

EFG HOLDING REPORTS FIRST NINE MONTHS OF 2023 GROUP EARNINGS OF EGP1.7 BILLION; ON OPERATING REVENUE OF EGP10.5 BILLION

Cairo, November 15th, 2023 EFG Holding reports a strong set of results for the first nine months of 2023, with Group earnings of EGP1.7 billion on operating revenues of EGP10.5 billion. The Group's total assets stood at EGP122.6 billion at the end of September 2023.

Key Highlights

3Q23

- ≡ EFG Holding (the Group) has been on a roll for the past three quarter consistently reporting strong performance. This was boosted by the Investment Bank (EFG Hermes) and aiBANK reporting sustainable increase in revenue, and moreover, contributing to bottom line growth. EFG Hermes represents the bulk of revenues and net profit generated over 3Q23 and 9M23;
- ≡ The Group revenues spiraled up 27% Y-o-Y to EGP3.0 billion in 3Q23, driven by strong Brokerage revenues, higher incentive fees booked by Egypt Asset Management and FIM, higher management fees recorded by Private Equity, and higher unrealized gains on seed capital. This in addition to the FX impact on revenues generated in USD, at the Investment Bank. Additionally, aiBANK continued to advance supported by its loan book growth and the growth in its trade finance activities;
- ≡ The Group operating expenses (including provisions & ECL) rose 22% Y-o-Y to EGP2.0 billion in 3Q23, on higher employee expenses across the three platforms and higher other G&A reported by EFG Hermes and aiBANK; with this largely reflecting inflationary pressure in Egypt and the impact of the EGP devaluation on regional offices expenses or USD denominated expenses in Egypt. However, employee expenses/revenues came at 38% in the current quarter compared to 40% in 3Q22. Meanwhile, provisions & ECL slightly declined, as the increase recorded by EFG Hermes and EFG Finance was off-set by lower ECL reported by aiBANK;
- ≡ EFG Holding Group net operating profit of EGP1.0 billion, up 40% Y-o-Y in 3Q23. Tax expense rose 16% Y-o-Y to EGP278 million, mainly on higher taxes recorded by Brokerage Egypt. Accordingly, EFG Holding Group net profit after tax and minority interest came at EGP395 million, up 24% Y-o-Y; pressured by higher taxes and minority interest related mainly to the aiBANK, followed by FIM;
- ≡ Another strong quarter for EFG Hermes, with revenues increasing 30% Y-o-Y to EGP1.4 billion in 3Q23, supported by the sell-side and the buy-side verticals. Brokerage revenues particularly in Egypt and the UAE came higher, incentive fees reported by Asset Management Egypt and FIM increased, Private Equity increased its management fees on higher AuMs, and generally the impact of the Y-o-Y devaluation on revenues generated by operations outside Egypt. This overshadowed lower Holding & Treasury Activities and Investment Banking revenues;
- ≡ EFG Hermes operating expenses rose 34% Y-o-Y to EGP1.0 billion in 3Q23, driven by higher employee expenses, higher other G&A and ECL booked during the quarter. The increase in salaries and operating expenses Y-o-Y reflect the impact of the non-Egypt operations/offices expenses, the USD denominated expenses in Egypt and the high inflation levels in Egypt Y-o-Y. Meanwhile, the increase in provisions & ECL represents higher ECL taken for Investment positions;
- ≡ EFG Hermes reported net operating profit of EGP390 million, up 22% Y-o-Y in 3Q23. Taxes and deferred taxes rose 53% Y-o-Y to EGP123 million, with the increase in taxes mainly attributed to the profitability of the Brokerage companies in Egypt. Accordingly, EFG Hermes reported a net profit after tax and minority of EGP189 million, down 6% Y-o-Y;
- ≡ EFG Finance platform revenues came flat Y-o-Y at EGP666 million in 3Q23 as higher revenues recorded by valU was offset lower revenues reported by Tanmeyah, Leasing and losses reported by Finance Holding on the back of losses recorded by its portfolio of associates on its revenue line;
- ≡ EFG Finance operating expenses rose 7% Y-o-Y to EGP538 million, mainly on higher employee expenses to reflect inflation in Egypt, followed by higher provisions to mirror the ECL models. meanwhile, other operating expenses were broadly unchanged Y-o-Y;
- ≡ EFG Finance net operating profit declined 20% Y-o-Y to EGP129 million, as revenues came flat while expenses increased Y-o-Y. Consequently, net profits after tax and minority decline 51% Y-o-Y to EGP30 million, on higher depreciation;
- ≡ aiBANK reported revenues of EGP890 million in 3Q23, up 53% Y-o-Y; driven by stronger net interest income on the back of the Y-o-Y growth in interest earning assets, jointly with higher fees & commissions as trade finance volumes increased Y-o-Y;

- ≡ aiBANK operating expenses including provisions & ECL rose 18% Y-o-Y to EGP408 million in 3Q23, on higher salaries on the back of promotions, inflation, and new hires during 3Q23; higher other G&A expenses to reflect high inflation levels in Egypt and the devaluation impact on USD denominated expenses. However, provisions & ECL declined comparatively as the bank enhanced its coverage ratios in previous quarters, in addition to the higher ECL required for some of its investments in the comparable quarter;
- ≡ The Bank's net profit after tax rose 214% Y-o-Y to EGP345 million (of which the Group's share is EGP176 million) in 3Q23, as revenues growth outpaced the growth in expenses.

For full report and financial statements, please click on the links on top of the page.

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