

EFG HOLDING REPORTS FULL YEAR 2023 RESULTS

with Group net profit after tax and minority interest of EGP2.5 billion; on operating revenues of EGP14.7 billion

Cairo, March 20th, 2024 EFG Holding reports a strong set of results for full year 2023, with Group net profit after tax and minority interest of EGP2.5 billion on operating revenues of EGP14.7 billion. The Group's total assets stood at EGP121.9 billion at the end of December 2023.

http://www.ms-pdf.londonstockexchange.com/ms/5689H_1-2024-3-20.pdf

http://www.ms-pdf.londonstockexchange.com/ms/5689H_2-2024-3-20.pdf

Key Highlights

EFG Holding

- EFG Holding had a good year, with a 34% Y-o-Y increase in revenues to reach its highest level ever at EGP14.7 billion in FY23, driven by enhanced Brokerage commissions, primarily from the Egyptian operations and unrealized gains on investments. Additional contributing lines of business included Asset Management's strong increase in incentive fees primarily from FIM Partners noting that AM Egypt although of smaller magnitude also had a good year, Private Equity's management fees growth, a continued upward trajectory in Valu's revenues driven by its outstanding growth, and aiBANK's notable top-line growth;
- The Group operating expenses (including provisions & ECL) rose 35% Y-o-Y to EGP9.8 billion, on higher employee expenses and other G&A particularly at EFG Hermes, followed by aiBANK; and higher provisions and ECL across EFG Finance lines of business and aiBANK;
- EFG Holding net profit rose 47% Y-o-Y to EGP3.2 billion in FY23, driven primarily by Brokerage, Asset Management, Valu and aiBANK growth in profitability. Meanwhile, the Group net profit after tax and minority interest came at EGP2.5 billion, up 39% Y-o-Y;

EFG Hermes

- EFG Hermes had a strong year, with its revenues rising 32% Y-o-Y to EGP8.1 billion in FY23, driven primarily by its core operations, the sell-side and the buy-side. Moreover, Holding & Treasury Activities revenues added 5% Y-o-Y to EGP3.1 billion, on higher unrealized gains on Investments/seed capital. Sell-side revenues rose 51% to EGP3.8 billion, lifted by Brokerage revenues which grew 73% Y-o-Y to EGP3.1 billion. Buy-side revenues leaped 75% Y-o-Y to close the year at EGP1.3 billion; mainly driven by robust growth in the Asset Management business, with its revenues rising 84% Y-o-Y to EGP1.0 billion;
- The Investment Bank total operating expenses rose 41% Y-o-Y to EGP5.7 billion in FY23, driven largely by higher employee expenses, followed by higher other G&A, with both reflecting inflation and USD denominated expenses in Egypt, and the impact of the Y-o-Y devaluation from regional operations expenses. Provisions & ECL declined 15% Y-o-Y to EGP167 million; on lower provisions mainly booked by Private Equity;
- The Investment Bank net operating profits came at EGP2.4 billion, up 15% Y-o-Y in FY23. Meanwhile, net profit after tax and minority increased 20% Y-o-Y to EGP1.6 billion in FY23, on lower deferred taxes and despite higher tax charges from the Investment Bank operations, particularly from profitable Egyptian operations.

EFG Finance

- EFG Finance platform revenues rose 17% Y-o-Y to reach EGP3.0 billion in FY23, underpinned by Valu, which was the main driver for EFG Finance's top and bottom line in FY23, with

its revenues spiraling up 78% Y-o-Y to EGP1.2 billion in FY23. The company continued to grow its operations, increase sales, contain expenses; thus, leading to a significant growth in its profitability. This was followed by Leasing and Factoring reporting higher revenues, with revenues from the former rising 23% Y-o-Y to EGP363 million and the latter adding 45% Y-o-Y to EGP120 million. This growth in revenues managed to mask lower revenues reported by Tanmeyah, which recorded 14% Y-o-Y decline in its revenues to reach EGP1.3 billion in FY23;

- Operating expenses rose 17% Y-o-Y to EGP2.3 billion in FY23, driven primarily by higher provisions & ECL to reflect weaker macro-economic outlook used in ECL models; followed by higher employee expenses and other G&A expenses to mirror business growth, inflation and the translation of the USD denominated expenses;
- EFG Finance net profit after tax and minority rose 51% Y-o-Y to EGP349 million, lifted Valu's profitability which off-set the decline in Tanmeyah's profitability and the increase in Fatura's losses.

aiBANK

- A very buoyant year for the Commercial Bank, with aiBANK's revenues soaring 61% Y-o-Y to EGP3.6 billion in FY23, driven by higher net interest income on the back of loan book growth and supported by an increase in the corridor rates. Moreover, Fees & commissions increased more than 3x, largely on higher trade finance activities;
- aiBANK operating expenses including provisions & ECL rose 46% Y-o-Y to EGP1.8 billion in FY23, on higher salaries on the back of promotions, new hires and inflation; together with higher other G&A expenses to reflect operations growth, inflation and the devaluation impact on USD denominated expenses. Moreover, the increase in provisions & ECL mirror the management more conservative approach to enhance coverage ratios; in addition to loan portfolio growth;
- The Bank's net profit after tax more than doubled, up 117% Y-o-Y to EGP1.1 billion (of which the Group's share is EGP591 million) in FY23, as revenues growth outpaced the growth in expenses.

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

For further information:

Investor Relations Contacts

Email: investor-relations@efg-hermes.com

Group Head of Corporate Strategy & Investor Relations

Harzada Nessim

Email: hnessim@efg-hermes.com

Tel: +20 (0)235356502

www.efg-hermes.com

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