

EFG HERMES REPORTS FIRST QUARTER 2017 GROUP EARNINGS FROM CONTINUED OPERATIONS OF EGP236 MILLION; ON OPERATING REVENUE OF EGP825 MILLION

Cairo, May 15th, 2017 – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP236 million in 1Q17, up from EGP79 million in 1Q16. Operating revenue rose 106% Y-o-Y to EGP825 million in 1Q17. Net profit after tax and minority interest from continued and discontinued operations reached EGP359 million in 1Q17, up from a loss of EGP128 million in 1Q16. The Group total assets stood at EGP25.1 billion at the end of 1Q17.

Key Highlights

1Q2017

- ≡ Supported by buoyant markets, EFG Hermes more than doubles its revenues to set up a strong kick-off for the year; total operating revenue reached EGP825 million in 1Q17 from EGP400 million in 1Q16, an increase of 106% Y-o-Y; underpinned by a significant improvement in revenues generated from our traditional agency business, our non-bank finance institution (NBFi) and from treasury operations;
- ≡ Fee and commission revenues rose 76% Y-o-Y to EGP466 million in 1Q17, on higher revenue generated from all business lines with the exception of Private Equity. Brokerage was the top contributor to revenue growth in 1Q17 as Egypt and Kuwait executions increased significantly Y-o-Y; followed by a higher contribution from the NBFi as Leasing business grows and on the addition of Tanmeyah to the platform (Tanmeyah consolidated in 2Q16);
- ≡ Capital markets and treasury operations revenues posted an increase of 165% Y-o-Y to EGP359 million in 1Q17, mainly on higher treasury operations revenue as well as on gains from redemptions of AM seed capital and an exit of a legacy merchant banking investment;
- ≡ Operating expenses rose 70% Y-o-Y to EGP480 million in 1Q17; mainly on higher overseas salaries post the EGP floatation, higher inflationary pressures, growth and addition of new businesses. However, the Firm remained cautious about its costs without interrupting critical business operations and planned growth and thus successfully reported an employee expenses/ operating revenues of 43% in 1Q17, well below the 50%;
- ≡ The Firm reported a net operating profit of EGP345 million in 1Q17, up 193% Y-o-Y and a net operating profit margin of 42% up from 30% a year earlier. This filtered into a Group net profit from continued operations of EGP236 million in 1Q17, up 201% Y-o-Y;
- ≡ We continue to divest our remaining stake in Credit Libanais (CL) post the sale of our majority stake in the Bank and its subsequent deconsolidation in 2Q16. In 1Q17, we offloaded an additional 2% of the Bank's shares, thus leaving the Firm with 13.1% stake at the end of the period. Accordingly, EFG Hermes reported a net profit from continued and discontinued operations of EGP359 million in 1Q17, on gains realized from selling an additional stake in CL during the quarter.

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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>	Investment Bank Financial Highlights				
	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y
Total Operating Revenue	825	3,026	400	-73%	106%
Total Operating Expenses	480	1,176	282	-59%	70%
Net Operating Profit	345	1,849	118	-81%	193%
Net Operating Margin	42%	61%	30%		
Net Profit After Tax & Minority Interest (Continued Operations)	236	1,412	79	-83%	201%
Net Profit After Tax & Minority Interest (Continued and Discontinued Operations)	359	1,462	(128)	-75%	N/M

Source: EFG Hermes Management Accounts

With resilient markets, EFG Hermes started-off the year with strong results as it delivers on its strategy. The Firm posted a 106% Y-o-Y growth in operating revenue to reach EGP825 million in 1Q17. The results reflects our focus on strategy, with its core pillars aiming at expanding core businesses, growing NBFI and adopting a Merchant Bank model.

On the cost side, total operating expenses increased 70% Y-o-Y to EGP480 million in 1Q17; predominantly on currency translation impact post the EGP floatation, higher Y-o-Y inflation, the additional costs base of Tanmeyah and higher Leasing business depreciation expense as the portfolio grew Y-o-Y.

Accordingly, the Group reported a net operating profit of EGP345 million in 1Q17, up 193% Y-o-Y and a net operating profit margin of 42% up from 30% a year earlier. This filtered into a Group net profit from continued operations of EGP236 million in 1Q17, up 201% Y-o-Y.

As the Commercial Bank, Credit Libanais, was deconsolidated and presented as discontinued operations in the financial statements of the Company, and with the Firm selling an additional 2% of Credit Libanais's shares in 1Q17; the Group reported a net profit from continued and discontinued operations of EGP359 million in 1Q17. Worth noting that in accordance with the Egyptian Accounting Standards and post the EGP floatation, the remaining stake in CL is presented at the carrying amount (cost) on our consolidated financial statements, thus any additional sale of the Bank's shares offer a gain in EGP terms.

ii. Business Lines Financial Performance

<i>in EGP million</i>	Investment Bank Revenue				
	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y
Brokerage	266	260	110	2%	142%
Egypt	157	199	74	-21%	112%
Regional	109	62	36	78%	202%
Asset Management	46	77	32	-41%	45%
Egypt	6	45	9	-86%	-31%
Regional	39	32	22	21%	77%
Investment Banking	44	42	41	3%	5%
Egypt	10	36	41	-72%	-75%
Regional	33	7	0	403%	N/M
Private Equity	10	26	62	-62%	-84%
Leasing	50	41	20	22%	145%
Micro - Finance " Tanmeyah"	51	38	0	35%	N/M
Fees and Commissions	466	484	265	-4%	76%
Capital Markets & Treasury Operations	359	2,541	135	-86%	165%
Total Operating Revenue	825	3,026	400	-73%	106%

Source: EFG Hermes Management Accounts

EFG Hermes reported strong operational revenue, up 106% Y-o-Y to EGP825 million in 1Q17, as revenues generated from all business lines and capital markets & treasury operations negated lower revenue generated from Private Equity.

Fee and commission revenues, which represented 57% of the total operating revenue, rose 76% Y-o-Y to EGP466 million in 1Q17. Our sell-side business fared well during 1Q17, with Brokerage revenue rising 142% Y-o-Y to EGP266 million on stronger executions, mainly in Egypt and Kuwait. Meanwhile, Investment Banking revenue rose 5% Y-o-Y to EGP44 million on higher advisory fees.

For our buy-side business, Asset Management revenue improved 45% Y-o-Y to EGP46 million in 1Q17 on higher management fees. On the other hand, Private Equity revenue declined 84% Y-o-Y to EGP10 million on lower management fees resulting from our vintage fund ECP III no longer paying management fees starting August 2016 and on higher comparable quarter, which included Fawry's exit incentive fees as well as fx-gains.

Contribution from our NBFI platform continued to increase, with Leasing revenue rising 145% Y-o-Y to EGP50 million, as the business continues to ramp up and the portfolio increases. Micro-finance reported revenues of EGP51 million in 1Q17 from EGP38 million in 4Q16 on higher Q-o-Q sales as funding issues that hampered the business since the acquisition were largely resolved.

Capital Markets and treasury operations, which represent 43% of the total operating revenue, increased 165% Y-o-Y to EGP359 million in 1Q17. The quarter included capital gains of: (i) EGP103 million from redemptions of seed capital seen in one of our Asset Management funds, MLTV Fund; and (ii) EGP66 million from SNB exit, one of the Firm's Private Equity / merchant banking legacy co-investments.

iii. Investment Bank Operating Expenses

<i>in EGP millions</i>	Investment Bank Operating Expenses				
	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y
Employee Expenses	359	913	208	-61%	72%
Employee Expenses/Operating Revenue	43%	30%	52%		
Employee Expenses/Operating Expenses	75%	78%	74%		
Other Operating Expenses	121	263	74	-54%	63%
Other Operating Expenses/Operating Revenue	15%	9%	19%		
Other Operating Expenses/Operating Expenses	25%	22%	26%		
Total Operating Expenses	480	1,176	282	-59%	70%

Source: EFG Hermes Management Accounts

Total operating expenses increased 70% Y-o-Y to EGP480 million in 1Q17, on higher employee expenses and higher other operating expenses. However, employee expenses/ operating revenues was kept below the 50% mark at 43% in 1Q17.

Employee expenses rose 72% Y-o-Y to EGP359 million in 1Q17. The increase is mainly due to: (i) an increase in the overseas salaries denominated in USD or USD pegged currencies thereby affected with the EGP floatation; (iii) an increase in the salaries pool with Tanmeyah's consolidation in 2Q16; and (iv) a relatively higher annual salary increases required to keep pace with the elevated inflation rate in Egypt; and (iv) an increase in monthly bonuses on the back of higher Brokerage monthly commissions as markets' executions improved Y-o-Y and the additional Tanmeyah's employees monthly bonuses.

Other operating expenses rose 63% Y-o-Y to EGP121 million in 1Q17; mainly on higher depreciation expense directly related to Leasing operations, higher expenses when translated in EGP from regional office expenses post the EGP floatation, and an increase in the dollar based expenses in Egypt.

Of other operating expenses, occupancy expense rose 149% Y-o-Y to EGP24 million in 1Q17 mainly on the back of higher regional offices rental charges. Data communication expenses increased 84% Y-o-Y to EGP20 million as the majority of the services received are in USD or USD pegged currencies. Telephone/fax/mobile expenses was up 36% Y-o-Y to EGP2 million, office expense added 104% to EGP10 million, travel expenses rose 19% Y-o-Y to EGP5 million, all reflecting higher inflation. General expenses reached EGP36 million up 125% Y-o-Y, predominately on higher leasing expenses Y-o-Y as the Leasing portfolio grew. Promotional and advertising expenses rose 67% Y-o-Y to EGP9 million on higher event expenses, which are all nominated in foreign currencies. On the other hand, consultancy and service fees expense declined 30% Y-o-Y to EGP15 million as the comparable quarter, 1Q16, included third party fees related to Tanmeyah's acquisition.

II. OPERATIONAL PERFORMANCE

i. Brokerage

The positive momentum, which was seen in 4Q16, continued in 1Q17 with regional markets witnessing an improvement in liquidity (with the exception of KSA), yet markets posted mixed performance. Moreover, the Kuwaiti equities came in the limelight this quarter posting strong returns and trading on high volumes. Excluding KSA, the average liquidity for all the regional markets that EFG Hermes executes in increased by 28% Q-o-Q, while the markets' average performance was slightly higher, up 2% Q-o-Q in 1Q17.

This resulted in EFG Hermes total executions reaching USD10.3 billion in 1Q17, up 14% Y-o-Y and Q-o-Q. Higher brokerage executions in our main markets was largely reflected in the overall Brokerage revenue, which rose 142% Y-o-Y and 2% Q-o-Q to EGP266 million in 1Q17.

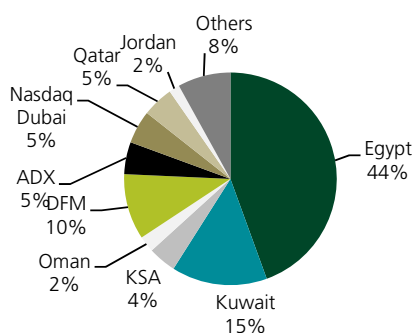
It is worth noting that, despite higher executions and margin trading for the Egyptian equities in 1Q17 as compared to 4Q16, revenue generated from the Egyptian entity declined Q-o-Q. This reflects the disappearance of the fx-gains related to the brokerage operation, which were booked in 4Q16 post the currency floatation.

in EGP millions	Brokerage Revenue				
	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y
Egypt	157	199	74	-21%	112%
UAE	50	32	21	53%	138%
KSA	9	11	5	-18%	76%
Oman	5	3	3	53%	61%
Kuwait	31	3	4	796%	705%
Jordan	4	11	3	-61%	38%
Others	10	0	0	N/M	N/M
Total Revenue	266	260	110	2%	142%

Source: EFG Hermes Management Accounts

In terms of pure market commissions, Egyptian equities contribution to the total commission pool declined, down to a contribution of 44% in 1Q17 versus 51% in 4Q16. This was mainly due to a significant improvement in liquidity in the Kuwaiti market which managed to climb to second place to represent 15% of the total commissions in 1Q17, as compared to 5% a quarter earlier. Meanwhile, DFM came third, generating 10% of the total commissions.

Commissions Breakdown by Market

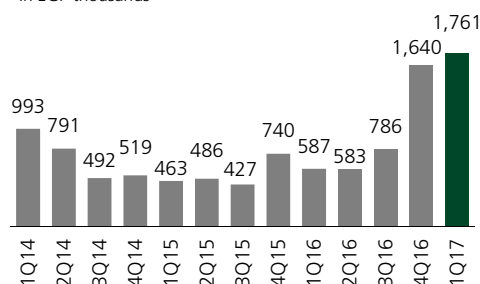


*Based on 1Q17 figures

In an attempt to eliminate the impact of the EGP floatation as we historically reported our average daily commissions in USD and Egypt constitutes almost half of the commissions generated, we provide below two charts, which split the average daily commissions generated from EGX (reported in EGP), and all other regional markets which we will continue to report in USD.

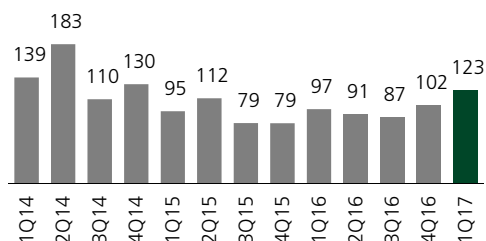
Average Daily Commissions in EGP

In EGP thousands



Average Daily Commissions in USD

In USD thousands



Higher brokerage executions on the EGX during 1Q17 reflected in higher average daily commissions, which rose 7% Q-o-Q and 179% Y-o-Y to EGP1.8 million in 1Q17. On the regional side, average daily commissions improved in the first quarter, up 20% Q-o-Q and 26% Y-o-Y to USD123 thousand.

in USD million	Brokerage Market Share & Executions				
	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y
Egypt*					
Market share	40.0%	39.6%	34.7%	0.4%	5.3%
Executions	2,519	2,835	2,055	-11.2%	22.6%
UAE - DFM					
Market share	12.8%	14.0%	12.8%	-1.2%	0.0%
Executions	1,682	1,605	1,400	4.8%	20.1%
UAE - ADX					
Market share	24.0%	27.0%	26.9%	-3.0%	-2.9%
Executions	1,136	890	1,174	27.6%	-3.2%
UAE - Nasdaq Dubai					
Market share	57.9%	54.4%	65.8%	3.5%	-7.9%
Executions	468	415	459	12.7%	1.9%
KSA					
Market share	1.1%	1.4%	1.1%	-0.3%	0.0%
Executions	770	1,167	1,069	-34.0%	-28.0%
Kuwait					
Market share	25.5%	14.9%	25.1%	10.6%	0.4%
Executions	2,021	777	684	160.2%	195.6%
Oman					
Market share	18.8%	27.4%	30.7%	-8.6%	-12.0%
Executions	146	156	210	-6.6%	-30.5%
Jordan					
Market share	22.0%	21.4%	11.4%	0.6%	10.5%
Executions	519	215	112	141.3%	362.0%

* Market share calculation is based on executions excluding special transactions
 - Executions in Qatar, Bahrain, Morocco, Lebanon, UK (GDRs) and others represent an additional 9% of total Brokerage executions in 1Q17
 Source: EFG Hermes and Regional Exchanges

Egypt

EFG Hermes maintained its strong market share and leadership position on the EGX, remaining as the #1 ranked broker with a market share of 40.0% in 1Q17.

Foreign participation reached 14% of market turnover, of which EFG Hermes Brokerage successfully captured 46% in 1Q17. The firm had also maintained its strong footing amongst retail investors and successfully captured around 16% of the retail business in the market.

During the quarter, EFG Hermes successfully organized a three-day visit to Cairo for Global and Regional institutional investors with more than USD3.5 trillion in assets under management. Investors met with H.E. President El Sisi in a session also attended by the prime minister, the governor of the central bank and the ministers of finance, international cooperation, petroleum, trade and industry, and investment.

Furthermore during 1Q17, EFG Hermes organized The Annual One on One Conference where more than 510 international fund managers and institutional investors from 260 institutions with aggregate assets under management in excess of US10 trillion attended the three-day meetings where they had face-to-face meetings with more than 147 companies listed in the Middle East, Africa and Southeast Asia.



UAE – Dubai

Turnover improved on DFM during 1Q17, up 15% Q-o-Q on the back of higher retail activity, however performance was muted, with the DFMGI slipping 1.4% over the quarter. The Firm’s market share came at 12.8% in 1Q17, reflecting a 7th place ranking for the quarter.

The decline in ranking is largely attributed to retail activity picking up in January and February; however, our ranking reached 2nd place in March when retail activity declined and the institutional business increased. Additionally, our market share in March was impacted positively by a series of crosses we undertook – total value of the crosses was USD75 million.



UAE – ADX

Volumes improved significantly on ADX, up 44% Q-o-Q; while the Index (ADI) lost 2.3% in 1Q17. The Firm maintained its 1st place ranking in 1Q17 with a market share of 24.0%.

Institutional activity increased with EFG Hermes’s institutional business accounting for, between 8% of the overall market in January to 29% in March, as the business saw a marked increase in March due to a FTSE quarterly rebalancing mid-month and heavy trades on the last day of FGB trading.



UAE – Nasdaq Dubai

EFG Hermes maintained its top ranking on NASDAQ Dubai with 57.9% market share in 1Q17. Turnover on NASDAQ Dubai improved during the quarter, largely due to a resurgence of interest in DPW that we were able to secure the majority of the trade in that stock.



Saudi Arabia

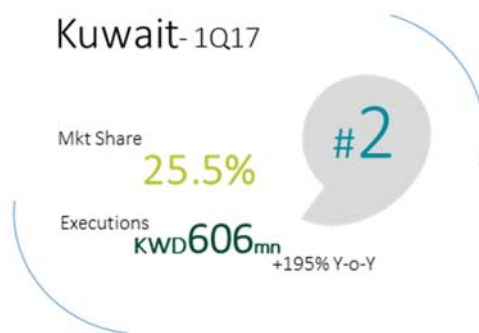
The Saudi Market took the back seat during 1Q17, with the Tadawall All Share Index losing 2.9% Q-o-Q in 1Q17; and turnover declining 16% Q-o-Q. EFG Hermes market share came at 1.1% in 1Q17, with a 5th place ranking among pure brokers (non-commercial banks) and a 2nd place ranking among foreign brokers. The market continues to be dominated by retail investors, with the percentage of foreign institutions participation via participatory notes not exceeding an average of 2.5% in 1Q17. The QFI participation improved slightly to represent 1.6 % of the market turnover, up from 0.3% a quarter earlier



EFG Hermes KSA will continue to target the QFI investors business, particularly as this business is expected to develop after implementing the new settlement cycle (T+2). The firm will also continue to target Saudi HNW clients to expand its client base as they are representing more than 80% of the market. Moreover, we will continue targeting GCC HNW and Institutions clients as this type of clients are looking for a one-stop shop in MENA.

Kuwait

A very strong quarter for the Kuwaiti market, with the KSE Index adding 22.3% and turnover rising 198% Q-o-Q. This stellar performance was led by local investors, followed by an increase in foreign funds activity (the foreign institutional flow had increased by 70% Q-o-Q). The local sentiment in the market was very positive this quarter on growing confidence that the Boursa Kuwait initiatives will be implemented soon which is expected to have a positive impact on liquidity. Moreover, the foreign index tracking funds activity had noticeably increased as Kuwait weight in MSCI Frontier is expected to increase following Pakistan upgrade from MSCI frontier to MSCI emerging in May 2017.



The Firm maintained its second place ranking in the market with a market share of 25.5% in 1Q17, after the firm successfully executed a number of Humansoft stock special transactions. It is worth noting that the number 2 broker and another broker amongst the top 10 have merged, putting their combined ranking at number one, and resulting in a number two ranking for EFG Hermes IFA. Moreover, EFG Hermes IFA is still the top broker in terms of foreign institutional business in the market, capturing over 60% of foreigners' flow at the end of 1Q17.

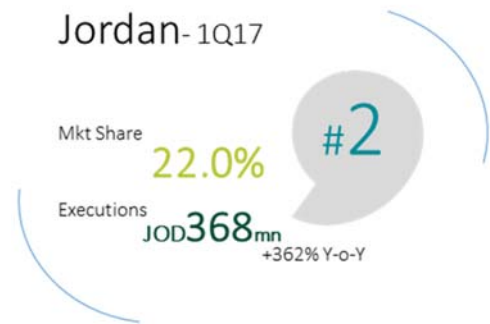
Oman

Volumes on the Omani market continued to improve for another quarter, rising 30% Q-o-Q, while the MSM Index declined 4.0% Q-o-Q. EFG Hermes held a fourth place ranking and a market share of 18.8% in 1Q17 mainly due to a noticeable decrease in foreign and GCC institutions activity during the quarter.



Jordan

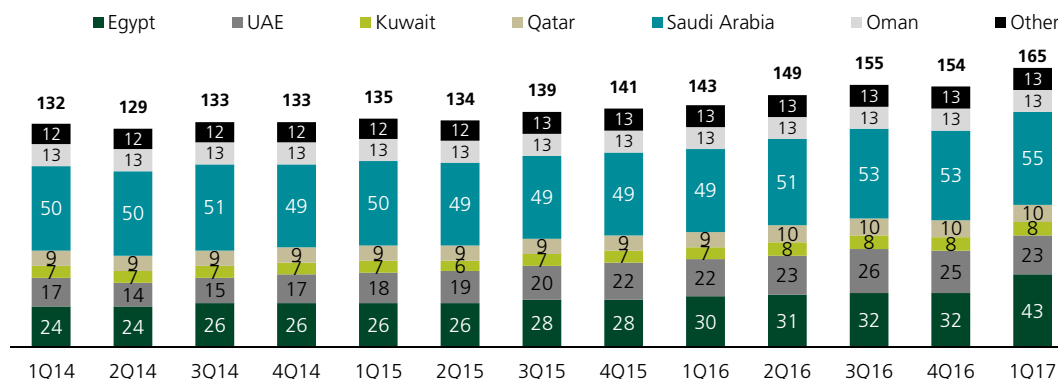
The Amman Stock Exchange saw volumes increase during 1Q17, rising 19% Q-o-Q, while the Index added 3.7% Q-o-Q. EFG Hermes market share rose to 22.0% in 1Q17 and maintained its second place ranking. This was largely attributed to an increase in activity level during the quarter and high contribution of the foreign clients' base, especially in the first month of the quarter.



ii. Research

Research Coverage Universe

Number of Companies



Source: EFG Hermes

The Research department coverage reached 165 companies at the end of 1Q17, distributed across the region (Egypt 43, UAE 23, KSA 55, Kuwait 8, Oman 13, Qatar 10, Lebanon 3, Morocco 3, Jordan 5, Netherlands 1 and United Kingdom 1). At the end of 1Q17, EFG Hermes covers 62% of the regional market capitalization.

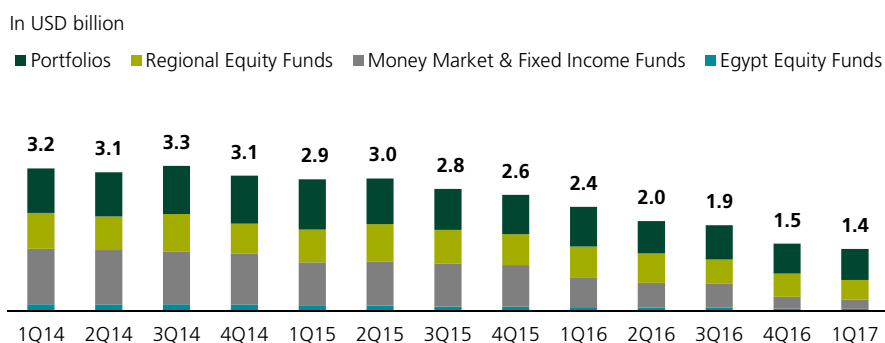
EFG Hermes Research got off to a fast start to the year with the team initiating coverage of the Egyptian small and mid-cap sector (initiated coverage on eleven stocks), the report was well received by clients.

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

EFG Hermes Assets under Management stood at USD1.4 billion at the end of 1Q17. We started in 4Q16 to report Egypt mandates separately from the Regional mandates to eliminate the impact of the Egyptian currency movement from funds/portfolios performance, as c.37% of the total asset base is denominated in Egyptian pound.

Development of Assets under Management

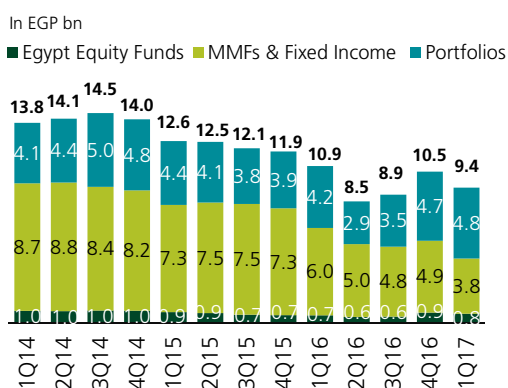


Source: EFG Hermes Asset Management

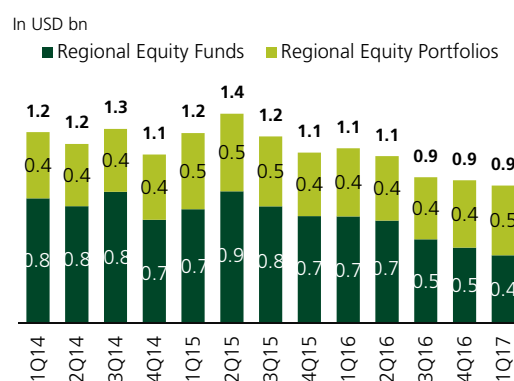
EFG Hermes Egypt based AuMs lost 10.3% Q-o-Q to reach EGP9.4 billion at the end of 1Q17. Positive markets performance added 5% to the AuMs base in 1Q17, while redemptions withdrew 15%. Positive markets failed to offset redemptions, which were seen across different asset categories as the CD rates became more attractive post the increase in interest rates. As a result, redemptions in MMFs represented the majority of the decline, c.11%.

EFG Hermes Regional based AuMs lost 3.7% Q-o-Q to reach USD890 million at the end of 1Q17, on the back of redemptions seen during the quarter. Markets improvement added 5% to the AuMs while redemptions represented 8% of the AuM base during 1Q17. Regional Funds and portfolios saw outflows, including an outflow of USD38 million, attributed to redemptions in MENA LTV Fund.

Egyptian AuMs

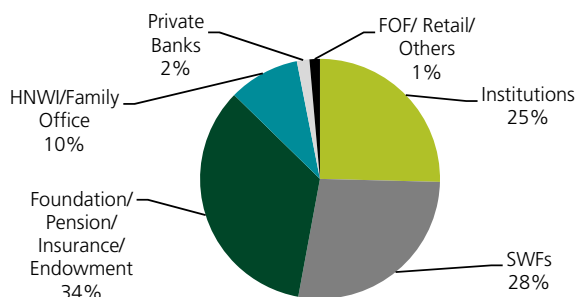


Regional AuMs



The Asset Management clients' base remained well diversified with special focus on long-term and institutional clients. During 1Q17 the clients' mix slightly changed; minor changes included: SWFs clients now represents 28% of total AuMs versus 26% a quarter earlier. Alternatively, Foundation/ Pension/ Insurance/ Endowment represents 34% of total AuMs versus 36% a quarter earlier.

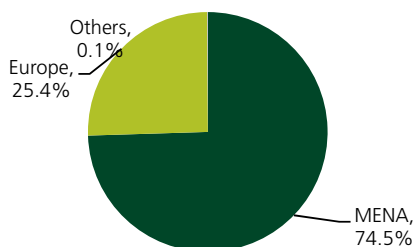
Assets under Management by Type of Client



Source: EFG Hermes Asset Management

In terms of funds origination, MENA clients’ contribution to total AuMs increased to 75% in 1Q17 from 71% a quarter earlier, as European clients weight decreased to 25% from 29% 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 USD33 million versus a NAV of USD51 million in 4Q16. The fund saw subscriptions of USD7.6 million and redemptions totaling to USD26.5 million during the quarter. In terms of performance, the MEDA fund gained 1.3% versus the S&P Pan Arab Composite LargeMid Cap TR Net USD Index, which added 0.4% in 1Q17.

The EFG Hermes Saudi Arabia Equity Fund ended the quarter with a NAV of USD8 million versus a NAV of USD10 million in 4Q16. The fund saw no subscriptions while redemptions came at USD1.8 million in 1Q17. Over the quarter, the fund lost 1.5% versus the Tadawul All Share Index which was down 2.9%.

The EFG Hermes “Hasaad” Freestyle Saudi Equity Fund ended the quarter with a NAV of USD5 million versus USD8 million in 4Q16. The fund saw no subscriptions while redemptions amounted to USD2.6 million. Over the quarter, the fund lost 2.2% versus the S&P Saudi Shariah TR Index, which declined 0.9%.

The EFG Hermes Telecom Fund ended the quarter with a NAV of USD11 million in 1Q17, down from USD15 in 4Q16. The fund saw no subscription and redemptions totaled to USD4 million in 4Q16. The Fund lost 1.7% over the quarter versus MSCI EMEA Telecom Index which was up 1.7%.

The EFG Hermes Egypt Fund ended 1Q17 with a NAV of USD15 million versus a NAV of USD19 million at the end of 4Q16. The fund saw subscriptions of USD0.5 million in 4Q16 while total redemptions reached USD6.9 million. In terms of performance, the fund was up 10.8% versus the Hermes Financial Index (HFI), which returned 6.8% over the same period.

The MENA Long Term Value Fund ended the quarter with a NAV of USD292 million in 1Q17 versus USD309 million in 4Q16. The Fund saw no new subscriptions, while redemptions totaled to USD37.5 million during the quarter. The Fund rose 7.0% during 1Q17.

For the equity, fixed income and balanced portfolios AuMs were USD714 million versus USD690 million at the end of 4Q16. During the quarter, total portfolios saw inflows of USD4.8 million and outflows of USD17.3 million, with the client base split between insurance companies, banks, regional HNWI/Family Office and SWF.

iv. Investment Banking

During 1Q17, EFG Hermes Investment Banking team successfully closed one initial public offering in the UAE and one M&A in Egypt. Furthermore, the department is currently managing an extensive pipeline of potential initial public offerings as well as M&A deals expected to close by year-end in Egypt and the UAE.

In March, EFG Hermes' UAE Investment Banking team, acting as Joint Global Coordinator, concluded the initial public offering of ENBD REIT on the NASDAQ Dubai stock exchange. The transaction represented Dubai's largest lender, Emirates NBD, offering its Real Estate Investment Trust. The offering equaled USD105 million and was oversubscribed by 1.6x with a positive response from regional investors.

In Egypt, the Investment Banking team advised EFG Hermes Private Equity on the sale of 100% of its stake in Sahara North Bahareya (SNB) to Torsina Suez Petroleum Limited (the "Buyer"), an SPV indirectly controlled by the shareholders of PICO International Petroleum, an independent exploration and production company owning a number of oil and gas assets in Egypt and internationally; in a deal worth USD79 million.

EFG Hermes' Investment Banking department has continued to navigate the recovering economic environment in the region by developing a robust pipeline of both M&A and equity deals expected to be executed throughout 2017. In April, the team completed the execution of Raya contact center IPO (fees to be booked in 2Q17).

v. Private Equity

Infrastructure

Vortex platform's AUMs and managed capacity at the end of 1Q17 is EUR 730 million and 457MW which includes (i) 49% stake in EDPR France via "Vortex I", which was completed in December 2014; (ii) 49% stake in EDPR's Pan European Portfolio via "Vortex II", which was completed in June 2016. Both vehicles are jointly owned by EFG Hermes Holding and a GCC SWF, with economic ownership at 5% and 95% respectively.

In terms of operational performance for 1Q17, EDPR France and EDPR Participaciones (portfolio 49% owned by Vortex Platform) have achieved steady EBITDA results, reaching an aggregate of more than EUR 44 million. Total distributions from the underlying assets to the Vortex platform amounted to more than EUR 55 million, implying an aggregate yield of c. 8% to the platform in 2016.

In 1Q17, the Vortex team has managed to sign an SPA, jointly with Tenaga Nasional Berhad "TNB" to acquire a 365MW solar PV farm in UK for an EV of GBP 470 million. Financial close is underway to take place in 2Q17. The UK portfolio is expected to grow Vortex platform's AUM to USD1.4 billion (822MW of managed net capacity).

Rx Healthcare Fund (RxHF):

In different stages of discussion with potential investors to RxHF. The formal announcement of the Fund and launch of the investors' roadshow is planned to start with the beginning of 3Q17.

ECPIII: SNB Exit:

EFG Capital Partners III Limited has successfully completed the sale of Sahara North Bahariya Limited to Torsina Suez Petroleum Limited, an SPV indirectly controlled by the shareholders of PICO International Petroleum, an independent exploration and production company owning a number of oil and gas assets in Egypt and internationally.

vi. Leasing

Key highlights

The macro environment in Egypt, which is currently characterized by high inflation, impacted demand and led to a slower business environment. In addition, fierce competition and price wars have resulted in slimmer margins that became increasingly evident since the beginning of 2017. Thus, EFG Hermes leasing focused on rolling out a new SMEs finance program to secure higher margins and increase the SME contribution from 6% to 20% of the total portfolio. In addition to penetrating the renewable energy sector through signing a financing program with Karm Solar, new vendor programs in the medical & healthcare and transportation sectors are expected to be launched during 2Q17. On another note, EFG Leasing successfully concluded a club deal with another player that amounted to EGP250 million during 1Q17.

Market Share

EFG Hermes Leasing maintained its ranking, coming in at 7th position in the first two months of the year (March report has not been released yet). Worth noting, that the team remains focused on the collection process to ensure a healthy cash position for the division, which is considered very important during the current tough economic situation and the foreseen liquidity squeeze in the market.

Contracts Booked by Asset Size – Jan & Feb 2017

	Company	Lease Value (EGP mn)	Market Share
1	Al Tawfik Lease	780	22%
2	GB Lease	588	17%
3	Incolease	373	11%
4	Al Ahly	328	9%
5	Corplease	287	8%
6	Techno lease	219	6%
7	EFG Hermes Leasing	211	6%
8	QNB	122	4%
9	Global Lease	121	3%
10	El Saeed	107	3%

vii. Micro-Finance “Tanmeyah”

Results in a Glance and Performance Review

KPIs	1Q17	4Q16	1Q16	Q-o-Q	Y-o-Y
Total Number of Active Borrowers	113,760	96,004	94,956	18%	20%
Total Portfolio Outstanding (EGP mn)	691	565	402	22%	72%
Total Branches - Egypt	123	119	114	3%	8%
Giza	3	3	4	0%	-25%
Cairo	2	2	3	0%	-33%
Delta	52	52	53	0%	-2%
Canal	4	2	0	100%	100%
Upper Egypt	62	60	54	3%	15%
Total Tanmeyah Staff	1,945	1,802	1,636	8%	19%

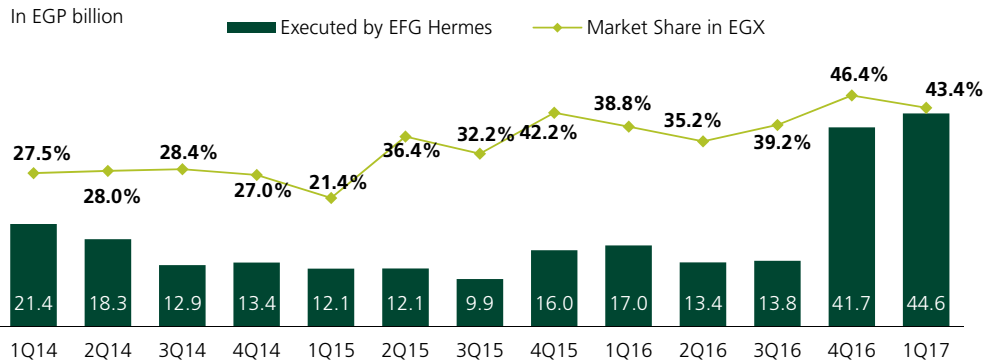
Performance has continued to improve in 1Q17, with the number of active borrowers, applications processed and loans issued increasing 18% Q-o-Q, 25% Q-o-Q and 18% Q-o-Q, respectively. This marked improvement in performance was a result of higher sales that exceeded initial targets as funding was secured and the loan officer deficits reduced along with increased productivity.

The total number of employees increased 8% Q-o-Q to 1,945 employees to reflect the four new branches, which were opened during the quarter together with the new functions/roles that are required to support business growth and enhance performance. Worth noting that the four new branches opened during 1Q17 were delayed projects from 2016.

III. ANNEX

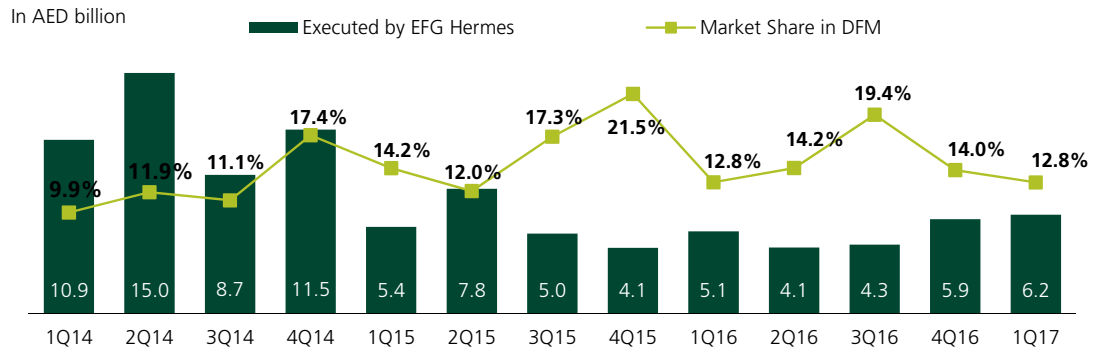
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:

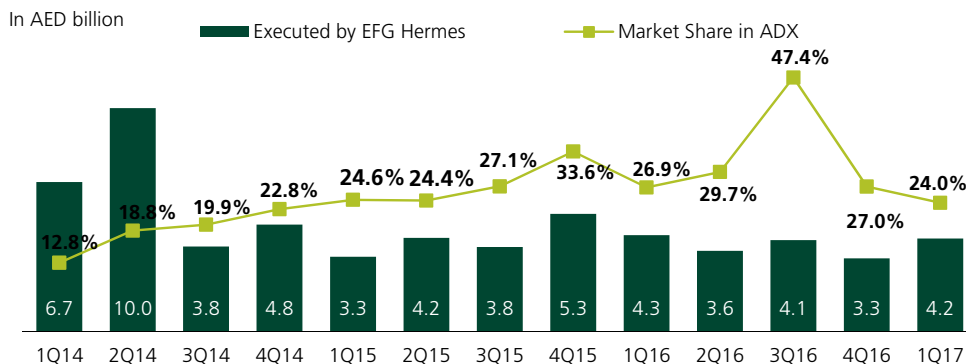


* Market share calculation includes special transactions

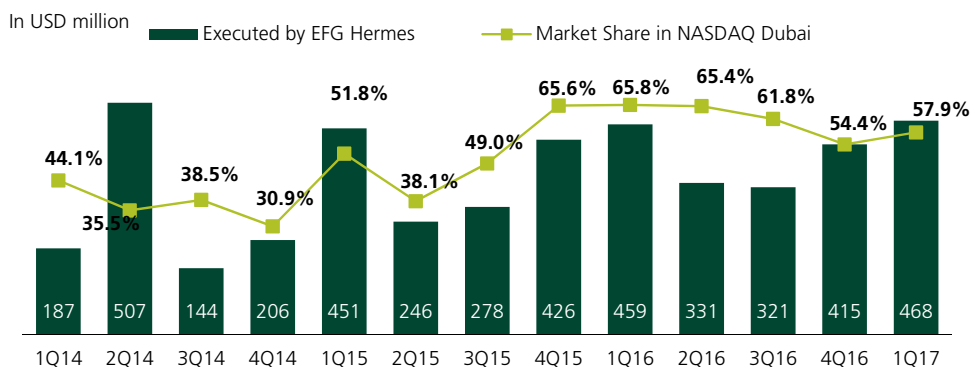
UAE- DFM



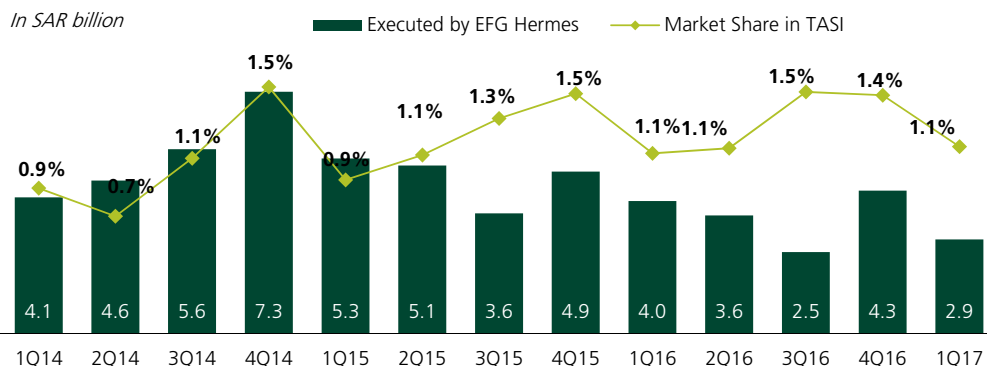
UAE – Abu Dhabi



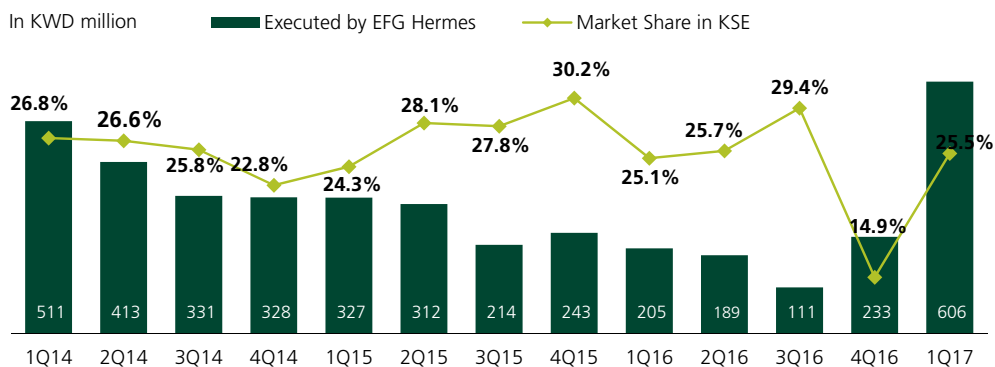
UAE – NASDAQ Dubai



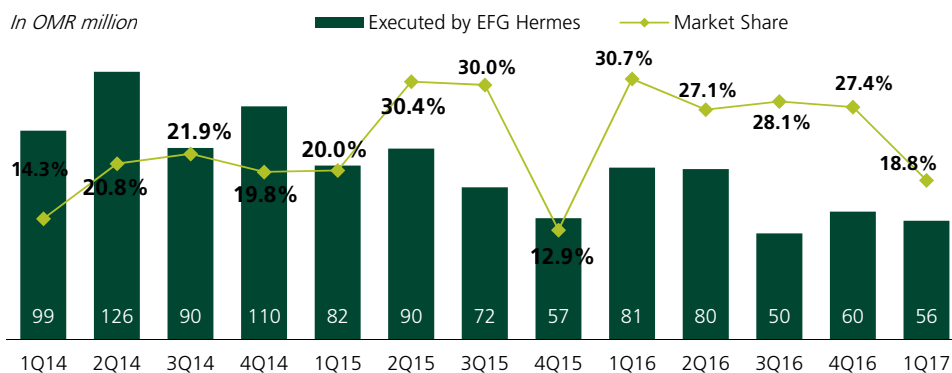
KSA:



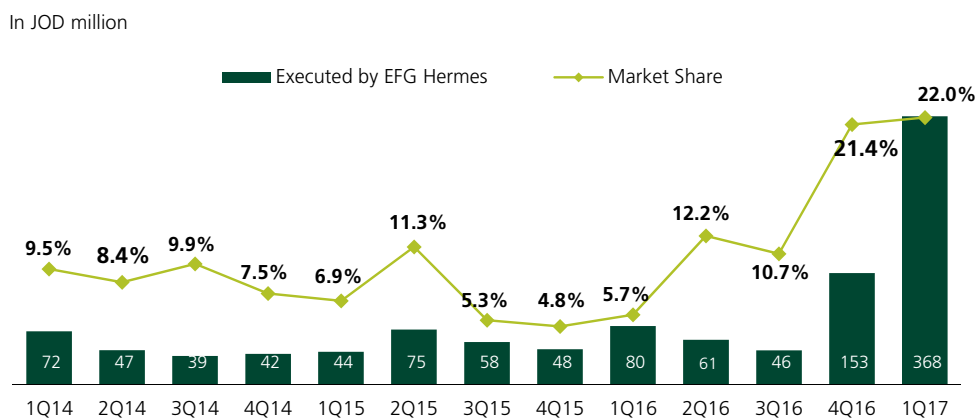
Kuwait:



Oman:



Jordan:



Disclaimer

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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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