

## **EFG HERMES REPORTS FULL YEAR 2017**

### **GROUP EARNINGS FROM CONTINUED OPERATIONS OF EGP1.2 BILLION; ON OPERATING REVENUE OF EGP3.6 BILLION**

Cairo, March 27<sup>th</sup>, 2018 – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP236 million in 4Q17 and operating revenue of EGP837 million in 4Q17. The Group total assets stood at EGP41.3 billion at the end of FY17.

#### Key Highlights

FY2017

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- ≡ The Group made progress towards its strategic goals of building a financial services platform that caters to different groups of clients and covers the MENA and Frontier regions. During the year, we continue to grow our franchise; be closer to our clients by expanding into Pakistan, Kenya and opening offices in USA and UK; and expand our spectrum of products to include structured products, merchant banking activities and installment sale services (ValU). This translated into Group operating revenue of EGP3.6 billion versus EGP1.3 billion, up 186% Y-o-Y in FY17, after adjusting for the one-off fx-gain in FY16;
- ≡ Fee and commission revenues increased 84% Y-o-Y to EGP2.3 billion in FY17. Excluding fx-gains booked on business lines in FY16, fees and commissions would be 111% higher Y-o-Y. This strong set of results reflect healthy growth in revenues delivered by the traditional businesses in addition to progress made in new initiatives, while maintaining - a leadership position in markets we trade, top rated analysts, an award winning asset manager and a world-class Investment Banking division leading Thomson Reuters Middle East ECM fees league tables in FY17;
- ≡ Adjusting for fx-gains, capital markets & treasury operations revenue increased 605% Y-o-Y to EGP1.4 billion in FY17. The increase in revenues is driven predominately by: (i) a healthy growth in treasury operations, (ii) additional revenue generated from Merchant Banking activities (which was introduced in 2017); (iii) a one-off gain of EGP348 million from the sale of Credit Libanais shares; and (iv) a number of capital gains;
- ≡ Group operating expenses rose 12% Y-o-Y to EGP2.1 billion in FY17, on higher salaries and higher all operating expense categories and despite lower discretionary compensation. We continued to achieve our commitment to deliver employee expenses/ operating revenues ratio below the 50% mark, concluding the year with a 39%. Additionally, if we exclude the gain of EGP348 million from selling Credit Libanais's shares in FY17, employee expenses/ operating revenues would come at 43%;
- ≡ While our headline figures suggest a decline in profits, if we exclude the one-off fx-gains in FY16, the Group operating profit and the Group net profit after tax and minority interest would be EGP1.5 billion and EGP1.2 billion versus a loss of EGP618 and EGP1.2 billion in the comparable periods, respectively;
- ≡ In FY17, we continued to divest the remaining stake in Credit Libanais post the sale of the majority stake in the Bank and its subsequent deconsolidation in 2Q16. In FY17, we offloaded an additional 5.7% of the Bank's shares, thus leaving the Firm with 9.5% stake at the end of the year.

*For full report and financial statements, please click on the links on top of the page.*

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## Summary of Resolutions for the Board of Directors Meeting Held on 26/03/2018

**Cairo, March 27<sup>th</sup>, 2018:** EFG Hermes S.A.E. Board of Directors convened on Monday 26/3/2016 at 1:00 p.m. (CLT) and:

1. Approved FY2017 Consolidated and standalone financial statements, along with the board report and the audit report.
2. Approved 4Q2017 internal audit and risk committee report.
3. Approve the annual anti money laundry report for the year 2017
4. Approved the recommendation of the compensation committee to renew the current compensation program for a three years' period starting 1<sup>st</sup> of January 2018, whereby a number of the company's employees and management team may receive a cash bonus linked to the share price and the financial performance of the company.
5. The board approved the leasing of the floors number (9,10,11 and part of 14)- (North Tower) owned by the company in Nile City towers through sale and lease back with Housing and Development Bank (or any other banks who will participate in the future). The board also authorized EFG Hermes Leasing company to act as a security agent and take all necessary actions in this regard.
6. Delegated EFG Hermes Holding chairperson to call for the OGM and determine its agenda.

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