

EFG HERMES EARNINGS RELEASE 1Q2021

INVESTOR RELATIONS

Cairo, May 19th, 2021

EFG Hermes reports a strong set of results for the first quarter of 2021, with Group earnings of EGP292 million on operating revenues of EGP1.3 billion. The Group's total assets stood at EGP41.3 billion at the end of March 2021.

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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

FINANCIAL PERFORMANCE

i. Key Financial Highlights

- ≡ EFG Hermes kicked off the first quarter of 2021 on strong footings; with the Group posting revenues of EGP1.3 billion, up 30% Y-o-Y; underpinned by strong revenue contribution from almost all lines of business. The NBFIs platform continued to post Q-o-Q and Y-o-Y revenues growth, while the Investment Bank revenue bounce back from 1Q20 level, which saw the initial outbreak of the Coronavirus;
- ≡ Another buoyant quarter for the NBFIs, with its revenues representing 35% of the Group's top line, and its net profits reaching 38% of the Group's profitability; its highest contribution in a single quarter. The NBFIs platform revenue grew 22% Y-o-Y to EGP441 million in 1Q21, on higher revenues generated by all its business lines. Tanmeyah reported revenues of EGP321 million, up 9% Y-o-Y, on stronger sales. valU continued to outperform, with its revenues almost tripling Y-o-Y to reach EGP56 million, on Y-o-Y portfolio expansion. Leasing and Factoring revenues rose 30% Y-o-Y and 110% Y-o-Y to EGP56 million and EGP8 million, respectively; mainly on higher arrangement fees and interest income;
- ≡ Sell-side revenues rose 29% Y-o-Y to EGP296 million in 1Q21, on the back of higher Investment Banking and Brokerage revenues. Investment Banking revenues more than doubled Y-o-Y, rising 152% to reach EGP42 million, on stronger advisory fees. Additionally, Brokerage revenues gained 20% Y-o-Y to EGP255 million, mainly on stronger revenues booked by Egypt operations and lower losses incurred by the Fixed Income desk;
- ≡ Buy-side revenues gained 22% Y-o-Y to EGP129 million in 1Q21, supported by strong Asset Management revenues. Asset Management revenue rose 62% Y-o-Y to EGP99 million in 1Q21; largely due to higher management and incentive fees reported by FIM. On the other hand, Private Equity revenues lost 34% Y-o-Y to EGP29 million over the same period; mainly as the comparable quarter included incentive fees related to Vezeeta exit;
- ≡ Capital markets & treasury revenues rose 45% Y-o-Y to EGP389 million in 1Q21, as the quarter included unrealized gains on investments and lower fx-losses which overshadowed lower interest income from Structured Products;
- ≡ Group operating expenses was broadly flat in 1Q21, down 3% Y-o-Y to EGP802 million, as the increase in employee expenses was off-set by lower loan loss provisions booked by the NBFIs platform. However, employee expenses/revenues came at 46% in 1Q21, consistent with 1Q20;
- ≡ Group net operating profit reached EGP453 million, up 234% Y-o-Y in 1Q21; while the Group net profit before tax came at EGP406 million, higher a buoyant 314% Y-o-Y; as revenues increased while expenses were largely unchanged;
- ≡ Albeit higher taxes, as the Group recorded deferred taxes in 1Q21 as opposed to deferred tax gains in the comparable quarter last year; the Group managed to post a net profit after tax and minority interest of EGP292 million, up a decent 223% Y-o-Y.

ii. Group Financial Performance

<i>in EGP million</i>	Group Financial Highlights				
	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y
Group Operating Revenue	1,255	1,722	965	-27%	30%
Investment Bank	814	1,322	604	-38%	35%
NBFIs	441	400	362	10%	22%
Group Operating Expenses	802	1,024	829	-22%	-3%
Group Net Operating Profit	453	697	136	-35%	234%
Group Net Operating Margin	36%	40%	14%		
Group Net Profit Before Tax	406	633	98	-36%	314%
Group Net Profit (Loss) After Tax & Minority Interest	292	466	90	-37%	223%
Investment Bank	180	377	113	-52%	60%
NBFIs	111	88	(22)	26%	N/M

Source: EFG Hermes Management Accounts

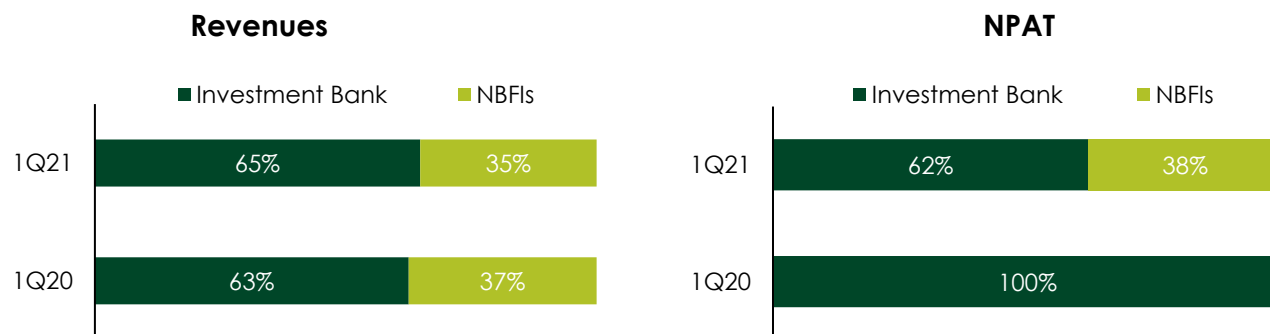
Group revenues rose 30% Y-o-Y to reach EGP1.3 billion in 1Q21, supported by the growing NBFIs revenue, and a Y-o-Y bounce back in revenues generated by almost all the Investment Bank lines of business.

Group operating expenses were broadly flat in 1Q21, down 3% Y-o-Y to EGP802 million, as the increase in employee expenses was off-set by lower loan loss provisions booked by the NBFIs platform. The increase in employee expenses was predominately related to the increase in the variable portion of the employee expenses, which moves in tandem with the increase of the Group revenues. Meanwhile, The Group booked EGP17 million of loan loss provisions in 1Q21, as opposed to the comparable quarter, 1Q20, which saw the initial outbreak of the Coronavirus, and whereby our ECL models for our NBFIs resulted in the Group booking loan loss provisions of EGP138 million in 1Q20.

This resulted in a net operating profit of EGP453 million, up 234% Y-o-Y in 1Q21 and a net profit before tax of EGP406 million higher a buoyant 314% Y-o-Y; as revenues increased while expenses were largely unchanged.

1Q21 included deferred taxes of EGP30 million on the seed capital revaluation (gains) booked during the quarter, while the comparable quarter included deferred tax gain of EGP50 million on seed capital revaluation (losses) and fx losses booked in 1Q20. Albeit higher taxes, the Group managed to post a net profit after tax and minority interest of EGP292 million, up a decent 223% Y-o-Y; with both the Investment Bank and the NBFIs recording strong bottom lines growth Y-o-Y.

Contribution by Platform

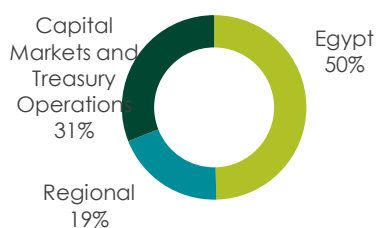


The NBFs platform contribution to the Group's revenues was largely unchanged Y-o-Y in 1Q21, as the increase in the NBFs revenues was matched by an equal increase in the Investment Bank's revenue.

For the NPAT, the NBFs contribution to the Group's profitability improved significantly recording its highest contribution to the Group bottom line in a single quarter, at 38%. It is worth noting that; 1Q20 included high provisioning levels, which resulted in the platform recording losses for the quarter.

Revenues Contribution

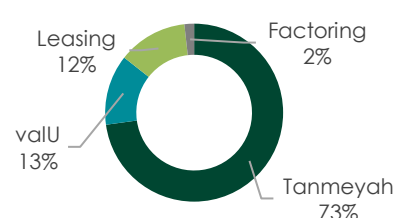
Group by Geography



IB by Geography



NBFs by LOB (Egypt)



iii. Business Lines Financial Performance

<i>in EGP million</i>	Group Revenue by Platform				
	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y
Brokerage	255	317	213	-20%	20%
Investment Banking	42	124	17	-66%	152%
Sell-Side	296	442	229	-33%	29%
Asset Management	99	222	61	-55%	62%
Private Equity	29	14	44	115%	-34%
Buy-Side	129	235	106	-45%	22%
Capital Markets & Treasury Operations	389	645	268	-40%	45%
Total Investment Bank	814	1,322	604	-38%	35%
Micro - Finance "Tanmeyah"	321	291	296	10%	9%
Consumer - Finance "valu"	56	44	20	27%	189%
Leasing	56	54	43	2%	30%
Factoring	8	10	4	-23%	110%
Total NBFIs	441	400	362	10%	22%
Group Operating Revenue	1,255	1,722	965	-27%	30%
<i>Of Which:</i>					
Fee and Commission Revenue	866	1,077	697	-20%	24%
Capital Markets & Treasury Operations	389	645	268	-40%	45%

Source: EFG Hermes Management Accounts

EFG Hermes Group kicked-off the first quarter of the year, with Group revenues spiraling up 30% Y-o-Y to reach EGP1.3 billion; underpinned by strong revenue contribution from all lines of business, with the exception of Private Equity.

Sell-side revenues rose 29% Y-o-Y to EGP296 million in 1Q21, on the back of higher Investment Banking and Brokerage revenues. Investment Banking revenues more than doubled Y-o-Y, rising 152% to reach EGP42 million, on stronger advisory fees. Additionally, Brokerage revenues gained 20% Y-o-Y to EGP255 million, mainly on stronger revenues booked by Egypt operations and lower losses incurred by the Fixed Income desk.

Buy-side revenues gained 22% Y-o-Y to EGP129 million in 1Q21, supported by strong Asset Management revenues. Asset Management revenue rose 62% Y-o-Y to EGP99 million in 1Q21; largely due to higher management and incentive fees reported by FIM. On the other hand, Private Equity revenues lost 34% Y-o-Y to EGP29 million over the same period; mainly as the comparable quarter included incentive fees related to Vezeeta exit.

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iv. Group Operating Expenses

<i>in EGP million</i>	Group Operating Expenses				
	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y
Employees Expense	581	619	444	-6%	31%
Employees Expense/Operating Revenues	46%	36%	46%		
Employees Expense/Operating Expenses	72%	60%	54%		
Other Operating Expenses	203	302	244	-33%	-17%
Other Operating Expenses/Operating Revenues	16%	18%	25%		
Other Operating Expenses/Operating Expenses	25%	30%	29%		
Provisions and ECL	18	103	141	-82%	-87%
Total Operating Expenses	802	1,024	829	-22%	-3%

Source: EFG Hermes Management Accounts

Group operating expenses inched down 3% Y-o-Y to EGP802 million in 1Q21, as the increase in employee expenses was overshadowed by lower loan loss provisions booked by the NBFIs platform.

Employee expenses rose 31% Y-o-Y to EGP581 million in 1Q21, on an increase in the variable portion of the employee expenses which came in line with the increase in revenues, and on Tanmeyah's higher salaries Y-o-Y. Employee expenses/revenues came at 46% in 1Q21, consistent with the comparable quarter, 1Q20.

Other operating expenses declined 17% Y-o-Y to EGP203 million; as all our operating expense categories were either muted or declining Y-o-Y; with the exception of promotional and advertising expense. Promotional and advertising expense rose 50% Y-o-Y to EGP21 million, on Tanmeyah's TV campaign.

Occupancy, data communications, Tel. & Mobile and consultancy & legal fees, all were largely unchanged Y-o-Y. Office expenses decline 31% Y-o-Y to EGP3 million, as EFG Hermes offices continued to operate at 50% capacity in 1Q21. Travel expenses dropped 86% Y-o-Y to EGP2 million, as travel halts, which started in March 2020, remained in place. General expenses dropped 56% Y-o-Y to EGP32 million, as the comparable quarter included higher expenses related to taxes on dividend distribution and higher donations.

Provisions and ECL declined 87% Y-o-Y to EGP18 million in 1Q21, on lower provisions taken by the NBFIs platform, and as the comparable quarter included significantly higher loan loss provision taken, particularly by Tanmeyah. The NBFIs booked EGP17 million of loan loss provisions in 1Q21, versus EGP138 million in 1Q20 - which was calculated using ECL models (after the adoption of IFRS 9 at the beginning of 2020) on the initial outbreak of the Coronavirus.

OPERATIONAL PERFORMANCE

i. Brokerage

Operational Performance Update

Markets, which we operate on ground in, Kicked-off the year on a mixed note both in terms of performance and in terms of volumes. EFG Hermes Brokerage (which reflect MENA and Frontier markets' executions, Structured Products and Fixed Income) total executions reached USD13.4 billion in 1Q21, down 15% Q-o-Q; predominantly on lower executions in Kuwait as the fourth quarter of 2020 included MSCI rebalancing event, and lower executions in our main market, Egypt. On a Y-o-Y basis, brokerage executions came broadly flat, down 3% Y-o-Y, mainly as lower executions in Nasdaq Dubai after the delisting of DP World, were largely overshadowed by higher executions in Qatar.

Brokerage revenues decreased 20% Q-o-Q in 1Q21 to reach EGP255 million, on lower revenues generated in Kuwait and Egypt. On a Y-o-Y basis, revenues increased 20% in 1Q21, as stronger revenues generated in Egypt and lower losses incurred by the Fixed Income desk overshadowed lower revenues generated mainly in UAE and Kuwait; and by the Structured Products desk.

in EGP million	Brokerage Revenue*				
	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y
Egypt	125	150	92	-17%	37%
UAE	26	22	38	15%	-33%
KSA	23	22	21	4%	7%
Kuwait	23	64	33	-64%	-31%
Pakistan	6	4	5	52%	28%
Kenya	12	10	11	16%	4%
Nigeria	4	9	15	-49%	-72%
Frontier Markets	12	10	7	22%	58%
Structured Products	20	12	29	72%	-31%
Fixed Income	(3)	6	(44)	N/M	N/M
Others**	8	9	6	-17%	35%
Total Revenue	255	317	213	-20%	20%

Source: Management Accounts

*Brokerage revenue highlighted above represents entities and not markets

**Others include Jordan, Oman, and Bahrain

In terms of pure commissions booked in different markets, Egypt was the top contributor to Brokerage commissions in 1Q21, with a 27.2%; meanwhile, Kuwait came in second place with a 17.8%; followed by Frontier markets (which includes Nigeria, Kenya, Pakistan & other Frontier executions) in the third place with a 13.5% contribution.

Commissions Breakdown by Market

Markets	1Q21
Egypt	27.2%
DFM*	5.1%
ADX	5.9%
KSA	11.1%
Kuwait	17.8%
Qatar	9.3%
Frontier Markets	13.5%
Structured Products	5.0%
Others**	5.1%
Total	100%

*DFM includes Nasdaq Dubai's share of 0.01% in 1Q21

**Others including: Oman, Jordan, Lebanon, UK (GDRs), 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 decreased 8% Q-o-Q to reach USD243 thousand in 1Q20, on lower average daily commissions generated from Kuwait. However, on a Y-o-Y, average daily commissions increased 6%, predominantly on higher commissions generated in Egypt.

Average Daily Commissions

In USD thousand



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

Source: EFG Hermes and Regional Exchanges

<i>in USD million</i>	Brokerage Market Share & Executions				
	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y
Egypt*					
Market share	29.4%	28.4%	48.0%	1.0%	-18.6%
Executions	1,680	1,899	1,786	-11.5%	-5.9%
UAE – DFM					
Market share	28.6%	28.0%	39.0%	0.7%	-10.4%
Executions	1,204	1,135	1,517	6.1%	-20.6%
UAE – ADX					
Market share	11.3%	17.7%	49.7%	-6.4%	-38.4%
Executions	1,653	1,522	1,455	8.6%	13.6%
UAE - Nasdaq Dubai					
Market share	31.3%	30.0%	47.7%	1.4%	-16.4%
Executions	2	1	779	111.1%	-99.7%
KSA					
Market share	1.5%	1.2%	4.0%	0.3%	-2.6%
Executions	2,797	2,446	2,975	14.3%	-6.0%
Kuwait					
Market share	35.3%	40.1%	34.5%	-4.9%	0.8%
Executions	3,068	5,809	2,836	-47.2%	8.2%
Oman					
Market share	12.9%	34.0%	21.2%	-21.1%	-8.3%
Executions	50	97	98	-48.9%	-49.1%
Jordan					
Market share	7.2%	6.0%	5.0%	1.2%	2.2%
Executions	55	30	21	83.6%	165.8%
Pakistan					
Market share	3.0%	2.9%	6.1%	0.0%	-3.2%
Executions	306	184	199	66.3%	54.2%
Kenya					
Market share	62.7%	66.5%	37.4%	-3.8%	25.2%
Executions	185	167	153	11.0%	20.8%
Nigeria					
Market share	4.6%	13.9%	25.9%	-9.3%	-21.3%
Executions	85	157	216	-45.8%	-60.6%
Frontier					
Market share	N/A	N/A	N/A	N/M	N/M
Executions	271	200	169	35.1%	60.6%
Structured Products					
Market share	N/A	N/A	N/A	N/M	N/M
Executions	216	294	346	-26.4%	-37.4%

*Market share calculation is based on executions excluding special transactions

**Executions in Qatar, Bahrain, Lebanon, UK(GDRs), Bonds, and others represent an additional 13% of total Brokerage executions in 1Q21

Source: EFG Hermes and Regional Exchanges



Egypt

The Egyptian equities market witnessed a quiet quarter, with the Hermes Financial Index (HFI) down 1.8% Q-o-Q, and the market volumes inching down 1% Q-o-Q in 1Q21.

During the quarter, EFG Hermes held its 3rd virtual conference, the conference connected executives from 197 companies representing 28 countries with more than 700 investors from 253 global institutions.

The Firm's market share (excluding special transactions) came at 29.4% for 1Q21 and continued to dominate the first spot on the EGX. Foreign participation accounted for 14% of the market activity during the quarter, and EFG Hermes successfully captured 22% of those flows. Moreover, the Firm maintained its strong footing in the retail business and captured c. 9.2% of the retail business during the first quarter of 2021.



UAE – Dubai

The Dubai market was muted in 1Q21, with the DFMGI adding 2.3% Q-o-Q, and volumes increasing 4% during the quarter.

The firm maintained its market share at 28.6% in 1Q21 with the first place ranking, as the decrease in western buy side activity was compensated by an increase in GCC activity. Foreign participation came at 27% in 1Q21, whereas EFG Hermes has successfully captured 34% of the foreign institutional flow during the quarter.

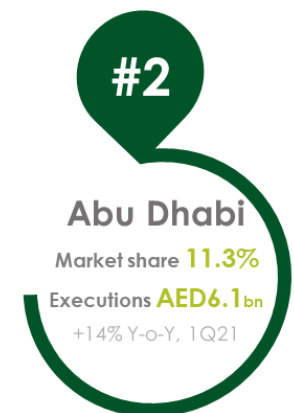


UAE – ADX

Another buoyant quarter for the ADX, with the ADI adding 17.2% Q-o-Q in 1Q21, and volumes rising 78% Q-o-Q, mainly on the back of FAB and Etisalat announcing their intention to increase their foreign ownership limits.

EFG Hermes market shares came at 11.3% in 1Q21 with a 2nd place ranking, pressured by some special transactions executed by other brokers.

Foreign participation represented 36.9% of the market activity in 1Q21; with EFG Hermes capturing 11.1% of those foreign flows.





Saudi Arabia

The Tadawul All Share Index continued its upward trajectory, adding 14.0% Q-o-Q; however, volumes declined 5% Q-o-Q in 1Q21.

The QFI and the swaps volumes combined reached SAR29.4 billion in 1Q21 to account for 4.2% (of which the swaps accounted for 0.04% and the QFIs for 4.17%) of the total market's turnover during the quarter, with EFG Hermes capturing 5.9% of this business in 1Q21.

On a Y-o-Y, foreign investors' participation declined from 9.6% in 1Q20 to 4.2% in 1Q21; as local institutions, who naturally trade through their brokerage arm, dominated the market. This pressured our overall market share in KSA. However, on a Q-o-Q basis, our market share improved to 1.5% in 1Q21 from 1.2% in 4Q20, with a potential improvement expected to materialize in 2Q21 market share, as April's market share increased to 1.7% and May to date market share rose to around 3.6%.

EFG Hermes market share came at 1.5% in 1Q21, with a 6th place ranking among pure brokers (non-commercial banks) and 17th place among the general brokers. Local institutions and foreign investors were decent buyers during the quarter, while retail and GCC investors were net sellers.

Moreover, in the Sukuk & Bonds market, EFG Hermes KSA's market share stood at 15.7% and ranked 4^h amongst the general brokers' ranking during 1Q21.

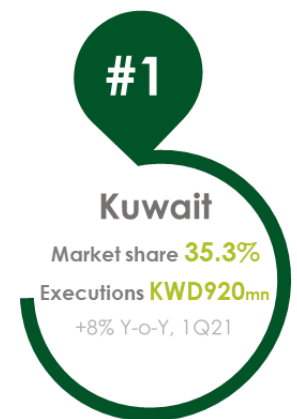


Kuwait

The Kuwaiti main market index started 2021 gaining 4.1% Q-o-Q in 1Q21. Meanwhile volumes declined 39% Q-o-Q; as 4Q20 was exceptionally higher due to the MSCI rebalancing event. Local institutions were net buyers while GCC and foreign investors were net sellers.

EFG Hermes IFA market share increased to 35.3% in 1Q21 with a first place ranking, supported by the increase in foreign institutional activity as well as the local HNW individuals' activity in house.

Foreign participation in the market came at 13.3% of the total market volumes in 1Q21; of which EFG Hermes captured a decent 54.8% of the foreign flow.

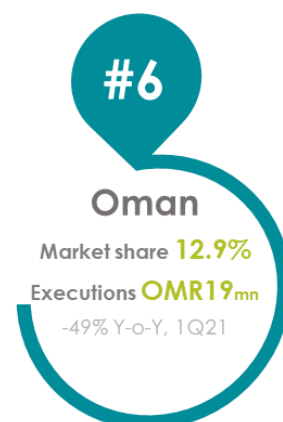


Oman

The Omani market MSM Index rose slightly, up 1.4% Q-o-Q in 1Q21 and volumes increased 55% Q-o-Q; supported by special transactions worth c.OMR59 million and that accounted for 40% of the market turnover.

EFG Hermes Oman's market share declined to 12.9% in 1Q21 with the 6th spot, as a result of the decrease in foreign and GCC client's activity in Oman.

Foreign participation came at 5.3% of the market turnover, with EFG Hermes capturing 22.4% of those flows during 1Q21.



Jordan

The Amman Stock Exchange Index gained 6.9% Q-o-Q in the first quarter of 2021, while volumes rose 56% Q-o-Q, supported by positive market sentiment in anticipation of the dividends distribution season.

The Firm's market share increased to 7.2% to hold 8th place on the market for 1Q21, supported by higher levels of activity by local retail and HNW clients that compensated lower levels by foreign institutional clients. In terms of foreign participation, foreign activity accounted for a 3.3% of the market turnover in 1Q21; whereby EFG Hermes captured 6.3% of that flow.



Pakistan

The KSE100 added 1.9% Q-o-Q, while volumes increased 43.7% Q-o-Q in 1Q21. The quarter kicked-off on a strong note (the index gained 6% in January) but fears of some political developments and rising COVID cases in march pressured the market performance.

Foreign investors sold USD16 million during the quarter, on top of the USD388 million sold in 2020. Within the local space, individuals and companies were the major buyers, whereas insurance and brokers were the biggest sellers.

EFG Hermes Pakistan market share came at 3.0% in 1Q21, a slight increase Q-o-Q on higher institutional and foreign business. Meanwhile foreign participation came at 6.0% for 1Q21, of which EFG Hermes executed 11.9%.

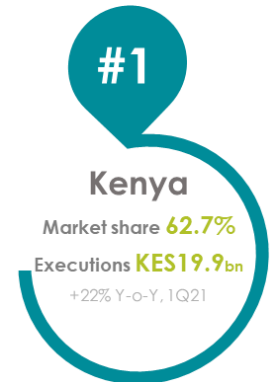




Kenya

The Kenyan market saw the NASI rise 4.3% Q-o-Q, driven by gains recorded by some large cap stocks and the improvement of some key economic indicators; meanwhile, volumes increased 16% Q-o-Q in 1Q21.

Foreign participation accounted for 59.5% of the total market activity in 1Q21, of which EFG Hermes executed 43.5% of this flow. This supported EFG Hermes market share and ranking, with the Firm cementing its 1st place for 1Q21, with a market share of 62.7%.



Nigeria

The Nigerian Index lost 3.0% Q-o-Q while volumes declined 22% Q-o-Q in 1Q21, this was triggered by falling local investors' appetite for equities on a weaker macro environment, higher inflation and higher yields on fixed income instruments. Meanwhile, foreign investors' activity declined as they continued to struggle with the FX repatriation.

EFG Hermes Nigeria held the fifth place ranking in 1Q21, with a market share of 4.6%.



Vietnam

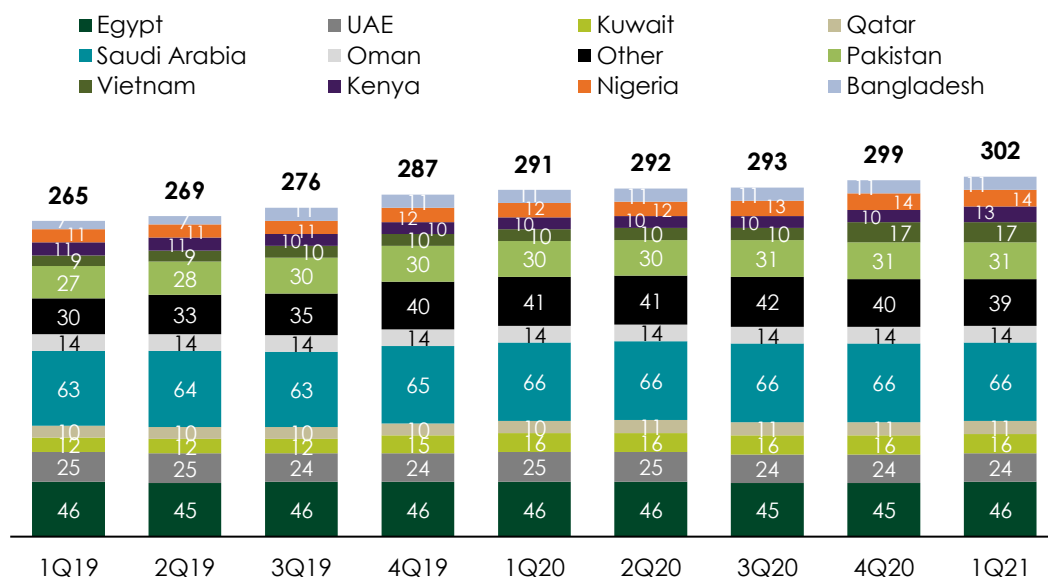
The Vietnamese market ended the first quarter of 2021 on a positive note, with the VN-Index adding 7.9% Q-o-Q in 1Q21 and volumes up 50% Q-o-Q; driven by an increase in local and foreign trading activities amid positive economic outlook. The Firm's market share remained continued to be minimal, unchanged at 0.05% in 1Q21.



ii. Research

Research Coverage Universe

Number of Companies



Source: EFG Hermes Research

EFG Hermes Research team started the year initiating coverage of the Kenyan Insurance sector and three insurance stocks, in a very detailed report that was well received by client; moreover, the team initiated coverage of SABECO, a Vietnamese brewery. In addition, EFG Hermes hosted its third virtual one-on-one conference to facilitate the connection of clients and corporates and help the team foster its relationship with them.

By the end of 1Q21, EFG Hermes Research active coverage reached 302 stocks, spread across 22 countries and 39 industries. In terms of MIFID II clients, there are no major changes so far, despite some smaller clients closing down, but we continue to look for new clients.

iii. Investment Banking

In 1Q21, EFG Hermes' Investment Banking division successfully concluded two equity, two M&A and four debt transactions worth an aggregate value of USD516 million.

On the equity front, EFG Hermes succeeded in ramping up its operations in the evolving Saudi market, with the successful execution of two subsequent initial public offerings on the Tadawul Exchange. The team acted as a joint bookrunner and underwriter on the USD144 million IPO of Saudi-based Alkhorayef Water and Power Technologies as well as a joint bookrunner on the USD138 million IPO of the Saudi-based car rental company Theeb Rent a Car. EFG Hermes designed a bespoke marketing process that was carried out in a virtual setting, catering to the current market circumstances, which allowed maximum traction from both regional and international investors. The successful conclusion of both IPOs comes as part of EFG Hermes' strategy to leverage its market-leading book-building and advisory capabilities to gain further foothold in Saudi Arabia.

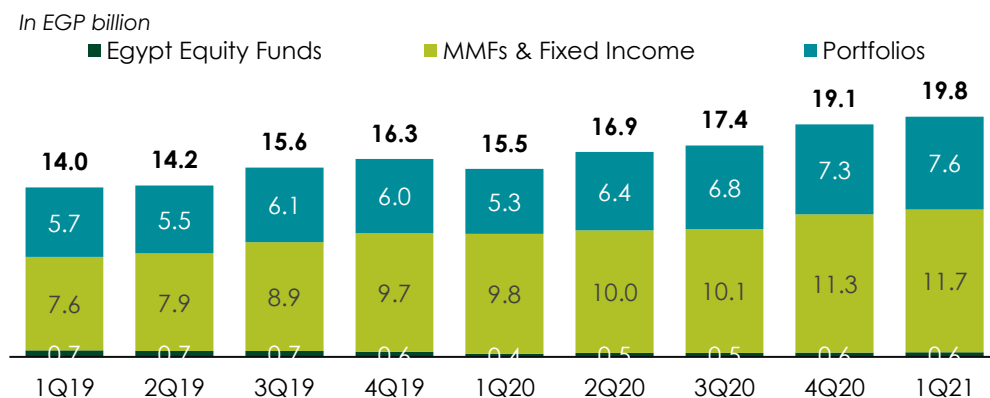
In the M&A space, the team successfully acted as the buy side advisor to UAE-based Agthia Group on the cross-border acquisition of Al Faysal Bakery & Sweets, one of Kuwait's leading industrial bakeries. Additionally, the department successfully advised Heidelberg Cement on the sale of a 100% stake in its subsidiary Hilal Cement, through a mandatory tender offer (MTO) on the EGX worth USD10 million.

On the debt front, the Investment Banking division successfully advised Premium International for Credit Services on the fourth issuance of its EGP2 billion short-term securitization program, in a transaction worth USD10.8 million. Additionally, EFG Hermes acted as sole arranger and financial advisor on the USD44.7 million securitization issuance for Amer Group and Qasatli, which represents the first issuance of the EGP6.5 billion securitization program initiated for Amer Group, Porto Group and Qasatli. Building on its longstanding relationship with Talaat Mostafa Group (TMG), the team also successfully concluded a securitization issuance amounting to USD71.3 million, which marks EFG Hermes' fourth issuance for the company. Lastly, the department arranged a USD43 million-debt facility for ADES Investments.

The division's solid performance in 1Q21, underlined by the successful conclusion of several high profile local and cross-border transactions, despite the challenging market conditions presented by the COVID-19 pandemic, showcases the team's resilience and commitment to providing world-class services to its clients regardless of the operating environment. With a healthy pipeline of deals in both Egypt and the region, EFG Hermes is expected to grow its deal flow throughout 2021 capitalizing on arising opportunities on the equity, M&A and debt fronts, while expanding its MENA footprint.

iv. Asset Management

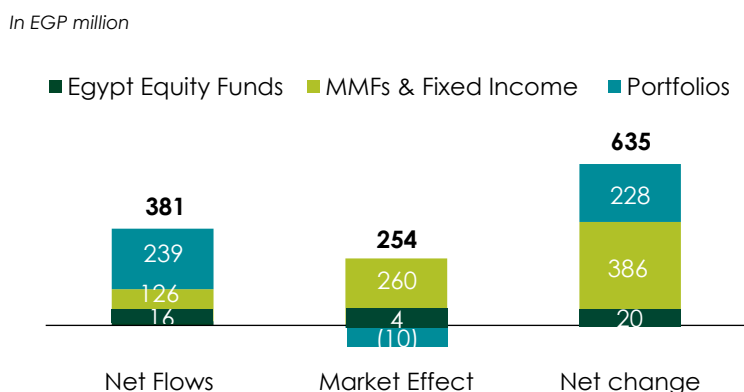
Egypt Assets under Management Evolution



Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AUMs inched up 3% Q-o-Q to reach EGP19.8 billion at the end of 1Q21. Net inflows contributed 2% of the total increase in AuMs, predominantly from inflows in equity and fixed income portfolios. Meanwhile, markets appreciation represented the remaining 1% of the increase in total AUMs, mainly on MMFs appreciation.

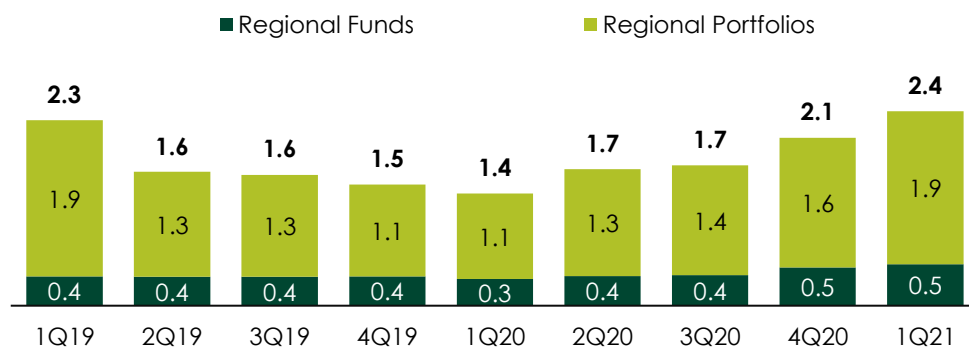
Quarterly Change in Egypt Mandates



Source: EFG Hermes Asset Management

Regional Assets under Management “FIM” Evolution

In USD billion

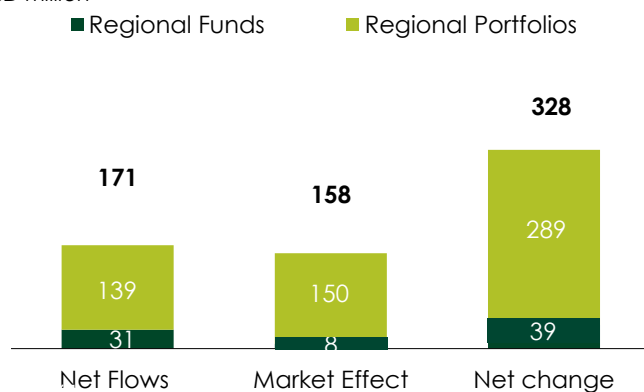


Source: FIM

EFG Hermes Regional Asset Management (FIM) AuMs increased 15.9% Q-o-Q, closing the quarter at USD2.4 billion, on strong performance and net inflows. Net inflows represented 8.2% to the total AuMs. The remaining 7.6% of the increase in AUMs came from market positive performance mostly due to equity portfolios robust performance.

Quarterly Change in Regional Mandates

In USD million



Source: FIM

Funds’ Performance

FIM MENA Horizon Fund ended the quarter with a NAV/ share of USD316.95 at the end of 1Q21 versus a NAV/share of USD279.28 in 4Q20. The Fund gained 13.5% during the quarter versus the S&P Pan Arab Composite Index, which gained 13.1% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV/ share of USD1,104.65 at the end of 1Q21 versus a NAV/share of USD1,079.27 in 4Q20. The Fund gained 2.4% over the quarter versus the MSCI FEM Index, which lost -6.4% over the same period.



FIM Saudi Long Term Opportunities Fund ended the quarter at a NAV/ share of USD1,324.62 at the end of 1Q21 versus a NAV/share of USD1,115.30 at the end of 4Q20

FIM MENA Credit Fund ended the quarter at a NAV/ share of USD1,261.74 at the end of 1Q21 versus a NAV/share of USD1,310.23 in 4Q20. The Fund lost 3.7% during the quarter versus the JPM MECIGCC, which lost 2.8% over the same period.

FIM Global Sukuk Fund ended the quarter at a NAV/ share of USD1,158.82 at the end of 1Q21 versus a NAV/share of USD1,179.07 in 4Q20. The Fund lost 1.7% 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 USD1,056.05 at the end of 1Q21 versus a NAV/share of USD1,106.35 in 4Q20. The Fund lost 4.5% during the quarter versus a loss of 5.1% for its benchmark (75% JPM EMBIGD index & 25% JPM GBIEG Global Diversified) over the same period.



v. Private Equity

Education

Egypt education fund successfully completed its third closing in March 2021 which saw additional commitments being secured amounting to almost USD15 million. The fund's total commitments currently stand at c. USD150 million.

The Fund's education platform with Gems currently holds a portfolio of 3 investments, namely: (i) a portfolio of 4 schools located in East Cairo currently housing +6k students, (ii) a new school in Al Rehab currently under construction, expected to operate in September 2022, and (iii) a majority stake in Option Travel, the leading transport provider in Egypt.

The platform is continuing to explore potential growth opportunities in the market through future acquisitions or development of new schools and is planning to close 2 new investments in 2021.

Healthcare

EFG Hermes Private Equity has acquired 80% of United Pharma through its healthcare investment management arm Rx Health Management "RX HIM" in December 2019. Following a year of hands on management under the Rx Health Management team, United Pharma has successfully closed financial year 2020 in line with its budget targets, and realizing a full successful turnaround of the Company within 12 months of acquisition. During FY20, UP has successfully secured compliance with Ministry of Health "MoH" best practice GMP guidelines; re-established supply relationships covering +800 hospitals across Egypt (out of a total market of +1,300 hospitals); in addition to the completion of a substantial upgrade plan of its overall manufacturing facilities, setting up the necessary capabilities to drive the company's upcoming growth plans in 2021 and beyond.

UP plans to capitalize on the success achieved in 2020 to expand the product portfolio by adding complimentary products serving the hospitals B2B segment, as well as synergistic hydro-based products serving the B2C segment, and focusing on exports to neighboring markets facing shortages in essential medical supplies.

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 generics pharma segments, currently at different stages of negotiation & execution, and with potential aggregate deal values exceeding EGP1 billion, supporting EFG Hermes' healthcare platform strategy of expanding its investments in the pharmaceuticals sector, and capitalizing on the track record achieved in United Pharma.

vi. Micro-Finance "Tanmeyah"

Results at a Glance and Performance Reviews

	KPIs					
	1Q21	1Q21**	4Q20	1Q20	Q-o-Q	Y-o-Y
Number of Active Borrowers*	348	352	335	357	4%	-2%
Number of Processed Applications*	108	108	96	103	12%	5%
Number of Loans Issued*	92	92	82	88	12%	4%
Outstanding Portfolio (EGP mn)	3,195	3,209	3,009	3,259	6%	-2%
Total Number of Employees	5,117	5,117	5,075	4,537	1%	13%

*Numbers in '000

**Securitized Portfolio incorporated into portfolio outstanding & active borrower figures

Source: Tanmeyah

Operational Update

Sales

Tanmeyah ended the first quarter of 2021 on a strong note, achieving record sales of EGP490 million in March 2021, the highest since its inception. Moreover, the increase in the number of processed application and the number of loans issued each by 12% Q-o-Q, together with the increase in the number of active borrowers by 4% Q-o-Q, resulted in a 14% growth in sales during 1Q21. This has underpinned the total outstanding portfolio to close the quarter at EGP3.2 billion, up 6% Q-o-Q.

1Q21 was the quarter in which the Company sought to balance both issuance and risk as the risk started to decline last quarter. However, it is worth noting that Tanmeyah is not at a post-pandemic phase since the pandemic is not over.

Loan Loss Provisions & ECL

Tanmeyah did not book any additional provisions in 1Q21. It maintained a provision balance of EGP304 million. This takes Tanmeyah's provision coverage to 9.5% by the end of 1Q21.

Collection

In line with the country's efforts to enforce digital transformation and to accelerate financial inclusion, a full rollout of Damen, a leading e-payment network, has occurred in all of Tanmeyah's branches during 1Q21. Around 5 thousand collection transactions took place in 1Q21, compared to 60 transactions in Dec-20.

Products

- Women in Business (WIB): In light of the positive response the product has witnessed on the demand for financing home-based businesses for women, Tanmeyah has decided to roll out its WIB product across all of its branches rather than 21 branches only. This comes to serve Tanmeyah's strong belief in empowering women, which is evident in its female customer base reaching 47% of its active borrowers.
- Micro Enterprise Loans (MEL): Tanmeyah changed its MEL product structure to start from EGP7 thousand instead of EGP5 thousand and up to EGP50 thousand.

vii. Consumer Finance “valU”

In 1Q21, valU managed to continue its upward trajectory, achieving a record sales with an increase of 12% Q-o-Q in loans issued and 81% Y-o-Y.

valU kicked off the year leveraging on its partnerships, collaborating with its strategic partner “Carrefour” in promoting its anniversary. Accordingly, valU offered its customers a cashback of 10% with a cap of EGP2 thousand for any transaction made within Carrefour, during the months of January and February.

In Feb21, valU launched several campaigns and promotions for Valentine's Day. valU collaborated with Cairo Festival City Mall offering “ToU” prizes for consumers transacting within the mall. The company also partnered with Souq offering customers a 10% cashback with a cap of EGP1 thousand. Additionally, it offered - 0% interest up to 24 months installments - promotion to Tradeline clients using valU.

In celebration of Mothers' Day, valU partnered with Majid Al Futtaim Malls (Mall of Egypt, City Centre Alexandria, City Centre Almaza and City Centre Maadi) offering vouchers to customers transacting with EGP1.5 thousand or more. Moreover, valU continued celebrating Mothers' day by offering its customers a 0% interest up to 24 months promotion at Tradeline stores and 0% interest up to 18 months at IncrediDeals and Techmart. Furthermore, valU joined IKEA in celebrating the opening of its new mega branch in Mall of Arabia in 1Q21, which increased activations and sales significantly.

Finally, valU ended the quarter by collaborating with “Le Marche” by actively promoting the exhibition, offering free entry to valU customers, executing on ground activation for Le Marche customers, and financing transactions at all merchants within the exhibition through valU vouchers. The exhibition took place from March 11th to the 14th, achieving significant activations and sales.

Results at a Glance and Performance Overview

	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y	BTD
App Business						
valU App Customers ⁽¹⁾	27	23	24	14%	10%	197
Limits Activated Value (EGP mn)	397	372	313	7%	27%	2,501
Total Loans Issued (EGP mn)	364	325	201	12%	81%	1,750
Outstanding Portfolio (EGP mn)	951	788	443	21%	115%	951
Number of Transactions ⁽¹⁾	79	69	39	14%	101%	344
Portfolio Tenure (In months)	16	16	17	-1%	-7%	16
Number of Merchants	973	898	655	8%	49%	973
Non-App Business						
Outstanding Portfolio (EGP mn)	41	44	51	-7%	-20%	41
Number of UBER Cars	0	0	0	N/A	N/A	261
Number of Auto Loans	3	1	4	200%	-25%	23
Solar/Home Impr.Contracts	1	0	0	N/A	N/A	7
Portfolio O/S (EGP mn)	992	832	494	19%	101%	992

(1) Numbers are in thousands
Source: valU

App Business

The App Business outstanding portfolio increased by 21% Q-o-Q and 115% Y-o-Y; reaching EGP951 million at the end of 1Q21; on the back of stronger sales and higher number of active merchants.

The number of transactions and loans issued grew 14% Q-o-Q and 12% Q-o-Q, respectively. Active merchants increased by 8% Q-o-Q from 443 transacting merchants in 4Q20 to 478 transacting merchants in 1Q21. Online sales contributed 20% of the total transactions and 16% of loans issued in 1Q21.

Transacting customers increased by 14% Q-o-Q and 77% Y-o-Y; thus increasing valU's transacting customers base to 58,805 customers since inception.

valU grew its merchants' network considerably in 1Q21, adding 75 new merchants of which 56 are retail vendors and 19 are e-commerce. valU reached a total of 973 merchants at the end of 1Q21, after having ended FY20 with 898 merchants.

Non-App Business

Three Auto Loans transactions were booked in 1Q21 as well as one Home Improvement transaction, collectively worth EGP1.3 million.

Loan Loss Provisions & ECL

Monthly provision figures are taken as the higher of the PD & FRA methods to ensure at all times that provision levels do not fall beneath FRA requirements. valU ended 1Q21 with a total provision balance of EGP25.5 million representing a coverage ratio of 3.08%.

Geographical Presence

1Q21	4Q20	1Q20
Greater Cairo	Greater Cairo	Greater Cairo
Alexandria	Alexandria	Alexandria
Hurghada	Hurghada	Hurghada
Tanta	Tanta	Tanta
Mansoura	Mansoura	Mansoura
Portsaid	Portsaid	
Ismailia	Ismailia	
Assiout	Assiout	
Monofia	Monofia	

viii. Leasing

EFG Hermes Leasing successfully booked EGP856 million during 1Q21, up 65% Y-o-Y and 10% Q-o-Q. This increase in bookings was driven by a number of large ticket transactions predominantly in the Real Estate sector. Consequently, total outstanding portfolio increased 39% Y-o-Y and 10% Q-o-Q to reach EGP5.2 billion at the end of 1Q21. Leveraging on its unique model, Leasing continues to focus on its cross-selling capabilities with Factoring; pushing the number of clients, they currently have jointly to 11 clients.

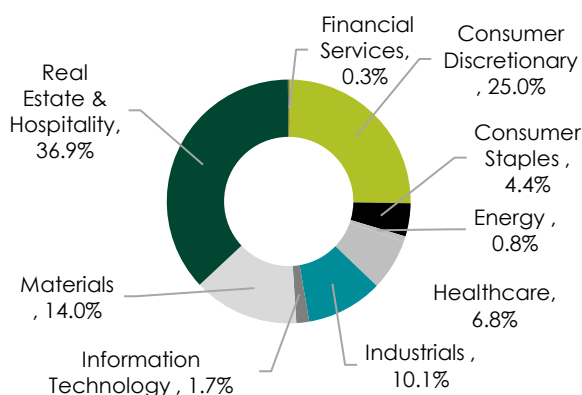
Quarterly Performance

	KPIs				
	1Q21	4Q20	1Q20	Q-o-Q	Y-o-Y
Number of New Contracts	18	23	16	-22%	13%
Total Outstanding Portfolio (EGP mn)	5,210	4,739	3,741	10%	39%
On-books Outstanding Portfolio (EGP mn)	4,867	4,376	3,364	11%	45%
NFA for New Contracts (EGP mn)	856	777	519	10%	65%
Rec. Value of New Contracts (EGP mn)*	971	1,120	698	-13%	39%

* The receivables value of the new contracts (contract value + future interest payments)
Source: EFG Hermes Leasing

For the portfolio distribution by client industry, real estate continues to be the largest contributor to the portfolio triggered by the booking of several large tickets, with a total in excess of EGP800 million. Consumer Discretionary remains second, reading 25% and mainly constitutes of education and automotive industries. It is worth noting, that the education sector cumulative bookings came in excess of EGP450 million for 9 educational entities (schools/Universities). Materials industry came third accounting to 14%.

Portfolio Distribution by Client Industry



Source: EFG Hermes Leasing

Market Share

EFG Hermes Leasing held the 9th place ranking in 1Q21, in terms of contracts booked, with a market share of 3.1%.

Ranking		
1Q21	Company Name	Market Share (%)
1	BM Lease	20%
2	Corplease	18%
3	GB Lease	8%
4	Global Lease	7%
5	Cairo Lease	6%
6	AT Lease	5%
7	Tameer for Leasing	5%
8	Al Ahly Leasing	5%
9	EFG Hermes Leasing	3%

Loan Loss Provisions and ECL

By the end of 1Q21, Leasing total provision balance stood at EGP76.8 million, reflecting a total provision coverage of 1.5% for the Leasing business.

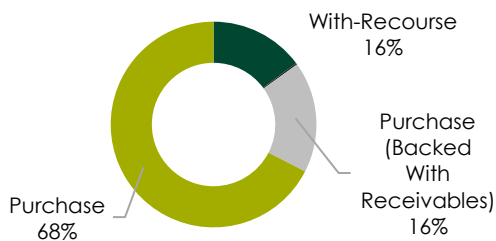


ix. Factoring

Factoring business saw a strong operational quarter, supported by the noticeable increase in the number of active clients which saw 8 new active clients in 1Q21, representing an increase of 24% Q-o-Q and 200% Y-o-Y. However, Factoring NFA came at EGP543 million in 1Q21, thus taking the total outstanding portfolio to EGP816 million. The portfolio outstanding came flat Q-o-Q given the short tenure nature of the factoring loans.

Average spreads across different currencies improved on the back of EFG Hermes' ability to negotiate better pricing terms with clients, and the increased business appetite seen by SMEs, resulted in an improvement in pricing.

Portfolio Analysis

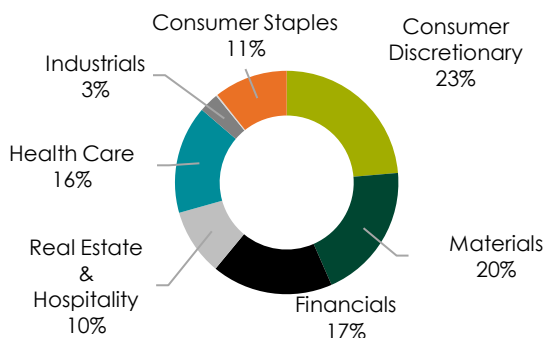


Source: EFG Hermes Factoring

Factoring portfolio is mainly concentrated in purchase financing, representing 62% of total outstanding portfolio. Meanwhile, 18% of the portfolio is in reverse factoring which minimizes the risk, as it is secured by clients' cash flows.

The Factoring portfolio continued to be diversified, with 19 sectors currently included in the portfolio by the end of 1Q21. Automotive sector was the largest contributor to the portfolio representing 16.6% of the portfolio followed by the Pharmaceutical sector, which accounted for 12% in 1Q21. Consumer Finance came in third place, representing 11.3% of the portfolio. Worth noting that the top 3 sectors accounted for 40% of the portfolio. While Real Estate, Food Products, Containers, and Packaging accounted for an additional 25% of the portfolio as of 1Q21.

Portfolio Breakdown



Source: EFG Hermes Factoring



Market Share

EFG Hermes' Factoring business came in the 3rd Place for the first quarter of 2021 and managed to increase its market share to 15.7% (up from 13.2% in 4Q20).

Ranking		
1Q21	Company Name	Market Share (%)
1	Egypt Factoring	19%
2	Drive Factoring	18%
3	EFG Hermes Factoring	16%
4	QNB Al Ahli Factoring	14%
5	Global Factoring	9%
6	Others	24%

Loan Loss Provisions and ECL

By the end of 1Q21, Factoring total provision balance stood at EGP9.5 million, reflecting a total provision coverage of 1.2% for the Factoring business.



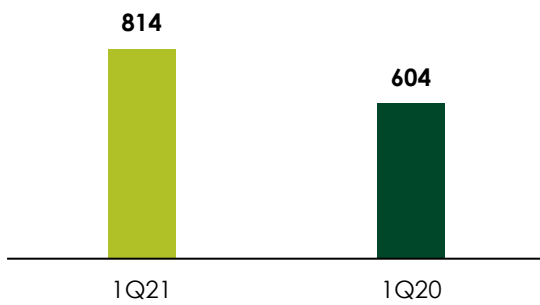
ANNEX

Contribution by Platform

Revenues

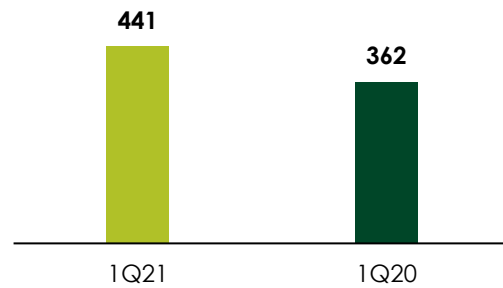
Investment Bank

In EGP million



NBFIs

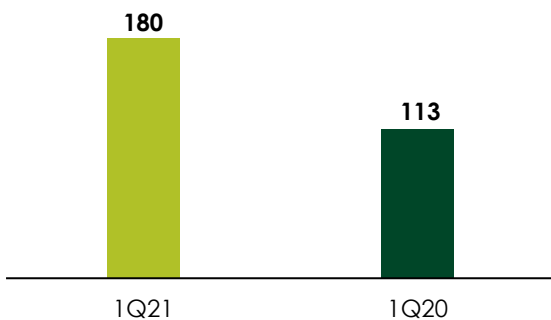
In EGP million



NPAT

Investment Bank

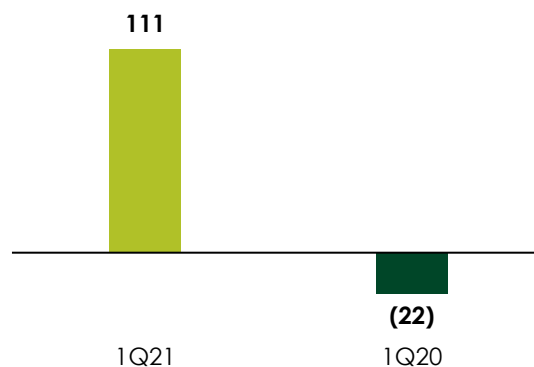
In EGP million



NBFIs

In EGP million

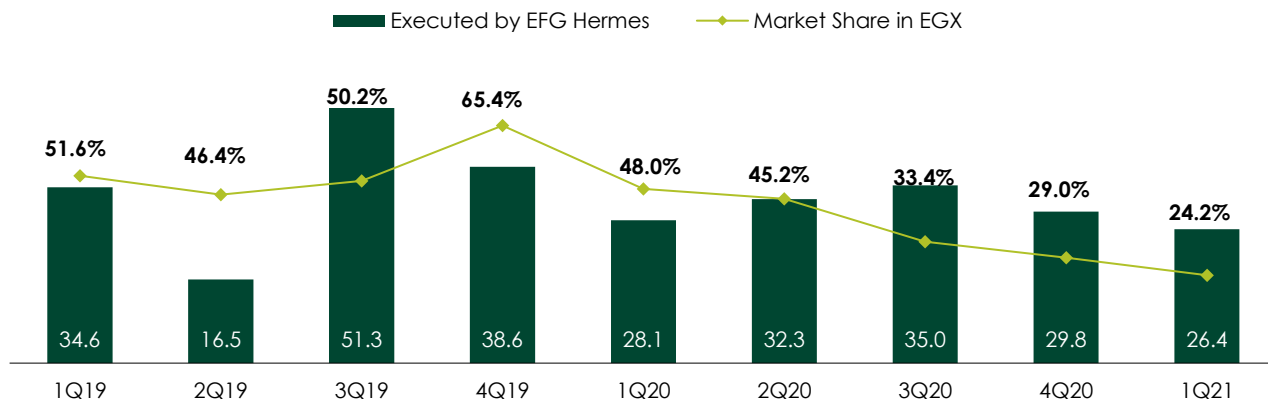




EFG Hermes Executions & Market Shares

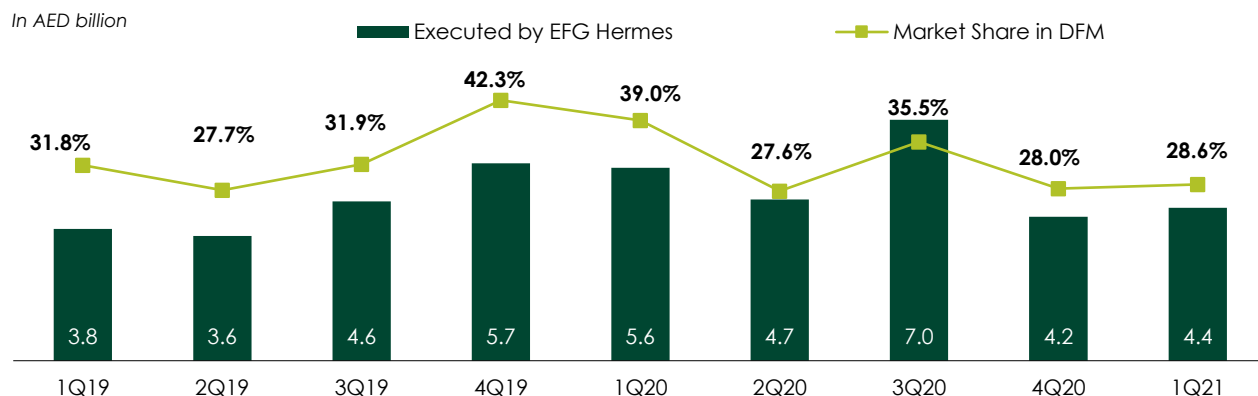
Egypt*:

In EGP billion

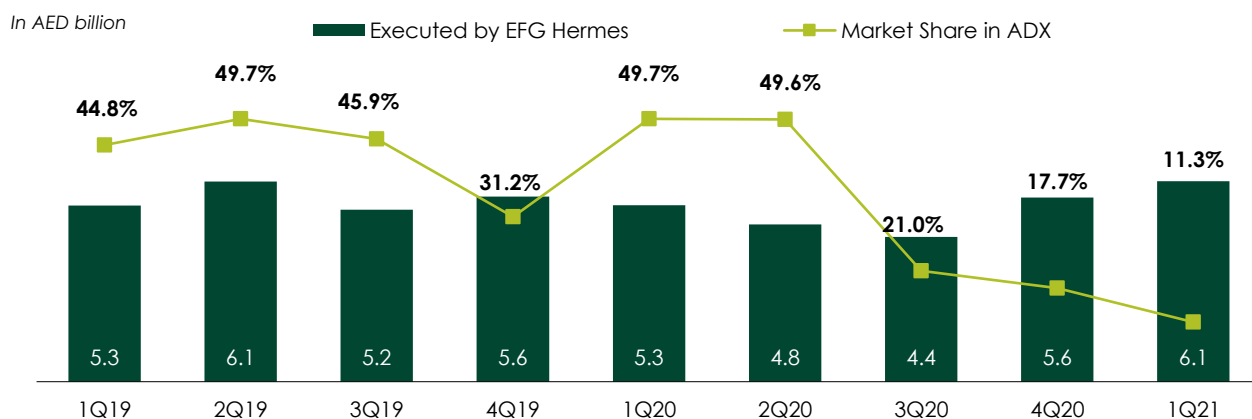


*Market share calculation includes special transactions

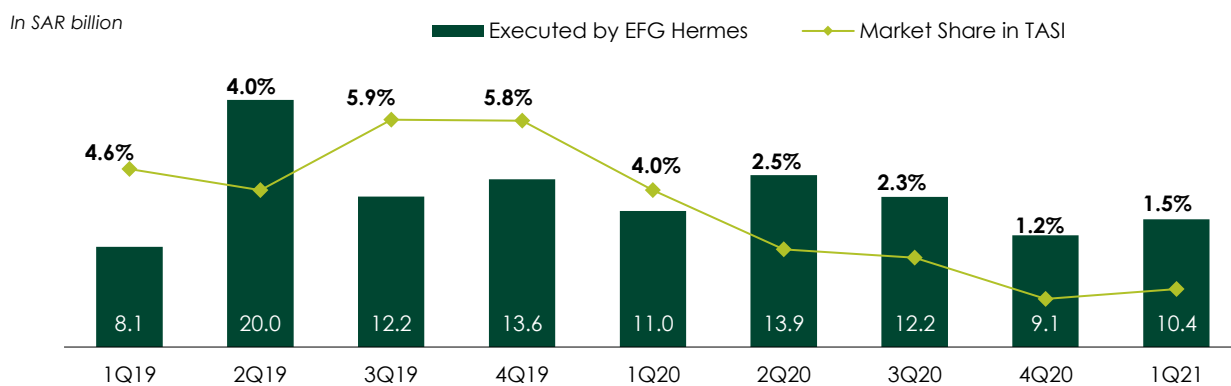
UAE- DFM



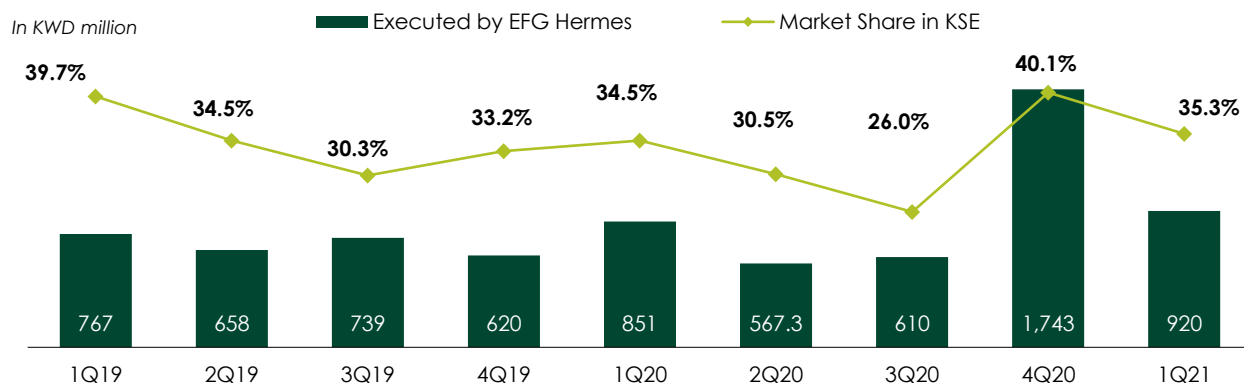
UAE – Abu Dhabi



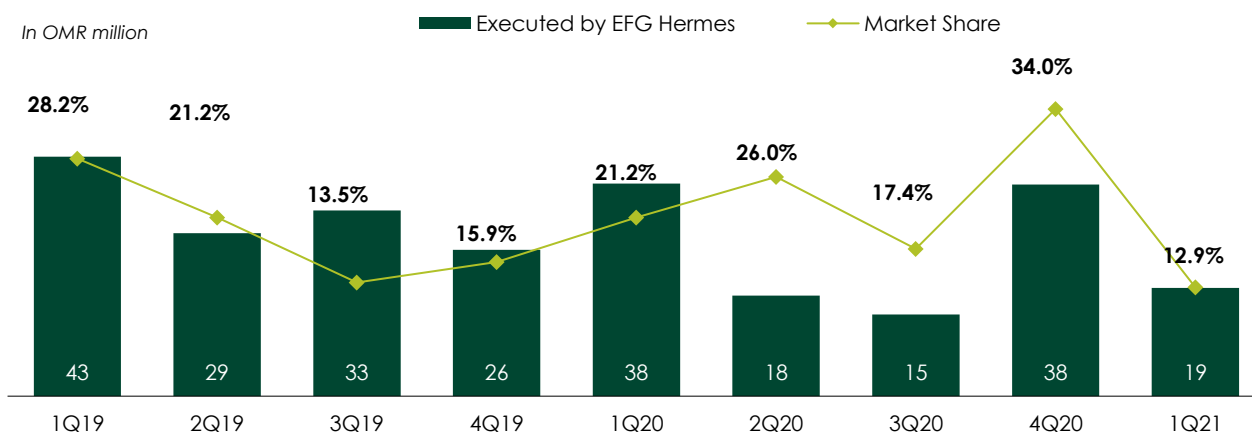
KSA



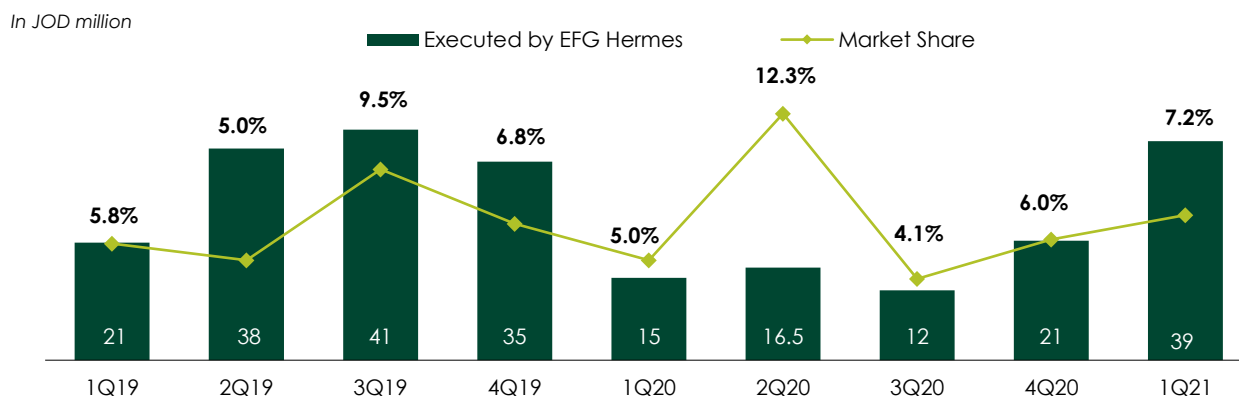
Kuwait



Oman

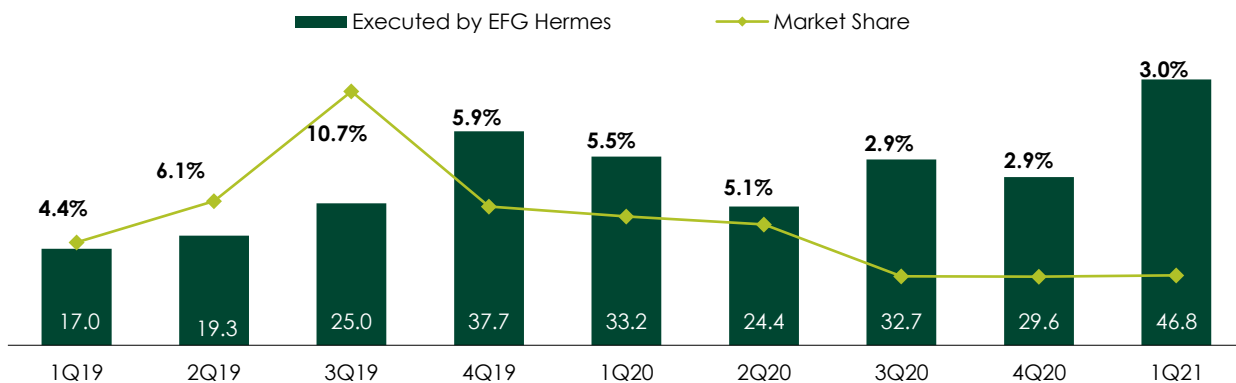


Jordan



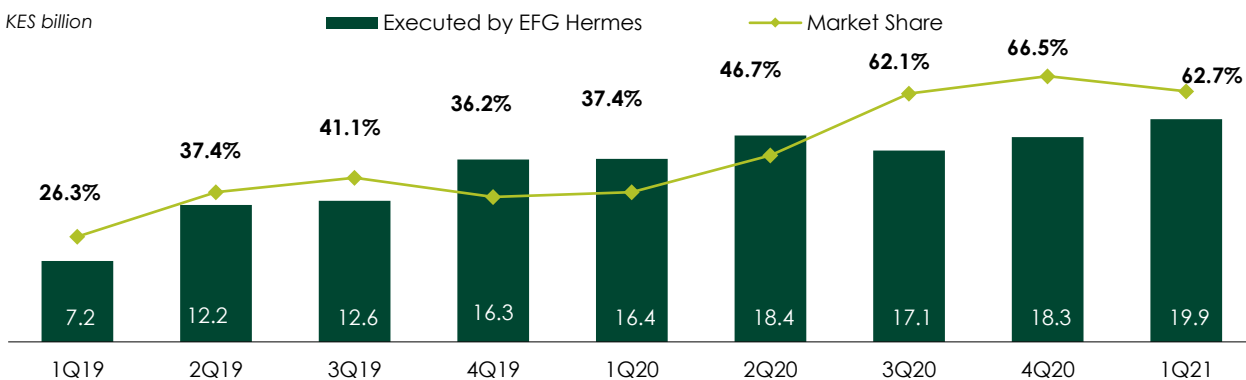
Pakistan

In PKR billion



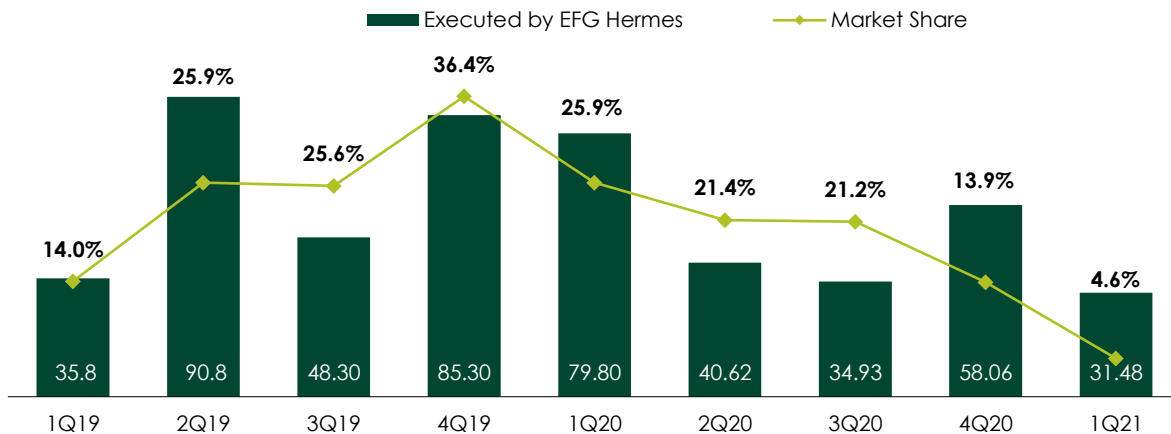
Kenya

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 3,843,091,115

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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