

EFG HERMES REPORTS THIRD QUARTER 2017 GROUP EARNINGS FROM CONTINUED OPERATIONS OF EGP237 MILLION; ON OPERATING REVENUE OF EGP834 MILLION

Cairo, November 16th, 2017 – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP237 million in 3Q17, up from EGP41 million in 3Q16. Operating revenue rose 184% Y-o-Y to EGP834 million in 3Q17. The Group total assets stood at EGP24.6 billion at the end of 3Q17.

Key Highlights

3Q2017

- ≡ Third quarter this year marks another good quarter for the Group as the development of our business activities, backed by the robust ramping up of the NBFIs and the 50% investment in Frontier Investment Management Partners Ltd. "FIM", continued to be the main drivers for growth. The Firm reported a net operating profit of EGP274 million in 3Q17, up 263% Y-o-Y in 3Q17, that filtered into a Group net profit of EGP237 million in 3Q17, up 476% Y-o-Y;
- ≡ Revenues generated from all operations improved Y-o-Y, with EFG Hermes reporting a Group revenue of EGP834 million, up 184% Y-o-Y in 3Q17. This came in spite of the inherent seasonality of our business during the third quarter (with the slow summer season and a number of religious/public holidays);
- ≡ Fee and commission revenue rose 120% Y-o-Y to EGP473 million in 3Q17, with all three business verticals reporting an improvement in revenue further demonstrating continued progression in our results. The sell-side business grew during 3Q17, with Brokerage revenue rising 101% Y-o-Y to EGP172 million and Investment Banking revenue adding 58% Y-o-Y to EGP21 million. Similarly, the buy-side saw Asset Management revenue surge 199% Y-o-Y to EGP89 million and Private Equity revenue rose 95% Y-o-Y to EGP33 million. Moreover, the NBFi platform revenues continue to grow, with Leasing revenue increasing 178% Y-o-Y to EGP86 million while the micro-finance player "Tanmeyah" recorded an 86% Y-o-Y increase in its revenues to reach EGP72 million;
- ≡ Supported by treasury operations, merchant banking activities and non-recurring items, capital markets and treasury operations continued to deliver strong results, reporting a revenue of EGP361 million, up 357% Y-o-Y in 3Q17;
- ≡ The management remained focused on maintaining its employee expenses/operating revenues below the 50% mark, at 42% in 3Q17; despite the challenges of growing its business operations in new ventures and territories. Operating expenses rose 156% Y-o-Y to EGP560 million in 3Q17; mainly on the consolidation of FIM, and higher expenses post the EGP floatation resulting from overseas operations and USD expenses in Egypt, and the depreciation of the Leasing business.

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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 million</i>	Group Financial Highlights							
	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y	9M17	9M16	Y-o-Y
Total Operating Revenues	834	1,011	294	-18%	184%	2,793	982	184%
Total Operating Expenses	560	550	219	2%	156%	1,589	712	123%
Net Operating Profit	274	462	76	-41%	263%	1,204	270	346%
Net Operating Margin	33%	46%	26%			43%	27%	
Net Profit After Tax & Minority Interest (Continued Operations)	237	395	41	-40%	476%	991	168	490%
Net Profit After Tax & Minority Interest (Continued & Discontinued Operations)	237	395	151	-40%	58%	991	(48)	N/M

Source: EFG Hermes Management Accounts

Group revenues remained robust in 3Q despite a traditionally slow quarter, with the Group reporting an operating revenue of EGP834 million in 3Q17, up 184% Y-o-Y. Top line growth was driven by an improvement in all operations and a number of non-recurring items booked during the quarter. If we only consider operating revenue generated from recurring business, the Group operating revenue would remain 173% higher Y-o-Y.

Total operating expenses increased 156% Y-o-Y to EGP560 million in 3Q17; driven by higher employee and non-employee expenses. The consolidation of FIM's expenses after the completion of its 50% acquisition in July 2017, together with the impact of the EGP floatation, inflation and the increasing leasing depreciation expense, were among the main drivers for the Y-o-Y increase.

Net operating profit reached EGP274 million, up 263% Y-o-Y in 3Q17 to reflect a net operating profit margin of 33% in 3Q17. This filtered into a Group net profit after tax and minority interest from continued operations of EGP237 million in 3Q17, up 476% Y-o-Y. During the quarter, EFG Hermes did not sell any additional Credit Libanais's (CL) shares, thus maintaining the ownership at 9.45% of CL shares.

The Group reported an operating revenue of EGP2.8 billion, up 184% Y-o-Y in 9M17. The strong growth in revenues was bolstered by strong underlying core business operations and a more diversified revenue contribution on the back of broader product offering and coverage of new markets. This in addition to a number of capital gains and non-recurring items booked during the period. Excluding all non-recurring items booked during the 9 months, our operating revenues would have still been 125% higher Y-o-Y. This filtered into a Group net operating profit of EGP1.2 billion in 9M17, up 346% Y-o-Y, and a Group net profit after tax and minority interest of EGP991 million, up 490% Y-o-Y.

ii. Business Lines Financial Performance

<i>in EGP million</i>	Business Lines Revenue							
	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y	9M17	9M16	Y-o-Y
Brokerage	172	236	86	-27%	101%	674	302	123%
Egypt	80	126	57	-36%	42%	364	200	82%
Regional	91	110	29	-16%	216%	311	102	206%
Asset Management	89	71	30	25%	199%	205	95	116%
Egypt	7	38	6	-82%	17%	51	24	115%
Regional	82	33	24	150%	244%	154	71	116%
Investment Banking	21	183	13	-89%	58%	248	107	133%
Egypt	13	38	13	-66%	0%	61	107	-42%
Regional	7	145	0	-95%	N/M	186	0	N/M
Private Equity	33	18	17	90%	95%	61	95	-36%
Leasing	86	69	31	25%	178%	205	77	166%
Micro - Finance " Tanmeyah"	72	62	39	15%	86%	185	75	146%
Fees and commissions	473	639	215	-26%	120%	1,578	751	110%
Capital Markets & Treasury Operations	361	372	79	-3%	357%	1,215	231	426%
Total Operating Revenue	834	1,011	294	-18%	184%	2,793	982	184%

Source: EFG Hermes Management Accounts

Fee and commission revenues, which represent 57% of total operating revenue, rose 120% Y-o-Y to EGP473 million in 3Q17. The sell-side business grew during 3Q17, with Brokerage revenue rising 101% Y-o-Y to EGP172 million on the back of higher revenue generated from some of our traditional markets, namely Egypt and Kuwait, and the additional revenue contribution from new markets and structured products. Furthermore, Investment Banking revenue rose 58% Y-o-Y to EGP21 million in 3Q17 on higher advisory fees.

The buy-side saw Asset Management revenue surge 199% Y-o-Y to EGP89 million in 3Q17, on the back of FIM's revenue inclusion post its consolidation in 3Q17. Similarly, Private Equity revenue rose 95% Y-o-Y to EGP33 million in 3Q17 on higher management fees booked during the quarter.

The NBFi platform revenues continue to grow, with Leasing revenue increasing 178% Y-o-Y to EGP86 million in 3Q17 as the portfolio continues to expand. Meanwhile, the micro-finance player "Tanmeyah" recorded an 86% Y-o-Y increase in its revenues to reach EGP72 million in 3Q17, with its outstanding portfolio crossing the EGP1 billion mark for the first time.

Capital markets & treasury operations, which represent 43% of the total operating revenue, increased to EGP361 million in 3Q17, up 357% Y-o-Y. The quarter concluded with a number of gains and non-recurring items mainly related to seed capital into funds. Excluding capital gains, non-recurring items in both periods, capital markets & treasury operations revenue would be higher 10x Y-o-Y; reflecting a liquid balance sheet with stronger revenue generated from treasury operation and the additional revenue of the merchant bank.

For the 9M17, all operations reported higher levels of revenue (with the exception of Private Equity), thus driving fee and commission revenues up 110% Y-o-Y to reach EGP1.6 billion. A very strong year, so far, for the sell-side, with Brokerage and Investment Banking revenues more than doubling to reach EGP674 million and EGP248 million in 9M17.

On the buy-side, Asset Management revenue rose 116% Y-o-Y to EGP205 million in 9M17, mainly on the back of the inclusion of FIM's revenue post its consolidation, while Private Equity revenue declined 36% Y-o-Y to EGP61 million in 9M17 despite higher management fees Y-o-Y, as the comparable period of last year included fx-gains and Fawry's exit incentive fees.

NBFI revenues continue to increase, as both Leasing and Tanmeyah businesses ramp up. Leasing revenue climbed up 166% Y-o-Y to EGP205 million in 9M17 as the portfolio grew Y-o-Y. Meanwhile, Tanmeyah's revenues rose 146% Y-o-Y to EGP185 million in 9M17. Worth noting that Tanmeyah was consolidated in 2Q16, thus 1Q16 figures were not included in the comparison period.

Capital markets and treasury operation revenue reached EGP1.2 billion, up 426% Y-o-Y in 9M17, as the period included a number of capital gains and non-recurring items. However, if we exclude those items, revenue generated from capital markets & treasury operation would be up 209% Y-o-Y, mainly on strong and highly efficient utilization of our balance sheet in 9M17.

iii. Group Operating Expenses

<i>in EGP million</i>	Group Operating Expenses							
	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y	9M17	9M16	Y-o-Y
Employee Expenses	351	390	140	-10%	152%	1,100	487	126%
Employee Expenses/Operating Revenue	42%	39%	47%			39%	50%	
Employee Expenses/Operating Expenses	63%	71%	64%			69%	68%	
Other Operating Expenses	208	160	79	30%	164%	489	225	118%
Other Operating Expenses/Operating Revenue	25%	16%	27%			17%	23%	
Other Operating Expenses/Operating Expenses	37%	29%	36%			31%	32%	
Total Operating Expenses	560	550	219	2%	156%	1,589	712	123%

Source: EFG Hermes Management Accounts

Total operating expenses increased 156% Y-o-Y to EGP560 million in 3Q17, on higher employee expenses and higher other operating expenses. However, employee expenses/ operating revenues was kept well below the 50% mark at 42% in 3Q17.

Employee expenses rose 152% Y-o-Y to EGP351 million in 3Q17, mainly due to: (i) the inclusion of FIM's employee expenses post its consolidation in 3Q17; (ii) more than 50% of the employee expenses are denominated in USD or USD pegged currencies and with the EGP floatation, those expenses doubled; (iii) a relatively higher annual salary increases required to keep pace with the elevated inflation rate in Egypt, and (iv) higher monthly bonuses paid for Brokerage and Tanmeyah, as markets improved Y-o-Y.

Other operating expenses rose 164% Y-o-Y to EGP208 million in 3Q17; mainly on: expenses related to FIM's transaction; the addition of FIM's other operating expenses post its consolidation in 3Q17; the higher depreciation expense directly related to Leasing operations, the 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 115% Y-o-Y to EGP32 million in 3Q17 mainly on the back of higher regional offices rental charges. Data communication expenses increased 134% Y-o-Y to EGP26 million as the majority of the services received are in USD or USD pegged currencies. Office expense added 190% Y-o-Y to EGP18 million, as EGP5 million related to the value added tax expense was incurred in 3Q17. Worth noting, that starting 4Q17, the VAT will be added directly to the expense items. Telephone/fax/mobile expenses was up 68% Y-o-Y to EGP3 million and travel expenses rose 239% Y-o-Y to EGP12 million, all reflecting higher inflation especially in Egypt.

General expenses reached EGP68 million up 168% Y-o-Y, predominately on higher leasing expenses Y-o-Y as the Leasing portfolio grows. Promotional and advertising expenses rose 89% Y-o-Y to EGP9 million on higher event expenses, which are all denominated in foreign currencies. Consultancy and service fees expense rose 284% Y-o-Y to EGP39 million mainly on higher fees related to FIM's transaction.

For the 9M17, the Group operating expenses rose 123% Y-o-Y to EGP1.6 billion, driven by higher employee expenses and higher other operating expenses. Employees expenses increased 126% Y-o-Y to EGP1.1 billion in 9M17, primarily driven by FIM's employee expenses inclusion in 3Q17, the increase in USD pegged salaries, salary increases in Egypt due to inflation and higher bonus provision as revenue increase.

Other operating expenses increased 118% Y-o-Y to EGP489 million in 9M17, on legal and third party fees predominantly related to expansions into new markets and FIM's acquisition. In addition to higher expenses from regional operations when translated to EGP, together with an increase in all dollar based expenses in Egypt post floatation of the currency and higher Leasing depreciation as the portfolio grows Y-o-Y.

II. OPERATIONAL PERFORMANCE

i. Brokerage

Operational Performance Update

Third quarter is a seasonally slow quarter due to the summer season, and this year MENA markets saw lower trading days on the back of religious holidays. This resulted in lower activity across markets where we operate generally and particularly MENA. Meanwhile, markets saw mixed performance during the quarter. Accordingly, EFG Hermes total execution for MENA and Frontier markets reached USD6.4 billion in 3Q17, down 24% Q-o-Q. However, on a Y-o-Y basis, new products and markets supported Brokerage revenue, up 101% Y-o-Y in 3Q17. Structured products desk, which was launched earlier this year, saw a pick-up in 3Q17, with AuMs reaching USD235 million up from USD123 million in 2Q17; thus mirroring a Q-o-Q 60% increase in revenue to reach EGP17 million.

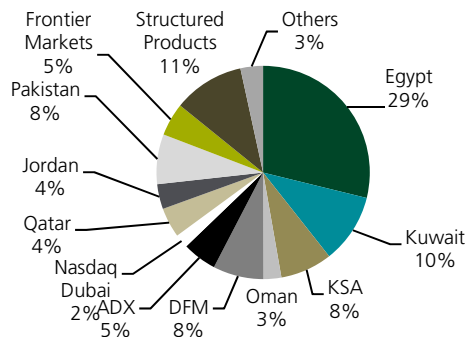
For 9M17, Brokerage executions reached USD24.9 billion, up 16% Y-o-Y, driven by stronger contribution from our traditional markets (MENA), a host of new markets that we started trading in, in-line with the Frontier mandate, and a strong contribution from structured products which was launched in 2017. Reported revenues, which reflect MENA markets' executions, new markets and products reached EGP674 million, up 123% Y-o-Y in 9M17.

<i>in EGP million</i>	Brokerage Revenue							
	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y	9M17	9M16	Y-o-Y
Egypt	80	126	57	-36%	42%	364	200	82%
UAE	22	32	19	-33%	15%	104	59	76%
KSA	10	9	4	13%	182%	29	14	103%
Oman	4	6	2	-39%	63%	14	9	59%
Kuwait	11	23	2	-51%	401%	65	11	469%
Jordan	6	5	2	25%	218%	16	8	98%
Pakistan	6	9	0	-39%	N/M	25	0	N/M
Frontier	16	14	0	10%	N/M	30	0	N/M
Structured Products	17	11	0	60%	N/M	28	0	N/M
Total Revenue	172	236	86	-27%	101%	674	302	123%

Source: EFG Hermes Management Accounts

In terms of pure market commissions, Egyptian equities contribution to the total commission pool remain the highest, coming at 29% in 3Q17, versus 32% in 2Q17. During the quarter, the revenue mix changed, with structured product's contribution increasing to 11% versus 6% a quarter earlier, mainly on lower contribution from Frontier markets and Egypt. The Kuwaiti market, the second largest market contributing to the commission pool, reached 11% in 3Q17, followed by the Saudi market which came at 8% in 3Q17.

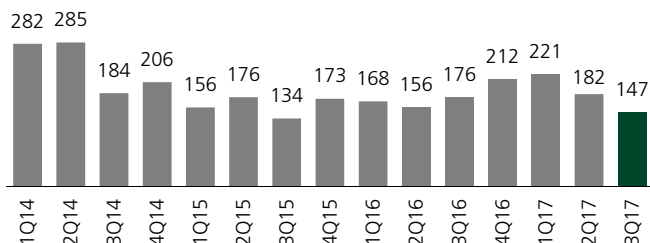
Commissions Breakdown by Market



*Based on 3Q17 figures

Average Daily Commissions (ADCs)

In USD thousand

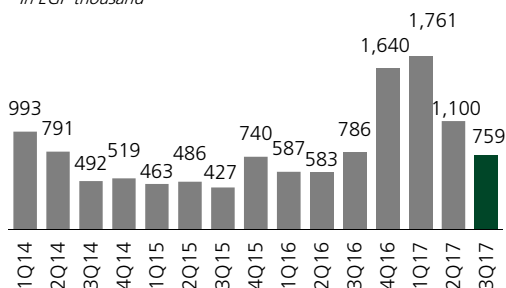


Aggregate average daily commissions for the Brokerage business declined 19% Q-o-Q to reach USD147 thousand in 3Q17. In an attempt to eliminate the impact of the EGP floatation as we historically reported our average daily commissions in USD and given that Egypt constitutes almost 30% of the commissions generated, we provide below two charts which split the average daily commissions generated from Egypt (reported in EGP) and all other markets which we continue to report in USD. Average daily commission in Egypt declined 30% Q-o-Q while all other markets that we trade in declined 14% Q-o-Q; mainly attributed to lower activity on a Q-o-Q basis.

Average Daily Commissions

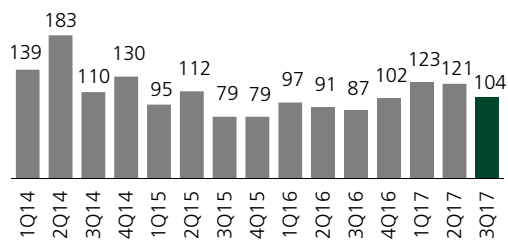
Egypt

In EGP thousand



All countries ex-Egypt

In USD thousand



Brokerage Executions and Market Shares

<i>in USD million</i>	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y	9M17	9M16	Y-o-Y
Egypt								
Market share	34.5%	43.9%	36.9%	-9.3%	-2.4%	39.6%	35.4%	4.2%
Executions	975	2,581	1,554	-62.2%	-37.3%	6,075	5,124	18.5%
UAE - DFM								
Market share	18.3%	15.2%	19.4%	3.2%	-1.1%	14.6%	14.9%	-0.2%
Executions	894	898	1,172	-0.5%	-23.7%	3,474	3,695	-6.0%
UAE - ADX								
Market share	28.6%	32.5%	45.1%	-3.9%	-16.5%	27.6%	32.2%	-4.7%
Executions	781	966	1,115	-19.2%	-30.0%	2,883	3,272	-11.9%
UAE - Nasdaq Dubai								
Market share	48.4%	56.8%	61.8%	-8.4%	-13.4%	54.4%	64.5%	-10.1%
Executions	289	397	321	-27.2%	-10.1%	1,153	1,111	3.8%
KSA								
Market share	2.1%	1.7%	1.5%	0.4%	0.6%	1.6%	1.2%	0.4%
Executions	958	835	667	14.8%	43.8%	2,564	2,688	-4.6%
Kuwait								
Market share	25.9%	26.1%	29.4%	-0.2%	-3.5%	25.5%	26.9%	-1.4%
Executions	977	824	371	18.5%	163.0%	3,821	1,684	126.8%
Oman								
Market share	20.2%	30.3%	28.1%	-10.1%	-7.9%	22.1%	28.6%	-6.5%
Executions	108	134	130	-19.5%	-16.8%	388	548	-29.2%
Jordan								
Market share	21.2%	11.5%	10.7%	9.7%	10.5%	19.8%	11.5%	8.3%
Executions	122	83	65	47.4%	87.9%	724	263	174.7%
Pakistan								
Market share	4.7%	3.4%	N/A	1.4%	N/A	N/A	N/A	N/A
Executions	260	296	N/A	-12.3%	N/A	557	N/A	N/A
Kenya								
Market share	1.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Executions	7	4	N/A	67.5%	N/A	11	N/A	N/A
Frontier								
Market share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Executions	97	56	N/A	72.8%	N/A	154	N/A	N/A
Structured Products								
Market share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Executions	235	123	N/A	91.7%	N/A	358	N/A	N/A

*Market share calculation is based on executions excluding special transactions

**Executions in Qatar, Bahrain, Morocco, Lebanon, UK (GDRs) and others represent an additional 10% of total Brokerage executions in 3Q17 and 11% of total Brokerage executions in 9M17

Egypt

Egyptian equities witnessed another slow quarter, with the EGX losing 18% of its liquidity in 3Q17 as compared to a quarter earlier; however, the HFI (Hermes Financial Index) closed up 5.1% Q-o-Q. EFG Hermes maintained its leadership position with a #1 ranking on the EGX in 3Q17 and 9M17, and a market share (excluding special transactions) of 34.5% and 39.6%, respectively.

Foreign participation in the Egyptian market represented 18% of total market turnover in 3Q17, where by EFG Hermes successfully captured 36% of this volume. On the retail side, the market continues to be dominated by retail investors who captured 66% of the market turnover, with EFG Hermes executing around 11% of the total market retail business.



UAE – Dubai

Turnover declined 23% Q-o-Q, as retail activity declined in 3Q17. Nevertheless, the Index, DFMGI, gained 5.1% over the quarter. The Firm’s ranking jumped to 1st place for 3Q17 and 9M17, with a market share of 18.3% and 14.6%, respectively. The improvement in our market share and ranking is attributed to higher foreign activity as the team captured a strong International sell-side flows during the quarter. Foreign participation represented 19% of total market turnover in 3Q17, where by EFG Hermes successfully captured 28% of this volume.



UAE – ADX

The ADX performance was muted in 3Q17, with the Index, ADI, losing 1.0% Q-o-Q, and volumes declining 7% Q-o-Q. The Firm maintained its 1st place ranking in 3Q17 and 9M17 with a market share of 28.6% and 27.6%, respectively.

The increase in the Firm’s market share is largely attributed to higher foreign institutional activity as the Firm captured a good flows surrounding the FTSE September rebalance. Moreover, the foreign participation reached 26% of the market liquidity, of which EFG Hermes accounted for 47% of this flow.



UAE – Nasdaq Dubai

EFG Hermes maintained its top ranking by a significant margin on NASDAQ Dubai with 48.4% market share in 3Q17 and 54.4% for 9M17, as the Firm continued to see a 2-way block interest from western, despite the usual slowdown seen in the summer season.



Saudi Arabia

The Saudi Market took a breath in 3Q17, with the Tadawal All Share Index losing 1.9% Q-o-Q and turnover declining 7% Q-o-Q, a resilient performance given that volumes traditionally decline during the summer and Al Haj season. EFG Hermes market share rose to 2.1% in 3Q17, up from 1.7% a quarter earlier. This reflected a 3rd place ranking among pure brokers (non-commercial banks) and a 2nd place ranking among foreign brokers. For 9M17, the Firm’s market share came at 1.6% with a 5th place ranking among pure brokers and a 2nd place ranking among foreign brokers.



The market continues to be dominated by retail investors whereas the percentage of foreign institutions participation via participatory notes did not exceed 3.5% on average for the 3Q17. The QFI traded value reached SAR3.74 billion (USD1.0 billion) which represents 2.5% of market.

Kuwait

The Kuwaiti market performance was muted in 3Q17, with the KSE Index losing 1.2% Q-o-Q, while turnover improved, adding 8% Q-o-Q. During 3Q17, EFG Hermes IFA’s market share including special transactions stood at 25.9%, with a 2nd place ranking. As for the 9M17, the Firm’s market share came at 25.5% with a 3rd place ranking. Moreover, the Firm remains the top broker in terms of foreign institutional business in the market, capturing over 60% of foreigners’ flow at the end of 3Q17.



Kuwaiti CMA & KSE were very cooperative and took many initiatives to facilitate and ease trading on Kuwait exchange, which was the main reason for the market’s inclusion in the FTSE emerging markets index. The inclusion in FTSE will take place in September 2018, which will trigger more inflows and activity in Kuwait. Additionally, more initiatives from Boursa Kuwait should be launched by year end such as Margin trading and allowing brokerage firms to hold clients’ cash.

Oman

Liquidity picked up on the Muscat Stock Market, with local institutions supporting the market and turnover rising 21% Q-o-Q in 3Q17, meanwhile performance was broadly unchanged with the MSM Index inching up 0.4% Q-o-Q in 3Q17. EFG Hermes’ market share came at 20.2% with a 4th place ranking in 3Q17, slightly lower Q-o-Q, mainly as a result of a noticeable decrease in local and foreign institutions activity in Oman. For the 9M17, the Firm’s market share came at 22.1%, with a 4rd place ranking on the exchange.



Jordan

The Amman Stock Exchange saw volumes decrease 20% Q-o-Q during 3Q17, a traditionally slow quarter; meanwhile the Index lost 2.1% Q-o-Q. EFG Hermes market share rose to 21.2% in 3Q17 up from 11.5% in 2Q17, with a first place ranking in 3Q17. The strong increase in market share was mainly due to EFG Hermes Jordan’s ability to assume a market maker role for a highly sought listed company on the exchange and their ability to meet strong foreign investors’ demand by sourcing local investors’ selling interest. For 9M17, EFG Hermes’s market share reached 19.8% to reflect a 2nd position on the Amman Stock Exchange.



Pakistan

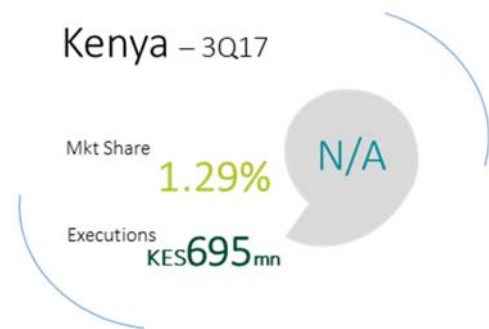
The Pakistani market weakened during 3Q17; with average daily turnover declining 30% Q-o-Q and the KSE100 Index closing the quarter down 9.4% Q-o-Q; as the political instability weighted down on the market.

EFG Hermes Pakistan market share reached 4.7% in 3Q17 up from 3.4% in 2Q17. The increase in market shares was largely attributed to an increase in retail investors’ activity, which increased on the back of the availability of margin financing facilities from Banks.



Kenya

EFG Hermes Kenya became a full trading member of the Nairobi stock in July and now has an office of 12 people covering the local client base and helping to execute international orders. Kenya saw strong political headwinds in 3Q17, however, the market rose 4% over the quarter and EFG Hermes market share reached 1.3%.



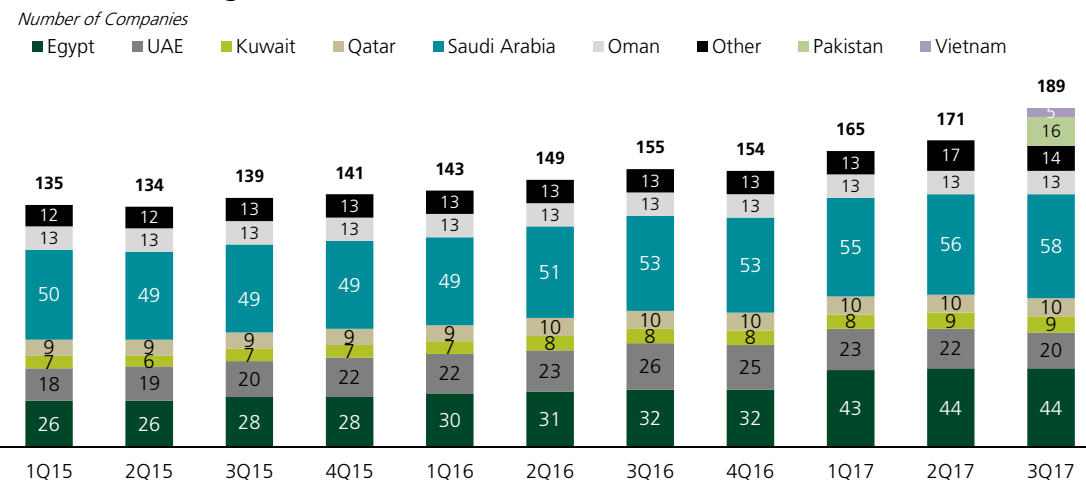
Offshore Frontier Markets

EFG Hermes Frontier steadily increased its participation in Frontier markets in 3Q17, with EFG Hermes executing its first trades in Namibia and Mauritius. Moreover, there were a number of important client marketing trips to all our main geographies (US, Europe, South Africa, Asia). These trips should bear fruit in the medium term helping us to continue to add new Frontier clients and trade for existing clients in Frontier for the first time.

Nigeria remains a mixed bag. The vibrant activity of the second quarter subsided, but EFG Hermes Frontier was still able trade in Nigeria on a regular basis which made Nigeria the largest contributor to 3Q17 revenues across offshore Frontier markets where we execute. The market's average daily value remained relatively flat at USD11 million in 3Q17, with the index up 7% in local currency but down 6% in USD.

ii. Research

Research Coverage Universe



Source: EFG Hermes

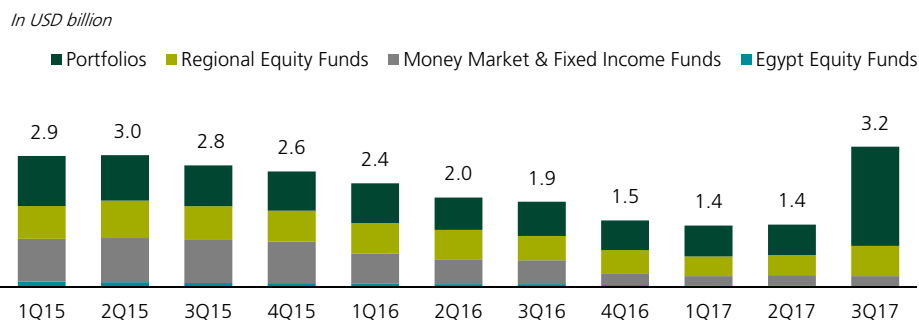
The Research department coverage reached 189 companies at the end of 3Q17, distributed across different markets (Egypt 44, UAE 20, KSA 58, Kuwait 9, Oman 13, Qatar 10, Lebanon 3, Morocco 3, Jordan 5, United Kingdom 2, Netherlands 1, Vietnam 5 and Pakistan 16). At the end of 3Q17, EFG Hermes covered 61% of the MENA’s market capitalization.

EFG Hermes Research is in full expansion mode as we extended our coverage to Pakistan, initiating sector coverage (16 companies in total) of banks, oil & gas, automobile, and fertilizer stocks. In addition, we initiated coverage on two Vietnamese companies - Vinamilk and MWI. The frontier expansion will continue going forward, with country coverage encompassing Kenya, Tanzania, Nigeria, and Uganda in the next quarters. The expanded coverage should help position us well relative to other brokers especially when it comes to European clients who will start applying MIFID II in January 2018.

We also launched our web portal in 3Q17, which we believe distinguishes EFG Hermes from our regional peers as a world-class research house. Not only has all our research and data been made available on the web portal, but also clients can keep abreast of all the breaking financial news across the markets that we operate in.

iii. Asset Management

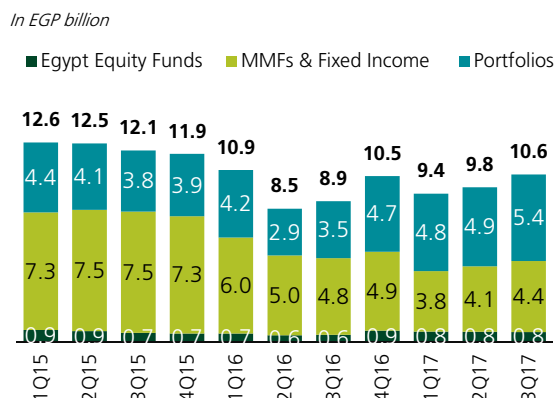
Development of Assets under Management



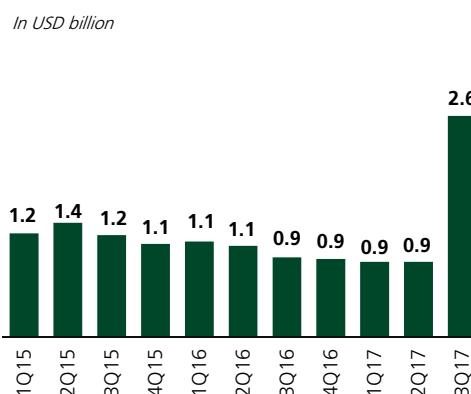
Source: EFG Hermes Asset Management

EFG Hermes Assets under Management stood at USD3.2 billion at the end of 3Q17, up from USD1.4 billion at the end of 2Q17. In July, a wholly owned subsidiary of EFG Hermes Holding has entered into definitive agreements to invest USD21.5 million in Frontier Investment Management Partners Limited (“FIM”). FIM added USD1.6 billion of Assets under Management (“AUMs”) to our AuM base.

Egyptian AuMs



Regional AuMs



Supported by positive performance and net inflows, EFG Hermes Egypt Asset Management AuMs reached EGP10.6 billion at the end of 3Q17, up 8% Q-o-Q. Inflows in equity portfolios and MMFs increased during 3Q17, adding 5% Q-o-Q to the AuMs base; meanwhile positive markets performance added another 3% to total Egypt AuMs.

EFG Hermes Asset Management regional AuMs rose to USD2.6 billion at the end of 3Q17, as the 50% investment in Frontier Investment Management Partners Ltd. “FIM” added USD1.6 billion of AuMs.

Key Funds Performance

The EFG Hermes Egypt Fund ended 3Q17 with a NAV of USD13 million versus a NAV of USD14 million at the end of 2Q17. The fund saw net redemptions of USD1.6 million. In terms of performance, the fund was up 1.8% versus the Hermes Financial Index (HFI), which returned 5.1% over the same period.

MENA Long Term Value Fund ended the quarter with a NAV of USD309 million in 3Q17 versus USD319 million in 2Q17. The Fund saw no subscriptions nor redemptions during the quarter. The Fund lost 3.2% during the quarter.

EFG Hermes Saudi Arabia Equity Fund ended the quarter flat with a NAV of USD9 million in 3Q17. The fund saw no subscriptions nor redemptions during the quarter. The Fund lost 1.8% during the quarter versus the Tadawal All Share Index which lost 1.9% over the same period.

FIM EM Frontier Fund ended the quarter with a NAV of USD77 million in 3Q17 versus USD79 million in 2Q17. The Fund saw no subscriptions nor redemptions during the quarter. The Fund lost 3.3% during the quarter versus the MSCI FEM Index which rose 5.7% over the same period.

FIM MENA Horizon Fund ended the quarter with a NAV of USD47 million in 3Q17 versus USD38 million in 2Q17. The Fund saw net subscriptions of USD10 million during the quarter. The Fund lost 2.6% during the quarter versus the S&P Pan Arab Composite Index which lost 1.4% over the same period.

iv. Investment Banking

To date in 2017, EFG Hermes Investment Banking division has successfully completed 11 high profile transactions with an aggregate transaction value of more than c. USD706 million. During 3Q17, the team was able to close two M&A transactions as well as one GDR listing and one debt refinancing transaction.

The department acted as financial advisor on two major acquisitions during the quarter. In Egypt, the team completed the sale of Native Markets – a leading, local F&B platform whose flagship concept, the TBS brand, is the first local premium bakery & pastry producer and retailer in Egypt – to Intro Investments Holding. In the GCC, the team acted as buy-side advisor on Al Futtaim Group’s acquisition of a 38% stake in Cairo Festival City.

Moreover, the team also acted as the sole Financial Advisor to Al Futtaim Group in relation to the USD60 million refinancing of debt to fund the asset deployment plan for Cairo Festival City.

In September, the department acted as the Sole Financial Advisor to Amer Group Holding Company in arranging and setting up a Depositary Receipts program 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 33% of the company’s current outstanding share capital to GDRs. EFG Hermes successfully managed to fast-track the setup of the GDR program through introducing Admission to Trading on LSE program to the Egyptian market for the second time, having leveraged the newly introduced program to setup Domty’s GDRs on the LSE.

v. Private Equity

Infrastructure

Vortex platform's AUMs and managed capacity at the end of 3Q17 remained at EUR1.3bn and 822MW, respectively, which includes (i) Vortex I, a 49% stake in EDPR France Wind Portfolio (334MW), completed in December 2014 (ii) Vortex II, a 49% stake in EDPR's Pan European Wind Portfolio (664MW in Spain, Portugal, France and Belgium) completed in June 2016; and (iii) Vortex Solar, a 50% stake in a 365MW UK Solar PV portfolio, completed in May 2017. Vortex I and II are jointly owned by Beaufort (an EFG Hermes Holding subsidiary) and a SWF, with economic ownership at 5% and 95% respectively, whereas Vortex Solar is currently owned 50/50 by Beaufort and Tenaga Nasional Berhad, one of the largest power utilities in Asia. Beaufort is the investment and asset manager of the entire Vortex platform.

On the operational front, the Wind Portfolio (Vortex I & II) during 9M17 period generated EBITDA of c.EUR107 million, in line with budget. Also, Vortex Solar's performance exceeded budgeted figures for 9M17, with EBITDA reaching EUR34 million (25% above budget) on the back of ongoing revenue optimization activities pursued by the asset management team.

Additionally, Beaufort has completed the setup of its subsidiary, Beaufort Asset Managers (BAM), starting with the employment of two professionals (one commercial and one technical) based out of our newly established London office.

Rx Healthcare Fund (RxHF)

The team is actively engaged in closing the Fund's first investment warehoused by EFG Hermes. The formal announcement of the Fund and launch of the investors' roadshow will start later in 4Q17.

vi. Leasing

Key highlights

The Leasing division continued to diversify its funding, offering now a full-fledged range of facilities that can meet all types/sizes of businesses in different sectors; starting from special structured and subsidized funds for SMEs to large corporate enterprises needs for MTLs to cover all types of CAPEX, whether in local or foreign currencies. Furthermore, this will underpin several vendor programs in renewables, medical & health care and transportation sectors which are expected to be launched later. EFG Hermes Leasing was active in the process of rolling out the SMEs finance program, with the outcome of the program being affected by the CBE consecutive corridor increases.

Market Share

EFG Hermes Leasing successfully maintained its 5th place ranking for 3Q17 and climbed to 4th place in 9M17, with a market share of 8% and 9%, respectively. Additionally, the Leasing business managed to maintain high margins despite challenging macro environment; and remained focused on the collection process to ensure a healthy cash position, highly important during the high interest rates environment and the foreseen liquidity squeeze in the market.

Contracts Booked 3Q17

	Company	Lease Value (EGP mn)	Market Share
1	El Taameer Leasing	1,291	17%
2	Corplease	874	12%
3	Techno lease	873	12%
4	Global Lease	657	9%
5	EFG Hermes Leasing	627	8%
6	GB Lease	606	8%
7	Incolease	496	7%
8	Al Tawfik Lease	487	7%
9	QNB	297	4%
10	Orix	292	4%

Contracts Booked 9M17 (Cumulative)

	Company	Lease Value (EGP mn)	Market Share
1	GB Lease	2,323	12%
2	Techno lease	2,175	11%
3	Corplease	2,143	11%
4	EFG Hermes Leasing	1,733	9%
5	Al Tawfik Lease	1,509	8%
6	Al Ahly	1,458	8%
7	El Taameer Leasing	1,440	7%
8	Incolease	1,377	7%
9	Global Lease	1,046	5%
10	Nile Leasing	796	4%

vii. Micro-Finance “Tanmeyah”

Results in a Glance and Performance Review

KPIs	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y	9M17	9M16	Y-o-Y
Total Number of Active Borrowers	146,410	128,896	91,753	14%	60%	146,410	91,753	60%
Total Portfolio Outstanding (EGP mn)	1,0189	847	492	20%	107%	1,019	492	107%
Total Branches - Egypt	138	133	111	4%	24%	138	111	24%
Giza	3	3	3	0%	0%	3	3	0%
Cairo	2	2	2	0%	0%	2	2	0%
Delta	56	53	52	6%	8%	56	52	8%
Canal	6	6	0	0%	N/M	6	0	N/M
Upper Egypt	71	69	54	3%	31%	71	54	31%
Total Tanmeyah Staff	2,062	1,967	1,661	5%	24%	2,062	1,661	24%

Another quarter of stellar performance, with the number of active borrowers, applications processed and loans issued increasing 13.6% Q-o-Q, 10.8% Q-o-Q and 8.7% Q-o-Q, respectively. This marked improvement was a result of exceeding all sales targets as loan officer productivity continued to improve and seasonal promotions support our outstanding portfolio to surpass the EGP1 billion mark. Moreover, Tanmeyah’s management intervention to raise the ceiling of the initial ticket size limit for new customers, pushed the average initial ticket size to over EGP10,000.

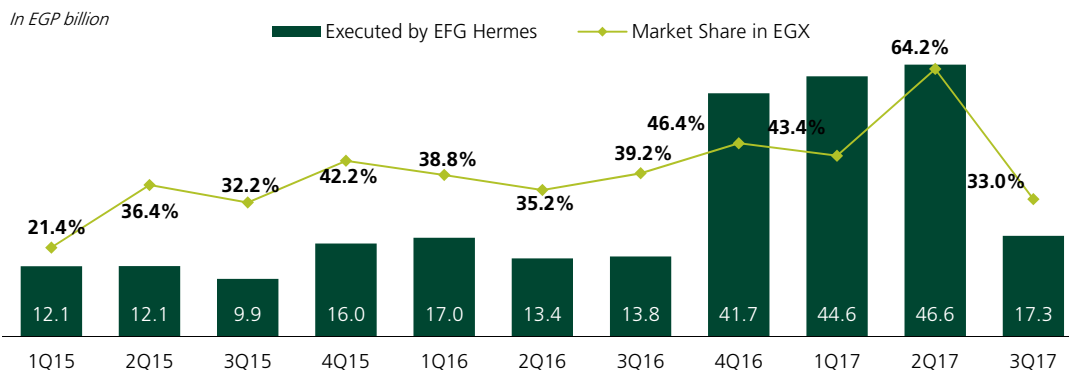
Operational Update

Tanmeyah opened five new branches during 3Q17, with a plan to open an additional 12 branches by the end of FY17 to reach a total of 150 branches; an extra 7 branches to the original 20 branches originally planned for the year. All branches are expected to be operational by mid 4Q17. The total number of employees increased by 4.8% Q-o-Q, predominately to serve the new branches opened. Two new functions were added to Tanmeyah’s head office, research and project management, which are needed to help support business growth and future development.

Viii. ANNEX

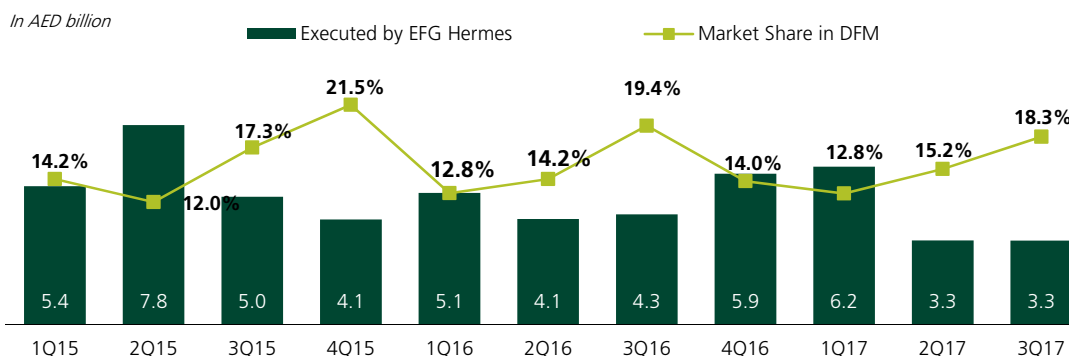
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:

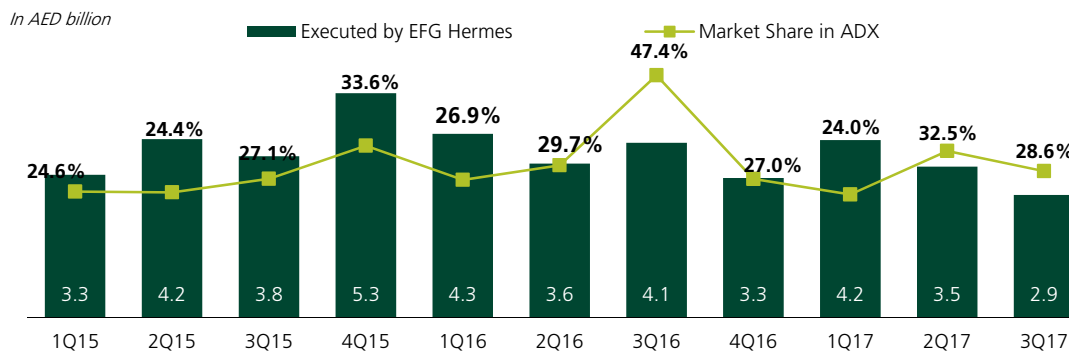


* Market share calculation includes special transactions

UAE- DFM

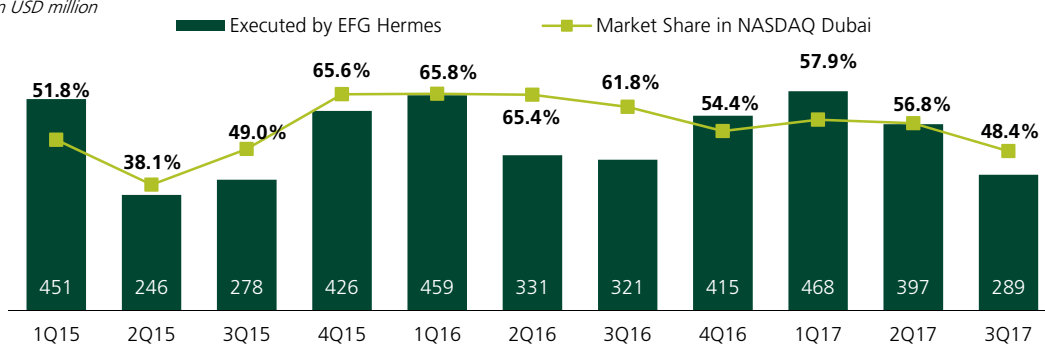


UAE – Abu Dhabi



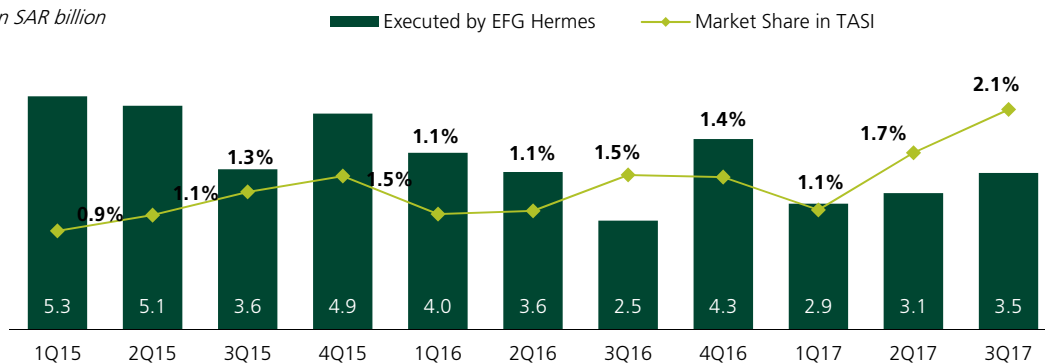
UAE – NASDAQ Dubai

In USD million



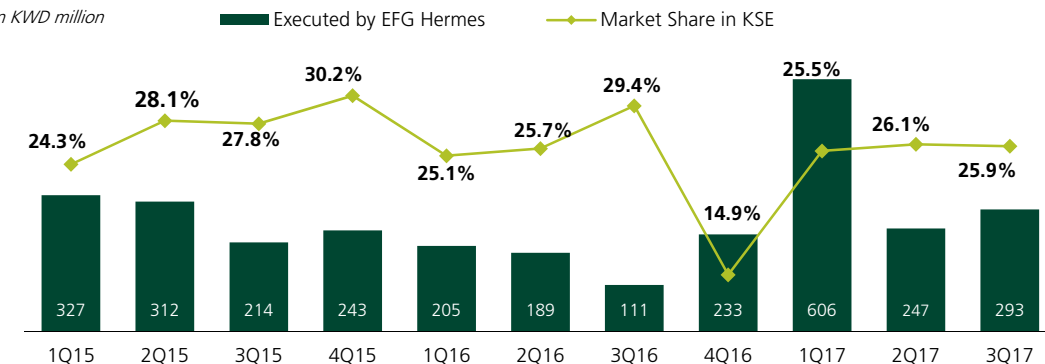
KSA:

In SAR billion

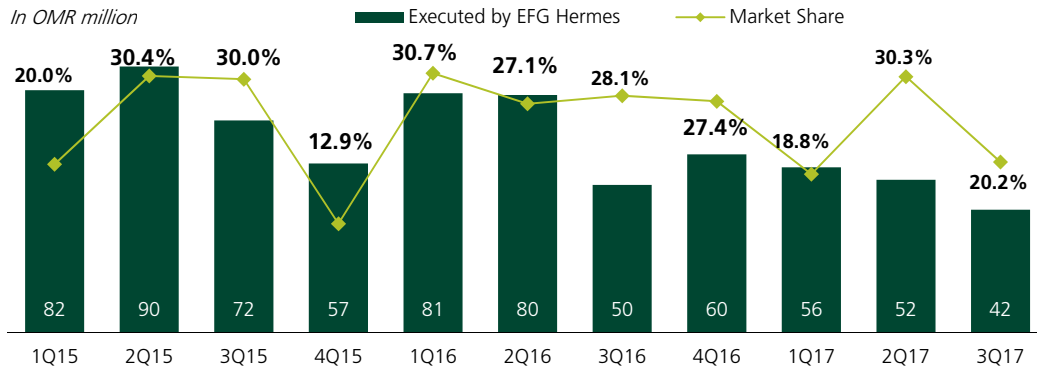


Kuwait:

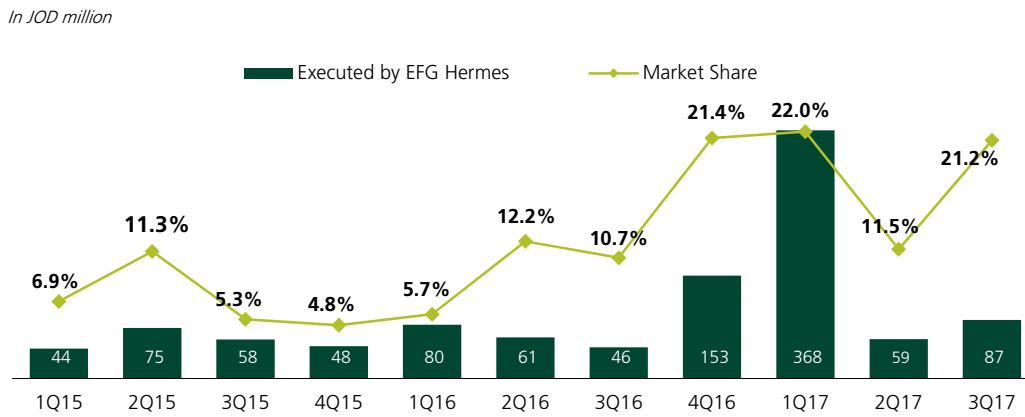
In KWD million



Oman:



Jordan:



Disclaimer

In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about future new product launches, future fund raising, investment banking transactions, private equity exits, non-bank finance business outlook and the overall business strategy of the firm. 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.

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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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