

EFG HERMES EARNINGS RELEASE 2Q2022

INVESTOR RELATIONS

Cairo, August 17th, 2022

EFG Hermes reports a strong set of results for the second quarter of 2022, with Group earnings of EGP344 million on operating revenues of EGP2.1 billion. The Group's total assets stood at EGP99 billion at the end of June 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

- ≡ Group operating revenues improved 28% Y-o-Y to reach EGP2.1 billion in 2Q22; despite a turbulent Global macro-economic backdrop. The improvement in revenues was underpinned by the consolidation of Arab Investment Bank "aiBank" revenues and the strong growth in revenues generated by the sell-side of the business;
- ≡ Group employee expenses and other G&A expenses rose 28% Y-o-Y to EGP1.2 billion in 2Q22, mainly driven by the consolidation of aiBank's operating expenses (employee expenses and other G&A expenses). In addition to, higher other G&A expenses reported by the Investment Bank and the NBFs, driven generally by rising inflation and weaker EGP;
- ≡ Group provisions & ECL rose 465% Y-o-Y to EGP166 million in 2Q22, on exceptional (specific) provisions taken by aiBank during the quarter;
- ≡ Group net operating profit and Group net profit before tax, each rose 8% Y-o-Y, to EGP676 million and EGP623 million, respectively, in 2Q22; reflecting bottom line growth from operations;
- ≡ Group net profit after tax and minority interest declined 15% Y-o-Y to EGP344 million in 2Q22 on higher taxes and higher minority interest, predominately from the bank;
- ≡ A solid growth in revenues delivered by the Investment Bank core operations; particularly the sell-side. However, the decline in Holding & Treasury Activities out-weighted the improvement realized by all core businesses, resulting in the Investment Bank reporting an 11% Y-o-Y decline in revenues to reach EGP989 million in 2Q22;
- ≡ The Investment Bank operating expenses rose 10% Y-o-Y to EGP688 million in 2Q22, driven by higher other G&A and ECL booked during the quarter, and albeit lower employee expenses. Thus, The Investment Bank net profit after tax and minority interest declined 39% Y-o-Y to EGP206 million in 2Q22, as revenues contracted while expenses increased;
- ≡ The NBFs revenues edged up 3% Y-o-Y to EGP503 million in 2Q22, supported by higher revenues generated from Leasing and valU, yet pressured by lower revenues generated from Tanmeyah. Operating expenses added 5% Y-o-Y to EGP366 million in 2Q22, on higher other G&A expenses and despite lower employee expenses. Thus, the NBFs net profit after tax and minority interest declined 9% Y-o-Y to EGP62 million in 2Q22;
- ≡ aiBank reported strong set of results, with revenues rising 28% Q-o-Q to reach EGP564 million in 2Q22. Moreover, the bank reported a net profit after tax of EGP149 million (of which EFG Hermes' share is EGP76 million) in 2Q22, up from EGP140 million a quarter earlier, despite the exceptionally higher provisions booked during the quarter. Credit growth came strong, with gross loans increasing 37% Q-o-Q to EGP18.7 billion; thus Loans/Deposits ratio moved up to 40% from 33% a quarter earlier.



Group Overview



Income Statement

I. Performance Overview

in EGP million	Group Performance Summary							
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Group Net Operating Revenue	2,056	1,943	1,601	6%	28%	3,999	2,853	40%
Investment Bank	989	901	1,111	10%	-11%	1,891	1,917	-1%
NBFIs	503	601	490	-16%	3%	1,104	937	18%
aiBank	564	441	0	28%	N/M	1,004	0	N/M
Group Operating Expenses	1,380	1,194	975	16%	42%	2,574	1,779	45%
Employee Expenses	814	790	727	3%	12%	1,604	1,311	22%
Other Operating Expenses*	566	404	248	40%	128%	970	467	108%
Group Net Operating Profit	676	748	626	-10%	8%	1,424	1,075	32%
Group Net Operating Margin	33%	39%	39%			36%	38%	
Group Net Profit (Loss) Before Tax	623	677	577	-8%	8%	1,300	983	32%
Group Net Profit (Loss) After Tax & Minority Interest	344	345	406	0%	-15%	689	698	-1%
Investment Bank	206	177	338	16%	-39%	382	548	-30%
NBFIs	62	97	69	-36%	-9%	159	151	6%
aiBank	76	72	0	6%	N/M	148	0	N/M

* Includes Other G&A and Provisions & ECL

Source: EFG Hermes Management Accounts

2Q22

Group operating revenues improved 28% Y-o-Y to reach EGP2.1 billion; underpinned by the consolidation of Arab Investment Bank "aiBank" revenues of EGP564 million and the strong growth in revenues generated by the sell-side of the business.

Group total operating expenses rose 42% Y-o-Y to EGP1.4 billion in 2Q22, predominately on the consolidation of EGP327 million of aiBank's operating expenses and provisions. Worth noting that, the Group total operating expenses excluding aiBank would be up only 8% Y-o-Y, mainly on higher other G&A recorded by the Investment Bank and the NBFIs.

Employee expenses rose 12% Y-o-Y to EGP814 million in 2Q22, on the back of the consolidation of aiBank's employee expenses. In addition to higher salaries Y-o-Y reported by the rest of the Group in the face of rising inflation, and the impact of the EGP weakening.

Employee expenses/revenues came at 40% in the current quarter, down from 45% in the comparative quarter, with the Y-o-Y decline reflecting the growing economies of scale of the business.

Meanwhile, other G&A expenses rose 83% Y-o-Y to EGP400 million, mainly on the consolidation of aiBank's operating expenses together with the Y-o-Y increase in the Investment Bank and the NBFIs other operating expenses.

Provisions and ECL reached EGP166 million up from EGP29 million a year earlier, of which aiBank recorded EGP118 million. NBFIs provisions were flat Y-o-Y at EGP29 million, while the Investment Bank reported EGP19 million of provisions versus null in 2Q21.

Group net operating profit and Group net profit before tax, each rose 8% Y-o-Y, to EGP676 million and EGP623 million, respectively. Taxes increased 23% Y-o-Y to EGP165 million, as aiBank

taxes amounted to EGP78 million, indicating a 35% decline in tax charges for the Group ex-aiBank, as the Investment Bank stronger revenues were generated from operations outside Egypt. Accordingly, the Group net profit after tax and minority interest declined 15% Y-o-Y to EGP344 million on higher taxes and higher minority interest, predominately from the Bank.

1H22

Group operating revenues improved 40% Y-o-Y to reach EGP4.0 billion, driven by the consolidation of aiBank revenues of EGP1.0 billion and the strong growth in revenues generated by all core operations, particularly the sell-side of the business.

Group total operating expenses rose 45% Y-o-Y to EGP2.6 billion in 1H22, on the consolidation of aiBank's operating expenses and on an increase in the Investment Bank and the NBFIs other G&A expenses.

Employee expenses rose 22% to EGP1.6 billion, predominately on the consolidation of aiBank's employee expenses, as the Group employee expenses excluding the bank was largely unchanged, edging up 3% Y-o-Y; as the increase in salaries was compensated for by lower variable portion of the employee expenses taken in 1H22.

Employee expenses/revenues came at 40% in the current period, down from 46% in the comparative period.

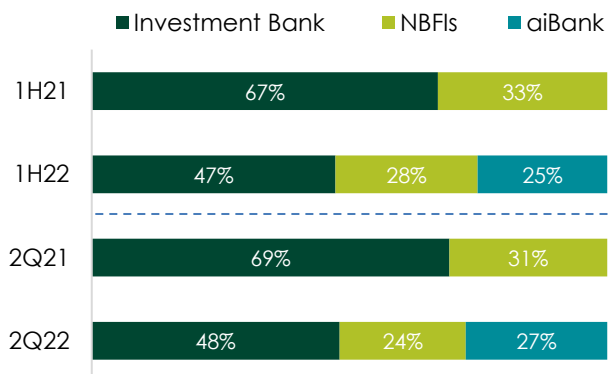
Other G&A rose 89% Y-o-Y to EGP791 million, on the consolidation of aiBank, higher Investment Bank and NBFIs expenses, reflecting to a large extent; inflation, weaker EGP, and the expansion of the NBFIs operation, particularly valU.

Provisions and ECL reached EGP179 million, up 275% Y-o-Y, on the back of the exceptional provisions booked by aiBank in 2Q22. For 1H22, the Group reported strong growth in profitably stemming from core operations and despite weaker Capital Markets & Treasury, lifted by a much stronger 1Q22. Accordingly, the Group net operating profit and Group net profit before tax, each rose 32% Y-o-Y, to EGP1.4 billion and EGP1.3 billion, respectively.

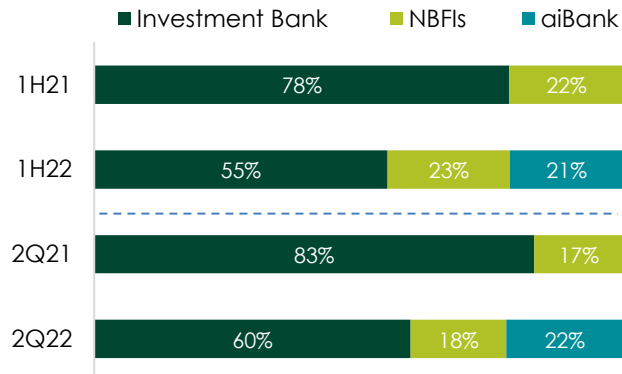
Group net profit after tax and minority interest came broadly flat, inching down 1% to EGP689 million on minority interest predominately from the Bank, and higher tax. Taxes increased 72% Y-o-Y to EGP393 million, as aiBank taxes amounted to EGP142 million, with the rest of the increase coming from an increase in tax charges from the Egyptian operations (NBFIs and Brokerage) in 1Q22.

Contribution by Platform

Revenues



NPAT*



*Net Profit After Tax and Minority Interest



Investment Bank



Financial Overview

I. Performance Overview

	Investment Bank Performance Summary							
<i>in EGP million</i>	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Investment Banking	293	64	161	359%	82%	357	203	76%
Brokerage	410	430	344	-5%	19%	841	609	38%
Sell-Side	704	494	504	42%	40%	1,198	812	48%
Asset Management	120	90	112	34%	7%	210	196	7%
Private Equity	28	23	17	20%	61%	51	47	9%
Buy-Side	148	113	129	31%	14%	261	242	8%
Holding & Treasury Activities	137	294	477	-53%	-71%	432	863	-50%
Total Net Operating Revenue	989	901	1,111	10%	-11%	1,891	1,917	-1%
Employee Expenses	476	438	505	9%	-6%	914	904	1%
Other Operating Expenses*	212	130	123	62%	72%	342	237	44%
Total Operating Expenses	688	569	628	21%	10%	1,257	1,141	10%
Net Operating Profit	301	333	483	-9%	-38%	634	776	-18%
Net Profit (Loss) Before Tax	278	312	451	-11%	-38%	590	719	-18%
Net Profit (Loss) After Tax & Minority Interest	206	177	338	16%	-39%	382	548	-30%

*Includes Other G&A, and Provisions & ECL

Source: EFG Hermes Management Accounts

2Q22

A generally good performance posted by the Investment Bank core operations; particularly the Investment Banking division. However, the decline in Holding & Treasury Activities outweighed the improvement realized by all core businesses, resulting in the Investment Bank reporting an 11% Y-o-Y decline in revenues to reach EGP989 million in 2Q22.

The sell-side had another strong quarter, with revenues rising 40% Y-o-Y to EGP704 million, underpinned by strong revenues growth generated by both the Investment Banking and Brokerage. Brokerage revenues rose 19% Y-o-Y to EGP410 million, on stronger executions in the GCC markets. Investment Banking revenues soared 82% Y-o-Y to EGP293 million, on strong advisory fees.

Buy-side revenue rose 14% Y-o-Y to EGP148 million in 2Q22, on higher Asset Management and Private Equity revenues. Asset Management revenues added 7% Y-o-Y to EGP120 million, on higher management fees and despite lower incentive fees Y-o-Y. Private Equity revenues rose 61% Y-o-Y to EGP28 million, on higher management fees as Vortex IV AuMs increased Y-o-Y.

Holding & Treasury Activities declined 71% Y-o-Y to EGP137 million in 2Q22, mainly on lower net interest income, unrealized losses on investments and despite fx-gains. Holding booked realized gains on investments of EGP22 million during 2Q22; however, this was overshadowed by unrealized losses on investments, amounting to EGP178 million versus a gain of EGP184 million in the comparable period, as Egypt's macro-economic conditions continued to weaken. Net interest income declined Y-o-Y, as the team exited some investment positions. Fx-gains reached EGP246 million up from a loss of EGP7 million in the comparable quarter, on revaluation of balance sheet assets and intercompany balances.

Operating expense rose 10% Y-o-Y to EGP688 million, driven by higher other G&A and ECL booked during the quarter.

Employee expenses declined 6% Y-o-Y to EGP476 million, on lower bonus provisions as revenues

declined Y-o-Y. The decrease in employee expenses came despite higher Y-o-Y salaries, which increased 30% on the back of inflation and weaker EGP, which translated into higher regional offices' employee expenses.

Meanwhile, other G&A added 57% Y-o-Y to EGP193 million, mainly on Board remuneration, higher IT expenses which is predominately USD denominated, and higher travel expenses as travel restrictions were largely removed. Meanwhile, Provisions & ECL came at EGP19 million.

The Investment Bank net operating profit and net profit after tax and minority interest declined 38% Y-o-Y and 39% Y-o-Y to EGP301 million and EGP206 million, respectively; as net operating revenues contracted while total operating expenses increased during the quarter.

1H22

The Investment Bank revenues inched down 1% Y-o-Y to EGP1.9 billion, as higher revenues generated by the sell-side were wiped out by lower revenues generated by Holding & Treasury Activities.

Sell-side revenues rose 48% Y-o-Y to EGP1.2 billion, as both Investment Banking and Brokerage had two quarters of strong revenue growth. Brokerage revenues rose 38% Y-o-Y to EGP841 million, on stronger executions in the MENA markets. Investment Banking revenues soared 76% Y-o-Y to EGP357 million, on strong advisory fees.

Buy-side revenue rose 8% Y-o-Y to EGP261 million, on higher Asset Management and Private Equity revenues. Asset Management revenues added 7% Y-o-Y to EGP210 million, on higher management fees and despite lower incentive fees Y-o-Y. Private Equity revenues added 9% Y-o-Y to EGP51 million.

Holding & Treasury Activities declined 50% Y-o-Y to EGP432 million, despite strong fx-gains, as lower net interest income and unrealized losses on investments pressured revenues. Net interest income declined Y-o-Y, as the team exited some investment positions earlier in the year. Holding reported realized and unrealized losses on investments/seed capital of EGP769 million versus a gain of EGP335 million in the comparable period. However, fx-gains reached EGP960 million, up from a loss of EGP9 million, on distribution of dividends to the Holding, revaluation of balance sheet assets and intercompany balances.

Operating expense rose 10% Y-o-Y to EGP1.3 billion, driven mainly by higher other G&A, followed by higher employee expenses, and provisions & ECL.

Employee expenses inched up 1% Y-o-Y to EGP914 million as the Y-o-Y increase in salaries (including the fx effect), overshadowed the decline in variable portion of employee expenses. Other G&A expenses rose 37% Y-o-Y to EGP325 million, generally on inflation and the devaluation of the EGP.

The Investment Bank net operating profit declined 18% Y-o-Y to EGP634 million as net operating revenues was broadly flat Y-o-Y, while the total operating expenses increased. Meanwhile, the Investment Bank net profit after tax and minority interest reached EGP382 million, down 30% Y-o-Y, on higher Y-o-Y taxes stemming from dividends distribution to the Holding company in 1Q22 and higher minority interest largely from Kuwait Brokerage.

Operational Performance

I. Brokerage

Global economies slowed down in 2Q22, tightening their financial positions as inflation rise and uncertainty heightens; this spilled over Emerging markets and the MENA region. The MSCI EM declined 12.4% Q-o-Q and the S&P Pan Arab LM slipped 13.4% Q-o-Q. Overall, almost all our markets, which we operated in, retreated. While in terms of volume, it ended on a mixed note.

EFG Hermes Brokerage (which reflect MENA and Frontier markets' executions, Structured Products and Fixed Income) total executions reached USD24.9 billion in 2Q22, broadly flat, inching up 1% Q-o-Q, yet up a decent 33% Y-o-Y predominantly on strong executions in KSA, the UAE markets and Qatar, and despite weaker executions in Egypt. For 1H22, total executions reached USD49.5 billion, up 55% Y-o-Y; triggered by higher executions in KSA, the UAE markets, Qatar and Kuwait and despite weaker executions in Egypt.

Brokerage revenues reached EGP410 million in 2Q22, up 19% Y-o-Y to reflect higher executions mainly in KSA, the UAE markets and Qatar (booked in Egypt's revenues). Meanwhile, on Q-o-Q basis, brokerage revenues declined 5% dented by lower Structured Products' revenues. For 1H22, revenues increased 38% Y-o-Y, mainly on stronger revenues generated by KSA, the UAE markets, Kuwait, and Qatar (booked in Egypt's revenues).

in EGP million	Brokerage Revenue*							
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Egypt	127	139	159	-8%	-20%	266	280	-5%
Other Markets	53	39	8	35%	547%	92	18	413%
Total Egypt	180	178	167	1%	8%	358	298	20%
UAE	80	63	35	26%	127%	143	63	128%
KSA	54	44	25	23%	115%	98	49	98%
Kuwait	57	66	50	-13%	14%	123	73	67%
Frontier Markets**	26	29	36	-12%	-30%	55	71	-23%
Structured Products	6	40	14	-86%	-59%	46	34	35%
Fixed Income	0	0	4	N/M	N/M	0	1	N/M
Others***	8	10	12	-18%	-27%	19	20	-4%
Total Revenues	410	430	344	-5%	19%	841	609	38%

*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

In terms of pure commissions booked in different markets, the UAE markets (which includes Dubai and Abu Dhabi) crawled back to first place, as the largest contributor to the Brokerage commissions with a 21% contribution. Meanwhile, Kuwait and Qatar came next with an 18% contribution. This was followed by KSA, with a contribution of 17%. Egypt retreated to fifth place with a 12% contribution to commissions in 2Q22.

Commissions Breakdown by Market

Markets	2Q22	1H22
Egypt	11.5%	15.9%
DFM*	8.7%	7.6%
ADX	12.7%	11.9%
KSA	17.2%	15.6%
Kuwait	18.3%	17.5%
Qatar	18.1%	15.6%
Frontier Markets	7.5%	7.7%
Structured Products	0.8%	3.0%
Others**	5.2%	5.4%
Total	100%	100%

*DFM includes Nasdaq Dubai's share of 0.01% in 1H22

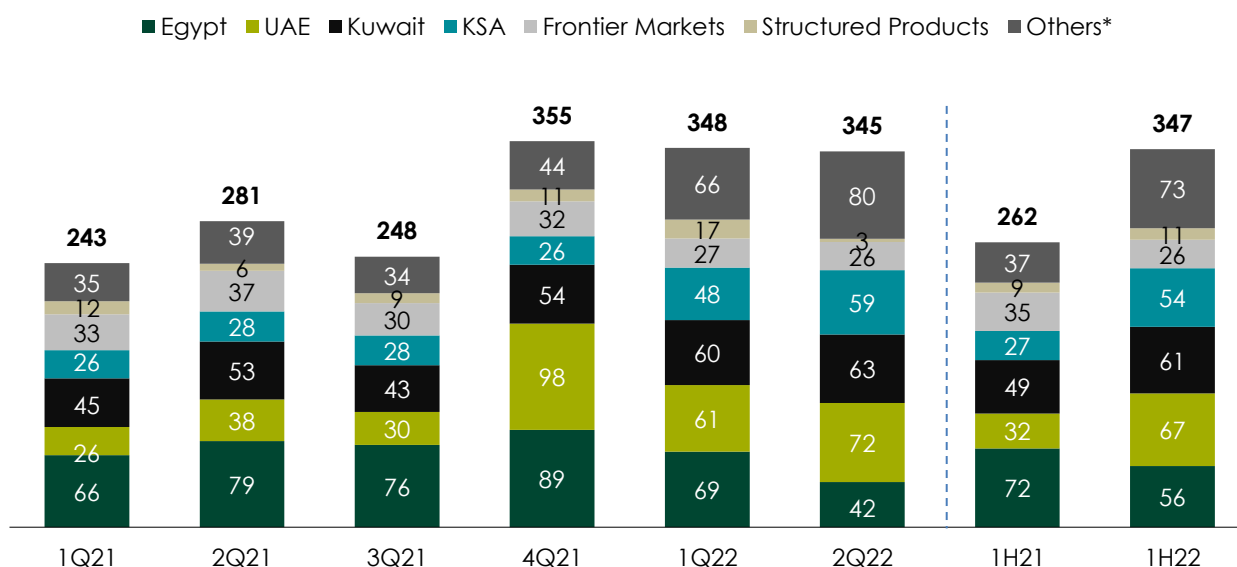
**Others including: Oman, Jordan, Lebanon, UK (GDRs), Bonds, and EFG Hermes One

Source: EFG Hermes and Regional Exchanges

The below chart highlights the average daily commissions (ADC) generated by Brokerage and reported in USD. Aggregate average daily commissions for the Brokerage business was largely flat Q-o-Q at USD345 thousand in 2Q22, although the mix changed. On a Y-o-Y, average daily commissions rose 23%, supported by an increase in commissions generated mainly by the UAE markets, KSA, Qatar (included in Others) and despite lower average daily commissions generated in Egypt. For 1H22, average daily commissions rose 32% Y-o-Y to reach USD347 thousand, driven mainly by the UAE markets and KSA more than doubling their ADC, together with an increase from Kuwait and Qatar.

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							
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Egypt*								
Market share	46.6%	43.0%	37.4%	3.6%	9.2%	44.6%	33.2%	11.4%
Executions	1,242	2,678	3,303	-53.6%	-62.4%	3,920	4,984	-21.3%
UAE – DFM								
Market share	44.9%	39.2%	35.0%	5.7%	9.9%	43.8%	31.5%	12.3%
Executions	3,000	2,439	1,250	23.0%	139.9%	5,439	2,455	121.6%
UAE – ADX								
Market share	16.7%	16.3%	13.5%	0.3%	3.1%	16.5%	12.7%	3.8%
Executions	4,523	4,490	3,383	0.8%	33.7%	9,013	5,036	79.0%
KSA								
Market share	4.2%	3.7%	2.0%	0.5%	2.2%	3.9%	1.7%	2.2%
Executions	5,578	5,459	3,405	2.2%	63.8%	11,037	6,202	78.0%
Kuwait								
Market share	32.0%	30.4%	28.3%	1.5%	3.7%	31.2%	31.0%	0.2%
Executions	4,694	4,345	3,772	8.1%	24.5%	9,039	6,840	32.2%
Oman								
Market share	12.0%	17.0%	11.9%	-5.0%	0.1%	15.1%	12.2%	2.9%
Executions	72	151	98	-52.1%	-26.3%	223	148	50.7%
Jordan								
Market share	6.6%	5.7%	5.7%	0.9%	0.9%	6.2%	6.4%	-0.2%
Executions	58	32	49	80.7%	17.5%	90	104	-13.7%
Pakistan								
Market share	3.8%	3.7%	3.0%	0.1%	0.8%	3.7%	3.0%	0.8%
Executions	97	106	244	-8.7%	-60.4%	203	551	-63.1%
Kenya								
Market share	77.5%	69.9%	63.6%	7.7%	13.9%	73.6%	63.2%	10.4%
Executions	175	171	224	2.3%	-21.9%	346	409	-15.5%
Nigeria								
Market share	6.9%	5.9%	4.8%	1.1%	2.1%	8.9%	4.7%	4.2%
Executions	58	71	47	-17.5%	25.6%	129	132	-1.8%
Frontier								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	367	351	283	4.5%	29.8%	718	553	29.8%
Structured Products								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	35	350	327	-90.0%	-89.3%	385	544	-29.1%

*Market share calculation is based on executions excluding special transactions

**Executions in Qatar, Bahrain, Lebanon, UK (GDRs), Bonds, ETFs and others represent an additional 20% of total Brokerage executions in 2Q22 and 18% in 1H22

Source: EFG Hermes and Regional Exchanges

Egypt

Another lackluster quarter, in terms of performance, pressured by challenging local economy and a broader EM weakness, the Hermes Financial Index (HFI) losing 15.5% Q-o-Q; however, volumes rebounded 26% Q-o-Q.

EFG Hermes continued to maintain its first place ranking on the EGX, with a solid market share of 46.6% in 2Q22, and a market share of 44.6% in 1H22.

Foreign participation almost halved in 2Q22 compared to a quarter earlier, accounting for 13.9% of the total market participation in 2Q, out of which EFG Hermes successfully captured 43.8% from this flow in 2Q and 61.3% in 1H22. Retail activity accounted for 30% of the market turnover in 2Q22, of which the Firm successfully captured around 12% of this business.



UAE – Dubai

With retreating Emerging Markets, in the face of (among other things) USD strengthening, the DFM wiped away 1Q22 gains by the end of 2Q22, thus the DFMGI lost 8.6% Q-o-Q. Supported by DEWA listing volumes remained elevated, with turnover rising 18% Q-o-Q.

Foreign and GCC investors ended the quarter as net buyers while the local investors ended the quarter as net sellers. EFG Hermes maintained its leading position on the DFM during 2Q22 and 1H22, with a market share of 44.9% and 43.8%, respectively.

As for foreign activity, foreign participation in the market came at 34% in 2Q22 and 31% in 1H22, of which EFG Hermes seized 49% and 52%, respectively, of this foreign flow during the quarter.



UAE – ADX

The ADI lost 5.8% Q-o-Q in 2Q22. However, volumes were boosted by the new listings and the activity around the MSCI and FTSE rebalancing events, thus volumes rose 10% Q-o-Q.

Underpinned by the strong institutional presence in the market, the Firm managed to maintain its 2nd place ranking in 2Q22 and 1H22, with a market share of 16.7% and 16.5%, respectively.

Foreign participation in the market came at 19% in 2Q22 and 18% in 1H22, with foreigners ending the quarter as net buyers and EFG Hermes capturing the largest part of this flow, recording 36% and 38% of those foreign flows in 2Q22 and 1H22, respectively.



Saudi Arabia

The Saudi market reversed some of 1Q22 gains in 2Q22, with volumes slipping 9% Q-o-Q, and the Tadawul All Share Index losing 12% Q-o-Q.

The QFIs volumes continued to increase, adding 30% Q-o-Q in 2Q22, mainly due to end of May's MSCI rebalancing event. The QFIs and the Swaps volumes combined amounted to SAR174.6 billion, to represent 17.6% (of which the swaps accounted for 0.1%) of the total market's turnover during the quarter, with EFG Hermes capturing 5.5% of this business. In 1H22, QFIs and the Swaps volumes represented 14.8%, with EFG Hermes capturing 5.3% of this flow.

EFG Hermes market share continued to improve to reach 4.2% in 2Q22 and 3.9% in 1H22; mainly due to an increase in the QFI activity during the quarter. As for ranking, EFG Hermes held 6th place ranking among non-commercial banks brokerage firms during the quarter and in 1H22.

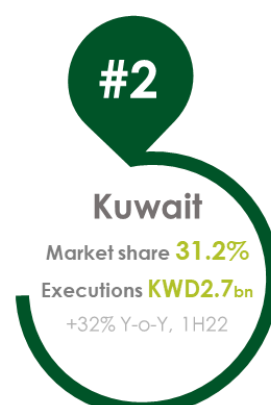


Kuwait

The Kuwaiti market main index reversed direction, losing 9.1% Q-o-Q in 2Q22 with foreign and GCC investors ending the quarter as net buyers while local investors were net sellers. Volumes were muted for a second quarter, inching up 4% Q-o-Q in 2Q22.

EFG Hermes IFA maintained its second place ranking, with a market share of 32.0% in 2Q22 and 31.2% in 1H22, mainly on resilient foreign investors' executions. Moreover, EFG Hermes concluded its first IPO in Kuwait for Ali Alghanim & Sons.

Foreign participation improved in the Kuwaiti market in 2Q22, accounting for 13.4% of the total market executions, of which EFG Hermes captured 57.7% of this flow. In 1H22, foreign participation stood at 11.4% of which EFG Hermes accounted for 62.1%.

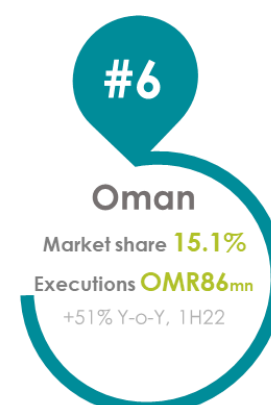


Oman

The Omani market ended 2Q22 of the year, with the MSM Index declining 2.0% Q-o-Q in 2Q22, and volumes falling 32% Q-o-Q, on off-market transactions, which declined 43% Q-o-Q.

EFG Hermes Oman ranking declined to come in at the 7th place in 2Q22, with a market share of 12.0%. As for 1H22, the Firm was ranked the 6th, with a market share of 15.1%.

Foreign activity represented 3.6% of the market turnover in 2Q22 and 3.4% in 1H22; of which the Firm captured 17.1% and 13.0% in 2Q22 and 1H22, respectively.





Jordan

A very buoyant quarter for the Amman Stock Exchange, with its Index adding 11.1% Q-o-Q, and volumes soaring 51% Q-o-Q in 2Q22; supported by the company's financial results and dividends distribution, and a general improvement in some sectors in the Economy.

The Firm's market share and ranking improved slightly Q-o-Q in 2Q22, to reach 6.6% with an 11th place ranking on the market; mainly due to higher foreign activity as compared to 1Q22. This takes the Firm's 1H22 market share to 6.2% with an 11th place ranking.

In terms of foreign participation, foreign activity increased to account for 4.3% of the market turnover in 2Q22; whereby EFG Hermes captured 14.3% of that flow. In 1H22, foreign participation stood at 3.3% of which EFG Hermes accounted for 14.4%.



Pakistan

A very challenging quarter on both the macro and the political fronts, with the KSE100 giving up 7.5% Q-o-Q, and volumes inching down 4% Q-o-Q in 2Q22.

EFG Hermes Pakistan market share came at 3.8% in 2Q22, and stood at 3.7% in 1H22.

Foreign investors continued to cut down their exposure for a second consecutive quarter and sold another USD26 million during 2Q22. Foreign activity represented 7.0% of the market turnover in 2Q22 and 7.1% in 1H22; of which the Firm captured 12.2% and 11.9% in 2Q22 and 1H22, respectively.

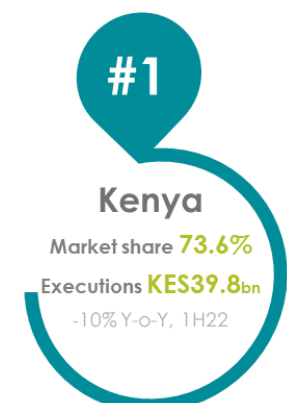


Kenya

Another bearish quarter for the Kenyan market, with the NASI declining 20.1% Q-o-Q in 2Q22 as losses recorded by the large cap stocks weighted down on the Index performance. However, volumes during the quarter added 9% Q-o-Q.

EFG Hermes market share rose to 77.5% in 2Q22 and 73.6% in 1H22, maintaining its 1st place ranking; with increasing foreign participation being the main driver.

Foreign participation increased to account for 60.7% in 2Q22 and 57.4% in 1H22 of the total market activity, of which EFG Hermes executed 55.8% in 2Q22 and 56.2% in 1H22 of this flow.





Nigeria

Another quarter of recorded gains for the Nigerian market, with the Index gaining another 10.3% Q-o-Q; this was mainly driven by foreign demand in fungible stocks, pushing them upwards, and a renewed interest in consumer stocks. Meanwhile, volumes was flat Q-o-Q in 2Q22.

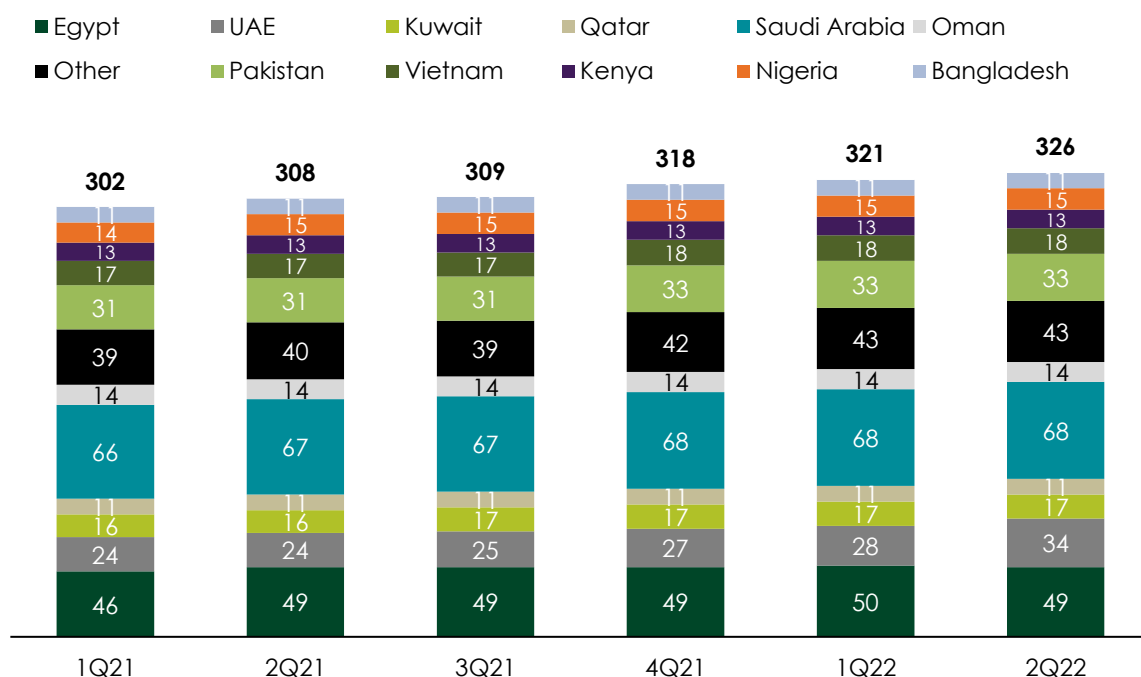
The Firm maintained its 5th place ranking for 2Q22 and 1H22, with a market share of 6.9% and 8.9%, respectively. Foreign participation reached 12%, of which the Firm successfully captured 25%.



II. Research

Research Coverage Universe

Number of Companies



Source: EFG Hermes Research

In terms of our MIFID and CSA business, a few new clients were added during 2Q22. During the quarter, there has been a lot of volatility in stock markets and emerging markets in general, of which the impact, on our business, is yet to be seen. The team is doing more corporate access work again and started having face-to-face meetings with clients. This should help spur payments and interest alike, especially with some of our coverage trading at record lows.

The team continued to deepen research coverage of the UAE stocks, which has seen a significant increase in client interest given the favorable macro outlook and strong IPO pipeline. Overall, the team initiated coverage on five new stocks in 2Q22, all of which are based in the UAE. Four of those are small to mid-cap stocks listed on the ADX - United Arab Bank, RAK Properties, Emirates Driving Co., and AD Aviation. We also initiated coverage on one large cap stock, AD Ports, which was listed on the ADX in 1Q22. As of the end of 2Q22, we were actively covering 326 stocks across 24 countries.

III. Investment Banking

In 2Q22, EFG Hermes' Investment Banking division successfully concluded five equity transactions, two debt transactions and one M&A transactions worth an aggregate value of USD9.1 billion.

On the equity front, EFG Hermes continued to solidify its position as a leading investment banking franchise in the GCC ECM space. The team successfully concluded the advisory on the USD6.1 billion initial public offering (IPO) of state-owned Dubai Electricity and Water Authority (DEWA), marking the largest listing in the Middle East since 2019. The IPO represents the first listing of a public company in Dubai and comes as part of the Emirate of Dubai's plan to list several state-owned companies on the Dubai Financial Market (DFM) in its efforts to deepen and diversify the Emirate's capital markets. EFG Hermes also acted as joint bookrunner on the IPO of Abu Dhabi-based petrochemicals company Borouge in an offering worth USD2 billion, marking the largest in the history of the Abu Dhabi Exchange (ADX). In addition, the department completed the advisory on the USD323 million private placement of 45% of Ali Alghanim and Sons Automotive Company, ahead of the company's IPO on Boursa Kuwait, which marks the first IPO on the Kuwaiti exchange since 2020. The offering generated strong demand from investors being c.11x oversubscribed. Building on its longstanding relationship with Fawry for Banking Technology and Electronic Payments, EFG Hermes also successfully concluded the advisory on the company's capital increase through a rights issue on the EGX, in an offering amounting to USD43.2 million. Lastly, the team acted as financial advisor and sole bookrunner to a leading global logistics company on its purchase of a minority stake in a listed regional logistics company.

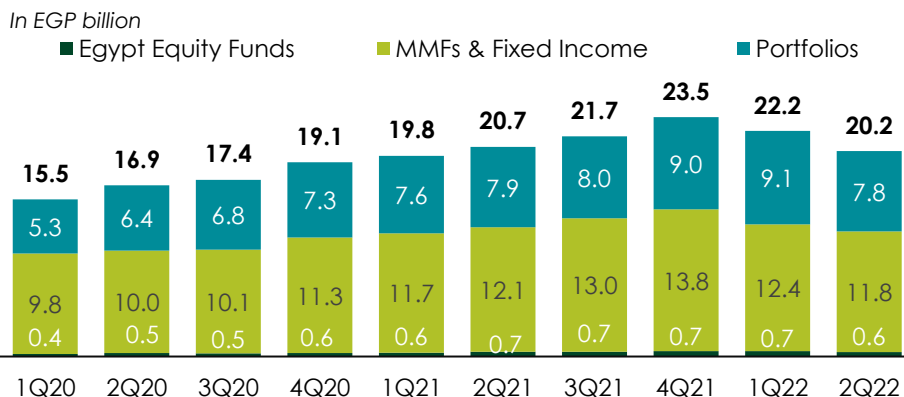
On the debt front, the division successfully concluded advisory on two debt transactions, continuing to provide innovative financial solutions to its growing client base. The team successfully advised EFG Hermes Corp-Solutions on the first issuance of its EGP3 billion short-term securitization program, in a transaction worth USD27.0 million. The department also has acted as sole financial advisor on the USD35.2 million securitization issuance for Bedaya Mortgage Finance, which is considered the first securitization issuance for a real estate mortgage company in Egypt, featuring a landmark tenor of almost 10 years, which coincides with real estate mortgage tenors.

In the M&A space, EFG Hermes acted as sell-side advisor on the majority stake sale of Al Meswak Dental Clinics, the largest dental and dermatology service provider in Saudi Arabia.

EFG Hermes' solid performance in 2Q22, covering the full spectrum of equity, debt and M&A mandates, is a testament to the firm's ability to conclude landmark transactions, while exponentially growing its regional presence. With a healthy deal pipeline, the division is well-positioned to sustain its positive performance throughout the second half of the year, capitalizing on arising investment opportunities both in Egypt and the region.

IV. Asset Management

Egypt Assets under Management Evolution

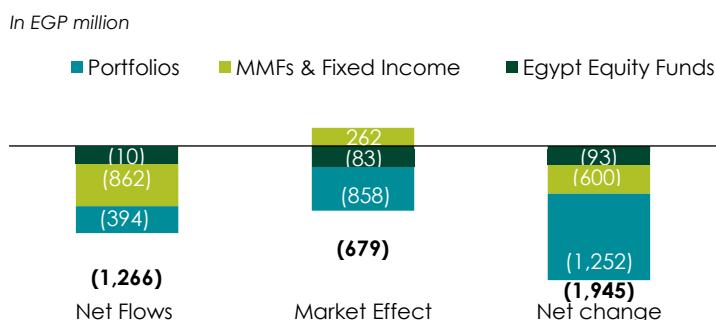


Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AuMs came at EGP20.2 billion at the end of 2Q22, down 8.8% Q-o-Q. Net outflows from equity portfolios, MMFs & FI Funds combined with weak equity portfolios performance were the main attributes to the decline in AuMs.

Outflows from MMFs continued in 2Q22 but with a reduced magnitude, as investors switched to the one year high-yielding CD (18.0%) offered by government-owned banks. However, this 18% CD was canceled in May. Meanwhile, weaker equity portfolios performance was dented by sluggish market performance.

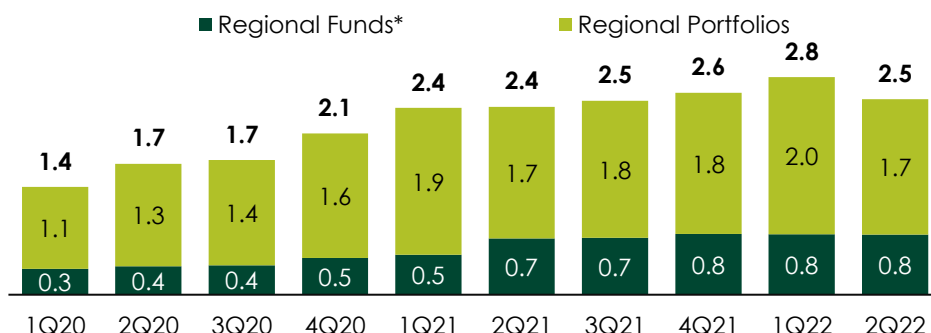
Quarterly Change in Egypt Mandates



Source: EFG Hermes Asset Management

Regional Assets under Management “FIM” Evolution

In USD billion



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

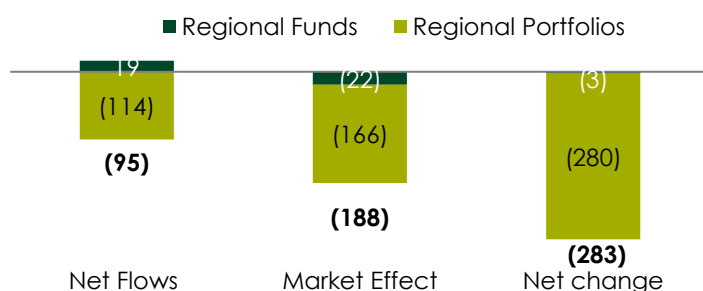
Source: FIM

EFG Hermes Regional Asset Management (FIM) AuMs declined 10% Q-o-Q, to close the quarter at USD2.5 billion. The contraction in AUMs during the quarter mainly resulted from the spill over effect of the unfavourable global macroeconomic backdrop into EM and Frontier markets. FIM continued to receive significant support from its institutional client base with the onboarding of one additional account.

The Global Sukuk Fund received the Best Global Sukuk Fund Strategy 2021 Award from the Bonds, Loans & Sukuk Middle East Awards, another validation of the Firm's ability in delivering superior returns to its investors.

Quarterly Change in Regional Mandates

In USD million



Source: FIM

Funds' Performance

FIM MENA Horizon Fund ended the quarter with a NAV/ share of USD431.67 at the end of 2Q22 versus a NAV/share of USD435.31 in 1Q22. The Fund lost 0.8% during the quarter versus the S&P Pan Arab Composite Index, which lost 12.7% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV/ share of USD1,175.22 at the end of 2Q22 versus a NAV/share of USD1,301.10 in 1Q22. The Fund lost 9.7% over the quarter versus the MSCI FEM Index, which lost 19.3% over the same period.

FIM Saudi Long Term Opportunities Fund ended the quarter at a NAV/ share of USD1,669.47 at the end of 2Q22 versus a NAV/share of USD1,860.63 at the end of 1Q22. The Fund lost 9.9%



during the quarter versus the TASI Index which lost 12.0% over the same period.

FIM MENA Credit Fund ended the quarter at a NAV/ share of USD1,144.09 at the end of 2Q22 versus a NAV/share of USD1,268.02 in 1Q22. The Fund lost 9.8% during the quarter versus the JPM MECIGCC, which lost 6.0% over the same period.

FIM Global Sukuk Fund ended the quarter at a NAV/ share of USD1,109.63 at the end of 2Q22 versus a NAV/share of USD1,164.40 in 1Q22. The Fund lost 4.7% during the quarter versus the Markit iBoxx Sukuk which lost 3.5% over the same period.

FIM GEM Debt Fund ended the quarter at a NAV/ share of USD922.91 at the end of 2Q22 versus a NAV/share of USD1,016.40 in 1Q22. The Fund lost 9.9% during the quarter versus a loss of 10.7% 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 completed a new investment in 2Q22 by acquiring a majority stake in the Montessori preschool chains “Trillium and Petals”. The two preschools together have eight branches spreading across East of Cairo serving over 1k students.

The new investment brings the number of assets owned/managed under EEP to 18 schools and pre-schools under various stages of development with a combined capacity of c.21k students with over 10k enrolled students.

EEP also completed all preparations for the start of operations in 2 new schools (Hayah West and GEMS International School of Cairo) next September, with early admissions indicating strong demand for both schools exceeding initial expectations.

The platform is currently advancing discussions on 2 new investments and aiming to close at least 1 new investment before end of 2022.

Healthcare

U Pharma “UP” has successfully closed FY21 ramping up its sales with LVP volumes almost doubling on an annual basis. During 1H22, the company has further diversified its distribution network, with its largest customers in the tender segment representing less than one third of total sales, while sales contribution of key distributors combined has exceeded +50% of total sales. UP successfully further 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 in 1H22. During 1H22 a sales growth of +56% Y-o-Y was achieved compared to 1H21, exceeding several established market peers. 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 3Q22 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 2H22, 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 has commenced transaction processes on a number of highly promising opportunities in the injectables and other generics pharma segments, currently at different stages of negotiation & execution, and with potential aggregate deal values exceeding EGP1.5 billion, supporting EFG Hermes' healthcare platform strategy of expanding its investments in the pharmaceuticals sector, and capitalizing on the track record achieved in U Pharma.





NBFIs



Financial Overview

I. Performance Overview

in EGP million	NBFIs Performance Summary							
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Micro-Finance (Tanmeyah)	357	395	371	-9%	-4%	752	697	8%
Consumer Finance (valu)	71	143	65	-51%	9%	214	120	78%
Leasing	59	45	43	33%	39%	104	99	5%
Factoring	14	18	12	-22%	15%	32	20	57%
Finance Holding	2	1	(1)	170%	N/M	2	0	N/M
Net Operating Revenue	503	601	490	-16%	3%	1,104	937	18%
Employee Expenses ⁽¹⁾	208	228	222	-9%	-7%	435	408	7%
Other Operating Expenses ^{*(1)}	158	195	125	-19%	27%	353	230	54%
Total Operating Expenses⁽¹⁾	366	423	347	-14%	5%	789	638	24%
Net Operating Profit	137	178	143	-23%	-4%	315	299	5%
Net Profit (Loss) Before Tax	118	159	126	-26%	-6%	278	264	5%
Net Profit (Loss) After Tax & Minority Interest	62	97	69	-36%	-9%	159	151	6%

⁽¹⁾ Includes Finance Holding operating expenses and Holding allocated expenses

*Includes Other G&A, and Provisions & ECL

Source: EFG Hermes Management Accounts

2Q22

The NBFIs platform revenues was largely flat, inching up 3% Y-o-Y to EGP503 million, supported by higher revenues generated from Leasing and valu, yet pressured by lower revenues generated from Tanmeyah. Tanmeyah reported revenues of EGP357 million, edging down 4% Y-o-Y; despite stronger sales as net interest income and fees & commissions were largely flat Y-o-Y. Moreover, the comparable quarter included securitization gain of EGP22 million. valu revenues added only 9% Y-o-Y to come at EGP71 million, albeit loans issued more than tripling Y-o-Y; as sales were boosted by the "100% cash back" promo, which commanded a different accounting treatment in the calculation methodology of net interest income and a general change in the recognition of the upfront fees. Leasing revenues increased 39% Y-o-Y to EGP59 million, mainly on higher interest income as portfolio expanded Y-o-Y. Factoring revenues rose 15% Y-o-Y to EGP14 million, on higher net interest income.

Operating expenses added 5% Y-o-Y to EGP366 million, on higher other G&A expenses and despite lower employee expenses.

Employee expenses declined 7% Y-o-Y to EGP208 million, on lower variable portion of the employee expenses Y-o-Y and despite higher salaries Y-o-Y across the platform. Moreover, other G&A expenses increased 35% Y-o-Y to EGP129 million; on higher operating expenses across the platform as its operations expanded. Meanwhile, Provisions & ECL was broadly unchanged Y-o-Y at EGP29 million.

The NBFIs net profit after tax and minority interest declined 9% Y-o-Y to EGP62 million, on Tanmeyah's higher minority interest.

1H22

The NBFIs platform reported 18% Y-o-Y increase in revenues to reach EGP1.1 billion, supported by higher revenues recorded by all business lines. Tanmeyah's revenues reached EGP752



million, up 8% Y-o-Y; on stronger sales and higher portfolio Y-o-Y. valU's revenues rose a buoyant 78% Y-o-Y to reach EGP214 million, on stronger 1Q22 revenues. Leasing revenues added 5% Y-o-Y to EGP104 million on higher arrangement fees. Factoring revenues rose 57% Y-o-Y to EGP32 million, on higher net interest income.

Operating expenses rose 24% Y-o-Y to EGP789 million, on higher other G&A expenses and despite lower provisions & ECL.

Employee expenses inched up 7% Y-o-Y to EGP435 million, as lower variable portion of the employee expenses Y-o-Y was off-set by higher salaries Y-o-Y. Moreover, other G&A expenses increased 75% Y-o-Y to EGP317 million; on higher operating expenses particularly by valU. Meanwhile, Provisions & ECL declined 26% Y-o-Y to EGP36 million, reflecting lower ECL required.

The NBFIs net profit after tax and minority interest added 6% Y-o-Y to EGP159 million, as the increase in expenses was higher than the increase in revenues.



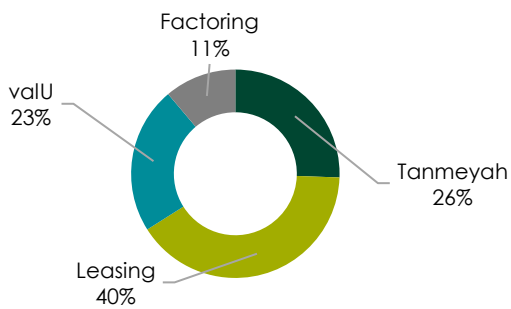


II. Balance Sheet highlights

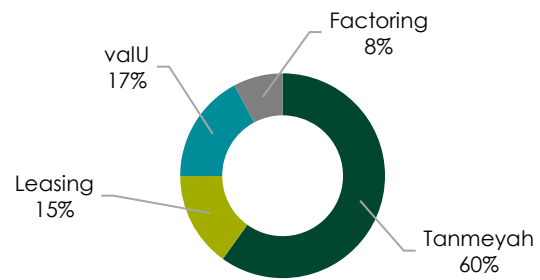
<i>in EGP million</i>	Jun-22	Mar-22	Dec-21	Jun-21	Q-o-Q	Y-o-Y
Portfolio Outstanding*	15,836	15,207	12,122	10,683	4%	48%
Provision Balance	473	446	441	415	6%	14%
Total Equity	2,083	2,054	1,959	1,801	1%	16%

*Excludes EGP588 million of Leasing securitization, and EGP33 million of valU securitization

Portfolio Contribution by LoB



Provisions Contribution by LoB



Operational Overview

I. Micro-Finance "Tanmeyah"

Operational Update

Tanmeyah acquired "Fatura" a fast growing B2B e-commerce market place with a footprint in 22 governorates. The transaction was financed by Tanmeyah's cash resources and treasury shares. Fatura's addition to Tanmeyah's portfolio should create meaningful opportunities and synergies to fill the B2B credit market gap while also enriching its products and services. Fatura is also aiming to venture into new sectors of the B2B market and expand its network of merchants through Tanmeyah's extensive geographical presence and broad client base.

Tanmeyah achieved some progress towards a digital operating model by collaborating with Fawry and O-Pay, who will serve as digital collection channels and thus should enhance business dynamics and improve customer experience. The technical integration will be conducted by Paytabs, which is expected to be finalized and activated by end of 3Q22.

Results at a Glance and Performance Overview

	KPIs							
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Total Number of Active Borrowers	398,227	391,749	362,805	2%	10%	398,227	362,805	10%
Total Number of Processed Applications	112,003	118,663	105,788	-6%	6%	230,666	213,591	8%
Total Number of Loans Issued	91,700	101,038	90,167	-9%	2%	192,738	181,870	6%
Total Portfolio Outstanding (EGP mn)	4,049	3,896	3,347	4%	21%	4,049	3,347	21%
Total Tanmeyah Staff	4,618	4,714	4,919	-2%	-6%	4,618	4,919	-6%

Source: Tanmeyah

It was another strong quarter for Tanmeyah, with the number of active borrowers, processed application and value of loans issued all increasing Y-o-Y. Value of loans issued was up 14% Y-o-Y to reach EGP1.4 billion in 2Q22. This lifted Tanmeyah's outstanding portfolio to cross the 4 billion mark, to reach EGP4,049 million at the close of 2Q22, up a solid 21% Y-o-Y and 4% Q-o-Q.

Tanmeyah's MEL average ticket size increased by 7% Q-o-Q driven by the higher contribution of the higher MEL tiers (MEL 18 months & MEL 24 months).

Loans issued declined Q-o-Q in 2Q22, with the number and value of loans issued down 9% Q-o-Q and 6% Q-o-Q, respectively. This came as a result of the low level of sales in May-22, as the month of May included a 5-day Eid holiday, coupled with a 7 days downtime in I-Score and Tanmeyah's system. Moreover, management took a conscious decision to temporarily halt operations in all of its Aswan's branches, which affected sales issuance in May & June; as Aswan, as a governorate, faced a Ponzi scheme.

However, the Q-o-Q decline was partially compensated for by an increase in loans issued as a result of Tanmeyah's initiation of the "100 100" Offer, which came as part of its strategy as an early adopter of the responsible lending policy mandated by the FRA, which is set to take place later this year.



Regions where Tanmeyah has footprint, including: Cairo & Giza, Delta, and the Canal, witnessed strong growth in active borrowers Y-o-Y. Meanwhile, only Upper Egypt did not see an increase in active borrowers, as operations were temporarily halted, as mentioned above.

Portfolio Quality & Provisions

Tanmeyah did not book any additional provisions in 2Q22, maintaining a balance of EGP283 million. However, coverage remains well above the PAR 30+ and 90+ indicators.



II. BNPL “valu”

Business Update

In May, EFG Hermes and Amazon entered into an Option Agreement; whereby Amazon agreed to acquire USD10 million in EFG Hermes' GDRs with the option to replace that investment into valu at a future date, translating into a stake of 4.255% of the issued share capital of valu, based on a current post-money valuation of valu of USD235 million.

In June, Al Hokair family entered into agreement to acquire a 4.99% stake in valu through a capital injection of USD12.4 million. Moreover, valu will expand its operations into the Saudi market by partnering up with Fawaz Abdulaziz Alhokair Company, the leading franchise retailer in Saudi Arabia, and Arabian Centres Company, to offer both cash loans and POS financing in KSA, with an expected launch date before the end of the year 2022.

Results at a Glance and Performance Overview

	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y	BTD
App Business									
valu App Customers ⁽¹⁾	152	191	37	-20%	306%	172	64	169%	721
Limits Activated Value(EGP mn)	1,976	2,160	440	-9%	349%	4,136	837	394%	9,152
Total Loans Issued (EGP mn)	1,323	1,382	407	-4%	225%	2,705	770	251%	6,374
Outstanding Portfolio (EGP mn)	3,613	2,902	1,105	24%	227%	3,613	1,105	227%	3,613
Number of Transactions ⁽¹⁾	271	249	83	9%	227%	520	162	222%	1,239
Portfolio Tenor (In months)	20	16	16	27%	30%	19	16	19%	17
Number of Merchants	3,028	2,150	1,043	41%	190%	3,028	1,043	190%	3,028
Non-App Business									
Outstanding Portfolio (EGP mn)	33	32	38	4%	-12%	33	38	-12%	32
Number of Transactions	2	5	5	-60%	-60%	7	9	-22%	313
Portfolio O/S⁽²⁾ (EGP mn)	3,646	2,934	1,143	24%	219%	3,646	1,143	219%	3,645

(1) Numbers are in "000"

(2) Includes securitized portfolio

Source: valu

Another buoyant quarter for valu, with GMV, loans issued and number of transactions more than tripling Y-o-Y. Total outstanding portfolio came at EGP3,646 million at the end of 2Q22, of which principal stood at EGP2,987 million and interest reached EGP659 million. BTC outstanding portfolio increased 24% Q-o-Q and 227% Y-o-Y to reach EGP3,613 million, while the BTB outstanding portfolio added 4% Q-o-Q (with the addition of two loans in 2Q22) yet declined 12% Y-o-Y to stand at EGP33 million at the end of 2Q22.

GMV grew Y-o-Y 252% to record EGP1.5 billion in 2Q22 and to reach EGP6.8 billion since inception. This was backed by strong marketing campaigns and promotional offers during the quarter, which included the 100% cash back offer. It is worth noting that this strong growth was achieved before the completion of onboarding valu customers on Amazon, which was completed on 21st June 2022.

valu's merchant network continues to grow, up 190% Y-o-Y, to reach 3,028 merchants in 2Q22 by collaborating with more famous brands and covering more products and service categories to attract new customers while retaining existing ones through expanding our spectrum of products and services in order to maintain our number 1 position in the market. Currently, valu is the only BNPL available on Amazon, Jumia and Noon.

Average ticket size declined to 4.9k in 2Q22 from 5.6K in 1Q22, mainly due to the 100% cash back offer in April that decreased the size of loans issued while increased the transactions count.

valU transacting customers grew 137% Y-o-Y to reach 112,722 in 2Q22 compared to 47,616 in 2Q21, capitalizing on the strong branding, promotional offers and expansion plans to meet customers' needs.

The number of transactions grew by 227% Y-o-Y, reflecting an increase in loans issued, partially generated from cash back transactions throughout the quarter, increase in customers' loyalty to the app. and the wider merchant network.

Portfolio tenure increased to an average of 20 months in 2Q22 from 16 months a quarter earlier, driven by the 100% cash back offer that pushed customers to higher tenure loans of 48 months.

Geographical Presence

2Q22	1Q22	4Q21
Greater Cairo	Greater Cairo	Greater Cairo
Alexandria	Alexandria	Alexandria
Hurghada	Hurghada	Hurghada
Tanta	Tanta	Tanta
Mansoura	Mansoura	Mansoura
Portsaid	Portsaid	Portsaid
Ismailia	Ismailia	Ismailia
Assiout	Assiout	Assiout
Monofia	Monofia	Monofia
Minia	Minia	Minia
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's provisions stood at EGP81.7 million, increasing from EGP75.9 million with an increase of EGP5.8 million of provisions taken, mainly due to the change of the macroeconomic assumptions in the ECL model. However, coverage remains above the PAR 30+ and 90+ indicators.

Market Share

ValU came in second place in the first half of the year, with a market share of 29.6%.

Ranking

1H22	Company Name	Market Share (%)
1	Contact	39.4%
2	valU	29.6%
3	Premium International	10.0%
4	Halaan	7.6%
5	Shoula	4.0%
6	Abdul Latif Gamil	3.0%
7	B Link	2.5%
8	Drive Finance	1.7%
9	Sky Finance	1.1%
	Others	1.1%

Source: valU

III. Leasing

Results at a Glance and Performance Overview

	KPIs							
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Number of new contracts	13	18	26	-28%	-50%	31	44	-30%
Total Outstanding Portfolio ⁽¹⁾ (EGP mn)	7,800	7,447	5,669	5%	38%	7,800	5,669	38%
On-books Outstanding Portfolio ^{(1)*} (EGP mn)	6,406	6,405	5,083	0%	26%	6,406	5,083	26%
NFA for new contracts (EGP mn)	678	2,062	802	-67%	-15%	2,740	1,657	65%
Receivables value of new contracts** (EGP mn)	1,159	2,900	816	-60%	42%	4,059	1,787	127%

(1) Includes VC transactions. Excludes Securitized Portfolio principle amount of EGP588 million

* Includes on-balance sheet transactions only

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

Source: EFG Hermes Leasing

New bookings reached EGP678 million in 2Q22, down 15% Y-o-Y, and down 67% Q-o-Q as 1Q22 was exceptionally a strong quarter in terms of bookings. However, EFG Hermes Leasing was able to successfully approve an amount of EGP1.7 billion in 2Q22, out of which only 40% was booked in 2Q22, thus strong bookings are in the pipeline for 3Q22.

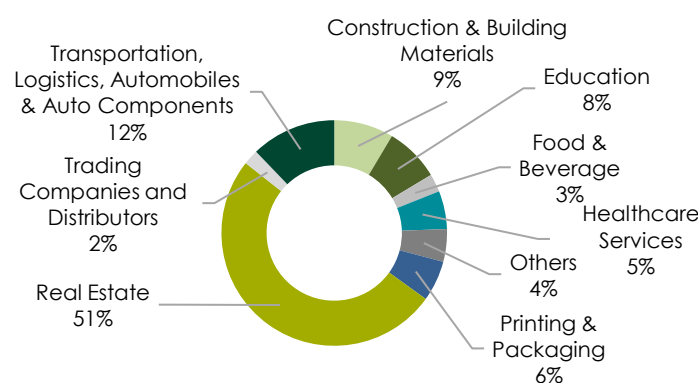
The slowdown in the business was triggered by a number of reasons, among which is the increase in the corridor by 3% in 2022, together with import restrictions imposed by the CBE, which halted the clients' appetite for lending. This led to a more prudent lending methodology adopted by EFG Hermes Corp Solutions in order to safeguard the portfolio.

The on-books outstanding portfolio stood at EGP6.4 billion in 2Q22, flat Q-o-Q, this was due to the above-mentioned reasons, which dragged the average ticket size to EGP52 million in 2Q22, down 55% Q-o-Q. However, on a Y-o-Y, the outstanding portfolio increased 26% accompanied by a 69% Y-o-Y increase in the average ticket size.

The team continues to capitalize on its cross-selling capabilities to offer bundled financial solutions for its clients. Currently, Corp Solutions has 5 Joint clients utilizing Leasing and Factoring facilities.

For 2Q22, leasing was able to book 9 Large - Mid Corporate clients and 5 SME clients. Corporate clients remain dominant in the leasing portfolio, accounting for 50%; however focus on SMEs continues where it currently accounts for 17%.

Portfolio Distribution by Client Industry



Source: EFG Hermes Leasing

Portfolio distribution by industry showed minor changes compared to the previous quarter; as the top industry remained the Real Estate & Hospitality, having the lion's share of 51% in 2Q22. Transportation, Logistics, Automobiles & Auto components industry came second with a 12% contribution.

Portfolio Quality & Provisions

Provision expense increase by EGP7 million in 2Q22 to reach a provision balance of EGP71 million by the end of 2Q22. The increase in provisions was mainly attributed to an update in the ECL engine to reflect weaker macro-economic indicators stemming predominantly from the global events, including the Russian/Ukrainian war, which impacted the local economy.

Market Share

As of 1H22, EFG Hermes Leasing was ranked 2nd, with a market share of 13.4%.

Ranking		
1H22	Company Name	Market Share (%)
1	Corplease	16.5%
2	EFG Hermes Corp Solutions	13.4%
3	Globalcorp	8.6%
4	BM Lease	7.7%
5	Al Ahly Leasing	6.1%
6	Arab African	5.8%
7	Al Taameer Leasing	5.1%
8	GB Lease	4.4%
9	Cairo Lease	3.1%
	Others	29.4%

Source: EFG Hermes Leasing

IV. Factoring

Results at a Glance and Performance Overview

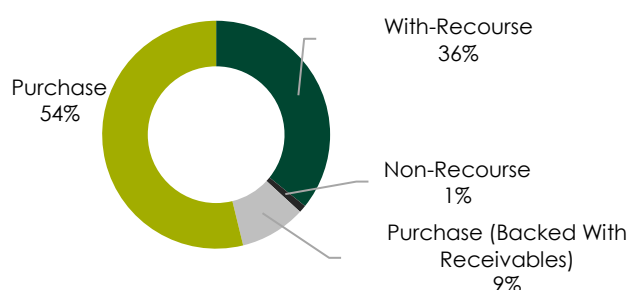
	2Q22	1Q22	2Q21	Q-o-Q	Y-o-Y	1H22	1H21	Y-o-Y
Number of Existing Clients	89	86	56	3.5%	58.9%	89	56	58.9%
Total Outstanding portfolio (EGP mn)	1,767	2,048	1,110	-13.7%	59.2%	1,767	1,110	59.2%
Average Portfolio Tenor (days)	233	250	186	-6.8%	25.3%	233	186	25.3%
Average Ticket Size (EGP mn)	3.06	4.06	3.12	-24.8%	-2.1%	3.50	3.07	13.9%
Net Financed Amount (EGP mn)	1,024	1,073	1,043	-4.6%	-1.8%	2,097	1,586	32.2%

Source: EFG Hermes Factoring

The Factoring total outstanding portfolio rose 59% Y-o-Y to record EGP1.8 billion at the end of 2Q22. However, on a Q-o-Q basis, the portfolio declined 14% Q-o-Q, triggered by the settlements. However, these settlements were partially supported by new disbursements approved.

In terms of the number of clients, 3 additional clients were approved for new credit limits; of which only 1 new client was booked in 2Q22.

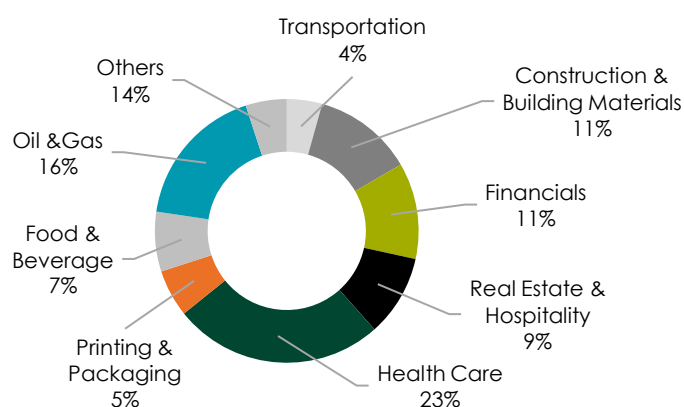
Portfolio Analysis



Source: EFG Hermes Factoring

As of 2Q22, the bulk of the Factoring portfolio is represented in the Purchase Factoring financing, accounting for 54% of the portfolio. Coming second is the Domestic Factoring Recourse financing, representing 36% of the outstanding portfolio. Finally, the Purchase (backed with receivables) accounted for 9%.

Portfolio Breakdown by Industry



Source: EFG Hermes Factoring

Portfolio Quality & Provisions

An additional EGP11.2 million was booked in 2Q22 to reach a provision balance of EGP37 million by the end of 2Q22. The increase in provisions was mainly attributed to an update in the ECL engine to reflect weaker macro-economic indicators stemming predominantly from the global events, including the Russian/Ukrainian war, which impacted the local economy.

Market Share

As of 1H22, EFG Hermes Factoring business came in 2nd place, with a market share of 14.7%.

Ranking		
1H22	Company Name	Market Share (%)
1	Egypt Factoring	16.5%
2	EFG Hermes Corp Solutions	14.7%
3	QNB AlAhli Factoring	13.7%
4	Drive Factoring	9.1%
5	Contact Factoring	7.0%
6	Global Corp	5.1%
7	Taameer	5.0%
8	BM Factoring	4.7%
9	MLF	4.0%
	Others	20.5%

Source: EFG Hermes Factoring



Commercial Bank (aiBank)



Financial Overview

I. Performance Overview (P&L)

<i>in EGP million</i>	2Q22	1Q22	Q-o-Q
Net Interest Income	445	341	30%
Net Fees and Commissions	66	46	43%
Other Revenues	52	53	-1%
Total Net Revenues	564	441	28%
Employees Expenses	130	124	5%
Other Operating Expenses*	196	79	149%
Total Operating Expenses	327	203	61%
Net Operating Profit (Loss)	237	238	0%
Other Expenses	10	33	-68%
Net Profit (Loss) Before Tax	227	205	10%
Net Profit (Loss) After Tax	149	140	6%
Profitability Indicators			
Net Interest Margin	4.0%	3.3%	
ROAE	11.8%	11.3%	
ROAA	1.2%	1.2%	
Cost/Income	39.5%	48.1%	

*Includes Other G&A, and Provisions & ECL

Source: EFG Hermes management accounts

Net interest income: Reached EGP445 million derived by the continuous growth in interest earning assets, while enhancing interest margins. The bank also allocated more assets towards variable interest rates to benefit from the expected increase in interest rate (300 Bps in 1H22).

Net fees and commission income: Recorded EGP66 million in 2Q22, an increase of 43% compared to 1Q22, derived mainly on the back of the increase in the volume of trade finance transactions and the accelerated bookings of retail loans.

Other Revenues: Reached EGP52 million in 2Q22, consisting of: EGP8 million of fx-gains, EGP18 million of gains from investments/trading portfolio, EGP17 million of income from associates, EGP2 million of dividends received, EGP1 million of gains from sale of assets, and a release of EGP4 million of tax provisions.

NIMs: NIMs improved Q-o-Q to reach 4.0% from 3.3% a quarter earlier, thanks to higher asset yields and lower funding costs.

Operating expenses: Employees expenses reached EGP130 million in 2Q22 from EGP124 million in 1Q22, up 5% Q-o-Q, largely due to the increase in sales incentive and training costs that is required.

Other G&A expenses in 2Q22 reached EGP78 million from EGP71 million in 1Q22, as stamp duty expenses increased due to the increase in loans issuances, in addition to the increase in marketing and PR expenses.

Provisions & ECL came at EGP118 million in 2Q22, up from EGP8 million a quarter earlier; as the quarter included EGP107 million of provisions booked to cover certain customer exposure, as per the CBE directions.

Cost/Income ratio recorded 39.5% in 2Q22 down from 48.1% in 1Q22 as revenues increased Q-o-Q.

II. Balance Sheet Summary

in EGP million	Balance Sheet*				
	Jun-22	Mar-22	Dec-22	Q-o-Q	YTD
Cash & Due from Central Bank	1,375	2,048	1,061	-33%	30%
Due from Banks	12,794	19,939	18,736	-36%	-32%
Net Loans & Advances	16,778	11,855	9,567	42%	75%
Financial Investments	18,915	16,330	14,008	16%	35%
Other Assets	2,283	2,424	2,084	-6%	10%
Total Assets	52,145	52,595	45,457	-1%	15%
Due to Banks	3,553	4,664	1,056	-24%	236%
Customer Deposits	42,549	41,802	38,730	2%	10%
Other Liabilities	981	1,125	801	-13%	23%
Total Liabilities	47,082	47,591	40,587	-1%	16%
Total Shareholders' Equity	5,063	5,005	4,870	1%	4%
Balance Sheet Indicators					
Loans/Deposits	44%	33%	29%		
NPLs	11%	14%	16%		
Coverage Ratio	89%	86%	85%		
Total Capital Adequacy Ratio	24%	30%	34%		

*Standalone B/S

Source: aiBank accounts

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

Composition of assets significantly changed over the second quarter, as bank placements declined to represent 25% of the total assets compared to 38% in 1Q22, net loans increased to account for 32% compared to 23% a quarter earlier, while the investments portfolio increased to 36% of total assets compared to 31% at the end of 1Q22. As the Bank continuously improve liquidity management to benefit from fluctuating interest rates, while allowing core business to grow into sustainable profitable engagements.

in EGP million	Loans by Type			
	Jun-22	Mar-22	Dec-22	Q-o-Q
Corporate	13,174	8,793	7,198	50%
Retail	5,155	4,502	3,693	15%
SMEs	374	353	414	6%
Total	18,702	13,648	11,305	37%

Loans: Net loans grew strongly Q-o-Q, up 42% to reach EGP16.8 billion in 2Q22, after excluding expected credit losses provisions and unearned interest, while gross loans stood at EGP18.7 billion.

Credit growth: Gross loans grew 37% Q-o-Q, driven by growth from all types of loans, particularly corporate loans which grew 50% Q-o-Q. Furthermore, Retail and SMEs loans also grew 15% Q-o-Q and 6% Q-o-Q, respectively.

Loan quality: NPL ratio declined in 2Q22 compared to 1Q22 as it reached 11% compared to 14%. Coverage ratio increased to 89% in 2Q22 compared to 86% in 1Q22. However, if associated collateral is included, coverage ratio would increase above 100%.

Loans by currency: Loan book was split 92/8 between local currency and foreign currency at the end of 2Q22.

<i>in EGP million</i>	Deposits by Type			
	Jun-22	Mar-22	Dec-22	Q-o-Q
Current and Saving Accounts (CASA)	16,369	15,732	15,070	4%
TDs and CDs	25,031	24,746	22,427	1%
Other	1,148	1,325	1,233	-13%
Total	42,549	41,802	38,730	2%

Deposits: Deposits rose to EGP 42.5 billion at end of 2Q22, an increase of 1.7% compared to 1Q22.

Deposits contribution by type: Compared to 1Q22 figures, CASA accounts had the highest growth rates due to their variable interest rates while other deposits, mainly composed of trade finance margin accounts, witnessed a decrease.

Deposits by currency: Deposits were split 86/14 between local currency and foreign currency at the end of 2Q22.

Loans/Deposits ratio: loans to deposits ratio increased to 44% in 2Q22 compared to 33% in 1Q22, as the growth in loans outpaced deposits growth.

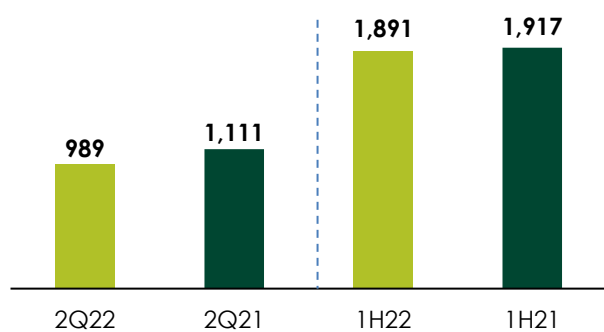
ANNEX I

Contribution by Platform

Revenues

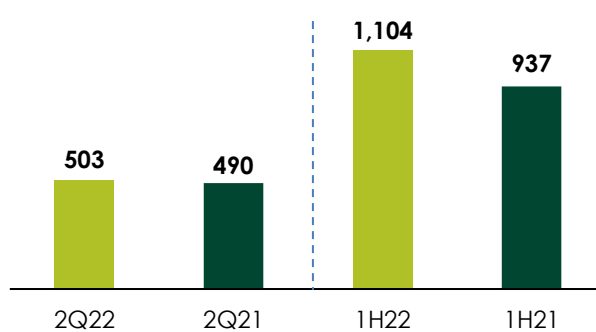
Investment Bank

In EGP million



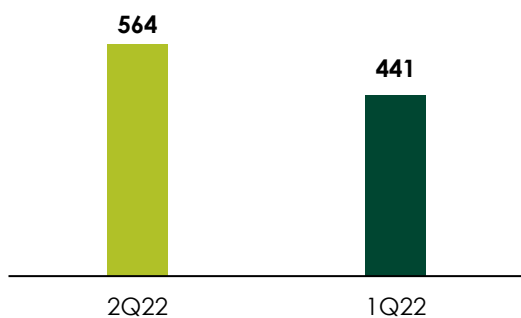
NBFIs

In EGP million



aiBank

In EGP million

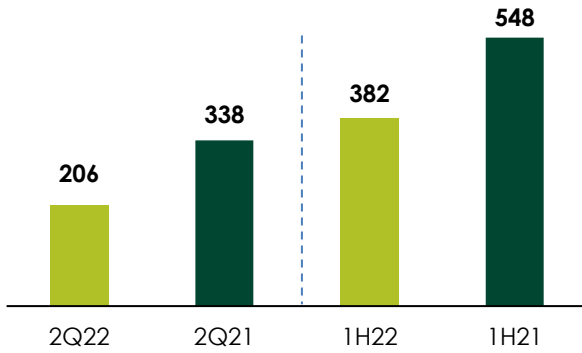




NPAT

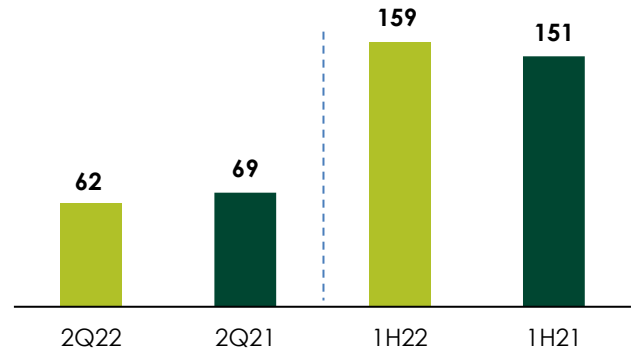
Investment Bank

In EGP million



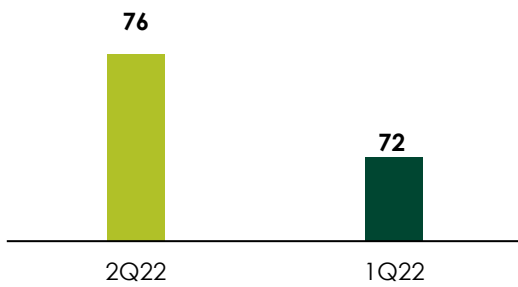
NBFIs

In EGP million



aiBank

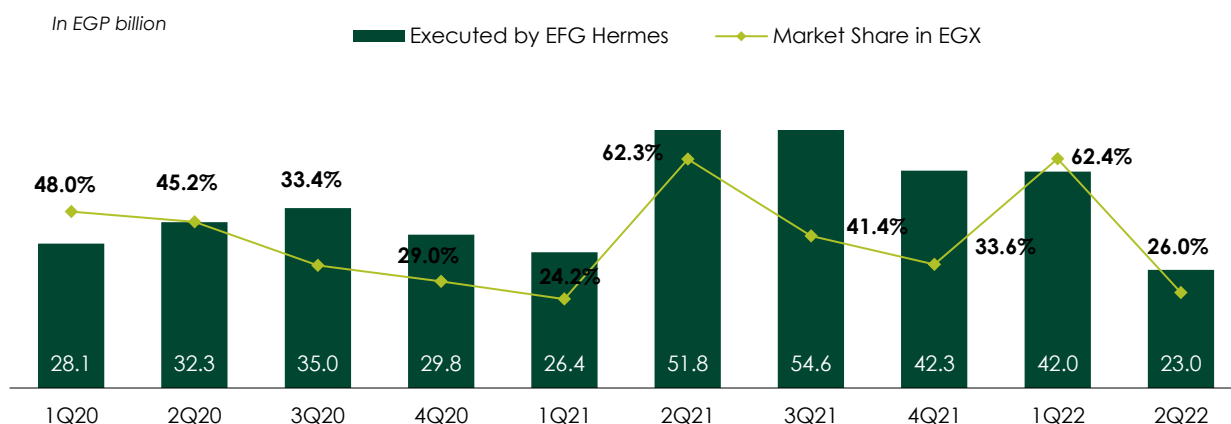
In EGP million



ANNEX II

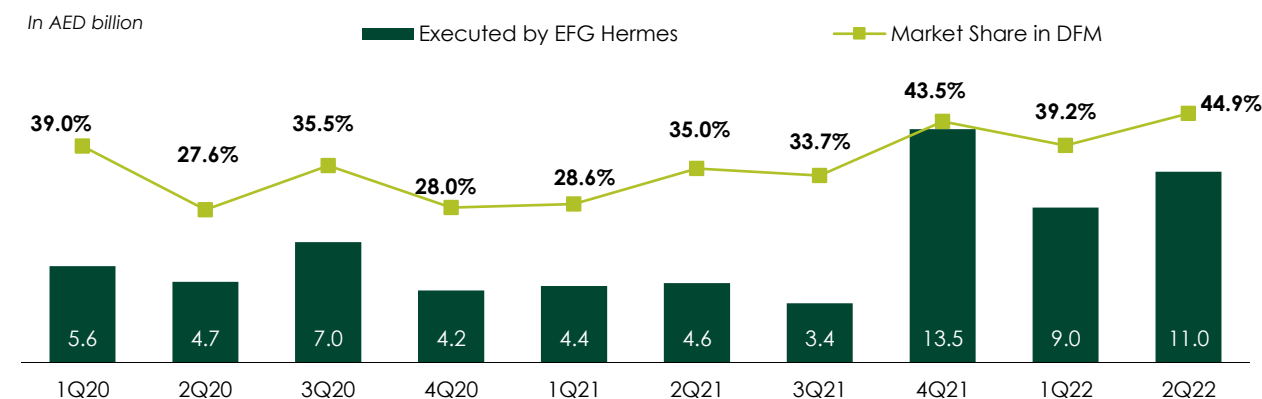
EFG Hermes Executions & Market Shares

Egypt*:

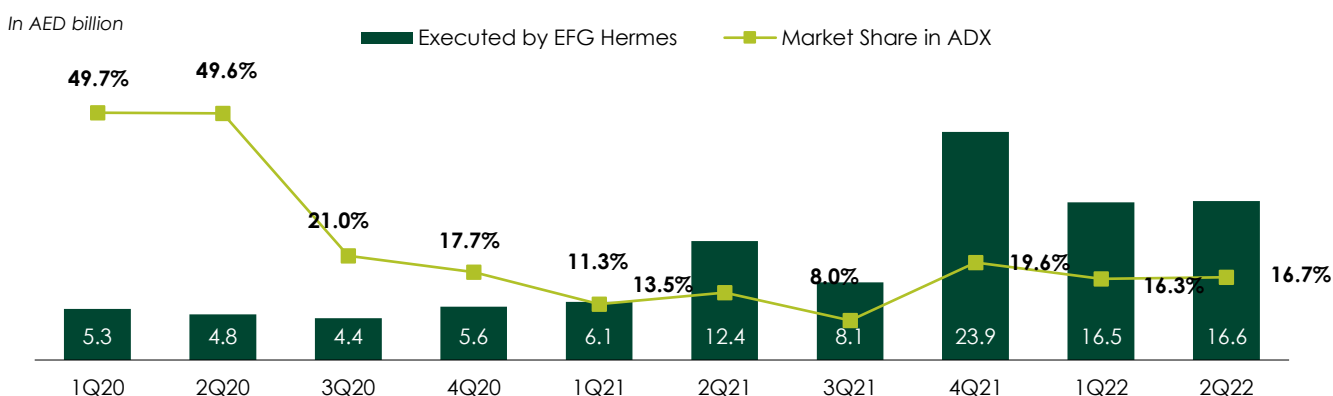


*Market share calculation includes special transactions

UAE- DFM

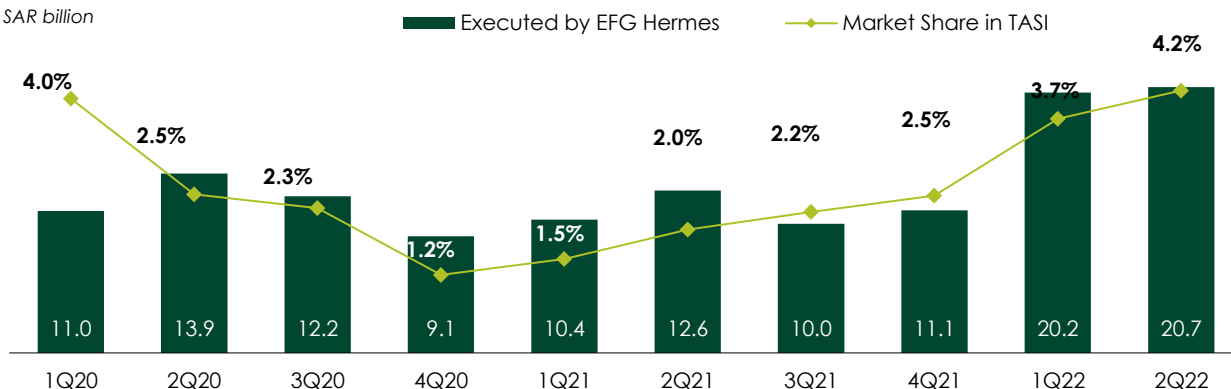


UAE – Abu Dhabi



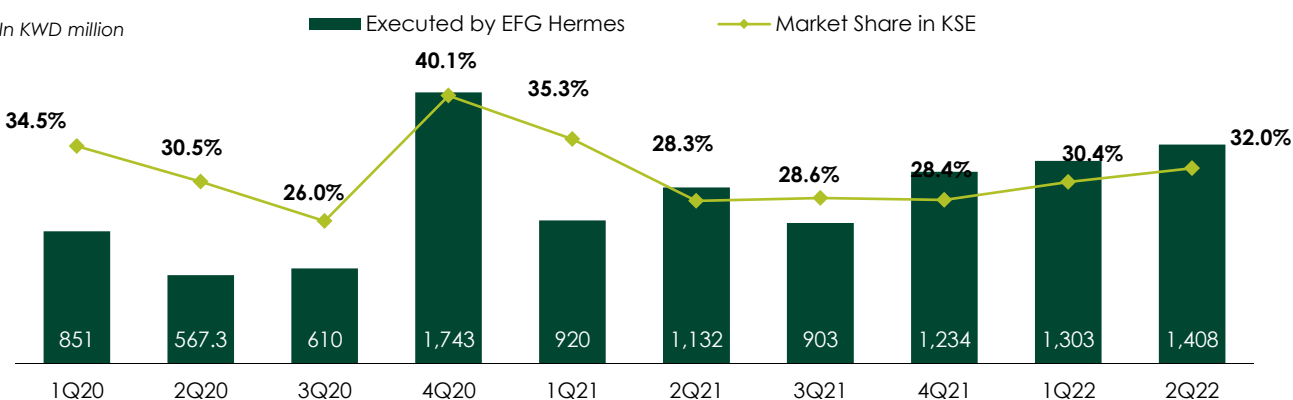
KSA

In SAR billion



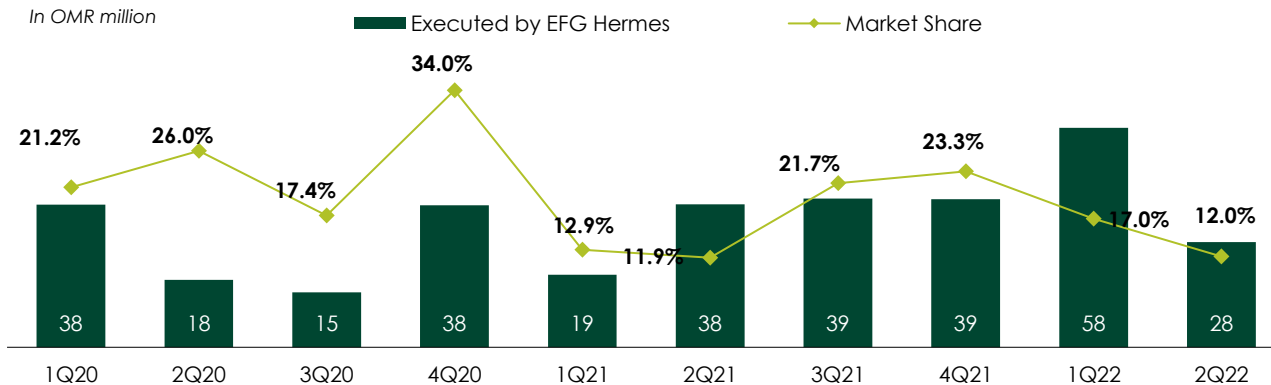
Kuwait

In KWD million



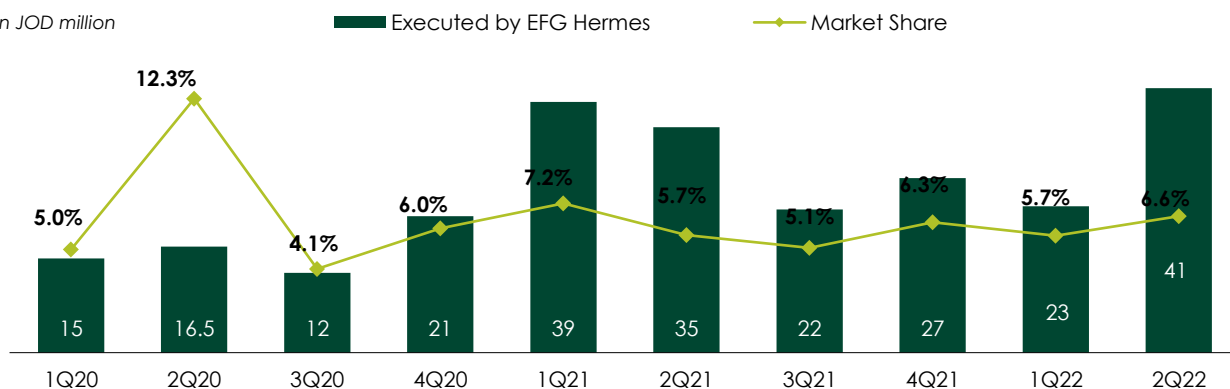
Oman

In OMR million



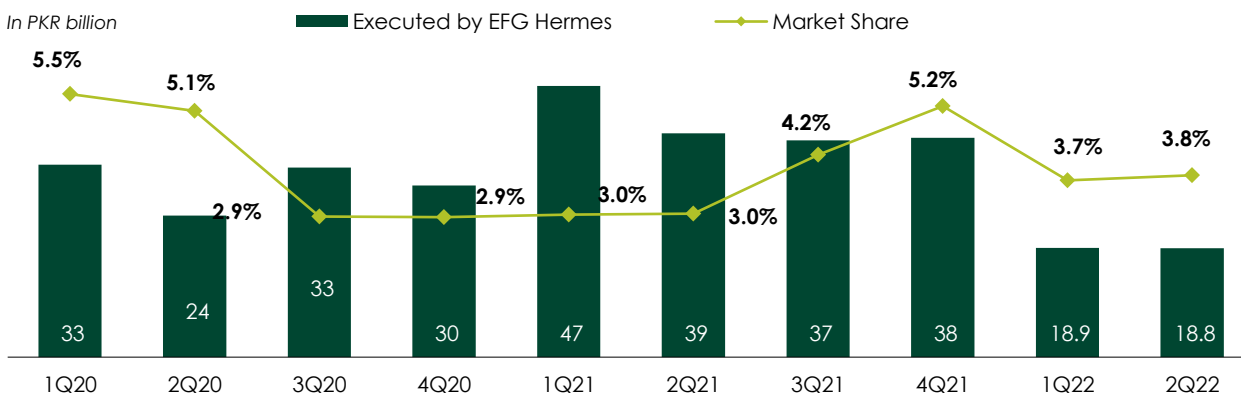
Jordan

In JOD million



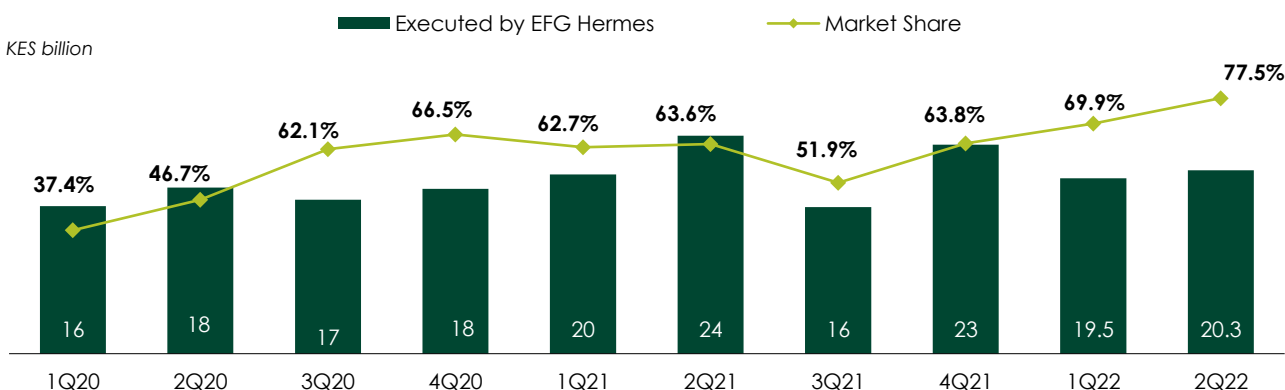
Pakistan

In PKR billion



Kenya

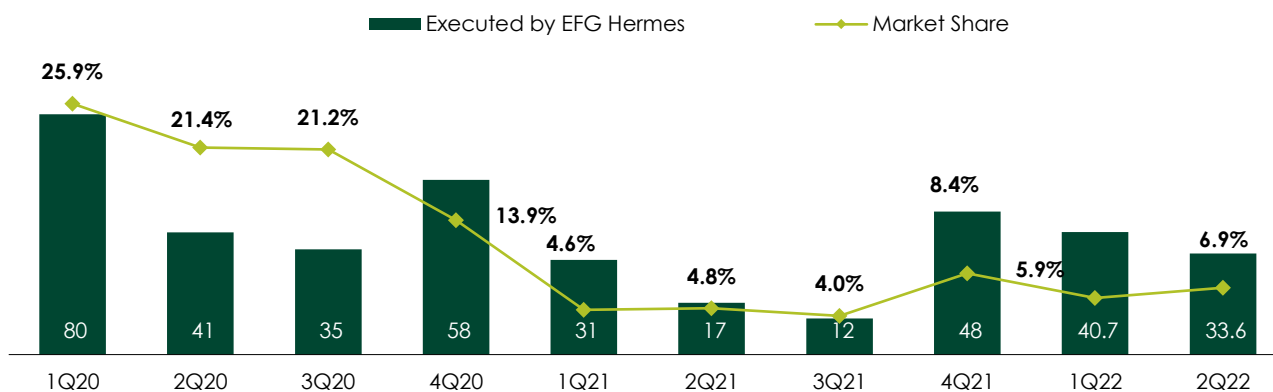
In KES billion





Nigeria

In NGN billion



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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

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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