EFG HERMES REPORTS SECOND QUARTER 2013
GROUP NET PROFIT OF EGP81 MILLION; ON TOTAL OPERATING REVENUE OF EGP506 MILLON

Cairo, September 1st, 2013 - EFG Hermes reported today Group net profit after tax and before minority and impairment charges of EGP81 million in 2Q2013 from EGP71 million in 2Q2012. The Group operating revenue rose 6% Y-o-Y to EGP506 million in 2Q2013, from EGP477 million a year earlier. Total assets stood at EGP65.9 billion at the end of 2Q2013.

Key Highlights

- Group revenue rose 6% Y-o-Y to reached EGP506 million in 2Q2013 while the Group's operating expenses reached EGP372 million, resulting in a net profit after tax and before minority and impairment charges of EGP81 million. The quarter saw impairment charges relating to legacy investments of about EGP110 million thereby resulting in a net loss after tax and before minority of EGP29 million.

- The Investment Bank revenue declined 8% Y-o-Y to EGP179 million in 2Q2013 pressured by lower fees and commissions. Capital markets & treasury operations revenue rose 301% Y-o-Y to EGP32 million in 2Q2013, mainly on higher fx gains.

- Business divisions including Brokerage, Asset Management and Private Equity all reported higher Y-o-Y revenue in 2Q2013. However, fee and commission revenue declined 21% to EGP148 million as Investment Banking revenue retreated from the strong levels achieved last year.

- Normalizing our earnings for the quarter by excluding one-off expenses and investment impairment charges booked in 2Q2013 and totaling to EGP130 million; the Investment Bank net loss after tax and before minority would have been EGP12 million in 2Q2013. Adjusting for the one-off expenses incurred in the first quarter of 2013 and amounting to an additional EGP26.7 million, the investment bank's earnings for 1H2013 would have been close to breaking even with the a small net loss of EGP3.2 million.

- Credit Libanais net income after tax came at USD17.7 million in 2Q2013, up 2% Y-o-Y and up 9% Q-o-Q, resulting in an after-tax RoAE of 13.1%. The Bank's operating revenue was driven by higher fee and commission revenue as trade finance and insurance premiums saw strong growth during the quarter.

- Brokerage remained #1 on the Egyptian Stock Exchange and maintained a leading position in a number of other regional markets. With rising regional liquidity, Brokerage executions rose 54% Q-o-Q to reach USD8.4 billion in 2Q2013.

- Asset Management AuMs stood at USD2.8 billion at the end of 2Q2013, down 10% Q-o-Q. Net outflows accounted for 11% of the total AuMs while markets appreciation represented 1%. The outflows during the quarter were mostly attributed to local MMFs redemptions that resulted from new regulations that have been put in place by the Central Bank of Egypt and that has affected all MMFs in general.

- EFG-Hermes Investment Banking closed one transaction during the quarter advising Dubai Group on the USD164 million sale of 100% of Dubai First to First Gulf Bank, however the transaction is still pending regulatory approvals with revenues from that transaction likely to hit our financial statements during the second half of 2013.

- Private Equity AuMs stood at USD0.65 billion, with no exits taking place during the quarter.

Strategy Update

In line with the strategy announced earlier this year, below is the quarterly update on the execution of the cost cutting plan and the sale of non-core assets:

Cost Cutting Plan

- As part of our plan to create shareholder value, management continues on an ambitious cost cutting plan with the aim of reducing our operating costs to around EGP500 million (barring any unexpected moves in the EGP/USD rate) in 2014.

- In order to achieve this goal, management has undergone another round of employee reductions during the course of the second quarter. Steps to streamline operations through the combination of functions and the promotion of younger employees have also been taken in order to reduce employee expenses.

- Measures to reduce a multitude of other costs including occupancy, travel and administrative expenses as well generate yield from our idle real estate portfolio are well under way and are expected to reap benefits in the near future.

Assets Disposal

- We also remain committed to our strategy of shedding non-core assets and returning most of the proceeds to our shareholders, while maintaining a well capitalized balance sheet.

- Our strategy regarding the disposal of non-core assets is in place but its execution will be a function of market conditions that we continue to monitor in order to pick the right time to transact on assets at valuations that are viewed as accretive for our shareholders.

- As part of this strategy, we finalized the sale of our building in Dokki for a total amount of EGP38 million, which should generate a capital gain in 3Q2013. Other options for non-core assets are currently being evaluated and will be communicated to the market in case of material developments.

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