

# EFG HERMES EARNINGS RELEASE 3Q2022

INVESTOR RELATIONS

**Cairo, November 16<sup>th</sup>, 2022**

EFG Hermes reports a strong set of results for the third quarter of 2022, with Group earnings of EGP337 million on operating revenues of EGP2.3 billion. The Group's total assets stood at EGP97 billion at the end of September 2022.

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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

## Key Financial Highlights

- ≡ Very strong operational performance reported by all verticals of the Group; lifting the Group revenues up 95% to EGP2.3 billion in 3Q22. These buoyant set of results was underpinned by the consolidation of Arab Investment Bank's "aiBank" revenues of EGP580 million and growth in revenues reported by all lines of business;
- ≡ Group employee expenses and other G&A rose 88% Y-o-Y to EGP1.4 billion in 3Q22, driven by aiBank's operating expenses which was not included in the comparable quarter. This in addition to higher operating expenses reported by the Investment Bank and the NBFIs; and which reflects growth in business operations, inflation and a depreciating EGP;
- ≡ Group provisions & ECL rose to EGP184 million in 3Q22 from EGP15 million, mainly on aiBank's loan book growth (EGP2 billion) and on specific provisions taken by aiBank during the quarter;
- ≡ Group gross operating profit more than doubled, up 106% Y-o-Y to EGP900 million, as the growth in revenues outpaced the increase in expenses;
- ≡ Group net operating profit and Group net profit before tax, each rose 70% Y-o-Y, to EGP716 million and EGP650 million, respectively; mainly on higher provisions and ECL;
- ≡ Group net profit after tax and minority interest slipped 5% Y-o-Y to EGP337 million on higher taxes and higher minority interest, predominately from the Bank;
- ≡ The Investment Bank delivered a solid quarter, with all its lines of business posting growth Y-o-Y to lift its revenues up 60% Y-o-Y to EGP1.1 billion in 3Q22. Meanwhile, the Investment Bank operating expenses rose 76% Y-o-Y to EGP822 million, driven mainly by higher employee expenses, followed by higher other G&A and ECL;
- ≡ The Investment Bank net profit before tax increased 24% Y-o-Y to EGP242 million in 3Q22, while the net profit after tax and minority interest contracted 35% Y-o-Y to EGP149 million, on higher tax charges, deferred taxes and higher minority;
- ≡ The NBFIs platform revenues rose 29% Y-o-Y to EGP664 million in 3Q22, supported by higher revenues generated mainly from Leasing and valU. Operating expenses rose 45% Y-o-Y to EGP451 million, on the consolidation of Fatura's operating expenses of EGP47 million and on higher other G&A expenses, particularly at valU. Net profit after tax and minority interest edged up 2% Y-o-Y to EGP131 million in 3Q22, as the increase in expenses was higher than the increase in revenues;
- ≡ aiBank reported revenues of EGP580 million, inching up 3% Q-o-Q in 3Q22. Moreover, the Bank reported a net profit after tax of EGP113 million (of which EFG Hermes' share is EGP58 million) in 3Q22, down from EGP149 million a quarter earlier, mainly due to a decline in income from associates and other revenues (which includes fx-gains and gains on trading portfolio). Credit growth came strong, with gross loans increasing 11% Q-o-Q to EGP20.7 billion; thus Loans/Deposits ratio moved up to 46% from 44% a quarter earlier.



# Group Overview

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## Income Statement

### I. Performance Overview

	Group Performance Summary							
<i>in EGP million</i>	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
<b>Group Net Operating Revenue</b>	<b>2,334</b>	<b>2,056</b>	<b>1,197</b>	<b>14%</b>	<b>95%</b>	<b>6,332</b>	<b>4,050</b>	<b>56%</b>
<i>Investment Bank</i>	1,090	989	681	10%	60%	2,980	2,598	15%
<i>NBFIs</i>	664	503	516	32%	29%	1,767	1,453	22%
<i>aiBank</i>	580	564	0	3%	N/M	1,584	0	N/M
<b>Group Operating Expenses</b>	<b>1,617</b>	<b>1,380</b>	<b>776</b>	<b>17%</b>	<b>108%</b>	<b>4,192</b>	<b>2,555</b>	<b>64%</b>
<i>Employee Expenses</i>	937	814	522	15%	80%	2,541	1,833	39%
<i>Other Operating Expenses*</i>	681	566	255	20%	167%	1,651	722	129%
<b>Group Net Operating Profit</b>	<b>716</b>	<b>676</b>	<b>421</b>	<b>6%</b>	<b>70%</b>	<b>2,141</b>	<b>1,495</b>	<b>43%</b>
<b>Group Net Operating Margin</b>	<b>31%</b>	<b>33%</b>	<b>35%</b>			<b>34%</b>	<b>37%</b>	
<b>Group Net Profit (Loss) Before Tax</b>	<b>650</b>	<b>623</b>	<b>383</b>	<b>4%</b>	<b>70%</b>	<b>1,950</b>	<b>1,366</b>	<b>43%</b>
<b>Group Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>337</b>	<b>344</b>	<b>356</b>	<b>-2%</b>	<b>-5%</b>	<b>1,026</b>	<b>1,054</b>	<b>-3%</b>
<i>Investment Bank</i>	149	206	228	-28%	-35%	531	838	-37%
<i>NBFIs</i>	131	62	128	111%	2%	290	216	34%
<i>aiBank</i>	58	76	0	-24%	N/M	205	0	N/M

\* Includes Other G&A and Provisions & ECL

Source: EFG Hermes Management Accounts

### 3Q22

Group operating revenues almost doubled Y-o-Y, up 95% to reach EGP2.3 billion; underpinned by the consolidation of Arab Investment Bank's "aiBank" revenues of EGP580 million and the growth in revenues generated by all different verticals of the Group.

Group total operating expenses rose 108% Y-o-Y to EGP1.6 billion in 3Q22, predominately on the consolidation of EGP344 million of aiBank's G&A expenses and provisions, and higher employee and operating expenses across the rest of the Group.

Employee expenses rose 80% Y-o-Y to EGP937 million in 3Q22, on the back of: (i) the consolidation of aiBank's employee expenses; (ii) higher salaries Y-o-Y in the face of rising inflation, together with the impact of a weaker EGP on the translation of non-EGP denominated salaries; and (iii) higher variable portion of the employee expenses in line with higher revenues. Employee expenses/revenues came at 40% in the current quarter, down from 44% in the comparable quarter.

Meanwhile, other G&A expenses rose 108% Y-o-Y to EGP497 million, mainly on the consolidation of aiBank's operating expenses and the Y-o-Y increase in the NBFIs other operating expenses, particularly valU. The Investment Bank's other operating expenses increased with a lower magnitude, and largely mirrors the impact of the USD dominated expenses and inflation across all operations.

Provisions and ECL jumped to EGP184 million, up from EGP15 million a year earlier, mainly on EGP124 million of provisions taken by aiBank. Moreover, the Investment Bank booked EGP37 million during the quarter, while the NBFIs booked EGP23 million for its different businesses, collectively.

Accordingly, the Group net operating profit and Group net profit before tax, each rose 70% Y-o-Y, to EGP716 million and EGP650 million, respectively.

Taxes increased to EGP240 million in 3Q22 from EGP14 million in 3Q21, on taxes booked by aiBank (EGP102 million), in addition to higher taxes booked by the Investment Bank and the NBFs. It is important to note, that the Investment Bank's comparable quarter included deferred tax gains (EGP52 million) on unrealized losses on investments/seed capital, while the current quarter included deferred tax (EGP21 million) on unrealized gains on investments/seed capital, thus widening the magnitude of change in the deferred tax charge.

Consequently, the Group net profit after tax and minority interest slipped 5% Y-o-Y to EGP337 million on higher taxes and higher minority interest, predominately from the Bank.

## 9M22

Group operating revenues rose a buoyant 56% Y-o-Y to reach EGP6.3 billion, driven by the consolidation of aiBank's revenues of EGP1.6 billion and the growth in revenues generated by all lines of business with the exception of Holding & Treasury Activities revenues.

Group total operating expenses added 64% Y-o-Y to reach EGP4.2 billion in 3Q22, mainly on: (i) the consolidation of aiBank operating expenses of EGP874 million; (ii) higher salaries mainly on the Investment Bank side to reflect the EGP devaluation impact (regional offices) and the increase in salaries; and (iii) an increase in the Investment Bank and the NBFs other G&A expenses.

Employee expenses rose 39% to EGP2.5 billion, predominately on the consolidation of aiBank's employee expenses in the current period, followed by higher fixed portion of the employee expenses across the Investment Bank and the NBFs platforms. Meanwhile, the variable portion of the employee expenses for the Group was largely flat, despite 17% Y-o-Y growth in Group revenues (excluding aiBank in the current year). Employee expenses/revenues came at 40% in the current period, down from 45% in the comparative period.

Other G&A rose 96% Y-o-Y to EGP1.3 billion, on the consolidation of aiBank, higher Investment Bank and NBFs expenses to reflect inflation, weaker EGP, and the expansion of the NBFs operations, particularly valU.

Provisions and ECL reached EGP363 million, up 476% Y-o-Y, predominately on the back of the provisions booked by aiBank.

Group gross operating profits rose 61% Y-o-Y to EGP2.5 billion, while Group net operating profit came at EGP2.1 billion, up 43% Y-o-Y, dented by provisions & ECL which rose 476% Y-o-Y to EGP363 million, and that is largely related to aiBank.

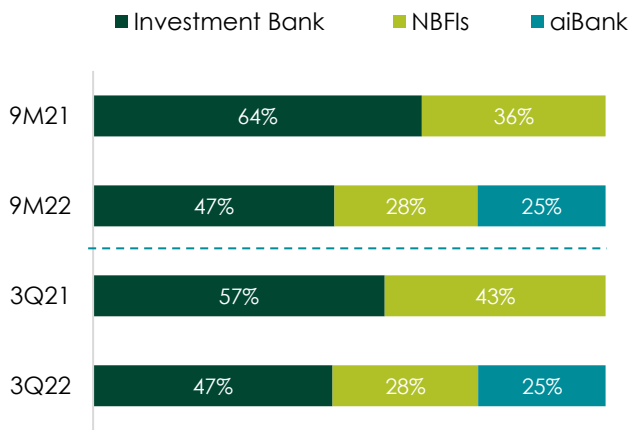
Group net profits before tax reached EGP2.0 billion, up 43% Y-o-Y; filtering into Group net profit after tax and minority interest of EGP1.0 billion, which came broadly flat Y-o-Y, inching down 3%, mainly on minority interest from aiBank, and higher taxes. aiBank's taxes reached EGP245 million in 9M22, while its minority interest came at EGP197 million versus null in the comparable period, as the Bank's acquisition was completed in November 2021.



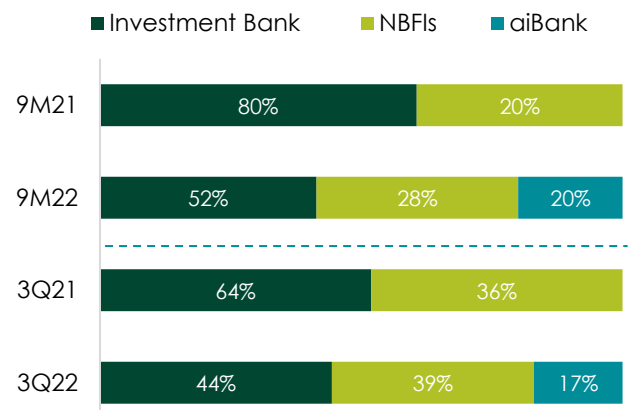


Contribution by Platform

Revenues



NPAT\*



\*Net Profit After Tax and Minority Interest





# Investment Bank

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## Financial Overview

### I. Performance Overview

in EGP million	Investment Bank Performance Summary							
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
Investment Banking	209	293	107	-29%	96%	566	310	83%
Brokerage	388	410	313	-5%	24%	1,229	922	33%
<b>Sell-Side</b>	<b>597</b>	<b>704</b>	<b>420</b>	<b>-15%</b>	<b>42%</b>	<b>1,795</b>	<b>1,232</b>	<b>46%</b>
Asset Management	97	120	70	-19%	40%	308	265	16%
Private Equity	33	28	29	17%	12%	83	76	10%
<b>Buy-Side</b>	<b>130</b>	<b>148</b>	<b>99</b>	<b>-12%</b>	<b>31%</b>	<b>391</b>	<b>341</b>	<b>15%</b>
<b>Holding &amp; Treasury Activities</b>	<b>363</b>	<b>137</b>	<b>162</b>	<b>164%</b>	<b>124%</b>	<b>794</b>	<b>1,025</b>	<b>-22%</b>
<b>Total Net Operating Revenue</b>	<b>1,090</b>	<b>989</b>	<b>681</b>	<b>10%</b>	<b>60%</b>	<b>2,980</b>	<b>2,598</b>	<b>15%</b>
Employee Expenses	598	476	325	26%	84%	1,512	1,175	29%
Other Operating Expenses*	224	212	141	6%	59%	566	372	52%
<b>Total Operating Expenses</b>	<b>822</b>	<b>688</b>	<b>466</b>	<b>19%</b>	<b>76%</b>	<b>2,078</b>	<b>1,547</b>	<b>34%</b>
<b>Net Operating Profit</b>	<b>268</b>	<b>301</b>	<b>215</b>	<b>-11%</b>	<b>25%</b>	<b>902</b>	<b>1,051</b>	<b>-14%</b>
<b>Net Profit (Loss) Before Tax</b>	<b>242</b>	<b>278</b>	<b>195</b>	<b>-13%</b>	<b>24%</b>	<b>832</b>	<b>977</b>	<b>-15%</b>
<b>Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>149</b>	<b>206</b>	<b>228</b>	<b>-28%</b>	<b>-35%</b>	<b>531</b>	<b>838</b>	<b>-37%</b>

\*Includes Employee expenses, Other G&A, and Provisions & ECL

#### 3Q22

A strong quarter operationally, with all lines of business posting Y-o-Y growth in revenues. The Investment Bank revenues rose 60% Y-o-Y to EGP1.1 billion, underpinned predominately by the Sell-side and Holding & Treasury Activities revenues growth.

The Sell-side continued its streak of strong performance, with its revenues spiraling up 42% Y-o-Y to EGP597 million, lifted by both the Investment Banking and the Brokerage revenues. Brokerage revenues rose 24% Y-o-Y to EGP388 million, supported mainly by stronger execution in the UAE markets and KSA. Investment Banking revenues almost doubled Y-o-Y, up 96% to EGP209 million, on strong advisory fees.

Buy-side revenue rose 31% Y-o-Y to EGP130 million in 3Q22, mainly on higher Asset Management revenues. Asset Management revenues added 40% Y-o-Y to EGP97 million, on higher management fees recorded by FIM. Private Equity revenues rose 12% Y-o-Y to EGP33 million, on higher management fees.

Holding & Treasury Activities revenues more than doubled Y-o-Y, up 124% Y-o-Y to EGP363 million, on higher fx-gains, lower unrealized losses and despite lower interest income. Fx-gains reached EGP332 million during the quarter up 332% Y-o-Y. Unrealized losses came lower Y-o-Y, as the comparable quarter included EGP250 million of unrealized losses. However, net interest income declined 88% Y-o-Y to EGP37 million, as the team exited all Structured Products position.

Total operating expenses rose 76% Y-o-Y to EGP822 million, driven largely by higher employee expense, followed by higher other G&A and ECL booked during the quarter.

Employee expenses, which represents 73% of total operating expenses, rose 84% Y-o-Y to EGP598 million: (i) on higher variable portion of the employee expenses in line with the increase in revenues; (ii) higher monthly commission on higher Brokerage executions; and (iii) higher salaries, which resulted from Y-o-Y salary increases, in addition to the impact of the USD and USD pegged dominated salaries' translation into our reporting currency, the EGP.



Meanwhile, other G&A added 38% Y-o-Y to EGP187 million, as higher expenses were reported across different categories to mirror the impact of higher fx and inflation. These expenses include IT expenses, occupancy, marketing, third party, etc. Moreover, the quarter included higher travel expenses as travel restrictions were largely removed, and donations to EFG Hermes Foundation.

Provisions & ECL came at EGP37 million, as Brokerage booked EGP30 million related to its margin book, and Private Equity booked EGP7 million related mainly to outstanding ECP III receivables.

The Investment Bank net operating profit and net profit before tax rose 25% Y-o-Y and 24% Y-o-Y to EGP268 million and EGP242 million, respectively; as the increase in total operating expenses outpaced the increase in net operating revenues.

Meanwhile, net profit after tax and minority declined 35% Y-o-Y to EGP149 million, as tax and deferred tax totaled to EGP80 million in 3Q22 versus tax and deferred tax of EGP(38) million in 3Q21, as the comparable quarter included deferred tax gains of EGP52 million on unrealized losses on investments/seed capital, while the current quarter included deferred tax of EGP21 million on unrealized gains on investments/seed capital.

## 9M22

The Investment Bank revenues rose 15% Y-o-Y to EGP3.0 billion, supported predominately by stronger Sell-side performance and despite lower Holding & Treasury Activities revenues.

Sell-side revenues rose 46% Y-o-Y to EGP1.8 billion, as both Investment Banking and Brokerage revenues continued to grow for a third quarter. Brokerage revenues rose 33% Y-o-Y to EGP1.2 billion, on stronger executions in the MENA markets. Investment Banking revenues soared 83% Y-o-Y to EGP566 million, on higher deal count and strong advisory fees.

Buy-side revenues rose 15% Y-o-Y to EGP391 million, mainly on higher Asset Management and Private Equity revenues. Asset Management revenues added 16% Y-o-Y to EGP308 million, on higher management fees on the back of FIM's AuMs growth and fx. Private Equity revenues added 10% Y-o-Y to EGP83 million.

Holding & Treasury Activities declined 22% Y-o-Y to EGP794 million, as higher fx-gains failed to offset realized/unrealized losses on investments/seed capital and lower net interest income booked during the current period. Fx-gains reached EGP1.3 billion, up from EGP68 million, on the revaluation of balance sheet assets including Cash, Eurobonds and intercompany balances. Holding reported realized and unrealized losses on investments/seed capital of EGP787 million versus a gain of EGP85 million in the comparable period, as 9M22 included realized losses from Structured Products' exit in 1Q22 and revaluation losses on investments (unrealized). Net interest income declined 69% Y-o-Y to EGP258 million, as the team started to exit the Structured Product position late in March.

Total operating expenses rose 34% Y-o-Y to EGP2.1 billion, driven largely by higher employee expense, followed by higher other G&A and ECL booked during the period.

Employee expenses added 29% Y-o-Y to EGP1.5 billion, on higher salaries Y-o-Y to reflect inflation and weaker EGP (translation of non-EGP denominated salaries), higher monthly commission as Brokerage had three quarters of strong executions, and on higher variable portion of the employee expenses in line with the increasing revenues. Other G&A expenses rose 39% Y-o-Y to EGP512 million, generally on inflation and the devaluation of the EGP.



Provisions & ECL came at EGP54 million, mainly related to Brokerage and Private Equity.

The Investment Bank net operating profit and net profit before tax declined 14% Y-o-Y and 15% Y-o-Y to EGP902 million and EGP832 million, respectively; as the increase in total operating expenses overshadowed the increase in net operating revenues. Meanwhile, net profit after tax and minority interest declined 37% Y-o-Y to EGP531, mainly on higher tax charges, higher deferred tax Y-o-Y (on unrealized gains on investments/seed capital), higher taxes on dividends distribution to the Holding company in 1Q22, and higher minority interest largely related to Kuwait Brokerage.



## Operational Performance

### I. Brokerage

The same trend witnessed in 2Q22 persisted in 3Q22, as we saw a macro-economic condition characterized by high interest rate environment, elevated inflation levels and huge uncertainty. The MSCI EM lost another 12.5% Q-o-Q, while the S&P Pan Arab LM slipped 1.2% Q-o-Q (supported by MENA countries). The performance of the markets where we operate in ended on a mixed note, while volumes were skewed to the lower side.

EFG Hermes Brokerage (which reflect MENA and Frontier markets' executions, Structured Products and Fixed Income) total executions reached USD20.3 billion in 3Q22, down 19% Q-o-Q, yet up a decent 38% Y-o-Y predominantly on strong executions in KSA, the UAE markets and Qatar, and despite weaker executions in Egypt. For 9M22, total executions reached USD69.8 billion, up 49% Y-o-Y; triggered by higher executions in KSA, the UAE markets, Qatar and Kuwait and despite weaker executions in Egypt.

Brokerage revenues reached EGP388 million in 3Q22, up 24% Y-o-Y to reflect higher executions mainly in KSA, the UAE markets and Qatar (booked in Egypt's other markets revenue). Meanwhile, Brokerage revenues declined 5% Q-o-Q, pressured by lower executions in the GCC, and despite higher executions in Egypt. For 9M22, revenues increased 33% Y-o-Y, mainly on stronger revenues generated by KSA, the UAE markets, Kuwait, and Qatar (booked in Egypt's other markets revenue).

in EGP million	Brokerage Revenue*							
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
Egypt	164	127	161	29%	2%	430	441	-2%
Other Markets	28	53	10	-47%	180%	120	28	329%
<b>Total Egypt</b>	<b>192</b>	<b>180</b>	<b>171</b>	<b>7%</b>	<b>12%</b>	<b>550</b>	<b>469</b>	<b>17%</b>
UAE	67	80	28	-16%	137%	211	91	131%
KSA	47	54	23	-13%	105%	144	72	100%
Kuwait	39	57	39	-33%	0%	161	112	44%
Frontier Markets**	25	26	26	-3%	-5%	80	97	-18%
Structured Products	6	6	21	8%	-72%	52	55	-6%
Fixed Income	4	(0)	(1)	N/M	N/M	4	(1)	N/M
Others***	9	8	6	2%	33%	27	26	5%
<b>Total Revenues</b>	<b>388</b>	<b>410</b>	<b>313</b>	<b>-5%</b>	<b>24%</b>	<b>1,229</b>	<b>922</b>	<b>33%</b>

\*Brokerage revenues highlighted above represent operations and not markets

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

\*\*\*Others include Jordan, Oman, and Bahrain

Source: Management Accounts

Egypt retrieved its first place as the largest contributor to the pure Brokerage commissions (excluding any other revenue generated by different countries' operations as margin income, research revenue, custody income) in markets where we execute, with a contribution of 20% in 3Q22; while the UAE markets (which includes Dubai and Abu Dhabi) came in second place, with an 18% contribution. Meanwhile, KSA jumped to third place with 17% contribution, followed by Kuwait which commissions accounted for 15%.

### Commissions Breakdown by Market

Markets	3Q22	9M22
Egypt	20.5%	17.2%
DFM*	7.5%	7.6%
ADX	10.6%	11.5%
KSA	16.9%	16.0%
Kuwait	15.4%	16.8%
Qatar	13.0%	14.8%
Frontier Markets	6.4%	7.2%
Structured Products	0.2%	2.1%
Others**	9.5%	6.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\*DFM includes Nasdaq Dubai's share of 0.01% in 9M22

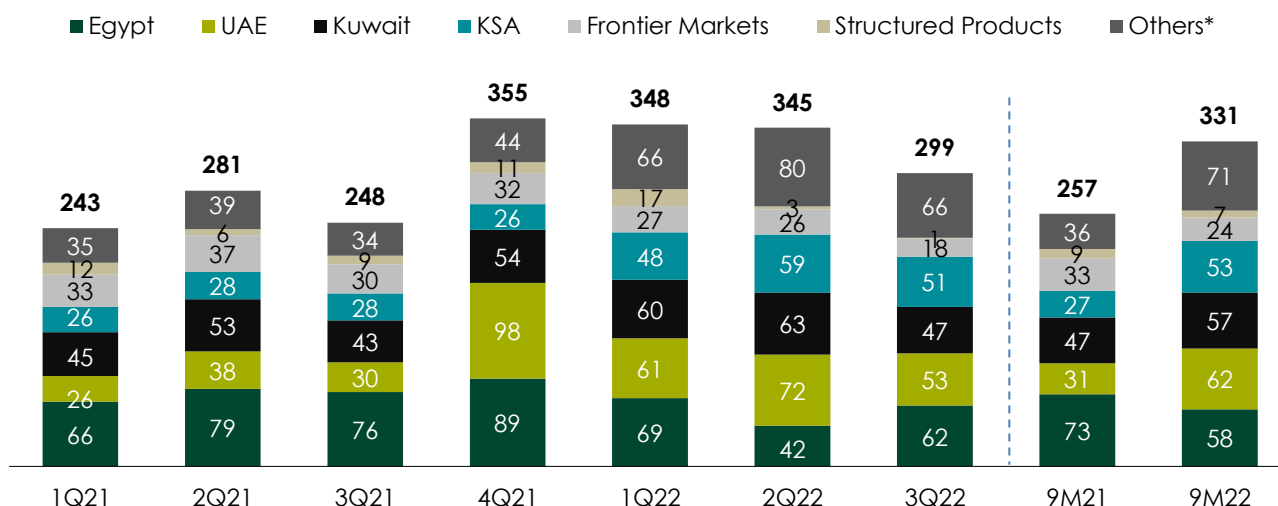
\*\*Others including: Oman, Jordan, Lebanon, UK (GDRs), Bonds, and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

The below chart highlights the average daily commissions (ADC) generated by Brokerage and reported in USD. Aggregate ADC declined 13% Q-o-Q to USD299 thousand in 3Q22, on the back of weaker GCC executions Q-o-Q and despite higher commissions and executions in Egypt. On a Y-o-Y, ADC rose 20%, supported by an increase in commissions from all the GCC markets and despite lower commissions generated in Egypt and Frontier markets. For 9M22, ADC rose 29% Y-o-Y to reach USD331 thousand, driven primarily by the UAE markets, KSA and Qatar, together with an increase from Kuwait.

### Average Daily Commissions

In USD thousand



\*Others including; Qatar, Oman, Lebanon, Jordan, UK (GDRs), Bonds and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

in USD million	Brokerage Market Share & Executions							
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
<b>Egypt*</b>								
Market share	35.8%	46.6%	27.6%	-10.8%	8.2%	40.8%	31.2%	9.6%
Executions	2,288	1,242	3,476	84.3%	-34.2%	6,208	8,460	-26.6%
<b>UAE – DFM</b>								
Market share	46.1%	44.9%	33.7%	1.2%	12.4%	40.4%	32.1%	8.3%
Executions	2,213	3,000	938	-26.2%	136.0%	7,656	3,395	125.5%
<b>UAE – ADX</b>								
Market share	12.5%	16.7%	8.0%	-4.2%	4.5%	15.1%	10.7%	4.4%
Executions	3,846	4,523	2,208	-15.0%	74.2%	12,859	7,244	77.5%
<b>KSA</b>								
Market share	4.4%	4.2%	2.2%	0.2%	2.1%	4.1%	1.9%	2.2%
Executions	4,294	5,578	2,705	-23.0%	58.7%	15,330	8,907	72.1%
<b>Kuwait</b>								
Market share	31.2%	32.0%	28.6%	-0.8%	2.6%	31.6%	30.3%	1.4%
Executions	3,493	4,694	3,011	-25.6%	16.0%	12,532	9,851	27.2%
<b>Oman</b>								
Market share	17.1%	12.0%	21.7%	5.1%	-4.6%	15.6%	14.9%	0.7%
Executions	80	72	102	10.5%	-21.9%	303	250	21.0%
<b>Jordan</b>								
Market share	5.0%	6.6%	5.1%	-1.6%	0.0%	5.8%	6.0%	-0.2%
Executions	43	58	31	-25.4%	37.9%	133	136	-1.7%
<b>Pakistan</b>								
Market share	3.9%	3.8%	4.2%	0.1%	-0.3%	3.8%	3.3%	0.5%
Executions	76	97	228	-21.8%	-66.8%	279	778	-64.2%
<b>Kenya</b>								
Market share	58.4%	77.5%	51.9%	-19.2%	6.5%	69.1%	59.7%	9.4%
Executions	111	175	149	-36.5%	-25.4%	457	558	-18.1%
<b>Nigeria</b>								
Market share	14.3%	6.9%	4.0%	7.4%	10.3%	9.8%	4.5%	5.2%
Executions	45	58	29	-23.4%	53.1%	174	161	8.2%
<b>Frontier</b>								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	342	367	261	-6.7%	31.2%	1,060	814	30.2%
<b>Structured Products</b>								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	3	35	96	-92.0%	-97.1%	388	639	-39.3%

\*Market share calculation is based on executions excluding special transactions

\*\*Executions in Qatar, Bahrain, Lebanon, UK (GDRs), Bonds, ETFs and others represent an additional 17% of total Brokerage executions in 3Q22 and 18% in 9M22

Source: EFG Hermes and Regional Exchanges



## Egypt

The EGX changed direction in 3Q22 after two quarters of weak performance, with the Hermes Financial Index (HFI) adding 9.4% Q-o-Q. Volumes continued to improve, rising 18% Q-o-Q.

EFG Hermes concluded "The 16th One-on-One Conference" in September; marking our first in-person iteration since the outbreak of COVID-19. The event was one of the largest and most highly anticipated frontier emerging markets investment conference to date; welcoming over 650 investors from over 270 institutions and C-suite level management from 205 leading listed companies spanning 33 countries.

EFG Hermes continued to dominate the first place ranking on the EGX, with a market share of 35.8% in 3Q22, and a market share of 40.8% in 9M22. Foreign participation declined to 10.2% of the total market participation, with EFG Hermes successfully capturing over 55% of this flow during the quarter and over 59% in 9M22. On the retail front, the market remained dominated by retail investors whom captured over 50% on the market volume. EFG Hermes maintained its strong footing and successfully captured around 8.8% of the retail business during the quarter.

## UAE – Dubai

The DFMGI retrieved some of its losses recorded in 2Q22, with the DFMGI increasing 3.6% Q-o-Q in 3Q22. However, volumes declined 26% Q-o-Q over the same period.

Retail business in particular was quiet, but the market witnessed some new foreign institutional accounts trading the market. Thus, foreign activity remained strong, representing almost one third of the flow during the quarter. Foreign participation came at 33% in 3Q22 and 32% in 9M22, of which EFG Hermes seized 49% and 51%, respectively, of this flow during the quarter.

Foreign investors ended the quarter as net buyers while the local and GCC investors ended the quarter as net sellers. EFG Hermes maintained its leading position on the DFM during 3Q22 and 9M22, with a market share of 46.1% and 40.4%, respectively.

## UAE – ADX

A good quarter for the ADX, with the ADI adding 4.0% Q-o-Q in 3Q22, and volumes rising 2% Q-o-Q, supported by the FTSE rebal mid-September.

More activity was witnessed from western institutional investors especially on the recently-listed ADX names and more stocks are now benefiting from inclusion in FTSE indices; thus, foreign and GCC investors were net buyers in the market during 3Q22, while local investors were net sellers. The Firm managed to maintain its 2<sup>nd</sup> place ranking in 3Q22 and 9M22, with a market share of 12.5% and 15.1%, respectively.

Foreign participation in the market came at 17% in 3Q22 and 18% in 9M22, of which EFG Hermes accounted for 25% and 34% of those foreign flows, respectively.

#1

### Egypt

Market share **40.8%**  
Executions **EGP108.9bn**  
-18% Y-o-Y, 9M22

#1

### Dubai

Market share **40.4%**  
Executions **AED28.1bn**  
+126% Y-o-Y, 9M22

#2

### Abu Dhabi

Market share **15.1%**  
Executions **AED47.2bn**  
+78% Y-o-Y, 9M22





### Saudi Arabia

A muted quarter for the Saudi market, with the Tadawul All Share Index slipping 1.0% Q-o-Q, and volumes declining 27% Q-o-Q.

Local and GCC investors ended 3Q22 as net buyers while foreign investors (QFI and Swaps) broke their buying trend from the beginning of 2022 and ended the quarter as net sellers. The QFI and SWAPs volume reached SAR106.2 billion in 3Q22, accounting for 14.6% of the market turnover (of which the swaps accounted for 0.09%); of which the Firm captured 8.4% of this business during the quarter. For the 9M22, the QFI and SWAPs combined volume accounted for 14.8% of the market's turnover as it reached SAR413.9 billion, more than double Y-o-Y. The Firm seized 6.07% of that flow.

EFG Hermes market share continued to improve to reach 4.4% in 3Q22 and 4.1% in 9M22; mainly due to an increase in the QFI activity during the quarter. As for ranking, EFG Hermes held 6<sup>th</sup> place ranking among non-commercial banks' brokerage firms during the quarter and in 9M22.

### Kuwait

Another weak quarter for the Kuwaiti market, with the Kuwaiti market main index losing 4.1% Q-o-Q in 3Q22 and volumes declining 28% Q-o-Q in 3Q22. Local and GCC investors were net sellers while foreigners were net buyers.

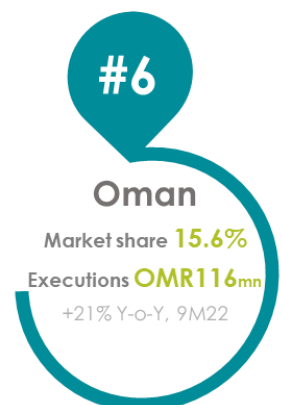
EFG Hermes IFA maintained its second place ranking, with a market share of 31.2% in 3Q22 and 31.6% in 9M22, as foreign participation improved in the Kuwaiti market in 3Q22, accounting for 15.4% of the total market executions, of which EFG Hermes captured 56.1% of this flow. In 9M22, foreign participation stood at 12.4% of which EFG Hermes accounted for 60.2%.

### Oman

The Omani market saw a strong quarter in terms of performance, with the MSM Index adding 9.8% Q-o-Q in 3Q22. However, turnover dropped for another quarter, down 19% Q-o-Q (out of which the off-market transactions accounted for 16% of the total market's turnover). Foreign investors ended the quarter as net sellers while local and GCC investors ended the quarter as net buyers.

EFG Hermes Oman ranking improved to 5<sup>th</sup> place ranking in 3Q22 from 7<sup>th</sup> place in 2Q22, with a market share of 17.1%, due to a noticeable improvement in the Firm's execution for GCC and local investors. As for the 9M22, the Firm landed on 6<sup>th</sup> place, with a market share of 15.6%.

Foreign activity represented 7.0% of the market turnover in 3Q22 and 4.3% in 9M22; of which the Firm captured 12.4% and 12.7%, respectively.





### Jordan

A muted quarter for Jordan, with its Index largely flat, up 0.3% Q-o-Q, and volumes ending edging up 2% Q-o-Q in 3Q22.

The Firm's market share declined slightly to 5.0%, maintaining its 11<sup>th</sup> place ranking on the market in 3Q22; mainly due to a decline in the margin clients trading activities during the quarter and a general lower foreign activity during the current year. For the 9M22, the Firm's market share stood at 5.8% with a 13<sup>th</sup> place ranking.

In terms of foreign participation, foreign activity declined to account for only 1.1% of the market turnover in 3Q22; whereby EFG Hermes captured 45.3% of that flow. In 9M22, foreign participation stood at 2.4% of which EFG Hermes accounted for 19.4%.

### Pakistan

A quiet quarter for the Pakistani market with the KSE100 inching down 1.0% Q-o-Q, and volumes inching down 2% Q-o-Q in 3Q22.

Foreign investors were net buyers. Meanwhile, among local participants, individuals, companies and banks were the largest buyers; whereas, mutual funds and insurance companies were net sellers. However, foreign activity continued to be low, representing 6.4% of the market turnover in 3Q22 and 6.9% in 9M22; of which the Firm captured 15.2% and 12.8% in 3Q22 and 9M22, respectively.

EFG Hermes Pakistan market share came at 3.9% in 3Q22, and stood at 3.8% in 9M22.

### Kenya

After strong losses in 2Q22, the NASI changed direction and closed in the black, up 3.2% Q-o-Q in 3Q22, supported by some of the large cap stocks' strong performance. However, turnover declined 29% Q-o-Q in 3Q22.

EFG Hermes maintained its 1<sup>st</sup> place ranking, with a market share of 58.4% in 3Q22 and 69.1% in 9M22; with increasing share of foreign execution being the main driver.

Foreign participation came at 42.6% in 3Q22 and 53.1% in 9M22 of the total market activity, of which EFG Hermes executed 57.1% in 3Q22 and 56.4% in 9M22 of this flow.

#13

Jordan

Market share **5.8%**

Executions **JOD95mn**

-2% Y-o-Y, 9M22

N/A

Pakistan

Market share **3.8%**

Executions **PKR56.3bn**

-54% Y-o-Y, 9M22

#1

Kenya

Market share **69.1%**

Executions **KES53.1bn**

-12% Y-o-Y, 9M22





## Nigeria

After two strong quarters, Nigerian market reversed direction, with the Index losing 5.4% Q-o-Q, and volumes falling 48% Q-o-Q in 3Q22. This was mainly on the back of very challenging macro-economic backdrop, with very high inflationary pressures and a weakening currency.

The Firm's ranking improved to 3<sup>rd</sup> place ranking for 3Q22 and 5<sup>th</sup> place in 9M22, with a market share of 14.3% and 9.8%, respectively.

#5

### Nigeria

Market share **9.8%**

Executions **NGN96.7bn**

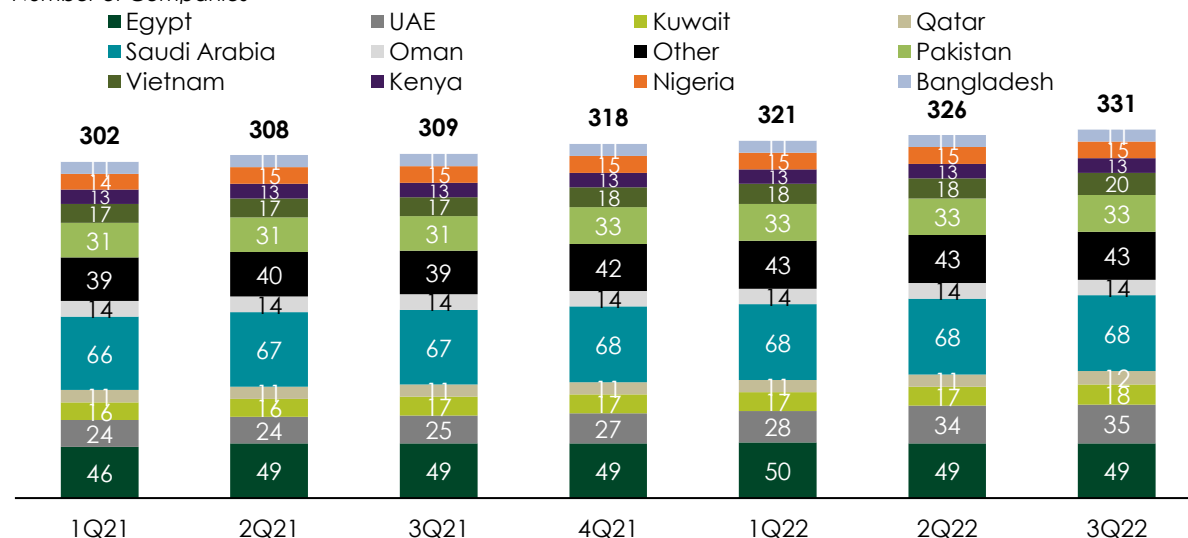
+59% Y-o-Y, 9M22



## II. Research

### Research Coverage Universe

Number of Companies



Source: EFG Hermes Research

Research had a good 3Q22 in terms of MIFID and CSA business, with 9M22 MIFID and CSA payments coming at USD1.4 million, and the team managed to add one new client this quarter. We expect the MIFID and CSA business to get a large boost from the recently-held Dubai conference. The conference dominated the quarter with the research team meeting numerous new clients and reconnecting with old ones after the pandemic-induced hiatus. Large interest in the MENA region was observed during the conference and in select Frontier markets; most clients felt that the EM space will rebound, but that it will take time.

Overall, we initiated coverage on three new stocks in 3Q22, two of which were based in Vietnam, a market that is seeing strong client interest and until recently had outperformed. The two Vietnamese stocks we initiated on are FPT Digital Retail (a tech. distributor) and Digiworld (tech. retail). We plan to deepen our Asian coverage in the next few quarters, primarily via Vietnam and some new markets. Lastly, we initiated coverage of Gulf Warehousing in Qatar. As of the end of 3Q22, we were actively covering 331 stocks across 24 countries.

### III. Investment Banking

In 3Q22, EFG Hermes' Investment Banking division successfully concluded four debt transactions, three M&A transactions, and one equity transaction worth an aggregate value of USD1.6 billion, bringing the total number of equity, M&A and debt deals executed this year to 21 with an aggregate value of USD10.9 billion.

On the debt front, the division continued to provide innovative financing solutions serving the needs of its large client base. The team successfully advised EFG Hermes Corp-Solutions on the second issuance of its EGP2.0 billion securitization program, in a transaction worth USD102.3 million, marking the largest debt transaction concluded in 2022 to date. Reinforcing EFG Hermes' position as the investment bank of choice for the Egyptian real estate industry, the team successfully concluded three subsequent transactions in this lucrative sector. EFG Hermes acted as sole financial advisor on Pioneers Properties' securitization bond issuance worth USD23.0 million. The department also advised leading real estate player Orascom Development on the EGP1.5 billion financing package for its flagship project 'O-West'. Lastly, the division concluded the advisory on Marakez in a USD39.2 million debt arrangement, alongside EFG Hermes Corp-Solutions and aiBANK, who acted as a leasing partner and a lender, respectively. The transaction is a testament to the firm's ability to seamlessly cross-sell products across EFG Hermes, cementing its position as a one-stop-shop for clients' evolving financing needs.

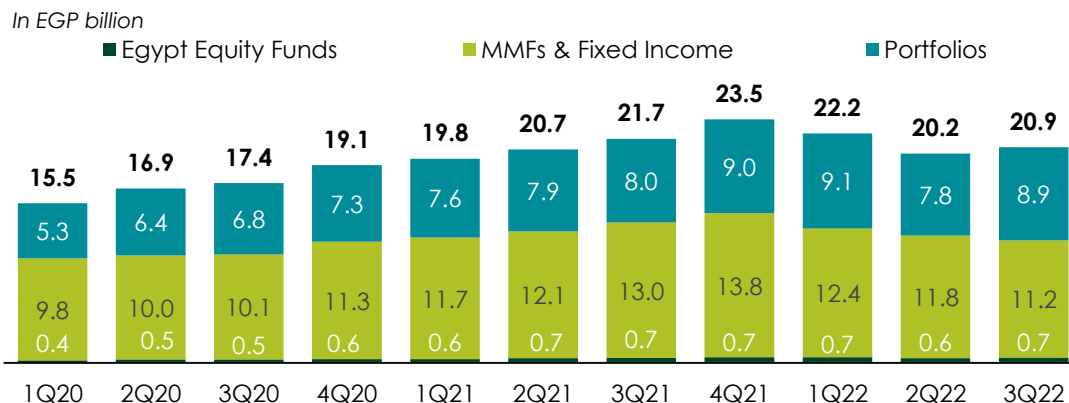
In the M&A space, EFG Hermes successfully concluded advisory on three cross-border deals, stimulating incoming foreign investments in Egypt. The team acted as a sell-side advisor on the acquisition of a 70% stake in two Egypt-based maritime and terminal operating companies, Transmar International Shipping Company (Transmar) and Transcargo International (TCI) by Abu Dhabi Ports Group (AD Ports), in a transaction amounting to USD140 million, marking AD Ports' first investment in Egypt. Additionally, the team acted as buy-side advisor to the Public Investment Fund of Saudi Arabia (PIF) on its indirect acquisition of a significant minority stake in B.Tech, Egypt's leading consumer electronics retailer and consumer finance provider. Lastly, the department advised Credit Agricole S.A on its accelerated direct purchase of a 4.8% stake in Credit Agricole Egypt, in a transaction worth USD21.1 million.

On the equity front, the team continued to solidify its position as a leading investment banking franchise in the GCC ECM space, by successfully acting as joint bookrunner on the USD1.0 billion initial public offering (IPO) of Dubai toll-operator Salik. The IPO which marks the second flagship issuance on the Dubai Financial Market (DFM) in 2022, and has garnered significant traction from investors across the globe.

EFG Hermes' solid performance in 3Q22 showcases the team's ability to withstand the Global geopolitical turmoil and challenging local macroeconomic events, by continuing to offer world-class advisory services to its large and growing client base. With a healthy deal pipeline across the debt, equity and M&A fronts, the division is well-positioned to sustain its positive performance in the last quarter of the year.

## IV. Asset Management

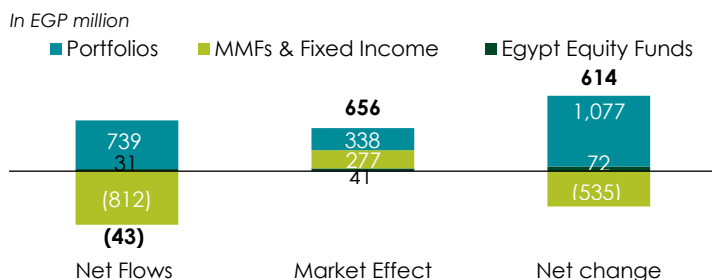
### Egypt Assets under Management Evolution



Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AuMs came at EGP20.9 billion at the end of 3Q22, up 3.0% Q-o-Q. Good performance from portfolios, particularly equity portfolio, together with MMFs added 3.2% to the AuMs. However, net outflows, drew down 0.2% of the AuMs, and was attributed to outflows from MMFs which outweighed injections into equity portfolios and new equity mandates. Withdrawals from MMFs & Fixed Income funds reached EGP0.8 billion for 3Q22. This brings the total net redemptions to EGP3.3 billion since the beginning of the year.

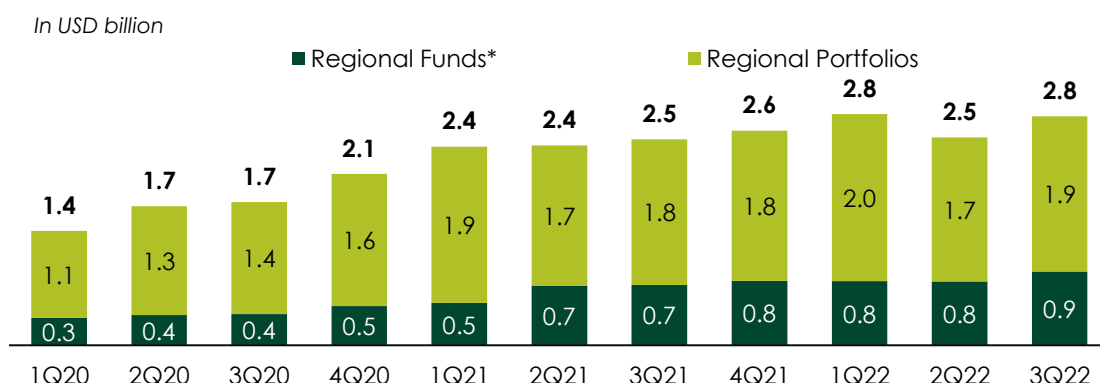
### Quarterly Change in Egypt Mandates



Source: EFG Hermes Asset Management



### Regional Assets under Management “FIM” Evolution

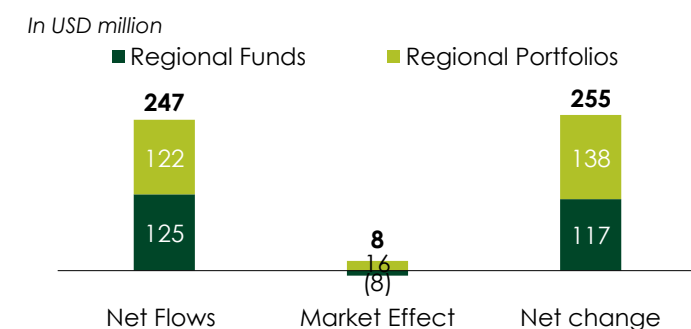


\*Includes Equity, Fixed Income, SPAC and Real Estate funds

Source: FIM

EFG Hermes Regional Asset Management (FIM) AuMs rose 10% Q-o-Q to close the quarter at USD2.8 billion. Despite more challenging market conditions, 3Q22 represented another solid quarter for the Firm. FIM Partners widened its investor network with the onboarding of one additional account while continuing to receive significant support from its deep institutional client base. The company expanded its operations in the region with the opening of an office in Muscat (Sultanate of Oman).

### Quarterly Change in Regional Mandates



Source: FIM

### Funds’ Performance

FIM MENA Horizon Fund ended the quarter with a NAV/ share of USD438.98 at the end of 3Q22 versus a NAV/share of USD431.67 in 2Q22. The Fund gained 1.7% during the quarter versus the S&P Pan Arab Composite Index, which lost 0.5% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV/ share of USD1,126.17 at the end of 3Q22 versus a NAV/share of USD1,175.22 in 2Q22. The Fund lost 4.2% over the quarter versus the MSCI FEM Index, which lost 9.4% over the same period.

FIM Saudi Long Term Opportunities Fund ended the quarter with a NAV/ share of USD1,708.40 at the end of 3Q22 versus a NAV/share of USD1,669.47 at the end of 2Q22. The Fund gained 2.3% during the quarter versus the TASI Index which lost 1.0% over the same period.

FIM MENA Credit Fund ended the quarter with a NAV/ share of USD1,069.53 at the end of 3Q22 versus a NAV/share of USD1,144.09 in 2Q22. The Fund lost 6.5% during the quarter versus the JPM



MECIGCC, which lost 3.3% over the same period.

FIM Global Sukuk Fund ended the quarter with a NAV/ share of USD1,084.28 at the end of 3Q22 versus a NAV/share of USD1,109.63 in 2Q22. The Fund lost 2.3% during the quarter versus the Markit iBoxx Sukuk which lost 1.7% over the same period.

FIM GEM Debt Fund ended the quarter with a NAV/ share of USD884.93 at the end of 3Q22 versus a NAV/share of USD922.91 in 2Q22. The Fund lost 4.1% during the quarter versus a loss of 4.6% for its benchmark (75% JPM EMBIGD index & 25% JPM GBIEM Global Diversified) over the same period.



## V.Private Equity

### Infrastructure

Vortex Energy IV, a global renewable energy platform managed by the private equity arm of EFG Hermes, has injected part of its second tranche in relation to its investment in Ignis Energy Holdings, parent company of Spanish independent integrated renewable player Ignis Group.

Vortex Energy will invest up to EUR476 million through its newly launched Vortex Energy IV Fund and its co-investors into Ignis via a series of capital injections, which will be deployed over the coming few years subject to certain conditions. This will allow Ignis to fund its growth plans and transform into a fully integrated renewable independent power producer (IPP) in Spain and other geographies. This capital contribution from Vortex Energy IV and its co-investors will allow Ignis to own and operate a growing share of the projects that it develops

### Education

The Fund's education platform (Egypt Education Platform – EEP) successfully signed a new management agreement for the development of a new international school in the coastal city of Somabay which is located on the Red Sea area. The new school will be owned by Abo Soma Development Company (Somabay master developer) and will be able to host c.300 students when fully operational. The new school is targeted to start operations in September 2024.

The platform's assets owned/managed under EEP currently amount to 18 schools and pre-schools under various stages of development with a combined capacity of c.21k students with over 11k enrolled students. EEP also successfully started the new academic year across 8 operating schools with all schools exceeding their targeted enrollment numbers for the academic year 22/23.

The platform is currently close to finalizing a new investment in the education content development space which is expected to close in 4Q22.

### Healthcare

During 3Q22, U Pharma “UP” has successfully increased its market share and market ranking as per IMS estimates and held its position as the market leader in the LVP Hospital Solutions space, capitalizing on growing market demand and supply shortages faced by competitors. Sales have grown by 55% Y-o-Y vs. 3Q21, while the Company continued with the expansion and diversification of its distribution network. RxHM team has successfully concluded further financial optimization of the Company, securing new facilities with favorable terms to support the company's business growth in FY23 and onwards. Full facility upgrade plan remains well on track and is almost fully completed across all work streams; all upgrades of existing facility are on track to be finalized by the end of 2022, setting up the necessary capabilities to drive the company's upcoming growth plans. UP continues to further expand its product portfolio by adding complimentary essential products (such as anesthetics, and higher value added injectables) to serve the hospitals segment; as well as synergistic hydro-based products serving the B2C segment.

In parallel to the ongoing value creation process within UP, Rx Healthcare platform is in advanced stages on a number of highly promising opportunities in the injectables and other generics pharma segments, supporting EFG Hermes's healthcare platform strategy of expanding its investments in the pharmaceuticals sector, and capitalizing on the track record achieved in U Pharma.



## NBFIs

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## Financial Overview

### I. Performance Overview

in EGP million	NBFIs Performance Summary							
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
Micro-Finance (Tanmeyah)	366	357	359	2%	2%	1,117	1,055	6%
Consumer Finance (valu)	153	71	98	117%	57%	367	218	68%
Leasing	110	59	49	85%	125%	214	148	45%
Factoring	17	14	11	19%	57%	49	31	57%
Finance Holding	18	2	0	936%	N/M	20	0	N/M
<b>Net Operating Revenue</b>	<b>664</b>	<b>503</b>	<b>516</b>	<b>32%</b>	<b>29%</b>	<b>1,767</b>	<b>1,453</b>	<b>22%</b>
Employee Expenses <sup>(1)</sup>	205	208	196	-1%	4%	640	658	-3%
Other Operating Expenses <sup>*(1)</sup>	246	158	114	56%	116%	599	349	72%
<b>Total Operating Expenses<sup>(1)</sup></b>	<b>451</b>	<b>366</b>	<b>310</b>	<b>23%</b>	<b>45%</b>	<b>1,240</b>	<b>1,008</b>	<b>23%</b>
<b>Net Operating Profit</b>	<b>213</b>	<b>137</b>	<b>206</b>	<b>55%</b>	<b>3%</b>	<b>528</b>	<b>445</b>	<b>19%</b>
<b>Net Profit (Loss) Before Tax</b>	<b>193</b>	<b>118</b>	<b>188</b>	<b>63%</b>	<b>3%</b>	<b>471</b>	<b>389</b>	<b>21%</b>
<b>Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>131</b>	<b>62</b>	<b>128</b>	<b>111%</b>	<b>2%</b>	<b>290</b>	<b>216</b>	<b>34%</b>

<sup>(1)</sup> Includes Finance Holding operating expenses and Holding allocated expenses

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

#### 3Q22

The NBFIs platform revenues rose 29% Y-o-Y to EGP664 million, supported by higher revenues generated mainly from Leasing and valu. It is worth noting that Finance Holding revenues included income from associates of EGP21 million from Bedaya and EGP6 million from EFG EV Fintech, and a loss of EGP6 million from KAF and a loss of EGP4 million from Paytabs.

valu revenues rose 57% Y-o-Y to come at EGP153 million, as loans issued more than doubled Y-o-Y. Leasing revenues soared 125% Y-o-Y to EGP110 million, on net securitization gain of EGP64 million. Factoring revenues rose 57% Y-o-Y to EGP17 million, on higher net interest income and fees & commissions. Tanmeyah reported revenues of EGP366 million, edging up only 2% Y-o-Y despite stronger sales, on higher interest expense which pressured the net interest income. Moreover, Tanmeyah's revenues included EGP7 million of fees & commissions attributed to "Fatura", the recently acquired retail marketplace platform.

Operating expenses rose 45% Y-o-Y to EGP451 million, mainly on higher other G&A expenses. It is important to note that operating expenses included EGP24 million of employee expenses and EGP23 million of other G&A attributed to Fatura, post its acquisition in June.

Employee expenses inched up 4% Y-o-Y to EGP205 million, while other G&A expenses for the Platform more than doubled Y-o-Y, up 116% to EGP224 million; on higher other G&A across the platform, particularly valu which saw its operating expenses more than triple Y-o-Y. valu's expenses included EGP70 million of marketing activation expenses mainly related to its cashback promotion, versus EGP7 million in the comparable quarter. Moreover, Tanmeyah's expenses included Fatura's operating expenses; which was not included in the comparable period.

Provisions & ECL increased to EGP23 million, up from EGP10 million a year earlier; on higher provisions taken by valu as its portfolio expanded and on higher provisions booked by Factoring.

The NBFIs net operating profit and net profit after tax and minority interest inched up 3% Y-o-Y and 2% Y-o-Y to EGP213 million and EGP131 million, respectively; as the increase in operating expenses overshadowed the increase in revenues. With most of the increase in operating expenses attributed to valU operations; which if excluded, the NBFIs net operating profit and net profit after tax and minority interest would be up 34% Y-o-Y and 51% Y-o-Y, respectively.

## 9M22

The NBFIs platform revenues rose 22% Y-o-Y to EGP1.8 billion, lifted by growth in revenues reported by all its lines of business.

valU revenues shot up 68% Y-o-Y to EGP367 million, underpinned by strong Y-o-Y loans issued and portfolio growth. Tanmeyah revenues added 6% Y-o-Y to EGP1.1 billion, on higher net interest income and fees & commissions. Leasing revenues increased 45% Y-o-Y to EGP214 million on securitization gain. Factoring revenues rose 57% Y-o-Y to EGP49 million, on higher net interest income and fees & commissions.

Operating expenses rose 23% Y-o-Y to EGP1.2 billion, on higher other G&A expenses.

Employee expenses inched down 3% Y-o-Y to EGP640 million, while other G&A expenses increased 86% Y-o-Y to EGP541 million; on higher operating expenses particularly at valU. Meanwhile, Provisions & ECL came flat Y-o-Y.

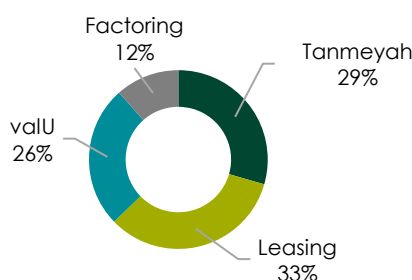
The net operating profit rose 19% to EGP528 million, while the net profit after tax and minority interest increased 34% Y-o-Y to EGP290 million, on lower effective tax rate.

## II. Balance Sheet highlights

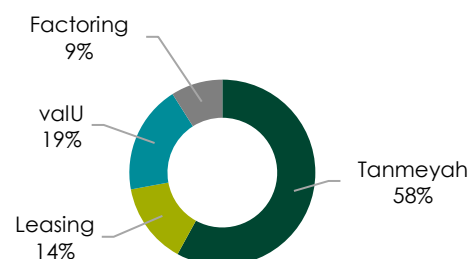
<i>in EGP million</i>	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Q-o-Q	Y-o-Y
Portfolio Outstanding*	14,393	15,836	15,207	12,122	10,850	-9%	33%
Provision Balance	489	473	446	441	424	3%	15%
Total Equity	1,904	2,083	2,054	1,959	1,741	-9%	9%

\*Excludes EGP2,332 million of Leasing securitization, and EGP421 million of valU securitization

### Portfolio Contribution by LoB



### Provisions Contribution by LoB





## Operational Overview

### I. Micro-Finance “Tanmeyah”

#### Results at a Glance and Performance Overview

	KPIs							
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
Total Number of Active Borrowers	401,217	398,227	371,612	1%	8%	401,217	371,612	8%
Total Number of Processed Applications	126,616	112,003	106,672	13%	19%	357,282	320,263	12%
Total Number of Loans Issued	91,432	91,700	90,709	0%	1%	284,170	272,579	4%
Total Portfolio Outstanding (EGP mn)	4,242	4,049	3,487	5%	22%	4,242	3,487	22%
Total Tanmeyah Staff	4,436	4,618	5,123	-4%	-13%	4,436	5,123	-13%

Source: Tanmeyah

Tanmeyah's outstanding portfolio continued to grow in 3Q22, up 5% Q-o-Q and 22% Y-o-Y to reach EGP4.2 billion. Active borrowers surpassed the 400 thousand mark in July to close the quarter at 401 thousand customers.

Value of loans issued remained strong, rising 8% Q-o-Q during 3Q22, as the month of August and September saw strong issuances; and despite a 5 working day holiday during the month of July.

It is worth noting that, Tanmeyah's 9M22 sales rose up 19% Y-o-Y, despite having lower number of loan officers Y-o-Y, thus indicating an improvement in Tanmeyah's efficiency metrics.

Tanmeyah's MEL average ticket size increased by 17% Q-o-Q and 35% Y-o-Y to EGP19.7k as Tanmeyah restructured its product buckets. MEL now has a minimum limit of EGP10,000 compared to EGP7,000. While Individual Lending's (formerly known as WIB) maximum limit has been pushed to EGP10,000 versus EGP7,000.

Total number of loans issued across different products was flat Q-o-Q in 3Q22. MEL number of loans issued declined 17% Q-o-Q, yet the value of loans issued remained the same Q-o-Q, as the team focused on improving the ticket size rather than increasing the loan issuances. Individual lending number of loans hiked 251% Q-o-Q, as a result of outspreading the product offering to all clients instead of women only.

Tanmeyah achieved a milestone in its path towards a more integrated and digital operating model by issuing its first digital loan in September as part of its pilot phase (through 1 branch only) in alliance with Banque Misr, ending the month with 11 loans with a total amount of EGP85k and with this number increasing to currently stand at a total of 27 loans with a total amount of EGP195k.

Subsequent to Tanmeyah's agreement with Fawry and O-pay as part of its strategy to enhance and facilitate its digital collection channels, Tanmeyah initiated its operations with Fawry in September through 5 branches only as a trial phase, recording 572 transactions with a total amount of EGP608K. Today, the service is accessible through Fawry & O-Pay in 79 branches with total transactions amounting to EGP7.8 million.

#### Portfolio Quality & Provisions

Tanmeyah did not book any additional provisions in 3Q22, maintaining a balance of EGP283 million. However, coverage remains well above the PAR 30+ and 90+ indicators.

## II. BNPL "valu"

## Results at a Glance and Performance Overview

	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y	BTD
<b>App Business</b>									
valu App Customers <sup>(1)</sup>	120	152	39	-21%	211%	446	99	351%	1,132
Limits Activated Value(EGP mn)	1,383	1,976	615	-30%	125%	5,435	1,346	304%	10,528
Total Loans Issued (EGP mn)	1,219	1,323	541	-8%	125%	3,954	1,313	201%	7,593
Outstanding Portfolio <sup>(2)</sup> (EGP mn)	4,091	3,613	1,345	13%	204%	4,091	1,345	204%	4,091
Number of Transactions <sup>(1)</sup>	255	271	113	-6%	126%	779	274	184%	1,492
Portfolio Tenor (In months)	17	20	18	-18%	-6%	18	15	18%	N/A
Number of Merchants	3,190	3,028	1,317	5%	142%	3,190	1,317	142%	3,190
<b>Non-App Business</b>									
Outstanding Portfolio (EGP mn)	26	33	37	-21%	-29%	26	37	-29%	26
Number of Transactions	4	2	4	100%	0%	10	14	-29%	318
<b>Portfolio O/S<sup>(2)</sup> (EGP mn)</b>	<b>4,118</b>	<b>3,646</b>	<b>1,382</b>	<b>13%</b>	<b>198%</b>	<b>4,118</b>	<b>1,382</b>	<b>198%</b>	<b>2,935</b>

(1) Numbers are in "000"

(2) Includes securitized portfolio of EGP421 mn

Source: valu

Gross merchandise value, value of loans issued and number of transactions all more than doubled Y-o-Y in 3Q22; however, declined Q-o-Q as the comparable quarter was an exceptionally strong quarter that included the 100% cash back offer, in addition to that 3Q22 was largely a quiet quarter in terms of promotions and offers, which generally attract new customers and increase sales.

valu transacting customers grew 162% Y-o-Y to reach 117,949 in 3Q22 compared to 44,969 in 3Q21, capitalizing on the strong branding, promotional offers and expansion plans to meet customers' needs.

The number of transactions grew by 126% Y-o-Y to 255k in 3Q22, as loans issued improved, reflecting an increase in customers' loyalty to the app. and the wider merchant network.

Total outstanding portfolio came at EGP4,118 million at the end of 3Q22, including a securitized portfolio of EGP421 million. Thus, outstanding portfolio excluding securitized portfolio stood at EGP3,697 million at the end of 3Q22, of which the principal stood at EGP2,893 million and interest reached EGP803 million.

valu's merchant network continues to grow, up 5% Q-o-Q and 142% Y-o-Y, to reach 3,190 merchants in 3Q22, by collaborating with more brands and covering more products and service categories.

Portfolio tenor is back to an average of 17 months in 3Q22 from 20 months in 2Q22 which came on the back of 100% cash back offer that pushed customers to higher tenor loans of 48 months.

## Geographical Presence

3Q22	2Q22	1Q22	3Q21
Greater Cairo	Greater Cairo	Greater Cairo	Greater Cairo
Alexandria	Alexandria	Alexandria	Alexandria
Hurghada	Hurghada	Hurghada	Hurghada
Tanta	Tanta	Tanta	Tanta

Mansoura	Mansoura	Mansoura	Mansoura
Qalyubia	Portsaid	Portsaid	Portsaid
Ismailia	Ismailia	Ismailia	Ismailia
Assiout	Assiout	Assiout	Assiout
Sharqia	Monofia	Monofia	Monofia
Matruh	Minia	Minia	Minia
Faiyum	Damanhour	Damanhour	Damanhour

Source: valU

### Portfolio Quality & Provisions

valU started the implementation of the ECL provisions calculation method in 4Q21 to comply with IFRS 9 impairment requirements; however, it ensures at all times, that provisions booked are higher than what is required by the FRA. Accordingly, provision figures will be the highest of the two methodologies.

valU took an additional EGP13 million of provisions during the quarter and written-off EGP3 million, thus provision balance rose from EGP82 at the close of 2Q22 to EGP92 million at the end of 3Q22.

### Market Share

ValU came in second place in the first eight month of the year, with a market share of 29.3%.

#### Ranking

8M22	Company Name	Market Share (%)
1	Contact	34.2%
<b>2</b>	<b>valU</b>	<b>29.3%</b>
3	Halaan	9.5%
4	Premium International	8.1%
5	Abdul Latif Gamil	4.3%
6	Shoula	4.1%
7	Contact Creditech	2.9%
8	B Link	2.7%
9	Drive Finance	2.1%
10	Sky Finance	1.2%
11	Others	1.6%

Source: valU

### III. Leasing

#### Results at a Glance and Performance Overview

	KPIs							
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
Number of new contracts	15	13	21	15%	-29%	46	65	-29%
Total Outstanding Portfolio <sup>(1)</sup> (EGP mn)	8,210	7,800	6,191	5%	33%	8,210	6,191	33%
On-books Outstanding Portfolio <sup>(1)*</sup> (EGP mn)	4,792	6,406	5,168	-25%	-7%	4,792	5,168	-7%
NFA for new contracts (EGP mn)	1,087	678	955	60%	14%	3,827	2613	46%
Receivables value of new contracts** (EGP mn)	1,189	1,159	1,261	3%	-6%	5,248	3048	72%

(1) Includes VC transactions. Excludes Securitized Portfolio principle amount of EGP2,332 million

\* Includes on-balance sheet transactions only

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

Source: EFG Hermes Leasing

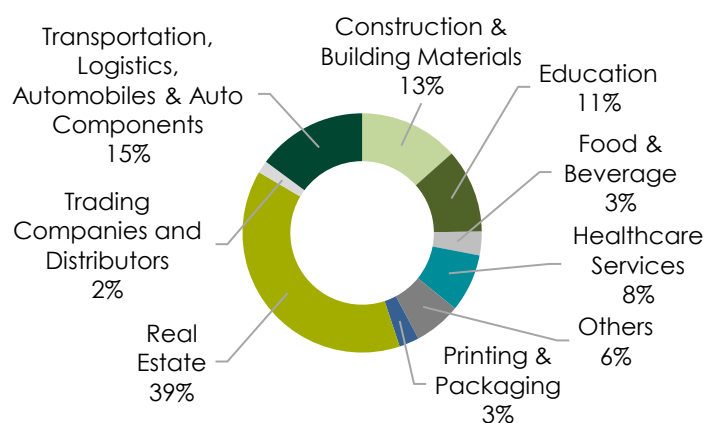
A strong quarter for EFG Hermes Leasing, with new bookings, spread over 15 contracts, rising 60% Q-o-Q and 14% Y-o-Y to cross the EGP1 billion mark in 3Q22.

This increase in new bookings was mainly driven by a number of prominent transactions in various industries, this pushed the average ticket size to EGP72 million in 3Q22, reflecting an increase of 39% Q-o-Q.

Total outstanding portfolio, which includes VC and excludes securitized portfolio, rose 5% Q-o-Q to EGP8.2 billion to reflect the new bookings during the quarter; however the on-books outstanding portfolio decreased 25% Q-o-Q to reach EGP4.8 billion at the end of 3Q22, as EFG Hermes Leasing concluded a securitization in September 22; with an outstanding principal amounting to EGP2.3 billion at the end of 3Q22.

The team continues to capitalize on its cross-selling capabilities to offer bundled financial solutions for its clients. Currently, Corp Solutions has 7 Joint clients utilizing Leasing and Factoring facilities.

#### Portfolio Distribution by Client Industry



Source: EFG Hermes Leasing

### Portfolio Quality & Provisions

Provision balance declined to EGP69 million in 3Q22 versus EGP 71 million in 2Q22, as EGP4 million of the portfolio were written-off and EGP2 million of provision expense were taken during the quarter.

### Market Share

As of August 22, EFG Hermes Leasing was ranked 3<sup>rd</sup>, with a market share of 10.5%.

Ranking		
8M22	Company Name	Market Share (%)
1	BM Lease	17.3%
2	Corplease	15.6%
<b>3</b>	<b>EFG Hermes Corp Solutions</b>	<b>10.5%</b>
4	Globalcorp	7.7%
5	Al Taameer Leasing	6.0%
6	Al Ahly Leasing	5.5%
7	Arab African Leasing	4.1%
8	GB Leasing	3.4%
9	Cairo Leasing	3.4%
10	Others	26.6%

Source: EFG Hermes Leasing

## IV. Factoring

## Results at a Glance and Performance Overview

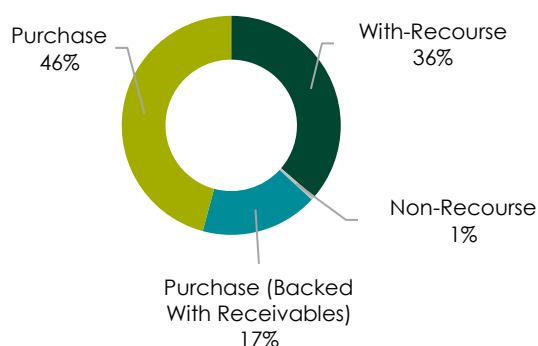
	3Q22	2Q22	3Q21	Q-o-Q	Y-o-Y	9M22	9M21	Y-o-Y
Number of Existing Clients	90	89	67	1%	34%	90	67	34%
Total Outstanding Portfolio (EGP mn)	1,663	1,767	814	-6%	104%	1,663	814	104%
Average Portfolio Tenor (days)	211	233	202	-9%	4%	211	202	4%
Average Ticket Size (EGP mn)	3.94	3.06	2.20	29%	79%	3.63	2.72	33%
Net Financed Amount (EGP mn)	969	1,024	751	-5%	29%	3,066	2,337	31%

Source: EFG Hermes Factoring

Factoring total outstanding portfolio came at EGP1.7 billion at the end of 3Q22, edging down 6% Q-o-Q; as the quarter saw clients' settlements of EGP282.6 million.

In terms of the number of clients, 4 additional clients were approved during the quarter, with new credit limits aggregating to EGP248 million. However, none of which concluded any bookings in 3Q22, and disbursements are expected in 4Q22.

## Portfolio Analysis

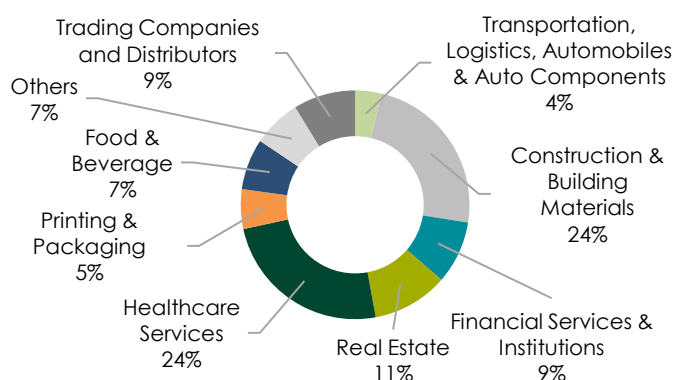


Source: EFG Hermes Factoring

The bulk of the Factoring portfolio is represented in the Purchase Factoring financing, accounting for 46% of the portfolio in 3Q22. This was followed by Domestic Factoring with Recourse financing, which represents 36% of the outstanding portfolio,



### Portfolio Breakdown by Industry



Source: EFG Hermes Factoring

### Portfolio Quality & Provisions

An additional provision of EGP7 million was booked in 3Q22, thus taking provision balance to EGP44 million at the end of 3Q22.

### Market Share

As of end of August 22, EFG Hermes Factoring business came in 2<sup>nd</sup> place, with a market share of 15.7%.

#### Ranking

8M22	Company Name	Market Share (%)
1	Egypt Factoring	16.3%
<b>2</b>	<b>EFG Hermes Corp Solutions</b>	<b>15.7%</b>
3	QNB AlAhli Factoring	13.2%
4	Drive Factoring	8.5%
5	Contact Factoring	7.5%
6	Global Corp	4.9%
7	Al Tameer Factoring	4.7%
8	BM Factoring	3.9%
9	Al Tawfik Factoring	3.7%
10	Others	21.6%



# Commercial Bank (aiBank)

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## Financial Overview

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

in EGP million	aiBank Performance Summary			
	3Q22	2Q22	Q-o-Q	9M22
Net Interest Income	496	445	12%	1,282
Net Fees and Commissions	63	66	-5%	176
Other Revenues	21	52	-60%	126
<b>Total Net Revenues</b>	<b>580</b>	<b>564</b>	<b>3%</b>	<b>1,584</b>
Employees Expenses	134	130	3%	388
Other Operating Expenses*	210	196	7%	486
<b>Total Operating Expenses</b>	<b>344</b>	<b>327</b>	<b>5%</b>	<b>874</b>
<b>Net Operating Profit (Loss)</b>	<b>236</b>	<b>237</b>	<b>-1%</b>	<b>711</b>
Other Expenses	21	10	97%	63
<b>Net Profit (Loss) Before Tax</b>	<b>215</b>	<b>227</b>	<b>-5%</b>	<b>648</b>
<b>Net Profit (Loss) After Tax</b>	<b>113</b>	<b>149</b>	<b>-24%</b>	<b>402</b>
<b>Profitability Indicators</b>				
Net Interest Margin	4.5%	4.0%		3.9%
ROAE	9.3%	11.8%		10.8%
ROAA	0.9%	1.2%		1.1%
Cost/Income	41.3%	39.4%		42.5%

\*Includes Employee expenses, Other G&A, and Provisions & ECL

Source: EFG Hermes management accounts

**Net interest income:** Reached EGP496 million, up 12% Q-o-Q; derived mainly by continuous growth in interest earning assets while enhancing interest margins. The bank also allocated more assets towards sovereign investments to benefit from higher yields.

**Net fees and commission income:** Recorded EGP63 million in 3Q22, a decrease of 5% Q-o-Q, mainly attributed to a decrease in trade finance transactions. Meanwhile, accelerated bookings of retail loans continued.

**Other Revenues:** Reached EGP21 million in 3Q22, consisting of: EGP4 million of fx-gains, EGP13 million of gains on investments and trading portfolio, EGP2 million of income from associates and EGP2 million of dividend income.

**NIMs:** Increased to 4.5% in 3Q22 compared to 4.0% in 2Q22, as liquidity was deployed in sovereign investments with higher yield rather than variable rate assets with lower yield.

**Operating expenses:** Employees expenses came at EGP134 million in 3Q22 up 3% Q-o-Q, mainly due to adjustments in salaries & organization chart structure.

Other G&A expenses came at EGP86 million in 3Q22 up 11% Q-o-Q, due to an increase in technology and IT related expenses.

ECL & Provisions increased in 3Q22 to EGP124 million, mainly due to growth in the loan portfolio (loan book higher by EGP2 billion) and new corporate bonds, with both subject to ECL.

Moreover, the quarter included provisions booked to cover certain customers' exposure, as per the CBE directions.

Cost/Income ratio recorded 41.3% in 3Q22 up from 39.4% in 2Q22.

## II. Balance Sheet Summary

### Balance Sheet\*

<i>in EGP million</i>	Sep-22	Jun-22	Mar-22	Dec-21	Q-o-Q	YTD
Cash & Due from Central Bank	4,641	1,375	2,048	1,061	238%	437%
Due from Banks	7,304	12,794	19,939	18,736	-43%	39%
Net Loans & Advances	18,660	16,778	11,855	9,567	11%	195%
Financial Investments	19,662	18,915	16,330	14,008	4%	140%
Other Assets	2,319	2,283	2,424	2,084	2%	111%
<b>Total Assets</b>	<b>52,586</b>	<b>52,145</b>	<b>52,595</b>	<b>45,457</b>	<b>1%</b>	<b>116%</b>
Due to Banks	1,499	3,553	4,664	1,056	-58%	142%
Customer Deposits	44,942	42,549	41,802	38,730	6%	116%
Other Liabilities	1,021	981	1,125	801	4%	128%
<b>Total Liabilities</b>	<b>47,462</b>	<b>47,082</b>	<b>47,591</b>	<b>40,587</b>	<b>1%</b>	<b>117%</b>
<b>Total Shareholders' Equity</b>	<b>5,123</b>	<b>5,063</b>	<b>5,005</b>	<b>4,870</b>	<b>1%</b>	<b>105%</b>
<b>Balance Sheet Indicators</b>						
Loans/Deposits	46%	44%	33%	29%		
NPLs	11%	11%	14%	16%		
Coverage Ratio	86%	93%	92%	85%		
Total Capital Adequacy Ratio	22%	24%	30%	34%		

\*Standalone B/S

Source: aiBank accounts

**Assets:** Total Assets stood at EGP52.6 billion at the end of 3Q22, up from EGP52.1 billion at the end of 2Q22.

Composition of assets changed in the third quarter, as bank placements declined to 22% of total assets compared to 25%, net loans increased to 35% compared to 32%, while the investments portfolio increased to 37% of total assets compared to 36% at the end of 2Q22.

### Loans by Type

<i>in EGP million</i>	Sep-22	Jun-22	Mar-22	Dec-22	Q-o-Q	YTD
Corporate	14,460	13,174	8,793	7,198	10%	101%
Retail	5,730	5,155	4,502	3,693	11%	55%
SMEs	520	374	353	414	39%	26%
<b>Total</b>	<b>20,710</b>	<b>18,703</b>	<b>13,648</b>	<b>11,305</b>	<b>11%</b>	<b>83%</b>

**Loans:** Net loans reached EGP18.7 billion, after excluding expected credit losses provisions and unearned interest, while gross loans stood at EGP20.7 billion.

**Credit growth:** Gross loans grew 11% Q-o-Q, driven by strong growth from Corporate, Retail and SMEs loans, which increased 10% Q-o-Q and 11% Q-o-Q and 39% Q-o-Q, respectively.

**Loan quality:** NPL ratio remained largely unchanged Q-o-Q, standing at 11% at the end of 3Q22. Coverage ratio declined to 86% in 3Q22 compared to 93% in 2Q22. The decline in the coverage

ratio was due to the movement of a large customer's full provisioned exposure to stage three, as per the CBE's directive. Moreover, if associated collateral were included, coverage ratio would increase above 100%.

**Loans by currency:** Loan book was split 92/8 between local currency and foreign currency respectively at the end of 3Q22.

#### Deposits by Type

<i>in EGP million</i>	Sep-22	Jun-22	Mar-22	Dec-22	Q-o-Q	YTD
Current and Saving Accounts (CASA)	17,299	16,369	15,732	15,070	6%	15%
TDs and CDs	26,930	25,031	24,746	22,427	8%	20%
Other	713	1,148	1,325	1,233	-38%	-42%
<b>Total</b>	<b>44,942</b>	<b>42,548</b>	<b>41,802</b>	<b>38,730</b>	<b>6%</b>	<b>16%</b>

**Deposits:** Deposits rose to EGP 44.9 billion at end of 3Q22, an increase of 6% compared to 2Q22.

**Deposits contribution by type:** CASA accounts and Term deposits increased 6% Q-o-Q and 8% Q-o-Q, respectively; while other deposits, mainly composed of trade finance margin accounts, witnessed a decrease of 38% Q-o-Q.

**Deposits by currency:** Deposits were split 86/14 between local currency and foreign currency at the end of 3Q22.

**Loans/Deposits ratio:** loans to deposits ratio increased to 46% in 3Q22 compared to 44% in 2Q22, on loan book growth.



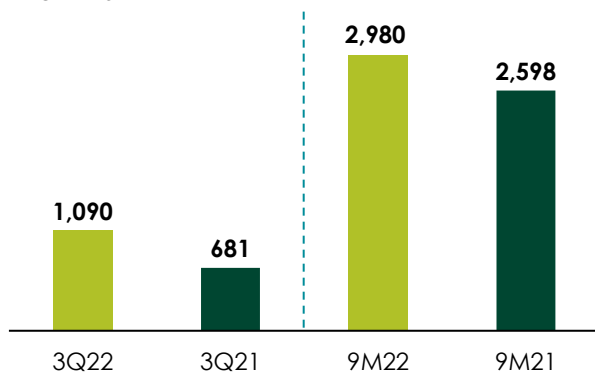
## ANNEX I

### Contribution by Platform

#### Revenues

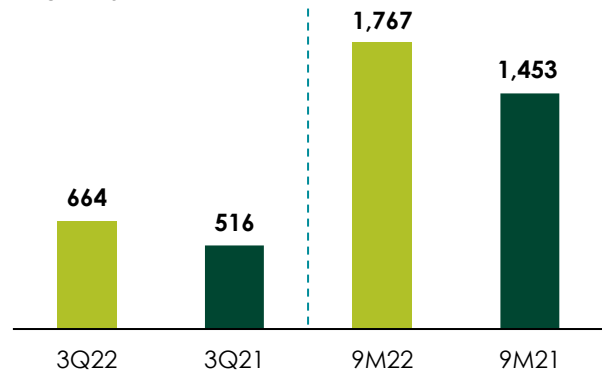
##### Investment Bank

In EGP million



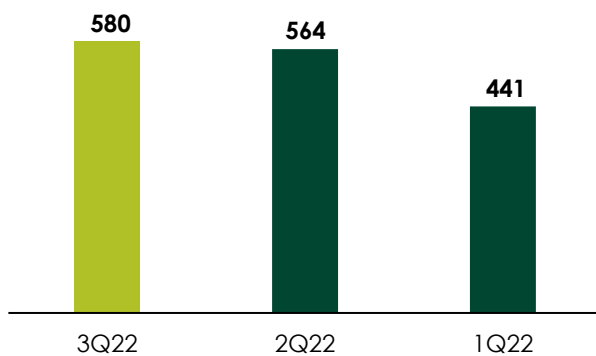
##### NBFIs

In EGP million



##### aiBank

In EGP million



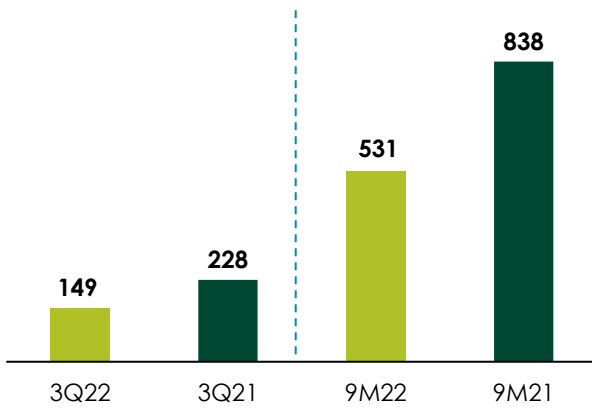




Attributable NPAT

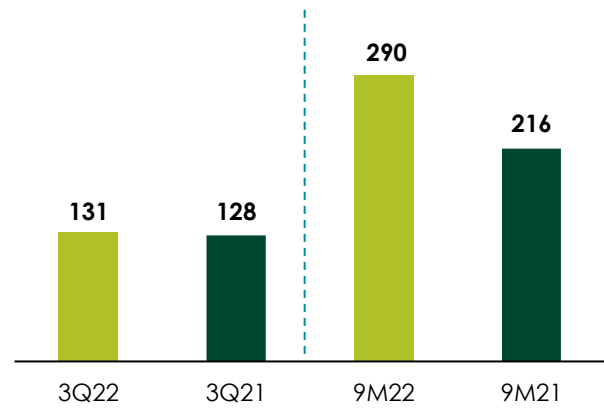
Investment Bank

In EGP million



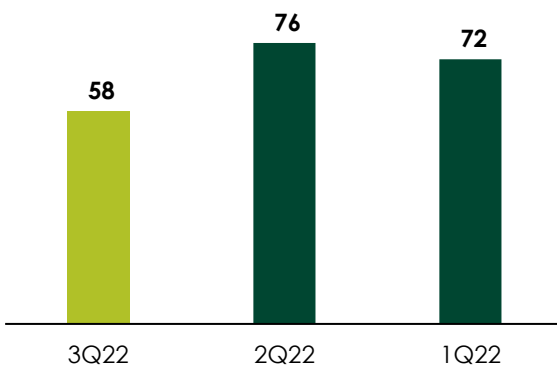
NBFIs

In EGP million



aiBank

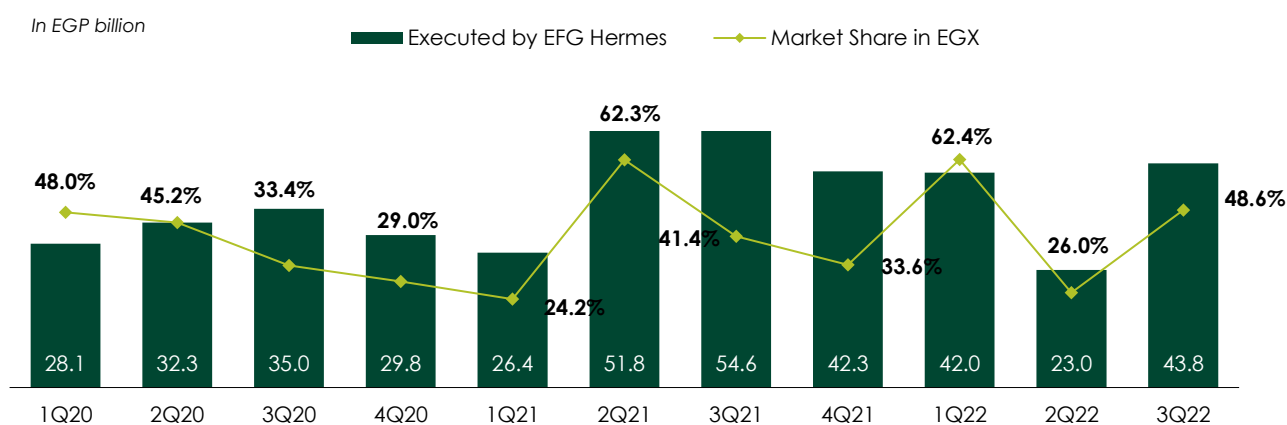
In EGP million



## ANNEX II

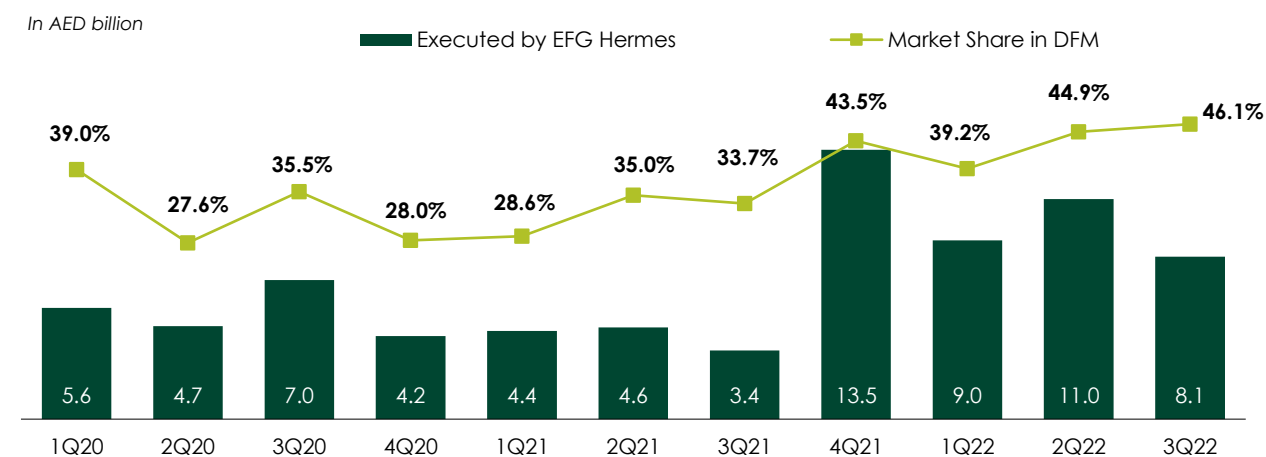
### EFG Hermes Executions & Market Shares

#### Egypt\*:



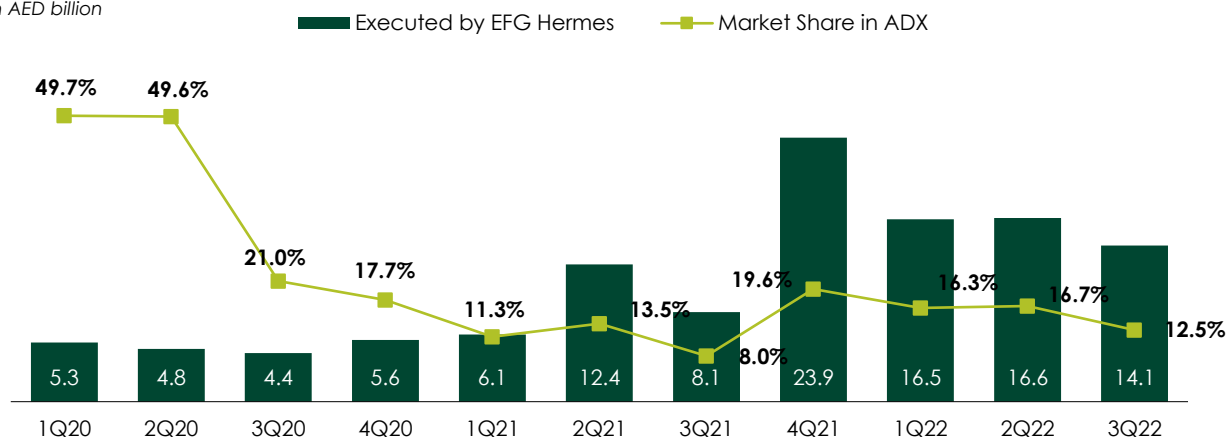
\*Market share calculation includes special transactions

#### UAE- DFM



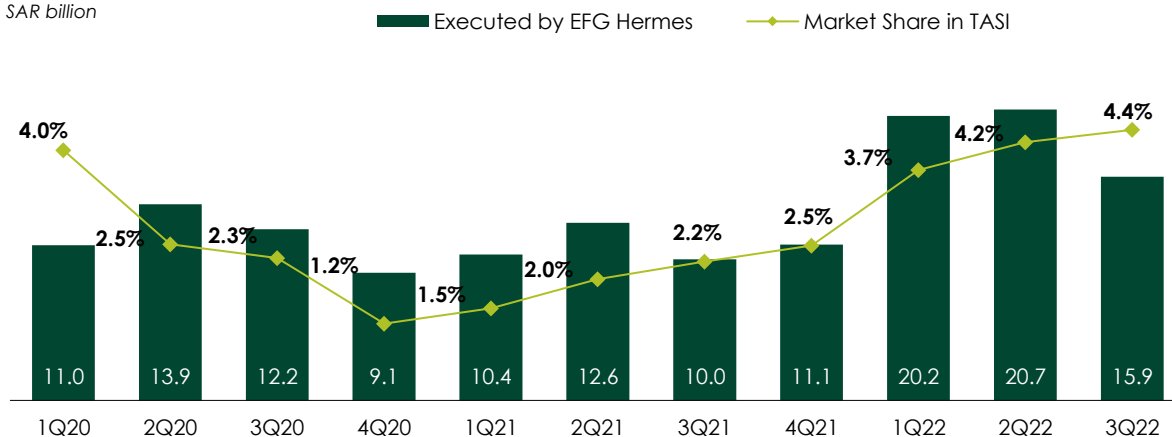
#### UAE – Abu Dhabi

In AED billion



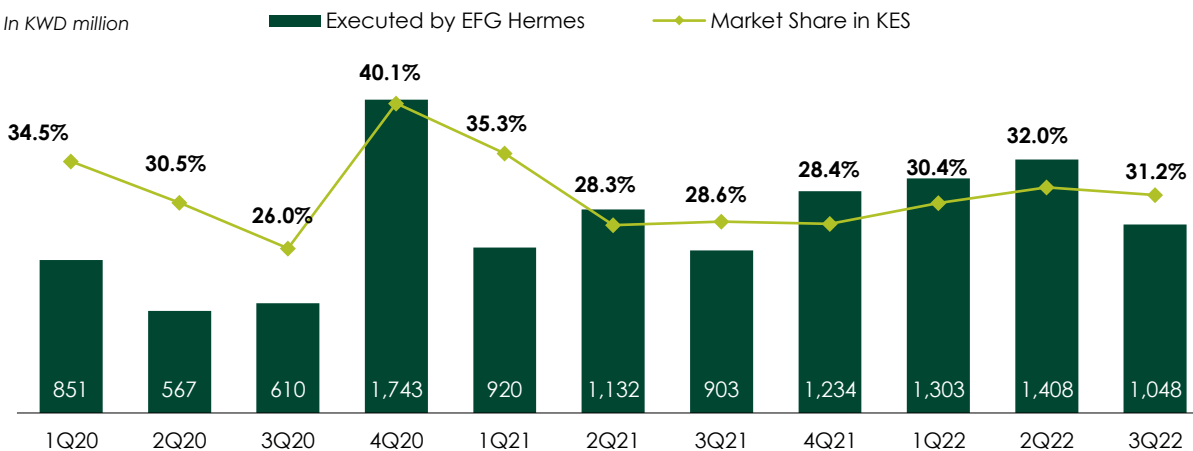
### KSA

In SAR billion



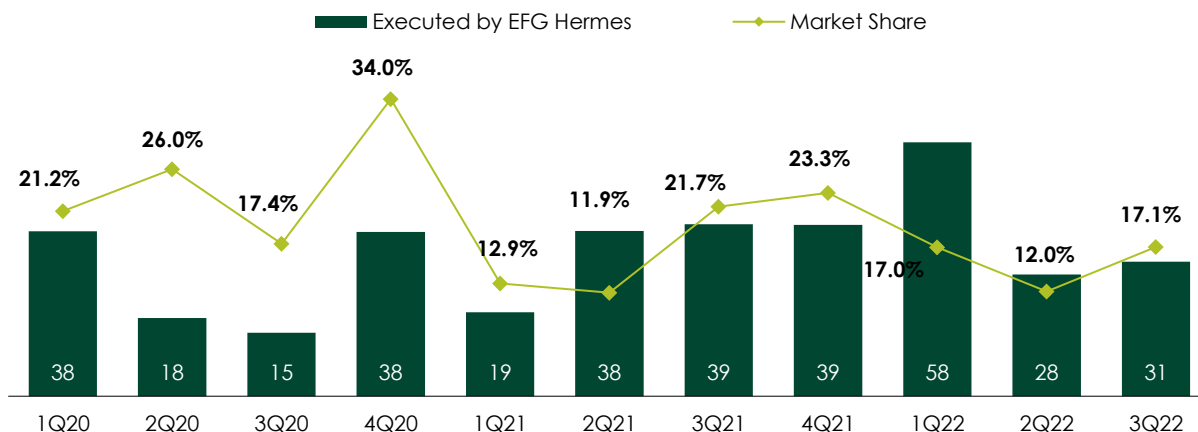
### Kuwait

In KWD million



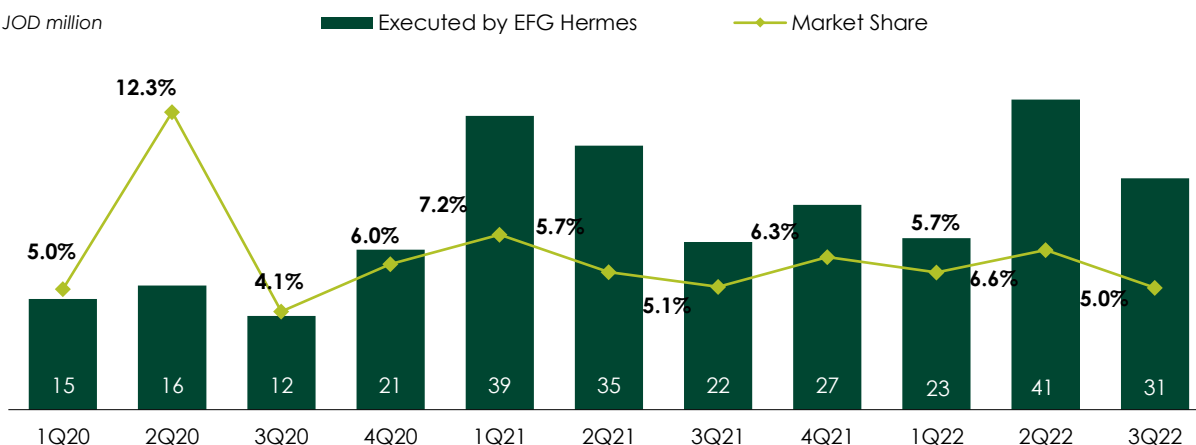
### Oman

In OMR million



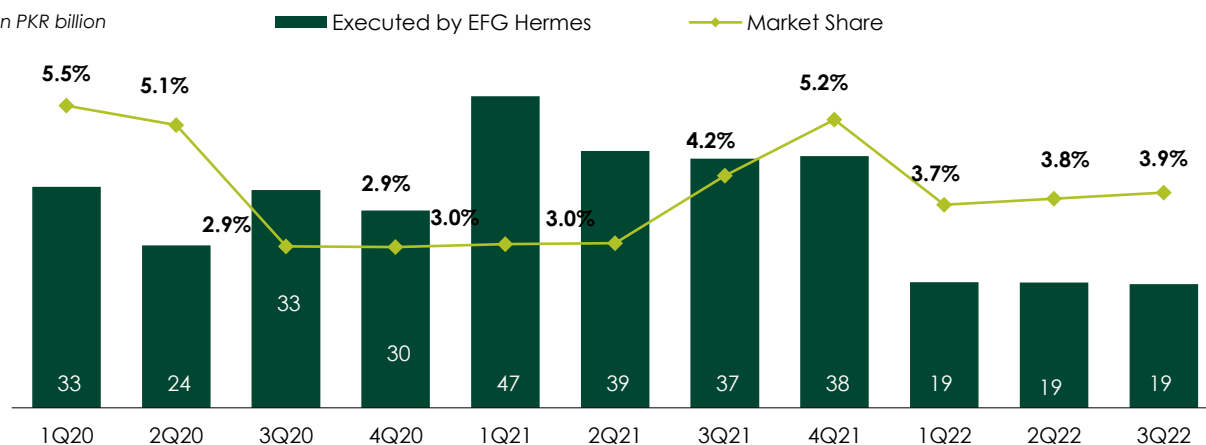
**Jordan**

In JOD million



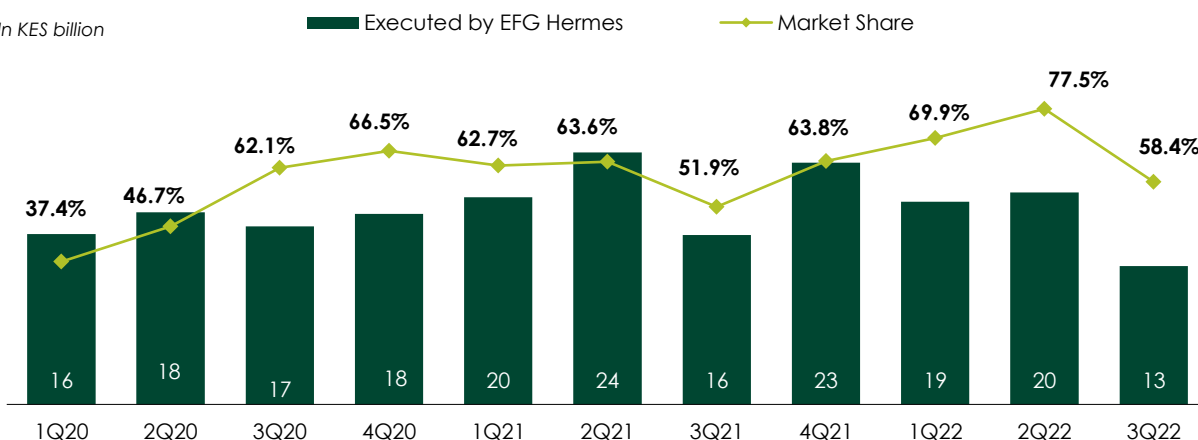
**Pakistan**

In PKR billion



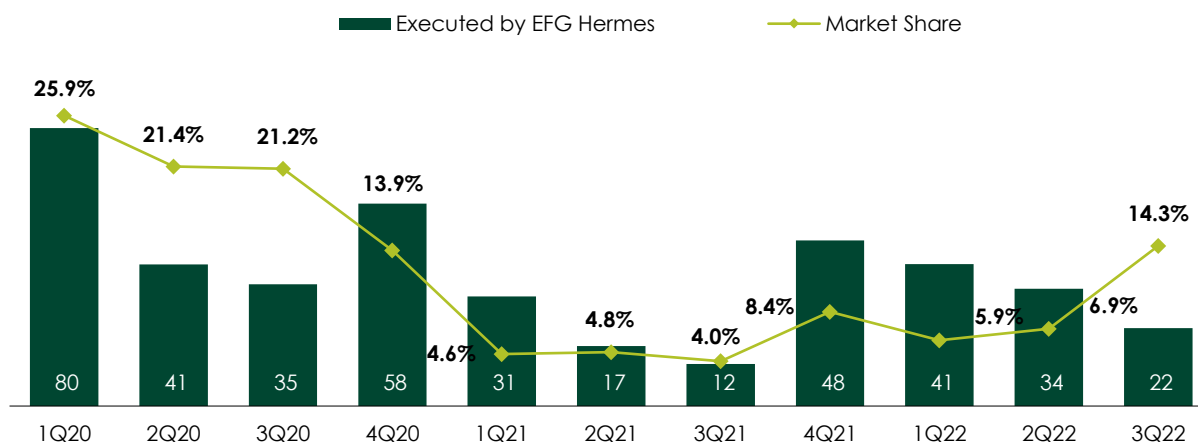
**Kenya**

In KES billion



**Nigeria**

In NGN billion





### Disclaimer

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Accordingly, readers are cautioned not to place undue reliance on forward looking statements, which speak only as of the date on which they are made.

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EFG Hermes Holding SAE has its address at Building No. B129, Phase 3, Smart Village – km 28 Cairo Alexandria Desert Road, 6 October and has an issued capital of EGP 5,838,424,030

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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

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