

EFG HERMES REPORTS THIRD QUARTER 2015 GROUP EARNINGS OF EGP120 MILLION; ON TOTAL OPERATING REVENUES OF EGP668 MILLION

Cairo, November 11th, 2015 – EFG Hermes reported today Group net profit after tax and minority interest of EGP120 million in 3Q15, up 19% Y-o-Y. Total assets stood at EGP89 billion at the end of 3Q15.

Key Highlights

3Q2015

- ≡ The Group reported a strong set of results, with top line growth filtering into Group net profit after tax and minority interest (“NPAT”) of EGP120 million, up 19% Y-o-Y in 3Q15.
- ≡ The Group managed to protect its margins albeit turbulent operating environment, maintaining its net operating profit margin above the 40% mark, at 41% in 3Q15.
- ≡ With a well-managed operating platform functioning in very difficult capital market conditions, the Investment Bank results showed resilience, as the Investment Bank delivered an operating revenue of EGP228 million in 3Q15, marginally down 3% Y-o-Y. This translates into a NPAT of EGP40 million, down 7% Y-o-Y in 3Q15.
- ≡ Of the fee and commission revenue, Investment Banking division continued to grow its revenues up 22% Y-o-Y to EGP50 million in 3Q15, asserting its leadership position in its home market. Brokerage revenue declined 25% to EGP68 million, as volumes contracted across all operating markets, however it maintained its strong market share and ranking across the Region. Asset Management revenue declined 10% Y-o-Y to EGP45 million in 3Q15 on lower performance fees. Private Equity revenue was broadly flat, slipping 1% to EGP23 million in 3Q15.
- ≡ The Investment Bank operating expenses changing slightly Y-o-Y, as management diligently manages expenses, maintaining a lean and flexible cost structure in a sustainable fashion. The Investment Bank operating expenses came at EGP155 million, up 4% Y-o-Y in 3Q15, despite upward pressure from headcount expansion of 6% Y-o-Y, local currency (EGP) depreciation, and inflationary pressures.
- ≡ Credit Libanais posted a net profit after tax of USD18.4 million, up 2% Y-o-Y in 3Q15; results were supported by healthy growth in total banking income, contained expenses, yet muted by higher provisions Y-o-Y.

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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

I. FINANCIAL PERFORMANCE
i. Group Financial Performance

<i>in EGP millions</i>	Group Financial Highlights							
	3Q15	2Q15	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Group Operating Revenue	668	629	585	6%	14%	1,908	1,908	0%
Investment Bank	228	259	234	-12%	-3%	731	922	-21%
Commercial Bank	440	371	350	19%	26%	1,177	986	19%
Group Operating Expenses	395	372	352	6%	12%	1,128	1,111	2%
Investment Bank	155	174	149	-11%	4%	486	530	-8%
Commercial Bank	240	198	202	21%	19%	642	581	11%
Group Net Operating Profit	273	257	233	6%	17%	780	797	-2%
Investment Bank	73	84	85	-13%	-14%	245	392	-38%
Commercial Bank	200	173	148	16%	35%	535	405	32%
Group Net Operating Margin	41%	41%	40%			41%	42%	
Investment Bank	32%	33%	36%			33%	43%	
Commercial Bank	45%	47%	42%			45%	41%	
Group Net Profit After Tax & Minority Interest	120	125	100	-5%	19%	381	407	-6%
Investment Bank	40	49	43	-19%	-7%	156	250	-38%
Commercial Bank	80	76	57	5%	39%	225	157	43%

Source: EFG Hermes Management Accounts

The Group reported a strong set of results, boosted by higher revenues Y-o-Y that filtered into stronger operating and net profit figures. The Group reported a net profit after tax and minority interest ("NPAT") of EGP120 million, up 19% Y-o-Y in 3Q15, driven by the Commercial Bank reporting a NPAT of EGP80 million, up 39% Y-o-Y in 3Q15. Meanwhile, the Investment Bank delivered a NPAT of EGP40 million in 3Q15, down 7% Y-o-Y. The Commercial Bank generated 67% of the Group's net profit, while the Investment Bank generated the remaining 33%.

On the operational level, the Group reported a net operating profit of EGP273 million, up 17% Y-o-Y in 3Q15; supported by higher revenue generated from the Commercial Bank. Operating margins were maintained above the 40% in 3Q15, at 41%.

In 9M15, the Group reported a NPAT of EGP381 million, down 6% Y-o-Y. However, the 9M14 included EGP97 million of capital gain related to SODIC's stake sale, if we exclude this one-off gain, the Group's NPAT would be up 23% Y-o-Y. The Commercial Bank generated 59% of the Group's net profit, while the Investment Bank generated the remaining 41% in the 9M15.

ii. Investment Bank Financial Performance

<i>in EGP millions</i>	Investment Bank Financial Highlights							
	3Q15	2Q15	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Total Operating Revenue	228	259	234	-12%	-3%	731	922	-21%
Total Operating Expenses	155	174	149	-11%	4%	486	530	-8%
Net Operating Profit	73	84	85	-13%	-14%	245	392	-38%
Net Operating Margin	32%	33%	36%			33%	43%	
Net Profit After Tax & Minority Interest	40	49	43	-19%	-7%	156	250	-38%

Source: EFG Hermes Management Accounts

The Investment Bank reported a net profit after tax and minority interest of EGP40 million, down 7% Y-o-Y in 3Q15. Revenue slipped 3% Y-o-Y to EGP228 million and operating expenses increased slightly 4% Y-o-Y to EGP155 million, a decent performance given the very difficult market conditions.

After normalizing the net profit after tax and minority interest by adjusting for the one-off gain of EGP97 million related to the sale of SODIC's stake in 9M14, the Investment Bank NPAT would be marginally up 2% Y-o-Y in 9M15; primarily supported by the Investment Bank flexible cost structure.

<i>in EGP million</i>	Investment Bank Revenue							
	3Q15	2Q15	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Brokerage	68	100	91	-32%	-25%	252	343	-27%
Egypt	40	59	51	-32%	-22%	149	186	-20%
Regional	28	41	40	-31%	-29%	103	156	-34%
Asset Management	45	33	50	34%	-10%	116	163	-29%
Egypt	12	8	15	45%	-16%	30	55	-46%
Regional	33	25	35	30%	-8%	87	108	-20%
Investment Banking	50	72	41	-31%	22%	149	96	55%
Egypt	49	72	9	-32%	428%	128	38	242%
Regional	0	0	31	N/R	N/R	21	59	-65%
Private Equity (Egypt)	23	27	24	-13%	-1%	74	80	-7%
Leasing	7	2	-	266%	N/R	8	-	N/R
Capital Markets & Treasury Operations	35	24	29	44%	22%	132	241	-45%
Total Operating Revenue	228	259	234	-12%	-3%	731	922	-21%

*Brokerage revenue highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

The Investment Bank operating revenue declined marginally, down 3% Y-o-Y to EGP228 million in 3Q15. Despite very weak markets, revenue from core operations, namely fee and commission revenue, slipped only 6% Y-o-Y to EGP193 million. Fee and commission revenue represented 85% of the total Investment Bank operating revenue, while capital markets & treasury operations represented the remaining 15%. Moreover, Egypt operations generated 68% of fees and commissions, while the region represented the remaining 32%.

Fee and commission revenue declined 6% Y-o-Y to EGP193 million in 3Q15, supported by higher revenue generated from the Investment Banking division which failed to mitigate lower Brokerage and Asset management revenues. Private Equity revenue was broadly stable Y-o-Y in 3Q15.

Investment Banking revenue rose 22% Y-o-Y to EGP50 million on higher advisory fees in 3Q15. The newly launched Leasing business, reported EGP7 million in revenues over the same period. On the other hand, Brokerage revenue declined 25% Y-o-Y to EGP68 million, primarily on lower commissions as volumes declined across our operating platform. Asset Management revenue lost 10% Y-o-Y to EGP45 million on lower performance fees, and Private Equity revenue slipped 1% Y-o-Y to EGP23 million. Capital markets and treasury operations revenue rose 22% Y-o-Y to EGP35 million in 3Q15 on fx-gains as the EGP devaluated against the USD during 3Q15.

For the 9M15, the Investment Bank revenue declined 21% Y-o-Y to EGP731 million, however, if we exclude the one-off gain of EGP97 million related to SODIC's stake sale, revenue would be down 11% Y-o-Y. The decline in revenue is attributed to fee and commission revenue (82% of the total revenue) falling 12% Y-o-Y and to capital markets & treasury operations (excluding the one-off) losing 8% Y-o-Y.

Egypt operations generated 65% of fees and commissions in 9M15 versus 53% a year earlier, while the regional operations represented 35% from 47% in 9M14. The increase in revenue generated from the Egyptian operation reflects primarily the increase in the Investment Banking revenue generated from Egypt on the back of Egyptian companies IPOs and equity raising transactions.

The Investment Banking revenue rose 55% Y-o-Y to EGP149 million in 9M15, on higher advisory fees generated from Egypt operations. Brokerage revenue fell 27% Y-o-Y to EGP252 million, mainly on lower commission as volumes contracted. Asset Management revenue declined 29% Y-o-Y to EGP116 million on lower incentive fees, and Private Equity revenue weakened 7% Y-o-Y to EGP74 million on lower management fees.

Capital markets & treasury operations revenue (excluding the one-off gain) declined 8% Y-o-Y to EGP132 million in 9M15, as 9M14 included gains realized from the sale of investments that inflated the comparable period.

iii. Investment Bank Operating Expenses

<i>in EGP millions</i>	Investment Bank Operating Expenses							
	3Q15	2Q15	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Employee Expenses	107	125	103	-14%	4%	344	399	-14%
Employee Expenses/Operating Revenue	47%	48%	44%			47%	43%	
Employee Expenses/Operating Expenses	69%	72%	69%			71%	75%	
Number of Employees	869	862	817	1%	6%	869	817	6%
Other Operating Expenses	48	49	46	-3%	4%	143	131	8%
Other Operating Expenses/Operating Revenue	21%	19%	20%			19%	14%	
Other Operating Expenses/Operating Expenses	31%	28%	31%			29%	25%	
Total Operating Expenses	155	174	149	-11%	4%	486	530	-8%

Source: EFG Hermes Management Accounts

Total operating expenses rose a mere 4% Y-o-Y to EGP155 million in 3Q15, with employee expenses and other operating expenses, each increasing 4% Y-o-Y. However, employee expenses/operating revenue came below the 50%, at 47%.

Employee expenses increase was limited to 4% Y-o-Y, coming at EGP107 million in 3Q15 as management successfully reached a lean cost structure that can weather the upward pressure on expenses (including inflationary pressures and Egyptian currency devaluation) and support business expansion. It is important to highlight that the number of employees rose 6% Y-o-Y mainly on new Leasing business hires. Additionally, further EGP depreciation in 3Q15 took its toll as a significant portion of the employee expenses is denominated in USD pegged currencies.

Other operating expenses marginally increased, up 4% Y-o-Y to EGP48 million in 3Q15. Of which, occupancy expenses increased 9% Y-o-Y to EGP11 million, due to higher utility expenses as electricity and water prices Y-o-Y. Office expenses rose 6% Y-o-Y to EGP4 million, data communication expenses gained 8% Y-o-Y to EGP8 million, and promotional and advertising expenses increased 63% Y-o-Y to EGP6 million on higher costs related to events planning/ sponsoring and on price inflation. Travel expenses were broadly flat, up 1% Y-o-Y to EGP3 million. On the other hand, consultancy and service fees declined 5% Y-o-Y to EGP10 million, telephone/fax/mobile expenses decreased 14% Y-o-Y to EGP2 million, and general expenses dropped 35% Y-o-Y to EGP3 million.

For the 9M15, operating expenses declined 8% Y-o-Y to EGP486 million as employee expenses contracted. The decline in employee expenses maps the management strategy of linking revenue to compensation, with employee expenses decreasing 14% Y-o-Y to EGP344 million. Other operating expenses rose 8% Y-o-Y to EGP143 million in 9M15; largely on more events planning/sponsoring and on price inflation Y-o-Y.

II. OPERATIONAL PERFORMANCE

i. Brokerage

The Firm’s Brokerage market shares and ranking remained solid in 3Q15; however, liquidity dried up in most of the markets where we operate. Third quarter was an exceptionally weak quarter for capital markets given: (i) seasonally slower activity occurring in the summer months and the Holy month of Ramadan; (ii) prevailing environment of low oil prices; (iii) weak Marco-economic outlook globally and regionally; and (iv) political upheaval in the Region. All this combined resulted in the MENA markets’ witnessing subdued performance and shrinking volumes, which on an aggregate basis, almost halved Y-o-Y.

Reflecting the above, EFG Hermes Brokerage executions weakened Q-o-Q and Y-o-Y, down 30% and 28%, respectively, to USD6.8 billion in 3Q15, and down 32% Y-o-Y to USD24.3 billion in 9M15. This translates into lower Brokerage revenue from different operations, with revenue declining 32% Q-o-Q and 25% Y-o-Y to EGP68 million in 3Q15, and 27% Y-o-Y to EGP252 million in 9M15.

Brokerage Revenue								
<i>in EGP millions</i>	3Q15	2Q15	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Egypt	40	59	51	-32%	-22%	149	186	-20%
UAE	17	22	23	-24%	-25%	58	99	-42%
KSA	3	5	7	-42%	-59%	12	17	-28%
Oman	2	4	3	-39%	-21%	9	11	-13%
Kuwait	4	7	6	-46%	-35%	17	24	-28%
Jordan	2	2	1	-12%	59%	6	5	20%
Total Revenue	68	100	91	-32%	-25%	252	343	-27%

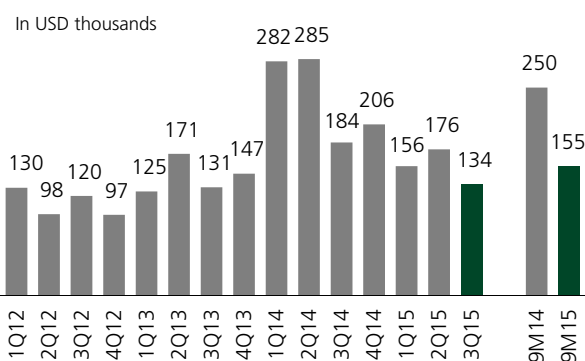
*Revenue highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

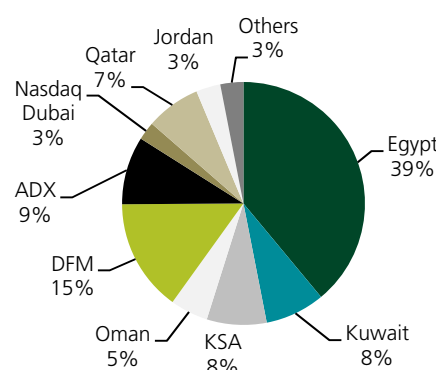
In terms of pure market commissions, Egyptian equities continued to be the largest contributor to the commission pool, representing 39%; commissions generated from the DFM, which represented 15%, followed this. Commissions’ contribution from each of KSA, Kuwait and ADX operations to the total pool were in the range of 8%/ 9%.

With contracting volumes across all markets of operations, average daily commissions declined in 3Q15 by 24% Q-o-Q and 27% Y-o-Y to USD134 thousand. For 9M15, average daily commissions declined 38% Y-o-Y to USD155 thousand, largely on lower Y-o-Y commissions from our two main markets EGX and DFM.

Average Daily Commissions



Commissions Breakdown by Market



*Based on 3Q15 figures

<i>in USD million</i>	Brokerage Market Share & Executions							
	3Q15	2Q15	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Egypt								
Market share	31.4%	32.5%	25.6%	-1.0%	5.8%	30.4%	27.4%	3.0%
Executions	1,269	1,871	1,843	-32.2%	-31.2%	4,806	7,548	-36.3%
UAE - DFM								
Market share	17.3%	12.0%	11.1%	5.3%	6.3%	13.8%	11.0%	2.8%
Executions	1,360	2,124	2,361	-36.0%	-42.4%	4,957	9,415	-47.4%
UAE - ADX								
Market share	27.1%	24.4%	19.9%	2.7%	7.2%	25.3%	16.5%	8.8%
Executions	1,030	1,140	1,035	-9.7%	-0.5%	3,080	5,576	-44.8%
UAE - Nasdaq Dubai								
Market share	49.0%	38.1%	38.5%	10.9%	10.5%	46.8%	37.6%	9.2%
Executions	278	246	144	13.2%	93.1%	975	838	16.3%
KSA								
Market share	1.3%	1.1%	1.1%	0.2%	0.2%	1.1%	0.9%	0.2%
Executions	968	1,354	1,486	-28.5%	-34.8%	3,733	3,818	-2.2%
Kuwait								
Market share	27.8%	28.1%	25.8%	-0.3%	2.0%	26.5%	26.4%	0.1%
Executions	705	1,048	1,128	-32.7%	-37.5%	2,862	4,348	-34.2%
Oman								
Market share	30.0%	30.4%	21.9%	-0.4%	8.1%	25.8%	18.4%	7.4%
Executions	186	233	234	-20.2%	-20.5%	632	811	-22.1%
Jordan								
Market share	5.3%	11.3%	9.9%	-6.0%	-4.6%	7.4%	9.2%	-1.9%
Executions	82	106	54	-22.7%	51.1%	250	221	12.8%

*Executions in Qatar, Bahrain, Morocco and Lebanon represent an additional 14% of total Brokerage executions in 3Q15 and 12% in 9M15.

Source: EFG Hermes and Regional Exchanges

Egypt: Egypt Brokerage managed to keep its market share above the 30% mark for a second quarter and for the 9M15, reaching 31.4% and 30.4% (excluding special transactions), respectively. However, the market index "HFI" retreated 12% Q-o-Q and volumes contracted 12% Q-o-Q. Moreover, EFG Hermes Brokerage maintained its leadership position with a #1 ranking in 3Q15 and 9M15; and with total executions 49% higher than the following broker in 3Q15. In addition, EFG Hermes successfully captured 60% of foreign participation in 3Q15 and captured 22% of the retail business, in a market largely dominated by retail investors.

EFG Hermes concluded the largest MENA-centric investor conference in London; the event saw over 3000 face-to-face meetings between 250 buy-side institutional investors, representing 117 international financial institutions, and senior management from 90 top-listed MENA companies.

UAE – Dubai: EFG Hermes market share and ranking advanced sharply in 3Q15, with the Firm's market share reaching 17.3% in 3Q15 from 12.0% a quarter earlier, thus lifting its ranking to second place in 3Q15 versus a fifth place in 2Q15. This improvement came on the back of higher institutional clients' executions and despite lower volumes as the market turnover fell 56% Q-o-Q and the DFMGI lost 12% Q-o-Q. The institutional business market share advanced to 13.7% in 3Q15 up from 7.3% in 2Q15, while the HNWI inflow declined to 0.6% from 1.8%, and the retail business came broadly unchanged at 2.4% versus 2.2% a quarter earlier.

UAE – ADX: Boosted by institutional business, EFG Hermes market share on the ADX continued to improve, reaching 27.1% in 3Q15 versus 24.4% in 2Q15; with a top ranking for a second quarter and for the 9M15. However, ADI slipped 5% Q-o-Q and volumes declined 18% Q-o-Q.

The Institutional business market share advanced to 25.3% in 3Q15 versus 22.4% in 2Q15, while the HNW inflow declined to 0.2% versus 0.7%, and the retail business market share came flat at 1.3% over the same period. This was mainly on the back of frequent volatility in emerging tracker funds as foreign activity in the UAE followed Global markets' trend. Meanwhile, the retail and HNW activity slowed down in 3Q15 largely due to the Summer holidays, and with the Holy month of Ramadan falling during the quarter.

UAE – Nasdaq Dubai: EFG Hermes brokerage managed to execute almost half of Nasdaq Dubai's volume, with the Firm's market share reaching 49.0% in 3Q15 up from 38.1% in 2Q15; and consequently maintains its first place ranking in 3Q15.

Saudi Arabia: EFG Hermes KSA market share continued to increase, rising to 1.3% in 3Q15 from 1.1% a quarter earlier, with a first place ranking among foreign brokerage firms. The market continued to be dominated by retail investors whereas the percentage of foreign institutions participation via participatory notes did not exceed an average of 2% in 3Q15 and the QFI participation was less than 1% of the market turnover.

The Tadawul All Share Index (TASI) declined 19% Q-o-Q and volumes fell 41% Q-o-Q; reflecting a very slow quarter given that the summer season coinciding this year with the Holy month of Ramadan and the Haj, all falling in 3Q.

EFG Hermes Saudi continues to focus its efforts on targeting: (i) Saudi HNW clients, to expand its client base as they represent around 90% of the market activity; (ii) GCC HNW and Institutional clients who seek a one-stop shop in the MENA region; and (iii) QFI clients who now can trade the Saudi market.

Kuwait: The Firm's market share changed marginally, coming at 27.8% in 3Q15 from 28.1% in 2Q15; thus maintaining its first place ranking in 3Q15. This was supported by increased clients' acquisition locally as well as capturing a significant portion of foreign institutional investors flow into Kuwait.

Meanwhile, the KSE Index lost 8% Q-o-Q and volumes declined 29% Q-o-Q, as investors continued to adopt a wait and see strategy; this in addition to third quarter being seasonally a slow quarter.

The Firm continues to work diligently to make use of its new Iphone & Ipad online trading applications that have started to show effect on client acquisitions. The Firm is well positioned to continue growing its market share given the healthy mix of its client base that ranges between local and foreign institutions as well as local retail and HNW clients in addition to its online trading platform.

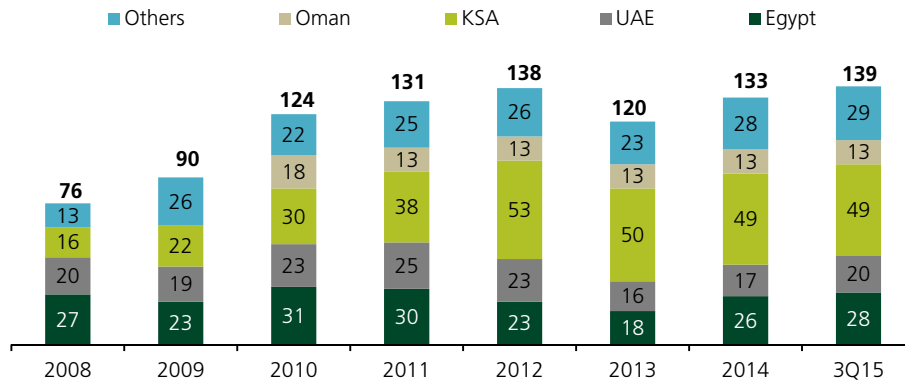
Oman: EFG Hermes Oman market share remained strong in 3Q15, coming at 30.0% from 30.4% in 2Q15, to reflect a second place ranking in 3Q15. However, the Muscat Securities Index (MSM30) lost 10% Q-o-Q; and turnover declined 14% Q-o-Q in 3Q15, as the market remained volatile amid low oil prices. Local institutions supported the market, foreign and GCC institutions were net sellers, and HNW and retail Investors remained speculators on small-cap stocks.

Jordan: EFG Hermes market share declined to 5.3% in 3Q15 from 11.3% in 2Q15. This represents a ninth place ranking in 3Q15. The decline in market share came as the quarter included large sized crosses taking place in July, in addition to an exceptionally strong comparative quarter (2Q).

The Index inched down 3% Q-o-Q, while volumes increased 15% Q-o-Q on the back of one-time block trades that occurred during the quarter.

ii. Research

Research Coverage Universe



Source: EFG Hermes

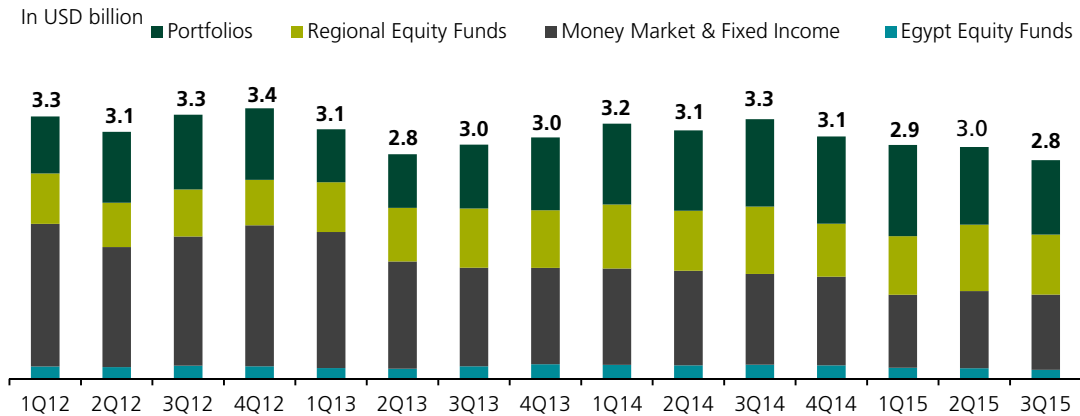
The Research department coverage reached 139 companies at the end of 3Q15, distributed across the region (Egypt 28, UAE 20, KSA 49, Kuwait 7, Oman 13, Qatar 9, Lebanon 3, Morocco 3, Jordan 5 and others 2). Currently EFG Hermes covers 57% of the regional market capitalization.

The research department covers 11 economies from a macro level and 8 countries in terms of regular strategy notes. In addition, the research team issues regular publications, including daily morning round-ups, after end of session wrap-ups and a regional monthly product.

EFG Hermes Research offers investors the research portal. Available to EFG Hermes clients, Research Online provide both simple and advanced search functionality and access to EFG Hermes Research’s full three-year product archive.

iii. Asset Management

Development of Assets under Management



Source: EFG Hermes Asset Management

EFG Hermes Assets under Management stood at USD2.8 billion at the end of 3Q15, down 8.2% Q-o-Q, largely on the back of contracting markets.

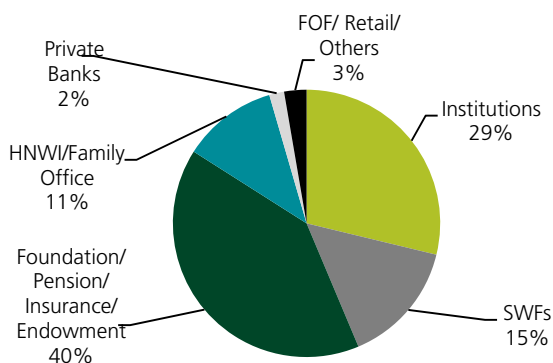
AuMs were strongly impacted by weakening in our main markets (Egypt, KSA and UAE), which absorbed 6.9% of total AuMs, while the remaining 1.4% of the decline is attributed mainly to redemptions in Egypt MMFs and in Regional (including KSA) equity funds and institutional portfolios.

It is important to highlight that 56% of the total asset base is denominated in Egyptian pound, thus the EGP devaluation exerts downward pressure on the size of the AuMs given that we report our AuMs in USD.

Despite a net outflow in our Regional (including KSA) funds/portfolios in 3Q15, the team saw injections in existing Regional (including KSA) funds/portfolios and subscriptions to new funds/ portfolios.

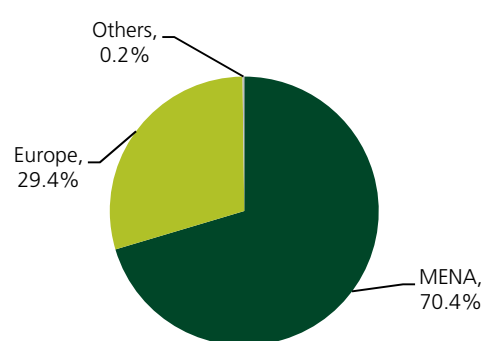
AuMs lost 7.2% of its value in 9M15; with markets shrinking representing 5.6% and net outflows drawing the remaining 1.6%. In terms of performance, Egypt equities/MMFs weakening YTD represented the majority of the declined; while on the flows front; net inflows into Regional funds/portfolios were met by higher outflows from Egypt MMFs. During the first nine months of the year, the EGP lost c.9% of its value, thus impacting the size of AUMs in dollar terms.

Assets under Management by Type of Client



Source: EFG Hermes Asset Management

Assets under Management by Geography



Source: EFG Hermes Asset Management

Funds/Portfolios Performance

The EFG Hermes MEDA Fund ended the quarter with a NAV of USD66 million versus a NAV of USD77 million in 2Q15. There were no subscriptions to the fund and redemptions totaled to USD3.2 million during the quarter. In terms of performance, the MEDA fund lost 10.0% versus the S&P Pan Arab Composite LargeMid Cap TR Net USD Index, which fell 11.8% in 3Q15.

The MENA Opportunities Fund ended the quarter with a NAV of USD25 million versus a NAV of USD30 million a quarter earlier. During the quarter, the fund saw no subscriptions or redemptions. The fund lost 10.6% during the quarter while the S&P Index declined 12.3%.

The EFG Hermes Saudi Arabia Equity Fund ended the quarter with a NAV of USD20 million at the end of 3Q15 versus a NAV of USD27 million a quarter earlier. The fund saw subscriptions of USD4.1 million and redemptions of USD6.8 million. Over the quarter, the fund lost 15.5% versus the Tadawul All Share Index, which was down 18.5%.

The EFG Hermes Telecom Fund ended the quarter with a NAV of USD15 million in 3Q15 versus a NAV of USD17 million. The fund lost 12.0% over 3Q15 versus MSCI EMEA Telecom Index, which was down 25.3%.

The EFG Hermes Egypt Fund ended 3Q15 with a NAV of USD28 million versus a NAV of USD34 million at the end of 2Q15. The fund saw subscriptions of USD0.1 million in 3Q15 while total redemptions reached USD1.8 million. In terms of performance, the fund lost 12.7% versus the Hermes Financial Index (HFI), which declined 14.7% over the same period.

The MENA Long Term Value Fund ended the quarter with a NAV of USD455 million compared to USD494 million in 2Q15. No new subscriptions or redemptions were made during the quarter. The Fund declined 7.8% in 3Q15.

For the equity, fixed income and balanced portfolios AuMs were USD0.9 billion versus USD1.0 billion at the end of 2Q15. The client base remained split between insurance companies, banks, regional HNWI/Family Office and SWF.

iv. Investment Banking

During 3Q15, the IB team completed its 7th capital market transaction in the Egyptian market despite tough market conditions, and is in advanced stages on various other M&A transactions across Egypt and the GCC.

The team, acting as Joint Global Coordinator and Book Runner, launched the USD300 million Emaar Misr IPO on the EGX. The offering was the largest EGP IPO on the Egyptian market since 2008. The team is working on a strong pipeline of IPOs in UAE and Egypt that are targeted to be launched in 1H16.

Acting as a sell side advisor, the team successfully concluded the sale of a majority share in "Fawry", the leading electronic bill presentment and payment platform in Egypt, to a consortium of investors; at a price valuing the company at EGP773 million.

On the private market front, the team is in advanced stages on raising capital for a market leader in the Egyptian retail industry to fund its expansions. The team continues to work on a number of other placements in the region covering a number of sectors including healthcare, F&B, building materials and real estate

On the M&A front, the team is in varying albeit advanced stages on several transactions in both Egypt and the GCC. These transactions are in the F&B, oil and gas, logistics and healthcare sectors.

We remain positive on the ability of the regional markets to attract more investments in the next few quarters. On the back of strong local demand and economic reforms, the team is seeing increasing activity across its main markets in the region.

v. Private Equity

Assets under management stood at USD0.7 billion at the end of 3Q15, this number remained steady compared to the previous quarter. The private equity team will continue its divestment strategy of ECP III seeking lucrative exits while at the same time pursuing its investment themes in infrastructure, real estate and healthcare.

ECP II GP has entered into a SPA to exit ECP II Fund's last remaining investment, Kandil Steel Holding. The SPA was signed between Amr Mohyeldin Khalil Kandil ("Buyer"), the Company's CEO and principal shareholder and ECP II Fund to acquire the entire stake of ECP II Fund (16.5%). The offer price is expected to be paid over two tranches. The first tranche was received in August 2015 and remaining balance to be paid within 4Q15. The transfer of title will be completed after receiving the second tranche of payment. The final closing of the deal is subject to fund raising by the Buyer.

EFG Hermes Private Equity also participated via Vortex in a competitive process for the acquisition of one of Portugal's largest wind portfolios with a net installed capacity of c.650MW and EBITDA of c.EUR90 million. Vortex, alongside a global asset manager, were shortlisted for the final bid process. The consortium successfully raised equity of c.EUR350 million, secured credit committee approved long-term financing of c.EUR550 million from major European lenders and completed a comprehensive due diligence but was unfortunately outbid by a global fund.

vi. Leasing

The recently launched Leasing business had a good quarter, with the leasing operation ranked 9th in terms of deal bookings during 3Q15. This underscores the fact that our commitment to maintain a short turnaround time (less than 20 days) bore fruit in a relatively short period.

Contracts Booked during 3Q15 (by Asset Size)

	Company	Lease Value (EGP mn)	Market Share
1	Al Ahly	809	19%
2	QNB	624	14%
3	Al Tawfik Lease	546	13%
4	Incolease	426	10%
5	GB Lease	422	10%
6	Arab African	329	8%
7	Corplease	312	7%
8	Techno lease	254	6%
9	EFG Hermes Leasing	153	4%
10	Global Lease	151	3%

Source: Egyptian Financial Supervisory Authority and EFG Hermes calculations

With funding arrangement in place, the contracted net financed assets “NFAs” were financed by a combination of equity that was committed to the business, and debt acquired from banks.

With a complete team, processes & procedures in place, and all the required infrastructure available, we remain optimistic about the growth prospects of the business.

III. COMMERCIAL BANK

<i>In USD million</i>	Key Financial Highlights and Ratios									
	3Q15	2Q15	1Q15	4Q14	3Q14	Q-o-Q	Y-o-Y	9M15	9M14	Y-o-Y
Balance Sheet:										
Total Assets	9,751	9,553	9,335	9,162	8,972	2%	9%	9,751	8,972	9%
Cash and CB placements	2,223	2,193	1,990	2,046	1,889	1%	18%	2,223	1,889	18%
Interbank	633	637	661	714	757	-1%	-16%	633	757	-16%
Securities	3,572	3,450	3,430	3,178	3,167	4%	13%	3,572	3,167	13%
Loans	2,983	2,913	2,873	2,856	2,775	2%	8%	2,983	2,775	8%
Deposits	8,275	8,091	7,872	7,739	7,637	2%	8%	8,275	7,637	8%
Shareholders' Equity:	816	798	807	793	767	2%	6%	816	767	6%
Tier 1 capital	730	712	721	704	681	2%	7%	730	681	7%
Tier 2 capital	86	86	85	89	86	0%	0%	86	86	0%
P&L:										
Net Interest Income:	37.4	38.3	35.4	39.5	35.0	-2%	7%	111.2	100.3	11%
Interest Income	133.2	126.9	122.6	124.8	119.5	5%	11%	382.6	343.7	11%
Interest Expense	(95.7)	(88.6)	(87.1)	(85.3)	(84.5)	8%	13%	(271.4)	(243.5)	11%
Net Fee and Commission Income	11.1	7.3	9.1	9.1	9.9	51%	12%	27.6	28.2	-2%
Trading Income	3.5	2.4	3.6	5.6	3.5	49%	2%	9.5	8.4	13%
Pre-Provisioning Income	52.1	48.4	48.4	57.2	48.7	8%	7%	148.9	137.9	8%
Provisions	(3.2)	(1.4)	(2.0)	(5.6)	(2.1)	130%	48%	(6.5)	(4.9)	33%
Recoveries/collections	0.3	0.2	0.3	1.5	1.3	61%	-78%	0.7	2.3	-67%
Net Provisions	(2.9)	(1.2)	(1.7)	(4.1)	(0.8)	140%	251%	(5.8)	(2.7)	117%
Net Operating Income	49.3	47.2	46.6	53.2	47.9	4%	3%	143.1	135.2	6%
Staff Cost	16.9	17.5	17.2	19.5	17.3	-3%	-2%	51.6	49.8	4%
General Expenses	9.4	8.2	8.8	10.7	8.8	14%	7%	26.4	29.3	-10%
Total Operating Expenses	28.1	27.3	27.7	32.1	27.9	3%	1%	83.2	84.3	-1%
Net Income after Tax	18.4	18.3	17.1	19.1	17.9	0%	2%	53.7	45.1	19%
Net Income less preferred shares*	16.6	16.6	15.3	17.3	16.2	0%	3%	48.5	39.9	22%
Ratios:										
Net Interest Margin	1.6%	1.6%	1.6%	1.7%	1.6%	0.0	0.0	1.6%	1.6%	0.0
Cost-to-income**	55.4%	56.3%	57.1%	59.3%	60.7%	-0.9	-5.3	55.4%	60.7%	-5.3
Loans-to-deposits	36.1%	36.0%	36.5%	36.9%	36.3%	0.1	-0.3	36.1%	36.3%	-0.3
NPL / Gross Loans	3.6%	3.7%	3.7%	3.6%	3.3%	-0.1	0.3	3.6%	3.3%	0.3
Provision Cover	81.9%	79.0%	76.9%	78.4%	81.2%	2.9	0.7	81.9%	81.2%	0.7
ROAE (after-tax)	10.4%	10.3%	9.7%	9.8%	9.2%	0.1	1.2	10.4%	9.2%	1.2
ROAA (after-tax)	0.8%	0.8%	0.7%	0.7%	0.7%	0.0	0.1	0.8%	0.7%	0.1
Core Tier 1 Capital Ratio***	N/A	13.8%	N/A	14.4%	N/A	N/R	N/R	N/A	N/A	N/R
Total Capital Adequacy Ratio***	N/A	15.1%	N/A	15.8%	N/A	N/R	N/R	N/A	N/A	N/R

* Preferred shares dividends for FY14 were approved in the AGM

** Includes extraordinary items

*** Calculations for FY14 ratios include net profits which is approved in the AGM

Source: Credit Libanais data

i. Results in Context

Credit Libanais reported another set of strong results, with the bank reporting a net profit after tax of USD18.4 million in 3Q15, flat Q-o-Q and up 2% Y-o-Y. Consequently, this was reflected in the nine-month profitability, with NPAT rising 19% Y-o-Y to USD53.7 million, echoing the healthy NII growth. Stronger banking income including NII, fee and commission income and trading income combined with cost containments wiped-off the impact of higher Y-o-Y provisions.

With the slowdown in economic activity and loan growth driven by loans to low-yield sectors from one side and fierce competition to attract deposits from the other side, yield on loans contracted and cost of deposits increased. This resulted in a downward pressure on net interest spread, however, NII continued to grow, reflecting higher interest income generated from increasing asset allocation towards investments in securities and long-term placements with the Central Bank.

With expenses broadly contained and revenue growing, cost-to-income continued to improve, falling to 55.4% from 60.7% a year earlier.

The increase in net provisions, reflects additional general provisions taken as a prudent measure by management in view of the deteriorating economic environment; thus improving the coverage ratio to 81.9% from 79.0% a quarter earlier.

ROAE remained above the 10% mark for a second quarter, at 10.4%.

Credit Libanais continues to be well capitalized, maintaining solid capital adequacy ratios, well over the levels prescribed by the regulators.

ii. Selected Financial & Qualitative Information

≡ Assets

Total Assets stood at USD9.8 billion at the end of 3Q15, up 2% Q-o-Q and 9% Y-o-Y.

The main driver of this quarter's asset growth is attributed to securities growth, namely an increase in investment securities at amortized cost, followed by loans growth. Additional placements with the Central Bank were limited in 3Q15.

This resulted in a slight change in the composition of total assets, with securities contribution to total assets increasing to 37.2% in 3Q15 from 36.9% a quarter earlier. On the other hand, cash, placements with the CB and interbank contribution to total assets declined to 29.3% versus 29.6% a quarter earlier. Loans represented 30.6% at the end of 3Q15, broadly unchanged Q-o-Q.

≡ Loans

Total Loans reached USD3.0 billion at the end of 3Q15, up 2% Q-o-Q and 8% Y-o-Y.

<i>In USD million</i>	Loans by Type						
	3Q15	2Q15	1Q15	4Q14	3Q14	Q-o-Q	Y-o-Y
Loans	2,983	2,913	2,873	2,856	2,775	2.4%	7.5%
Corporate	1,503	1,456	1,424	1,448	1,363	3.2%	10.3%
Retail	1,181	1,165	1,162	1,129	1,130	1.4%	4.6%
SME	299	291	287	279	272	2.6%	9.7%

Source: Crédit Libanais

Loan growth by type: Loans grew 2.4% Q-o-Q in 3Q15, driven mainly by corporate loans which grew 3.2% Q-o-Q and that represents c.50% of the loan book. SME lending grew 2.6% Q-o-Q and retail loan book added 1.4% Q-o-Q. On a Y-o-Y basis, corporate loan growth was the main drivers for loans growth, adding 10.3% Y-o-Y.

Loan distribution by type: At the end of 3Q15, corporate loans represented 50% of total loans, retail loans represented 40% and SME loans represented the remaining 10%; virtually unchanged Y-o-Y.

Loan distribution by business line: The change in loans distribution across different economic sectors was limited Q-o-Q and Y-o-Y, with the Personal and consumer sector representing 44.6% of total loans. Industrial and agricultural loans representing another 13.6% and 1.6%, respectively, whereas loans to trade and construction sectors 29.4% and 10.5%, respectively.

Loan quality: NPL ratio marginally changed Q-o-Q, standing at 3.6% in 3Q15 versus 3.7% in 2Q15. Coverage ratio improved to 81.9% in 3Q15 from 79.0% in 2Q15, on higher general provisions booked during the quarter.

Loans by currency: The loan book was split 40/60 between local and foreign currency, respectively at the end of 2Q15.

Yield on Loans: The average loan yield continued its downward trend in 3Q15, with the yield on LBP denominated loans decreasing to 6.52% in 3Q15 from 6.64% in 2Q15, while the yield of FC denominated loans marginally rose to 6.84% from 6.82%; this collectively resulted in the average blended rate declining to 6.70% from 6.75%.

It is worth noting that the contracting trend in loan yields in the LBP dominated loans over the past few quarters is largely attributed to loans allocated to low-yield sectors, which exerted pressure on blended rates.

☰ Deposits

Deposits rose to USD8.3 billion at the end of 3Q15, an increase of 2% Q-o-Q and 8% Y-o-Y.

<i>In USD million</i>	Deposits By Type						
	3Q15	2Q15	1Q15	4Q14	3Q14	Q-o-Q	Y-o-Y
Deposits	8,276	8,091	7,872	7,739	7,638	2.3%	8.4%
Savings	4,479	4,433	4,357	4,280	4,249	1.0%	5.4%
Term	2,928	2,819	2,721	2,630	2,557	3.9%	14.5%
Sight	869	839	793	829	832	3.6%	4.5%

Source: Crédit Libanais

Deposits contribution by type: On a Q-o-Q basis, term deposits and saving deposits were the main drivers for the Q-o-Q growth, with term deposits up 3.9% Q-o-Q and savings deposits up 1.0% Q-o-Q. On a Y-o-Y, term deposits was the main driver for deposit growth, increasing 14.5% Y-o-Y. At the end of 9M15, term deposits represented 35% of the total deposit base while saving deposits represented 54% and sight deposit represented the remaining 10%.

Deposits by business line: At the end of 3Q15, deposits were split 81/19 between retail and corporate, respectively, largely unchanged Q-o-Q and Y-o-Y.

Deposits by currency: Deposits split at the end of the year was 47/53 between local and foreign currency.

Cost of Deposits: The blended average cost of deposits reached 4.58% in 3Q15 from 4.52% in 2Q15. This was mainly on the back of higher cost of deposits for the LBP dominated deposits, which rose to 5.84% in 3Q15 from 5.77% a quarter earlier and reflects the stronger competition for the LBP dominated deposits. Meanwhile, the average cost of FC deposits declined to 3.44% from 3.48% a quarter earlier.

☰ Loans/Deposits ratio

The loans/deposits ratio marginally improved to 36.1% in 3Q15 from 36.0% at the end of 2Q15.

☰ Net Interest income

Net interest income slipped 2% Q-o-Q to USD37.4 million in 3Q15, mainly on tighter net interest spreads. On a Y-o-Y basis, net interest income grew 7% in 3Q15, enhanced by interest generated from the Y-o-Y increase in long-term placements and additional investment in securities.

For the 9M15, net interest income rose 11% Y-o-Y to USD111.2 million; reflecting an improvement in asset yield as asset mix changed in favor of placements and investment in securities. Moreover, the asset yield improvement came despite contracting interest rate spreads.

☰ Fee & Commission Income

Fee and commission income rose 51% Q-o-Q and 12% Y-o-Y to USD11.1 million in 3Q15 on the back of higher fees generated by one of the subsidiaries during the quarter. For the 9M15, fee and commission income was marginally down 2% Y-o-Y to USD27.6 million.

☰ Trading income

Trading income rose 49% Q-o-Q and 2% Y-o-Y to USD3.5 million in 3Q15. In 9M15, trading income rose 13% Y-o-Y to USD9.5 million, reflecting enhanced market volatility.

☰ Net Provisions

Net provisions reached USD2.9 million in 3Q15, higher 140% Q-o-Q and 251% Y-o-Y; reflecting additional general loan provisions booked during the quarter. In 9M15, net provisions reached USD5.8 million up 117% Y-o-Y; on higher provision accruals made in 2015 as compared to a year earlier.

☰ Net Operating Income (i.e. after provisions)

Net operating income rose 4% Q-o-Q and 3% Y-o-Y to USD49.3 million in 3Q15 and rose 6% Y-o-Y to USD143.1 million in 9M15; despite higher provisioning levels which exerted downward pressure on profitability for the quarter and the nine months.

☰ Total Operating Expenses

Total operating expenses remained under control, up 3% Q-o-Q and 1% Y-o-Y to USD28.1 million in 3Q15 and down 1% Y-o-Y to USD83.2 million in 9M15.

☰ Net Income after Tax

Net income was muted Q-o-Q and rose 2% Y-o-Y to USD18.4 million in 3Q15, as higher provisioning weighted down on profitability. In 9M15, net income rose 19% Y-o-Y to reach 53.7 million; supported largely by strong growth in NII and despite higher Y-o-Y provisions.

☰ Cost/Income Ratio

Cost-to-income improved significantly, dropping to 55.4% at the end of 9M15, from 60.7% in 9M14, underpinned by higher banking income and muted expenses.

☰ Net Interest Margin

NIMs came at 1.6% at the end of 3Q15, broadly unchanged Q-o-Q and Y-o-Y.

☰ Branch Productivity and Efficiency ratios

	Branch Productivity						
	3Q15	2Q15	1Q15	4Q14	3Q14	Q-o-Q	Y-o-Y
Employees/Branch	22	22	22	23	23	0.2%	-2.5%
Loans/Branch (USD mn)	41	40	39	40	39	2.4%	4.8%
Deposits/Branch (USD mn)	113	111	108	108	108	2.3%	5.4%
Revenue/Employee (USD thousand)	32	30	30	35	30	7.5%	6.7%

Source: Crédit Libanais

iii. International Operations

High level financial highlights:**SENEGAL**

Crédit International reported a net profit of USD158 thousand in 3Q15 versus USD256 thousand a quarter earlier; and reported net profits of USD611 thousand for 9M15 from a loss of USD27 thousand in 9M14.

Balance sheet highlights:

Total Assets: USD76.2 million

Loans : USD37.1 million

Deposits : USD49.7 million

IRAQ

The Iraq operations reported a net loss of USD193 thousands in 3Q15 versus a net loss of USD318 thousands in 2Q15. For 9M15, the Iraq operations reported a net loss of USD783 thousand versus a net loss of USD806 thousand in 9M14; largely due to the lack of revenue generated from foreign exchange transactions which ended in 2013 after the change in trading regulations.

Balance sheet highlights:

Total Assets: USD33.6 million

Loans : USD7.4 million

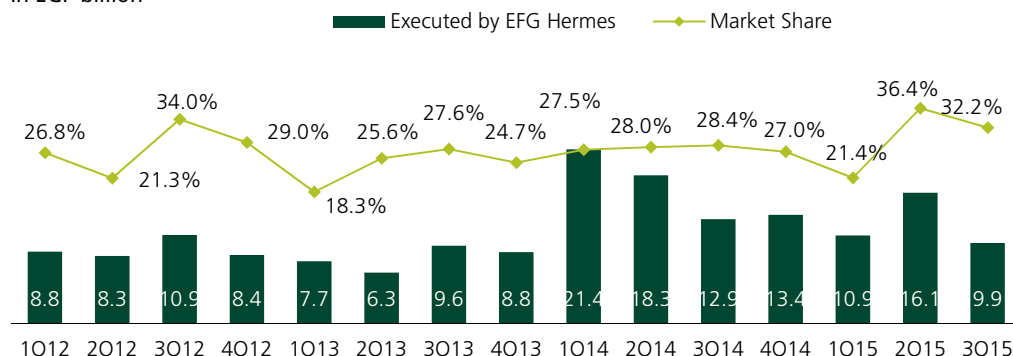
Deposits : USD10.2 million

IV. ANNEX

EFG Hermes Executions & Market Shares

Egypt:

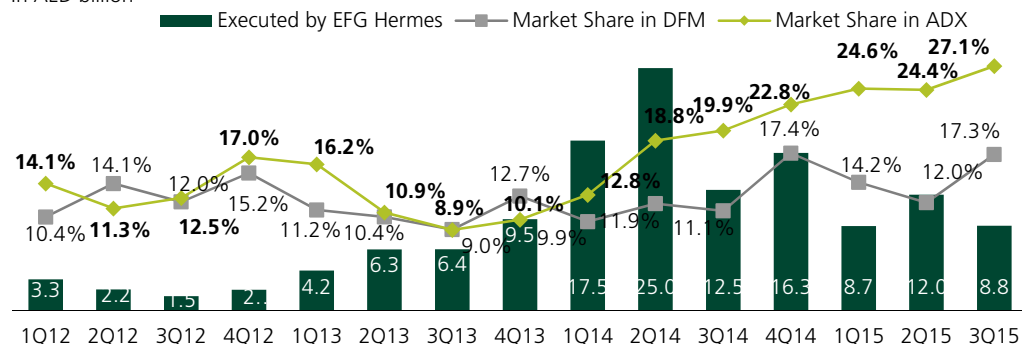
In EGP billion



*Including special transactions

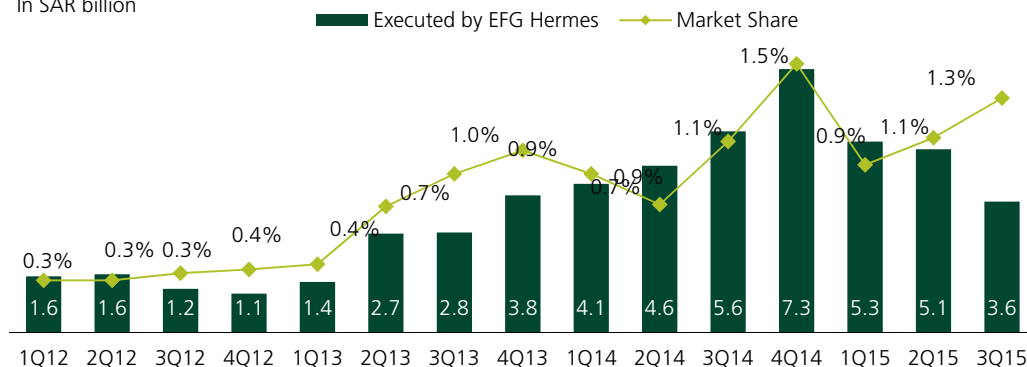
UAE

In AED billion

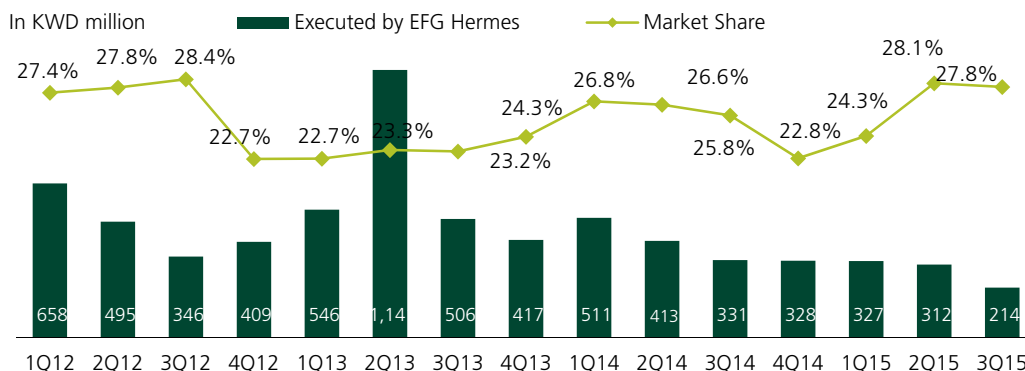


KSA:

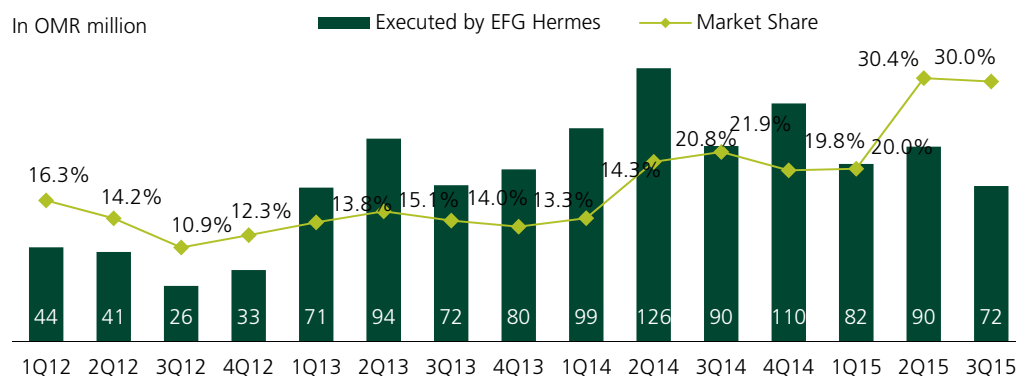
In SAR billion



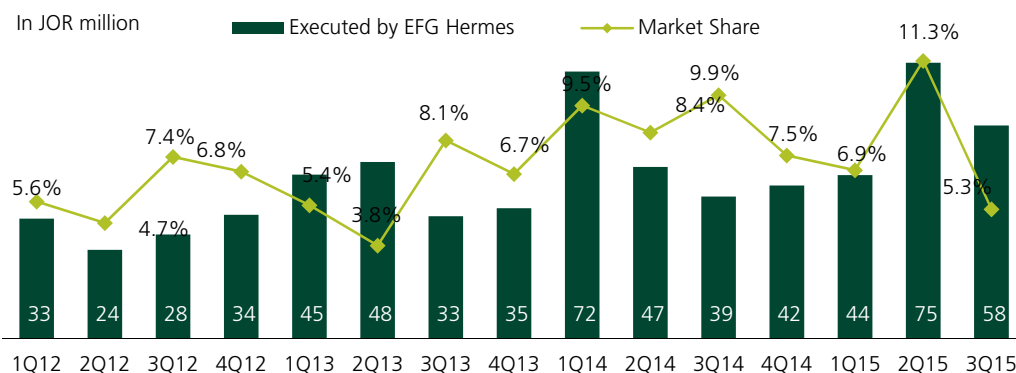
Kuwait:



Oman:



Jordan:



In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about future fund raising, investment banking transactions, private equity exits, leasing business outlook and the Commercial bank business strategy. 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.

Accordingly, readers are cautioned not to place undue reliance on forward looking statements, which speak only as of the date on which they are made.

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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 3,259,255,500

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 .HFISMCA .HFIDOM

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