

المجموعة المالية - هيرميس
EFGHERMES

EFG-Hermes Holding Company
MENA Banking & Financial Services
Capital Markets Day

21-22 May 2009



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Our Regional Presence



المجموعة المالية - هيرميس
EFGHERMES

Investment Bank Platform

Commercial Bank Platform

Investment Banking Asset Management Research Securities Brokerage Private Equity

Bank Audi
Audi Saradar Group

27.87%

Country	Investment Banking	Asset Management	Research	Securities Brokerage	Private Equity
Egypt	✓	✓	✓	✓	✓
UAE	✓	✓	✓	✓	✓
KSA	✓	✓	✓	✓	✓
Qatar	✓	✓	✓	✓	✓
Kuwait	✓	✓	✓	✓	✓
Oman	✓	✓	✓	✓	✓
Lebanon	✓	✓	✓	✓	✓
Jordan	✓	✓	✓	✓	✓
Morocco	✓	✓	✓	✓	✓
Bahrain	✓	✓	✓	✓	✓

✓ Brokerage license received



Brokerage

- ≡ Remaining the #1 broker on CASE, DFM, and ADX
- ≡ Market positioning in both Oman and Kuwait improved
- ≡ Increasing executions in markets where EFG-Hermes has no physical presence
- ≡ EFG-Hermes managed to slightly increase market shares despite challenging market conditions

Research

- ≡ Actively covering 84 stock in 8 countries
- ≡ Expanding coverage of regional companies as well as economies
- ≡ Shift to shorter more frequent notes continually reassessing target prices in current market conditions
- ≡ Focus list of stocks published by the Strategy Team in cooperation with Sales

Asset Management

- ≡ Decline in AuMs to USD 3.7 billion, down from a peak of USD 7.3 billion in 2Q 08, remaining the largest regional asset manager
- ≡ Around 40% of decline since yearend due to changes in NAVs
- ≡ Slowly beginning to see pickup of net cash inflows
- ≡ Launched Bank Audi money market fund in early May
- ≡ Once markets stabilise, high growth area with several products in the pipeline taking advantage of current market conditions

Investment Banking

- ≡ Challenging market conditions have hampered closing of Investment Banking deals
- ≡ Strong distribution and contacts remain a key advantage over competitors
- ≡ New services and products being investigated
- ≡ Strong pipeline in both Egypt and the region makes the Team cautiously optimistic

Private Equity

- ≡ Funds under management currently at USD 1.15 billion
- ≡ Physical presence fully established in Dubai
- ≡ Recently launched the InfraMed Fund in conjunction with CDC, CDP and CDG
- ≡ Horus III remains c.50% in cash

Corporate

- ≡ Hired CEO for Saudi Arabia and another for GCC (ex-Saudi)
- ≡ Continued to improve and upgrade infrastructure; recent internet outage in Egypt did not hamper operations
- ≡ Effect of cost cutting measures reflected in a decrease of EGP 45 million in operating expenses in 1Q 09, full effect expected in 2Q09

Fee Revenue Generators: Securities Brokerage

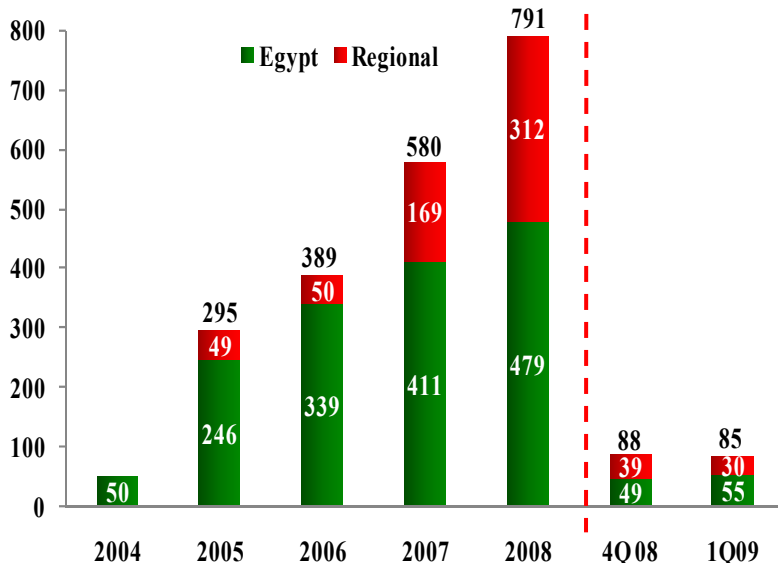


Percentage of Total Market Executions During 2008

Market	Egypt	UAE DFM ADX	Qatar	KSA	Oman	Kuwait	Jordan	Morocco	Bahrain	
Percentage of Value Traded	2008: 43% 1Q 09: 41%	19% 9%	18% 15%	6% 11%	1% 1%	24% 20%	24% 29%	3% 7%	1% 0.5%	3% 14%
Ranking 1Q 09	1	1	1	1	2	2	1 / 2	N/A	N/A	N/A
				Offshore	Independent		Offshore	Offshore	Offshore	

≡ Positioning vis-à-vis competitors improving due to stricter governance protecting business during market downturns
 ≡ KSA swap product slowly picking up
 ≡ Increasing retail contribution through online & call centres

Division Revenue (in EGP million)



≡ Continued decline in volumes in 1Q 09 across the region affecting overall performance
 ≡ Market volumes slowly picking up starting March/April
 ≡ No immediate pressure on commission rates charged

Brokerage Highlights

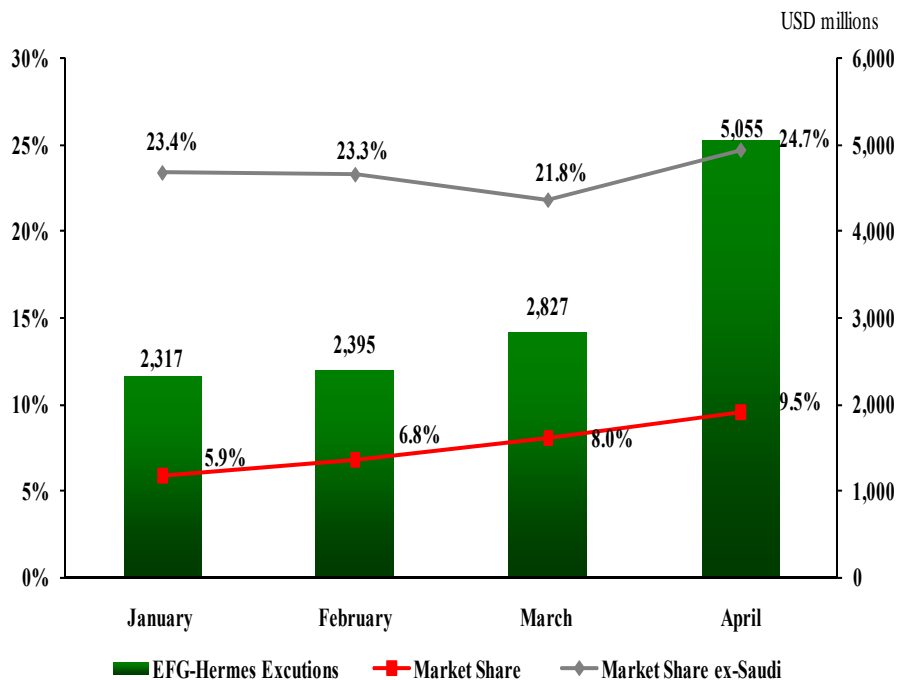
- ≡ Continued volatile market conditions across the world: reduced investor interest, decreasing volumes and values traded across the region; the tide slowly changing starting April 09
- ≡ Vision Securities in Oman totally integrated, Gulf Finance Brokerage in Kuwait integration near completion
- ≡ EFG-Hermes' brokerage operation on EGX, DFM and ADX remaining #1 broker, #2 in Oman and #1/2 in Kuwait in 2009
- ≡ Increasing executions on behalf of clients in countries where there is no physical presence, market shares growing
- ≡ Retail services increasing: call centre, branches and online
- ≡ Continued to keep margin lending to a minimum
- ≡ All call centres relocated back to Egypt to curb costs

Development of Executions: Direct and Indirect

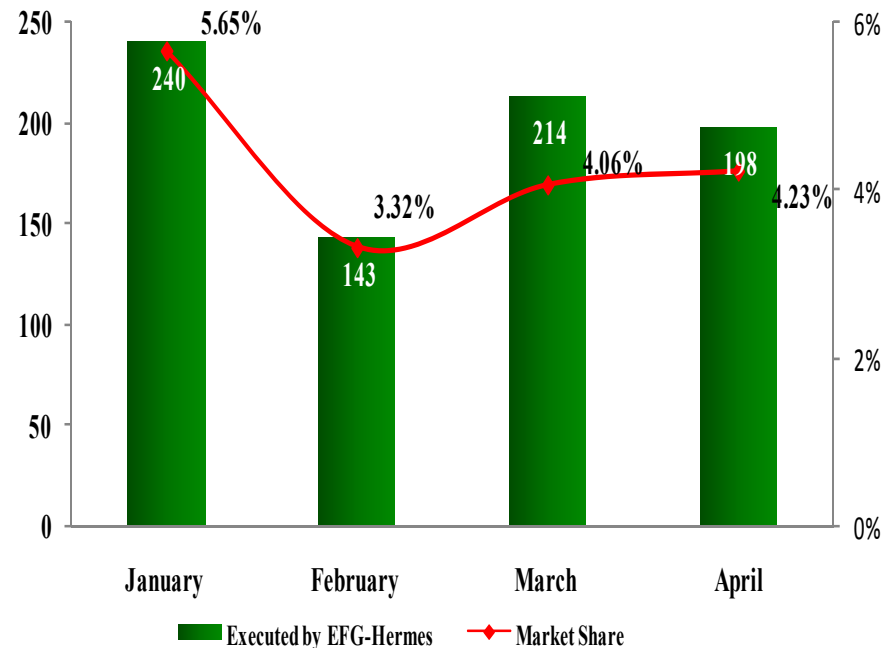


Development of EFG-Hermes Executions* and Market Shares

Markets With Direct Executions



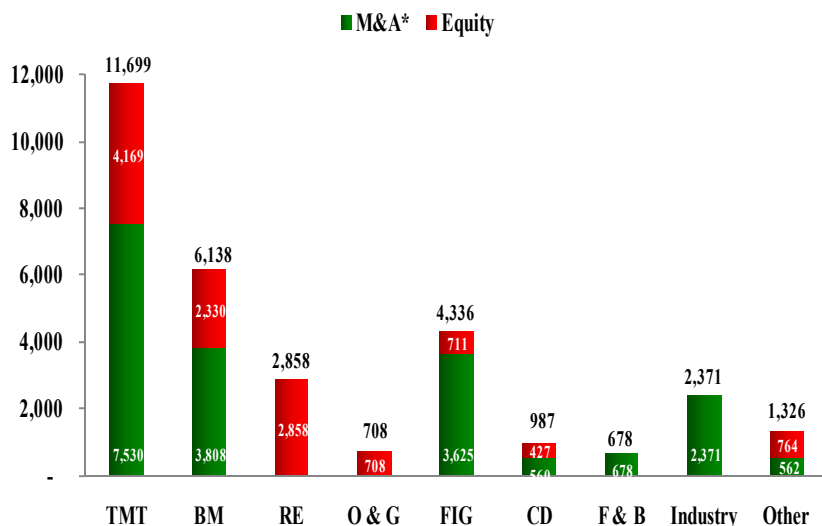
Markets With Indirect Executions



Fee Revenue Generators: Investment Banking



Transactions Completed Since 1997 (in USD million)



Investment Banking Highlights

- ≡ Difficult market conditions continued into 1Q 09 as disconnect with respect to valuation between buyers and sellers persisted
- ≡ Focus on building M&A and advisory services backlog
- ≡ Increasing pressure with respect to fees charged
- ≡ Strong distribution and contacts in the region remain the Group's key advantage in face of competition; repeat client business evident in current pipeline
- ≡ Current pipeline remains diverse geographically and includes several M&A transactions; Team is cautiously optimistic
- ≡ Going forward Investment Banking contribution to total fee and commission revenue expected to decline as revenues from the Asset Management and Private Equity business increase

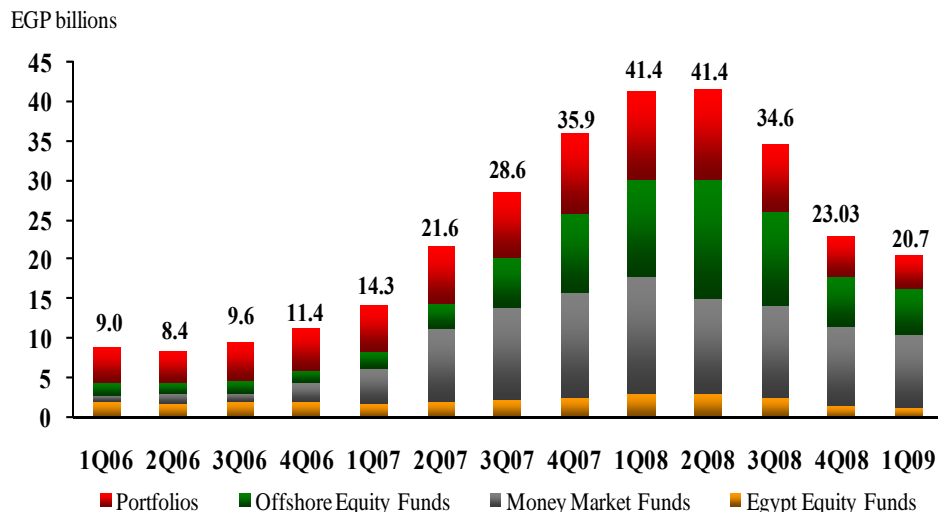
Key Transactions in 2007, 2008 & 1Q 09

 Advisory on Acquisition of 35% of US\$ 34 million EFG HERMES Buy Side Advisor December 2008	 Advisory on Sale of 49% stake to US\$ 70 million EFG HERMES Sell Side Advisor September 2008	 Private Placement US\$ 141 million EFG HERMES Placement Advisor July 2008
 Advisory on Sale of 52.2% stake to Pacific Crest Ltd. US\$ 156 million EFG HERMES Sell Side Advisor July 2008	 Initial Public Offering US\$ 343 million EFG HERMES Joint Global Coordinator & Bookrunner May 2008	 Initial Public Offering US\$ 273 million EFG HERMES Global Coordinator & Bookrunner May 2008
 Initial Public Offering US\$ 992 million EFG HERMES Joint Bookrunner Nov 2007	 Advisory on Sale of 45% stake to US\$ 862 million EFG HERMES Sell Side Advisor September 2007	 Advisory on Sale of 96% stake to US\$ 1,018 million EFG HERMES Sell Side Advisor October 2007
 Advisory on Acquisition of 60% stake in US\$ 171 million EFG HERMES Buy Side Advisor June 2007	 Advisory on Sale of 100% to US\$ 1,416 million EFG HERMES Sell Side Advisor June 2007	

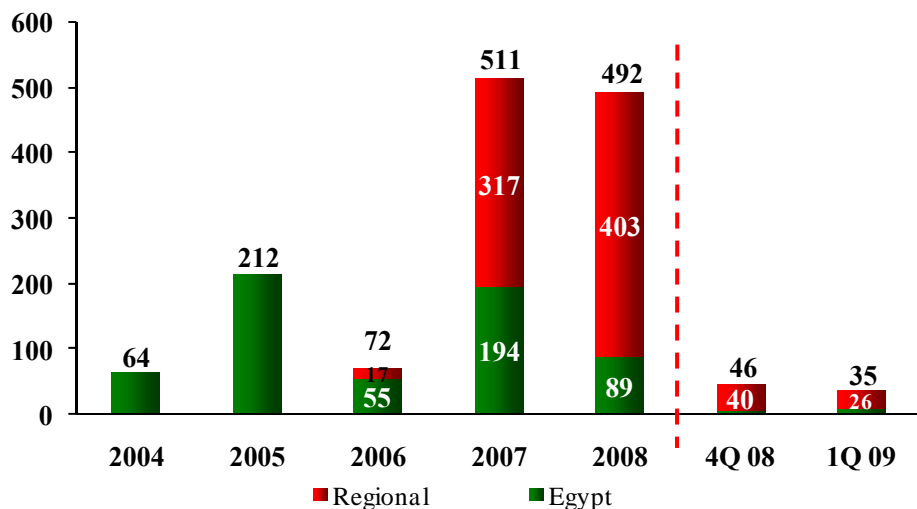
Fee Revenue Generators: Asset Management



Evolution of Assets Under Management (in EGP billion)



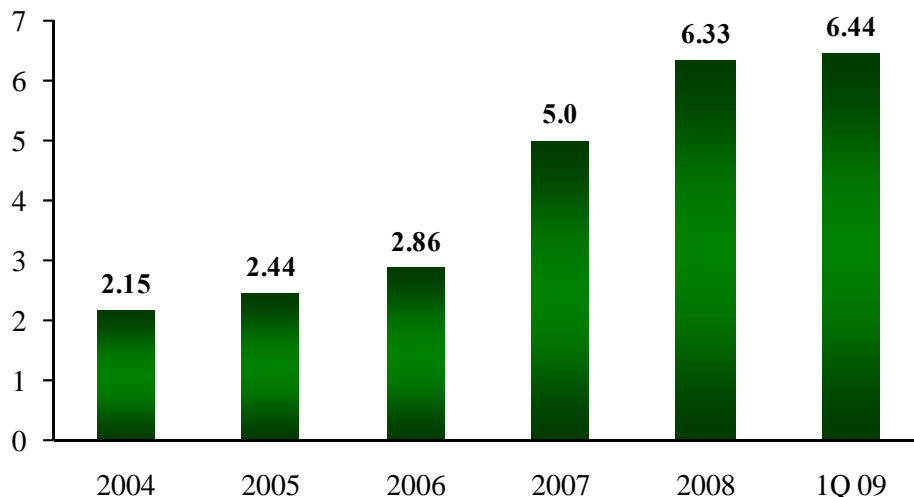
Division Revenue* (in EGP million)



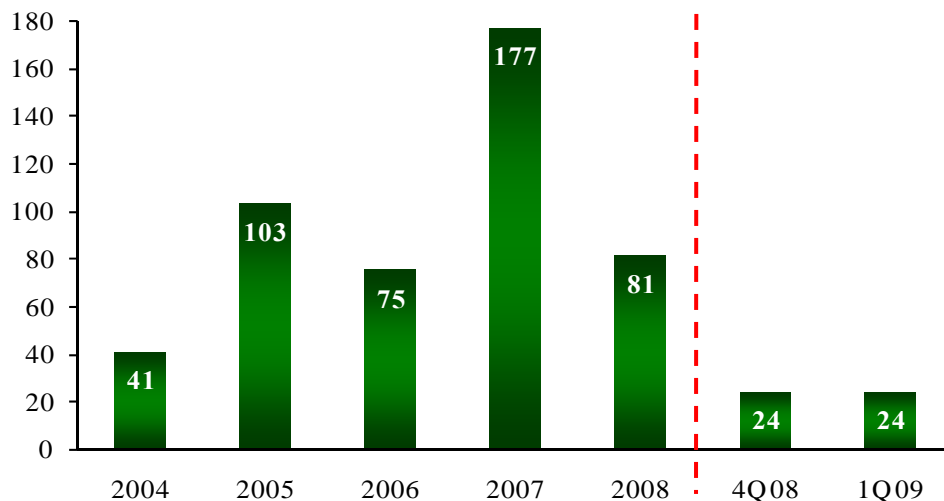
Asset Management Highlights

- ≡ After peaking at USD 7.73 billion in 2Q 08 AuMs in listed equities declined to USD 3.7 billion at the end of 1Q 09, around 40% of the decline since yearend was a result of changes in NAVs
- ≡ The bulk of the absolute redemptions were from money market funds, net cash outflows of USD 160 million
- ≡ Around 70% of all equity AuMs are regional funds and portfolios up from 60% a year earlier
- ≡ No incentive fees realised during 1Q 09 compared to EGP 34.6 mn in 1Q 08; as markets improve possibility of incentive fees increases; the MEDA Fund calculation date is 30th June
- ≡ Flexible and active investment management style has allowed for prompt change in asset allocation across all funds and portfolios to take advantage of market dislocations and allowed swift hedging of the beta risk
 - Group's managed funds outperformed relevant indices
- ≡ Launched Audi Money Market Fund during May 2009
- ≡ Client base continues to be diverse to include endowments, family offices, institutional investors and retail as well as having a diverse geographic origin be it from the MENA region, US, Europe or Asia
- ≡ Asset Management is a major growth driver in the medium to long term but the challenge remains to bring back the level of monthly cash inflows to 1H 08 levels

Evolution of Funds Under Management* (in EGP billion)



Division Revenue (in EGP million)

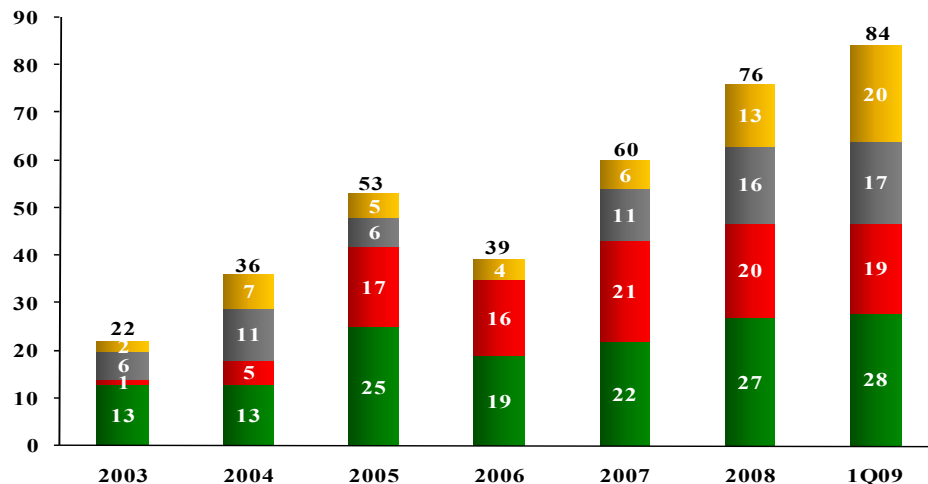


* USD 1.15 billion in 2008 and 1Q 09; difference due to exchange rate

Private Equity Highlights

- ≡ On 30th April launched the InfraMed Fund, a long-term investment fund and the first financing facility of the Union for the Mediterranean, in conjunction with the Caisse des Dépôts (France), Cassa depositi e prestiti (Italy), and Caisse de Dépôt et de Gestion (Morocco), jointly have approved a commitment of up to €400 million, with the aim of raising in excess of €1 billion over the coming months from regional and international long-term investors
- ≡ The Team continued to develop the pipeline of investments along the articulated strategy that hinges on expanding the investment scope beyond Egypt and North Africa as well as increasing the investor base beyond the MENA region; currently reviewing numerous investment opportunities, still maintaining a conservative stance on fund deployment with Horus III still c.50% in cash
- ≡ Horus III Fund received approval to expand the scope of investment to the wider MENA region and has since completed its first GCC investment
- ≡ Private Equity is in the build-up phase as more funds are launched and investments committed
- ≡ High growth area

Development of Active Coverage



Research Division Highlights

- ≡ Our Research department continues to be the backbone supporting the Group's distribution arms
- ≡ Currently 84 stocks under active coverage across 8 countries
- ≡ The Team also provides coverage of all countries with stock markets in the GCC, the Levant and North Africa from a macro standpoint and 5 countries from a strategy perspective
- ≡ Publish UAE, Egypt, Saudi and Qatar dailies
- ≡ All research reports are issued in both English and Arabic
- ≡ Focus during 2Q 09 of at least 6 to 8 new initiations

Recent Research Notes



Orascom Construction Industries
May 17, 2008



Saudi Telecom Company
February 1, 2009



Kuwait Banking Sector
February 5, 2009



Qatar Commercial Bank
February 10, 2009



Egypt 2009 Yearbook
January 25, 2009



UAE 2009 Yearbook
December 10, 2008



Saudi Arabia Economics
May 10, 2009



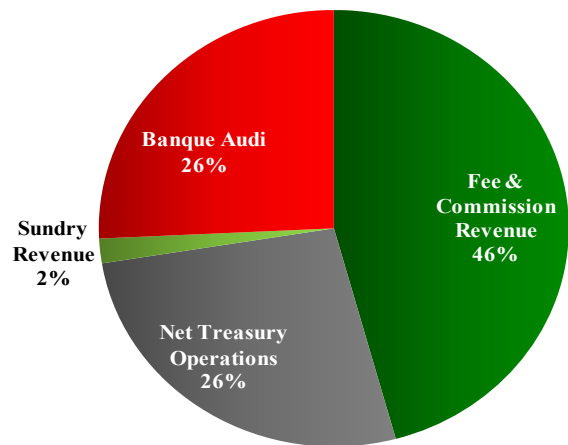
MENA Strategy
April 29, 2009

Breakdown of Total Earnings



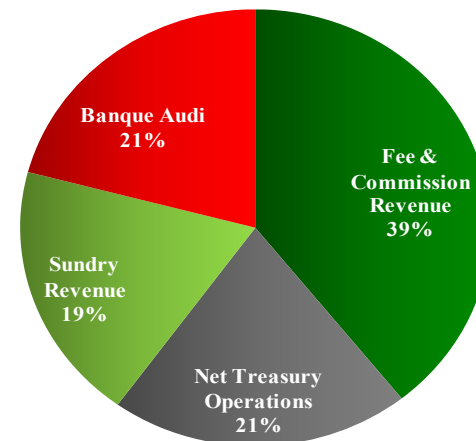
Comparative Contribution to Revenue

1Q 09



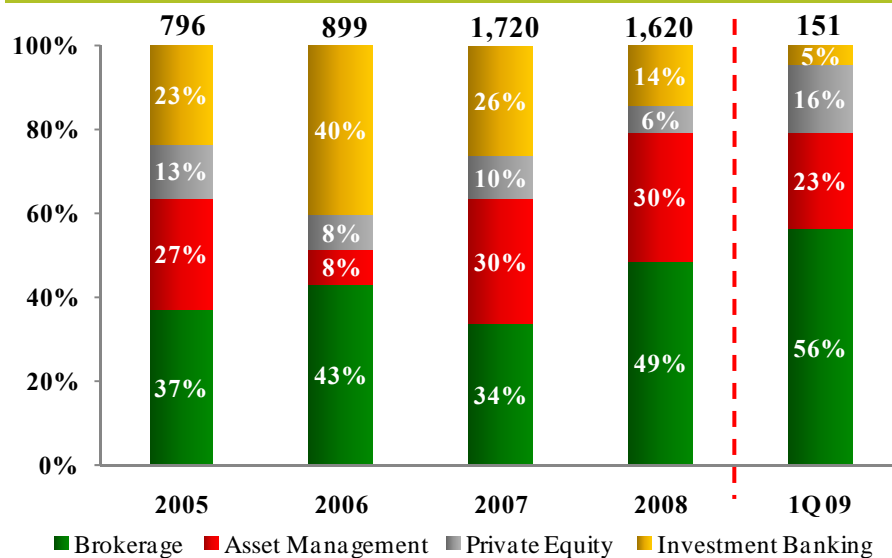
EGP 326mn (including EGP 3 million loss on sale of investments)

4Q 08

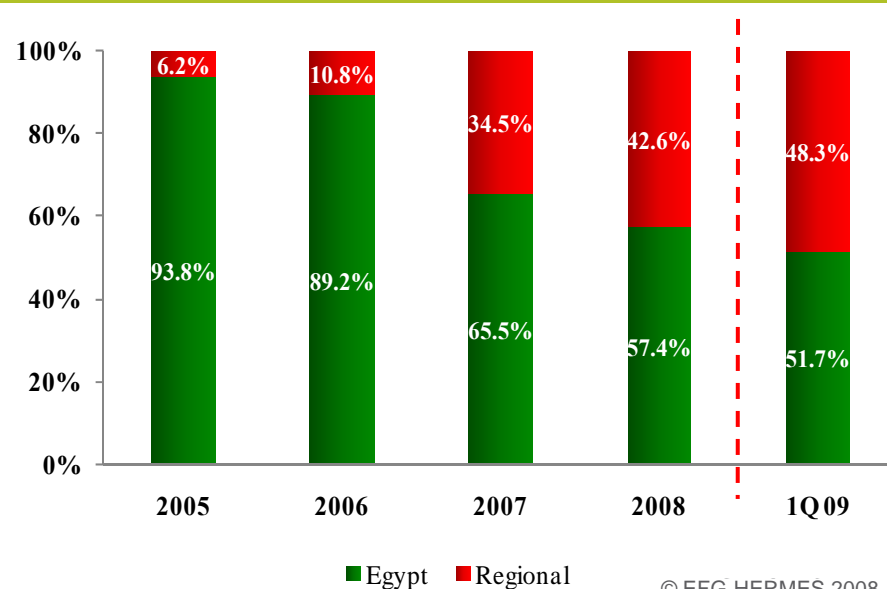


EGP 279mn (including EGP 123 million loss on principle account)

Fee & Commission Income: By Business Line



Fee & Commission Income: By Region



Income Statement: 1Q 09



P&L (in EGP million)		1Q 09	4Q 08*	1Q 08
Revenues	Investment Bank	236	118	564
	<i>Fee Revenue & Agency Business</i>	151	158	470
	<i>Net Treasury Operations**</i>	88	83	42
	<i>Net Principal Account & Gain on Investments</i>	(3)	(123)	52
	Other Income	6	77	6
	Bank Audi	85	84	74
	Net Revenues	326	279	644
Expenses	General Administrative Expenses	143	188	192
	Impairment Loss on Assets	-	102	-
	Other expenses (including provisions)	14	14	12
	Total Expenses***	157	304	204
	Net Profit before Income Tax	169	(22)	416
	Income Tax	(19)	27	(52)
	Net Profit Before Minority Interest	149	4	364
	Minority Interest	(9)	15	(15)
	Net Profit	140	19	349

* By extrapolation from FY 2008 and 9M 08 audited financial statements

** Net of FX differences and financing costs

*** Excluding unrealised loss (gain), FX differences and financing costs that are netted out from revenues

Balance Sheet: as at March 31, 2009



Assets (in EGP million)		Liabilities (in EGP million)	
Cash & Equivalents	3,002	Short-Term Debt	-
Trade Receivables	534	Trade Payables	882
Trading Investments	90	Current Tranche of Long Term Loans	38
Other Current Assets	481	Other Current Liabilities	414
Employee Trust Current Tranche	102	Provisions	148
Total Current Assets	4,209	Total Current Liabilities	1,482
Fixed Assets & Projects Under Construction	393	Long-Term Debt	90
Bank Audi	4,095	Deferred Tax Liability	22
Available for Sale Investments	707	Long Term Liability	621
EFG-Hermes Employee Trust	307		
Other Non-Current Assets*	909		
Total Non-Current Assets	6,411	Total Non-Current Liabilities	733
		Shareholders' Equity	8,193
		Minority Interest	212
		Total Shareholders' Equity & Minority Interest	8,405
Total Assets	10,619	Total Shareholders' Equity and Liabilities	10,619

* Includes intangible assets for EGP 699 million

We introduced the following:

- ≡ Reduction of headcount by around 6%
- ≡ Salary cuts for the top 200 employees ranging from 15 - 55%
- ≡ Introduction of new expense policy
- ≡ Relocation of certain functions back to Cairo
- ≡ Concurrently positioning EFG-Hermes for a potential rebound in a changing competitive landscape

Achieving the following in 1Q 09:

- ≡ Total cost saving of EGP 45mn over 4Q 08 (25.5% reduction over 1Q 08):
 - ≡ Fully loaded employee expenses declined 27.7% over 1Q 08, 8.5% decline over 4Q 08
 - ≡ Full effect of salary reductions to filter-in during 2Q 09 as were introduced starting March 09
 - ≡ Other operating expenses declined 38% over 4Q 08 as travel, marketing, promotional and communication expenses were curbed



- ≡ Market collapse tested our risk management systems, however, improvement and upgrading the systems is a continuous moving target
- ≡ Regional expansion: for the KSA hired a CEO to spearhead the Group's efforts; for GCC (ex-Saudi) hired a CEO to coordinate the expanding operations and distribution efforts
- ≡ As markets remain weak our strong balance sheet is key
- ≡ Maintain and strengthen the diverse regional operations, minimising risks from any one market
- ≡ The building blocks for the next step: cash, Bank Audi or cash equivalent, the IB platform

The Boring Yet Important Stuff



- ≡ Board Composition: 4 executives & 8 non-executives
- ≡ Split between chairmanship position and CEO's function
- ≡ Audit & Risk Committee meets at least 4 to 5 times a year; members comprised independent Board Members, meets periodically alone with the external auditors
- ≡ Compensation Committee comprised of large shareholders and independent Board Members with the mandate to review and approve compensation for all executive managers
- ≡ Continued independence of compliance, internal audit and risk management functions
- ≡ Internal Audit and Risk Management report directly to the Audit & Risk Committee