

EFG Hermes, GB Auto to acquire majority stake in life insurance player Tokio Marine Egypt Family Takaful

The partnership will capitalize on the growing demand for insurance offerings in Egypt and the synergies inherent in the business models of both the NBFIs heavyweights

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(Cairo, Egypt) — EFG Hermes (through its NBFIs arm EFG Hermes Finance Holding) and GB Auto (through its NBFIs arm GB Capital) announced today their entry into a definitive sale and purchase agreement (SPA) to acquire a 75% stake in life insurance player Tokio Marine Egypt Family Takaful in a deal worth EGP 84.75 million. Under the agreement, which is subject to regulatory approval, EFG Hermes Finance and GB Capital will each own 37.5% of the company.

Tokio Marine Egypt Family Takaful is owned by Japan-based Tokio Marine Group, a world-renowned leader in insurance and reinsurance and the largest general insurer in Japan. The company offers individual and corporate clients a variety of solutions covering health and life insurance needs.

Dr. Raouf Ghabbour, Chairman and CEO of GB Auto (AUTO on the EGX) commented:

“We know the Egyptian life insurance industry is primed for growth, with significant untapped potential for rapid and profitable expansion. Given these promising conditions, we have decided to grow our business in this lucrative space while enhancing the sophistication and size of the market to the benefit of all players. We are honored to partner with EFG Hermes and Tokio Marine Group and are confident that our new relationship represents the natural progression of our already established, expansive and fast-growing NBFIs portfolio of offerings in the leasing, consumer finance, factoring, micro finance, mortgage finance, securitization and fleet-leasing arenas.”

Commenting on the agreement, Karim Awad, Group CEO of EFG Hermes Holding (HRHO on the EGX) said, “The Egyptian insurance market is largely under-penetrated compared to its potential, with premiums as a percentage to GDP still in the single digits. Thanks to an improving economic outlook, capital regulations focused on insurance penetration, and wider financial inclusion, Egypt’s insurance industry is poised for substantial growth in line with the kind of growth anticipated for other emerging markets. As such, this partnership not only comes at the perfect time, but falls perfectly in line with our strategy to continue expanding our NBFIs offering. Our NBFIs footprint today encompasses leasing, microfinance, fintech-enabled consumer finance, mortgage finance, factoring and securitization. We can think of no better partner with whom to move forward on this than GB Capital and Tokio Marine Group.”

The partnership will see EFG Hermes Finance and GB Auto work together with Tokio Marine Group to develop and enhance Tokio Marine Egypt Family Takaful’s life insurance offering. It will add innovative products to establish a comprehensive suite of life and medical insurance





solutions geared toward owners of various asset classes — be they automotive owners, home-owners or otherwise — to capitalize on cross selling opportunities within both EFG Hermes Finance and GB Auto’s NBFI portfolios.

EFG Hermes Finance and GB Auto bring to the table unique capabilities in the NBFI market, capitalizing on their market strength and extensive experience both individually and as partners in the mortgage finance space. In April, EFG Hermes Finance, GB Auto, and TMG Group entered into an agreement to create Bedaya, a mortgage finance joint venture serving Egypt’s large, growing population of homebuyers.

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About EFG Hermes Holding

With a current footprint spanning thirteen countries across four continents, EFG Hermes started in Egypt and has grown over 30 years of success to become a leading financial services corporation with access to emerging and frontier markets. Drawing on our proven track-record and a team of more than 4,400 talented employees, we provide a wide spectrum of financial services that include investment banking, asset management, securities brokerage, research and private equity to the entire MENA region. In 2015, EFG Hermes launched the NBFI Platform, EFG Hermes Finance, which will overlook activities in the non-banking finance field through EFG Hermes Leasing, Tanmeyah Microfinance, valU for instalment sale services, EFG Hermes Factoring and Bedaya for Mortgage Services. This falls in line with the Firm’s strategy to focus on two main pillars: product diversification and geographic expansion into new promising markets, which has seen the firm establish a physical presence in Pakistan, Kenya, Bangladesh, Nigeria, the United Kingdom, the United States and Vietnam.

For further information about EFG Hermes, please visit www.efghermes.com and stay connected with us:    

About GB Auto S.A.E. is a leading automotive company in the Middle East and non-bank financial services provider in Egypt. Across six primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, After-Sales, and Iraqi operations — the company’s main business activities include assembly, manufacturing, sales and distribution, financing and after-sales services. GB Auto’s portfolio of brands includes Hyundai, Mazda, Geely, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Sinotruk, Aksa, Lassa, Yokohama, Pirelli, Westlake, Double Coin, Doublestar, Verde, Techking, and Gazpromneft GB Auto has operations in Egypt and Iraq. The Company’s NBFS’ segment branded GB Capital offers leasing, consumer finance, microfinance and fleet quasi-operational leasing under the following

brands: GB Lease, Mashroey, Drive, Tasaheel and Haram. The company is headquartered in Giza, Greater Cairo Area, Egypt.

About Tokio Marine Egypt Family Takaful

Established in 2008 Tokio Marine Egypt Family Takaful has provided individual and corporate clients with a broad suite of Sharia-compliant life insurance products. Tokio Marine Egypt Family Takaful is a fully owned subsidiary of Tokio Marine Group, Japan's premier insurance company.

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Note on Forward-Looking Statements

In this press release, EFG Hermes Holding and GB Auto (jointly and separately, "the Partners") may make forward looking statements, including, for example, statements about management's expectations, strategic objectives, growth opportunities and business prospects. These forward-looking statements are not historical facts but instead represent only EFG Hermes' belief regarding future events, many of which, by their nature are inherently uncertain and are beyond management's control and include among others, 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. Accordingly, the readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made.