

## **EFG HERMES REPORTS FIRST QUARTER 2016 EARNINGS FROM CONTINUED OPERATIONS OF EGP79 MILLION; ON OPERATING REVENUE OF EGP397 MILLION**

**Cairo, May 11<sup>th</sup>, 2016** – EFG Hermes reported today net profit after tax and minority interest from continued operations of EGP79 million in 1Q16 up 17% Y-o-Y. Operating revenue from continued operations rose 62% Y-o-Y to EGP397 million in 1Q16.

### **Key Highlights**

#### **1Q2016**

**EFG Hermes announced that it is in the process of selling its stake in the Commercial Bank, Credit Libanais. Accordingly, the Commercial Bank is presented as discontinued operations in the financial statements of 1Q16.**

#### **Highlights of Continued Operations (Investment Bank)**

- ≡ Boosted by higher revenue generated from all business lines, the Investment Bank reported an operating revenue of EGP397 million, up 62% Y-o-Y in 1Q16. This excludes revenue generated from the recently acquired micro-finance player “Tanmeyah”, which is yet to be included in 2Q16 results;
- ≡ Investment Bank operating expenses rose 69% Y-o-Y to EGP266 million in 1Q16, mainly on the back of higher employee and other operating expenses. However, employee expenses/operating revenue came at 52% in 1Q16;
- ≡ This filters into a net operating profit for the Investment Bank of EGP131 million in 1Q16, up 50% Y-o-Y; and a net profit after tax and minority interest of EGP79 million, up 17% Y-o-Y in 1Q16;

#### **Highlights of Dis-continued Operations (Commercial Bank)**

- ≡ The announcement of the potential sale of our stake in Credit Libanais and its subsequent reclassification as asset held for sale resulted in incurring non-cash loss due to realizing the impairment loss on measurement of assets held for sale of EGP280 million that turned the profit realized by the discontinued operation of the Commercial Bank into a net loss of EGP207 million;
- ≡ Accordingly, the Group reported a net loss after tax and minority interest of EGP128 million in 1Q16.

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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 (Continued Operations)**
**i. Investment Bank Financial Performance**

<i>in EGP millions</i>	<b>Investment Bank Financial Highlights</b>				
	<b>1Q16</b>	<b>4Q15</b>	<b>1Q15</b>	Q-o-Q	Y-o-Y
Total Operating Revenue	397	318	245	25%	62%
Total Operating Expenses	266	238	157	12%	69%
Net Operating Profit	131	81	88	63%	50%
Net Operating Margin	33%	25%	36%		
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>79</b>	<b>44</b>	<b>67</b>	80%	17%

Source: EFG Hermes Management Accounts

The Investment Bank net operating profit soared 50% Y-o-Y to EGP131 million in 1Q16 on the back of higher revenues. The Investment Bank revenues rose 62% Y-o-Y to EGP397 million in 1Q16; overshadowing the increase in operating expenses, which rose to EGP266 million, up 69% Y-o-Y over the same period. Consequently this filtered into a net profit after tax and minority interest of EGP79 million, up 17% Y-o-Y.

<i>in EGP million</i>	<b>Investment Bank Revenue</b>				
	<b>1Q16</b>	<b>4Q15</b>	<b>1Q15</b>	Q-o-Q	Y-o-Y
<b>Brokerage</b>	<b>110</b>	<b>93</b>	<b>84</b>	19%	32%
Egypt	74	60	50	22%	48%
Regional	36	32	34	12%	7%
<b>Asset Management</b>	<b>65</b>	<b>99</b>	<b>38</b>	-34%	71%
Egypt	9	10	9	-4%	3%
Regional	56	89	29	-38%	92%
<b>Investment Banking</b>	<b>41</b>	<b>14</b>	<b>27</b>	201%	52%
Egypt	41	14	7	200%	502%
Regional	0	0	20	N/R	N/R
<b>Private Equity (Egypt)</b>	<b>62</b>	<b>12</b>	<b>23</b>	408%	162%
<b>Leasing</b>	<b>22</b>	<b>12</b>	<b>0</b>	84%	N/R
<b>Capital Markets &amp; Treasury Operations</b>	<b>98</b>	<b>89</b>	<b>72</b>	10%	35%
<b>Total Operating Revenue</b>	<b>397</b>	<b>318</b>	<b>245</b>	25%	62%

\*Brokerage revenue highlighted above represents entities and not markets

Source: EFG Hermes Management Accounts

The Investment Bank revenue increased 62% Y-o-Y to EGP397 million in 1Q16, on the back of higher fees and commissions, and higher capital markets and treasury operations revenue which rose 35% Y-o-Y to EGP98 million in 1Q16 on the back of higher fx-gains.

Fee and commission revenue, which represents 75% of the total Investment bank revenue, rose 74% Y-o-Y to EGP300 million in 1Q16, on the back of an improvement in revenue generated from all businesses and the additional revenue generated from the new Leasing business. Egypt operations contributed 69% to the total fees and commissions, while the regional operations contributed the remaining 31%.

Brokerage revenue rose 32% Y-o-Y to EGP110 million in 1Q16 on higher brokerage commissions. Asset Management revenue rose 71% Y-o-Y to EGP65 million. Investment Banking revenue added 52% Y-o-Y to EGP41 million, on higher advisory fees. Private Equity revenue jumped 162% Y-o-Y to EGP62 million, predominantly on the back of incentive fees booked and higher fx-gains. Moreover, the recently launched leasing business added EGP22 million to the Investment Bank revenue.

ii. Investment Bank Operating Expenses

<i>In EGP millions</i>	Investment Bank Operating Expenses				
	1Q16	4Q15	1Q15	Q-o-Q	Y-o-Y
<b>Employee Expenses</b>	<b>208</b>	<b>181</b>	<b>112</b>	15%	86%
Employee Expenses/Operating Revenue	52%	57%	46%		
Employee Expenses/Operating Expenses	78%	76%	71%		
Number of Employees	860	868	840	-1%	2%
<b>Other Operating Expenses</b>	<b>58</b>	<b>57</b>	<b>45</b>	2%	28%
Other Operating Expenses/Operating Revenue	15%	18%	19%		
Other Operating Expenses/Operating Expenses	22%	24%	29%		
<b>Total Operating Expenses</b>	<b>266</b>	<b>238</b>	<b>157</b>	12%	69%

Source: EFG Hermes Management Accounts

Total operating expenses rose 69% Y-o-Y to EGP266 million in 1Q16, mainly on the back of higher employee expenses, and to a lesser degree, on the back of higher other operating expenses.

Employee expenses rose 86% Y-o-Y to EGP208 million, largely due to: (i) a 2% headcount increase resulting mainly from the new Leasing business hires; (ii) USD appreciation against the EGP which had impacted overseas salaries denominated in USD pegged currencies; (iii) the Y-o-Y annual salary increases required to keep pace with inflation; and (iv) as indicated earlier by management that compensation will be linked to revenue generation and with the increase in revenue generated during 1Q16, the variable portion of the compensation increased. Accordingly, it is important to note that despite the increase in employee expenses in 1Q16, the Firm managed to keep the employee expenses/operating revenue, as low as 52%.

Other operating expenses rose 28% Y-o-Y to EGP58 million in 1Q16. Consultancy and service fees rose 162% Y-o-Y to EGP17.4 million, mainly due to legal and consultancy expenses related to Tanmeyah's acquisition, data communication expense rose 18% Y-o-Y to EGP10.6 million, office expenses rose 10% Y-o-Y to EGP5.0 million, general expenses rose 34% Y-o-Y to EGP4.0 million and occupancy expenses gained 4% Y-o-Y to EGP9.6 million. Alternatively, promotional and advertising expenses declined 18% Y-o-Y to EGP5.3 million, as the comparable year 2015 included more events that were amortized over the whole year, travel expenses declined 8% Y-o-Y to EGP4.0 million, and telephone/fax/mobile expenses decreased 21% Y-o-Y to EGP1.5 million.

II. OPERATIONAL PERFORMANCE (Continued Operations)

i. Brokerage

First quarter of 2016 was an overall positive quarter for EFG Hermes Brokerage, despite reported mixed performance and liquidity in the regional markets where we operate.

Together with the heavily traded Saudi Arabia, two of our main markets, Egypt and Dubai saw volumes increase, meanwhile the increase in volumes in Kuwait and Abu Dhabi was limited. In terms of performance, Egypt and Dubai posted positive returns, Abu Dhabi was slightly up, and Saudi Arabia and Kuwait retreated.

This combined resulted in EFG Hermes total executions reaching USD9.0 billion in 1Q16, up 16% Y-o-Y and 11% Q-o-Q. Consequently, Brokerage revenues improved 32% Y-o-Y and 19% Q-o-Q to EGP110 million over the same period.

in EGP million	Brokerage Revenue				
	1Q16	4Q15	1Q15	Q-o-Q	Y-o-Y
Egypt	74	60	50	22%	48%
UAE	21	17	19	24%	12%
KSA	5	4	5	24%	9%
Oman	3	2	3	76%	7%
Kuwait	4	8	6	-49%	-33%
Jordan	3	2	2	69%	76%
<b>Total Revenue</b>	<b>110</b>	<b>93</b>	<b>84</b>	19%	32%

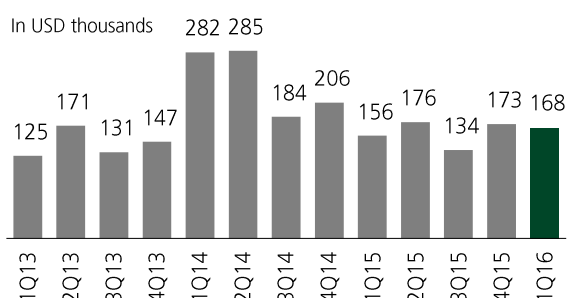
\*Revenue highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

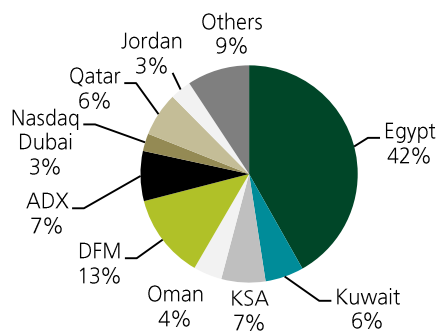
Egypt continues to be the single largest market in terms of contribution to pure commissions, generating 42% of total Brokerage commissions in 1Q16, while regional markets represented the remaining 58%.

Worth highlighting that, the improvement in executions and revenue in 1Q16 was not reflected in average daily commissions which came at USD168 thousand, up 8% Y-o-Y yet down 3% Q-o-Q. The Firm reports average daily commissions in USD and with the EGP devaluing against the USD in 1Q16 and with Egypt representing more than 40% 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 1Q16 figures

<i>in USD million</i>	<b>Brokerage Market Share &amp; Executions</b>				
	<b>1Q16</b>	<b>4Q15</b>	<b>1Q15</b>	<b>Q-o-Q</b>	<b>Y-o-Y</b>
<b>Egypt</b>					
Market share	34.7%	39.4%	27.9%	-4.7%	6.8%
Executions	2,055	2,026	1,363	1.4%	50.7%
<b>UAE - DFM</b>					
Market share	12.8%	21.5%	14.2%	-8.6%	-1.4%
Executions	1,400	1,118	1,437	25.3%	-4.9%
<b>UAE - ADX</b>					
Market share	26.9%	33.6%	24.6%	-6.7%	2.3%
Executions	1,174	1,433	910	-18.1%	28.9%
<b>UAE - Nasdaq Dubai</b>					
Market share	65.8%	65.6%	51.8%	0.2%	14.0%
Executions	459	426	451	7.9%	1.8%
<b>KSA</b>					
Market share	1.1%	1.5%	0.9%	-0.4%	0.2%
Executions	1,069	1,306	1,411	-18.1%	-24.2%
<b>Kuwait</b>					
Market share	25.1%	30.2%	24.3%	-5.2%	0.7%
Executions	684	800	1,108	-14.6%	-38.3%
<b>Oman</b>					
Market share	30.7%	12.9%	20.0%	17.8%	10.8%
Executions	210	148	213	41.6%	-1.2%
<b>Jordan</b>					
Market share	11.4%	4.8%	6.9%	6.7%	4.6%
Executions	112	68	63	66.1%	79.5%

\*Executions in Qatar, Nasdaq Dubai, Bahrain, Morocco and Lebanon represent an additional 21% of total Brokerage executions in 1Q16

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 34.7% in 1Q16.

Foreign participation reached 14% of market turnover, of which EFG Hermes Brokerage successfully captured 46% in 1Q16. The market continued to be dominated by retail investors whom represent over 68% of the market-traded value in 1Q16. EFG Hermes maintained its strong footing and successfully captured around 13% of the retail business.

The Firm held its flagship One-on-One conference in Dubai which was yet another resounding success, registering a strong turnout of over 455 international fund managers and institutional investors from 221 institutions. Attendees held approximately 8,000 face-to-face and small group meetings with more than 117 companies in the MENA region.

Moreover, EFG Hermes concluded the much-anticipated USD127 million IPO of Domty where the private tranche was covered 5.5 times generating around USD625 million in demand and the public tranche was covered 10.7 times. DOMTY shares closed up around 10% in its first day of trading.

**UAE – Dubai:** EFG Hermes market share declined to 12.8% in 1Q16, and closed the quarter with a 6<sup>th</sup> place position in terms of ranking. This was on the back of lower institutional activity and the exceptionally higher institutional activity recorded in 4Q15 as compared to participation levels in previous quarters. The institutional business market share declined to 8.9% in 1Q16 from 18.4% in 4Q15. On the other hand, retail business market share rose to 2.3% versus 1.6% in 4Q15, as a result of a surge in small cap trading like ARTC, DEYAAR, SHUAA and DSI. Meanwhile, the HNW market share decline was broadly unchanged at 0.9% in 1Q16.

**UAE – ADX:** EFG Hermes market share came at 26.9% in 1Q16 to hold a top position in 1Q16 from a second place ranking in 4Q15. The decline in market share was mainly on the back of weaker institutional investors' participation. The Institutional business market share declined to 25.5% in 1Q16 from 32.3% in 4Q15, while the retail business and the HNW inflow were broadly unchanged at 1.0% and 0.3%, respectively.

**UAE – Nasdaq Dubai:** The Firm maintained its top ranking in 1Q16, with a market share of 65.8% in 1Q16, broadly unchanged Q-o-Q.

**Saudi Arabia:** EFG Hermes market share came at 1.1% in 1Q16 with a 5<sup>th</sup> place ranking among pure brokers (non-commercial banks) and a 1<sup>st</sup> 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 2.8% in 1Q16. The QFI participation was very low, c.0.20% of the market turnover.

**Kuwait:** The Firm maintained its #1 position in 1Q16, however market share decreased to 25.1% from 30.2% in 4Q15. The decrease came on the back of lack of market volatility as well as the downward direction of the market which dampened investors sentiment who took the sideline.

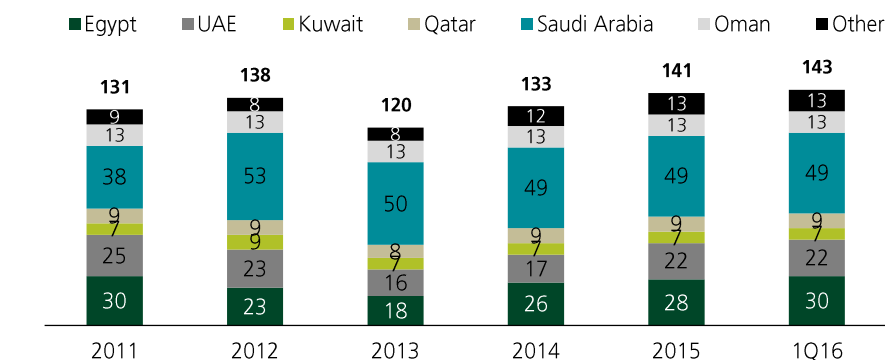
The firm is well positioned to continue growing its market share given the healthy mix of its client base as well as its expertise in dealing with all the potential new trading tools to be deployed as well as its strong share of foreign institutional business. Additionally, the Firm continues to work diligently to make use of its new Iphone & Ipad online trading applications that continue to show effect on client acquisitions.

**Oman:** EFG Hermes market share rose to 30.7% in 1Q16 from 12.9% in 4Q15, as a result of a noticeable increase in foreign and local institutional activity in Oman. In terms of ranking; the Firm moved to a first place ranking in 1Q16 up from 4<sup>th</sup> place in 4Q15.

**Jordan:** EFG Hermes market share reached 11.4% in 1Q16 from 4.8% a quarter earlier, mainly on the back of an increase in the foreign investors' participation especially during the last month of the quarter. This resulted in a 3<sup>rd</sup> place ranking in 1Q16.

ii. Research

Research Coverage Universe



Source: EFG Hermes

The Research department coverage reached 143 companies at the end of 1Q16, distributed across the region (Egypt 30, UAE 22, KSA 49, Kuwait 7, Oman 13, Qatar 9, Lebanon 3, Morocco 3, Jordan 5, Netherlands 1 and United Kingdom 1). Currently EFG Hermes covers 58% of the regional market capitalization.

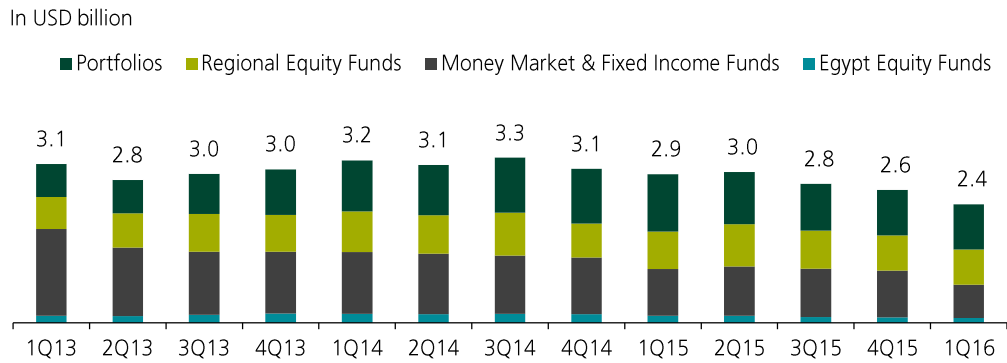
The research department covers 11 economies from a macro level and 8 countries in terms of regular strategy notes. In addition, the research team issues regular publications, including daily morning round-ups, after end of session wrap-ups and a regional monthly product.

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

EFG Hermes Research played a significant role in providing investment research and marketing roadshows for the Investment Banking’s Initial Public Offerings (IPOs) of Domty made during the quarter.

iii. Asset Management

Development of Assets under Management



Source: EFG Hermes Asset Management

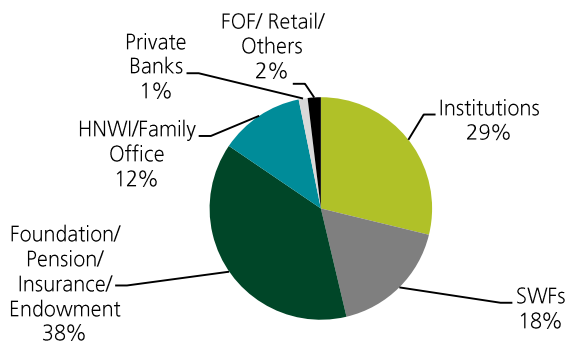
EFG Hermes Assets under Management stood at USD2.4 billion at the end of 1Q16, down 10.3% Q-o-Q. Weakening Markets represents 5.8% of the decline and net outflows represent the remaining 4.5%. Moreover, more than 50% of the total asset base is denominated in Egyptian pound, thus the EGP devaluation negatively impacts on the size of the AuMs given that we report our AuMs in USD.

The size of the MMFs continue to face pressure, with the circulation issued by the Central Bank which further caps the size of MMFS to 2.5% of the deposit size of the sponsoring banks. Worth noting that this is the 3<sup>rd</sup> circulation to further reduce the size of MMFs. Outflows in MMFs reached 6.9% of the total AuMs size in 1Q16, suggesting inflows on the equity side of around 2.5%.

Worth noting that early in January 2016, EFG Hermes announced the launch of two new funds EFG Hermes MENA UCITS fund which is a UCITS clone of the Firm’s flagship EFG Hermes MEDA Fund; and the EFG Hermes Frontier UCITS fund which provides investors with access to frontier markets.

The Asset Management clients’ base remained well diversified with special focus on long-term and institutional clients. During 1Q16 major changes included: SWF clients which represented 17.5% of total AuMs versus 14.6% a quarter earlier. Alternatively, Foundation/ Pension/ Insurance/ Endowment represented 38.2% of total AuMs versus 40.7% a quarter earlier.

Assets under Management by Type of Client

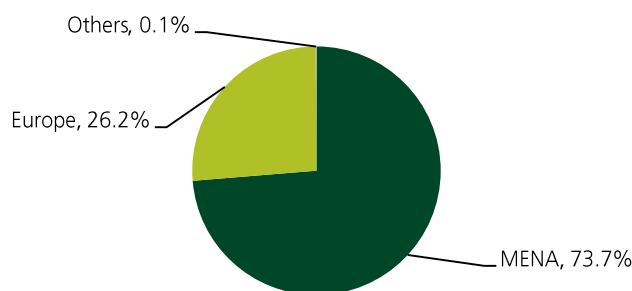


Source: EFG Hermes Asset Management



In terms of funds origination, MENA clients' contribution to total AuMs increased to 73.7% from 71.5% a quarter earlier, mainly on the account of European clients whose weight declined to 26.2% from 28.3% 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 USD56 million versus a NAV of USD61 million in 4Q15. There were minimal subscriptions of USD30,000 to the fund and redemptions totaled to USD2.1 million during the quarter. In terms of performance, the MEDA fund lost 3.8% versus the S&P Pan Arab Composite LargeMid Cap TR Net USD Index which lost 3.2% in 1Q16.

The EFG Hermes Saudi Arabia Equity Fund ended the quarter with a NAV of USD14 million versus a NAV of USD18 million in 4Q15. The fund saw subscriptions of USD1.3 million and redemptions of USD3.8 million. Over the quarter, the fund lost 9.4% versus the Tadawul All Share Index which declined 10.0%.

The EFG Hermes "Hasaad" Freestyle Saudi Equity Fund ended the quarter with a NAV of USD16 million. The fund saw subscriptions of USD80,000 and redemptions of USD1.2 million. Over the quarter, the fund lost 6.7% versus the S&P Saudi Shariah TR index which declined 7.7%.

The EFG Hermes Telecom Fund ended the quarter with a NAV of USD15 million in 1Q16 versus a NAV of USD14 million a quarter earlier. The fund gained 6.3% over 1Q16 versus MSCI EMEA Telecom Index which was up 11.5%.

The EFG Hermes Egypt Fund ended 1Q16 with a NAV of USD24 million versus a NAV of USD26 million at the end of 4Q15. The fund saw no subscriptions in 1Q16 while total redemptions reached USD0.4 million. In terms of performance, the fund lost 2.1% versus the Hermes Financial Index (HFI), which slipped 1.0% over the same period.

The MENA Long Term Value Fund ended the quarter with a NAV of USD417 million compared to USD431 million in 4Q15. No new subscriptions or redemptions were made during the quarter. The Fund lost 3.2% in 1Q16.

For the equity, fixed income and balanced portfolios AuMs were USD911 million versus USD917 million at the end of 4Q15. The client base split between insurance companies, banks, regional HNWI/Family Office and SWF.

#### iv. Investment Banking

During 1Q16, EFG Hermes Investment Banking successfully concluded Egypt's 1st IPO in 2016, Arabian Food Industries Company (Domty), the leading cheese producer in the Egyptian market. The team acted as the Sole Global Coordinator and Bookrunner on Domty's USD127 million initial public offering, floating 49% of its share capital through a secondary offering on the EGX. The department successfully raised USD768 million in demand for Domty's IPO. This came despite the challenging local macroeconomic conditions that enabled the team to successfully tailor a versatile marketing approach that was based on securing orders from top institutional investors prior to going live in order to bolster the offering, by sending a strong signal to the market and, consequently, maximize demand tension. The successful marketing approach resulted in an offering that was 6.0x oversubscribed (13.1x excluding cornerstone investments), increasing by 10% on the first day of trading, and contributing to 12.4% of total traded value on EGX on the first day of trading. However, given that the stabilization mechanics related to the transaction ran well into the month of April, the fees related to the transaction will be booked in 2Q16.

Another testimony to the team's enduring relationships with its clients, the Investment Banking department was able to successfully conclude advisory services during the quarter, comprising strategic assessment / restructuring in addition to debt arrangement.

In addition to the above, the team is currently finalizing all preparations for an Egyptian equity offering, which is expected to launch during 2Q16. On the M&A front, the department is in advanced stages of negotiating a number of high-profile transactions in the GCC and Egypt across different sectors.

#### v. Private Equity

Private Equity assets under management stood at USD0.5 billion at the end of 1Q16.

##### **Vortex Platform:**

EDPR France achieved superb EBITDA results, reaching c. EUR 51 million cumulative for the year, which is 13% above budget. Subsequently, Vortex approved its second shareholder distribution bringing a total net distributions to its investors of EUR8.1 million, representing a cash yield of 10%. Most recently in April 2016, EFG Hermes' Vortex Platform, signed a Sale and Purchase Agreement for the acquisition of 49% of a portfolio which comprises of a 664MW of operational pan-European portfolio from EDPR Europe for a total consideration of EUR550 million, funded via 60% debt and 40% equity. Vortex is currently awaiting regulatory approval and fulfillment of customary CPs to reach transaction's financial close - expected in June 2016.

##### **ECPII:**

ECP II GP completed the full divestment of the last investment Kandil Steel Holding ("KSH"). 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 will proceed with distributing the last distribution to LPs amounting to EGP54.9 million. Given the exit of KSH, the GP will start the process of liquidating the Fund post the final distribution.

## vi. Leasing

### Key highlights

With the appointment of a new Central Bank Governor in Egypt, 1Q2016 was a remarkable quarter as the industry witnessed some key events, mainly:

- i- 150 bps increase in policy rates
- ii- 12.5% devaluation of the EGP versus the USD
- iii- Partial lifting of some restrictions on FX transactions for some corporate and all retail clients
- iv- Borrowers exposures: reducing single-borrower concentration to 15% from 20% of banks' equity and group concentrations to 20% from 25%
- v- Banks should apportion 20% of their loaning portfolios to SMEs at a lending rate that should not exceed 5% (annual decreasing)

In our assessment, the aforementioned events, which include changes to regulations, will have a direct and an indirect impact on the leasing business, albeit not necessarily immediate.

With all of the leasing contracts based on floating rates, the impact of the change in corridor has been passed on to existing clients, with collections going smoothly with no single overdue case. However, in our view, the shift in the lending curve will likely put a downward pressure on leasing margins in the short to medium term. Nevertheless, the reduction in single-borrower concentration should improve demand for leasing for corporates near or at maximum limit; hence, partially offsetting the impact of margins squeeze.

We saw minimal improvement in the imports of capital goods as a result of the reduction in FX restrictions, and the activity in the LCs market is still quite weak and mostly directed toward basic goods. However, we have not seen corporates yet cutting down on their capex plans because of the ensuing rise in prices (as a result of devaluation), despite the negative impact the FX-driven inflation may have on the size of their market. Once again, the limited availability of FX is proving to be the key challenge facing corporates executing on their capex plans.

As for the new SME lending initiative by the government, we have seen almost no impact on our Leasing business. Over the medium term, we believe the leasing business will actually be benefiting as new start-ups created as a result of this initiative resort to leasing for top-up financing.

### Market share:

Perhaps one of the most remarkable developments during the quarter was the advanced ranking that EFG Hermes Leasing has achieved, being now the top non-bank leasing subsidiary, in terms of market share (according to February figures released by the EFSA).

### Contracts Booked by Asset Size in January and February 2016

	Company	Lease Value (EGP mn)	Market Share
1	Corplease	855	23%
2	Arab African	672	18%
3	Global Lease	634	17%
<b>4</b>	<b>EFG Hermes Leasing</b>	<b>413</b>	<b>11%</b>
5	Al Ahly	277	7%
6	GB Lease	253	7%
7	Al Tawfik Lease	212	6%
8	QNB	209	6%
9	Orix	60	2%
10	Incollease	53	1%

**III. COMMERCIAL BANK (Discontinued Operations)**

<i>In USD million</i>	<b>Key Financial Highlights and Ratios</b>						
	<b>1Q16</b>	<b>4Q15</b>	<b>3Q15</b>	<b>2Q15</b>	<b>1Q15</b>	<b>Q-o-Q</b>	<b>Y-o-Y</b>
<b>Balance Sheet:</b>							
Total Assets	10,311	9,936	9,751	9,553	9,335	4%	10%
Cash and CB placements	2,445	2,295	2,223	2,193	1,990	7%	23%
Interbank	707	712	633	637	661	-1%	7%
Securities	3,768	3,629	3,572	3,450	3,430	4%	10%
Loans	3,047	2,968	2,983	2,913	2,873	3%	6%
Deposits	8,707	8,406	8,275	8,091	7,872	4%	11%
Shareholders' Equity:	847	836	819	800	808	1%	5%
Tier 1 capital	761	746	730	712	721	2%	5%
Tier 2 capital	86	90	89	88	86	-4%	0%
<b>P&amp;L:</b>							
Net Interest Income:	40.3	40.6	37.4	38.3	35.4	-1%	14%
Interest Income	138.6	136.6	133.2	126.9	122.6	1%	13%
Interest Expense	(98.2)	(96.0)	(95.7)	(88.6)	(87.1)	2%	13%
Net Fee and Commission Income	8.7	9.1	11.1	7.4	9.1	-4%	-4%
Trading Income	3.9	3.2	3.5	2.4	3.6	24%	8%
Pre-Provisioning Income	<b>53.1</b>	<b>53.6</b>	<b>52.1</b>	<b>48.4</b>	<b>48.4</b>	-1%	10%
Provisions	(3.2)	(3.2)	(3.2)	(1.4)	(2.0)	2%	62%
Recoveries/collections	0.0	0.7	0.3	0.2	0.3	N/R	N/R
Net Provisions	<b>(3.2)</b>	<b>(2.5)</b>	<b>(2.9)</b>	<b>(1.2)</b>	<b>(1.7)</b>	31%	88%
Net Operating Income	49.8	51.1	49.3	47.2	46.7	-3%	7%
Staff Cost	18.5	19.8	16.9	17.5	17.2	-7%	8%
General Expenses	9.3	13.4	9.4	8.2	8.8	-30%	5%
Total Operating Expenses	<b>30.1</b>	<b>35.1</b>	<b>28.1</b>	<b>27.3</b>	<b>27.7</b>	-14%	8%
Net Income after Tax	<b>17.4</b>	<b>12.9</b>	<b>18.4</b>	<b>18.3</b>	<b>17.1</b>	35%	2%
Net Income less preferred shares*	<b>15.7</b>	<b>11.1</b>	<b>16.6</b>	<b>16.6</b>	<b>15.3</b>	41%	2%
<b>Ratios:</b>							
Net Interest Margin	1.6%	1.6%	1.6%	1.6%	1.6%	0.0	0.0
Cost-to-income**	56.3%	58.0%	55.4%	56.3%	57.1%	-1.7	-0.8
Loans-to-deposits	35.0%	35.3%	36.1%	36.0%	36.5%	-0.3	-1.5
NPL / Gross Loans	4.0%	4.1%	3.6%	3.7%	3.7%	-0.1	0.3
Provision Cover	78.2%	75.5%	81.9%	79.0%	76.9%	2.7	1.3
ROAE (after- tax)	9.4%	9.6%	10.4%	10.3%	9.7%	-0.2	-0.3
ROAA (after-tax)	0.7%	0.7%	0.8%	0.8%	0.7%	0.0	0.0
Core Tier 1 Capital Ratio***	N/A	13.7%	N/A	13.8%	N/A	N/R	N/R
Total Capital Adequacy Ratio***	N/A	14.7%	N/A	15.1%	N/A	N/R	N/R

\* Preferred shares dividends for FY16 will be approved in the next AGM

\*\* Includes extraordinary items

\*\*\* Calculations for FY16 ratios include net profits which is yet to be approved in the next AGM

Source: Credit Libanais

**i. Results in Context**

Credit Libanais posted a net profit after tax of USD17.4 million, an increase of 35% Q-o-Q and 2% Y-o-Y for 1Q16, mostly in line with recent quarters (with the exception of 4Q15, as fourth quarter figures include one-offs that do not help comparisons).

Total assets passed just over the USD10 billion threshold for the first time ever, driven by an increase in customer deposits which were directed mainly to placements with the central bank, investments in government securities and to a lesser extent customer loans. Fees and commissions, loan provisions and trading gains were also in line with recent quarters, as were expenses.

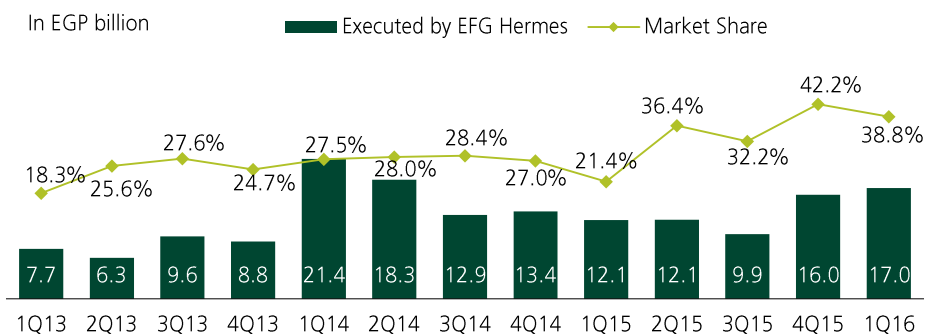
Cost/Income declined to 56.3%, Loans/Deposits remained virtually stable at 35%, NPL ratio was virtually unchanged at 4%, as was ROAE and provision cover at 9.4% and 78.2%, respectively.

Overall, results continued in the same pattern as in the last twelve months with no major differences.

IV. ANNEX

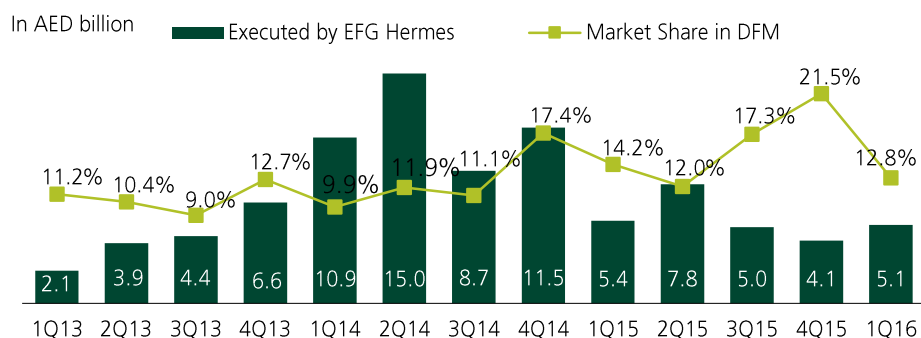
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:

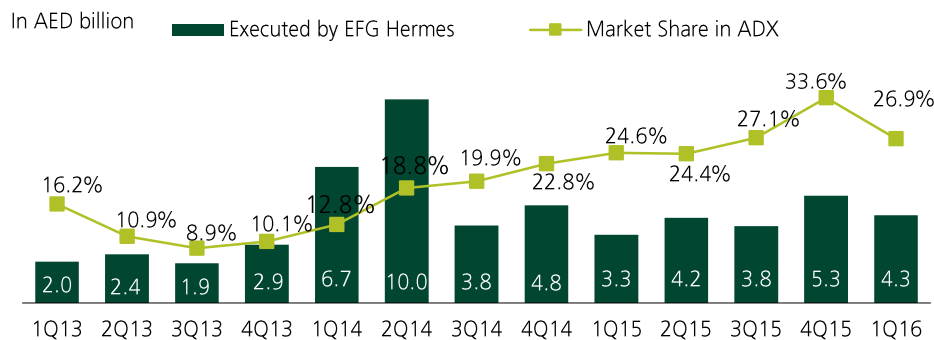


\*Including special transactions

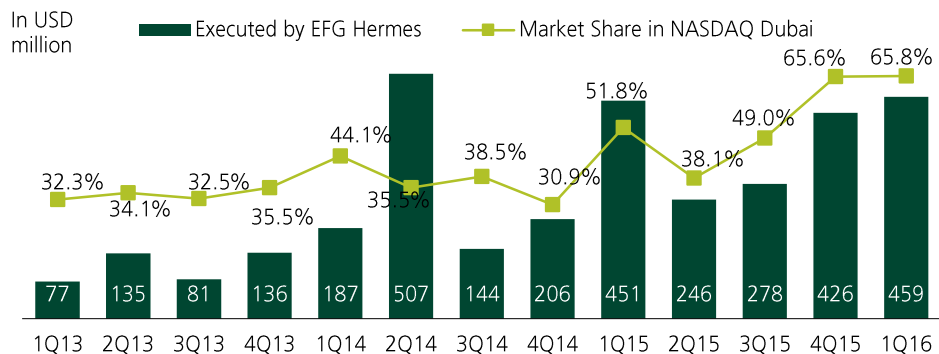
UAE- DFM



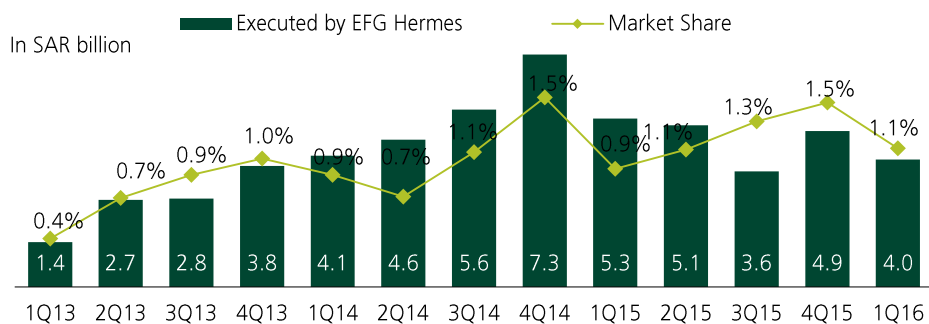
UAE – Abu Dhabi



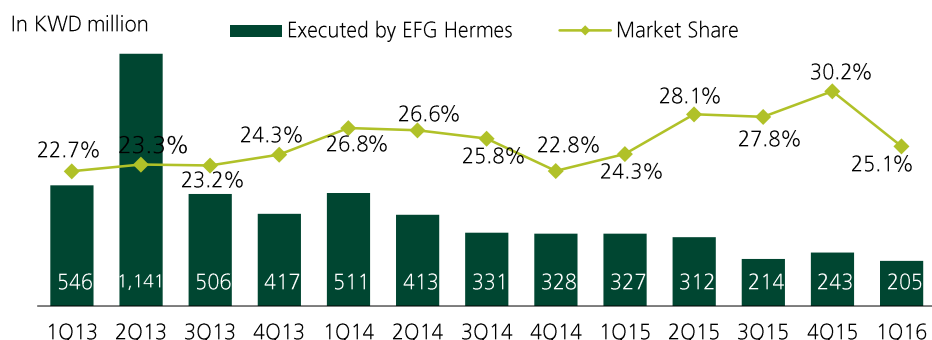
UAE – NASDAQ Dubai



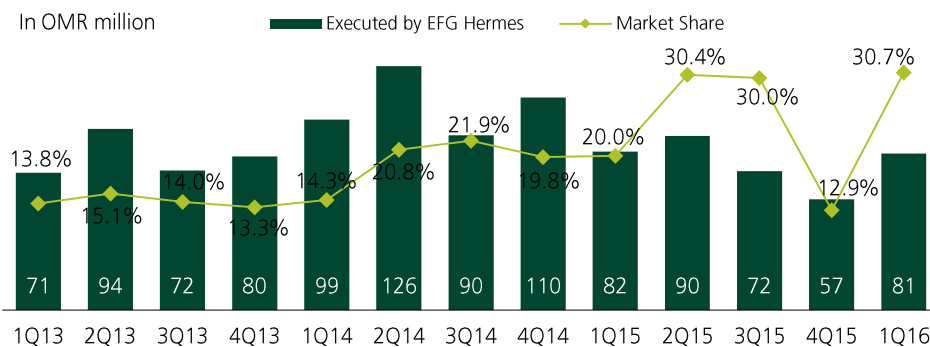
KSA:



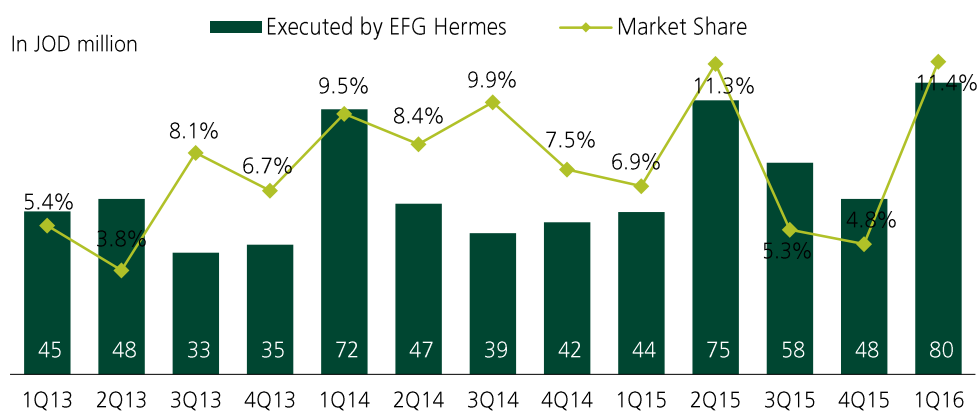
Kuwait:



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

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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

Bloomberg page: EFGH

Reuters pages: .EFGS .HRMS .EFGI .HFISMCAP .HFIDOM

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