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EFG HERMES REPORTS FIRST QUARTER 2023

GROUP EARNINGS OF EGP885 MILLION; ON OPERATING REVENUE OF EGP4.5 BILLION

Cairo, March 24th, 2023 EFG Hermes reports a strong set of results for the first quarter of 2023, with Group earnings of EGP885 million on operating revenues of EGP4.5 billion. The Group's total assets stood at EGP115.1 billion at the end of March 2023.

Key Highlights

1Q23

- A strong start to the year with Group revenues more than doubled, up 129% Y-o-Y to reach EGP4.5 billion in 1Q23. This strong set of results was supported by higher revenues generated from regional operations particularly when translated to our reporting currency (EGP), higher unrealized gains on our seed capital, and stronger operating revenues generated by the Sell-side business and the commercial bank (aiBank); this in addition to strong treasury operations;
- Group operating expenses, (including employee expenses, other G&A and Provisions & ECL) rose 148% Y-o-Y to come at EGP3.0 billion in 1Q23, predominately on: (i) variable portion of the employee expenses in line with rising revenues booked by the Holding; (ii) a sharp increase in the Egypt based entities' expenses including salaries due to the elevated inflation levels, together with the impact of the US dollar denominated expenses; (iii) doubling of regional operations expenses when translated to our reporting currency as the EGP devalued strongly Y-o-Y; and (iv) the increase in ECL and provisions for all three verticals of the business, particularly at the commercial bank;
- The Group net operating profit and Group net profit before tax, rose 99% and 108% Y-o-Y to EGP1.5 billion and EGP1.4 billion, respectively. Tax expenses doubled Y-o-Y, up 103% to EGP462 million in 1Q23, mainly on higher deferred taxes booked by the Investment Bank. However, the Group net profit after tax and minority interest rose 157% Y-o-Y to EGP885 million, due to minority related to FIM;
- The Investment Bank reported stellar set of results, with its total revenues soaring 237% Y-o-Y to EGP 3.0 billion in 1Q23, this performance was mainly driven by higher Holding & Treasury Activities revenues; together with higher unrealized gains on seed capital, and stronger operational increase in Investment Banking and Brokerage revenues;
- The Investment Bank total operating expenses rose 244% Y-o-Y to EGP2.0 billion, driven largely by higher employee expenses, followed by higher other G&A and ECL booked during the quarter. The Investment Bank net operating profit rose 226% Y-o-Y EGP1.1 billion. Taxes rose significantly, pressured by deferred tax on unrealized gains on investments/seed capital and fx-gain. However, net profit after tax and minority increased more than three folds, up 330% Y-o-Y to EGP759 million;
- The NBFs platform revenues rose 15% Y-o-Y to EGP689 million in 1Q23, lifted mainly by higher revenues generated by valU. Operating expenses rose 37% Y-o-Y to EGP578 million in 1Q23, mainly on higher provisions & ECL, and a general increase in expenses to reflect the increasing inflation in Egypt. The NBFs net operating profit declined 38% Y-o-Y to EGP111 million in 1Q23; and net profit after tax and minority reached EGP39 million, down 60% Y-o-Y in 1Q23;
- aiBank reported revenues of EGP727 million in 1Q23, up 65% Y-o-Y, driven by stronger net interest income and fees & commissions. Operating expenses including provisions & ECL rose 112% Y-o-Y to EGP429 million, on higher employee and other G&A expenses to reflect higher inflation Y-o-Y, together with an increase in provisions & ECL by EGP110 million to mirror loan book growth and a more prudent and conservative provisioning approach, which rose 69% Y-o-Y. The Bank reported a net profit after tax of EGP171 million (of which EFG Hermes' share is EGP87 million) in 1Q23;

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

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