

# EFG HERMES EARNINGS RELEASE FY2020

INVESTOR RELATIONS

**Cairo, March 17, 2021**

EFG Hermes reports a strong set of results for the full year 2020, with Group earnings of EGP1.3 billion on operating revenues of EGP5.5 billion. The Group's total assets stood at EGP38.7 billion at the end of FY20.

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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

- ≡ Another upbeat year for EFG Hermes Group, posting higher revenues for a third consecutive year and surpassing the EGP5 billion mark to record revenues of EGP5.5 billion, up 12% Y-o-Y. The Group successfully recorded a resilient top-line growth, amid very challenging operating environment with the outbreak of the Coronavirus and its subsequent impact on economies and capital markets; from the buy-side part of the business to the NBFIs and Capital Markets & Treasury operations;
- ≡ Buy-side revenues grew 33% Y-o-Y to EGP881 million in FY20 on higher revenues posted by both the Asset Management and the Private Equity. Asset Management revenues rose 28% Y-o-Y to reach EGP413 million, on strong incentive fees booked by FIM. Moreover, Private Equity revenues strengthened 37% Y-o-Y to EGP468 million; on higher incentive fees booked on Vortex Solar exit;
- ≡ NBFIs platform revenues rose 13% Y-o-Y to EGP1.4 billion in FY20, supported by a top-line increase in all the platform's lines of business. Leasing revenues improved 17% Y-o-Y to EGP184 million, supported by 4Q20 strong bookings. valU had a strong year with its revenues increasing more than 4x Y-o-Y to EGP111 million, as all its operations grew significantly. Factoring revenues jumped 178% Y-o-Y to EGP25 million, as its portfolio more than doubled Y-o-Y. Tanmeyah's revenues inched up 3% to EGP1.1 billion as its portfolio remained largely flat Y-o-Y;
- ≡ Sell-side revenues declined 19% Y-o-Y to EGP1.2 billion in FY20, as both its divisions are highly exposed to capital markets, which were characterized by uncertainty and a generally weaker activity amid the COVID-19 pandemic. Investment Banking revenues lost 28% Y-o-Y to EGP237 million, despite executing higher number of transactions. And Brokerage revenues lost 17% Y-o-Y to EGP1.0 billion, on lower revenues generated by its different products and across its jurisdictions;
- ≡ Capital markets & treasury revenues rose 36% Y-o-Y to EGP1.9 billion in FY20; on the back of higher realized gains on Structured Products exit/maturity, higher unrealized gains on seed capital revaluation, and lower fx-losses;
- ≡ Group operating expenses rose 17% Y-o-Y to EGP3.6 billion in FY20, on an increase in employee expenses, other operating expenses and a sharp increase in provisions and impairment charges during the year. However, employee expenses/revenues came at 42%, well below the 50% level;
- ≡ EFG Hermes Group posted a gross operating profit (before provisions) of EGP2.2 billion, up 16% Y-o-Y; a solid improvement that bears a testament to an outstanding performance during such dire times. Additionally, the Group net operating profits reached EGP1.9 billion, up 4% Y-o-Y; pressured by higher provisioning levels;



- ☰ Accordingly, the Group recorded a net profit before tax of EGP1.7 billion, up 9% Y-o-Y. While, the Group net profit after tax and minority interest slipped 5% Y-o-Y to EGP1.3 billion, on higher tax charges during the year which included high deferred tax losses for the unrealized gains on investments and the reversal of FY19 deferred tax gain by the Holding company.



## ii. Group Financial Performance

<i>in EGP million</i>	Group Financial Highlights							
	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
<b>Group Operating Revenue</b>	<b>1,722</b>	<b>1,434</b>	<b>1,329</b>	<b>20%</b>	<b>30%</b>	<b>5,459</b>	<b>4,859</b>	<b>12%</b>
Investment Bank	1,322	1,099	1,014	20%	30%	4,062	3,620	12%
NBFIs	400	335	315	19%	27%	1,396	1,240	13%
<b>Group Operating Expenses</b>	<b>1,024</b>	<b>878</b>	<b>849</b>	<b>17%</b>	<b>21%</b>	<b>3,604</b>	<b>3,080</b>	<b>17%</b>
<b>Group Net Operating Profit</b>	<b>697</b>	<b>556</b>	<b>480</b>	<b>25%</b>	<b>45%</b>	<b>1,855</b>	<b>1,779</b>	<b>4%</b>
<b>Group Net Operating Margin</b>	<b>40%</b>	<b>39%</b>	<b>36%</b>			<b>34%</b>	<b>37%</b>	
<b>Group Net Profit Before Tax</b>	<b>633</b>	<b>506</b>	<b>358</b>	<b>25%</b>	<b>77%</b>	<b>1,670</b>	<b>1,525</b>	<b>9%</b>
<b>Group Net Profit (Loss) After Tax &amp; Minority Interest</b>	<b>466</b>	<b>422</b>	<b>344</b>	<b>10%</b>	<b>35%</b>	<b>1,305</b>	<b>1,378</b>	<b>-5%</b>
Investment Bank	377	364	281	4%	34%	1,150	1,061	8%
NBFIs	88	58	62	51%	41%	155	317	-51%

Source: EFG Hermes Management Accounts

### 4Q2020

EFG Hermes ended the final quarter of the year on a very strong note, with all revenue and profitability lines posting very strong increase on a Y-o-Y and Q-o-Q basis.

Group revenues rose 30% Y-o-Y to reach EGP1.7 billion; underpinned by strong performance from both the Investment Bank and the NBFIs as Capital Markets, Buy-side and all lines of business of the NBFIs platform growing their revenues.

Group expenses rose 21% Y-o-Y to EGP1.0 billion, on the back of: (i) higher employee expenses (12% Y-o-Y), mainly related to Tanmeyah; (ii) higher other operating expenses (38% Y-o-Y) mainly on a number of unusually high expense items; and (iii) higher Provisions and ECL, as the ECL included a one-off impairment of EGP61 million related to Private Equity management fees receivable (for legacy funds).

This resulted in a net operating profit of EGP697 million, up 45% Y-o-Y and a net profit before tax of EGP633 million higher a buoyant 77% Y-o-Y; as the improvement in revenues surpassed the increase in expenses.

Tax charges, which includes income tax and deferred tax, increased to EGP142 million, up from EGP9 million in the comparable quarter of last year; as the current quarter included the reversal of deferred tax gains, in addition to a deferred tax expense of EGP37 million booked on unrealized gains on seed capital/investments. Meanwhile, the comparable quarter of last year included a deferred tax gain of EGP15 million resulting from fx-losses related to intercompany balances; thus further widening the difference Y-o-Y.

Albeit the higher taxes, the Group managed to post a net profit after tax and minority interest of EGP466 million, up a solid 35% Y-o-Y.

### FY2020

EFG Hermes Group recorded revenues of EGP5.5 billion, up 12% Y-o-Y; supported by higher revenues generated by all the business lines of the buy-side and the NBFIs, in addition to higher revenue generated by Capital Markets and Treasury Operations.

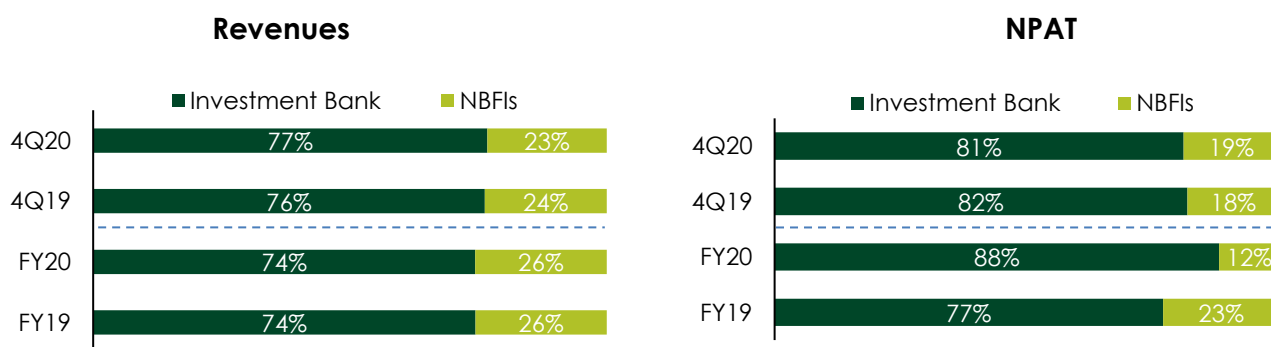
Group operating expenses rose 17% Y-o-Y to EGP3.6 billion, on an increase in employee

expenses, other operating expenses and a sharp increase in provisions and impairment charges booked by the NBFIs and Private Equity (legacy funds), respectively.

The Group net operating profit reached EGP1.9 billion, up 4% Y-o-Y; pressured by lower sell-side revenues and higher provisioning levels. Moreover, the Group recorded a net profit before tax of EGP1.7 billion, up 9% Y-o-Y. However, with higher tax charges that included the build-up of deferred tax and the reversal of deferred tax gains of the previous year, the Group reported a net profit after tax and minority interest of EGP1.3 billion, down 5% Y-o-Y.

It is worth noting that FY20 taxes included the reversal of deferred tax gains related to fx-losses of EGP64 million, the build-up of deferred tax of EGP101 million booked on unrealized gains on seed capital/investments during the year. While, FY19 tax line included a deferred tax gain of EGP82 million related to fx-losses from intercompany balances and that reduces the tax expenses for the year.

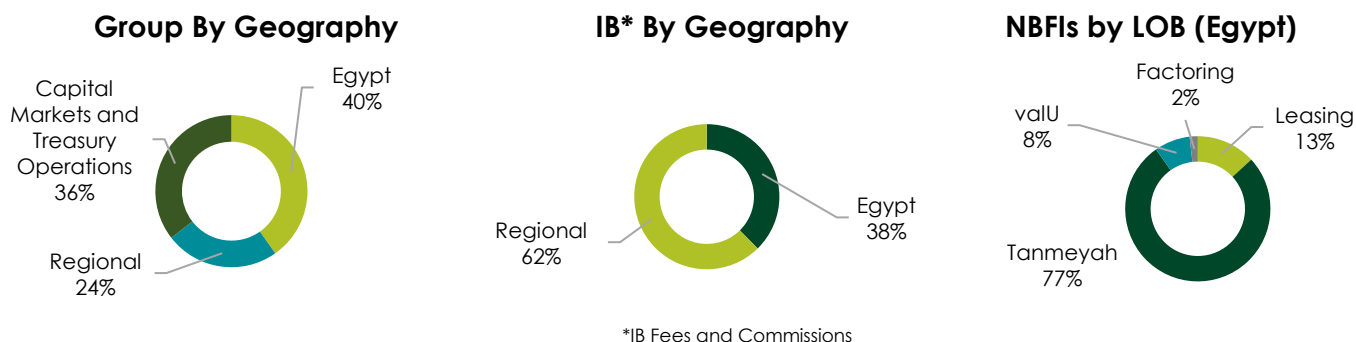
**Contribution by Platform**



The NBFIs platform contribution to the Group's revenues was largely unchanged Y-o-Y in 4Q20 and in FY20, representing 23% and 26%, respectively; as the increase in the NBFIs revenues was matched by an equal weight of an increase in the Investment Bank revenues.

For the NPAT, the NBFIs contribution to the Group's profitability remained largely unchanged for the 4Q20 coming at 19%, as despite higher Y-o-Y provisioning booked by the NBFIs, the Investment Bank saw an increase in impairment and tax charges which weighted down on its profitably. Meanwhile, for FY20 the NBFIs contribution to the bottom-line declined to 12%, on higher loan loss provisions taken by the platform.

**Revenues Contribution**





## iii. Business Lines Financial Performance

in EGP million	Group Revenue by Platform							
	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
Brokerage	317	243	304	30%	4%	1,007	1,208	-17%
Investment Banking	124	38	54	231%	129%	237	328	-28%
<b>Sell-Side</b>	<b>442</b>	<b>281</b>	<b>358</b>	<b>57%</b>	<b>23%</b>	<b>1,244</b>	<b>1,536</b>	<b>-19%</b>
Asset Management	222	65	76	240%	192%	413	321	28%
Private Equity	14	381	25	-96%	-46%	468	341	37%
<b>Buy-Side</b>	<b>235</b>	<b>446</b>	<b>101</b>	<b>-47%</b>	<b>133%</b>	<b>881</b>	<b>662</b>	<b>33%</b>
Capital Markets & Treasury Operations	645	372	555	73%	16%	1,938	1,422	36%
<b>Total Investment Bank</b>	<b>1,322</b>	<b>1,099</b>	<b>1,014</b>	<b>20%</b>	<b>30%</b>	<b>4,062</b>	<b>3,620</b>	<b>12%</b>
Leasing	54	39	33	38%	65%	184	157	17%
Micro - Finance "Tanmeyah"	291	261	268	12%	9%	1,077	1,048	3%
Consumer - Finance "valU"	44	27	11	63%	306%	111	25	342%
Factoring	10	8	3	30%	197%	25	9	178%
<b>Total NBFIs</b>	<b>400</b>	<b>335</b>	<b>315</b>	<b>19%</b>	<b>27%</b>	<b>1,396</b>	<b>1,240</b>	<b>13%</b>
<b>Group Operating Revenue</b>	<b>1,722</b>	<b>1,434</b>	<b>1,329</b>	<b>20%</b>	<b>30%</b>	<b>5,459</b>	<b>4,859</b>	<b>12%</b>
<i>Of Which:</i>								
<b>Fee and Commission Revenue</b>	<b>1,077</b>	<b>1,062</b>	<b>774</b>	<b>1%</b>	<b>39%</b>	<b>3,521</b>	<b>3,437</b>	<b>2%</b>
<b>Capital Markets &amp; Treasury Operations</b>	<b>645</b>	<b>372</b>	<b>555</b>	<b>73%</b>	<b>16%</b>	<b>1,938</b>	<b>1,422</b>	<b>36%</b>

Source: EFG Hermes Management Accounts

## 4Q2020

EFG Hermes Group revenues ended the final quarter of the year on a very strong note, underpinned by strong revenue contribution from almost all lines of business. Fees & commissions and capital markets & treasury revenues posted positive growth Y-o-Y, with the former rising 39% to EGP1.1 billion and the latter recording a 16% increase to reach EGP645 million.

Sell-side revenues climbed 23% Y-o-Y to EGP442 million in 4Q20, lifted predominately by higher Investment Banking revenues, which more than doubled Y-o-Y to reach EGP124 million, up 129% Y-o-Y in 4Q20 on record number of transactions executed in a single quarter. Meanwhile, Brokerage revenues added 4% Y-o-Y to EGP317 million, underpinned by strong revenue contribution from Kuwait and Egypt operations.

Buy-side revenues saw another buoyant quarter, with its revenues spiraling up 133% Y-o-Y to reach EGP235 million; on solid Asset Management revenues. Asset Management revenues almost tripled Y-o-Y to reach EGP222 million, predominately on strong incentive fees booked by our Regional asset management, FIM. On the other hand, Private Equity revenues lost 46% Y-o-Y to EGP14 million over the same period; on lower AUMs as the team exited Vortex Solar in 3Q20.

It was a good quarter for the NBFIs, with all lines of business posting Y-o-Y improvements in revenues. Leasing revenues jumped 65% Y-o-Y to EGP54 million on strong new bookings during the quarter that included healthy arrangement fees. Tanmeyah's revenue added 9% Y-o-Y to EGP291 million, on higher net interest income and fees and commissions generated, and on securitization gain of EGP10 million booked during the quarter. Factoring revenues rose 197% Y-o-Y to EGP10 million, on larger portfolio Y-o-Y. valU continued its upwards direction, reporting

revenues up 306% to EGP44 million on a larger portfolio, with higher interest income and higher fees and commissions as the number of transactions and the number of merchants increased.

Capital markets & treasury revenues rose 16% Y-o-Y to EGP645 million, on higher unrealized gains on investments, stemming from the move of seed capital/Investments to Investments through Profit & Loss (FVTPL), and from fx-gains; which overshadowed lower interest income from Structured Products.

## FY2020

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Group revenues rose 12% Y-o-Y to reach EGP5.5 billion, underpinned by an increase in revenues generated by the Buy-side, the NBFIs and Capital Markets. Fees & Commissions inched up 2% to EGP3.5 billion, as the improvement in revenues posted by the buy-side and the NBFIs was pressured by lower sell-side revenues, which withered from weak capital markets across the Globe.

Sell-side revenues declined 19% Y-o-Y to EGP1.2 billion, lowered by weak revenues generated by both the Brokerage and the Investment Banking. Investment Banking revenues lost 28% Y-o-Y to EGP237 million, despite executing a higher number of transactions as the ECM transactions almost disappeared after COVID-19 outbreak. Meanwhile, Brokerage revenues lost 17% Y-o-Y to EGP1.0 billion, on lower revenues generated by its different products and across its different regions, namely MENA and Frontier.

A good year for the Buy-side with its revenues growing 33% Y-o-Y to EGP881 million on higher revenues posted by both the Asset Management and the Private Equity. Asset Management revenues rose 28% Y-o-Y to reach EGP413 million, largely due to strong incentive fees booked by our Regional asset management, FIM in the final quarter of the year. Moreover, Private Equity revenues strengthened 37% Y-o-Y to EGP468 million; on higher incentive fees booked on Vortex Solar exit as compared to Vortex I & II in FY19.

All the NBFIs lines of business posted top-line increase Y-o-Y, thus taking the platform's revenues up 13% Y-o-Y to EGP1.4 billion. Leasing revenues improved 17% Y-o-Y to come at EGP184 million in FY20, supported mainly by 4Q20 strong bookings. Tanmeyah's revenues inched up 3% to EGP1.1 billion as its portfolio remained largely flat Y-o-Y. valU had a strong year with its revenues increasing more than 4x Y-o-Y to EGP111 million, as all its operations grew significantly. Factoring revenues jumped 178% Y-o-Y to EGP25 million, as its portfolio more than doubled Y-o-Y.

Capital markets & treasury revenues rose 36% Y-o-Y to EGP1.9 billion, on: (i) higher realized gains on Structured Products exit/maturity of its position; (ii) higher unrealized gains on seed capital revaluation; and (iii) lower fx-losses resulting from intercompany balances, which all together off-set lower interest received from Structured Products and lower dividend income, as the comparable year included EGP68 million of CL dividends.

## iv. Group Operating Expenses

<i>in EGP million</i>	Group Operating Expenses							
	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
<b>Employees Expense</b>	<b>619</b>	<b>644</b>	<b>555</b>	<b>-4%</b>	<b>12%</b>	<b>2,318</b>	<b>2,148</b>	<b>8%</b>
Employees Expense/Operating Revenues	36%	45%	42%			42%	44%	
Employees Expense/Operating Expenses	60%	73%	65%			64%	70%	
<b>Other Operating Expenses</b>	<b>405</b>	<b>234</b>	<b>294</b>	<b>73%</b>	<b>38%</b>	<b>1,286</b>	<b>932</b>	<b>38%</b>
Other Operating Expenses/Operating Revenues	24%	16%	22%			24%	19%	
Other Operating Expenses/Operating Expenses	40%	27%	35%			36%	30%	
<b>Total Operating Expenses</b>	<b>1,024</b>	<b>878</b>	<b>849</b>	<b>17%</b>	<b>21%</b>	<b>3,604</b>	<b>3,080</b>	<b>17%</b>

Source: EFG Hermes Management Accounts

## 4Q2020

Group operating expenses rose 21% Y-o-Y to EGP1.0 billion, on higher employee expenses, other operating expenses and higher provisions and impairment charges. However, employee expenses/revenues for the quarter came at 36%, well below the 50% level.

Employee expenses added 12% Y-o-Y to EGP619 million; on higher salaries (fixed costs) and the variable portion of the employee expense. The increase in salaries is mainly related to Tanmeyah's increase in salaries expense as headcount increased Y-o-Y. Meanwhile, the increase in the variable portion of the employee expenses came in line with the increase in revenues.

Other operating expenses added 38% Y-o-Y to EGP405 million; mainly on the back of: (i) higher dividend taxes emerging from subsidiaries' distribution of EGP45 million; (ii) higher advertising expenses related to Tanmeyah's TV campaign, and (iii) higher third party expense for different lines of business across the Group; and (iv) higher provisions and ECL, as the ECL included a one-off impairment of EGP61 million related to Private Equity legacy funds management fees receivable. This in addition to higher Y-o-Y loan loss provisions taken by the NBFIs platform.

However, donations, travel, legal, Brokerage conferences, office and occupancy expense, all came lower Y-o-Y.

## FY2020

Group operating expenses rose 17% Y-o-Y to EGP3.6 billion, underpinned mainly by higher provisions taken by the NBFIs, higher employee expenses and higher other operating expenses. However, the Group successfully reported an employee expense to revenues of 42%.

Employee expenses rose 8% Y-o-Y to EGP2.3 billion, largely on higher fixed and variable employee expenses. The increase of the fixed employee expenses is mainly attributed to Tanmeyah's headcount expansion; whilst the increase in the variable portion reflects the increase in revenues.

Other operating expenses rose 38% Y-o-Y to EGP1.3 billion, mainly on the back of: (i) higher dividend taxes emerging from subsidiaries' distribution of EGP65 million; (ii) donations; (iii) higher IT and advertising expenses related to Tanmeyah, (iv) higher third party expenses across the Group; and (v) higher loan loss provisions and ECL.





Provisions and ECL increased 262% Y-o-Y to EGP301 million, mainly on stronger provisions taken by the NBFIs platform, particularly Tanmeyah. Total provision booked by the NBFIs reached EGP233 million in FY20 as compared to EGP83 million a year earlier. It is worth noting that all provisions are calculated using ECL (except valU) model as EFG Hermes adopted IFRS 9 at the beginning of 2020. Moreover, ECL calculated on clients' receivables included a one-off impairment of EGP61 million related to Private Equity management fees receivable from legacy funds.

However, travel, conferences, office and sale and lease back expense, all came lower Y-o-Y.



## OPERATIONAL PERFORMANCE

### i. Brokerage

#### Operational Performance Update

Markets continued to gain ground in 4Q20, with all markets, which we operate on ground in, ending in the black; and volumes improving Q-o-Q (with the exception of Dubai). EFG Hermes Brokerage (which reflect MENA and Frontier markets' executions, Structured Products and Fixed Income) total executions reached USD15.6 billion in 4Q20, a strong increase of 25% Q-o-Q, predominantly due to higher executions in Egypt as the market picked up, and in Kuwait on the back of the MSCI rebalancing event in November.

For FY20, EFG Hermes Brokerage executions came at USD55.1 billion, broadly flat Y-o-Y, down 1%, as higher executions in Kuwait and Frontier markets were overshadowed by lower executions in KSA, Qatar, Egypt, and Structured Products.

Brokerage revenues rose 30% Q-o-Q in 4Q20 to reach EGP317 million; in line with the increase in executions in Kuwait and Egypt. On a Y-o-Y basis, revenues inched up 4% in 4Q20, as stronger revenues generated in Egypt and Kuwait was offset by lower revenues generated by almost every other market we trade in. For FY20, Brokerage revenue declined 17% Y-o-Y to EGP1 billion, on: (i) lower revenues generated by the MENA markets with the exception of Kuwait; (ii) lower revenues generated by the Frontier markets with the exception of Kenya and Pakistan; (iii) on losses incurred by the Fixed Income desk in 1Q20; and (iv) lower revenues generated by the Structured Products desk.

in EGP million	Brokerage Revenue*							
	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
Egypt	150	120	107	25%	40%	474	523	-9%
UAE	22	26	37	-16%	-40%	114	142	-19%
KSA	22	21	26	6%	-17%	89	114	-22%
Kuwait	64	25	25	160%	153%	142	116	23%
Pakistan	4	4	5	3%	-21%	16	12	26%
Kenya	10	16	11	-38%	-6%	49	38	30%
Nigeria	9	5	35	85%	-75%	36	67	-46%
Frontier Markets	10	7	22	27%	-57%	33	55	-40%
Structured Products	12	11	26	5%	-56%	59	98	-40%
Fixed Income	6	3	4	70%	43%	(30)	16	N/M
Others**	9	4	6	108%	58%	25	27	-8%
<b>Total Revenue</b>	<b>317</b>	<b>243</b>	<b>304</b>	<b>30%</b>	<b>4%</b>	<b>1,007</b>	<b>1,208</b>	<b>-17%</b>

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, Kuwait was the top contributor to Brokerage commissions in 4Q20, with a 29.1%; meanwhile, Egypt came in second place with a 24.3%; followed by Frontier markets (which includes Nigeria, Kenya, Pakistan & other Frontier executions) came in the third place with a 12.8% contribution. For FY20, Egypt secured the top position with 25.6% contribution, while Kuwait came second with a 19.8%, followed by Frontier markets with a 14.8%.

### Commissions Breakdown by Market

Markets	4Q20	FY20
Egypt	24.3%	25.6%
DFM*	4.2%	7.7%
ADX	5.0%	5.4%
KSA	10.3%	12.1%
Kuwait	29.1%	19.8%
Qatar	7.0%	6.8%
Frontier Markets	12.8%	14.8%
Structured Products	2.1%	2.7%
Others**	5.2%	5.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

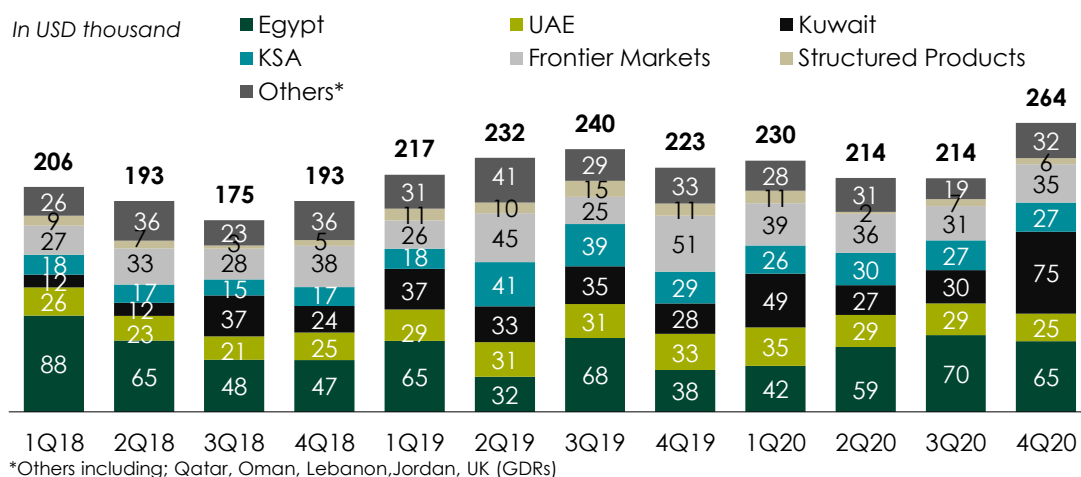
\*DFM includes Nasdaq Dubai's share of 0.01% in 4Q20, and 1.1% in FY20

\*\*Others including: Oman, Jordan, Lebanon, and UK (GDRs)

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 had a decent increase of 24% Q-o-Q to reach USD264 thousand in 4Q20, boosted by higher average daily commissions generated from Kuwait. On a Y-o-Y, average daily commissions increased 19% predominantly on higher commissions generated in Kuwait, followed by Egypt. Overall in FY20, average daily commissions recorded USD231 thousand versus USD229 thousand in FY19, broadly flat Y-o-Y; as higher commissions generated in Kuwait and Egypt were largely muted by lower commissions generated in KSA, Qatar, and by Structured Products.

### Average Daily Commissions



Source: EFG Hermes and Regional Exchanges

## Brokerage Market Share &amp; Executions

<i>in USD million</i>	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
<b>Egypt*</b>								
Market share	28.4%	33.4%	48.5%	-5.0%	-20.1%	36.4%	47.8%	-11.4%
Executions	1,899	2,197	2,393	-13.6%	-20.6%	7,917	8,429	-6.1%
<b>UAE – DFM</b>								
Market share	28.0%	35.5%	42.3%	-7.6%	-14.4%	32.5%	33.5%	-1.0%
Executions	1,135	1,895	1,564	-40.1%	-27.4%	5,816	4,847	20.0%
<b>UAE – ADX</b>								
Market share	17.7%	21.0%	31.2%	-3.3%	-13.5%	27.6%	39.1%	-11.5%
Executions	1,522	1,195	1,527	27.4%	-0.3%	5,469	6,055	-9.7%
<b>UAE - Nasdaq Dubai</b>								
Market share	30.0%	26.9%	75.6%	3.0%	-45.6%	58.3%	65.9%	-7.5%
Executions	1	22	478	-95.5%	-99.8%	1,846	2,125	-13.1%
<b>KSA</b>								
Market share	1.2%	2.3%	5.8%	-1.1%	-4.6%	2.2%	6.1%	-3.9%
Executions	2,446	3,283	3,668	-25.5%	-33.3%	12,467	14,574	-14.5%
<b>Kuwait</b>								
Market share	40.1%	26.0%	33.2%	14.1%	6.9%	34.1%	33.7%	0.4%
Executions	5,809	2,034	2,067	185.6%	181.1%	12,571	9,280	35.5%
<b>Oman</b>								
Market share	34.0%	17.4%	15.9%	16.6%	18.1%	24.5%	18.4%	6.0%
Executions	97	38	68	159.0%	43.3%	279	340	-17.9%
<b>Jordan</b>								
Market share	6.0%	4.1%	6.8%	2.0%	-0.8%	6.0%	8.3%	-2.3%
Executions	30	18	50	71.0%	-40.1%	91	190	-51.9%
<b>Pakistan</b>								
Market share	2.9%	2.9%	5.9%	0.0%	-3.0%	3.8%	6.2%	-2.5%
Executions	184	211	243	-12.8%	-24.1%	741	644	15.1%
<b>Kenya</b>								
Market share	66.5%	62.1%	36.2%	4.4%	30.3%	51.6%	34.5%	17.1%
Executions	167	157	161	6.0%	3.7%	710	474	49.7%
<b>Nigeria</b>								
Market share	13.9%	21.2%	36.4%	-7.3%	-22.5%	19.8%	26.2%	-6.4%
Executions	157	94	230	66.2%	-31.8%	577	704	-18.1%
<b>Frontier</b>								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	200	214	169	-6.2%	18.5%	826	628	31.5%
<b>Structured Products</b>								
Market share	N/A	N/A	N/A	N/M	N/M	N/A	N/A	N/M
Executions	294	157	295	87.3%	-0.3%	870	1,127	-22.8%

\*Market share calculation is based on executions excluding special transactions

\*\*Executions in Qatar, Bahrain, Lebanon, UK(GDRs), Bonds, and others represent an additional 11% of total Brokerage executions in 4Q20 and 9% in FY20

Source: EFG Hermes and Regional Exchanges

## Egypt

The Egyptian equities market improved in 4Q20, with the Hermes Financial Index (HFI) gaining 4.4% Q-o-Q, and the market volumes rising 20% Q-o-Q in 4Q20, as a result of the increase in retail activity.

The Firm's market share (excluding special transactions) came at 28.4% for 4Q20 and continued to dominate the first spot on the EGX. The decline in the Firm's market share is attributed to the decline in foreign activity in the market, which accounted for 13.5% in 4Q20 from 18.5% a quarter earlier. However, EFG Hermes successfully captured a decent 43% 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 fourth quarter.

For FY20, EFG Hermes ranked first with a market share (excluding special transactions) of 36.4%. The firm successfully seized 49.0% of the 19.8% of foreign participation in the market during the year, and 11.1% of the retail business.

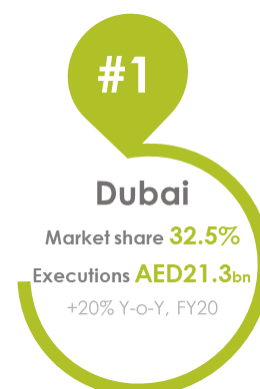


## UAE – Dubai

The DFMGI continued its upwards direction, gaining 9.6% Q-o-Q in 4Q20; however volumes took a turn, declining 24% during the quarter.

The market saw an uptick in retail activity in 4Q20 concentrated in fewer names. On the institutional front, EFG Hermes captured a decent market share in both MSCI and FTSE rebalancing events in November and December, respectively; with most of the activity came from International brokers. Foreign participation came at 27.3% in 4Q20, whereas EFG Hermes has successfully captured 37.8% of the foreign institutional flow during the quarter. Meanwhile, foreign participation in FY20 accounted for 29.2%, of which EFG Hermes captured 41.5%.

The Firm retained its number one ranking on the DFM for the fourth quarter and the full year of 2020 with a market share of 28.0% and 32.5%, respectively.



## UAE – ADX

Another buoyant quarter for the ADX, with the ADI adding 11.7% Q-o-Q in 4Q20, and volumes rising 41% Q-o-Q, supported by an increase in the local institutional activity.

EFG Hermes captured a market share of institutional flows on both MSCI and FTSE events and on some of the blue chips. Foreign participation represented 38.6% of the market activity in 4Q20 and 37.4% in FY20; with EFG Hermes successfully capturing 19.2% and 31.1% of those foreign flows, respectively.

EFG Hermes market shares came at 17.7% in 4Q20 with a 3<sup>rd</sup> place ranking, pressured partially by an increase in the local institutional activity during the quarter. For FY20, the Firm's held 2<sup>nd</sup> ranking with a market share of 27.6%.





### Saudi Arabia

The Tadawul All Share Index continued its upward trajectory, adding 4.7% Q-o-Q, with volumes increasing 37% Q-o-Q in 4Q20. This was supported by an increase in the activities of all types of investors, particularly retail investors.

The QFI and the swaps volumes combined reached SAR27.7 billion in 4Q20 to account for 3.8% (of which the swaps accounted for 0.04% and the QFIs for 3.74%) of the total market's turnover during the quarter, with EFG Hermes capturing 6.4% of this business in 4Q20. For FY20, QFI and the swaps volumes combined reached SAR111.5 billion to account for 5.3% of the total market's turnover, with EFG Hermes capturing 5.0% of this business.

EFG Hermes market share came at 1.2% in 4Q20, with a 6<sup>th</sup> place ranking among pure brokers (non-commercial banks) and 18<sup>th</sup> place among the general brokers. For FY20, the Firm's market share declined Y-o-Y to 2.2% as a direct result of the increase in retail activity in the market during the year with most of the retail investors trading the market through their commercial banks' brokerage arms. The Firm held a 4<sup>th</sup> place position among pure brokers (non-commercial banks) and 15<sup>th</sup> place among the general brokers.

Moreover, in the Sukuk & Bonds market, EFG Hermes KSA's market share increased to 19.5% and ranked 5<sup>th</sup> amongst the general brokers' ranking during 4Q20, to bring FY20 market share to 34% with 3<sup>rd</sup> place ranking.

### Kuwait

The MSCI rebalancing event, where Kuwait was upgraded to an Emerging market, led to an 84% Q-o-Q hike in market volumes during 4Q20. Meanwhile the main market index added 1.9% Q-o-Q in 4Q20. The turnover on the event's day reached c.USD3.2 billion, the highest ever in the Kuwaiti market on a single day.

Foreign participation in the market jumped to 34.3% of the total market volumes in 4Q20 up from 8.7% a quarter earlier; of which EFG Hermes captured 42.2% of the foreign flow. Meanwhile, foreign participation in FY20 accounted for 21.2%, of which EFG Hermes seized 46.7%.

This took EFG Hermes IFA market share to 40.1% and 34.1% in 4Q20 and FY20, and underpinned its ranking to lead, with a 1<sup>st</sup> place for 4Q20 and the FY20.

#4

KSA

Market share **2.2%**Executions **SAR46.2bn**

-1.4% Y-o-Y, FY20

#1

Kuwait

Market share **34.1%**Executions **KWD3.8bn**

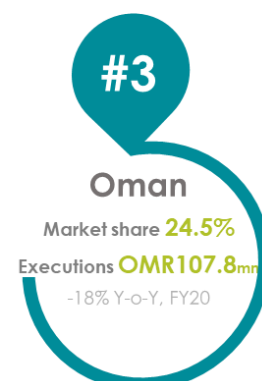
35% Y-o-Y, FY20

### Oman

The Omani market MSM Index rose slightly, up 1.2% Q-o-Q in 4Q20 and volumes increased 21% Q-o-Q; supported by special transactions worth c.OMR32 million and that accounted for 29% of the market turnover.

EFG Hermes Oman's market share and ranking improved to 34.0% in 4Q20 with a 2<sup>nd</sup> spot, supported by the Firm's participating in the execution of c.34% of the total special transactions made during the quarter. For FY20, the Firm's market share and ranking came at 24.5%, with a 3<sup>rd</sup> place ranking.

Foreign participation came at 11.0% of the market turnover, with EFG Hermes capturing 22.5% of those flows during 4Q20. For FY20, foreign participation came at 12.3%, with EFG Hermes accounting for 19.8% of the foreign flows.



### Jordan

The Amman Stock Exchange Index rebounded in the fourth quarter and gained 4.4% Q-o-Q, while volumes increased 14% Q-o-Q, supported by seasonality factors and some improvements in the Covid-19 situation.

The Firm's market share came at 6.0% to hold a ranking of 13<sup>th</sup> place on the market for 4Q20 and FY20. In terms of foreign participation, foreign activity accounted only for a 2.1% of the market turnover in 4Q20 and 4.1% in FY20; whereby EFG Hermes captured 22.2% and 28.2%, respectively.



### Pakistan

The Pakistani market continued to move up, with the KSE100 adding 7.8% Q-o-Q; meanwhile, volumes decreased 12% Q-o-Q in 4Q20. The quarter kicked-off on a weak start as fears of a possible lock down from Covid-19 second wave mounted; however, a number of positive macro and political developments provided confidence and lifted the market up in December.

EFG Hermes Pakistan market share came at 2.9% in 4Q20, flat Q-o-Q; however, lower Y-o-Y on lower local institutional activity as retail dominated the market. Meanwhile foreign participation came at 6.8% for 4Q20, of which EFG Hermes executed 10.2%.

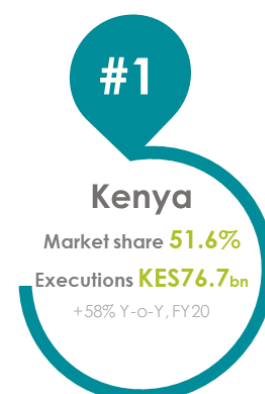
For FY20, EFG Hermes market share came at 3.8%, with foreign participation reaching 7.2%, and of which EFG Hermes captured 13.1%.



## Kenya

The Kenyan market saw the NASI rise 8.7% Q-o-Q, driven by gains recorded by some large cap stock; meanwhile, volumes declined 27% Q-o-Q in 4Q20.

Foreign participation accounted for 65.0% of the total market activity in 4Q20 and 63.8% in FY20, of which EFG Hermes executed 43.9% and 35.7%, respectively, of this flow. This supported EFG Hermes market share and ranking, with the Firm cementing its 1<sup>st</sup> place for 4Q20 and FY20, with a market share of 66.5% and 51.6%, respectively.



## Nigeria

A very buoyant quarter for the Nigerian Stock Exchange, with the Index soaring 50.1% Q-o-Q while volumes skyrocketing 149% Q-o-Q in 4Q20. This was triggered by a very strong local investors' appetite for equities amid the lack of other attractive investment opportunities, meanwhile, foreign investors activity declined as they continued to struggle with the FX repatriation.

Foreign participation continued to decline, accounting for 26.3% of the total market activity in 4Q20 and 33.9% in FY20, of which EFG Hermes executed 21.4% of this flow in the quarter and 25.9% for FY20.

EFG Hermes Nigeria held the third place ranking in 4Q20, with a market share of 13.9%. For FY20, market share reached 19.8%, representing a second place ranking.



## Vietnam

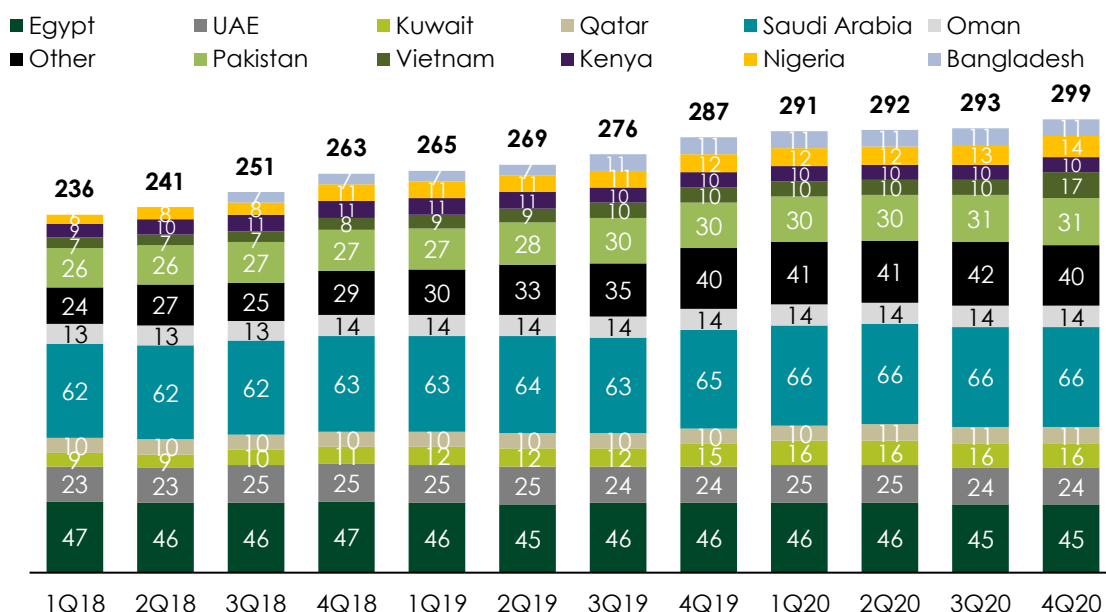
The Vietnamese market ended the fourth quarter of 2020 on a strong positive note, with the VN-Index adding 21.3% Q-o-Q in 4Q20 and volumes up 79.7% Q-o-Q; driven by an increase in local trading activities amid positive economic outlook and low interest environment, in addition to increased flow from foreign participation.

The Firm's market share remained unchanged at 0.05% in 4Q20, while its market share of foreign participation, which represented 21.1% of the total market activity, came at 0.4% in 4Q20.

ii. Research

Research Coverage Universe

Number of Companies



Source: EFG Hermes Research

The 4Q saw a flurry of reports in October and November across coverage universe, as analysts updated their views on an ever-changing and slightly more optimistic market environment. The team also initiated coverage on five new banks in Vietnam in 4Q20, a Nigerian cement company (BUA Cement), a Ghanaian Bank (CAL) and a Moroccan payment provider (HPS). Overall, EFG Hermes Research actively cover 299 stocks, spread across 22 countries.

For FY20, the year kicked-off relatively smooth, then the COVID-19 changed the way we do business. One of the highlights was that the team managed to successfully host two online conferences spread over three weeks whilst working remotely. In addition, instead of roadshows, the research team has also hosted a number of virtual roadshows to offset the fact that analysts have been unable to travel to meet clients across the globe – the feedback was overwhelmingly positive. Another highlight for the year was the 2020 Institutional Investor poll for MENA and Frontier Research, wherein we finished 1<sup>st</sup> in Frontier and 2<sup>nd</sup> in the MENA again.

The team expanded coverage by another twenty stocks over 2020, these included the initiation of Aramco, the world’s largest company; expanding Vietnam banks’ coverage (five more stocks), and some initiations in ‘hot sectors’ (healthcare, payment provider). Going forward, the team will continue to ramp up coverage, but will also focus more on large sector pieces, especially in-demand sectors, and thematic research (focus on research that can react quickly to changing market dynamics), which will grab clients’ attention and add value, and look to new markets in the frontier.

### iii. Investment Banking

EFG Hermes' Investment Banking division successfully concluded a total of 24 ECM, M&A and DCM transactions in 2020 worth an aggregate value of USD1.7 billion, marking the department's highest number of transactions in a single year. The pressure on fee pots across the region was strongly compensated by the division's keenness and ability to originate and execute a record number of transactions, while refocusing on COVID resilient products, namely DCM.

In 4Q20, EFG Hermes successfully executed eleven transactions, including eight debt transactions and three M&A deals amounting to a total of USD596 million.

On the debt front, EFG Hermes continued to grow its DCM franchise, adapting to new market realities. The team successfully concluded the debt advisory to Orascom Development Egypt (ODE), the largest subsidiary of Orascom Development Holding, on a new 7-year USD265.0 million financing, to refinance and upsize its outstanding facilities. The team also successfully advised on the USD38.1 million Sukuk issuance by Cairo for Investment and Real Estate Development (CIRA), one of the largest private educational groups in Egypt, marking the first Sukuk issuance in the Egyptian education sector and the investment bank's second Sukuk issuance in a year. Additionally, the division concluded two securitization issuances for Talaat Mostafa Group (TMG) worth an aggregate value of USD83.5 million, the second being part of the new EGP6 billion securitization program initiated with TMG. The department also completed the second issuance of Egypt's first short-term bond program on behalf of Hermes Securities Brokerage (HSB) worth USD31.8 million, showcasing EFG Hermes' initiative in capitalizing on encouraging regulatory developments, following the publication by the Financial Regulatory Authority (FRA) of Decision No. 172-2018 regarding the issuance of short-term debt instruments in Egypt. Continuing to expand its debt-raising capabilities, the team advised on a series of debt arrangements, including the USD13.0 million debt facility for ADES Investments, the USD23.2 million facility for New City Housing and Developments (NCHD), as well as the debt financing for Marakez worth USD95.5 million.

In the M&A space, the team successfully advised Heidelberg Cement on its restructuring plans, building on its longstanding relationship with the cement group, which involved the mandatory tender offer (MTO) and delisting of both Suez Cement for USD12.3 million and Tourah Portland Cement Company for USD6.0 million. The division also successfully advised EFG Hermes Private Equity on the sale of a 100% stake in leading water desalination group Ridgewood Group for a total value of USD27.0 million.

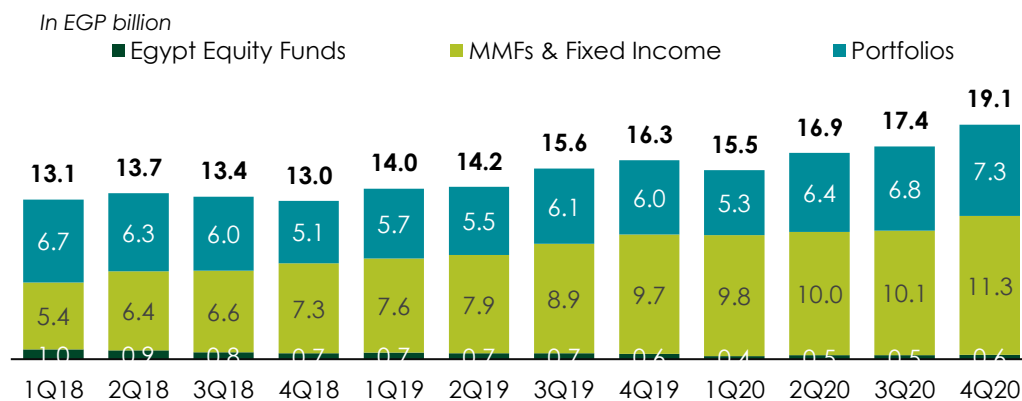
EFG Hermes' Investment Banking department's solid performance in 2020, despite the turbulent market conditions presented by the COVID-19 pandemic, demonstrates the team's strong commitment to providing world-class advisory services to its clients across multiple jurisdictions, overcoming the challenging external environment. The department has solidified its presence in the market, capturing new opportunities in light of changing business needs, specifically on the debt and M&A fronts.

The division kicked-off 2021 with the successful closure of two M&A transactions and an IPO across its MENA footprint, the department expects to continue to deliver on its healthy pipeline of debt, M&A and equity deals during the course of 2021.



### iv. Asset Management

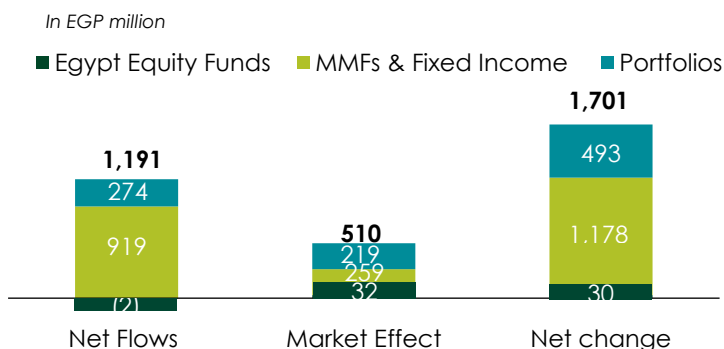
#### Egypt Assets under Management Evolution



Source: EFG Hermes Asset Management

EFG Hermes Egypt Asset Management AUMs increased 10% Q-o-Q to reach EGP19.1 billion at the end of 4Q20 and the year. Net inflows contributed 70% of the increase in AuMs, predominantly from inflows in MMFs/FI funds and equity portfolios. Meanwhile, markets appreciation represented the remaining 30% of the increase in AUMs, mainly on stronger MMFs/FI funds and portfolios performance.

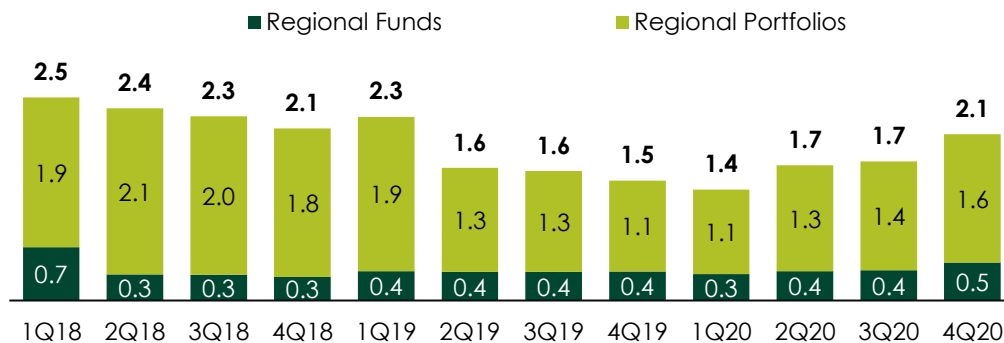
#### Quarterly Change in Egypt Mandates



Source: EFG Hermes Asset Management

**Regional Assets under Management “FIM” Evolution**

In USD billion

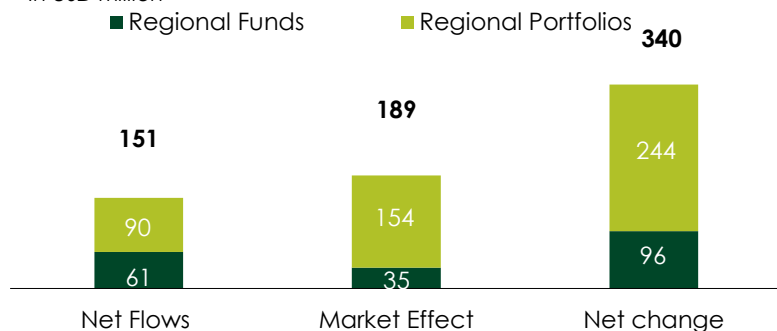


Source: FIM

A very buoyant quarter for FIM, EFG Hermes’ Regional Asset Manager, both in terms of performance and inflows. FIM’s AuMs increased 19.6% Q-o-Q to surpass the two billion mark, closing the year at USD2.1 billion. Significant out-performance across FIM’s funds and managed accounts added 10.9% to the total AuMs. The firm continued to receive significant support from its institutional client base, with clients’ inflows reaching USD0.2 billion during the quarter.

**Quarterly Change in Regional Mandates**

In USD million



Source: FIM

**Funds’ Performance**

FIM EM Frontier Fund ended the quarter with a NAV/ share of USD1,079.27 at the end of 4Q20 versus a NAV/share of USD890.56 in 3Q20. The Fund gained 21.2% over the quarter versus the MSCI FEM Index, which gained 17.1% over the same period. The Fund returned 14.2% for the year versus -5.8% for the MSCI FEM Index.

FIM MENA Horizon Fund ended the quarter with a NAV/ share of USD279.28 at the end of 4Q20 versus a NAV/share of USD240.43 in 3Q20. The Fund gained 16.2% during the quarter versus the S&P Pan Arab Composite Index, which gained 6.2% over the same period. The Fund returned 8.8% for the year versus -0.7% for the S&P Pan Arab Composite Index.





FIM Saudi Long Term Opportunities Fund ended the quarter at a NAV/ share of USD1,115.30 at the end of 4Q20 versus a NAV/share of USD1,073.40 at the end of 3Q20. The Fund returned 10.8% for the year.

FIM MENA Credit Fund ended the quarter at a NAV/ share of USD1,310.23 at the end of 4Q20 versus a NAV/share of USD1,222.88 in 3Q20. The Fund gained 7.1% during the quarter versus the JPM MECIGCC, which gained 3.0% over the same period. The Fund returned 10.8% for the year versus 8.3% for the JPM MECIGCC Index.

FIM Global Sukuk Fund ended the quarter at a NAV/ share of USD1,179.07 at the end of 4Q20 versus a NAV/share of USD1,126.50 in 3Q20. The Fund gained 4.7% during the quarter versus the Markit iBoxx Sukuk which gained 2.5% over the same period. The Fund returned 7.8% for the year versus 7.0% for the Markit iBoxx Sukuk Index.

FIM GEM Debt Fund ended the quarter at a NAV/ share of USD1,106.35 at the end of 4Q20 versus a NAV/share of USD1,006.64 in 3Q20. The Fund gained 9.9% during the quarter versus 6.7% for its benchmark (75% JPM EMBIGD index & 25% JPM GBIEM Global Diversified) over the same period. The Fund returned 8.4% for the year versus 4.7% for the fund's benchmark.



## v. Private Equity

### Education

The Fund's education platform with Gems successfully reopened 2 international schools in September after applying several operational measures and precautions in line with the Ministry of Education guidelines for reopening. National schools are scheduled to reopen in October as per the Ministry of Education's directions.

The education platform 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.

### Healthcare

EFG PE 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 achieving its budget targets, and realizing a full successful turnaround of the Company within 12 months of RxHM taking control of UP. During FY20, UP has successfully secured compliance with Ministry of Health "MoH" best practice GMP guidelines; re-established supply relationships with commercial covering +800 hospitals across Egypt (out of a total market of +1,300 hospitals); gained a market share of +10% despite challenging market conditions (amid the Covid-19 pandemic). A month to month sales growth of +30% was achieved since start of year, with a realized EBITDA margin of c. 30% by December 2020, exceeding several established market peers. RxHM team has successfully concluded a financial restructuring of the Company. In addition to the above UP has undergone 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 (such as anesthetics, and higher value added injectables); synergistic hydro-based products serving the B2C segment; in addition to enhancing focus 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 EGP 1bn, supporting EFG's 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 Review

	KPIs								
	4Q20	4Q20**	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
Number of Active Borrowers*	335	346	322	360	4%	-7%	335	360	-7%
Number of Processed Applications*	96	96	88	94	10%	3%	367	413	-11%
Number of Loans Issued*	82	82	75	81	9%	1%	312	351	-11%
Outstanding Portfolio (EGP mn)	3,009	3,054	2,929	3,199	3%	-6%	3,009	3,199	-6%
Total Number of Employees	5,075	5,075	4,727	4,417	7%	15%	5,075	4,417	15%

\*Numbers in '000

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

Source: Tanmeyah

## Operational Update

## Sales

Tanmeyah's sales picked up in 4Q20, with the number and value of loans issued increasing 9% and 10% Q-o-Q, respectively. This brought sales back to pre-pandemic levels, matching 4Q19 performance. However, overall in FY20, Tanmeyah witnessed a decrease in number and value of loans issued by 11% and 13%, respectively; this was largely attributed to actions witnessed during the Coronavirus outbreak at the end of 1Q20 ranging from government restrictions and mobility constraints in the country to a tightening to the credit policy by the company seen thereafter.

Tanmeyah's partnership with a local micro insurance provider has witnessed a positive response from its client base, with over 103K issuance certificates sold in its branches during 2020, a 10% increase Y-o-Y.

## Branches

Tanmeyah opened 5 new branches in 4Q20, to close the year with a total of 285 branches.

## Collection

Tanmeyah officially piloted its new e-payment channel via Damen across 26 of its branches mid Dec-20. More than 60 collection transactions were made and EGP70 thousand installments collected via Damen Points of Sale in Dec-20. The low Damen activities are due to it being in the pilot phase as the industry adapts to new payment norms.

## Marketing and Advertising Campaigns

Throughout the year, Tanmeyah focused on strengthening its corporate image and increasing its customer base using social media. In mid Dec-20, Tanmeyah launched a 1-month TV and Radio Campaign. Tanmeyah developed a CRM module for its in-house Call Center and outsourced additional call center agents to tackle the higher traffic on its hotline.



## vii. Consumer Finance “valU”

FY20 was a very successful year for valU and a turning point for the company where it has evolved from being a concept validation to a profitable organisation in less than 3 years. In 4Q20, valU acquired its consumer finance license from the FRA, making all of EFG Hermes Group NBFIs operations regulated.

During 4Q20, valU took part in a number of events and campaigns, starting in October, with the annual Le Marche event, which impacted market reach as a result of intensive on-ground communication and strong digital campaigns from both Le Marche and valU. Moreover, in November, valU started its valU Friday campaign, disrupting the market and achieving great figures in terms of transactions and acquisitions.

In addition to valU Friday and Le Marche, in November, valU and CFC collaborated for a Fashion Focus campaign, marketing valU and awarding customers with prizes in the form of ToU balances. valU and CFC also partnered with Huawei on “Extreme Black Friday”, motivating customers to pay with valU and win gifts from Huawei.

Furthermore, valU collaborated with Majid Al Futtaim, offering valU customers an exclusive 10% cashback reward program across all valU vendors inside MAF malls (Mall of Egypt, City Centre Almaza, City Centre Alexandria and City Centre Maadi).

Adding to the list of successful events and campaigns, valU continued its emphases on its partnership with Apple, continuing its 0% interest rate offers throughout the year with Tradeline; topping up the 18 months 0% interest promo with a 0% interest up to 21 months in celebration of 2021.

Continuing to expand our strategic partnerships, valU partnered with New Giza Sports Club, offering the club members the option to pay their club membership renewal fees with 0% interest on 6 months.

In 4Q20, valU continued to expand its merchant network to reach 898 vendors, with a focus on expanding its online business. valU added 18 new online vendors in 4Q20, emphasizing on adding more significant partners such as *Cairo Cart*, *Mazaya* and *Rushbrush* to its network.

### Results at a Glance and Performance Overview

	KPIs								
	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y	BTD
valU App Customers <sup>(1)</sup>	23	21	21	12%	13%	91	59	56%	170
Limits Activated Value(EGP mn)	372	294	250	27%	49%	1,224	559	119%	2,230
Number of Transactions <sup>(1)</sup>	69	50	27	39%	159%	196	55	255%	265
Number of Merchants	898	843	485	7%	85%	898	485	85%	898
Number of Auto Loans	1	7	4	-86%	-75%	13	7	86%	20
Outstanding Portfolio (EGP mn)	832	672	362	24%	130%	832	362	130%	832

(1) Numbers are in thousands  
Source: valU

## App Business

valU's performance continued to improve on a Q-o-Q basis, with the number of transactions and loans issued both growing by 39%. Active merchants increased by 10% Q-o-Q from 402 transacting merchants by the end of 3Q20 to 443 transacting merchants by the end of 4Q20.

Transacting customers increased by 24% Q-o-Q in 4Q20. This was backed by a 60% Q-o-Q boost in online sales, contributing to 25% of 4Q20 transactions from 22% in the previous quarter.

This increase in transactions and loans boosted valU's portfolio outstanding by 26% Q-o-Q to reach EGP788 million with a total of 43 thousand utilized customers. In addition, the Company's WAIR continued to improve on the back of increased interest-bearing transactions.

valU's app business posted a successful year with the Company's KPIs surging on an annual basis during FY20. The number of transactions and value of loans issued both tripled Y-o-Y while the Company added over 400 merchants during 2020. valU concluded FY20 having multiplied its portfolio outstanding by over 2.5x Y-o-Y.

## Non-App Business

BTB outstanding portfolio decreased as valU is currently focusing on the BTC business growth. Only one auto loan transaction was booked during 4Q20 worth EGP1.6 million, closing total BTB bookings at 284 transactions BTB.

### Geographical Presence

4Q20	3Q20	4Q19
Greater Cairo	Greater Cairo	Greater Cairo
Alexandria	Alexandria	Alexandria
Hurghada	Hurghada	Hurghada
Tanta	Tanta	Tanta
Mansoura	Mansoura	Mansoura
Portsaid	Portsaid	
Ismailia	Ismailia	
Assiout		
Monofia		

Source: valU

## viii. Leasing

EFG Hermes Leasing recorded total bookings of EGP777 million in 4Q20, up 286% Y-o-Y and 62% Q-o-Q, a resilient performance amid tough operating environment. The surge in numbers was backed by a number of factors including an aggressive cross selling strategy with internal departments, namely the Investment Banking team to leverage on the long-term relationship with EFG Hermes clients in addition to offering clients bundled financing solutions. This resulted in the execution of 3 large tickets putting leasing back amongst the top 5 in the leasing industry. Additionally, offering both existing and new clients a more dynamic funding structure to tailor for their needs during the pandemic and especially after the end of the CBE moratorium. This included business officers contacting all existing clients to make sure that they are operating smoothly and offering a different structure for those who were still struggling. The team also promoted new business opportunities by offering funding structures to match cash flow need for new clients.

Leasing's performance during 4Q20 took total bookings for the FY20 to EGP2.0 billion and increased the on-books portfolio to EGP4.4 billion, up 44% Y-o-Y and 4% Q-o-Q. It is worth mentioning that at the end of 4Q20, Corp Solutions had 11 active clients utilizing both Factoring and leasing facilities with this number expected to increase in 2021.

## Quarterly Performance

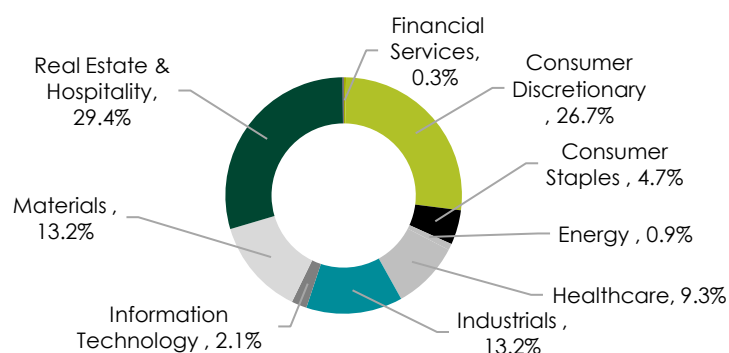
	KPIs							
	4Q20	3Q20	4Q19	Q-o-Q	Y-o-Y	FY20	FY19	Y-o-Y
Number of New Contracts	23	18	35	28%	-34%	77	128	-40%
Total Outstanding Portfolio (EGP mn)	4,739	4,322	3,437	10%	38%	4,739	3,437	38%
On-books Outstanding Portfolio (EGP mn)	4,376	4,220	3,045	4%	44%	4,376	3,045	44%
NFA for New Contracts (EGP mn)	777	480	201	62%	286%	2,041	1,311	56%
Rec. Value of New Contracts (EGP mn)*	1,120	750	281	49%	299%	3,187	1,994	60%

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

Source: EFG Hermes Leasing

Leasing's portfolio distribution by client industry was mostly unchanged Q-o-Q. Real Estate remains the largest contributor to the portfolio triggered by the booking of several big tickets in excess of EGP400 million. Consumer Discretionary remains second, reading 27% and mainly constitutes of Education and Automotive industries; whereby the former included a large ticket to finance a University. Healthcare accordingly witnessed a slight increase Q-o-Q given the high demand on medication during 2020.

## Portfolio Distribution by Client Industry



Source: EFG Hermes Leasing

## Market Share

EFG Hermes held the 4th place ranking in FY20, in terms of contracts booked. Below the ranking released by the FRA.

Ranking		
FY20	Company Name	Market Share (%)
1	BM Lease	17%
2	CorpLease	12%
3	GB Leasing	10%
<b>4</b>	<b>EFG Hermes Leasing</b>	<b>9%</b>
5	Al Ahli Leasing	7%
5	Techno Lease	6%
7	Global Lease	5%
8	UA Finance	5%
9	AT Leasing	5%
10	Cairo Leasing	4%



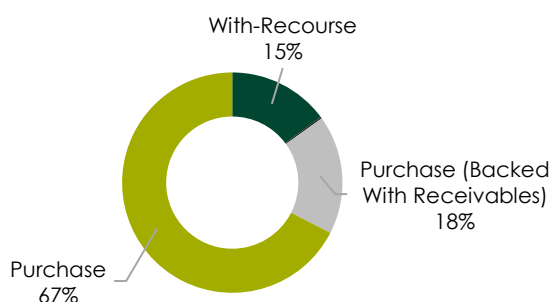
### ix. Factoring

Factoring business witnessed a strong performance in 4Q20, backed by cross selling opportunities post the Leasing and the Factoring businesses merger under EFG Corp-Solutions. This provided Factoring with an edge over its peers and solidified EFG Hermes's footprint in the factoring industry. The team worked on shortening the internal workflow cycle when addressing clients, leading to a more efficient turnaround time through leveraging on the benefit of merger.

The factoring portfolio more than doubled in FY20, reaching EGP819 million at the end of the year, up from EGP369 million at the end of the FY19. Moreover, despite the short-term nature of the business and after clients resuming their settlements post the FRA 6 months grace period, Factoring managed to grow its portfolio by 57% over the fourth quarter of the year.

The average spreads in EGP increased Y-o-Y in FY20; mainly driven by an increase in the number of clients with better pricing terms, as the division diversified its portfolio more towards SME clients.

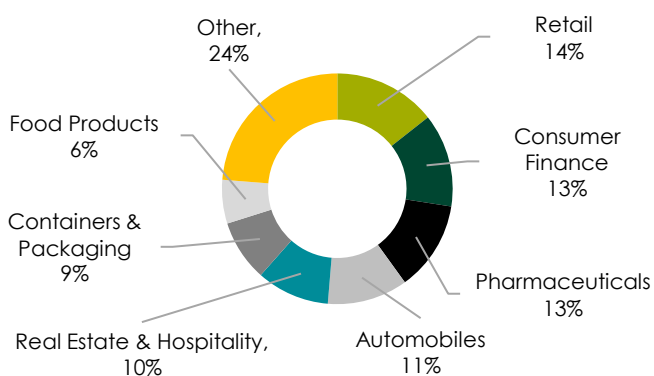
#### Portfolio Analysis



Source: EFG Hermes Factoring

The majority of Factoring's portfolio is concentrated in its Purchase product, representing a combined 85% of the total portfolio. It is worth highlighting that 18% of the portfolio is secured by client cash flows or receivables, minimizing risk substantially. As of 4Q20, 91% of Factoring's portfolio is denominated in EGP, while the remaining 9% is split across different foreign currencies.

#### Portfolio Breakdown



Source: EFG Hermes Factoring





### Market Share

The Factoring business line succeeded in capturing a market share of 14% during FY20; with the 4<sup>th</sup> place ranking.

FY20	Ranking	
	Company Name	Market Share (%)
1	Egypt Factors	23%
2	Drive Factoring	18%
3	QNB Factoring	16%
<b>4</b>	<b>EFG Hermes Factoring</b>	<b>14%</b>
5	Global Factoring	8%
5	Contact	6%
7	BM Factoring	5%
8	Techno Factoring	5%
9	MLF Factoring	3%
10	Tamweel Factoring	1%

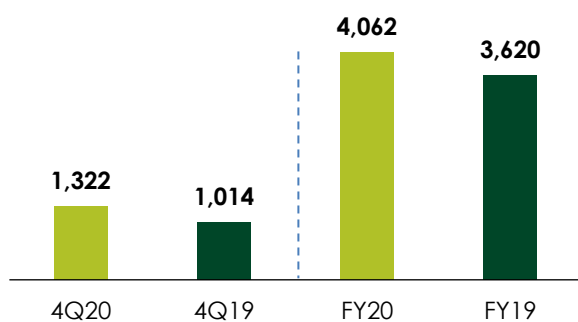
## ANNEX

### Contribution by Platform

#### Revenues

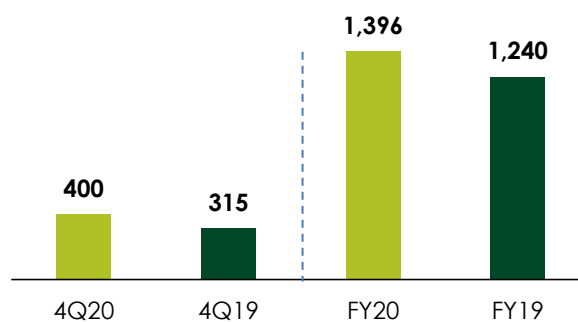
##### Investment Bank

In EGP Million



##### NBFIs

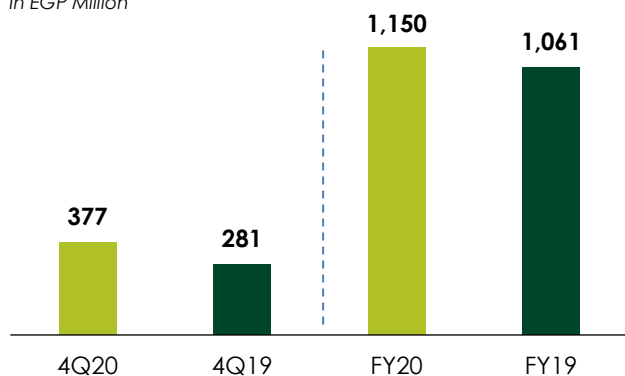
In EGP Million



#### NPAT

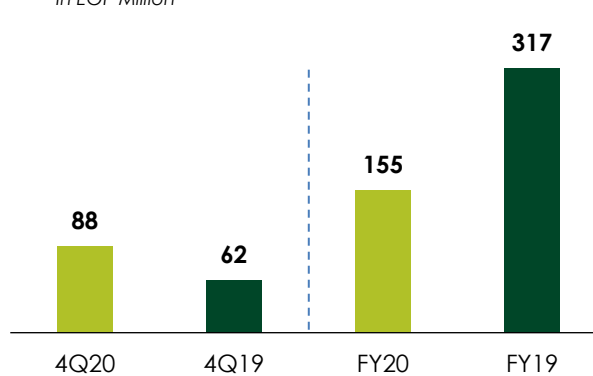
##### Investment Bank

In EGP Million



##### NBFIs

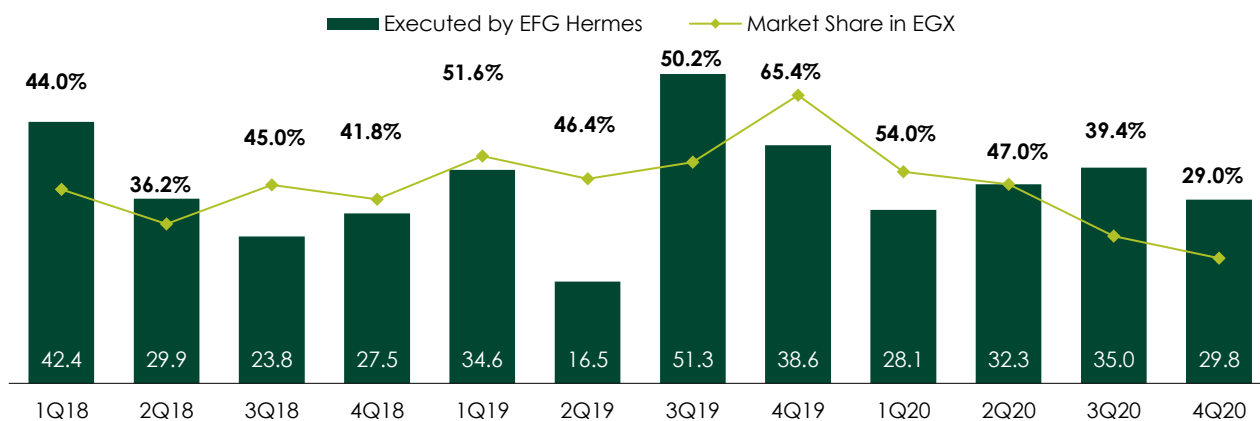
In EGP Million



## EFG Hermes Executions & Market Shares

### Egypt\*:

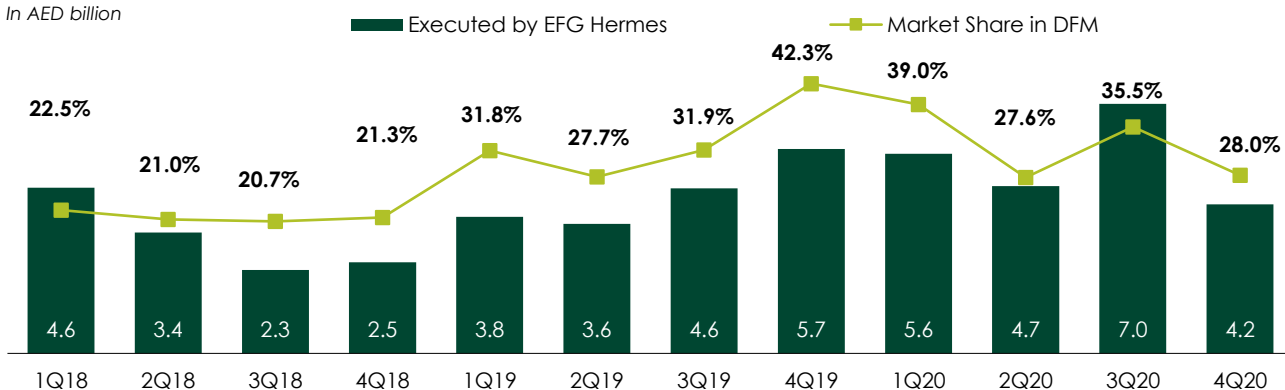
In EGP billion



\*Market share calculation includes special transactions

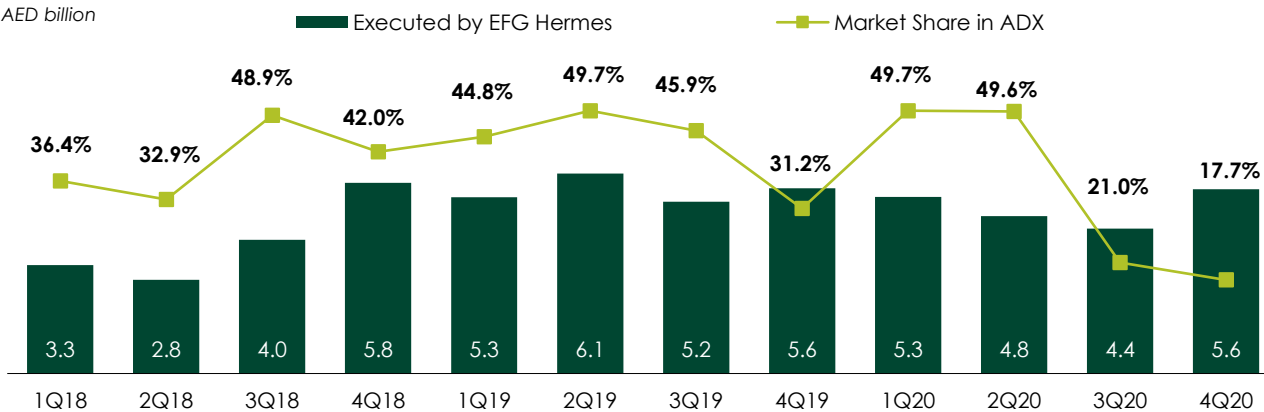
### UAE- DFM

In AED billion



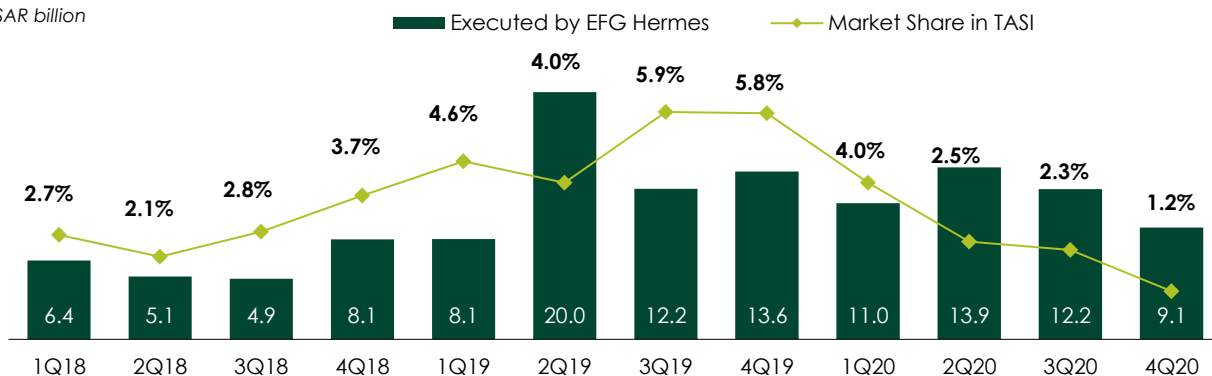
### UAE – Abu Dhabi

In AED billion



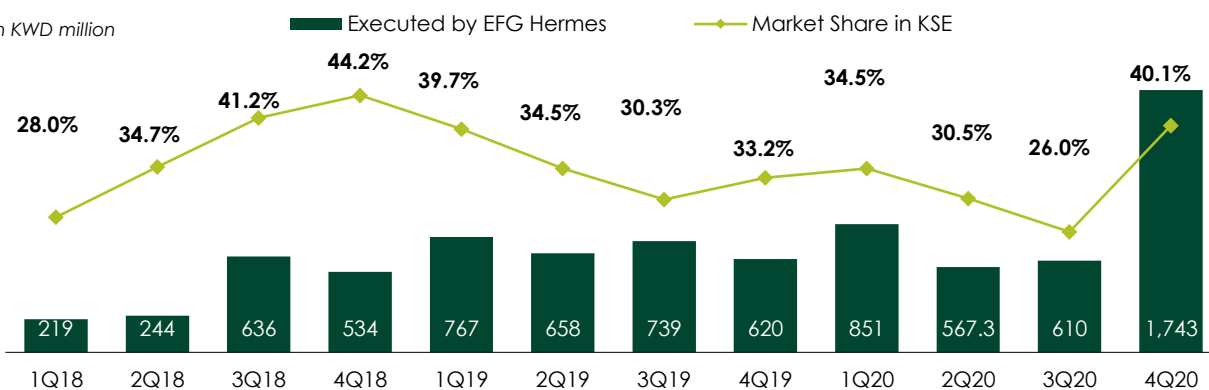
### KSA

In SAR billion



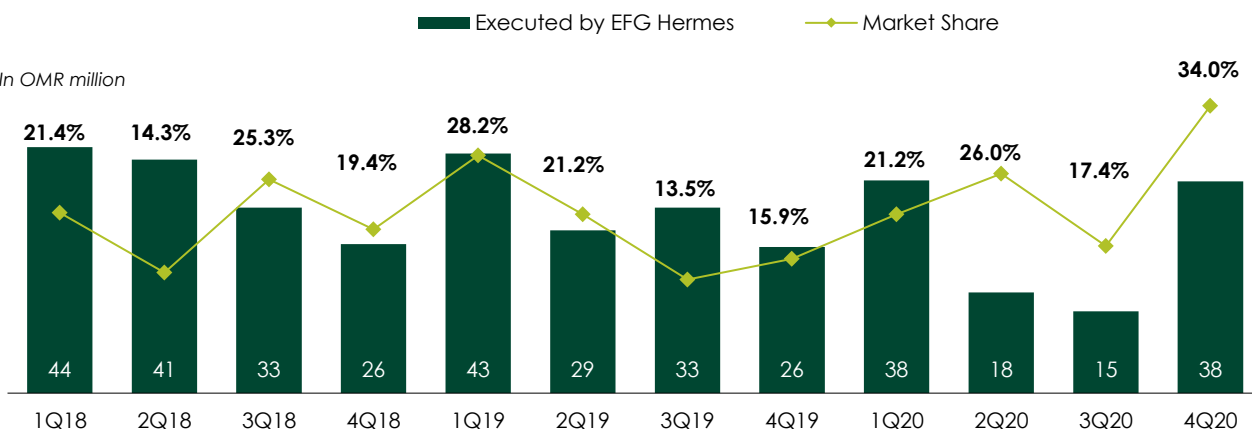
### Kuwait

In KWD million



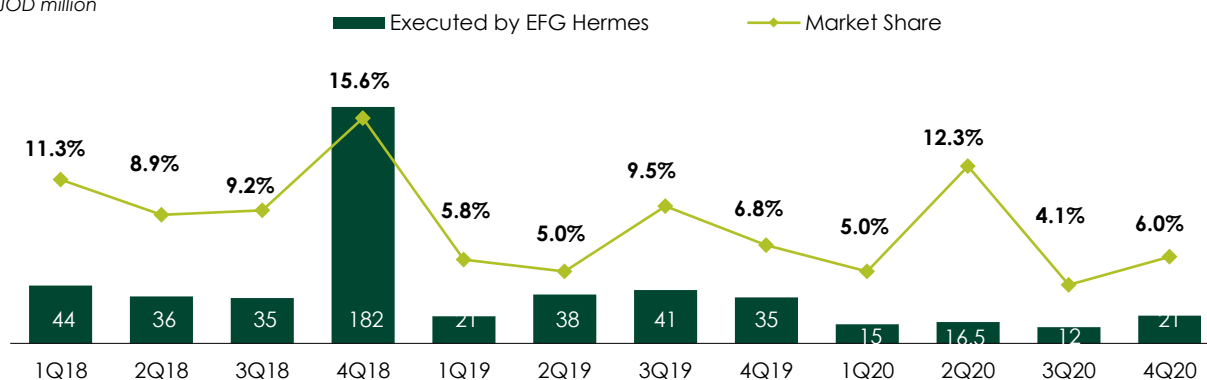
### Oman

In OMR million



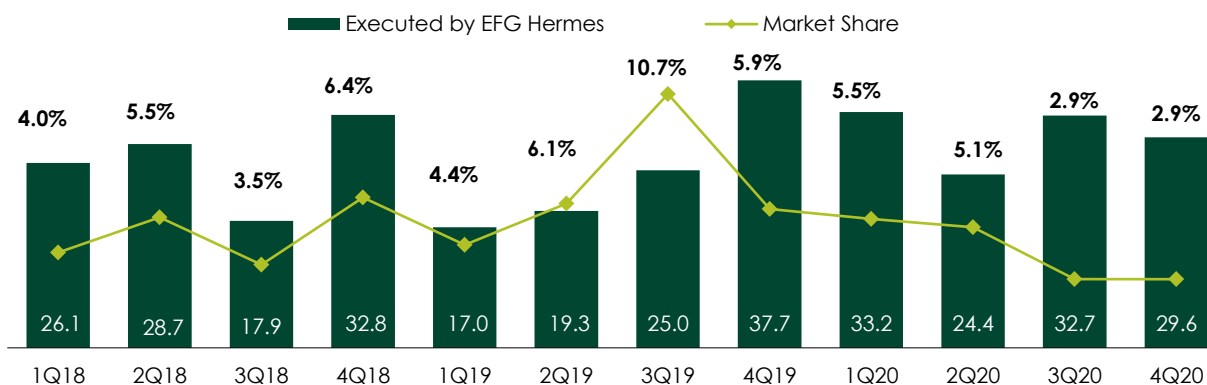
### Jordan

In JOD million



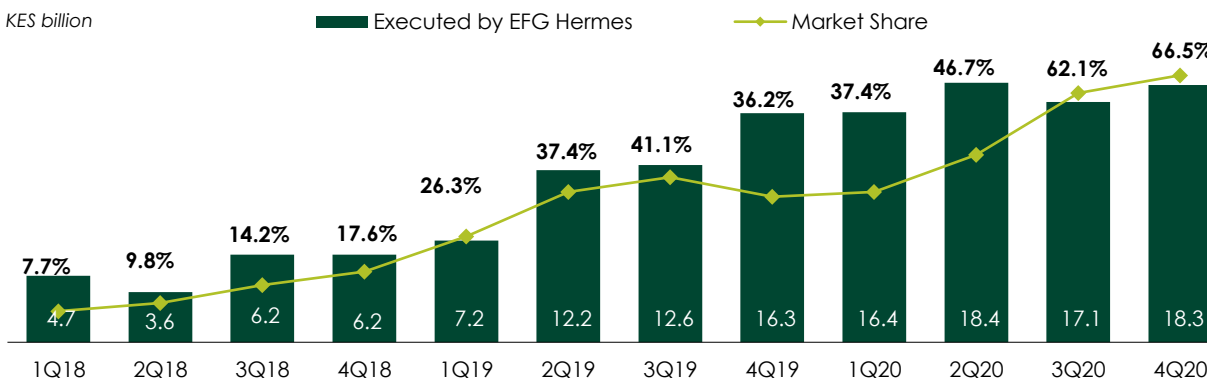
### Pakistan

In PKR billion



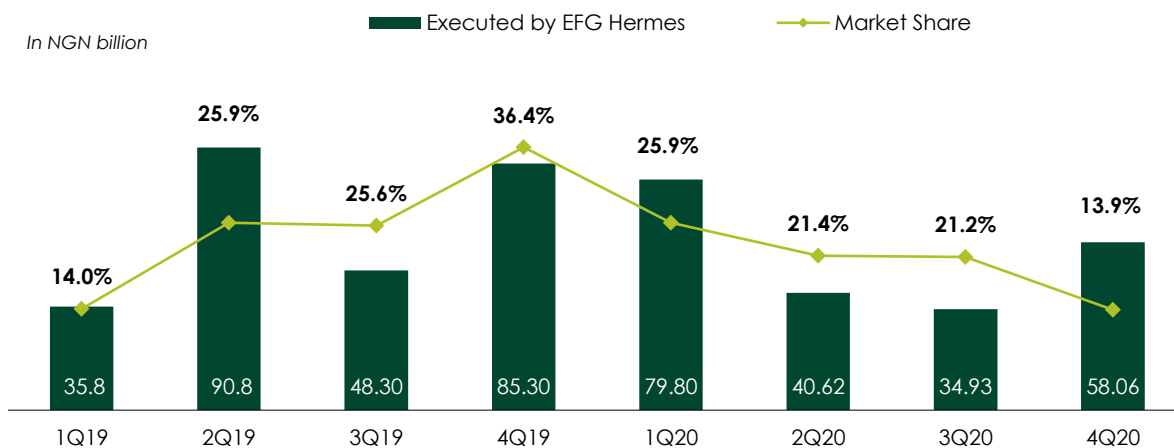
### Kenya

In KES billion





**Nigeria**



## Disclaimer

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In this earnings release, EFG Hermes may make forward looking statements, including, for example, statements about future new product launches, future fund raising, investment banking transactions, private equity exits, non-bank finance business outlook and the overall business strategy of the firm. Such forward looking statements by their nature may involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. Examples may include financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions; and the effect of current, pending and future legislation, regulations and regulatory actions. Furthermore, forward looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue. EFG Hermes does not undertake any obligation to update or revise any forward looking statements.

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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

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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

Bloomberg page: EFGH

Reuters pages: .EFGS .HRMS .EFGI .HFISMCAP .HFIDOM

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