

EFG HERMES REPORTS FIRST QUARTER 2014 GROUP EARNINGS OF EGP119 MILLION; ON TOTAL OPERATING REVENUE OF EGP563 MILLION

Cairo, May 15th, 2014 – EFG Hermes reported today Group net profit after tax and minority of EGP119 million in 1Q2014 up 190% Y-o-Y. The Group operating revenue rose 14% Y-o-Y to EGP563 million in 1Q2014. Total assets stood at EGP69.5 billion at the end of 1Q2014.

Key Highlights

- ≡ The Group net operating profit rose 57% Y-o-Y to reach EGP224 million in 1Q2014, underpinned by the Investment Bank's strong performance. This resulted in a Group net operating profit margin of 40% for the quarter.
- ≡ With the Investment Bank and the Commercial Bank contributing positively to bottom line, the Group reported a net profit after tax and minority of EGP119 million, up 190% Y-o-Y; and a normalized earnings of EGP131 million.
- ≡ The Investment Bank's operating revenue increased 27% Y-o-Y to reach EGP246 million. Excluding the capital market activities, the core businesses of Advisory, Brokerage, Asset Management and Private Equity generated 46% of their revenues from regional operations with the remaining coming from Egypt operations.
- ≡ The Investment Bank's net operating profit rose 1560% Y-o-Y to EGP87 million in 1Q2014; reflecting higher revenue generation capabilities and the effective deployment of the cost optimization plan which was initiated last year.
- ≡ The Investment Bank bottom line turned profitable after seven quarters of reporting losses, with a net profit after tax and minority of EGP60 million. Adjusting for the one-off charges, the normalized net profit after tax and minority reached EGP72 million, representing 55% of the Group's normalized earnings.
- ≡ Credit Libanais reported a net profit of USD15.6 million in 1Q2014, a 3% Y-o-Y decline. The bank's total assets stood at USD8.6 billion with a loan-to-deposit ratio of 36.6%.

Khalid Ellaicy
Chief Financial Officer
kellaicy@efg-hermes.com
Tel: +20 2 3535 6551

Hanzada Nessim
Head of Investor Relations
Strategy & Investor Relations
hnessim@efg-hermes.com
Tel: +20 2 3535 6502

Nada Al-Hamalawy
Vice President
Strategy & Investor Relations
nalhamalawy@efg-hermes.com
Tel: +20 2 3535 6453

Investor Relations Contacts
investor-relations@efg-hermes.com
Tel: +20 2 3535 6710
Fax: +20 2 3535 7017

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				
	1Q14	4Q13	1Q13	Q-o-Q	Y-o-Y
Group Operating Revenue	563	637	494	-12%	14%
Investment Bank	246	266	194	-7%	27%
Commercial Bank	317	371	300	-15%	6%
Group Operating Expenses	339	473	351	-28%	-3%
Investment Bank	159	248	188	-36%	-15%
Commercial Bank	180	226	163	-20%	10%
Group Net Operating Profit	224	163	143	37%	57%
Investment Bank	87	18	5	387%	1560%
Commercial Bank	137	146	138	-6%	0%
Group Net Operating Margin	40%	26%	29%		
Investment Bank	35%	7%	3%		
Commercial Bank	43%	39%	46%		
Group Net Profit After Tax & Minority Interest	119	(565)	41	N/M	190%
Investment Bank	60	(620)	(31)	N/M	N/M
Commercial Bank	59	55	72	7%	-18%
Normalized Group Net Profit After Tax & Minority Interest	131	51	68	158%	94%
Investment Bank	72	(4)	(4)	N/M	N/M
Commercial Bank	59	55	72	7%	-18%

Source: EFG Hermes Management Accounts

The Group reported a net profit after tax and minority "NPAT" of EGP119 million, up 190% Y-o-Y, with both the Investment Bank and the Commercial Bank being profitable.

Group normalized NPAT increased 94% Y-o-Y to EGP131 million, after adjusting for the one-off charges of EGP12.3 million in 1Q2014 and EGP26.7 million in 1Q2013.

The strong performance delivered by the Investment Bank supported the Group's operational performance. The Group reported a net operating profit of EGP224 million, up 57% Y-o-Y; with a net operating profit margin of 40%.

ii. Investment Bank Financial Performance

<i>in EGP million</i>	Investment Bank Financial Highlights				
	1Q14	4Q13	1Q13	Q-o-Q	Y-o-Y
Total Operating Revenue	246	266	194	-7%	27%
Total Operating Expenses	159	248	188	-36%	-15%
Net Operating Profit	87	18	5	387%	1560%
Net Operating Margin	35%	7%	3%		
Net Profit After Tax & Minority Interest	60	(620)	(31)	N/M	N/M
Normalized Net Profit After Tax & Minority Interest	72	(4)	(4)	N/M	N/M

Source: EFG Hermes Management Accounts

The Investment Bank net operating profit soared 1560% Y-o-Y to reach EGP87 million in 1Q2014, underpinned by stronger revenues and the efficient deployment of the cost optimization plan that was initiated last year.

Operating revenue rose 27% Y-o-Y to EGP246 million; on higher Brokerage revenue; and to a lesser degree, higher revenue generated from capital market activities. Meanwhile, the operating expenses declined 15% Y-o-Y to EGP159 million, as employees and other operating expenses declined.

The Investment Bank bottom line came in profitable this quarter, reporting a net profit after tax and minority interest of EGP60 million after seven quarters of reporting losses. Moreover, if we normalize our earnings by adjusting for the one-off expenses, our normalized NPAT would be EGP72 million.

<i>in EGP million</i>	Investment Bank Revenue				
	1Q14	4Q13	1Q13	Q-o-Q	Y-o-Y
Brokerage	115	75	65	53%	79%
Egypt	64	44	41	45%	58%
Regional	51	31	24	65%	114%
Asset Management	30	102	31	-70%	-3%
Egypt	8	22	11	-63%	-25%
Regional	22	80	21	-72%	8%
Investment Banking	11	13	15	-16%	-24%
Egypt	0	10	14	N/M	N/M
Regional	11	3	0	221%	N/M
Private Equity (Egypt)	26	28	47	-8%	-46%
Capital Markets & Treasury Operations	64	47	36	35%	77%
Total Operating Revenue	246	266	194	-7%	27%

*Brokerage revenue highlighted above represents entities and not markets

Source: EFG Hermes Management Accounts

Operating revenue rose 27% Y-o-Y to EGP246 million, driven by higher revenue from Brokerage operations and capital market activities. Brokerage revenue rose 79% Y-o-Y to EGP115 million on higher brokerage commissions as volumes improved in most markets. Revenue generated from capital market activities increased 77% Y-o-Y to EGP64 million on realized gains from the sale of investments and dividend income.

On the other hand, Investment Banking revenue declined 24% Y-o-Y to EGP11 million on lower advisory fees. Private Equity revenue fell 46% Y-o-Y to EGP26 million, as the comparable quarter, 1Q2013, was exceptionally high; mainly driven by FX gains from the devaluation of the EGP. However, Private Equity is yet to book incentive fees in relation to Damas exit. Asset Management revenue was marginally down, slipping 3% Y-o-Y to EGP30 million.

iii. Investment Bank Operating Expenses

<i>In EGP millions</i>	Investment Bank Operating Expenses				
	1Q14	4Q13	1Q13	Q-o-Q	Y-o-Y
Employee Expenses	123	192	134	-36%	-8%
Employee Expenses/Operating Revenue	50%	72%	69%		
Employee Expenses/Operating Expenses	77%	77%	71%		
Number of Employees	807	808	861	0%	-6%
Other Operating Expenses	37	56	55	-34%	-33%
Other Operating Expenses/Operating Revenue	15%	21%	28%		
Other Operating Expenses/Operating Expenses	23%	23%	29%		
Total Operating Expenses	159	248	188	-36%	-15%

Source: EFG Hermes Management Accounts

Total operating expenses declined 15% Y-o-Y to EGP159 million in 1Q2014. If we exclude the one-off expenses of EGP12.3 million booked during the quarter and the EGP26.7 million booked in 1Q2013, total operating expenses would have declined 9% Y-o-Y.

Employee expenses declined 8% Y-o-Y (9% Y-o-Y excluding the one-off charges) to EGP123 million in 1Q2014, in line with the decline in the number of employees, which contracted 6% Y-o-Y. Employee expenses to revenues declined to 50% in 1Q2014 from 69% a year earlier.

Other operating expenses declined 33% Y-o-Y to EGP37 million in 1Q2014, however excluding the one-off expenses, other operating expenses would have declined 9% Y-o-Y, thus reflecting the true cost saving initiatives taken during last year.

Of other operating expenses, consultancy and service fees declined 79% Y-o-Y to EGP4.3 million from EGP20.2 million; as 1Q2013 included fees to third parties related to the execution of the QInvest transaction. Travel expenses declined 5% Y-o-Y to EGP3.4 million, telephone/fax/mobile expenses were lower 47% Y-o-Y to EGP1.3 million, occupancy expenses contracted 18% Y-o-Y to EGP9.7 million, office expenses decreased 12% Y-o-Y to EGP4.2 million, and general expenses slipped 14% Y-o-Y to EGP3.5 million. Promotional and advertising expenses were flat Y-o-Y at EGP2.9 million. On the other hand, data communication expense rose 38% Y-o-Y to EGP6.8 million.

II. OPERATIONAL PERFORMANCE

i. Brokerage

The Brokerage division saw a very strong first quarter with EFG Hermes major markets witnessing a spike in volumes. Total executions rose 71% Q-o-Q and 122% Y-o-Y to USD12.0 billion in 1Q2014.

Brokerage revenue mirrored the improved liquidity, with revenues rising 53% Q-o-Q and 79% Y-o-Y to EGP115 million on the back of higher revenue generated from all countries.

<i>in EGP million</i>	Brokerage Revenue				
	1Q14	4Q13	1Q13	Q-o-Q	Y-o-Y
Egypt	64	44	41	45%	58%
UAE	31	17	7	79%	330%
KSA	5	3	2	64%	138%
Oman	3	2	3	40%	20%
Kuwait	9	7	10	37%	-9%
Jordan	2	1	2	65%	49%
Total Revenue	115	75	65	53%	79%

*Revenue highlighted above represents entities and not markets.

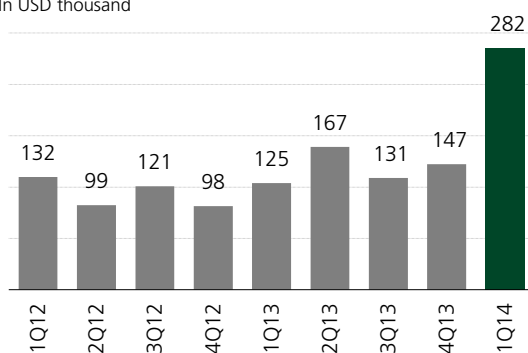
Source: EFG Hermes Management Accounts

In terms of pure market commissions, Egypt continues to be the main contributor to brokerage revenue, generating 51% of total Brokerage commissions in 1Q2014; while regional markets represent the remaining 49%.

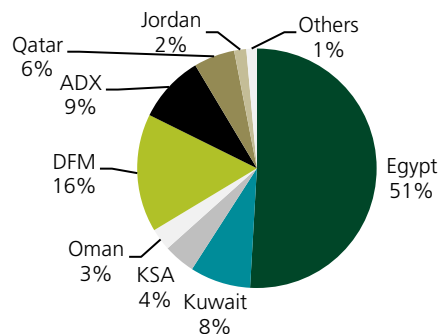
Average daily commissions rose 92% Q-o-Q and 126% Y-o-Y in 1Q2014.

Average Daily Commissions

In USD thousand



Commissions Breakdown by Market



*Based on 1Q2014 figures

<i>in USD million</i>	Brokerage Market Share & Executions				
	1Q14	4Q13	1Q13	Q-o-Q	Y-o-Y
Egypt					
Market share	26.4%	24.5%	30.7%	1.9%	-4.3%
Executions	3,084	1,273	1,136	142.2%	171.5%
UAE - DFM					
Market share	9.9%	12.7%	11.2%	-2.8%	-1.3%
Executions	2,958	1,796	582	64.7%	408.8%
UAE - ADX					
Market share	12.8%	10.1%	16.2%	2.7%	-3.4%
Executions	1,820	778	550	134.0%	230.9%
KSA					
Market share	0.9%	1.0%	0.4%	-0.1%	0.5%
Executions	1,099	1,015	448	8.3%	145.3%
Kuwait					
Market share	26.8%	24.3%	22.7%	2.5%	4.1%
Executions	1,815	1,481	1,939	22.6%	-6.4%
Oman					
Market share	14.3%	13.3%	13.8%	1.0%	0.5%
Executions	250	207	185	20.6%	35.1%
Jordan					
Market share	9.5%	6.7%	5.4%	2.8%	4.1%
Executions	102	50	63	104.5%	62.8%

*Executions in Qatar, Bahrain, Morocco and Lebanon represent an additional 7.6% of total Brokerage executions in 1Q14.

Source: EFG Hermes and Regional Exchanges

Egypt: EFG Hermes maintained its strong market share with executions more than doubling in 1Q (up 142% Q-o-Q). With the Egyptian retail comprising 80-85% of the market activity, EFG Hermes leveraged on its strong retail franchise while maintaining its share of foreign investor participation of around 65%, despite their low participation in the market.

Excluding special transactions, EFG Hermes Brokerage market share rose to 26.4% in 1Q2014, reinforcing its number one ranking position for the quarter and outperforming the following broker by 96%.

UAE – Dubai: EFG Hermes market share declined to 9.9% in 1Q2014, mainly due to a decline in our institutional business market share which declined to 5.9% in 1Q2014 from 7.9% in 4Q2013 as the retail clients dominated the market. However, executions increased 65% Q-o-Q, thus reflecting the sharp increase in the market turnover. The firm's ranking came in 7th place in 1Q2014.

UAE – ADX: EFG Hermes market share improved for a second straight quarter to reach 12.8% in 1Q2014, supported by an improvement in the institutional business, which rose to 9.1% from 7.7% in 1Q2014. The firm's ranking improved to 4th place in 1Q2014 versus 6th place in 4Q2013.

Saudi Arabia: The KSA market remained dominated by retail investors with the percentage of foreign institutions participation via participatory notes not exceeding 2.43% in 1Q2014, however, the firm continued to focus on growing the GCC institutional and HNWI business. EFG Hermes market share reached 0.9% in 1Q2014 with a number one ranking position among foreign brokerage firms.

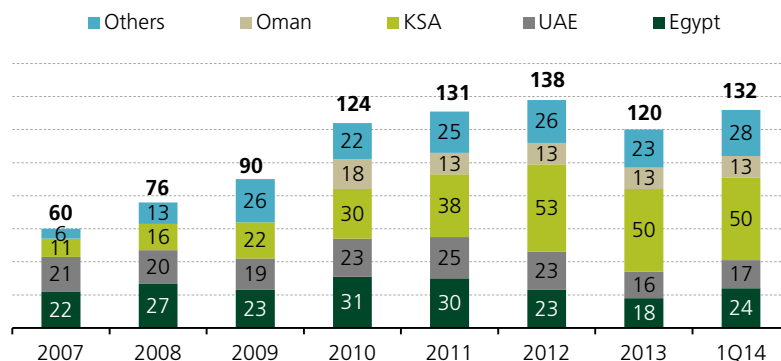
Kuwait: Activity on the Kuwaiti market was muted in 1Q2014, with the Index merely flat and volumes rising 11% Q-o-Q, however, the firm saw 23% increase in executions echoing the improvement in the firm's market share which rose to 26.8% in 1Q2014. In terms of ranking, our Kuwaiti brokerage operations came on top, with a 1st place ranking in 1Q2014.

Oman: EFG Hermes market share rose to 14.3% in 1Q2014, mainly as a result of the noticeable increase in HNWI clients and local institutions activity in Oman. The firm's ranking improved to 6th in 1Q2014 compared to 7th in 4Q2013.

Jordan: EFG Hermes market share increased to 9.5% in 1Q2014 from 6.7% a quarter earlier, thus taking it to 4th place in terms of ranking versus 11th place in 4Q2013. This is mainly attributed to higher contribution of the foreign clients' base.

ii. Research

Research Coverage Universe



Source: EFG Hermes

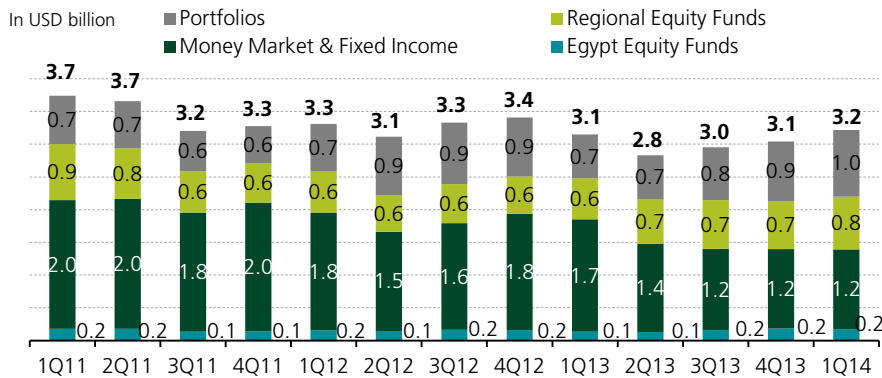
The Research department coverage reached 132 companies at the end of 1Q2014, distributed across the region (Egypt 24, UAE 17, KSA 50, Kuwait 7, Oman 13, Qatar 9, Lebanon 3, Morocco 3, Jordan 5 and Netherlands 1). Currently EFG Hermes covers 59% of the regional market capitalization.

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.

iii. Asset Management

Development of Assets under Management

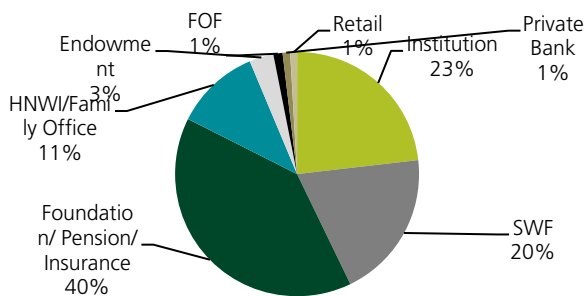


Source: EFG Hermes Asset Management

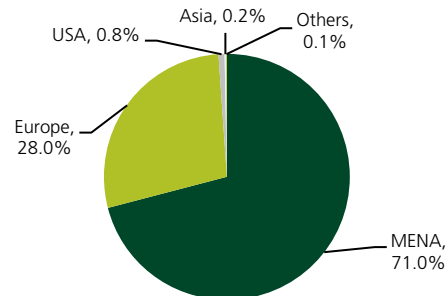
EFG Hermes Assets under Management stood at USD3.2 billion at the end of 1Q2014, up 5% Q-o-Q. The increase in AuMs during 1Q was attributed to markets appreciation (Egypt and Regional markets) which represented 7% of total AuMs. On the other hand, net cash outflows represented 2% of total AuMs and most of which came from redemptions in local equity funds and outflows from local MMFs.

The Asset Management clients' base remained well diversified with special focus on long-term and institutional clients. During 1Q2014 major changes included: Foundation/Pension/Insurance clients represented 39.5% of total AuMs versus 36.2% a quarter earlier and endowment clients contribution increased to 3.2% from 0.9% in 4Q2013. Alternatively, SWF clients represented 19.6% of total AuMs versus 23.3% a quarter earlier and private bank clients' contribution declined to 1.0% from 3.5% a quarter earlier.

Assets under Management by Type of Client



Assets under Management by Geography



In terms of funds origination in 1Q2014, investors' mix changes were limited to changes in MENA-based clients and European clients. Europe-based clients represented 28.0% from 24.8% a quarter earlier on the account of MENA-based clients which represented 71.0% from 74.2% in 4Q2013.

iv. Investment Banking

During 1Q2014, EFG Hermes Investment Banking team successfully closed two transactions in two distinct geographies and sectors as the team continues to expand its footprint into other attractive growth markets.

The team successfully concluded its first landmark transaction in Sub Saharan Africa: Advising Al Futtaim Group on the acquisition - via a public tender offer - of CMC Holding, the largest automotive distributor in Kenya with a footprint in Kenya, Tanzania and Uganda. The tender offer closed on February 18th, 2014 with a large acceptance rate of 91%. The company is in the process of executing the payments to the shareholders which is expected to be completed in the second quarter of 2014. This marks the investment banking team's first successful step in tapping into the growing Sub Saharan African market.

The team also continues to cement its regional footprint, successfully executing another regional transaction. The team advised a leading private equity house on its acquisition of the third largest offshore accommodation vessels operator. The target has operations in Asia pacific, GCC and Africa. The transaction was concluded in an unprecedented timeframe of 10 weeks.

v. Private Equity

Assets under management at the end of 1Q2014 stood at USD0.6 billion post the expiration of ECP III's investment period in 3Q2012. Following up on the company's new strategy, the team is actively reviewing new investment opportunities as well as negotiating a number of exits at different stages from the existing portfolio.

EFG Capital Partners Fund III – Damas Exit:

ECP III exited its 19.0% stake in Damas International Limited, MENA's prime jeweler, to Qatar's Mannai Corporation QSC in an all-cash transaction valued at USD150.0 million. ECP III's stake was originally acquired in May 2012 for c.USD84.6 million. The exit generated c.USD65.4 million cash gain for the Fund (77.3% premium to cost) implying a cash-on-cash multiple of 1.8x and an IRR of c. 37.8% (EV/EBITDA 16.5x, P/E 18.3x). The Fund's General Partner distributed to limited partners all the cash proceeds of the sale amounting to USD150.0 million.

InfraMed Fund Update:

InfraMed Infrastructure fund has been particularly active in Turkey's energy sector. In Egypt, the team is currently evaluating re-entering a major PPP bid that has most recently been restarted. The team remains interested in expanding further in Jordan. Finally, InfraMed has initiated serious efforts to expand the fund platform to cover Africa.

III. COMMERCIAL BANK

<i>In USD million</i>	Key Financial Highlights and Ratios						
	1Q14	4Q13	3Q13	2Q13	1Q13	Q-o-Q	Y-o-Y
Balance Sheet:							
Total Assets	8,553	8,360	8,136	8,025	8,002	2%	7%
Cash and due from banks	2,300	2,155	2,022	2,026	2,089	7%	10%
Loans	2,669	2,599	2,526	2,420	2,386	3%	12%
Deposits	7,293	7,158	6,996	7,024	7,046	2%	4%
Shareholders' Equity:	777	766	746	626	633	1%	23%
Tier 1 capital	691	676	657	538	546	2%	27%
Tier 2 capital	86	90	89	88	86	-4%	0%
P&L:							
Net Interest Income:	33.4	41.0	33.7	32.5	29.7	-19%	13%
Interest Income	111.5	117.7	109.5	111.5	102.9	-5%	8%
Interest Expense	(78.1)	(76.7)	(75.9)	(79.0)	(73.2)	2%	7%
Net Fee and Commission Income	9.3	8.3	10.2	10.0	8.7	12%	6%
Trading Income	3.5	4.5	4.0	3.6	6.3	-24%	-45%
Total Operating Income	46.2	55.7	48.2	47.1	44.8	-17%	3%
Net Provisions	(1.2)	(2.7)	(0.1)	(1.0)	(0.7)	-55%	69%
Net Operating Income	45.0	53.0	48.1	46.2	44.0	-15%	2%
Staff Cost	16.0	19.6	16.0	15.6	15.3	-18%	5%
General Expenses	9.6	11.3	10.2	9.4	8.7	-15%	10%
Total Operating Expenses	27.3	32.8	27.9	26.8	25.8	-17%	6%
Net Income	15.6	16.7	17.9	17.7	16.2	-6%	-3%
Ratios:							
Net Interest Margin	1.7%	1.8%	1.7%	1.6%	1.6%	(0.1)	0.1
Cost-to-income*	58.9%	57.5%	57.1%	56.7%	57.3%	1.4	1.6
Loans-to-deposits	36.6%	36.3%	36.1%	34.5%	33.9%	0.3	2.7
NPL / Gross Loans	3.3%	3.4%	3.4%	3.6%	3.8%	(0.1)	(0.4)
Provision Cover	86.1%	84.2%	85.7%	85.3%	92.4%	1.9	(6.3)
ROAE (after- tax)	9.3%	12.1%	12.2%	13.1%	12.2%	(2.8)	(3.0)
ROAA (after-tax)	0.7%	0.8%	0.9%	0.9%	0.8%	(0.1)	(0.1)
Core Tier 1 Capital Ratio**	N/A	13.2%	N/A	10.8%	N/A	N/R	N/R
Total Capital Adequacy Ratio**	N/A	14.8%	N/A	12.8%	N/A	N/R	N/R

* Including extraordinary items

** Calculations for FY2013 ratios include net profits

Source: Credit Libanais

i. Results in Context

Crédit Libanais posted a net after tax income for 1Q2014 of USD15.6 million, a 6% decline Q-o-Q.

This was mainly a result of the lower NII (due to higher end-of-year 2013 interest accruals), higher interest expense, lower trading income and an extraordinary tax charge. These negative factors were partially offset by better fee and commission income and a lower provision charge. General expenses continue to be managed aggressively, despite strong inflationary pressures.

On a Y-o-Y basis, the bank continues to demonstrate a solid and above peers (12%) increase in loans and a deposit growth rate of 4%, well below peer average. More redemptions of government securities resulted in a 10% Y-o-Y increase in its cash position.

Despite the loans high growth rate, the quality of the CL loan portfolio continues to be solid with low NPL formation and strong recoveries. Provision cover increased to just over 86%.

The reduction in net income resulted in a modest deterioration in most efficiency ratios namely Cost-to-income and Returns on Equity. Loans/Deposit continued to steadily increase as its provision cover.

ii. Selected Financial & Qualitative Information

☰ Assets

Total assets closed the first quarter of 2014 at USD8.6 billion, up 2% Q-o-Q.

Composition of assets changed Q-o-Q. Loan contribution to total assets composition was virtually unchanged over the quarter, representing 32.4% of total assets in 1Q2014. Securities content continued to decline as a percentage of total assets, representing 37.7% in 1Q2014 compared to 39.0% a quarter earlier in favor of Cash, represented 26.9% of total assets in 1Q2014 up from 25.8% in 4Q2013.

Total assets allocation by business lines remained essentially unchanged over 1Q2014. With corporate banking accounting for 16.3% down from 16.8% at the end of 4Q2013, retail banking accounting for 20.6% from 20.5%, investment banking flat over the quarter, whereas capital markets and treasury slightly increased to 62.0% from to 61.7% a quarter earlier.

☰ Loans

Total Loans reached USD2.7 billion in 1Q2014, an increase of 3% Q-o-Q and 12% Y-o-Y.

<i>In USD million</i>	Loans by Type						
	1Q14	4Q13	3Q13	2Q13	1Q13	Q-o-Q	Y-o-Y
Loans	2,669	2,599	2,526	2,420	2,386	2.7%	11.9%
Corporate	1,314	1,308	1,268	1,172	1,158	0.4%	13.4%
Retail	1,074	1,011	976	970	964	6.3%	11.4%
SME	281	280	281	278	264	0.3%	6.6%

Source: Crédit Libanais

Loan growth by type: The growth in the loan book over 1Q2014 was driven by growth in retail loans, increasing 6.3% Q-o-Q, representing the impact of on-lending of the subsidized LBP funding. Meanwhile, the growth in the loan book Y-o-Y was in line with the bank’s strategy of growing corporate loans, which grew 13.4% over the year.

Loan distribution by type: Loan book distribution by type slightly changed over the quarter. Corporate loans contribution to total loans decreased from 50.3% in 4Q2013 to 49.2% this quarter. Retail loans to total loans represented 40.3% compared to 38.9% a quarter earlier, while SME loans remained virtually unchanged, representing 10.5% in 1Q2014 of total loans.

Loan distribution by sector: On a quarterly basis, the loans distribution across sectors was broadly stable. In 1Q2014, loans to the industrial, construction, and agricultural sectors contribution accounted for 15.3%, 9.9%, and 1.6% respectively, with no major variation from last quarter. On the other hand, personal & consumer loans and loans to the trading sector to some extent increased over the quarter; representing 44.9% and 27.3% of the total loan book, respectively.

Loan quality: NPL ratio slightly decreased in 1Q2014 to 3.3% compared to 3.4% a quarter earlier. Provision cover, excluding write-offs, improved over the quarter to 86.1% compared to at 84.2% at the end of 4Q2013.

Loans by currency: The loan book was split at the end of the year at 38/62 between local and foreign currency, with a marginal change Q-o-Q.

☰ **Deposits**

Deposits rose to USD7.3 billion at the end of 1Q2014, an increase of 2% Q-o-Q and 4% Y-o-Y.

<i>In USD million</i>	Deposits By Type						
	1Q14	4Q13	3Q13	2Q13	1Q13	Q-o-Q	Y-o-Y
Deposits	7,293	7,158	6,996	7,024	7,046	1.9%	3.5%
Savings	4,248	4,155	4,174	4,216	4,168	2.2%	1.9%
Term	2,283	2,221	2,036	2,026	2,119	2.8%	7.7%
Sight	763	783	786	782	759	-2.5%	0.5%

Source: Crédit Libanais

Deposits contribution by type: There was no significant change in the breakdown of deposits over the quarter. However an 8% Y-o-Y increase in term deposits was the main contributor to the 4% increase in total deposits over the year. At the end of 1Q2014, savings deposits represented 58.3% of the total deposit base, while term deposits and sight deposits represented 31.3% and 10.5%, respectively.

Deposits by sector: By the end of 1Q2014, deposits were split 92/8% between retail and corporate, respectively.

Deposits by currency: Deposits split at the end of the year was at 46/54 between local and foreign currency, with no change Q-o-Q or Y-o-Y.

Loans/Deposits ratio: The loans/deposits ratio continued to increase, reaching 36.6% at the end of 1Q2014. The Bank's aggressive strategy of growing loans faster than deposits was reflected in the loans/deposits ratio which grew by 2.7 points from 33.9% at the end of 1Q2013.

☰ **Net Interest income**

Net Interest Income declined over the quarter, down 19% Q-o-Q to reach USD33.4 million in 1Q2014, due to a high comparative base in 4Q2013 which saw the recording of early-settlement interest resulting from the refinancing of existing loans to subsidized loans of lower cost. However comparing to 1Q2013, net interest income saw an increase of 13% Y-o-Y. Interest income declined 5% Q-o-Q while interest expense rose by only 2% Q-o-Q.

☰ **Fee & Commission Income**

Fees and commissions came at USD9.3 million in 1Q2014, up 12% Q-o-Q.

☰ **Trading income**

Trading Income witnessed a decrease of 24% Q-o-Q in 1Q2014 to reach USD3.5 million, mainly on the back of a significant decline from Iraq foreign exchange transactions, which was negatively affected by new conditions in Iraq's banking regulations. The 45% Y-o-Y decline was a result of comparing to 1Q2013 which saw a recording of a swap transaction.

☰ **Net Provisions**

Net provisions for 1Q2014 dropped significantly to reach USD1.2 million versus USD2.7 million a quarter earlier. CL ended the quarter with an NPL ratio of 3.3% and a coverage ratio of 86.1%.

☰ **Net Operating Income (i.e. after provisions)**

Net operating income came at USD45.0 million in 1Q2014, down 15% Q-o-Q; largely as a result of lower trading income as well as net interest income recorded in the quarter.

☰ **Total Operating Expenses**

Total operating expenses saw a decline of 17% Q-o-Q to USD27.3 million in 1Q2014 due to lower employee expenses (-18%) and lower general expenses (-15%); this comes as a result of comparing to a normally high base, the last quarter of each year.

Over the year, general expenses increased 10% Y-o-Y, mainly driven by an extraordinary tax adjustment by the ministry of finance with an amount of USD4 million amortized over one year with a charge of USD1 million each quarter. On the other hand, payroll expenses rose 5% Y-o-Y, in line with market and inflation levels.

☰ **Net Income**

Net income declined 6% Q-o-Q to USD15.6 million in 1Q2014 on lower income generated across all operating income lines.

☰ **Cost/Income Ratio**

Despite the significant declines in expenses, cost-to-income saw an increase Q-o-Q to 58.9% at the end of 1Q2014, as revenues declined in 1Q2014 and the recording of the extraordinary tax adjustment charges of USD1 million.

☰ **Net Interest Margin**

NIM slightly dropped to 1.7% from 1.8% a quarter earlier.

☰ **Branch Productivity and Efficiency ratios**

	Branch Productivity						
	1Q14	4Q13	3Q13	2Q13	1Q13	Q-o-Q	Y-o-Y
Employees/Branch	23	23	23	23	23	1.0%	0.3%
Loans/Branch (USD mn)	38	37	36	35	34	2.7%	11.9%
Deposits/Branch (USD mn)	104	102	100	100	101	1.9%	3.5%

Source: Crédit Libanais

iii. International Operations

High level financial highlights:

SENEGAL

Crédit International reported a net profit of USD61,100 in 1Q2014 versus USD42,000 in the same period a year earlier.

Balance sheet highlights:

Total Assets: USD65.9 million

Loans : USD34.7 million

Deposits : USD40.2 million

IRAQ

The Iraq operations reported a net loss of USD0.14 million in 1Q2014 versus a net loss of USD2.0 million in 4Q2013. Revenue from foreign exchange transactions dropped 45% Q-o-Q due to regulatory changes in the Iraqi fx sector.

Balance sheet highlights:

Total Assets: USD46.9 million

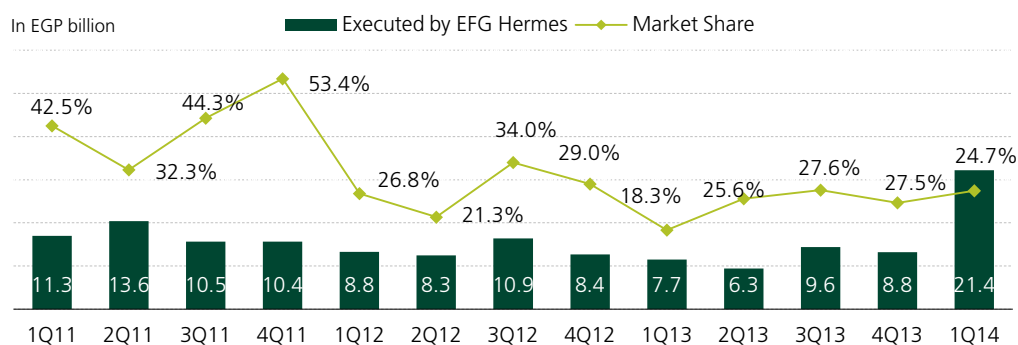
Loans : USD5.1 million

Deposits : USD7.8 million

IV. ANNEX

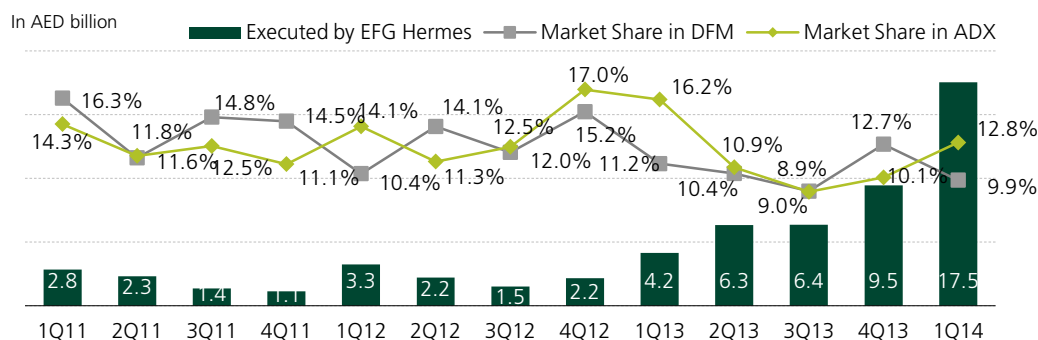
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:



First quarter was a very strong quarter for the Egyptian equities, with the Hermes Financial Index (HFI) gaining 20% Q-o-Q and the volumes more than doubling, up 105% Q-o-Q.

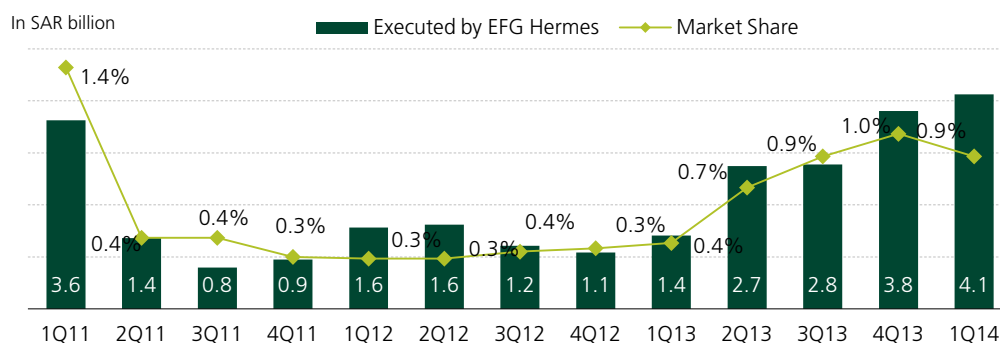
UAE



DFM: The DFM continued its upward trend, with the Dubai Financial Market General Index (DFMGI) gained 32% and volumes rising 112% Q-o-Q.

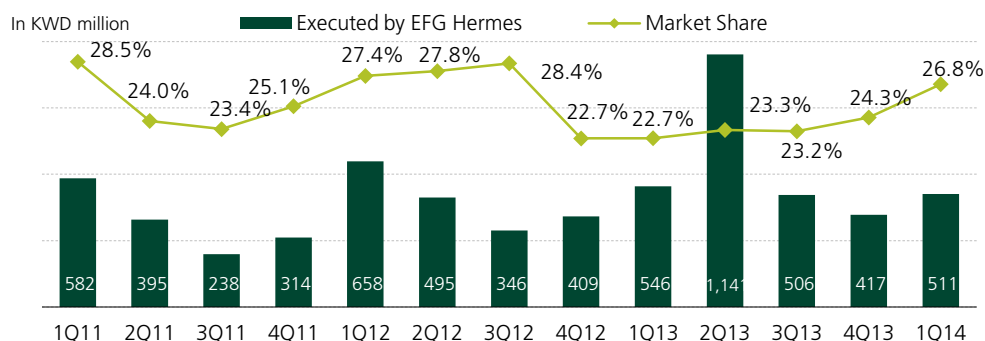
ADX: Another positive quarter for the ADX, with the Abu Dhabi Index (ADI) rising 14% Q-o-Q and volumes jumping 83% Q-o-Q.

KSA:



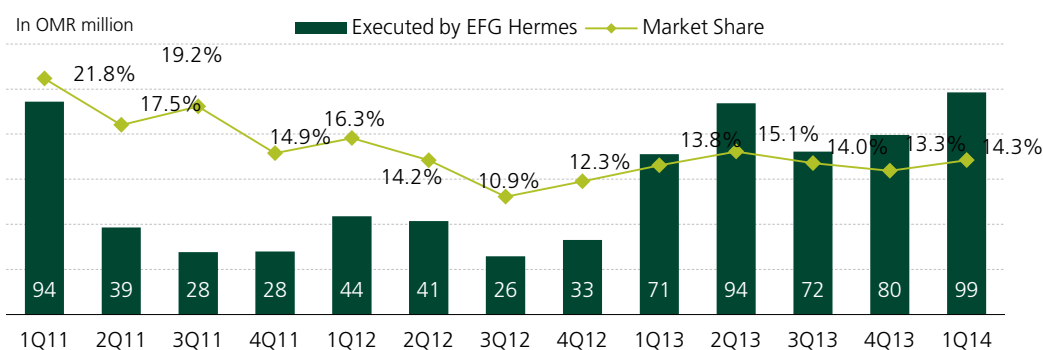
Volumes picked up again this quarter on the Saudi Tadawul market, adding 59% Q-o-Q. The Tadawul All Share Index (TASI) moved in the same direction, gaining 11% Q-o-Q.

Kuwait:



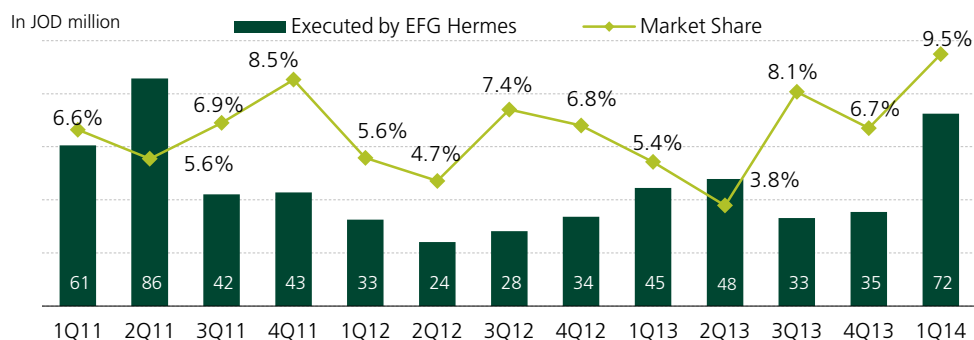
It was a quiet quarter for the Kuwaiti market, with the KSE Index flat Q-o-Q and volumes increasing 12% Q-o-Q

Oman:



Volumes improved on the Muscat Securities Market (MSM), increasing 26% Q-o-Q in 1Q2014, while the Muscat Securities Index (MSM30) was broadly flat +1% over the same period.

Jordan:



It was another good quarter for the Amman Stock Exchange in terms of volumes, improving 45% Q-o-Q in 1Q2014, meanwhile the Index rose 4% Q-o-Q.

In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about the impact of continued management of expenses, the commercial bank's strategies, investment strategy and transaction opportunities, statements regarding management's expectations, business expansion in various markets (in particular but not limited to the private equity and investment banking divisions of EFG Hermes), growth opportunities and business prospects. 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.

Accordingly, readers are cautioned not to place undue reliance on forward looking statements, which speak only as of the date on which they are made.

This document is provided for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any securities or interests described within it in any jurisdiction. We strongly advise potential investors to seek financial guidance when determining whether an investment is appropriate to their needs.

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 2,867,422,500

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

EFG Hermes (Holding Main Office)

Building No. B129, Phase 3, Smart Village – km 28 Cairo Alexandria Desert Road, 6 October Egypt 12577

Tel +20 2 353 56 499

Fax +20 2 353 70 942

www.efghermes.com