Results at a Glance and Performance Overview

	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
Number of new contracts	7	20	11	-65%	-36%
Total Outstanding Portfolio <sup>(1)</sup> (EGP mn)	7,574	7,236	6,820	5%	11%
On-books Outstanding Portfolio <sup>(1)*</sup> (EGP mn)	5,883	5,486	4,904	7%	20%
NFA for new contracts (EGP mn)	1,277	1,617	796	-21%	60%
Receivables value of new contracts** (EGP mn)	1,825	2,489	1,480	-27%	23%

(1) Includes VC transactions. Excludes Securitized Portfolio principle amount of EGP2,541 million

\* Includes on-balance sheet transactions only

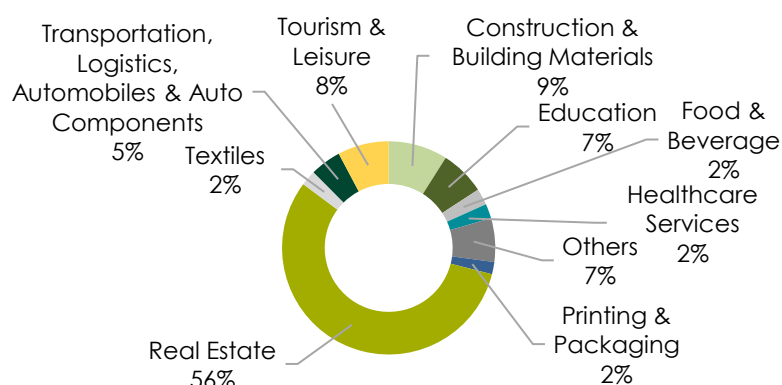
\*\* The receivables value of the new contracts (contract value + future interest payments)

Source: EFG Hermes Leasing

Leasing kicked off the year on strong footing, with issuances reaching EGP1.2 billion in January and February, and with a promising pipeline for the rest of the year. However, in March the CBE issued a new directive that significantly impacted the company's ability to fund its new business. The directive instructed banks to limit financing to a maximum of 5% of their loan book portfolio, either directly or indirectly, to leasing companies. Consequently, this has necessitated a shift in focus towards optimizing the remaining capacity of existing funding agreements. Despite these challenges, the leasing portfolio rose 5% Q-o-Q and 11% Y-o-Y in 1Q24, driven by strong bookings at the onset of the year.

EFG Leasing witnessed a robust performance in 1Q24, with new bookings totaling EGP1.3 billion, marking an impressive Y-o-Y growth of 60%. During 1Q24, the leasing business line was able to book 3 Corporate/ Large Corporate clients and 1 SME client.

#### Portfolio Distribution by Client Industry



Source: EFG Leasing

#### Portfolio Quality & Provisions

Provisions balance increased by EGP47 million in 1Q24 to take provisions balance at EGP129 million.

Adjusted PARs, that account for the assets backing up the leasing transactions, remain within acceptable levels.



### iv. Factoring

#### Results at a Glance and Performance Overview

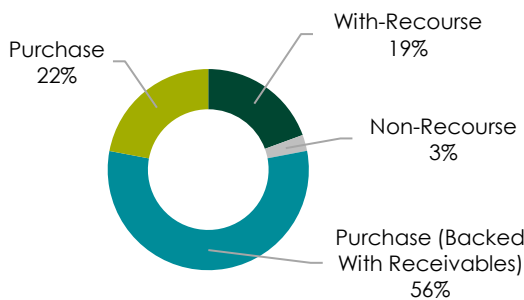
	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
Number of Existing Clients	70	76	101	-8%	-31%
Total Outstanding Portfolio (EGP mn)	2,060	2,401	2,297	-14%	-10%
Average Portfolio Tenor (days)	238	231	230		
Average Ticket Size (EGP mn)	7.4	8.5	7.3	-13%	1%
Net Financed Amount (EGP mn)	450	1,255	1,580	-64%	-71%

Source: EFG Hermes Factoring

The Factoring portfolio declined 14% Q-o-Q and 10% Y-o-Y; mainly on the back of settlements in the medical and real estate sector worth EGP414 million together with lower NFAs.

During the quarter, EFG Factoring approved one new client and expanded its net credit facilities with existing clients by EGP50 million.

#### Portfolio Analysis



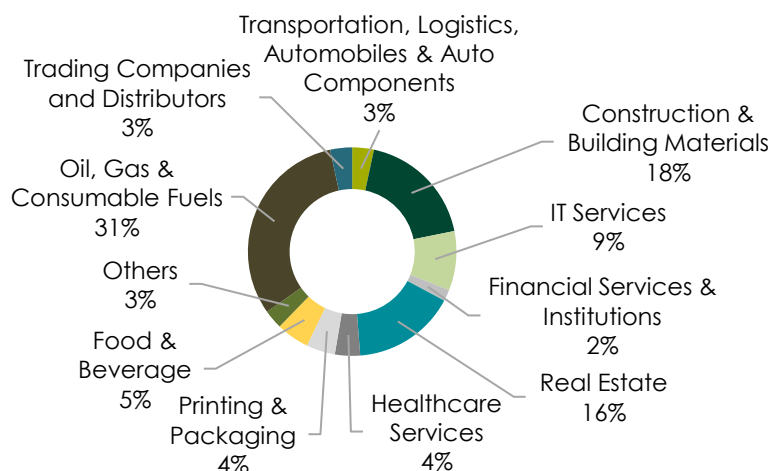
Source: EFG Factoring

As of 1Q24, the Factoring portfolio is predominantly represented by Purchase Factoring (Backed with Receivables), comprising 56%, leveraging diversification benefits from real estate retail clients as secondary repayment sources, along with securing secondary cashflows on pre-shipment transactions. Purchase Factoring, accounted for 22%, as this product is extended to a certain criterion of clientele, given its flexible and enticing terms for financing. Receivables Factoring with Recourse constitutes 19%, where this is the most basic means of financing. This product does not have the lion's share of the portfolio as clients are currently in need of more intuitive forms of debt procurement given the challenging economic landscape. Finally, Receivables Non-Recourse represents a humble 3%, where it is currently extended towards well-known entities within the IT Services and Healthcare Services sector, given the product's unsecure nature.





### Portfolio Breakdown by Industry



Source: EFG Factoring

In terms of industry contribution, Oil, Gas & Consumable Fuels led with 31% of the portfolio, as this strategic sector is vital for foreign currency procurement, where entities within this segment incur operational expenses in EGP and enjoy proceeds in USD. Construction & Building Materials came second with 18%, lending contracting companies that serve one of the major real estate firms in the private sector to ensure timely repayments amidst a positive industry outlook. Real Estate ranked third with 16%, financing entities with promising projects, strong financial performance, and a healthy portfolio of receivables.

### Portfolio Quality & Provisions

Factoring provisions increased by EGP34 million in 1Q24, with provisions balance standing at EGP123 million by the end of 1Q24. Given the above, provision coverage accordingly increased to 5.1% in 1Q24 from 3.7% in 4Q23.





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# The Commercial Bank



## Financial Overview

### I. Performance Overview (P&L)

in EGP million	aiBANK Performance Summary				
	1Q24	4Q23	1Q23	Q-o-Q	Y-o-Y
Net Interest Income	890	737	534	21%	67%
Net Fees and Commissions	253	309	210	-18%	21%
Other Revenues	126	57	-16	121%	N/M
<b>Total Net Revenues</b>	<b>1,269</b>	<b>1,103</b>	<b>727</b>	<b>15%</b>	<b>75%</b>
Employees Expenses	206	252	161	-18%	28%
Other General & Administrative*	317	273	268	16%	18%
<b>Operating Expenses</b>	<b>523</b>	<b>525</b>	<b>429</b>	<b>0%</b>	<b>22%</b>
<b>Net Operating Profit (Loss)</b>	<b>746</b>	<b>578</b>	<b>298</b>	<b>29%</b>	<b>150%</b>
Other Expenses	44	89	29	-50%	52%
<b>Net Profit (Loss) Before Tax</b>	<b>702</b>	<b>490</b>	<b>269</b>	<b>43%</b>	<b>161%</b>
<b>Net Profit (Loss) After Tax</b>	<b>475</b>	<b>360</b>	<b>174</b>	<b>32%</b>	<b>173%</b>
<b>Net Profit (Loss) After Tax and Minority</b>	<b>244</b>	<b>190</b>	<b>90</b>	<b>29%</b>	<b>170%</b>
<b>Profitability Indicators</b>					
Net Interest Margin	6.3%	5.4%	4.4%		
ROAE	23.6%	21.8%	13.1%		
ROAA	2.7%	2.2%	1.2%		
Cost/Income	31.2%	30.0%	45.3%		

\* Includes Other G&A, and Provisions & ECL  
Source: EFG Hermes management accounts

**Net interest income:** Increased 21% Q-o-Q derived mainly by growth in interest earning assets accompanied by enhanced interest margins due to the hikes in corridor rates by 800 bps, as follows:

- ≡ **Interest income:** increased by EGP196 million (9%), out of which EGP133 million is related to increase in investments, mainly generated from T-bills which increased by EGP117 million due to the increase in volumes and higher yields. In addition to an increase of EGP13 million in corporate bonds reflecting higher yields for the existing portfolio. Moreover, interest income on loans increased by EGP48 million reflecting higher interest rates, in addition to the increase in balance.
- ≡ **Interest expense:** increased by EGP43 million (3%), due to an increase in customer deposits' interest expense by EGP41 million (3%) driven by the increase in interest rates as a result of repricing of some deposit products after the change in corridor rate. In addition to the introduction of a new competitive saving account. Moreover, due to banks interest expense increased by EGP3 million (6%).

On Y-o-Y basis, net interest income added 67%, triggered by enhanced interest margins due to the change in corridor rates by 900 bps, in addition to growth in interest earning assets.

- ≡ **Interest Income:** rose by EGP715 million (42%), primarily driven by a total increase of EGP334 million in investments, out of which EGP296 million is generated from the T-bills portfolio, reflecting higher volumes along with the aforementioned interest rate hikes. The previous increase in investment was partially offset by a decline of EGP41 million in government bonds, due to reinvestments of matured Bonds into new higher yield bills.



Additionally, Loans' interest income increased by EGP264 million (32%), reflecting growth in loan balance and interest rates hikes. This increase was mainly in retail loans to take advantage of current high rates and lock them in for longer durations. Additionally, due from banks saw an increase of EGP116 million (42%) in line with the increase in volumes & rates.

- ≡ **Interest Expense** increased by EGP358 million (31%), mainly to reflect the increase in deposits balance by EGP11.5 billion (25%) to reflect the introduction of new TDs and saving account with competitive rates for aiBANK clients. Moreover, interest rates increased as a result of the re-pricing of some deposit products due to the changes in the corridor rate.

**NIMs:** NIMs rose to 6.3% in 1Q24 up from 5.4% in 4Q23, due to higher asset yields which was partially offset by increase in the cost of deposits. Additionally, NIMs showed a significant improvement rising by 1.9% from 1Q23, indicating higher asset yields due to interest rate hikes.

**Net fees and commission income:** declined 18% Q-o-Q, primarily due to the decline in trade finance fees & commission on highest debit balance, as average overdraft & short-term loans balances declined. However, net fees & commissions income increased 21% Y-o-Y, driven by the increase in trade finance transactions, cards commissions and commissions on credit facilities on the back of the increase in retail loans. This came despite lower CDs & TDs redemption fees, which normalized during 1Q24 compared to higher than usual redemption fees in 1Q23.

**Other Revenues:** surged to EGP126 million, up 121% Q-o-Q in 1Q24; driven by EGP64 million of revaluation gain, in addition to EGP40 million of FX trading income reflecting aiBank's gain from devaluation.

**Employee expenses:** decreased 18% Q-o-Q in 1Q24, mainly due to the decline in sales team performance incentives and lower training expenses. Meanwhile, employee expenses increased 28% Y-o-Y in 1Q24, on the back of salaries increase, which was driven by the increase in new hires as well as annual increases in employee pay to mitigate inflationary pressures in Egypt.

**General and Administrative expenses:** Increased 213% Q-o-Q in 1Q24 reflecting the increase in technology and Marketing & PR expenses; as the final quarter of 2023 included the reversal of some accrued operating expenses. The previous increase was partially offset by a significant decline of 40% in consulting & professional fees. Meanwhile, G&A expenses increased 11% Y-o-Y, much lower than inflation rates in Egypt.

**ECL & Provisions:** Came at EGP151 million in 1Q24 compared to EGP 220 million in 4Q23, as the previous quarter included higher provisions to address weaker macro-economic indicators. These indicators included rating agencies' downgrade to Egypt, that warrants higher provisions, in addition to extra provisions required for the rescheduling of clients' outstanding amounts.

ECL & provisions rose 27% Y-o-Y in 1Q24, as the management took a more conservative approach to enhance coverage ratio of stage 3 NPLs; in addition to loan portfolio growth and the impact of macro-economic factors which warranted higher provisions.

**Cost/Income ratio:** Increased slightly to 31.2% in 1Q24 from 30.0% in 4Q23. However, declined significantly from 45.3% in 1Q23, as the increase in revenues outweighed the increase in expenses.

## II. Balance Sheet Summary

### Balance Sheet\*

<i>in EGP million</i>	Mar-24	Dec-23	Mar-23	Q-o-Q	Y-o-Y
Cash & Due from Central Bank	2,794	4,241	825	-34%	239%
Due from Banks	14,170	11,526	13,021	23%	9%
Net Loans & Advances	23,151	21,082	20,069	10%	15%
Financial Investments	24,406	21,626	20,761	13%	18%
Other Assets	3,198	3,005	2,796	6%	14%
<b>Total Assets</b>	<b>67,719</b>	<b>61,479</b>	<b>57,471</b>	<b>10%</b>	<b>18%</b>
Due to Banks	791	2,676	4,275	-70%	-81%
Customer Deposits	58,157	50,901	46,624	14%	25%
Other Liabilities	1,896	1,439	1,093	32%	73%
<b>Total Liabilities</b>	<b>60,844</b>	<b>55,015</b>	<b>51,992</b>	<b>11%</b>	<b>17%</b>
<b>Total Shareholders' Equity</b>	<b>6,875</b>	<b>6,464</b>	<b>5,479</b>	<b>6%</b>	<b>25%</b>
<b>Balance Sheet Indicators</b>					
Loans/Deposits	43%	45%	46%		
NPLs	5%	6%	7%		
Coverage Ratio	161%	124%	88%		
Total Capital Adequacy Ratio	17%	19%	16%		

\*Standalone B/S

Source: aiBANK accounts

**Total assets:** Grew 10% Q-o-Q; yet inched down 2% after stripping the impact of the EGP devaluation in 1Q24, with the total asset composition remaining relatively stable to preserve the bank's current asset mix favoring shorter-term maturities to capitalize on the existing high rates. This increase was primarily funded by the rise in deposits, which rose 14% versus 4Q23 mirroring the introduction of new deposit products to attract and retain aiBANK's customers.

The increase in total assets was driven by an increase in due from banks by 23%, Investments by 13% and net loans by 10%. This increase was partially offset by a decline of 34% in cash & due from CBE, which returned to normal levels after the higher than usual balance in 4Q23.

### Loans by Type

<i>in EGP million</i>	Mar-24	Dec-23	Mar-23	Q-o-Q	Y-o-Y
Corporate	14,004	12,157	13,734	15%	2%
Retail	8,476	7,624	5,767	11%	47%
SMEs	2,698	2,982	1,930	-10%	40%
<b>Total</b>	<b>25,178</b>	<b>22,762</b>	<b>21,431</b>	<b>11%</b>	<b>17%</b>

**Gross Loans:** Grew 11% Q-o-Q, driven by an increase in corporate & retail loans. Corporate Loans increased 15% Q-o-Q, driven by higher balances of major existing clients with robust financial positions, in addition to substantial new deals for top market players. While retail loans increased 11% Q-o-Q to reflect aiBANK's emphasis on portfolio diversification and to lock in

existing high interest rates. Conversely, SME loans declined by 10% Q-o-Q, with this attributed to the adverse impact of current macroeconomic conditions on SMEs.

**Gross Loans by currency:** Loans were split 82/18 between local currency and foreign currency, respectively, at the end of 1Q24 compared to 89/11 in 4Q 2023.

**NPL ratio:** NPL ratio recorded 4.8% in 1Q24, an improvement compared to 5.7% recorded in 4Q23, mainly driven by write-offs made during 1Q24 (EGP103 million) beside the usual portfolio growth.

**Coverage Ratio:** Coverage ratio increased to surpass 100% to stand at 161% by the end of 1Q24, reflecting the decline in stage 3 loans.

#### Deposits by Type

<i>in EGP million</i>	Mar-24	Dec-23	Mar-23	Q-o-Q	YTD
Current and Saving Accounts (CASA)	26,561	21,492	17,481	24%	52%
TDs and CDs	30,888	28,671	27,898	8%	11%
Other	710	738	1,245	-4%	-43%
<b>Total</b>	<b>58,158</b>	<b>50,901</b>	<b>46,624</b>	<b>14%</b>	<b>25%</b>

**Customer deposits:** Increased 14% Q-o-Q, primarily due to an increase in CASA following the introduction of a new saving account with competitive rates. This increase demonstrates aiBANK's commitment to attract new cheap funding to control its cost of funding and enhance spreads. Additionally, CDs & TDs witnessed a growth of 8% Q-o-Q to mirror aiBANK's success in retaining its customer base despite facing strong competition following the introduction of new high interest rate term deposits offered by major government-owned banks.

**Deposits by currency:** Deposits were split 67/33 between local currency and foreign currency, respectively, at the end of 1Q24 compared to 77/23 in 4Q23 reflecting the increase in foreign currency deposits.

**CAR Ratio:** CAR declined by 191 bps Q-o-Q, driven by an increase in RWAs due to the devaluation impact.

However, CAR increased 45 bps Y-o-Y as capital base increased by retained net profit, however, this was partially offset by an increase in RWA due to devaluation impact.

#### Branch Productivity and Efficiency ratios

<i>in EGP million</i>	Mar-24	Dec-23	Mar-23	Q-o-Q	YTD
Employees/Branch	36	37	37	-2%	-3%
Gross Loans/Branch (EGP mn)	763	711	714	7%	7%
Deposits/Branch (EGP mn)	1,762	1,591	1,554	11%	13%
Revenue/Employee (EGP mn)	1.07	0.94	0.66	14%	63%



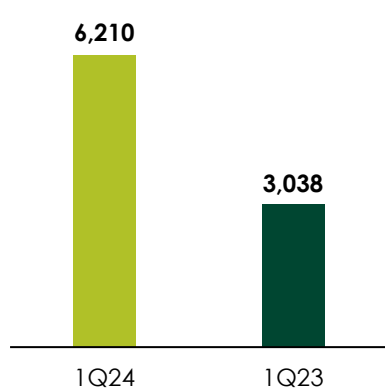
## ANNEX II

### Contribution by Platform

#### Revenues

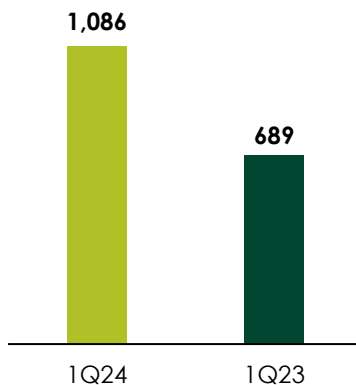
##### EFG Hermes

In EGP million



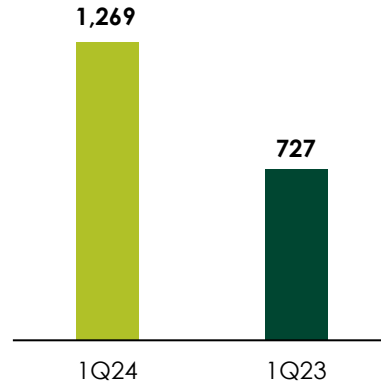
##### EFG Finance

In EGP million



##### aiBANK

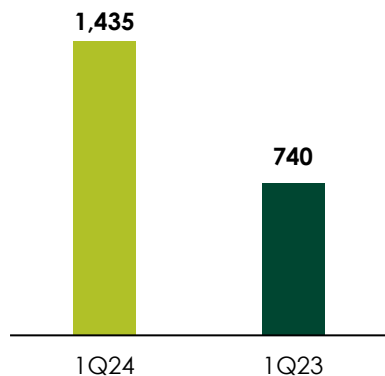
In EGP million



#### Attributable NPAT

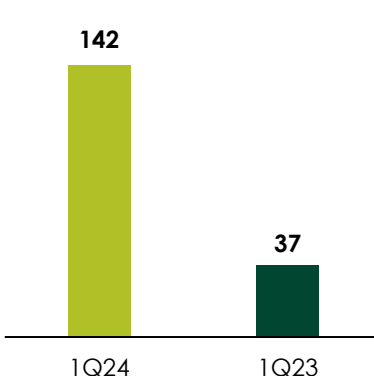
##### EFG Hermes

In EGP million



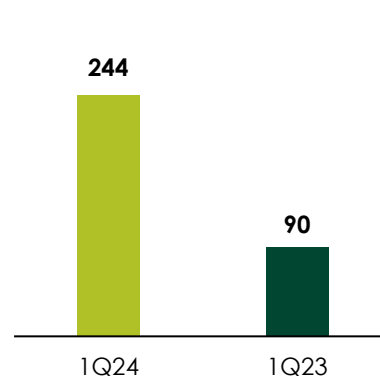
##### EFG Finance

In EGP million



##### aiBANK

In EGP million

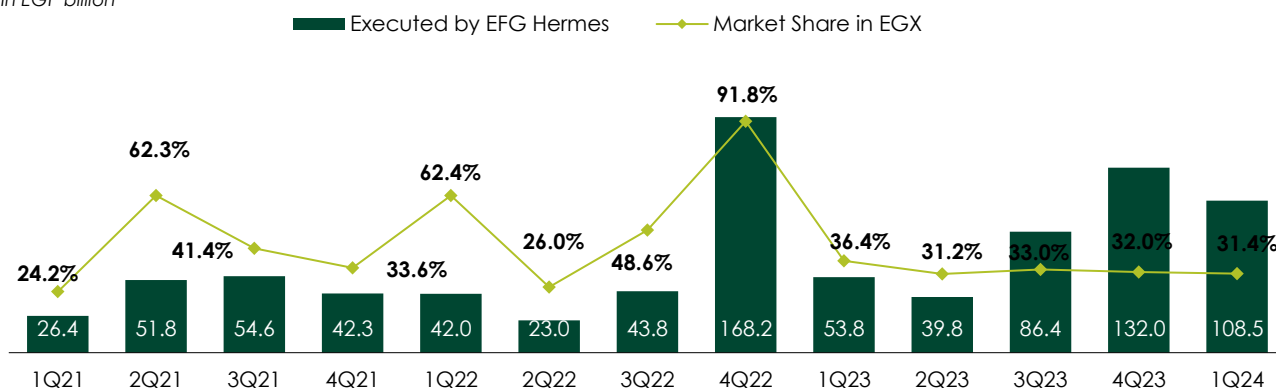


## ANNEX II

### EFG Hermes Executions & Market Shares

#### Egypt\*:

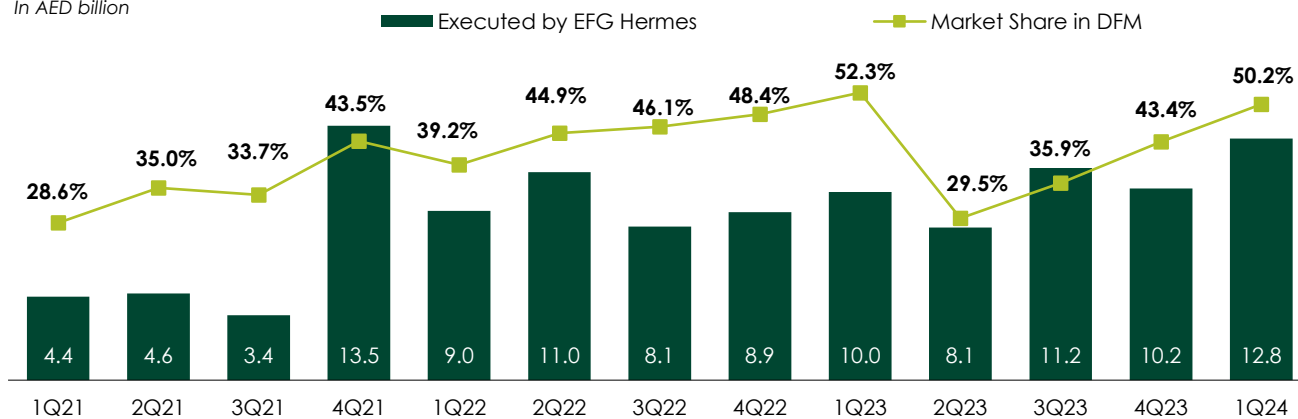
In EGP billion



\*Market share calculation without special transactions

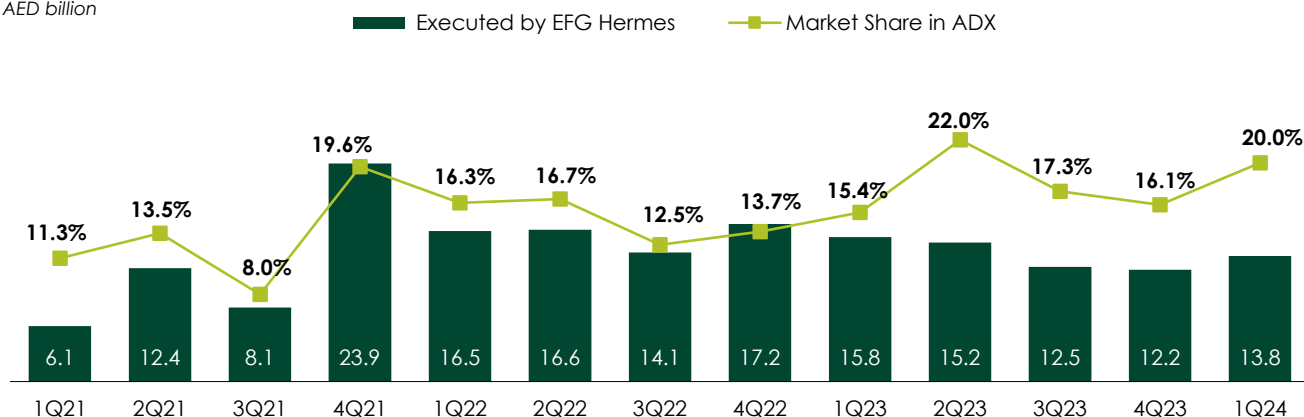
#### UAE- DFM

In AED billion



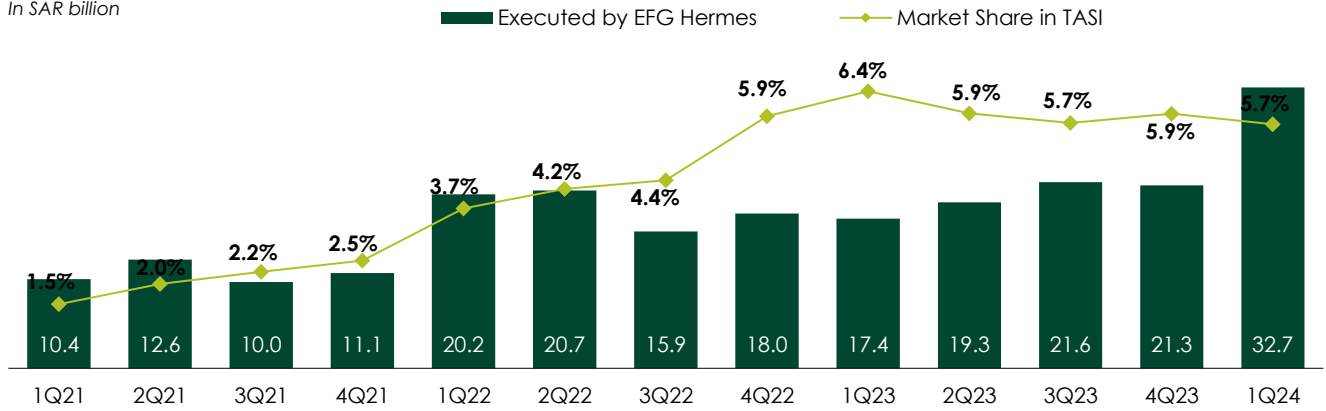
#### UAE – Abu Dhabi

In AED billion



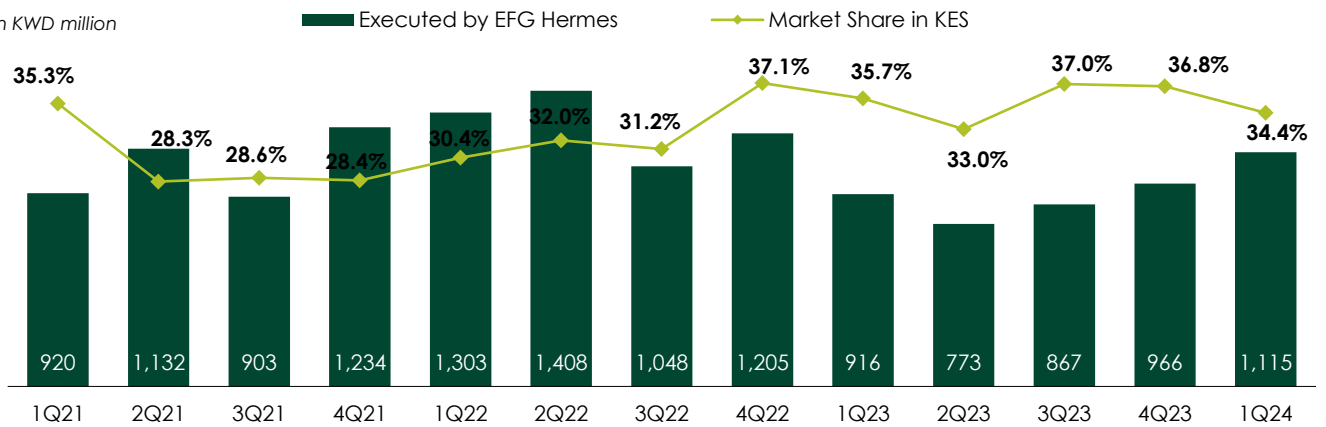
### KSA

In SAR billion



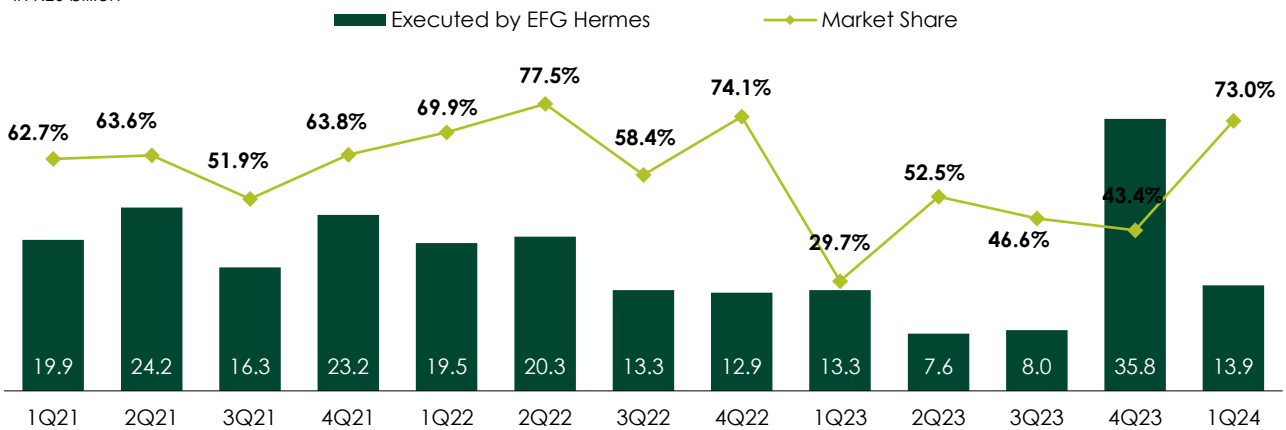
### Kuwait

In KWD million



### Kenya

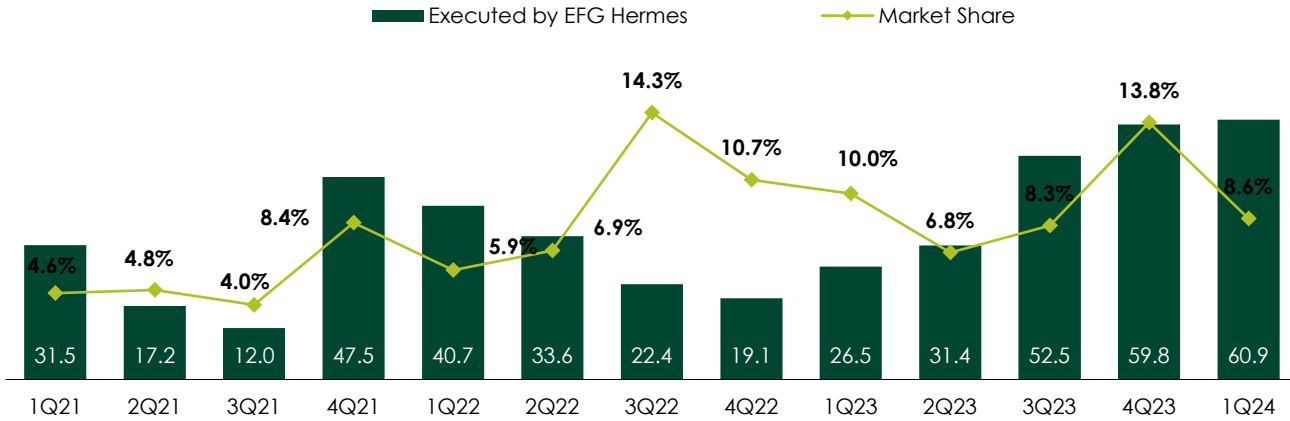
In KES billion





**Nigeria**

In NGN billion





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EFG Holding SAE has its address at Building No. B129, Phase 3, Smart Village – km 28 Cairo Alexandria Desert Road, 6 October, Egypt

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#### Listings & Symbols

[The Egyptian Exchange](#)

Reuters code: HRHO.CA

Bloomberg code: HRHO EY

[London Stock Exchange \(GDRs\)](#)

Reuters code: HRHOq.L

Bloomberg code: EFGD LI

Bloomberg page: EFGH

Reuters pages: .EFGS .HRMS .EFGI .HFISMCAP .HFIDOM

#### EFG Holding (Main Office)

Building No. B129, Phase 3, Smart Village – km 28 Cairo Alexandria Desert Road, 6 October Egypt 12577

Tel +20 2 353 56 499

Fax +20 2 353 70 942

[www.efghldg.com](http://www.efghldg.com)

