

EFG Holding EARNINGS RELEASE 3Q2023

INVESTOR RELATIONS

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.

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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

EFG Holding

- ≡ 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.

EFG Hermes

- ≡ 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

- ≡ 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

- ≡ 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.



EFG Holding

The Group



Income Statement

Performance Overview

in EGP million	Group Performance Summary							
	3Q23	2Q23	3Q22*	Q-o-Q	Y-o-Y	9M23	9M22*	Y-o-Y
Group Net Operating Revenue	2,974	3,097	2,334	-4%	27%	10,526	6,332	66%
Investment Bank	1,418	1,589	1,090	-11%	30%	6,046	2,980	103%
NBFIs	666	620	664	7%	0%	1,976	1,767	12%
aiBANK	890	888	580	0%	53%	2,505	1,584	58%
Group Operating Expenses	1,974	2,109	1,617	-6%	22%	7,046	4,192	68%
Employees Expenses	1,131	1,140	937	-1%	21%	4,249	2,541	67%
Employee Expenses/Operating Revenues	38%	37%	40%			40%	40%	
Other Operating Expenses**	843	969	681	-13%	24%	2,798	1,651	69%
Group Net Operating Profit	1,000	988	716	1%	40%	3,480	2,141	63%
Group Net Operating Margin	34%	32%	31%			33%	34%	
Group Net Profit (Loss) Before Tax	884	842	629	5%	41%	3,125	1,915	63%
Group Net Profit (Loss) After Tax & Minority Interest	395	405	320	-2%	24%	1,685	1,001	68%
Investment Bank	189	212	202	-11%	-6%	1,160	584	99%
NBFIs	30	54	62	-44%	-51%	123	216	-43%
aiBANK	176	138	56	27%	214%	401	201	100%

Source: EFG Hermes Management Accounts

* 3Q22 and 9M22 net profit were restated as a result of the Purchase Price Allocation (PPA) study for aiBANK and Fatura

**Includes Other G&A and Provisions & ECL

3Q23

A third strong quarter for EFG Holding, with the Group revenues spiraling up 27% Y-o-Y to EGP3.0 billion in 3Q23, underpinned by EFG Hermes' (the Investment Bank) and aiBANK's outperformance.

EFG Hermes revenues rose 30% Y-o-Y to EGP1.4 billion, supported mainly by strong Brokerage revenues generated in Egypt, followed by the UAE, higher incentive fees booked by Egypt Asset Management and FIM, higher management fees recorded by Private Equity as AuMs increased Y-o-Y, and higher unrealized gains on seed capital. This in addition to the impact of the FX on revenues generated in USD or USD pegged currency and translated to EGP, our reporting currency. Meanwhile, aiBANK continued to advance, with its revenues increasing 53% Y-o-Y to EGP890 million, supported by its loan book growth and the growth in its trade finance activities.

EFG Finance revenues came flat Y-o-Y to reach EGP666 million, mainly as the increase in revenues reported by valU, mainly related to its securitization gain and higher sales, were offset by lower revenues reported by Tanmeyah, with its revenues declining due to the application of Responsible Lending, higher cost of funding as interest rates continue to increase, the lack of top-ups as the FRA halted their issuance and lower sales Y-o-Y. EFG Holding Group operating expenses (including provisions & ECL) rose 22% Y-o-Y to EGP2.0 billion, on higher employee expenses across the three platforms, higher other G&A reported by EFG Hermes and aiBANK, and despite slightly lower provisions & ECL as the increase recorded by EFG Hermes and EFG Finance was wiped-out by lower ECL reported by aiBANK.

Employee expenses rose 21% Y-o-Y to EGP1.1 billion, mainly on the back of higher salaries

reported by all three verticals to reflect inflation particularly in Egypt and the impact of a weaker EGP on the translation of the non-EGP denominated salaries. Group employee expenses/revenues came at 38% in the current quarter compared to 40% in 3Q22.

Other G&A expenses rose 35% Y-o-Y to EGP670 million in 3Q23, mainly related to a general increase in Egypt based entities' expenses to mirror inflation and USD denominated expenses across the different platforms of the Group; this in addition to the impact of the devaluation of the EGP on regional offices' expenses when translated to the Egyptian pound, at EFG Hermes.

Provisions & ECL edged down 6% Y-o-Y to EGP174 million, as higher provisions & ECL taken on our investments position together with Tanmeyah's higher ECL, were overshadowed by aiBANK's lower provisions & ECL required.

Consequently, EFG Holding Group net operating profit and net profit before tax, rose 40% and 41% Y-o-Y to EGP1.0 billion and EGP884 million, respectively.

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; lowered by higher taxes and minority interest related mainly to the aiBANK, followed by FIM.

9M23

With a solid third quarter, EFG Holding Group reported a strong set of results for the 9M23, with its revenues jumping up 66% to EGP10.5 billion, underpinned by significant unrealized gains on seed capital, strong fx-gain, higher Egypt and UAE brokerage revenues, higher Private Equity AuMs, higher Egypt Asset Management incentive fees, and generally higher USD revenues when translated to EGP at EFG Hermes. This in addition to valu's higher securitization gain and sales, followed by higher Factoring revenues, finally aiBANK's outstanding growth in revenues.

EFG Holding Group operating expenses rose 68% Y-o-Y to EGP7.0 billion, on higher employee expenses, particularly at the Investment Bank; followed by higher other G&A and provisions and ECL across all platforms.

Employee expenses rose 67% Y-o-Y to EGP4.2 billion on the back of higher variable portion of the employee expenses and higher salaries Y-o-Y to reflect inflation particularly in Egypt and the impact of a weaker EGP on the translation of the non-EGP denominated salaries. Employee expenses/revenues came at 40% in 9M23, unchanged Y-o-Y.

Other G&A expenses rose 55% Y-o-Y to EGP2.0 billion, mainly related to a general increase in Egypt based entities' expenses to reflect inflation and USD denominated expenses across the different platforms; this is in addition to the non-Egypt operations expenses when translated to the Egyptian pound at the Investment Bank.

Provisions & ECL rose 121% Y-o-Y to EGP802 million, mirroring some of the weakening of the performance in the different portfolios, thus higher provisions and ECL were taken for the Brokerage margin book, EFG Finance different business lines' growing loan book, and aiBANK expanding loan book.

Accordingly, EFG Holding Group net operating profit and net profit before tax, each rose 63% to EGP3.5 billion and EGP3.1 billion, respectively.

Tax expense rose 63% to EGP1.0 billion, mainly on higher taxes recorded by Brokerage Egypt and higher deferred taxes booked by the Investment Bank, as 9M23 included EGP313 million of

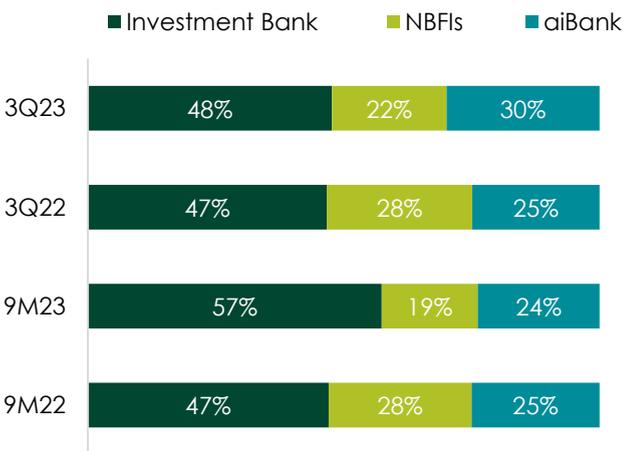


deferred tax on fx-gains and unrealized gains on investments/seed capital versus EGP77 million in 9M22. Additionally, aiBANK booked higher taxes Y-o-Y, as its profitability increased.

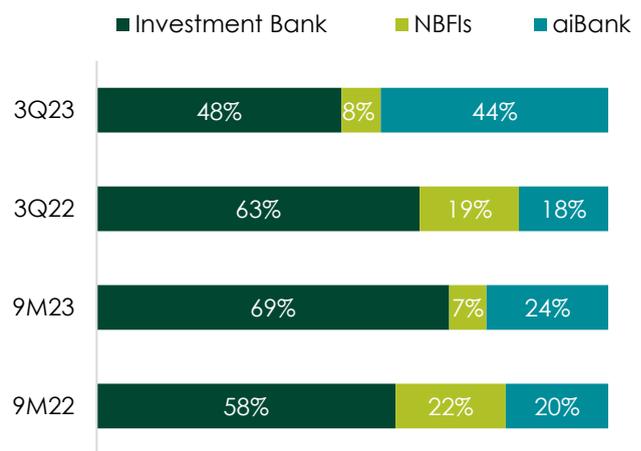
However, EFG Holding Group net profit after tax and minority interest came at EGP1.7 billion, up 68% Y-o-Y; on higher profitability posted by EFG Hermes and aiBANK.

Contribution by Platform

Revenues



NPAT*



*Net Profit After Tax and Minority Interest





EFG Hermes

The Investment Bank



Financial Overview

Performance Overview

in EGP million	Investment Bank Performance Summary							
	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y
Investment Banking	70	152	209	-54%	-67%	437	566	-23%
Brokerage	815	645	388	26%	110%	2,081	1,229	69%
Sell-Side	884	797	597	11%	48%	2,518	1,795	40%
Asset Management	198	194	97	2%	104%	440	308	43%
Private Equity	57	68	33	-16%	76%	193	83	131%
Buy-Side	256	262	130	-3%	97%	632	391	62%
Holding & Treasury Activities	279	530	363	-47%	-23%	2,896	794	265%
Total Net Operating Revenue	1,418	1,589	1,090	-11%	30%	6,046	2,980	103%
Employees Expenses	678	750	554	-10%	22%	3,005	1,469	105%
Other Operating Expenses*	351	396	216	-11%	63%	1,125	558	102%
Operating Expenses	1,029	1,146	770	-10%	34%	4,130	2,027	104%
Net Operating Profit	390	443	320	-12%	22%	1,916	954	101%
Net Profit (Loss) Before Tax	350	405	295	-14%	19%	1,801	885	103%
Net Profit (Loss) After Tax & Minority Interest	189	212	202	-11%	-6%	1,160	584	99%

*Includes Other G&A, and Provisions & ECL

3Q23

The Investment Bank continued its streak of outperformance, reporting revenues of EGP1.4 billion, up 30% Y-o-Y, supported by higher brokerage and buy-side revenues; and despite lower Holding & Treasury Activities and Investment Banking revenues.

The Sell-side revenues rose 48% Y-o-Y to EGP884 million in 3Q23, driven by higher Brokerage revenues. Brokerage revenues more than doubled, up 110% to EGP815 million, to reflect stronger executions in Egypt and Dubai, together with higher revenues generated by entities outside Egypt, as the EGP devalued against all USD pegged currency. Meanwhile, the Investment Banking revenues declined 67% Y-o-Y to EGP70 million, as the comparable quarter was a very strong quarter.

Buy-side revenues almost doubled, up 97% to EGP256 million, lifted by Asset Management and Private Equity revenues. Private Equity revenues rose 76% Y-o-Y to EGP57 million, mainly on higher AuMs Y-o-Y, and the impact of the EGP devaluation as almost all Private Equity's revenues are generated in foreign currencies. Asset Management revenues doubled, up 104% Y-o-Y to EGP198 million, mainly on incentive fees booked by FIM, the impact of translation of USD revenues, followed by higher incentive fees booked by Egypt Asset Management.

Holding & Treasury Activities revenues declined 23% Y-o-Y to EGP279 million, as the comparable quarter included strong fx-gains which off-set the strong unrealized gains on seed capital which was recorded in 3Q23. Fx-gains came at EGP4 million in 3Q23, as the currency was stable during the quarter, down from EGP332 in the comparable period. Realized and unrealized gains reached EGP156 million in 3Q23 from a loss of EGP18 million in 3Q22, mainly on unrealized gains from seed capital, and despite losses realized from selling part of our investment position as part of the portfolio rebalancing. Meanwhile, net interest income came at EGP11 million versus EGP37 million, on higher financing cost.

Total operating expenses rose 34% Y-o-Y to EGP1.0 billion in 3Q23, driven largely by higher

employee expenses, followed by higher other G&A and ECL booked during the quarter.

Employee expenses rose 22% Y-o-Y to EGP678 million in 3Q23, this reflects to a large extent the impact of the EGP devaluation on salaries across regional operations, higher salaries in Egypt to reflect mounting inflation, and higher Brokerage commissions as execution increased Y-o-Y. This was partially off-set by lower variable portion of the employee expenses.

Other G&A expenses, which rose 70% Y-o-Y to EGP305 million, was largely impacted by the Y-o-Y devaluation of the EGP through its G&A expenses in subsidiaries/offices outside Egypt and expenses in Egypt, most obviously IT expenses that are denominated in USD; this in addition to the elevated inflation levels in Egypt.

Provisions & ECL reached EGP46 million in 3Q23, up from provision of EGP37 million in 3Q22 as Holding booked EGP46 million of ECL related to its investment position.

EFG Hermes reported net operating profit and net profit before tax, up 22% Y-o-Y and 19% Y-o-Y to EGP390 million and EGP350 million, respectively. Taxes and deferred taxes rose 53% Y-o-Y to EGP123 million, with the increase in taxes mainly due to profitability reported by the Brokerage Egyptian entities. Accordingly, EFG Hermes reported a net profit after tax and minority of EGP189 million, down 6% Y-o-Y.

9M23

The Investment Bank saw its revenues more than double Y-o-Y, up 103% to EGP6.0 billion, driven by strong revenues recorded by all its three verticals; reflected mainly in stronger Brokerage and buy-side revenues, and unrealized gains on seed capital.

Sell-side revenues rose 40% Y-o-Y to EGP2.5 billion, driven by higher Brokerage revenue. Brokerage revenues rose 69% to EGP2.1 billion, to reflect the impact of the devaluation and higher revenues generated by Brokerage Egypt and UAE. The Investment Banking revenues lost 23% Y-o-Y to EGP437 million, on lower advisory fees.

Buy-side revenues rose 62% to EGP632 million, supported by Private Equity and Asset Management revenues. Private Equity revenues rose 131% Y-o-Y to EGP193 million, mainly on higher AuMs Y-o-Y and consequently higher management fees; this in addition to higher EGP revenues as management fees is mainly denominated in USD. Asset Management revenues rose 43% Y-o-Y to EGP440 million, on incentive fees booked by Egypt Asset Management and higher EGP translated revenues for FIM, as its management fees is recognized in USD, and despite lower incentive fees and unrealized losses of EGP89 million related to the SPAC warrants and booked on the consolidation level on FIM in 1Q23.

Holding & Treasury Activities revenues rose 265% to EGP2.9 billion, mainly on unrealized gains on seed capital. Realized and unrealized gains on Investments/seed capital came at EGP1.4 billion in 9M23, lifted predominately by unrealized gains on seed capital of EGP1.3 billion; meanwhile the comparable period included realized losses on Investments amounting to EGP711 million from structured products exit. Strong fx-gains were recorded in both periods, with fx-gains mainly related to the revaluation of cash, debt instruments denominated in USD or USD pegged currencies, intercompany balances, and the revaluation of balance sheet items. Meanwhile, net interest income declined 48% Y-o-Y to EGP134 million, mirroring the complete exit from structured products by the end of 1Q22, and on higher financing costs Y-o-Y.

EFG Hermes total operating expenses rose 104% Y-o-Y to EGP4.1 billion, driven largely by higher



employee expenses, followed by higher other G&A and provisions & ECL.

Employee expenses, rose 105% Y-o-Y to EGP3.0 billion, largely on higher non-cash variable portion of the employee expenses taken in tandem with stronger revenues, followed by higher salaries Y-o-Y to reflect the non-EGP denominated pay and the higher salaries in Egypt to mirror the elevated inflation rates in Egypt.

Other G&A expenses rose 86% Y-o-Y to EGP938 million, as higher expenses were reported across different expense categories to mirror the impact of the EGP devaluation on expenses booked outside Egypt, and the USD denominated expenses in Egypt; together with the elevated inflation levels in Egypt.

Provisions & ECL reached EGP187 million up from EGP54 million in 9M22; as Brokerage booked EGP119 million related to its margin book, Private Equity booked EGP11 million related mainly to ECPIII and Agri Funds and Holding booked EGP56 million of provision & ECL mainly related to its Eurobonds position.

The Investment Bank net operating profit and net profit before tax, rose 101% Y-o-Y and 103% Y-o-Y to EGP1.9 billion and EGP1.8 billion, respectively. Taxes and deferred taxes rose 172% Y-o-Y to reached EGP619 million, largely on higher deferred tax which totaled to EGP313 million on unrealized gains on investments/seed capital and fx-gain booked by the Holding versus EGP77 million in the comparable period. This in addition to higher taxes booked by the different lines of business, particularly in Egypt. However, net profit after tax and minority increased 99% Y-o-Y to EGP1.2 million.



Operational Performance

i. Brokerage

Markets performance in our core MENA markets and Frontier markets ended 3Q23 on a mixed note; however, liquidity improved across the different markets; this was reflected in executions and hence, commissions. The MSCI EM gave up 3.7% Q-o-Q, and the S&P Pan Arab TR slid 1.1% Q-o-Q.

EFG Hermes Brokerage (which reflect MENA and Frontier markets' executions, Structured Products and Fixed Income) total executions rose 13% Q-o-Q to reach USD20.9 billion in 3Q23, predominantly on higher executions on all our main markets with the exception of Abu Dhabi and Qatar. On a Y-o-Y basis, total executions added 3%, as higher executions in Egypt, KSA and Dubai were largely off-set by lower executions in Qatar, Abu Dhabi and Kuwait.

Brokerage revenues reached EGP815 million in 3Q23, up 26% Q-o-Q and 110% Y-o-Y. The Q-o-Q increase reflects higher revenues generated by different markets (as the fx remained unchanged Q-o-Q), while the Y-o-Y increase reflects mainly the increase in revenues generated by Egypt and UAE (in AED), and the impact of the fx movement on revenues generated outside Egypt, as we report revenues in Egyptian pounds.

In 9M23, Brokerage executions declined 15% Y-o-Y to USD59.3 billion largely on lower executions in Qatar and Kuwait, followed by Abu Dhabi. As for EGP revenues, Brokerage revenues rose 69% Y-o-Y to EGP2.1 billion, to reflect the impact of the devaluation and higher revenues generated in Egypt and UAE (in AED). This came despite lower USD revenues generated by Structured Products, Kuwait, KSA and Frontier markets.

in EGP million	Brokerage Revenue*							
	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y
Egypt**	321	276	164	16%	96%	868	430	102%
Other Markets	139	40	28	249%	394%	214	120	79%
Total Egypt	460	316	191	46%	141%	1,082	549	97%
UAE	143	128	69	11%	108%	388	212	83%
KSA	77	83	47	-7%	65%	226	144	57%
Kuwait	70	58	39	20%	81%	198	161	23%
Frontier Markets***	41	35	24	17%	67%	116	79	46%
Structured Products	10	9	6	14%	70%	25	52	-52%
Others****	14	16	13	-15%	8%	46	31	46%
Total Revenues	815	645	388	26%	110%	2,081	1,229	69%

*Brokerage revenues highlighted above represent operations and not markets

**Egypt revenues include UK (GDRs)

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

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

Source: Management Accounts

Commission contribution by market remained the same Q-o-Q in 3Q23, as Egypt remained the largest contributor to pure Brokerage commissions (excluding any other revenue generated including: margin income, research revenue and custody income) in markets where we execute, with a contribution of c.40%; while the UAE markets (which includes Dubai and Abu Dhabi) came in second place, with c.18% contribution. Meanwhile, KSA came in third place with a contribution of 15%, while Kuwait landed on fourth place with a 12% contribution.

Commissions Breakdown by Market

Markets	3Q23	9M23
Egypt*	40.3%	32.8%
DFM**	8.6%	8.6%
ADX	9.7%	11.8%
KSA	15.3%	15.9%
Kuwait	11.6%	12.8%
Qatar	6.9%	9.1%
Frontier Markets	5.0%	5.3%
Others***	2.7%	3.8%
Total	100%	100%

*Egypt includes UK (GDRs) share of 14.1% in 3Q23 and 8.0% in 9M23

**DFM includes Nasdaq Dubai's share of 0.01% in 3Q23 and 0.06% in 9M23

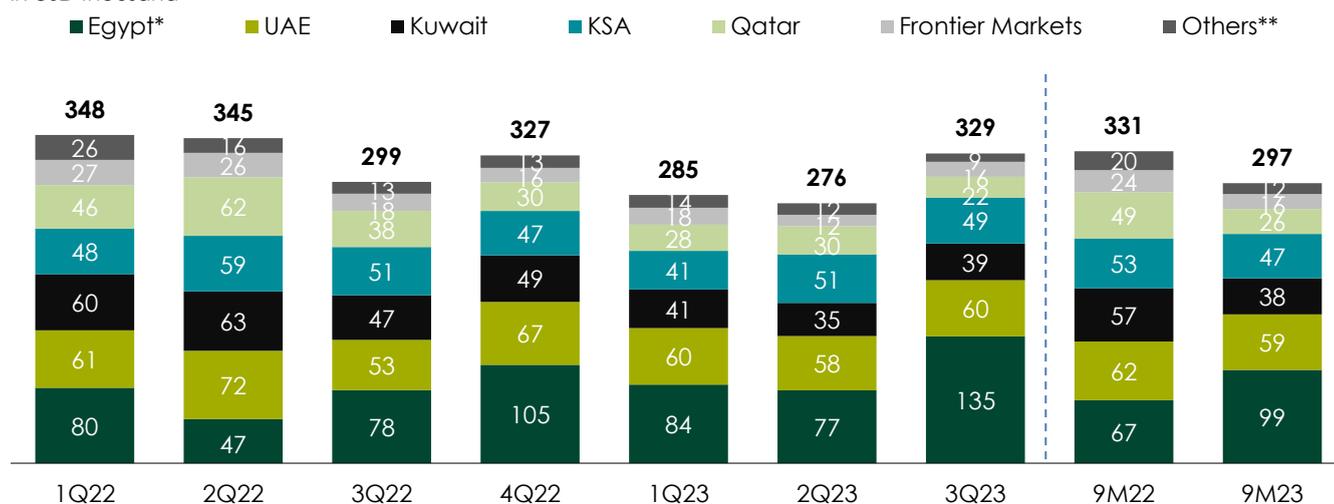
***Others including: Oman, Jordan, Lebanon, Bonds, Structured Products and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

The below chart highlights the average daily commissions (ADC) generated by Brokerage and reported in USD. Aggregate ADC rose 19% Q-o-Q to USD329 thousand in 3Q23, on higher ADC reported by Egypt (reflecting to a large extent the increase in GDR trading and eliminating any impact of currency movement as the fx remained stable Q-o-Q). On a Y-o-Y, Brokerage ADC increased 10%, mainly on higher ADC reported by Egypt and despite the Y-o-Y devaluation of the EGP, this was followed by higher commissions generated in Dubai. The Y-o-Y increase in ADC was partially overshadowed by lower ADC reported by Qatar and Kuwait. In 9M23, Brokerage ADC declined 10% to USD297 thousand, as the increase in Egypt's commissions failed to offset lower ADC reported by all other markets particularly Qatar and Kuwait.

Average Daily Commissions

In USD thousand



*Egypt includes UK (GDRs)

**Others including: Oman, Lebanon, Jordan, Bonds, Structured Products and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

Brokerage Market Share & Executions

<i>in USD million</i>	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y
Egypt*								
Market share	33.0%	31.2%	35.8%	1.8%	-2.8%	33.7%	40.8%	-7.1%
Executions	3,256	1,435	2,506	127%	30%	6,619	6,583	1%
UAE – DFM								
Market share	35.9%	29.5%	46.1%	6.4%	-10.3%	37.6%	40.4%	-2.8%
Executions	3,059	2,220	2,213	38%	38%	7,994	7,656	4%
UAE – ADX								
Market share	17.3%	22.0%	12.5%	-4.7%	4.9%	17.9%	15.1%	2.8%
Executions	3,417	4,143	3,846	-18%	-11%	11,872	12,859	-8%
KSA								
Market share	5.7%	5.9%	4.4%	-0.2%	1.3%	6.0%	4.1%	1.9%
Executions	5,843	5,204	4,294	12%	36%	15,740	15,330	3%
Kuwait								
Market share	37.0%	33.0%	31.2%	4.0%	5.8%	35.3%	31.6%	3.7%
Executions	2,891	2,578	3,493	12%	-17%	8,522	12,532	-32%
Jordan								
Market share	7.9%	7.8%	5.0%	0.1%	2.8%	7.4%	5.8%	1.6%
Executions	37	37	43	-1%	-15%	126	133	-5%
Pakistan								
Market share	3.5%	4.2%	3.9%	-0.7%	-0.4%	4.1%	3.8%	0.4%
Executions	78	48	76	63%	3%	215	279	-23%
Kenya								
Market share	46.6%	52.5%	58.4%	-5.9%	-11.8%	37.8%	69.1%	-31.3%
Executions	56	55	111	1%	-50%	216	457	-53%
Nigeria								
Market share	8.3%	6.8%	14.3%	1.5%	-6.1%	8.1%	9.8%	-1.7%
Executions	75	58	45	30%	67%	179	174	3%
Frontier								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	282	273	342	3%	-18%	825	1,060	-22%
Structured Products								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	5	13	3	-64%	71%	24	388	-94%

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

**Executions in Qatar, Oman, Bahrain, Lebanon, Bonds, ETFs, and others represent an additional 9% of total Brokerage executions in 3Q23 and 11% in 9M23

Source: EFG Hermes and Regional Exchanges



Egypt

An upward trajectory persisted on the EGX, with the Hermes Financial Index (HFI) moving further up, adding 16.4% over the quarter and taking its YTD performance to over 40% to be the best performing market in the MENA region. Additionally, volumes rose 17% Q-o-Q; partially on the back of offering investment hedge against potential currency devaluation with foreign and GCC investors mostly active in USD dominated stocks (GDRs). Its worth mentioning that the intra-day activity by retail increased this quarter especially on stocks with exposure to USD earnings.

EFG Hermes continued to dominate the first place ranking on the EGX, with a market share of 33.0% in 3Q23 and 33.7% in 9M23.

Local clients dominated the market in 3Q23, with EFG Hermes holding the 1st place and seizing 14% of the retail flow in 3Q23. Foreign participation remained at low levels, accounting for c.9% of the total market participation in 3Q23 and c.10% in 9M23. However, EFG Hermes managed to capture a significant share of 71% in 3Q23; thus, taking its 9M23 contribution to 54% of this flow.



UAE – Dubai

Another buoyant quarter for the DFM, with the DFMGI gaining 9.8% Q-o-Q, and volumes rising 14% Q-o-Q over the same period, mainly triggered by strong foreign institutional activity.

The Firm jumped to 1st place on the DFM in 3Q23 and 9M23, with a market share of 35.9% and 37.6%, respectively; underpinned by an increase in EFG Hermes' share of foreign institution executions, particularly the heavy-weight stocks in the FTSE EM index rebalancing.

Foreign participation increased Q-o-Q in 3Q23, reaching 29% of the total market, of which EFG Hermes executions accounted for 49%. As for 9M23, foreign activity came at 31% of which EFG Hermes captured 46%.



UAE – ADX

A slow quarter for the ADX, with no new issuances and the absence of significant EM index event; yet the index managed to close in the green, with the Index adding 2.5% Q-o-Q and volumes rising 5% Q-o-Q.

EFG Hermes maintained 2nd place ranking in 3Q23 with a market share of 17.3% and 17.9%, respectively. In terms of foreign activity, foreign investors accounted for 19% of the market activity, with the Firm capturing 33% of this flow in 3Q23. For 9M23, foreign investors accounted for 23%, of which the Firm accounted for 28%.





Saudi Arabia

The Saudi Market performance was muted, with the Tadawul All Share index slipping 3.5% Q-o-Q, however, liquidity improved, up 17% Q-o-Q.

In September, EFG Hermes organized the first Saudi forum in London in collaboration with the Saudi Exchange (Tadawul) and the participation of the Saudi Capital Market Authority (CMA). 2,300 meetings were conducted between 50+ of the top-listed Saudi companies and 200+ institutional investors and fund managers from over 120 global investment firms.

The QFI volumes reached SAR138.6 billion, accounting for 18.3% of the market turnover while the swaps accounted for 0.1%. As for the swaps and QFI volumes combined, it reached SAR139 billion accounting for 18.3% of the market's turnover in 3Q23, of which the Firm captured 7.3% of this flow during the quarter and 7.9% in 9M23.

EFG Hermes market share came at 5.7% in 3Q23 and 6.0% in 9M23, with a 6th place ranking among brokerage firms only and 5th place among foreign brokerage firms in 3Q23 and 9M23.



Kuwait

Another muted quarter for the Kuwaiti market, with the Kuwaiti market premier index sliding down 2.0% Q-o-Q and volumes adding 3% Q-o-Q in 3Q23. It is worth highlighting, that around USD100 million of foreign outflows were seen on MSCI August rebalance, thus pressuring market performance. Other than that there was no real catalyst in the market to drive foreign or GCC activity.

The same trend continued from last quarter, with Local investors being net buyers, while GCC and foreign investors were net sellers.

EFG Hermes IFA climbed to first place in 3Q23, with a market share of 37.0%; however, maintained 2nd place ranking with a 35.3% market share in 9M23. Foreign participation accounted for 11% of the total market in 3Q23 and 12% in 9M23, of which EFG Hermes captured 63% and 66%, respectively, of this flow.



Jordan

Another quiet quarter for the Jordanian market, with the Index declining 2.1% Q-o-Q, and volumes retreating 5% Q-o-Q in 3Q23.

The Firm's market share came at 7.9% in 3Q23 and 7.4% in 9M23, with an 10th place and 9th place ranking on the market, respectively. In terms of foreign participation, foreign activity accounted for 6% of the market turnover in 3Q23 and 4% in 9M23; whereby EFG Hermes captured 37% and 32%, respectively, of that flow.





Pakistan

Some good news supported the Pakistani market and improved sentiment, as the KSE100 index spiraled up 11.9% Q-o-Q, while volumes increased almost 4x, on the back of the IMF approving USD3 billion of Stand-By Arrangement for Pakistan, in addition to the UAE and KSA support.

EFG Hermes Pakistan market share came at 3.5% in 3Q23, and 4.1% in 9M23. Foreign investors were net buyers, and among the local investors, insurance companies, corporates and individuals were major net buyers, whereas mutual funds and Banks were net sellers.

Foreign participation came at 7% of the market turnover in 3Q23; with the Firm capturing 12% of that flow. For 9M23, foreign activity came at 8%, of which EFG Hermes Pakistan accounted for 16% of that flow.

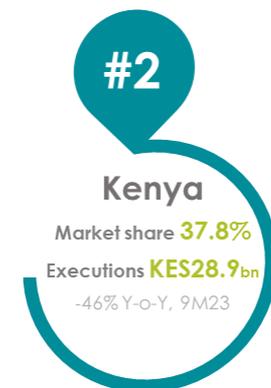


Kenya

The streak of bad performance persisted in 3Q23, with the NASI losing an additional 11.0% Q-o-Q, mainly driven by losses recorded by some large cap. stocks; however, volumes reversed direction adding 21% Q-o-Q. The slowdown in the market came on the back of a poor macro-outlook, with the Kenyan shilling reaching its lowest ever rate against the USD.

EFG Hermes slipped to 2nd place for 3Q23 and 9M23, with a market share of 46.6% and 37.8%, respectively. The decline in the 9M23 market share is attributed to a one-off transaction executed by another broker in 1Q23.

Foreign participation increased to 46% in 3Q23 of the total market activity, of which EFG Hermes executed 44% of this flow. Meanwhile, in 9M23, foreign activity came at 39%, of which the firm executed 41%.



Nigeria

The Nigerian market washed-off poor macro-outlook, the downgrade of Nigeria from the FTSE Russell equity Index in September to an unclassified market as the FX liquidity challenges remain, and the low foreign participation with higher oil prices and subsidy removal which benefited the oil & gas sector, strong 1H23 results, and impressive interim dividends particularly from Banks. The Index gained 8.9% Q-o-Q, and volumes spiraled up 49% Q-o-Q in 3Q23.

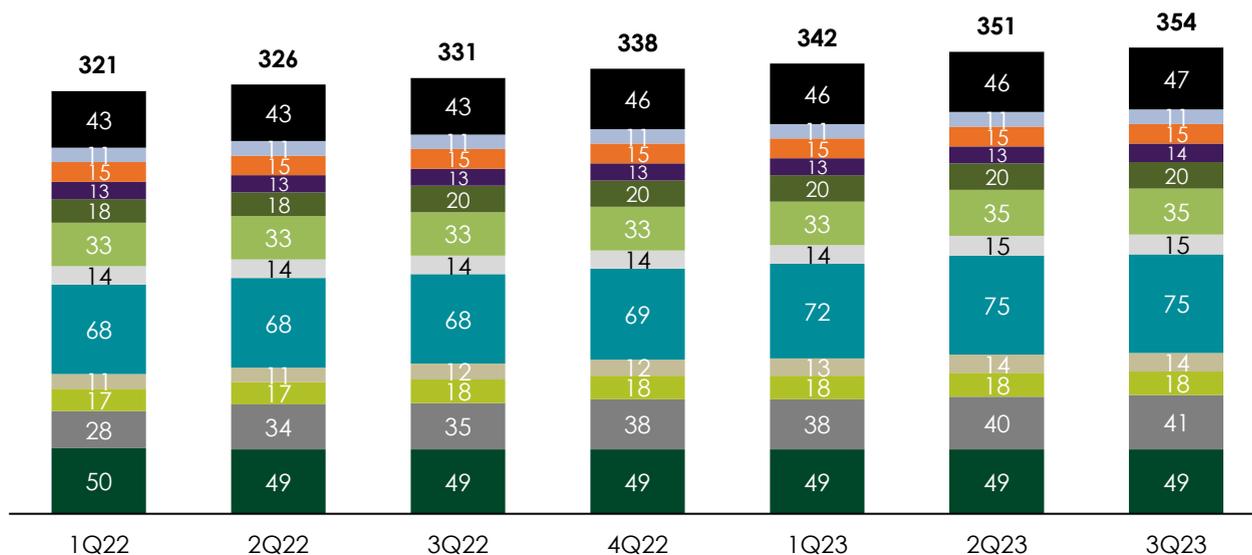
As the market remained dominated by local activity, the Firm ranking slid to 8th place in 3Q23, with a market share of 8.3%. For 9M23, the Firm held 7th place ranking with a market share of 8.1%.



ii. Research

Research Coverage Universe

Number of Companies



*Others company breakdown: Morocco 7, Jordan 6, Sri Lanka 6, Tanzania 6, Ghana 4, UK 4, Uganda 3, Georgia 2, Kazakhstan 2, Mauritius 2, Slovenia 1, Rwanda 1, Bahrain 1, Netherlands 1, Thailand 1

In 3Q23, we initiated coverage of three stocks, which included coverage of a new country, Thailand. We initiated coverage of Thai Beverage, a brewery /spirits / beverage company based in Thailand with extensive Vietnam exposure (Sabeco), which was our first foray into Thailand – the stock is another way to play the Vietnam brewery sector. We also initiated coverage of another Kenyan bank, NCBA, which rounds off our coverage of Kenyan financials. In MENA, we initiated coverage of ADNOC Logistics & Services, a UAE based logistics company and key part of the ADNOC group. We have significantly deepened our Abu Dhabi research coverage over the past eighteen months as it has increasingly become a key market in the region after a swathe of IPOs, which has broadened and diversified the ADX's stock offering.

We also hosted the EFG Hermes Saudi forum in London in September, which was a well-attended event as the Saudi market continues to gain interest and momentum. EFG Hermes Research was once again ranked no.1 in frontier this year by Institutional Investor. Overall, the research team covers 354 stocks across 26 countries and 29 markets. In terms of MIFID and CSA clients the business remains robust after a good start to the year.

iii. Investment Banking

In 3Q23, EFG Hermes' Investment Banking division successfully concluded two equity transactions and three debt transactions worth an aggregate value of USD367 million.

On the equity front, EFG Hermes acted as the sole financial advisor on the technical listing of leading Egyptian full-service energy and utility provider, TAQA Arabia, on the Egyptian Stock Exchange ("EGX"). The listing has set various precedents in the Egyptian market, being the first public offering of a privately-owned energy company and the largest listing on the EGX since 2021, which is a testament to the Firm's ability to continuously offer new investment opportunities, contributing to the development of capital markets. Additionally, the firm acted as Joint Bookrunner on the USD290 million initial public offering (IPO) of Lumi Rental Company, one of the leading car rental companies in Saudi Arabia, on the Tadawul exchange. The IPO garnered significant demand from local, regional, and international investors, being 94.5x oversubscribed. The offering saw EFG Hermes play a strategic role in diversifying from local demand witnessed across the majority of Saudi IPOs, through securing demand from several quality regional and global investors, continuing to add value to its clients in the evolving KSA market.

On the debt front, the division continued to solidify its standing as the leading debt capital markets advisory house, having successfully concluded advisory on three debt transactions. The team successfully advised Valu on its sixth securitized bond issue, in a transaction worth USD 30 million. Additionally, the team concluded the USD 33 million securitized bond issuance for EFG Corp Solutions, marking a significant expansion of EFG Corp Solutions' securitization program, which increased its value from EGP 3.0 billion to EGP 6.0 billion. The division also advised Palm Hills Developments on its securitized bond issuance, in a USD 15 million transaction, further strengthening the Firm's relationship and longstanding track record with one of Egypt's leading real estate developers.

EFG Hermes' solid performance in 3Q23, reflects the Firm's growing commitment to leverage its extensive expertise and deep market knowledge to drive impactful financial solutions that facilitate business expansion and generate sustainable value for its partners. With a robust flow of transactions in the GCC and Egypt, EFG Hermes is well-positioned to continue to capture more growth in the final quarter of the year.

iv. Asset Management

Egypt Assets under Management Evolution

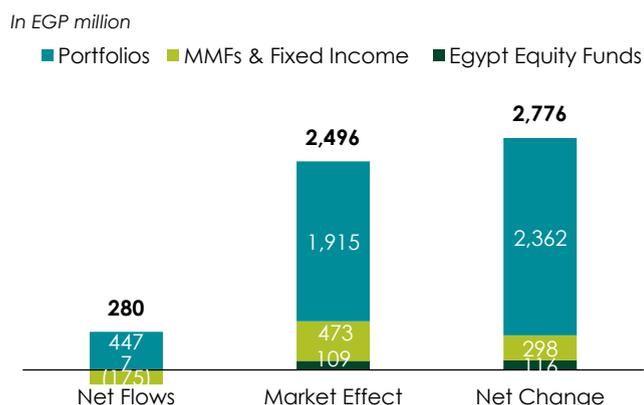


Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AuMs increased 10.6% Q-o-Q to stand at EGP28.9 billion by the end of 3Q23. The increase in AuMs was mainly on the back of appreciation recorded by equity portfolios and to lower degree MMFs, which together added 9.6% to total AuMs. Meanwhile, net inflows added 1.1% to AuMs, supported by injections in equity portfolios.

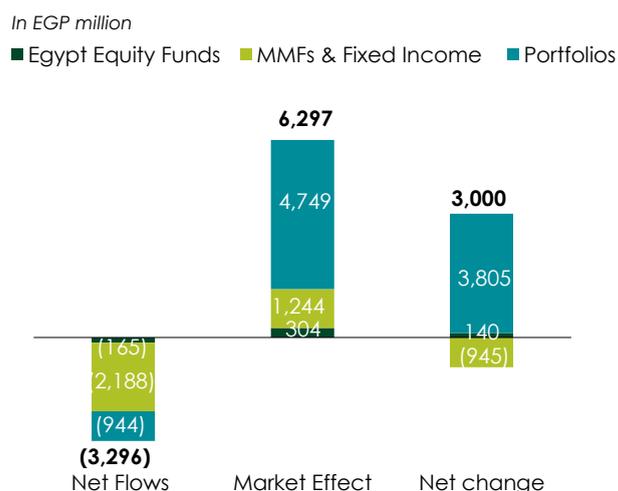
AuMs added 11.6% over the first 9M23, supported by strong market performance which added 24.3% to the total AuMs. This was mainly attributed to equity portfolios' strong positive performance, as the EGX was named the best performing market in the MENA region. Meanwhile, net outflows withdrew 12.7% of total AuMs, with majority of the net outflows attributed to MMFs, followed by equity portfolios.

Quarterly Change in Egypt Mandates



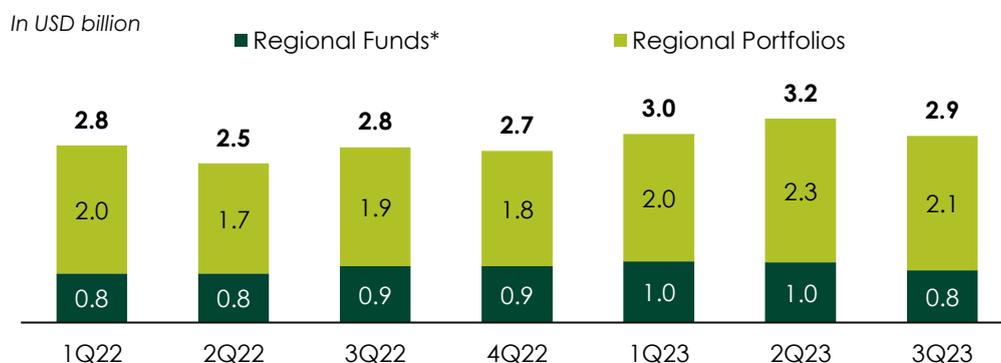
Source: EFG Hermes Asset Management

YTD Change in Egypt Mandates



Source: EFG Hermes Asset Management

Regional Assets under Management “FIM” Evolution



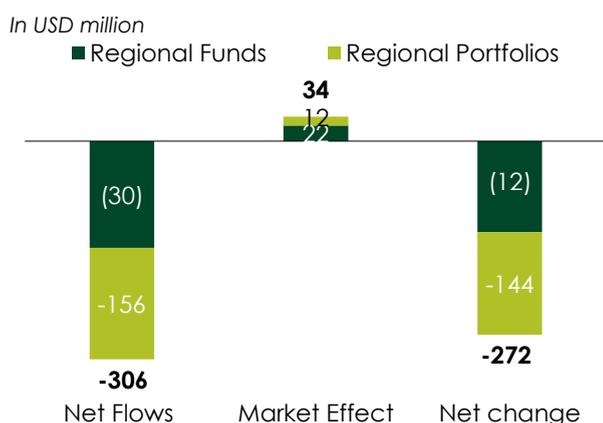
*Includes Equity, Fixed Income, SPAC and Real Estate funds

Source: FIM

EFG Hermes Regional Asset Management (FIM) AuMs decreased 8.4% Q-o-Q to reach USD2.9 billion by the end of 3Q23, on the back of net outflow. Equities positive markets' performance added 1.1% to total AuMs during the quarter, which was offset by net outflows which represented 9.5% of AuMs.

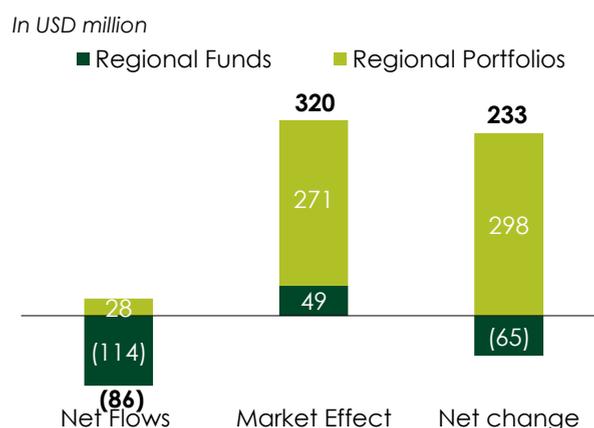
Meanwhile, in 9M23 FIM's AuMs rose 8.6%, lifted by markets' appreciation. Positive markets' performance represented 11.7% of AuMs; while net outflows represented 3.2%, as inflows during 1H23 were overshadowed by outflows in 3Q23.

Quarterly Change in Regional Mandates



Source: FIM

YTD Change in Regional Mandates



Funds' Performance

FIM MENA Horizon Fund ended the quarter with a NAV/ share of USD474.97 at the end of 3Q23 versus a NAV/share of USD462.48 in 3Q22. The Fund gained 2.7% during the quarter versus the S&P Pan Arab Composite Index, which lost 1.2% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV/ share of USD1,226.05 at the end of 3Q23 versus a NAV/share of USD1,192.84 in 2Q23. The Fund gained 2.8% over the quarter versus the MSCI FEM Index, which lost 1.1% over the same period.



FIM Saudi Long Term Opportunities Fund ended the quarter at a NAV/ share of USD2,015.43 at the end of 3Q23 versus a NAV/share of USD2,012.08 at the end of 2Q23. The Fund gained 0.2% during the quarter versus the TASI Index which lost 3.5% over the same period.

FIM MENA Credit Fund ended the quarter at a NAV/ share of USD1,137.79 at the end of 3Q23 versus a NAV/share of USD1,178.43 in 2Q23. The Fund lost 3.4% during the quarter versus the JPM MECIGCC, which lost 2.5% over the same period.

FIM Global Sukuk Fund ended the quarter at a NAV/ share of USD1,104.18 at the end of 3Q23 versus a NAV/share of USD1,131.35 in 2Q23. The Fund lost 2.4% during the quarter versus the Markit iBoxx Sukuk which lost 0.4% over the same period.

FIM GEM Debt Fund ended the quarter at a NAV/ share of USD950.02 at the end of 3Q23 versus a NAV/share of USD985.59 in 2Q23. The Fund lost 3.6% during the quarter versus a loss of 2.5% for its benchmark (75% JPM EMBIGD index & 25% JPM GBIEM Global Diversified) over the same period.

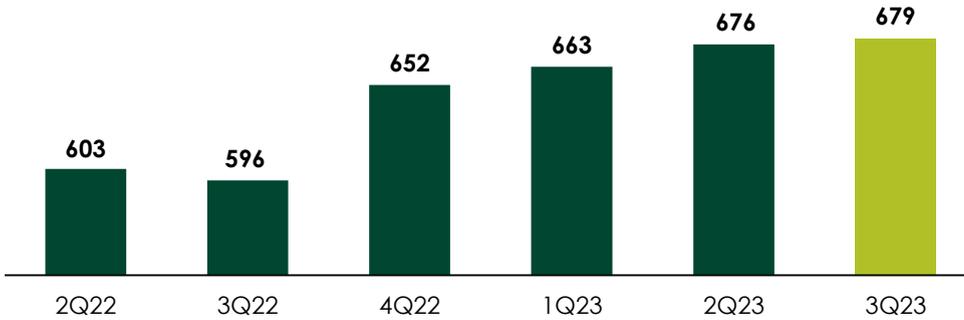




v. Private Equity

Assets under Management Evolution

In USD million



Energy Transition

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, renewable energy and e-mobility, respectively.

Vortex Energy has been progressing its fundraising for the Vortex Energy IV, LP while looking to deploy further capital across the Energy Transition landscape.

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.





The NBFIs



Financial Overview

Performance Overview

in EGP million	NBFIs Performance Summary							
	3Q23	2Q23	3Q22*	Q-o-Q	Y-o-Y	9M23	9M22*	Y-o-Y
Micro-Finance (Tanmeyah)	258	297	359	-13%	-28%	906	1,110	-18%
Consumer Finance (valU)	314	207	153	52%	105%	775	367	111%
Leasing	73	66	110	10%	-34%	183	214	-15%
Factoring	25	27	17	-6%	51%	83	49	70%
Fatura	9	8	7	19%	42%	25	8	228%
Finance Holding	(13)	16	18	N/M	N/M	4	20	-78%
Net Operating Revenue	666	620	664	7%	0%	1,976	1,767	12%
Employees Expenses	273	212	248	29%	10%	724	684	6%
Other Operating Expenses**	265	265	254	0%	4%	869	607	43%
Operating Expenses	538	477	502	13%	7%	1,593	1,291	23%
Net Operating Profit	129	143	161	-10%	-20%	383	476	-20%
Net Profit (Loss) Before Tax	84	86	123	-2%	-32%	258	395	-35%
Net Profit (Loss) After Tax & Minority Interest	30	54	62	-44%	-51%	123	216	-43%

*9M22 & 3Q22 net profit is restated as a result of the Purchase Price Allocation (PPA) study of Fatura

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

3Q23

EFG Finance platform revenues came flat Y-o-Y to reach EGP666 million, as higher revenues recorded by valU was offset by lower revenues reported by Tanmeyah, Leasing and losses reported by Finance Holding on the back of losses recorded by its portfolio of associates.

valU continued to double its revenues, with its revenues rising 105% to EGP314 million, this was largely attributed to EGP145 million of securitization gains, in addition to higher loans issued which almost doubled Y-o-Y. Factoring revenues rose 51% Y-o-Y to EGP25 million, on higher net interest income and higher fees & commissions. Fatura reported EGP9 million of revenues up from EGP7 million a year earlier.

Meanwhile, Leasing revenues declined 34% Y-o-Y to EGP73 million, despite higher net interest income, as the comparable quarter included higher securitization gains (EGP64 mn in 3Q22 versus EGP25 mn in 3Q23). Tanmeyah's revenues came at EGP258 million in 3Q23, down 28% Y-o-Y, as the implementation of responsible lending policy commenced in July, putting pressure on the fees and commissions, together with an additional 1% increase in corridor rates that was absorbed by the company, and finally lower sales Y-o-Y. Finance Holding reported losses from its portfolio of associates totaling to EGP15 million in 3Q23 versus an income of EGP18 million a year earlier, as losses were reported by different entities, with Bedaya and KAF being the largest contributors to the decline.

Operating expenses rose 7% Y-o-Y to EGP538 million, mainly on higher employee expenses, followed by higher provisions and ECL; meanwhile, other operating expenses were broadly unchanged.

Employee expenses rose 10% Y-o-Y to EGP273 million, on higher salaries reported by Tanmeyah and valU to reflect rising inflation; higher monthly commissions booked by Fatura; this in addition to bonus provisions booked by valU.

Other G&A expenses inched up 1% Y-o-Y to EGP234 million, as the increase in USD

denominated expenses largely IT, together with the increase in outsource services and collection fees related to valU's operations were mostly overshadowed by valU's lower activation expenses, and Fatura's lower marketing costs.

Provisions & ECL came at EGP31 million versus EGP23 million in 3Q22, mainly as Tanmeyah continued to take additional provisions to reflect the ECL models; while valU and Leasing released some provisions as they securitized part of their portfolios.

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 declined 51% Y-o-Y to EGP30 million, on higher depreciation.

9M23

EFG Finance platform revenues rose 12% Y-o-Y to EGP2.0 billion, lifted mainly by higher revenues recorded by valU and Factoring, yet dented largely by lower revenues recorded by Tanmeyah and Leasing.

valU revenues more than doubled, up 111% Y-o-Y to EGP775 million, supported by higher sales and higher securitization gain of EGP316 million. Factoring revenues spiraled 70% Y-o-Y to EGP83 million on higher Net Financed Assets (NFAs), which drove net interest income and fees & commissions higher. Fatura reported higher revenues reaching EGP25 million from EGP8 million, as Fatura's acquisition was completed in June 2022.

Tanmeyah reported revenues of EGP906 million, down 18% Y-o-Y; largely on the back of lower sales, higher corridor rates that were not passed through to clients, and the compliance with Responsible Lending in 3Q23. Leasing revenues declined 15% to EGP183 million, on lower fees & commissions as NFAs declined Y-o-Y, and on lower securitization gain Y-o-Y. Meanwhile, Finance Holding came at EGP4 million versus EGP20 million a year earlier, pressured by losses recorded by its associates portfolio in 3Q23.

Operating expenses rose 23% Y-o-Y to EGP1.6 billion, mainly on higher other G&A expenses and provisions & ECL, and to a lower degree, higher employee expenses.

Employee expenses added 6% Y-o-Y to EGP724 million, to reflect higher salaries booked mainly by Tanmeyah, valU, and Fatura (which was only consolidated in June of last year), to combat inflationary pressures in Egypt. This in addition to valU's non-cash variable portion of the pay taken in 3Q23. However, this increase was largely muted by lower costs allocation to the platform and lower monthly commissions booked by Tanmeyah.

Other G&A expenses rose 20% Y-o-Y to EGP660 million largely to reflect inflation in Egypt, the currency devaluation for USD expenses across the platform, and the increase in expenses associated to valU's higher sales volume.

Provisions & ECL came at EGP209 million as compared to EGP59 million in 9M22, due to portfolio expansions, the macro-economic indicators used in the ECL models at the beginning of 2023 are more rigorous versus 2022; this in addition to lower comparative period as provision coverage levels were high in 2022 due to the strong provisions taken a year earlier during COVID in 2021.

EFG Finance net operating profit declined 20% Y-o-Y to EGP383 million, as the increase in expenses outpaced the increase in revenues. Meanwhile, net profit after tax and minority reached EGP123 million, down 43% Y-o-Y, as the period included EGP50 million of goodwill amortization related to Fatura's PPA as opposed to EGP22 million a year earlier.

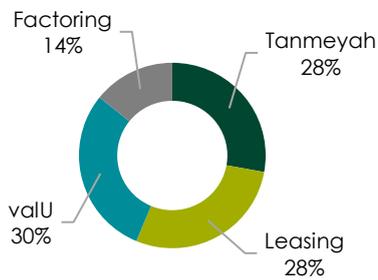


Balance Sheet highlights

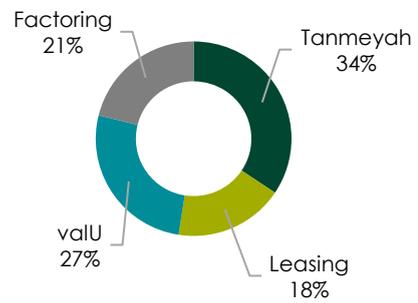
<i>in EGP million</i>	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Q-o-Q	Y-o-Y
Portfolio Outstanding*	15,124	15,476	15,625	15,198	14,393	-2%	5%
Provision Balance	492	487	434	364	489	1%	1%
Total Equity	2,923	3,075	3,013	3,061	3,139	-5%	-7%

*Excludes EGP2,832 million of Leasing securitization, and EGP2,253 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							
	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y
Number of Active Borrowers	338,279	347,098	401,217	-3%	-16%	338,279	401,217	-16%
Number of Processed App.	101,683	80,895	126,616	26%	-20%	283,242	357,282	-21%
Number of Loans Issued	66,943	56,301	91,432	19%	-27%	191,669	284,170	-33%
Portfolio Outstanding (EGP mn)	4,213	4,088	4,242	3%	-1%	4,213	4,242	-1%
Total Tanmeyah Staff	4,215	4,103	4,436	3%	-5%	4,215	4,436	-5%

Source: Tanmeyah

Tanmeyah resumed its upward trajectory in 3Q23, with its loans issued up 32% Q-o-Q to EGP1.4 billion and number of loans issued up 19% Q-o-Q. This translated into a 3% uptick in its outstanding loan portfolio to close 3Q23 at EGP4.2 billion; this positive upturn can be attributed to the strategic initiatives the company has undertaken to align with the evolving regulatory landscape which is affecting the whole industry.

The decline in the number of active borrowers persists, primarily attributed to the regulatory constraints, together with an additional significant influence contributing to this trend was the routine write-off of delinquent clients, a proactive measure currently being undertaken monthly to bolster and optimize risk management. It is worth noting that this trend is anticipated to reverse in the forthcoming period, driven by a series of positive strategic advancements. Among these transformative initiatives is the augmentation of both the sales force's reach and efficiency, which is already evident in the recent sales performance and the improvement in the loan officers' productivity which increased to 10.2 in 3Q23 from 8.5 a quarter earlier, signifying an upward trajectory in active borrower numbers on the horizon.

Tanmeyah's digital transformation plan is on track with 99% of cash collection on digital platforms. Our disbursement continues to be in cash however, agreements have been reached to introduce the full digitalization of the disbursement process which is expected to be launched before December 23.

Tanmeyah's average ticket size increased by 26% Y-o-Y and 11% Q-o-Q in 3Q23, the significant increase is mainly driven by Tanmeyah's restructuring of its MEL product buckets which was implemented in 3Q22. As part of the restructuring, the minimum limit for MEL was raised from EGP7,000 to EGP10,000. Moreover, in July 2023, the VSE limit was further increased to EGP75,000, up from the previous limit of EGP50,000. It is worth mentioning that the MEL product represents a significant portion of Tanmeyah's sales, accounting for 88% of the total sales.

Portfolio Quality & Provisions

Tanmeyah's PaR 30+ significantly decreased on a Y-o-Y basis, landing at 3.1% in 3Q23 from 5.4% in 3Q22, and slightly higher Q-o-Q, up from 2.9% in 2Q23, this was due to several write-offs that occurred since Dec 22, that also resulted in a lower provision balance Y-o-Y. Consequently, the portfolio coverage ratio also witnessed a significant decline from 6.7% in 3Q22 to 4.0% in 3Q23.

ii. BNPL “valu”

Results at a Glance and Performance Overview

	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y	BTD
valu App Customers ⁽¹⁾	114	112	120	1%	-6%	336	446	-25%	1,273
Limits Activated Value (EGP mn)	1,761	1,305	1,383	35%	27%	4,468	5,435	-18%	16,630
Total Loans Issued (EGP mn)	2,331	1,829	1,219	27%	91%	5,932	3,954	50%	15,053
Outstanding Portfolio ⁽²⁾ (EGP mn)	6,710	5,818	4,091	15%	64%	6,710	4,091	64%	6,710
Number of Transactions ⁽¹⁾	494	398	255	24%	94%	1,244	779	60%	3,076
Portfolio Tenor (In months)	17	15	17	8%	-1%	16	18	-12%	N/A
Number of Merchants	5,783	5,163	3,190	12%	81%	5,783	3,190	81%	5,783

⁽¹⁾ Numbers are in “000”

⁽²⁾ Includes securitized portfolio of EGP2,253 mn

Source: valu

valu's strong performance continued in 3Q23, with its gross merchandise value (GMV) and loans issued both almost doubled Y-o-Y and rose 30% Q-o-Q and 27% Q-o-Q, respectively, to reach EGP2.5 billion and EGP2.3 billion, respectively, in 3Q23, even though promotional campaigns and offers were limited during the quarter.

Outstanding portfolios, including securitized portfolio, rose 64% Y-o-Y and 15% Q-o-Q to EGP6.7 billion at the end of 3Q23. In September 2023, valu was able to finalize its sixth wave of securitization worth EGP1,087 million. With three waves of securitizations during the year, outstanding portfolio excluding securitized portfolios stood at EGP4.5 billion at the end of 3Q23.

In 3Q23, Sha2labaz sales reached EGP621 million, representing 27% of total sales, up from 23% contribution a quarter earlier. In addition, auto loans, which was introduced in 1Q23, increased its contribution to sales, accounting for 9% in 3Q23, with sales coming at EGP212 million.

Alongside growing its sales, valu continued its efforts to grow its merchants network, which rose 81% Y-o-Y to reach 5,783 merchants by the end of 3Q23, by collaborating with more famous brands and covering new products and service categories.

Geographical Presence

3Q23	2Q23	1Q23	4Q22	3Q22
Greater Cairo				
Alexandria	Alexandria	Alexandria	Alexandria	Alexandria
Gharbia	Gharbia	Hurghada	Hurghada	Hurghada
Dakahlia	Dakahlia	Tanta	Tanta	Tanta
Matruh	Matruh	Mansoura	Mansoura	Mansoura
Red Sea	Red Sea	Qalyubia	Qalyubia	Qalyubia
Sharqia	Sharqia	Ismailia	Ismailia	Ismailia
Asyut	Asyut	Assiout	Assyut	Assiout
Qalyubia	Qalyubia	Sharqia	Sharqia	Sharqia
Beheira	Beheira	Matruh	Matruh	Matruh
Damietta	Damietta	Faiyum	Faiyum	Faiyum

Source: valu



Portfolio Quality & Provisions

Outstanding portfolio excluding interest and securitized portfolio grew 13% Q-o-Q, with risk indicators including 30+ Coin and 90+ Coin improving Q-o-Q. Worth noting that EGP6.9 million was recovered from 180+ Coin and EGP1.1 million was recovered from written-off balances. With the improvement in risk indicators and the recoveries both indicating strong collection efforts.

valU booked provisions of EGP24 million and released EGP42 million post securitization, thus ended the quarter with a net release of EGP18 million of provisions post securitization in 3Q23, and wrote-off EGP2 million, taking its provisions balance to EGP130 million by the end of 3Q23. Provisions coverage for the portfolio including securitization stood at 4.0% by the end of 3Q23.



iii. Leasing

Results at a Glance and Performance Overview

	KPIs							
	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y
Number of new contracts	19	32	15	-41%	27%	62	46	35%
Total Outstanding Portfolio ⁽¹⁾ (EGP mn)	6,105	7,526	6,787	-19%	-10%	6,105	6,787	-10%
On-books Outstanding Portfolio ^{(1)*} (EGP mn)	4,302	5,665	4,792	-24%	-10%	4,302	4,792	-10%
NFA for new contracts (EGP mn)	398	1,163	1,087	-66%	-63%	2,357	3,827	-38%
Receivables value of new contracts** (EGP mn)	724	1,887	1,189	-62%	-39%	4,091	5,248	-22%

(1) Includes VC transactions. Excludes Securitized Portfolio principle amount of EGP2,832 million

* Includes on-balance sheet transactions only

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

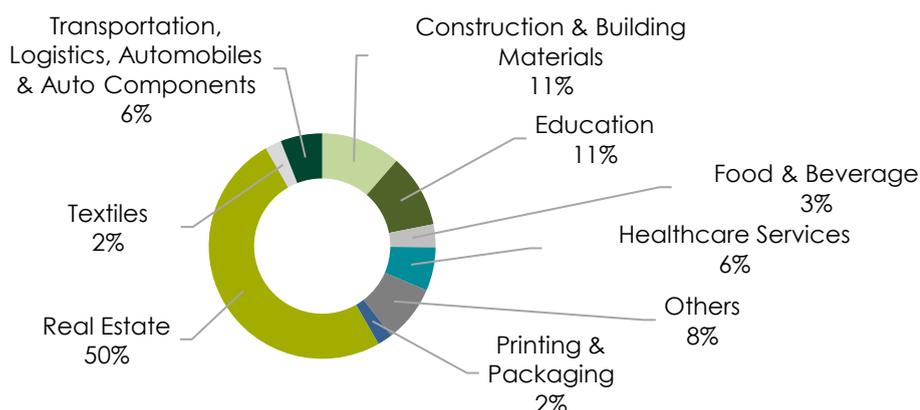
Source: EFG Hermes Leasing

The Leasing arm of EFG Corp-Solutions booked new contracts for a net financed amount of EGP398 million during 3Q23 distributed over 19 contracts with an average ticket size of EGP21 million in 3Q23. This reflects the focus on smaller size transactions in 3Q23 as opposed to 2Q23 which included higher value of NFAs and larger tickets.

Total outstanding portfolio, which includes VC and excludes securitized portfolio, decreased 19% Q-o-Q to EGP6.1 billion by the end of 3Q23; mainly on the back of securitization of EGP1.0 billion of which EGP200 million were on-books and EGP800 million were on the VC in 3Q23. Additionally, this was also pressured by early termination of contacts totaling to EGP538 million.

In 3Q23, the Leasing business line was able to book 4 Corporate/ Large Corporate clients and 6 SME clients. Corporate clients remain dominant in the leasing portfolio, accounting for 49% of the on-books outstanding portfolios; however, focus on SMEs continues where it currently accounts for 21%.

Portfolio Distribution by Client Industry



Source: EFG Hermes Leasing

Portfolio Quality & Provisions

Provision coverage increased to 2.1% in 3Q23 up from 1.5% in 2Q23 mainly due to the decline in portfolio size Q-o-Q. Provisions expenses came at EGP4 million, thus increasing provisions balance to EGP89 million in 3Q23 versus EGP85 million in 2Q23, and higher than FRA provisions requirements. Adjusted PARs, which adjust the portfolio for the assets backing up the leasing transactions, remain within an acceptable level and falls below our provision coverage.

iv. Factoring

Results at a Glance and Performance Overview

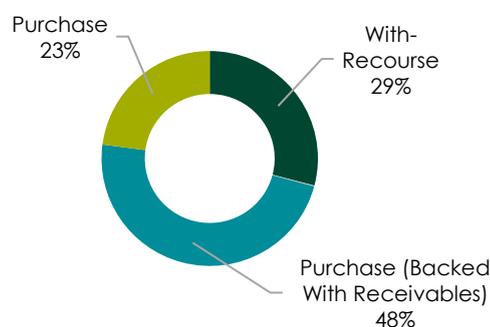
	3Q23	2Q23	3Q22	Q-o-Q	Y-o-Y	9M23	9M22	Y-o-Y
Number of Existing Clients	76	77	90	-1%	-16%	76	90	-16%
Total Outstanding Portfolio (EGP mn)	2,152	2,058	1,663	5%	29%	2,152	1,663	29%
Average Portfolio Tenor (days)	259	243	211	7%	23%	259	211	23%
Average Ticket Size (EGP mn)	7.0	6.0	3.9	16%	78%	6.8	3.6	0.9
Net Financed Amount (EGP mn)	1,318	1,390	969	-5%	36%	4,288	3,066	40%

Source: EFG Hermes Factoring

Factoring total outstanding portfolio reached EGP 2.2 billion in 3Q23, representing a 29% Y-o-Y increase and 5% Q-o-Q increase. The increase in total outstanding portfolio is attributed to several new bookings; however, these disbursements were partially offset by Q-o-Q settlements.

In terms of number of clients, one new active client was added during 3Q23. Worth highlighting, an additional client was approved with new credit limit aggregating to EGP124 million.

Portfolio Analysis

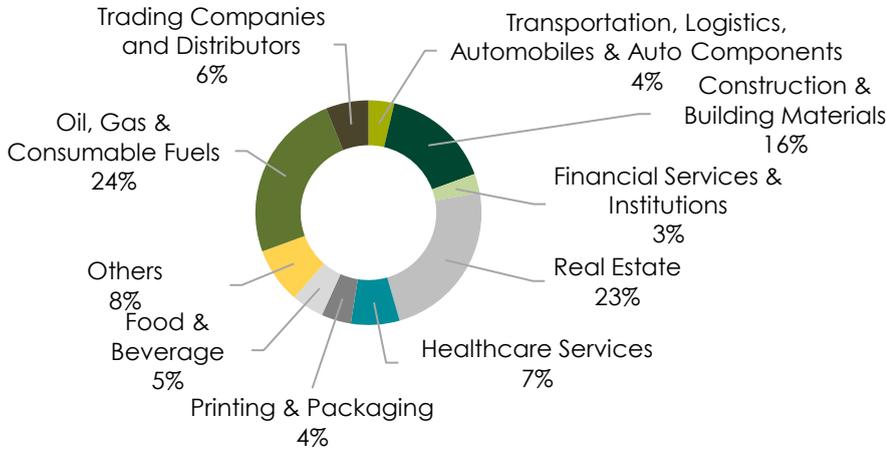


Source: EFG Hermes Factoring

As of 3Q23, the bulk of the Factoring portfolio is represented in the Purchase Factoring (Backed with Receivables) accounting for 48% of the portfolio. Coming second is the Receivables Factoring with Recourse, representing 29% of the Outstanding Portfolio. Finally, the Purchase Factoring accounted for 23%.



Portfolio Breakdown by Industry



Source: EFG Hermes Factoring

In terms of industry contribution to the portfolio, Oil, Gas & Consumable Fuels came first, representing 24%. Real Estate came second with 23% concentration as of September 2023. Meanwhile, Construction & Building Materials came third accounting for 16% of the total portfolio.

Portfolio Quality & Provisions

During 3Q23 an additional EGP8.5 million of provisions were booked mostly to cover certain accounts, and taking provisions balance to EGP104 million. Provision Coverage accordingly increased slightly to 4.8% in 3Q23 from 4.6% a quarter earlier; despite the 5% increase in the portfolio size.





The Commercial Bank



Financial Overview

I. Performance Overview (P&L)

in EGP million	aiBANK Performance Summary							
	3Q23	2Q23	3Q22*	Q-o-Q	Y-o-Y	9M23	9M22*	Y-o-Y
Net Interest Income	634	634	496	0%	28%	1,802	1,282	41%
Net Fees and Commissions	202	187	63	8%	219%	598	176	240%
Other Revenues	54	67	21	-20%	159%	104	126	-18%
Total Net Revenues	890	888	580	0%	53%	2,505	1,584	58%
Employees Expenses	180	179	134	1%	35%	520	388	34%
Other General & Administrative**	227	308	210	-26%	8%	804	486	66%
Operating Expenses	408	487	344	-16%	18%	1,324	874	51%
Net Operating Profit (Loss)	482	401	236	20%	105%	1,181	711	66%
Other Expenses	31	49	25	-36%	28%	114	76	51%
Net Profit (Loss) Before Tax	451	352	211	28%	114%	1,067	635	68%
Net Profit (Loss) After Tax	345	271	110	27%	214%	787	393	100%
Net Profit (Loss) After Tax and Minority	176	138	56	27%	214%	401	201	100%
Profitability Indicators								
Net Interest Margin	4.9%	5.2%	4.5%			4.9%	3.7%	
ROAE	23.7%	19.7%	9.3%			18.3%	11.6%	
ROAA	2.3%	1.9%	0.9%			1.8%	1.2%	
Cost/Income	37.2%	35.4%	41.3%			38.9%	42.6%	

*1H22 & 2Q22 net profit is restated as a result of the Purchase Price Allocation (PPA) study of aiBANK

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

Source: EFG Hermes management accounts

Net interest income: Reached EGP634 million, stable in Q-o-Q, and up 28% Y-o-Y in 3Q23 driven by the continuous growth in interest earning assets. This in addition to the Bank allocating more assets towards variable interest rates to benefit from any potential increase in interest rate.

Net fees and commission income: Recorded EGP202 million in 3Q23, up 8% Q-o-Q and 219% Y-o-Y, derived by the increase in upfront fees for new corporate bonds that were booked in 2Q23 and increase in highest debit balance commission.

Other Revenues: Reached EGP 54 million in 3Q23, consisting of: EGP32 million from gains on investments and trading portfolio; EGP21 million of income from associates (EGP6.7 mn from Zahraa Maadi, EGP13.9 mn from Enmaa); and EGP2 million from fx revaluation.

NIMs: Decreased to 4.9% in 3Q23 compared to 5.2% in 2Q23, as the increase in the cost of short and medium-term deposits offset with the increase in asset yields.

Employee expenses: Reached EGP180 million in 3Q23, up 1% Q-o-Q and 35% Y-o-Y. The Y-o-Y increase reflects higher salaries on the back of new hire, promotions, and the increase in salaries required to mitigate inflationary pressure in Egypt.

Other G&A expenses: Reached EGP131 million in 3Q23, up 11% Q-o-Q, as 2Q23 included the reversal of some expense accruals created during 1Q23. Meanwhile, G&A rose 51% Y-o-Y in 3Q23, mainly on higher outsourced service fees and higher marketing expenses.

ECL & Provisions: Came at EGP97 million in 3Q23 compared to EGP191 million in 2Q23, as 2Q23 included a more conservative approach to enhance coverage ratio; this in addition to the new corporate bonds in 2Q23, which warranted higher provisions.

Cost/Income ratio: Recorded 37.2% in 3Q23 up from 35.4% in 2Q23, as revenues were flat Q-o-Q, while other G&A expenses rose Q-o-Q. Meanwhile, cost/income ratio declined from 41.3% in 3Q22, as the growth in revenues surpassed the increase in expenses.

II. Balance Sheet Summary

	Balance Sheet*				
<i>in EGP million</i>	Sep-23	Jun-23	Dec-22	Q-o-Q	YTD
Cash & Due from Central Bank	5,799	4,113	2,096	41%	177%
Due from Banks	10,360	8,375	8,094	24%	28%
Net Loans & Advances	22,670	21,966	19,333	3%	17%
Financial Investments	20,924	21,238	23,103	-1%	-9%
Other Assets	2,889	2,872	2,770	1%	4%
Total Assets	62,642	58,565	55,397	7%	13%
Due to Banks	2,293	2,675	786	-14%	192%
Customer Deposits	52,795	48,821	48,202	8%	10%
Other Liabilities	1,427	1,291	1,084	11%	32%
Total Liabilities	56,515	52,787	50,072	7%	13%
Total Shareholders' Equity	6,127	5,778	5,325	6%	15%
Balance Sheet Indicators					
Loans/Deposits	46%	48%	43%		
NPLs	6%	6%	8%		
Coverage Ratio	99%	95%	90%		
Total Capital Adequacy Ratio	16%	15%	20%		

*Standalone B/S

Source: aiBANK accounts

Assets: Total assets stood at EGP62.6 billion at the end of 3Q23, up from 58.6 billion at the end of 2Q23, mainly on the back of higher Central Bank reserves and higher due from Banks.

The composition of assets changed in the third quarter, as bank placements increased to 17% of total assets compared to 14%; net loans decreased to 36% of total assets compared to 38% and the investments portfolio decreased to 33% of total assets in 3Q23 compared to 36% at the end of 2Q23.

	Loans by Type				
<i>in EGP million</i>	Sep-23	Jun-23	Dec-22	Q-o-Q	YTD
Corporate	14,441	14,872	13,829	-3%	4%
Retail	7,010	6,324	5,540	11%	27%
SMEs	2,689	2,192	1,487	23%	81%
Total	24,140	23,388	20,857	3%	16%

Loans: Net loans reached EGP22.7 billion by the end of 3Q23, after excluding expected credit losses provisions and unearned interest, while gross loans stood at EGP24.1 billion.

Credit growth: Gross loans grew 3% Q-o-Q, as the growth in retail and SME loans, which increased 11% Q-o-Q and 23% Q-o-Q, respectively, overshadowed the decline in corporate loans, which decreased by 3% Q-o-Q.

Loan quality: NPL ratio came stable Q-o-Q at 6% at the end of 3Q23. Coverage ratio increased in 3Q23 to 99% compared to 95% in 2Q23, on the back of higher provisions balance and write-offs (EGP113 million) made during the quarter. However, if associated collateral were included, coverage ratio would increase above 100%.

Loans by currency: Loan book was split 88/12 between local currency and foreign currency at the end of 3Q23.

<i>in EGP million</i>	Deposits by Type				
	Sep-23	Jun-23	Dec-22	Q-o-Q	YTD
Current and Saving Accounts (CASA)	23,970	20,783	16,442	15%	46%
TDs and CDs	28,055	27,068	30,763	4%	-9%
Other	770	970	997	-21%	-23%
Total	52,795	48,821	48,202	8%	10%

Deposits: Deposits increased to EGP 52.8 billion at the end of 3Q23, an increase of 8% compared to 2Q23.

Deposits Growth: CASA accounts were the main contributor to the increase in deposits, growing 15% Q-o-Q, to reflect efforts exerted to retain clients after the adjustments of current account clients' rates. Moreover, term deposits increased 4% Q-o-Q; while, other deposits, mainly composed of trade finance margin accounts, witnessed a decrease of 21% Q-o-Q.

Deposits by currency: Deposits were split 77/23 between local currency and foreign currency at the end of 3Q23.

Loans/Deposits ratio: Loans to deposits ratio reached 46% in 3Q23 compared to 48% in 2Q23, as the growth in deposits outpaced the growth in loans.



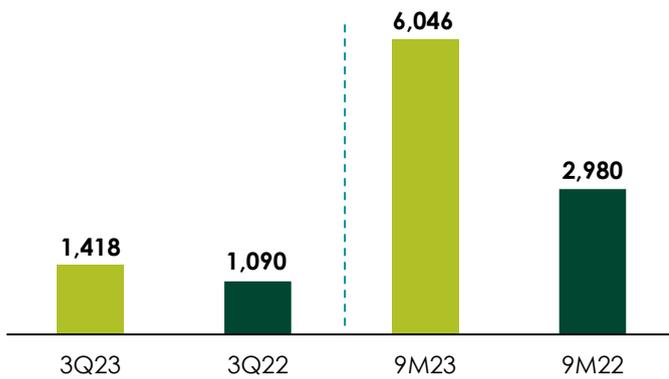
ANNEX I

Contribution by Platform

Revenues

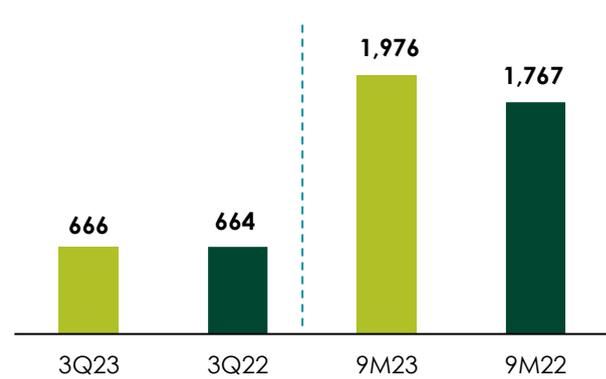
Investment Bank

In EGP million



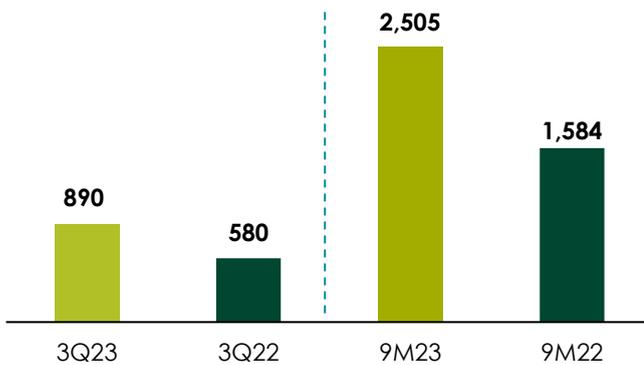
NBFIs

In EGP million



ciBANK

In EGP million

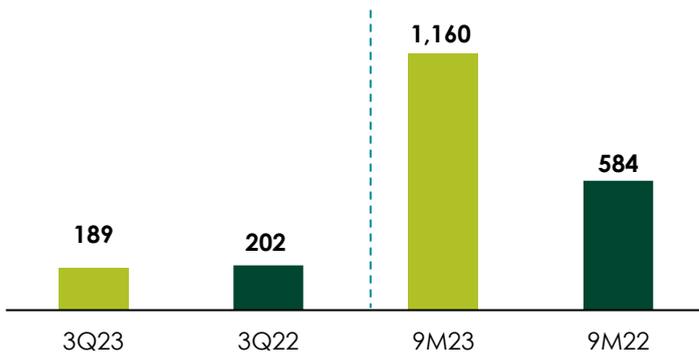




Attributable NPAT

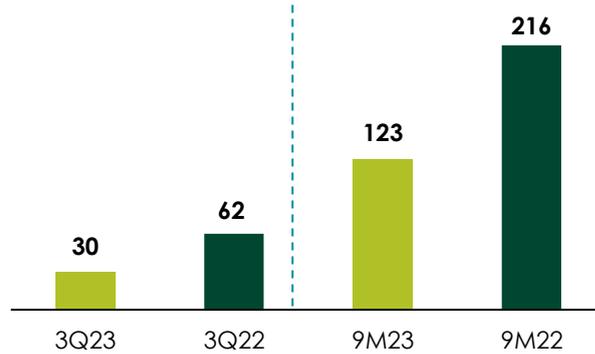
Investment Bank

In EGP million



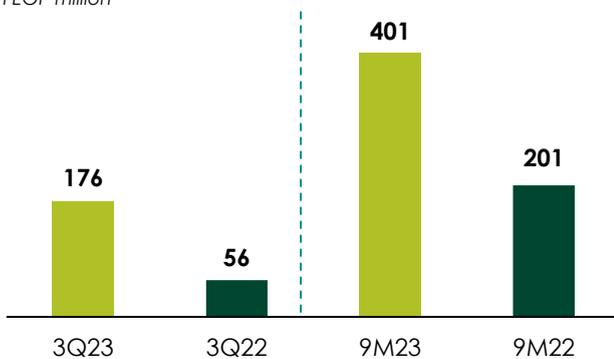
NBFIs

In EGP million



aiBANK

In EGP million

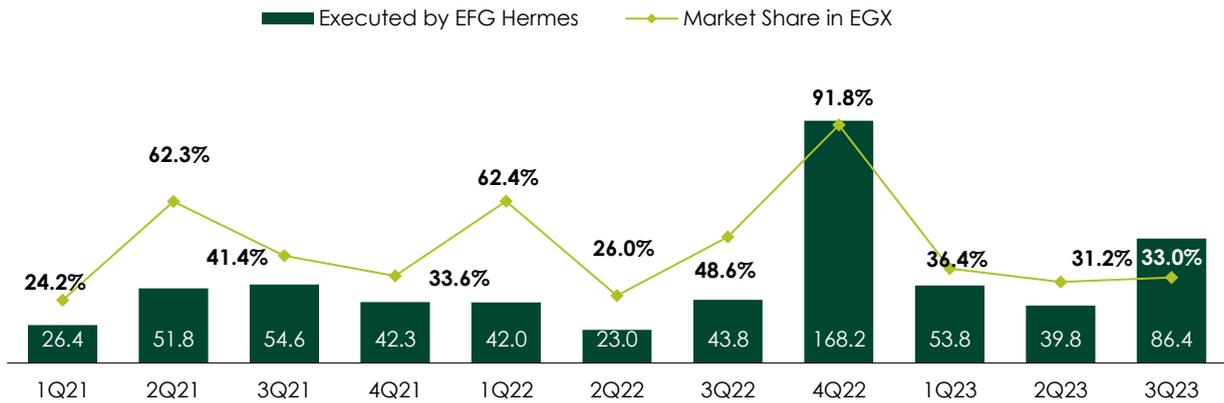


ANNEX II

EFG Hermes Executions & Market Shares

Egypt*:

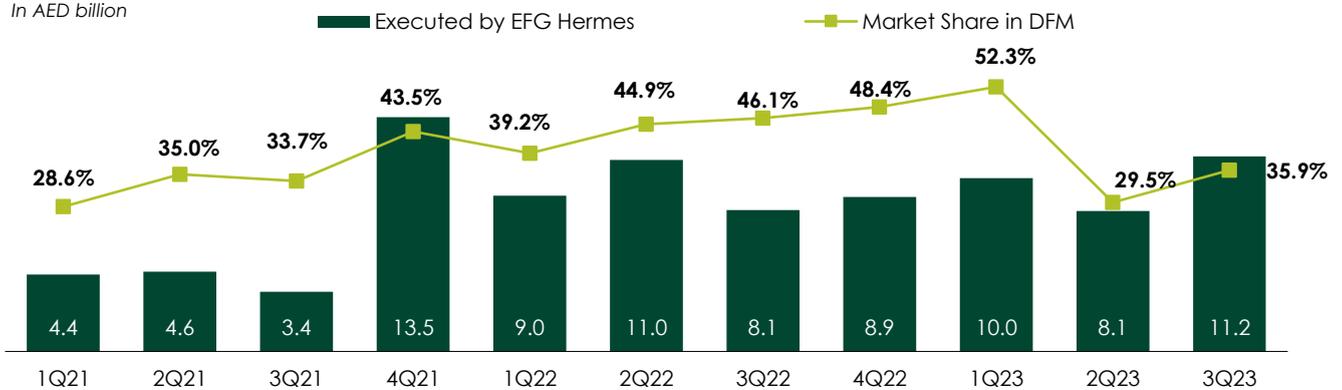
In EGP billion



*Market share calculation includes special transactions and UK (GDRs)

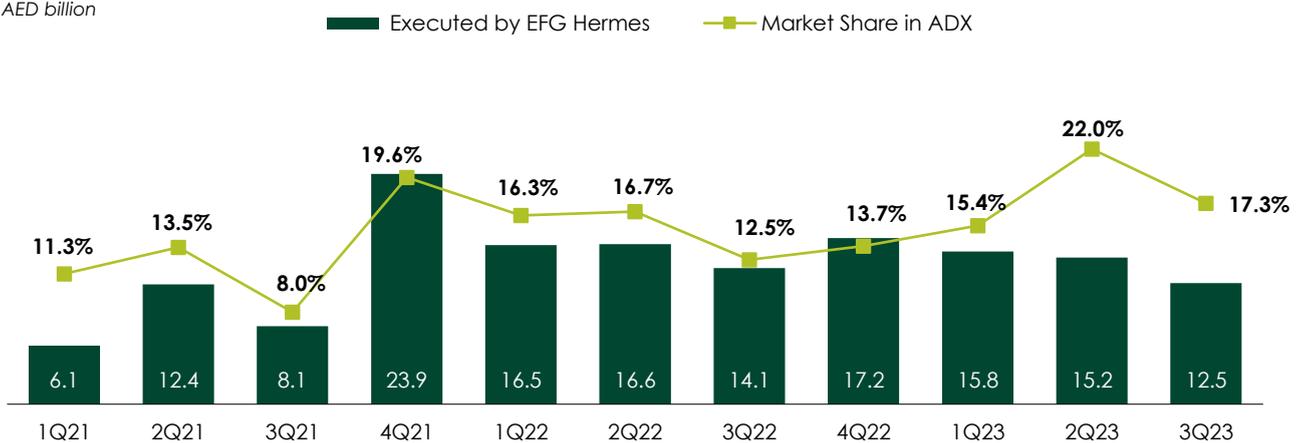
UAE- DFM

In AED billion



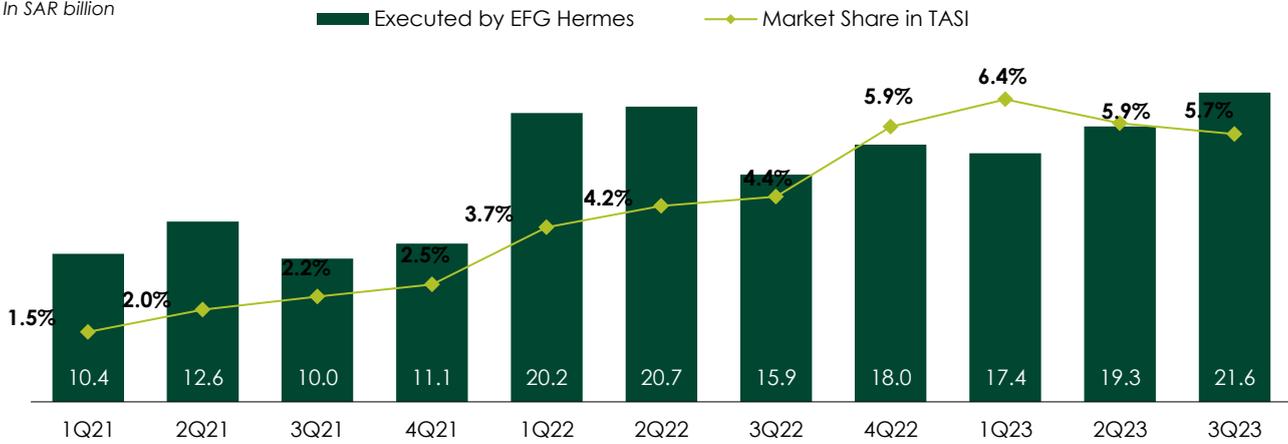
UAE – Abu Dhabi

In AED billion



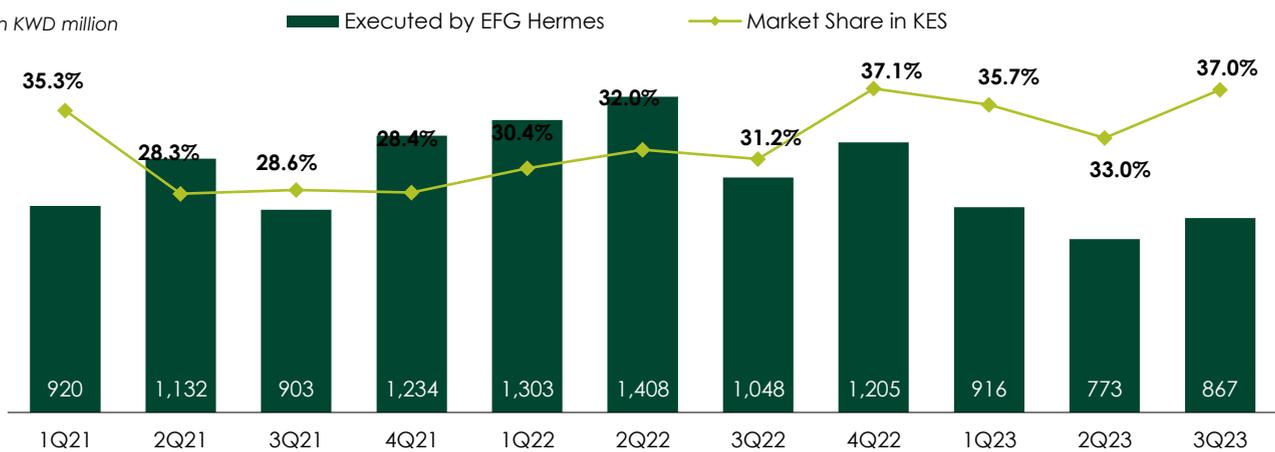
KSA

In SAR billion



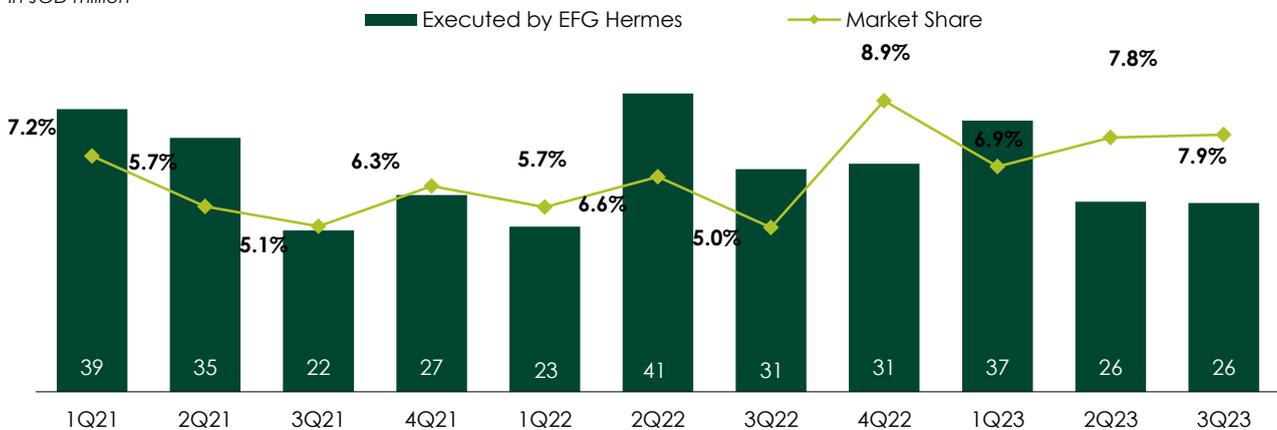
Kuwait

In KWD million

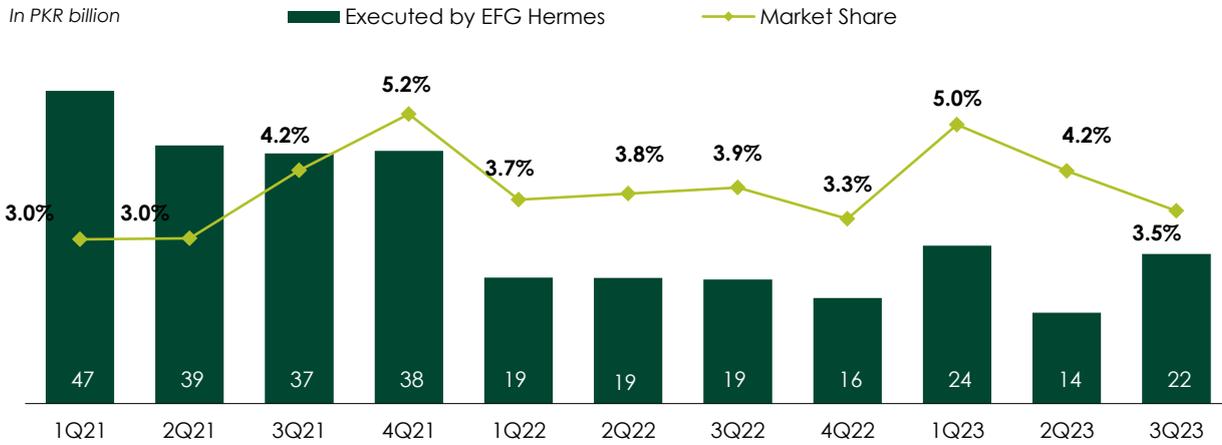


Jordan

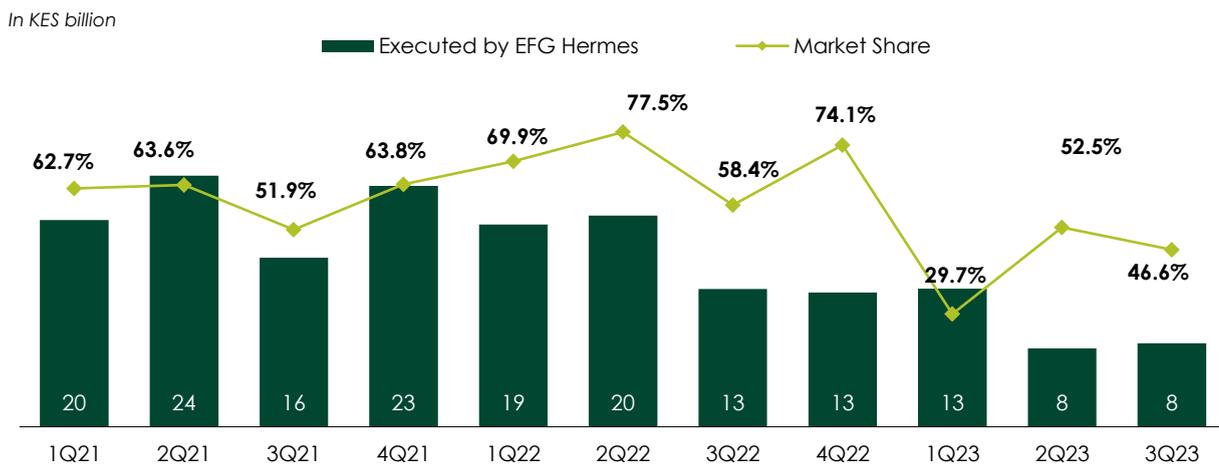
In JOD million



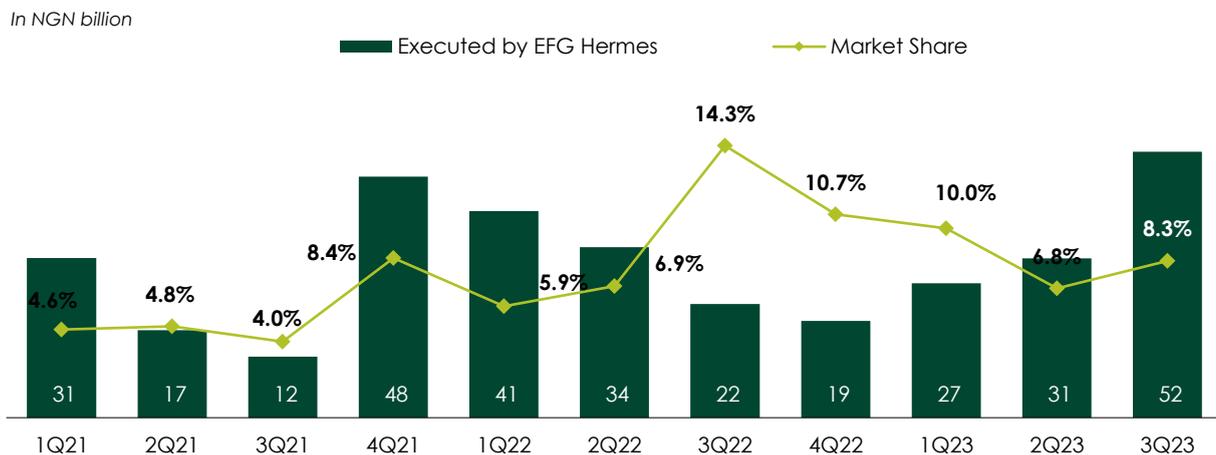
Pakistan



Kenya



Nigeria





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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 7,298,030,040.

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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