

EFG HERMES REPORTS THIRD QUARTER 2016 GROUP EARNINGS FROM CONTINUED OPERATIONS OF EGP41 MILLION; ON OPERATING REVENUE OF EGP294 MILLION

Cairo, November 15th, 2016 – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP41 million in 3Q16, up 3% Y-o-Y. Operating revenue rose 28% Y-o-Y to EGP294 million in 3Q16. Net profit after tax and minority interest from continued and discontinued operations reached EGP151 million, up 25% Y-o-Y in 3Q16. The Group total assets stood at EGP14.0 billion at the end of 3Q16.

Key Highlights

3Q2016

- ≡ EFG Hermes reported buoyant results in 3Q16 despite a seasonally weak quarter; with the burgeoning non-bank finance platform supporting the overall performance. The Firm reported a net profit after tax and minority interest from continued operations of EGP41 million, up 3% Y-o-Y in 3Q16;
- ≡ On the operational level, the Firm recorded a net operating profit of EGP76 million, up 7% Y-o-Y; as higher revenues overshadowed higher expenses;
- ≡ Total operating revenues increased 28% Y-o-Y to EGP294 million in 3Q16; predominantly on strong revenue generated from the growing non-bank finance platform, higher contribution from one of our core segments, namely Brokerage, and capital gain realized from seed capital redemption;
- ≡ Total operating expenses rose 37% Y-o-Y to EGP219 million in 3Q16; mainly on additional costs associated with the new businesses, Leasing and Tanmeyah. However, employee expenses/ operating revenue came at 47% in 3Q16; an accomplishment given the rising inflationary pressures, and the EGP devaluation in 1Q16 which impacts our overseas salaries;
- ≡ During the period, EFG Hermes reported a net profit after tax and minority interest from continued and discontinued operations of EGP151 million, up 25% Y-o-Y in 3Q16; reflecting the adjustment of impairment charges booked in 1Q16 and associated with the sale of Credit Libanais. This comes in accordance with the Egyptian Accounting Standards, which necessitates an adjustment in the occurrence of a subsequent material event - the EGP devaluation;
- ≡ We continue to divest our remaining stake in Credit Libanais post the sale of our majority stake in the Bank and its subsequent deconsolidation in 2Q16. In 3Q16, we offloaded an additional 3.3% of the Bank's shares, thus leaving the Firm with 16.1% stake at the end of the period.

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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

EFG Hermes completed the sale of an additional 3.3% of Credit Libanais’s “CL” shares in 3Q16, leaving the Firm with a 16.1% stake. The Commercial Bank was deconsolidated in 2Q16 and thus the Investment Bank now represents the Group “the Firm” performance. Accordingly, we will review the Investment Bank financial and operational performance to portray this quarter’s overall activity of the Firm.

i. Group Financial Performance

<i>in EGP millions</i>	Investment Bank Financial Highlights							
	3Q16	2Q16	3Q15	Q-o-Q	Y-o-Y	9M16	9M15	Y-o-Y
Total Operating Revenue	294	288	230	2%	28%	982	738	33%
Total Operating Expenses	219	212	159	3%	37%	712	496	44%
Net Operating Profit	76	76	71	-1%	7%	270	242	11%
Net Operating Margin	26%	26%	31%			27%	33%	
Net Profit After Tax & Minority Interest (Continued Operations)	41	48	40	-15%	3%	168	156	8%
Net Profit After Tax & Minority Interest (Continued and Discontinued Operations)	151	(70)	120	N/M	25%	(48)	381	N/M

Source: EFG Hermes Management Accounts

EFG Hermes reported a good set of results despite a generally slow quarter; embraced by its blossoming non-bank finance platform, which currently includes the Leasing business and the micro-finance player “Tanmeyah”. Accordingly, the Firm reported a net operating revenue of EGP294 million in 3Q16, up 28% Y-o-Y. On the cost side, total operating expenses increased 37% Y-o-Y to EGP219 million in 3Q16; with the consolidation of Tanmeyah in 2Q16 and the inclusion of the Leasing business’s leased assets depreciation expense.

The above filtered into higher profitability, with the Firm reporting a net operating profit of EGP76 million, up 7% Y-o-Y in 3Q16; and a net profit after tax and minority interest from continued operations of EGP41 million, up 3% Y-o-Y, over the same period. It is worth noting, that during the quarter EFG Hermes executed additional sale of 3.3% of Credit Libanais’s shares, however, the gain was realized only on the subsidiary level.

EFG Hermes reported a net profit after tax and minority interest from continued and discontinued operations of EGP151 million, up 25% Y-o-Y in 3Q16; reflecting the adjustment of impairment charges booked in 1Q16 and associated with the sale of Credit Libanais. This comes in accordance with the Egyptian Accounting Standards, which necessitates an adjustment in the occurrence of a subsequent material event - the EGP devaluation.

Similarly in 9M16, revenues rose 33% Y-o-Y to EGP982 million on the back of: (i) higher revenue contribution from the Leasing business as EFG Hermes Leasing was launched in June 2015; (ii) additional revenue recognized on the back of Tanmeyah’s acquisition in 2Q16; (iii) fx-gain on the back of the EGP devaluation; and (iv) capital gain arising from redemptions of seed capital.

On the operational level, the Firm reported a net operating profit of EGP270 million, up 11% Y-o-Y in 9M16, as higher revenues overshadowed higher expenses. The Firm operating expenses rose 44% Y-o-Y to EGP712 million, largely due to higher operating expenses related to Tanmeyah’s consolidation in 2Q16; and leased assets depreciation expense associated with the Leasing business being operational for 9 months in 2016 as opposed to 4 months in 2015.

Nine months 2016 included a one-off tax Egypt-related expense of EGP118 million related to the sale of the Lebanese commercial bank, Credit Libanais. Consequently, if we normalize earnings, the net profit after tax and minority interest from continued operations would come at EGP168 million, up 8% Y-o-Y.

ii. Business Lines Financial Performance

<i>in EGP million</i>	Investment Bank Revenue							
	3Q16	2Q16	3Q15	Q-o-Q	Y-o-Y	9M16	9M15	Y-o-Y
Brokerage	86	106	68	-19%	25%	302	252	20%
Egypt	57	70	40	-19%	41%	200	149	35%
Regional	29	36	28	-20%	2%	102	103	-1%
Asset Management	30	34	41	-12%	-28%	95	111	-14%
Egypt	6	9	12	-33%	-52%	24	30	-19%
Regional	24	25	29	-5%	-18%	71	81	-12%
Investment Banking	13	52	49	-75%	-73%	107	149	-28%
Egypt	13	52	49	-75%	-73%	107	128	-17%
Regional	0	0	0	N/R	N/R	0	21	N/R
Private Equity	17	17	23	3%	-27%	95	74	29%
Leasing	31	26	7	21%	371%	77	8	817%
Micro - Finance " Tanmeyah"	39	37	0	5%	N/R	75	0	N/R
Capital Markets & Treasury Operations	79	17	41	373%	93%	231	145	60%
Total Operating Revenue	294	288	230	2%	28%	982	738	33%

Source: EFG Hermes Management Accounts

The Firm's revenue increased 28% Y-o-Y to EGP294 million in 3Q16, on the back of higher fees and commissions and capital markets & treasury operations. Fees and commissions revenue, which represents 73% of the total Investment bank revenue, rose 14% Y-o-Y to EGP215 million in 3Q16, predominately on higher revenue generated from Leasing and Brokerage; together with the additional revenue booked from Tanmeyah. Revenue generated from Egypt operations represented 76% to the total fees and commissions, while the Region represented the remaining 24%.

Brokerage revenue rose 25% Y-o-Y to EGP86 million in 3Q16, on the back of higher brokerage commissions booked on the level of the Egyptian operations. Moreover, Leasing revenue rose to EGP31 million in 3Q16 from EGP7 million in 3Q15, as the business ramps up. Additionally, the recently acquired Tanmeyah, recorded a revenue of EGP39 million in 3Q16. On the other hand, Asset Management revenue declined 28% Y-o-Y to EGP30 million, on the back of lower management and incentive fees. Investment Banking revenue declined 73% Y-o-Y to EGP13 million on lower advisory fees. Private Equity revenue lost 27% Y-o-Y to EGP17 million, on the back of lower management fees. Meanwhile, capital markets and treasury operations revenue rose 93% Y-o-Y to EGP79 million in 3Q16; largely driven by redemption of seed capital which generated a capital gain.

For the 9M16, the Investment Bank revenue rose 33% Y-o-Y to EGP982 million, up on the back of higher fees and commissions and capital markets & treasury operations. Fees and commissions revenue, which represents 76% of the total Investment Bank revenue in 9M16, rose 27% Y-o-Y to EGP751 million, on higher revenue recorded by Brokerage, Private Equity and the additional revenue generated from the non-bank finance platform.

Brokerage revenue rose 20% Y-o-Y to EGP302 million in 9M16 on higher brokerage commissions. Private Equity revenue improved 29% Y-o-Y to EGP95 million in 9M16, predominantly on the back of incentive fees booked from Fawry exit. Leasing added EGP77 million in revenues during 9M16 versus EGP8 million in 9M15 as the business continue to grow; furthermore, Tanmeyah's contribution to the top line reached EGP75 million since its consolidation in 2Q16.

On the other hand, Asset Management revenue declined 14% Y-o-Y to EGP95 million on the back of lower management and incentive fees. Investment Banking revenue declined 28% Y-o-Y to EGP107 million, as the comparable 9M15 was a strong period that included a number of relatively large IPOs in Egypt.

iii. Investment Bank Operating Expenses

<i>in EGP millions</i>	Investment Bank Operating Expenses							
	3Q16	2Q16	3Q15	Q-o-Q	Y-o-Y	9M16	9M15	Y-o-Y
Employee Expenses	140	140	107	0%	30%	487	344	42%
Employee Expenses/Operating Revenue	47%	49%	47%			50%	47%	
Employee Expenses/Operating Expenses	64%	66%	67%			68%	69%	
Other Operating Expenses	79	72	52	10%	51%	225	152	48%
Other Operating Expenses/Operating Revenue	27%	25%	23%			23%	21%	
Other Operating Expenses/Operating Expenses	36%	34%	33%			32%	31%	
Total Operating Expenses	219	212	159	3%	37%	712	496	44%

Source: EFG Hermes Management Accounts

Total operating expenses increased 37% Y-o-Y to EGP219 million in 3Q16, on the back of higher employee expenses and other operating expenses. However, employee expense/ operating revenue came at 47% in 3Q16.

Employee expenses rose 30% Y-o-Y to EGP140 million in 3Q16, mainly on: (i) an increase in the salaries pool as Tanmeyah was consolidated in 2Q16, (ii) an increase in monthly bonuses as Tanmeyah's commissions started to kick in; (iii) USD appreciation against the EGP in 1Q16 impacted overseas salaries, as 50% of the employee expenses is denominated in USD pegged currencies; and (iv) the Y-o-Y annual salary increases required to keep pace with inflation.

Other operating expenses rose 51% Y-o-Y to EGP79 million in 3Q16; primarily on depreciation expense of leased assets that is directly related to Leasing operations. If we exclude the depreciation expense of EGP19 million in 3Q16; other operating expenses would be up 19% Y-o-Y; in line with inflation and the devaluation of the EGP during the first quarter of 2016.

Of other operating expenses, occupancy expense rose 40% Y-o-Y to EGP15 million in 3Q16 on the back of higher rent charges; data communication increased 34% Y-o-Y to EGP11 million, Telephone/fax/mobile expenses was up 22% Y-o-Y to EGP2 million, office expense added 46% to EGP6 million, travel expenses rose 9% Y-o-Y to EGP4 million, and general expenses was up 88% Y-o-Y to EGP6 million. Alternatively, promotional and advertising expenses declined 26% Y-o-Y to EGP5 million in 3Q16, as the comparable year 2015 included more events, which were amortized over the year; and consultancy and service fees expense declined 13% Y-o-Y to EGP10 million.

In 9M16, total operating expenses rose 44% Y-o-Y to EGP712 million, driven by higher employees expense and other operating expense.

Employees expense rose 42% Y-o-Y to EGP487 million in 9M16, triggered by the non-bank finance platform salaries, USD pegged salaries in regional operations, and salary increases on the back of inflationary pressures.

Other operating expenses rose 48% Y-o-Y to EGP225 million in 9M16, predominantly on depreciation expense of leased assets. If we exclude leased assets depreciation expense of EGP49 million together with Tanmeyah's loan provisions of EGP2 million, other cash operating expenses would be 16% higher Y-o-Y. Moreover, consultancy and service fees expense was exceptionally high in 9M16, as 2Q16 included legal and consultancy expenses related to Tanmeyah's acquisition.

II. OPERATIONAL PERFORMANCE

i. Brokerage

Third quarter was a generally slow quarter for regional markets as the Saudi market retreated and most of the other regional markets' witnessed muted performance. However, Egypt, Dubai and Qatar bucked the trend, managing to close higher. In terms of liquidity, volumes contracted in most markets given the slow summer season combined with the highest number of public holidays falling in 3Q16. However, Qatar was the only exception, with volumes slightly up on the back of MSCI and FTSE rebalancing that took place in 3Q16.

This resulted in EFG Hermes total executions reaching USD6.7 billion in 3Q16, broadly flat Y-o-Y and Q-o-Q. Brokerage revenue rose 25% Y-o-Y to EGP86 million in 3Q16, reflecting the EGP devaluation impact on a Y-o-Y basis, yet declined 19% Q-o-Q as different revenue mix was generated in both quarters. Following suit, Brokerage executions came at USD21.5 billion in 9M16, lower 10% Y-o-Y; yet filtered into a revenue of EGP302 million, up 20% Y-o-Y. This is attributed to the EGP devaluation in 1Q16 and to a change in the revenue mix towards higher fees generating markets.

in EGP millions	Brokerage Revenue							
	3Q16	2Q16	3Q15	Q-o-Q	Y-o-Y	9M16	9M15	Y-o-Y
Egypt	57	70	40	-19%	41%	200	149	35%
UAE	19	19	17	-1%	12%	59	58	2%
KSA	4	5	3	-31%	23%	14	12	14%
Oman	2	4	2	-42%	9%	9	9	-3%
Kuwait	2	5	4	-58%	-44%	11	17	-33%
Jordan	2	3	2	-29%	-1%	8	6	25%
Total Revenue	86	106	68	-19%	25%	302	252	20%

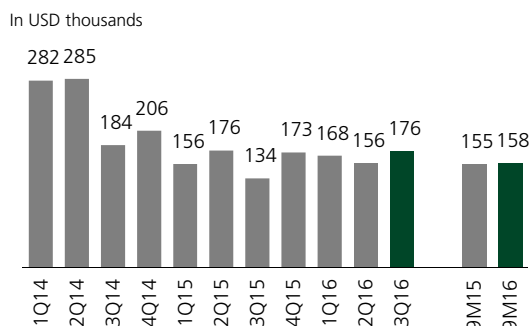
Source: EFG Hermes Management Accounts

In terms of pure market commissions, Egyptian equities continued to be the largest contributor to the commission pool, representing 42%; Qatar managed to come second generating 10% of the total commissions. Commissions generated by DFM and ADX were broadly unchanged Q-o-Q, contributing around 8%-9%.

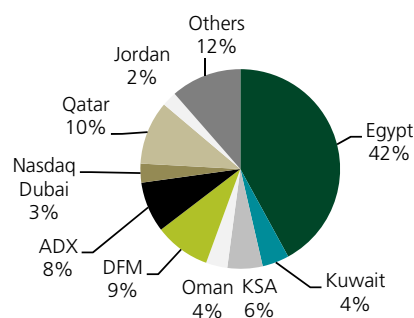
Average daily commissions improved 12% Q-o-Q and 31% Y-o-Y to USD176 thousand in 3Q16. For 9M16, average daily commissions rose slightly, up 2% Y-o-Y to USD158 thousand.

Worth highlighting that, the improvement in the Y-o-Y revenue of 9M16 (+20%) was not reflected in average daily commissions, which was just up 2% Y-o-Y. This is largely attributed to the Firm reporting the average daily commissions in USD and with the EGP devaluing against the USD in 1Q16 and with Egypt representing 42% of the total commission pool; this exerts pressure on the total average daily commissions reported for the division.

Average Daily Commissions



Commissions Breakdown by Market



*Based on 3Q16 figures

<i>in USD million</i>	Brokerage Market Share & Executions							
	3Q16	2Q16	3Q15	Q-o-Q	Y-o-Y	9M16	9M15	Y-o-Y
Egypt*								
Market share	36.9%	34.6%	31.4%	2.3%	5.5%	35.4%	30.4%	5.0%
Executions	1,554	1,515	1,269	2.6%	22.5%	5,124	4,806	6.6%
UAE - DFM								
Market share	19.4%	14.2%	17.3%	5.2%	2.1%	14.9%	13.8%	1.1%
Executions	1,172	1,122	1,360	4.4%	-13.8%	3,695	4,957	-25.5%
UAE - ADX								
Market share	45.1%	29.7%	27.1%	15.4%	18.0%	32.2%	25.3%	6.9%
Executions	1,115	983	1,030	13.5%	8.3%	3,272	3,080	6.2%
UAE - Nasdaq Dubai								
Market share	61.8%	65.4%	49.0%	-3.7%	12.8%	64.5%	46.8%	17.7%
Executions	321	331	278	-2.9%	15.4%	1,111	975	14.0%
KSA								
Market share	1.5%	1.1%	1.3%	0.3%	0.2%	1.2%	1.1%	0.1%
Executions	667	952	968	-30.0%	-31.2%	2,688	3,733	-28.0%
Kuwait								
Market share	29.4%	25.7%	27.8%	3.7%	1.6%	26.9%	26.5%	0.4%
Executions	371	629	705	-41.0%	-47.3%	1,684	2,862	-41.1%
Oman								
Market share	28.1%	27.1%	30.0%	1.0%	-2.0%	28.6%	25.8%	2.8%
Executions	130	208	186	-37.8%	-30.4%	548	632	-13.3%
Jordan								
Market share	10.7%	12.2%	5.3%	-1.5%	5.5%	11.5%	7.4%	4.1%
Executions	65	86	82	-24.2%	-20.1%	263	250	5.5%

*Market share calculation is based on executions excluding special transactions

Executions in Qatar, Bahrain, Morocco, Lebanon, UK(GDRs) and others represent an additional 19% of total Brokerage executions in 3Q16 and 15% in 9M16

Source: EFG Hermes and Regional Exchanges

Egypt

Egypt Equities had a run during 3Q16, with the HFI rising 10.2% Q-o-Q, however, volumes slipped 5.5% over the quarter. EFG Hermes maintained its leadership position with a #1 ranking on the EGX in 3Q16 and 9M16, and a market share (excluding special transactions) of 36.9% and 35.4%, respectively. During 3Q16, EFG Hermes Brokerage executed a special transaction worth EGP1.9 billion, by which 11.8% of EFG Hermes shares exchanged hands between DF EFG 1 and DF EFG 3; two investment vehicles owned by DFG. Thus, EFG Hermes market share including special transaction reached 39.2% in 3Q16, with total executions 134% higher than the following broker in 3Q16.



Foreign participation in the Egyptian market represented 21% of total market turnover in 3Q16, where by EFG Hermes successfully captured half of this volume, 49.2%. On the retail side, the market continues to be dominated by retail investors whom captured 57.4% of the market turnover, with EFG Hermes executing around 9.7% of the retail business.

During 3Q 2016, EFG Hermes held its sixth annual EFG Hermes London MENA & Frontier Conference at the Emirates Stadium in London. The event brought together 270 investors from 155 institutions with more than USD8 trillion in aggregate assets under management in meetings with senior executives representing 92 of the top-listed companies from MENA, Sub-Saharan Africa and Asia.

UAE – Dubai

Third quarter saw the DFM market move up however on lower volumes, with the DFMGI adding 4.9% Q-o-Q; and volumes dropping 25% over 3Q16. The Firm’s market share rose for another quarter to reach 19.4% in 3Q16 up from 14.2% in 2Q16, ending the quarter with a first place ranking up from 2nd place in 2Q16. Moreover, the Firm’s market share for 9M16 reached 14.9%, reflecting a 2nd place ranking.

The increase in EFG Hermes’s market share during 3Q16 was largely driven by a special transaction worth AED440 million on Aramex shares for institutional clients. Accordingly, the overall institutional business participation in the market increased to 36.8% up from 28.4% in 2Q16, with the foreign participation capturing 18.8% of this business. The Firm managed to successfully capture 57% of the foreign investors flow in the market, higher 22% than a quarter earlier.



UAE – ADX

Performance on ADX was muted in 3Q16 with the ADI inching down 0.5% Q-o-Q. Similar to DFM, ADX liquidity weakened; falling 29% Q-o-Q over the same period. EFG Hermes continued to dominate the market; maintaining a 1st place position for 3Q16 and 9M16. The Firm’s market share rose to 45.1% in 3Q16 versus 29.7% in 2Q16, thus taking 9M16 market share to 32.2%.

The institutional flow in the market rose to 55.1% in 3Q16 versus 51.3% recorded in 2Q16, with foreign participation in the market increasing to 37.3%, up by 21.8% from the previous quarter. The significant improvement in our market share came on the back of EFG Hermes capturing almost all of the foreign investors’ activity (98.6%) in the market; which did not decline Q-o-Q despite market volumes retreating in 3Q16.



UAE – Nasdaq Dubai

The Firm maintained its top ranking in 3Q16 and 9M16, with a market share of 61.8% and 64.5% respectively.



Saudi Arabia

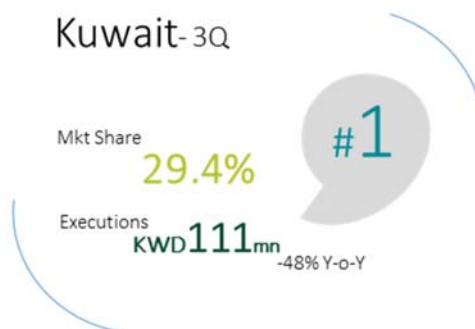
A very weak quarter for the Saudi Market, with the Tadawul All Share Index losing 13.5% Q-o-Q in 3Q16; and turnover dropping 47% Q-o-Q. EFG Hermes market share came at 1.5% in 3Q16, with a 5th place ranking among pure brokers (non-commercial banks) and a 1st place ranking among foreign brokers. In 9M16, the Firm's market share came at 1.2% with a 4th place ranking among pure brokers and a 1st place ranking among foreign brokers. The market continues to be dominated by retail investors, with the percentage of foreign institutions participation via participatory notes not exceeding an average of 1.6% in 3Q16. The QFI participation was very low, 0.14% of the market turnover.



EFG Hermes Saudi continues to target local HNW clients to expand its client base as they represent more than 80% of the market. Additionally, the team focuses on QFI, GCC HNW and institutional clients as these clients prefer a one-stop shop in the region.

Kuwait

A slow quarter for Kuwait that saw muted performance and low liquidity; the KSE Index ended broadly flat in 3Q16, up 0.6% Q-o-Q; yet turnover fell 49% Q-o-Q. The Firm maintained its #1 position in 3Q16 and 9M16, with a market share of 29.4% in 3Q16 up from 25.7% in 2Q16, and underpinning our 9M16 market share which reached 26.9%. The increase in the Q-o-Q market share is mainly attributed to the increase in foreign flows in the market, as the Firm remains the preferred broker for foreign institutional investors in Kuwait; capturing around 70% of the business in 3Q16.



The firm is well positioned to continue growing its market share given the healthy mix of its client base as well as its expertise in dealing with all the potential new trading tools to be deployed as well as its strong share of foreign institutional business.

Amendments to the CMA regulations could have a positive medium term impact on market liquidity and performance together with CMA's plan to change the market mechanism by the end of 2016. The CMA intends to unify a T+3 settlement cycle across the board, allowing brokers to have control of clients cash, introducing margin/ shorting/ market making. If the above should materialize, a likely increase in liquidity should definitely be expected. Kuwaiti CMA & KSE seem very keen to compete for an inclusion spot in the MSCI emerging markets index as well as FTSE secondary emerging status for the later to be reviewed in Sep of 2017.

Oman

Volumes on the Omani market followed other GCC markets in 3Q16, declining 43% Q-o-Q, while the MSM Index inched down 0.9% Q-o-Q. EFG Hermes held a second place ranking in 3Q16 with a market share of 28.1% versus 27.1% in 2Q16, mainly as a result of a noticeable increase in local institutions and HNW Investors activity in Oman. For the 9M16, the Firm held a second place ranking, with a market share of 28.6%.



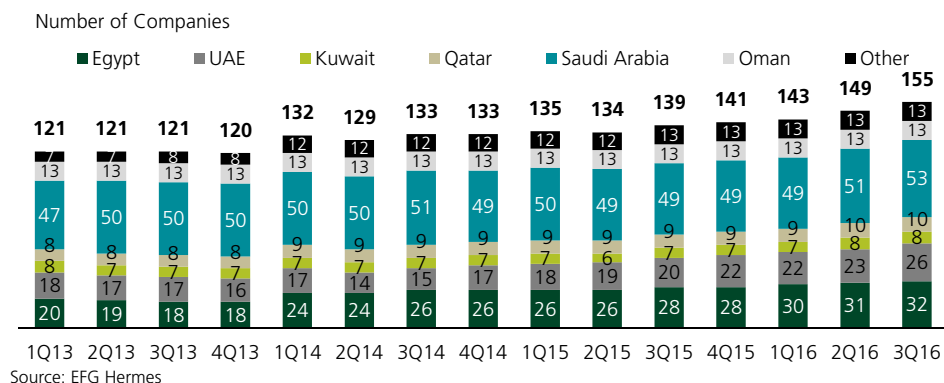
Jordan

A quiet quarter for Amman Stock Exchange, with the Index adding 1.4% Q-o-Q and turnover declining 11.5% Q-o-Q for 3Q16. EFG Hermes market share came at 10.7% in 3Q16 from 12.2% a quarter earlier, mainly on the back of lower foreign investors' activity during the quarter. In terms of ranking, the Firm maintained a 3rd place ranking for 3Q16 and 9M16, and recorded a market share of 11.5% for the 9M16.



ii. Research

Research Coverage Universe



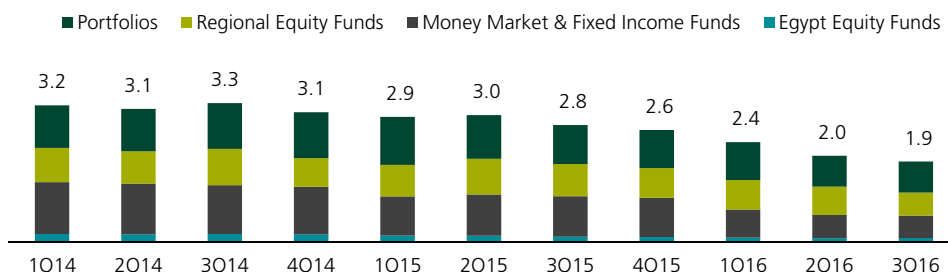
The Research department coverage reached 155 companies at the end of 3Q16, distributed across the region (Egypt 32, UAE 26, KSA 53, Kuwait 8, Oman 13, Qatar 10, Lebanon 3, Morocco 3, Jordan 5, Netherlands 1 and United Kingdom 1). Currently, EFG Hermes covers 63% of the regional market capitalization.

Moreover, the research department covers 9 economies from a macro level and 9 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.

iii. Asset Management

Development of Assets under Management

In USD billion



Source: EFG Hermes Asset Management

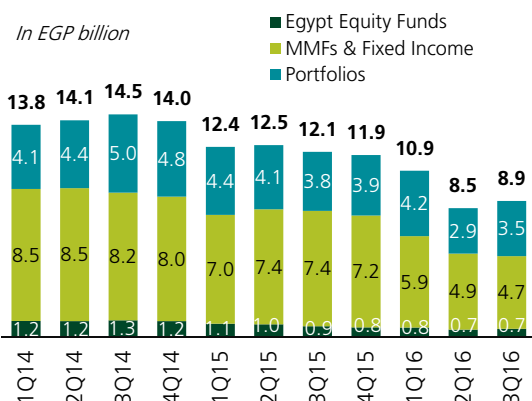
EFG Hermes Assets under Management stood at USD1.9 billion at the end of 3Q16, down 5% Q-o-Q, with net outflows reflecting all the decline in AuMs.

Egypt based AuMs appreciated on the back of good performance posted by different asset types: MMFs, equity funds and portfolios. In terms of flows, Egypt saw net inflows as outflows in MMFs were offset by higher inflows in portfolios. On the regional front, weakening markets and net outflows pressured both Regional ex-KSA and KSA funds/portfolios.

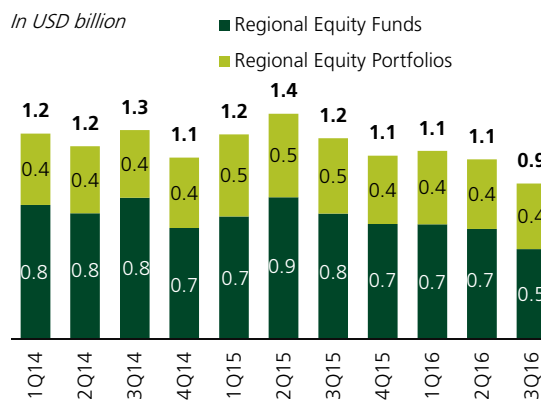
AuMs declined 25% over 9M16; with outflows representing 20% of total AuMs and markets weakening representing the remaining 5%. Redemptions in Egypt MMFs represented the majority of the outflows, as the size of MMFs continue to face pressure post the Central Bank circulation passed in 1Q16, which further limits the size of MMFs to 2.5% of the deposit size of the sponsoring bank.

Additionally, more than 50% of the total asset base is denominated in Egyptian pound, thus the EGP devaluation which occurred during 1Q16, negatively impacted the size of the AuMs given that we report our AuMs in USD. The below charts highlighting AuMs evolution for Egypt and the region separately, to eliminate the impact of the devaluation on reported AuMs. Egypt based AuMs were up 6% Q-o-Q, yet declined 25% over 9M16. Meanwhile, regional equities lost 13% Q-o-Q and 15% in 9M16.

Egyptian AuMs

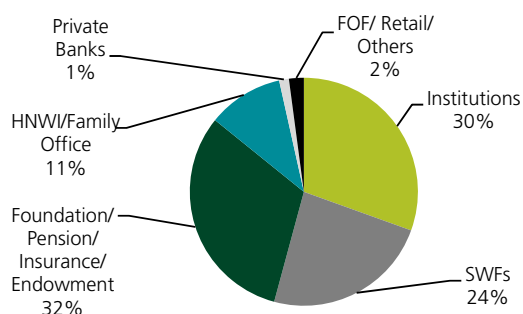


Regional AuMs



The Asset Management clients' base remained well diversified with special focus on long-term and institutional clients. During 3Q16 major changes included: Institutional clients represented 30.5% of total AuMs versus 28.1% a quarter earlier. Alternatively, Foundation/ Pension/ Insurance/ Endowment represented 31.6% of total AuMs versus 34.2% a quarter earlier.

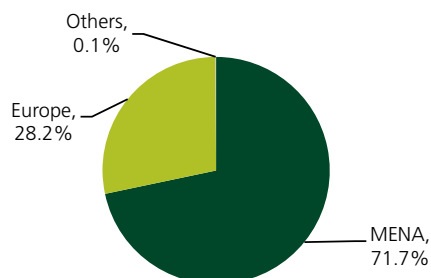
Assets under Management by Type of Client



Source: EFG Hermes Asset Management

In terms of funds origination, MENA clients' contribution to total AuMs increased to 71.7% from 68.6% a quarter earlier, as European clients weight decreased to 28.2% from 31.2% over the same period.

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 USD50 million versus a NAV of USD55 million in 2Q16. There was no subscriptions to the fund and redemptions totaled to USD0.7 million during the quarter. In terms of performance, the MEDA fund lost 4.4% versus the S&P Pan Arab Composite LargeMid Cap TR Net USD Index which added 0.6% in 3Q16.

The EFG Hermes Saudi Arabia Equity Fund ended the quarter with a NAV of USD9 million versus a NAV of USD15 million in 2Q16. The fund saw subscriptions of USD1.5 million while redemptions reached USD5.5 million in 3Q16. Over the quarter, the fund lost 14% versus the Tadawul All Share Index which fell 14%.

The EFG Hermes "Hasaad" Freestyle Saudi Equity Fund ended the quarter with a NAV of USD11 million versus USD15 million in 2Q16. The fund saw no subscriptions while redemptions amounted to USD1.8 million. Over the quarter, the fund lost 12% versus the S&P Saudi Shariah TR index which dropped 12%.

The EFG Hermes Telecom Fund ended the quarter with a NAV of USD15 million in 3Q16, unchanged Q-o-Q. The fund saw no redemptions nor subscriptions in 3Q16, gaining 1% over the quarter versus MSCI EMEA Telecom Index which was down 4%.

The EFG Hermes Egypt Fund ended 3Q16 with a NAV of USD24 million versus a NAV of USD23 million at the end of 2Q16. The fund saw no subscriptions in 3Q16 while total redemptions reached USD0.2 million. In terms of performance, the fund gained 7% versus the Hermes Financial Index (HFI), which returned 13% over the same period.

The MENA Long Term Value Fund ended the quarter with a NAV of USD350 million versus USD417 million in 2Q16. The Fund saw no new subscriptions, while redemptions totaled to USD63 million during the quarter. The Fund lost 1% in 3Q16.

For the equity, fixed income and balanced portfolios AuMs were USD747 million versus USD749 million at the end of 2Q16. During the quarter, the client base split between insurance companies, banks, regional HNWI/Family Office and SWF.

iv. Investment Banking

During 3Q16, EFG Hermes Investment Banking team successfully sealed three transactions in Egypt and UAE.

In the UAE, the team acted as sole financial advisor to The Abraaj Group on the sale of its 80% stake in Jordan Aircraft Maintenance Limited (JorAMCo), a leading independent commercial aircraft maintenance, repair and overhaul company serving a wide range of customers in the Middle East, Europe, South Asia, Africa, Russia and the CIS countries, to Dubai Aerospace Enterprise Limited.

On the Egyptian front, the Investment Banking team successfully closed the minority stake sale of B. Tech, one of the largest retailers of home appliances and consumer electronics in Egypt to Development Partners International (DPI), a leading African private equity firm, with USD 1.1 billion of assets under management. The transaction will see DPI invest EGP300 million to fund new growth strategy for B.TECH, marking DPI's first venture into the Egyptian market. Despite challenging macroeconomic and regulatory conditions, the team managed to attract and facilitate foreign interest in the Egyptian retail sector, which holds significant growth potential driven by Egypt's large and young population, and rising disposable income.

EFG Hermes Investment Banking also acted as the Sole Financial Advisor to Arabian Food Industries Company Domty S.A.E. "Domty" in connection with arranging and setting up a Depositary Receipts program – representing current ordinary shares in the company – that is traded on the London Stock Exchange with a focus on enlarging the company's investor base, improving the share trading liquidity and enhancing the corporate profile. The program accommodated the conversion of up to c. 21.77% of the company's current outstanding share capital to GDRs (based on Domty's free float of c. 43%). The team successfully managed to fast-track the setup of the GDR program through introducing Admission to Trading on LSE program to the Egyptian market, making Domty the first Egyptian company to leverage the newly introduced program. Following Domty's GDRs admission to trading on the LSE its average daily traded value on the EGX increased c.440% in the following two weeks and c. 210% in the following month.

In spite of local market turbulence, the IBD still managed to develop a robust pipeline of both M&A and equity deals expected to be executed throughout 2017 in Egypt.

v. Private Equity

Private Equity assets under management stood at USD1.1 billion at the end of 3Q16, flat Q-o-Q.

Infrastructure:

Vortex platform's AUMs and managed capacity have increased to EUR730 million and net 457MW after the acquisition of 49% of EDPR's Pan European Portfolio and building on its previous investment in an operational French wind portfolio, which was completed in December 2014.

ECPII:

ECP II GP completed the full divestment of the last investment Kandil Steel Holding. The sale proceeds were paid over two installments, EGP7.1 million received in August 2015 and EGP70.0 million received in March 2016. The GP is distributing the last distribution to LPs amounting to EGP 54.9 million. Given the exit of KSH, the GP will start the process of liquidating the Fund. The full liquidation process of the Fund is expected to be finalized by 4Q16.

Rx Healthcare Fund Initiated by USD20 million Investment from AfDB

Rx Healthcare Fund ("Rx") addresses the growing demand for high-quality healthcare services in Africa successfully secured its first USD20 million anchor commitment from the African Development Bank ("AfDB"). The Fund has a target first closing of USD100 million and planning to start fundraising in 2017. Rx Healthcare team based in Cairo Egypt has a unique platform presenting a joint venture between EFG Hermes PE and an operational healthcare team with more than 20-30 years of experience in the region. The fund will target initially: Egypt, Tunisia, and Morocco then scaling up to Ethiopia, Kenya, Nigeria, and Sudan — by providing expansion capital to companies with high-growth potential in diagnostics, hospitals, and pharmaceuticals.

vi. Leasing

Key highlights

The exchange rate change shall lead to a strong inflationary wave affecting demand and leading to a slower business environment over the short term. Despite the head winds, we hope that this shall be coupled with a better functioning FX market. In anticipation of margin squeeze EFG Hermes leasing had been active in the process of rolling out new products that can potentially command higher margin and separate us from the overly competitive low-margin market.

Market Share

EFG Hermes Leasing remained in the 6th position maintaining a fairly strong market share during the first 9 months of the year. Worth noting, that our market share retreated in 3Q16, as the team became more focused on the collection process particularly as the corridor rate increased 3% since the beginning of the year and until the end of 3Q 2016.

Contracts Booked by Asset Size – 3Q16

	Company	Lease Value (EGP mn)	Market Share
1	Corplease	702	18%
2	Techno lease	626	16%
3	GB Lease	528	14%
4	Al Ahly	351	9%
5	Enmaa Leasing	249	6%
6	QNB	175	5%
7	Tamweel Leasing	167	4%
8	Al Tawfik Lease	167	4%
9	Orix	159	4%
10	Incolease	150	4%
11	EFG Hermes Leasing	134	3%

Contracts Booked by Asset Size – 9M16

	Company	Lease Value (EGP mn)	Market Share
1	Corplease	2,370	16%
2	GB Lease	1,842	12%
3	Global Lease	1,469	10%
4	Al Tawfik Lease	1,318	9%
5	Techno lease	1,190	8%
6	EFG Hermes Leasing	1,098	7%
7	QNB	1,041	7%
8	Al Ahly	873	6%
9	Arab African	858	6%
10	Incolease	785	5%
11	Orix	369	2%

vii. Micro-Finance “Tanmeyah”

In our last update, we highlighted the importance of securing funding to ensure Tanmeyah’s operation continue to run smoothly. Therefore, a very important development this quarter, was securing funding from new banks.

Results in a Glance

At end of 3Q16, Tanmeyah had around 92 thousand active borrowers with a robust pipeline as the company’s funding sources started to stabilize and grow. The company managed to issue close to 66 thousand new loans, worth around EGP492 million YTD.

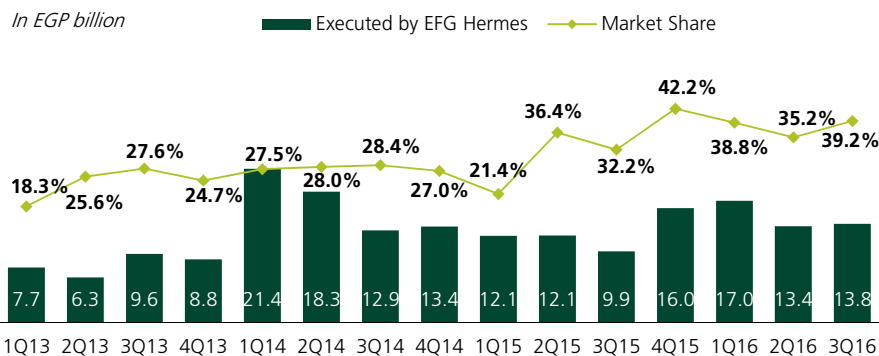
Tanmeyah is in the process of opening 13 branches out of which 12 will be operating before year-end to reach a total of 123 branches.

KPIs	3Q16	9M16
Total Number of Active Borrowers	91,572	91,572
Total Number of Processed Applications	30,255	77,658
Total Number of Loans Issued	27,596	66,054
Total Value of Loans Issued (EGP mn)	253	592
Total Portfolio Outstanding (EGP mn)	492	492
Total Branches - Egypt	111	111
Cairo	5	5
Delta	52	52
Upper Egypt	54	54
Total Loan Officers	925	925
Total Staff	1,661	1,661

III. ANNEX

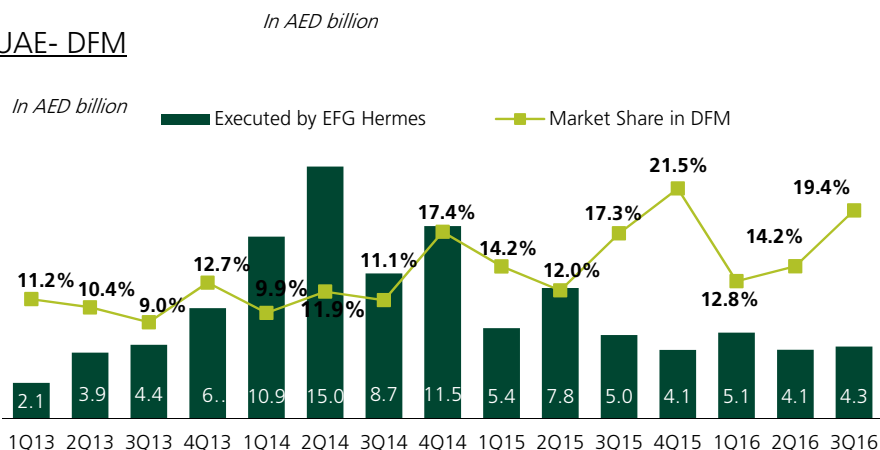
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:

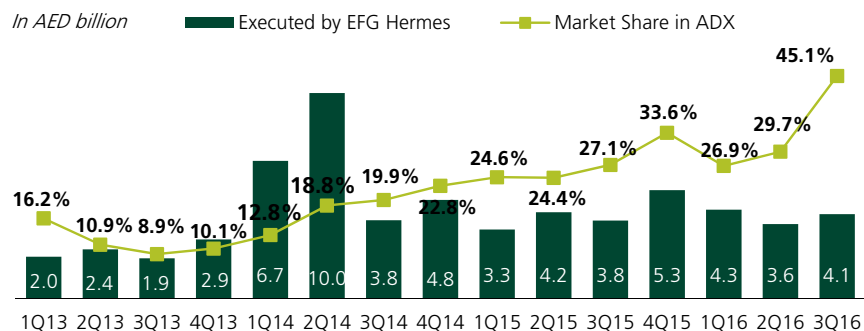


*Including special transactions

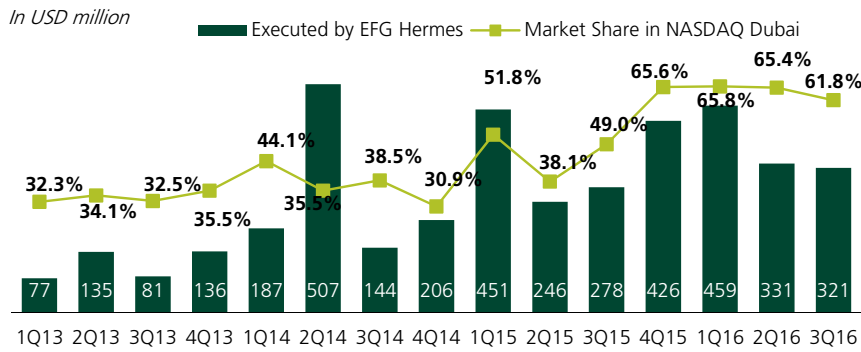
UAE- DFM



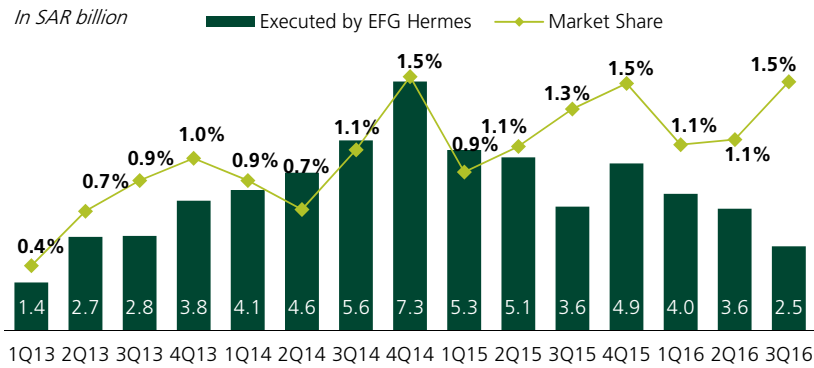
UAE – Abu Dhabi



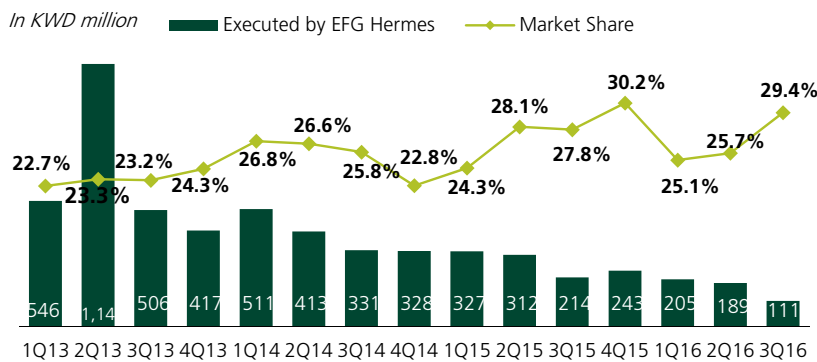
UAE – NASDAQ Dubai



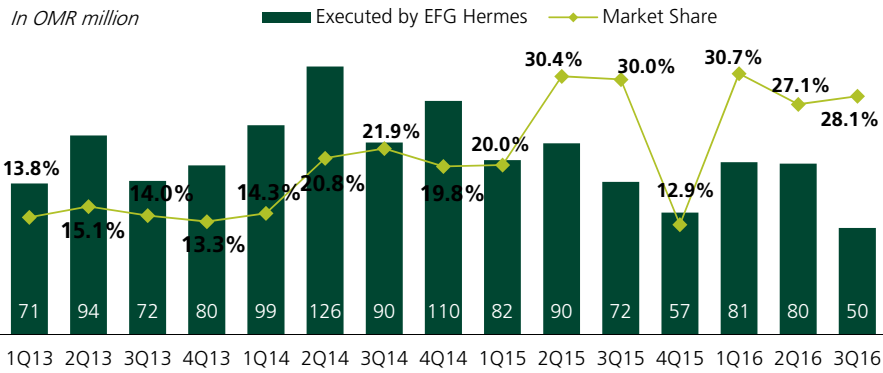
KSA:



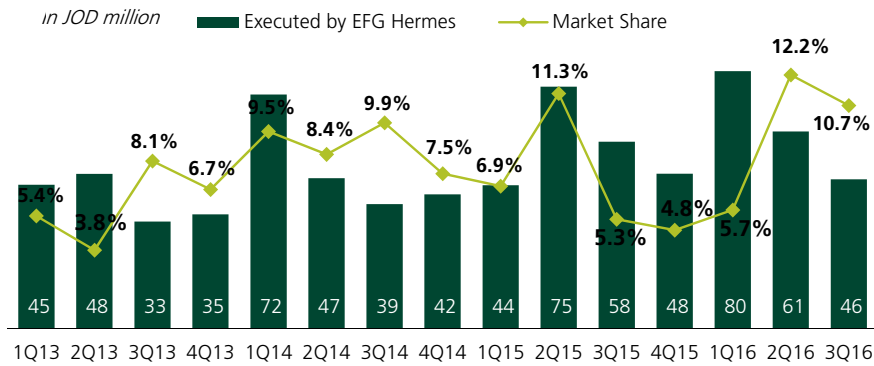
Kuwait:



Oman:



Jordan:



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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 3,074,472,890

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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