

EFG HOLDING REPORTS SECOND QUARTER 2024 RESULTS

with Group net profit after tax and minority interest of EGP791 million; ON OPERATING REVENUE OF EGP5.1 BILLION

Cairo, August 14th, 2024 EFG Holding reports a strong set of results for the second quarter 2024, with a Group net profit after tax and minority interest of EGP791 million, on operating revenues of EGP5.1 billion. The Group's total assets stood at EGP197 billion at the end of June 2024.

Key Highlights

EFG Holding

- ≡ Investment Banking reports an all-time high revenue in a single quarter and drives the Group revenues up 63% Y-o-Y to 5.1 billion in 2Q24; this together with buoyant performance from all core operating businesses, with the exception of Holding & Treasury Activities, which was hit by unrealized losses on seed capital. Excluding Holding & Treasury Activities revenues/losses in both periods, the Group revenues would more than double, up 117% Y-o-Y in 2Q24, on growth reported by all other business lines;
- ≡ Expenses in 2Q24 captured the full impact of the EGP devaluation when compared to 2Q23, as well as the persistently high inflation levels seen in Egypt; thus, EFG Holding Group operating expenses (including provisions & ECL) rose 59% Y-o-Y to EGP3.4 billion on higher employee expenses and other operating expenses. However, employee expenses/operating revenues came at 42% in 2Q24;
- ≡ With the increase in revenues surpassing the increase in expenses, EFG Holding net operating profit rose 72% Y-o-Y. Taxes for the Group rose 65% Y-o-Y, on higher tax charges related to profitability generated by Egyptian entities, particularly the Commercial Bank, yet muted partially by deferred tax gains on unrealized losses on seed capital. Thus, taking EFG Holding net profit after tax and minority interest up 95% Y-o-Y to EGP791 million.

EFG Hermes

- ≡ Investment Banking exceptional revenues alongside Brokerage revenues shooting up; lifted sell-side revenues more than 3.5x Y-o-Y to take EFG Hermes revenues up 74% Y-o-Y to EGP2.8 billion. This resilient performance, with buy-side revenues improving, masked losses recorded by Holding & Treasury Activities, which came at EGP503 million in 2Q24, compared to revenues of EGP530 million in the comparable quarter;
- ≡ Mirroring the impact of the EGP devaluation, the elevated inflation rates in Egypt and the presence of regional offices, EFG Hermes operating expenses rose 85% Y-o-Y to EGP2.1 billion, mainly due to higher employee expenses, followed by higher other operating expenses. Meanwhile, provisions & ECL saw an automatic release of provisions due to the maturity of the Eurobond position in 2Q24;
- ≡ EFG Hermes net operating profit rose 46% Y-o-Y to EGP646 million in 2Q24; as the buoyant sell-side performance overshadowed losses reported by Holding & Treasury Activities and the higher operating expenses. Taxes rose 26% Y-o-Y in 2Q24, muted by deferred tax gains on unrealized losses on seed capital, resulted in the Investment Bank net profit after tax and minority increasing 72% Y-o-Y to EGP305 million.

EFG Finance

- ≡ The NBFIs continue with strong performance it kicked off the year with, as EFG Finance revenues rose 70% Y-o-Y to EGP1.1 billion in 2Q24, with all the platform's lines of business posting Y-o-Y growth, particularly Valu, followed by Tanmeyah and Leasing;
- ≡ Operating expenses increased 41% Y-o-Y to EGP671 million; on higher employee expenses, operating expenses, and provisions and ECL. This echoes inflation in Egypt, the impact of USD denominated costs, and the expansion of business operations and portfolios;
- ≡ EFG Finance recorded net operating profit up 167% Y-o-Y in 2Q24, as the increase in revenues outpaced the increase in expenses. Despite a 138% increase in taxes, net profits after tax and minority jumped 210% Y-o-Y to EGP267 million, on Leasing,

Valu and Tanmeyah's higher profitability.

aiBANK

- ≡ The Commercial Bank continued its outperformance, with its revenues soaring 39% Y-o-Y to EGP1.2 billion, driven mainly by higher net interest income on the back of loan book growth and enhanced net interest margins;
- ≡ aiBANK operating expenses including provisions & ECL rose 16% Y-o-Y to EGP566 million, on higher salaries on the back of promotions, new hires and inflation; together with higher other G&A expenses mainly related to IT expenses, marketing, and outsourced services fees. Meanwhile, provisions & ECL declined 31% Y-o-Y, as the very high pace of ECL buildup in the past two years is no longer needed with the bank reaching sufficient ECL levels as per the current portfolio and macro conditions.
- ≡ The Bank's net profit after tax climbed 55% Y-o-Y to EGP426 million (of which the Group's share is EGP219 million), as revenues growth outpaced the growth in expenses.

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

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