المجموعة المالية هيرميس
EFG HERMES
INVESTOR RELATIONS

2Q2014
Earnings Release

EFG HERMES REPORTS SECOND QUARTER 2014 GROUP EARNINGS OF EGP188 MILLION; ON TOTAL OPERATING REVENUE OF EGP747 MILLION

Cairo, August 14th, 2014 – EFG Hermes reported today Group net profit after tax and minority interest of EGP188 million in 2Q2014 up from a loss of EGP80 million a year earlier. The Group operating revenue rose 48% Y-o-Y to EGP747 million in 2Q2014. Total assets stood at EGP72.5 billion at the end of 2Q2014.

Key Highlights

- A strong momentum in our core Investment Bank operations, lifted the Group's profitability higher, with EFG Hermes Group reporting a net operating profit of EGP331 million in 2Q2014, up 146% Y-o-Y; and a net operating profit margin of 44%.
- This filtered into a Group net profit after tax and minority interest of EGP188 million in 2Q2014 compared to a loss of EGP80 million a year earlier.
- The Investment Bank operating revenue, which drove the growth in profitability, added 146% Y-o-Y to reach EGP442 million in 2Q2014; primarily on stronger revenue generated from core business operations and a one-off gain related to selling part of our stake in SODIC.
- The Investment Bank's ratio of employee expenses/operating revenue stood at 39% in 2Q2014, significantly lower than the 74% reported in the comparable period of last year.
- The net operating profit of the Investment Bank came at EGP221 million in 2Q2014 up from a loss of EGP7 million a year earlier, with a net operating profit margin of 50%.
- The Investment Bank's net profit after tax and minority interest of EGP147 million in 2Q2014, up from a loss of EGP144 million a year earlier.
- Credit Libanais reported a net profit of USD11.6 million in 2Q2014, a 34% Y-o-Y decline. The bank's total assets stood at USD8.7 billion with a loan-to-deposit ratio of 37.1%.

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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

Group Financial Highlights

in EGP millions	2Q14	1Q14	2Q13	Q-o-Q	Y-o-Y	1H14	1H13	Y-o-Y
Group Operating Revenue	**747**	**563**	**506**	33%	48%	**1,310**	**1,000**	31%
Investment Bank	442	246	179	79%	146%	688	373	84%
Commercial Bank	305	317	326	-4%	-7%	622	627	-1%
Group Operating Expenses	**416**	**339**	**372**	23%	12%	**755**	**723**	4%
Investment Bank	221	159	187	39%	18%	381	375	1%
Commercial Bank	194	180	185	8%	5%	374	348	8%
Group Net Operating Profit	**331**	**224**	**134**	48%	146%	**556**	**277**	100%
Investment Bank	221	87	(7)	154%	N/M	307	(2)	N/M
Commercial Bank	111	137	142	-19%	-22%	248	279	-11%
Group Net Operating Margin	**44%**	**40%**	**27%**			**42%**	**28%**	
Investment Bank	50%	35%	N/M			45%	N/M	
Commercial Bank	36%	43%	43%			40%	45%	
Group Net Profit After Tax & Minority Interest	**188**	**119**	**(80)**	58%	N/M	**307**	**(39)**	N/M
Investment Bank	147	60	(144)	145%	N/M	207	(175)	N/M
Commercial Bank	41	59	64	-31%	-36%	100	136	-27%

Source: EFG Hermes Management Accounts

The Group reported a net profit after tax and minority interest "NPAT" of EGP188 million in 2Q2014, up from a loss of EGP80 million a year earlier, underpinned by a solid set of results delivered by the Investment Bank. NPAT generated from the Investment Bank represented 78% of the Group's bottom line, while NPAT generated by the Commercial Bank represented the remaining 22%.

On the operational level, the Group's net operating profit more than doubled Y-o-Y to reach EGP331 million in 2Q2014, translating into a Group NOP margin of 44%. Indeed, the significant growth in the Investment Bank's operating revenue, which rose 146% to EGP442 million, was the main trigger for the Group's overall positive performance and helped mitigate the Commercial Bank subdued performance.

Building on a couple of strong quarters for the Investment Bank operations, the Group NPAT reached EGP307 million in 1H2014 compared to a loss of EGP39 million a year earlier. Further, the Group saw its NOP doubling Y-o-Y to EGP556 million in 1H2014 with a solid NOP margin of 42%.

ii. Investment Bank Financial Performance

in EGP millions	2Q14	1Q14	2Q13	Q-o-Q	Y-o-Y	1H14	1H13	Y-o-Y
	Investment Bank Financial Highlights							
Total Operating Revenue	442	246	179	79%	146%	688	373	84%
Total Operating Expenses	221	159	187	39%	18%	381	375	1%
Net Operating Profit	221	87	(7)	154%	N/M	307	(2)	N/M
Net Operating Margin	50%	35%	N/M			45%	N/M	
Net Profit After Tax & Minority Interest	**147**	**60**	**(144)**	145%	N/M	**207**	**(175)**	N/M

Source: EFG Hermes Management Accounts

The Investment Bank reported a net profit after tax and minority interest of EGP147 million in 2Q2014, up from a loss of EGP144 million a year earlier.

Strong revenues from our Investment Bank franchise drove its operational profits up in 2Q2014. If we exclude the one-off gain realized from the sale of SODIC's stake and the one-off operating expenses; our normalized net operating profit would continue to be 11x the NOP booked a year earlier. Normalized net operating profit reached EGP139 million in 2Q2014 compared to EGP13 million in 2Q2013, representing a normalized net operating profit margin of 40% in 2Q2014 versus 7% a year earlier.

The Investment Bank reported a net profit after tax and minority interest of EGP207 million in 1H2014, compared to a loss of EGP175 million a year earlier. This was driven by revenue growth of 84% Y-o-Y while keeping a strong control over expenses which came virtually flat Y-o-Y thereby translating into a much lower cost to income ratio of 55%.

in EGP million	2Q14	1Q14	2Q13	Q-o-Q	Y-o-Y	1H14	1H13	Y-o-Y
	Investment Bank Revenue							
Brokerage	**137**	**115**	**76**	19%	80%	**253**	**141**	79%
Egypt	72	64	36	12%	99%	136	77	77%
Regional	65	51	40	28%	63%	116	64	82%
Asset Management	**83**	**30**	**34**	174%	142%	**113**	**66**	73%
Egypt	32	8	10	305%	227%	41	21	97%
Regional	51	22	24	127%	108%	73	45	62%
Investment Banking	**44**	**11**	**0**	294%	N/M	**55**	**15**	268%
Egypt	28	0	0	N/M	N/M	28	15	91%
Regional	16	11	0	46%	N/M	27	0	N/M
Private Equity (Egypt)	**31**	**26**	**37**	20%	-17%	**56**	**84**	-33%
Capital Markets & Treasury Operations	**147**	**64**	**32**	130%	363%	**211**	**68**	211%
Total Operating Revenue	**442**	**246**	**179**	79%	146%	**688**	**373**	84%

*Brokerage revenue highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

The Investment Bank operating revenue rose 146% Y-o-Y to EGP442 million in 2Q2014, driven by higher revenue generated from Brokerage, Investment Banking and Asset Management divisions, in addition to a one-off gain of EGP97 million realized from the sale of part of our stake in SODIC. However, over the second quarter, revenue generated from core business operations, namely fee and commission business (and excluding the capital markets and treasury operations revenues), represented 67% of total revenue, of which 55% is derived from Egypt and 45% from the regional operations.

Brokerage revenue rose 80% Y-o-Y to EGP137 million on higher commission income in 2Q2014, Asset Management revenue soared 142% Y-o-Y to EGP83 million on strong incentive fees, and Investment Banking booked EGP44 million from nil a year earlier on advisory fees. On the other hand, Private Equity revenue declined 17% Y-o-Y to EGP31 million on lower fx-gains, as 2Q2013 included higher fx-gains due to USD/EGP currency appreciation. Capital markets and treasury operations revenue rose 363% Y-o-Y to EGP147 million, primarily due to gains from the sale of our stake in SODIC.

Operating revenue for 1H2014 rose 84% Y-o-Y to EGP688 million, on the back of higher Brokerage, Investment Banking and Asset Management revenues, in addition to higher revenue generated from capital market and treasury operations activities. In 1H2014, Egypt operations generated 55% of total fee and commission revenue, while regional operations represented 45%.

In 1H2014, Brokerage revenue rose 79% Y-o-Y to EGP253 million on higher commission income as volumes improved. Asset Management revenue grew 73% Y-o-Y to EGP113 million, mainly on higher incentive fees. Investment Banking revenue soared 268% Y-o-Y to EGP55 million on higher advisory fees. Conversely, Private Equity revenue declined 33% to EGP56 million on lower fx-gains, as 1H2013 included high fx-gains.

Capital markets and treasury operations revenue rose 211% Y-o-Y to EGP211 million, mainly on the back of the aforementioned sale of our stake in SODIC. Moreover, 1H2014 included higher realized gains from the sale of investments in 1Q2014 and higher dividend income Y-o-Y.

iii. Investment Bank Operating Expenses

	Investment Bank Operating Expenses							
in EGP millions	**2Q14**	**1Q14**	**2Q13**	Q-o-Q	Y-o-Y	**1H14**	**1H13**	Y-o-Y
Employee Expenses	**173**	**123**	**132**	41%	31%	**295**	**266**	11%
Employee Expenses/Operating Revenue	39%	50%	74%			43%	71%	
Employee Expenses/Operating Expenses	78%	77%	71%			78%	71%	
Number of Employees	819	807	826	1%	-1%	819	826	-1%
Other Operating Expenses	**49**	**37**	**55**	32%	-11%	**85**	**109**	-22%
Other Operating Expenses/Operating Revenue	11%	15%	30%			12%	29%	
Other Operating Expenses/Operating Expenses	22%	23%	29%			22%	29%	
Total Operating Expenses	**221**	**159**	**187**	39%	18%	**381**	**375**	1%

Source: EFG Hermes Management Accounts

Total operating expenses of the Investment Bank rose 18% Y-o-Y to EGP221 million in 2Q2014. This includes a one-off expense of EGP15 million booked in 2Q2014.

During the quarter, total operating expenses were driven by higher employee expenses, which rose 31% Y-o-Y to EGP173 million in 2Q2014. The increase in 2Q expenses is variable in nature; and is directly related to the pick-up in the business momentum and the revenue generation capabilities of the firm.

It is essential to note here, that even with the increase in the employee expenses, the ratio of employee expenses/operating revenue stood at 39% in 2Q2014, significantly lower than the 74% reported in the comparable period of last year.

Other operating expenses declined 11% Y-o-Y to EGP49 million in 2Q2014 on strong cost savings across different cost items. Of other operating expenses, occupancy expenses declined 18% Y-o-Y to EGP9.9 million, travel expenses declined 36% Y-o-Y to EGP3.7 million, office expenses decreased 30% Y-o-Y to EGP4.1 million, and general expenses dropped 31% Y-o-Y to EGP2.7 million. On the other hand, Promotional and advertising expenses rose 24% Y-o-Y to EGP3.9 million, consultancy and service fees rose 6% Y-o-Y to EGP13.8 million, data communication expense was slightly up 2% Y-o-Y to EGP7.9 million, and telephone/fax/mobile expenses inched up 1% Y-o-Y to EGP1.7 million.

Total operating expenses were essentially flat Y-o-Y (+1%) at EGP381 million in 1H2014. Variable expenses resulted in a rise in employees expenses by 11% Y-o-Y to EGP295 million. Meanwhile, the cost saving measures implemented contained other operating expenses, which dropped 22% Y-o-Y to EGP85 million.

II. OPERATIONAL PERFORMANCE

i. Brokerage

The Brokerage operational performance remained solid in 2Q supported by markets' improving liquidity. Total executions rose 19% Q-o-Q and 72% Y-o-Y to USD14.3 billion in 2Q2014. Consequently, revenues reflected higher executions, rising 19% Q-o-Q and 80% Y-o-Y to EGP137 million, mainly on the back of higher revenue generated from Egypt and UAE; the main contributors to Brokerage revenue.

For 1H2014, markets witnessed high levels of liquidity and strong performance. Brokerage executions reached USD26.4 billion in 1H2014 versus USD13.8 billion a year earlier. Accordingly, revenues rose 79% Y-o-Y to EGP253 million in 1H2014.

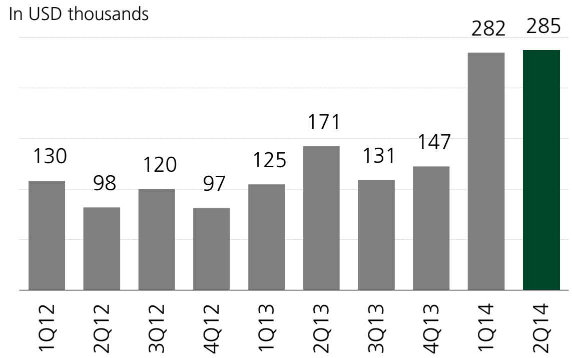
	Brokerage Revenue							
in EGP millions	2Q14	1Q14	2Q13	Q-o-Q	Y-o-Y	1H14	1H13	Y-o-Y
Egypt	72	64	36	12%	99%	136	77	77%
UAE	46	31	11	47%	297%	77	19	310%
KSA	5	5	3	2%	58%	10	5	90%
Oman	4	3	4	26%	9%	8	7	13%
Kuwait	8	9	20	-8%	-57%	18	30	-41%
Jordan	2	2	2	-26%	5%	4	3	27%
Total Revenue	**137**	**115**	**76**	19%	80%	253	141	79%

*Revenue highlighted above represents entities and not markets
Source: EFG Hermes Management Accounts

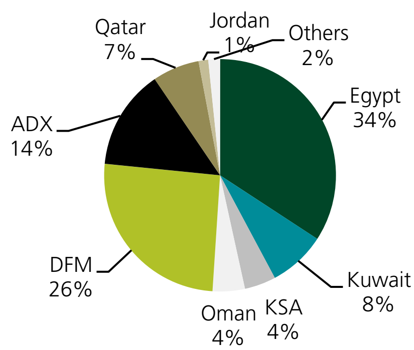
In terms of commissions generated by market, the UAE markets, Dubai and Abu Dhabi combined, were the main contributor to the brokerage commission pot, representing 39% of total commissions; this came on the account of Egypt which represented 34% in 2Q2104 from being the largest contributor by 51% in 1Q2014.

Average daily commissions continued to be strong for another quarter, virtually flat Q-o-Q and up 67% Y-o-Y in 2Q2014.

Average Daily Commissions



Commissions Breakdown by Market



*Based on 2Q2014 figures

in USD million	2Q14	1Q14	2Q13	Q-o-Q	Y-o-Y
	Brokerage Market Share & Executions				
Egypt					
Market share	29.9%	26.4%	34.8%	3.4%	-4.9%
Executions	2,622	3,084	901	-15.0%	190.9%
UAE - DFM					
Market share	11.9%	9.9%	10.4%	2.0%	1.5%
Executions	4,096	2,958	1,075	38.5%	281.2%
UAE - ADX					
Market share	18.8%	12.8%	10.9%	6.0%	7.9%
Executions	2,721	1,820	650	49.5%	318.8%
KSA					
Market share	0.7%	0.9%	0.7%	-0.2%	0.0%
Executions	1,233	1,099	732	12.2%	68.5%
Kuwait					
Market share	26.6%	26.8%	23.3%	-0.2%	3.2%
Executions	1,406	1,815	4,051	-22.6%	-65.3%
Oman					
Market share	20.8%	14.3%	15.1%	6.5%	5.7%
Executions	327	250	244	31.0%	34.3%
Jordan					
Market share	8.4%	9.5%	3.8%	-1.1%	4.6%
Executions	65	102	68	-36.2%	-3.5%

*Executions in Qatar, Bahrain, Morocco and Lebanon represent an additional 13% of total Brokerage executions in 2Q14.

Source: EFG Hermes and Regional Exchanges

Egypt: Executions in the Egyptian market were strong in the second quarter, with EFG Hermes maintaining its number 1 ranking and a solid market share of 29.9% (excluding special transactions). EFG Hermes total executions were 143% higher than the following broker. Local retail/institutions continued to dominate the market comprising 80%-85% of the market activity, while foreign participation remained low with occasional spikes trying to catch up with the market rally.

UAE – Dubai: EFG Hermes saw a significant improvement in its market share, rising to 11.9% from 9.9% a quarter earlier with a 6th place ranking in 2Q2014 versus 7th in 1Q2014. The stronger executions and the improvement in our market share reflect to a large extent a week of heavy trading from foreign institutional clients taking weighted positions following UAE inclusion in the MSCI EM Index. The institutional business market share rose to 7.3% in 2Q2014 from 5.9% in 1Q2014.

UAE – ADX: EFG Hermes saw a strong quarter on the ADX with market share shooting to 18.8% in 2Q2014 from 12.8% a quarter earlier and ranking improving to 3rd place versus 4th in 1Q2014. This reflects the spike in foreign institutional trading on the ADX resulting from the MSCI EM Index inclusion. Worth noting that, the institutional business market share improved to 13.9% in 2Q2014 versus 9.1% in 1Q2014 and hence the strong improvement in our market shares.

Saudi Arabia: EFG Hermes KSA's market share stood at 0.7% in 2Q2014 versus 0.9% in the previous quarter with a first place ranking amongst other foreign brokerage firms operating in the Saudi market. The decline in the Firm's market share reflects largely the decline in foreign institutions participation via participatory notes, which declined to 2.0% in 2Q2014 from 2.4% in 1Q2014.

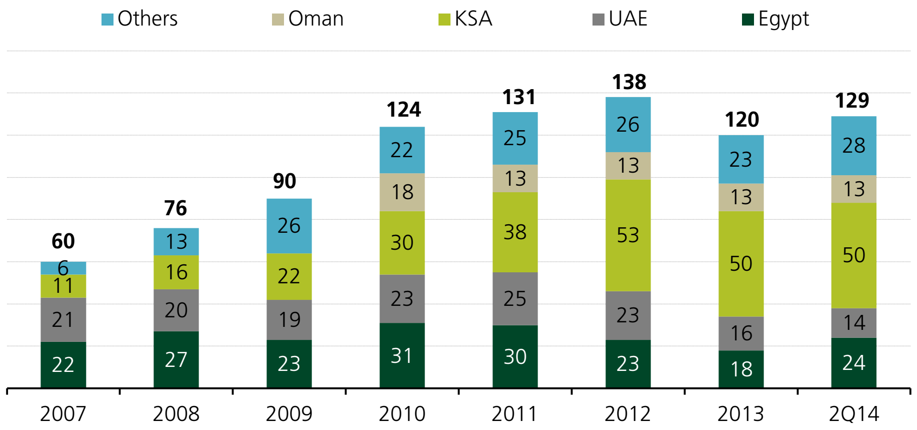
Kuwait: Second quarter of the year was a weak quarter for the Kuwaiti market both in terms of performance and liquidity. EFG Hermes maintained its market share; with a market share of 26.6% in 2Q2014, slightly down compared to 26.8% in the previous quarter. 2Q2014 ranking was 2nd compared to a 1st ranking in 1Q2014 due to heavy special transactions on listed stocks executed at an affiliated brokerage firm. Excluding these special transactions, EFG Hermes Kuwait would be ranked 1st. The firm was ranked 1st for 1H2014.

Oman: EFG Hermes market share rose to 20.8% in 2Q2014 from 14.3% in 1Q2014, mainly as a result of an increase in foreign activity in the market and new IPOs coming to the market that improved the appetite of retail, HNWI and local institutions. The firm's ranking climbed to 4th place in 2Q2014 compared to 6th place a quarter earlier.

Jordan: EFG Hermes market share came at 8.4% in 2Q2014 from 9.5% a quarter earlier as the firm's trading levels decreased due to the overall decline in the market executions. However, the Firm's ranking improved to 3rd place from 4th place in 1Q2014.

ii. Research

Research Coverage Universe



Source: EFG Hermes

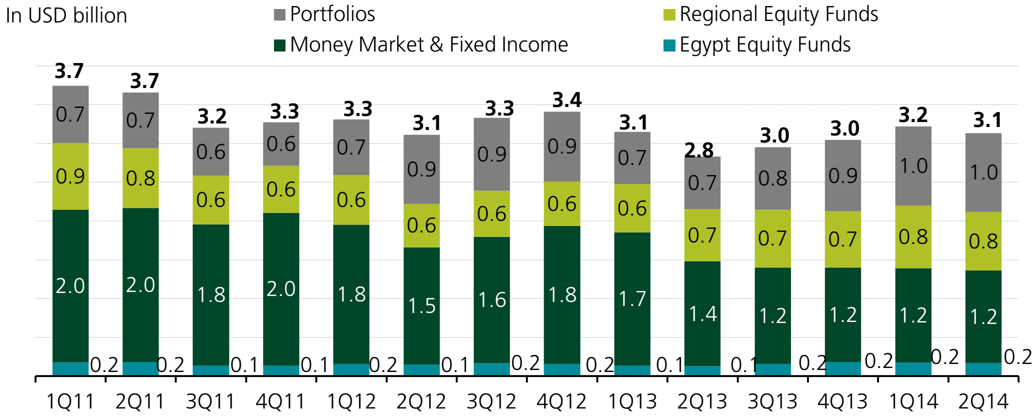
The Research department coverage reached 129 companies at the end of 2Q2014, distributed across the region (Egypt 24, UAE 14, KSA 50, Kuwait 7, Oman 13, Qatar 9, Lebanon 3, Morocco 3, Jordan 5 and Netherlands 1). Currently EFG Hermes covers 60% of the regional market capitalization.

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

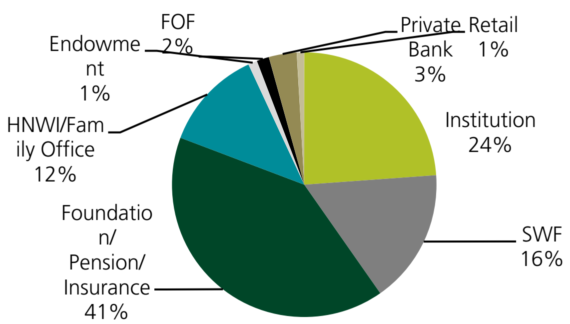
EFG Hermes Assets under Management stood at USD3.1 billion at the end of 2Q2014, down 2.6% Q-o-Q. Markets appreciation was negligible, adding 0.6% to AuMs; on the other hand equity outflows represented 3.2%. One of our funds saw redemptions amounting to USD76 million made by a single client who decided to exit all investments and terminate the Investment function unit which they consider as non-core operations. Following suit, another portfolio of USD23 million was liquidated due to restructuring measures taken within the client's organization.

Over 1H2014, AuMs rose 2.6% on the back of positive markets performance. Markets appreciation added 7.7% to total AuMs while redemptions took away 5.1%. Equity redemptions (local/regional/portfolios) represented 3.9% of total AuMs, while outflows from Egyptian MMFs represented 1.2%.

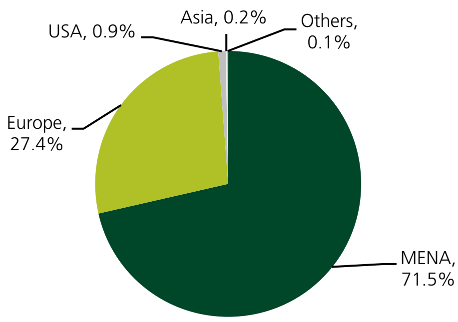
The Asset Management clients' base remained well diversified with special focus on long-term and institutional clients. During 2Q2014 major changes included: Foundation/Pension/Insurance clients, Institutions and HNWI/Family Offices increasing their allocation by 0.9%,0.7% and 1.1% respectively, to represent 40.4%, 23.8% and 12.3% of total AuMs, respectively. Alternatively, SWF clients reduced their representation by 3.2% to 16.4% and the Endowment clients also reduced their representation by 2.1% to 1.1%.

In terms of funds origination in 2Q2014, there were very minor changes in the investors' mix: MENA-based clients represented 71.5% in 2Q2014 from 71.0% in 1Q2014 on the account of Europe-based clients which represented 27.4% at the end of 2Q2014 from 28.0% a quarter earlier.

Assets under Management by Type of Client



Assets under Management by Geography



iv. Investment Banking

The Investment Banking Division (IBD) had a good second quarter that saw the execution of several important transactions over the course of 2Q2014, and with a healthy pipeline of transactions for 2H2014/1H2015.

In Egypt the department managed to finalize the IPO of Arabian Cement Company, the first IPO to take place in Egypt after the 2011 revolution. The IPO was successful with total coverage of c. 13.5x and demand raised in excess of USD1,500 million mostly from institutional investors and family offices, including around 30% from Egyptian institutions and family offices, 40% from GCC Institutions and family offices and 30% from western institutions. The success of the offering was also reflected in the post-floating performance of the share price, which traded at around EGP10.97 per share at the end of 2Q2014 (c.22% premium over the offering price of EGP9 per share).

The IBD also finalized the placement of a minority stake sale in GB Auto, acting as Financial Advisor and Sole Global Coordinator and Book Runner; and acted as an advisor to EFG Hermes Holding on the sale of part of its stake in SODIC.

The placement of GB Auto stake included the sale of a 10.9% stake to local, regional and western institutions through an accelerated book building process. The transaction was successfully covered 1.7x (total demand raised of around USD120 million) and executed at a minimal discount to trading price (2.7% discount to trading price). The proceeds of the placement will enable GB Auto to finance it's ambitious expansion plans.

On the GCC front, the IBD finalized two landmark transactions: the IPO of Emirates REIT and a private placement for the National Feed and Flour Production and Marketing Company (NFFPM).

For the IPO of Dubai-based Emirates REIT on Nasdaq Dubai, EFG Hermes IBD acted as part of the selling syndicate, successfully raising a significant portion of the USD450 million of the total demand raised for the offering. Total IPO size was USD150 million, however the size was increased to USD175 million on the back of strong demand, then further increased to USD201 million via an over-allotment option. The allocation was made mostly to top tier regional and international institutional investors. The post-floating performance of the stock was positive, with average liquidity of around USD1million per day, making it amongst the most liquid stocks on Nasdaq Dubai. The Emirates REIT IPO was a Shariah-compliant investment and marks the first IPO in Dubai since 2009, and the first public listing of a Real Estate Investment Trust in the MENA region.

Acting as an advisor to Exeed Industries, the IBD also managed to successfully close a USD41 million minority stake sale for NFFPM, one of the major animal feed and fodder producers in the UAE. The transaction will help the company expand its production and reach within the entire GCC market.

v. Private Equity

Assets under management at the end of 2Q2014 stood at USD0.7 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 existing portfolio.

InfraMed Infrastructure fund has continued its focus on the development of Tafila wind project in Jordan. In Egypt, the team remains committed to the energy sector with a focus on renewables via the private and BOT routes. Additionally, InfraMed has continued its efforts to expand the fund platform to cover Africa.

III. COMMERCIAL BANK

	Key Financial Highlights and Ratios									
In USD million	**2Q14**	**1Q14**	4Q13	3Q13	**2Q13**	Q-o-Q	Y-o-Y	**1H14**	**1H13**	Y-o-Y
Balance Sheet:										
Total Assets	8,663	8,553	8,360	8,136	8,025	1%	8%	8,663	8,025	8%
Cash and due from banks	2,371	2,300	2,155	2,022	2,026	3%	17%	2,371	2,026	17%
Loans	2,752	2,669	2,599	2,526	2,420	3%	14%	2,752	2,420	14%
Deposits	7,417	7,293	7,158	6,996	7,024	2%	6%	7,417	7,024	6%
Shareholders' Equity:	753	777	766	746	626	-3%	20%	753	626	20%
Tier 1 capital	665	691	676	657	538	-4%	24%	665	538	24%
Tier 2 capital	88	86	90	89	88	1%	0%	88	88	0%
P&L:										
Net Interest Income:	31.9	33.4	41.0	33.7	32.5	-5%	-2%	65.3	62.2	5%
Interest Income	112.7	111.5	117.7	109.5	111.5	1%	1%	224.2	214.4	5%
Interest Expense	(80.8)	(78.1)	(76.7)	(75.9)	(79.0)	3%	2%	(159.0)	(152.2)	4%
Net Fee and Commission Income	9.2	9.3	8.3	10.2	10.0	-1%	-9%	18.4	18.7	-1%
Trading Income	1.4	3.5	4.5	4.0	3.6	-60%	-61%	4.9	9.9	-51%
Total Operating Income	**43.0**	**46.2**	55.7	48.2	**47.1**	-7%	-9%	**89.2**	**91.9**	-3%
Provisions	(1.4)	(1.4)	(4.4)	(1.3)	(1.8)	-4%	-26%	(2.8)	(3.0)	-7%
less Recoveries/collections	0.7	0.2	1.7	1.2	0.9	198%	-20%	0.9	1.3	-28%
Net Provisions	(0.7)	(1.2)	(2.7)	(0.1)	(1.0)	-44%	-31%	(1.9)	(1.7)	9%
Net Operating Income	**42.3**	**45.0**	53.0	48.1	**46.2**	-6%	-8%	**87.3**	**90.2**	-3%
Staff Cost	16.5	16.0	19.6	16.0	15.6	3%	6%	32.5	30.9	5%
General Expenses	10.9	9.6	11.3	10.2	9.4	13%	16%	20.5	18.1	13%
Total Operating Expenses	**29.1**	**27.3**	32.8	27.9	**26.8**	6%	9%	**56.4**	**52.6**	7%
Net Income	**11.6**	**15.6**	16.7	17.9	**17.7**	-26%	-34%	**27.2**	**33.9**	-20%
Net Income *less* preferred shares*	9.8	13.9	14.9	17.6	17.7	-29%	-44%	**23.7**	**33.9**	-30%
Ratios:										
Net Interest Margin	1.6%	1.7%	1.8%	1.7%	1.6%	(0.1)	(0.0)	1.6%	1.6%	0.0
Cost-to-income**	62.7%	58.9%	57.5%	57.1%	56.7%	3.8	6.0	62.7%	56.7%	6.0
Loans-to-deposits	37.1%	36.6%	36.3%	36.1%	34.5%	0.5	2.7	37.1%	34.5%	2.7
NPL / Gross Loans	3.5%	3.3%	3.4%	3.4%	3.6%	0.2	(0.1)	3.5%	3.6%	-0.1
Provision Cover	79.9%	86.1%	84.2%	85.7%	85.3%	(6.3)	(5.4)	79.9%	85.3%	-5.4
ROAE (after- tax)	8.3%	9.3%	12.1%	12.2%	13.1%	(1.0)	(4.8)	8.3%	13.1%	-4.8
ROAA (after-tax)	0.6%	0.7%	0.8%	0.9%	0.9%	(0.1)	(0.2)	0.6%	0.9%	-0.2
Core Tier 1 Capital Ratio***	N/A	N/A	13.2%	N/A	10.8%	N/R	N/R	N/A	10.8%	N/R
Total Capital Adequacy Ratio***	N/A	N/A	14.8%	N/A	12.8%	N/R	N/R	N/A	12.8%	N/R

** Dividends for 2013 were approved by the AGM, however 1H14 figures are yet to be approved after year end*
*** Including extraordinary items*
**** Calculations for FY2013 ratios include net profits*
Source: Credit Libanais

i. Results in Context

The deteriorating geopolitical environment in the region is steadily beginning to materially affect the performance of CL, both in Lebanon and in Iraq.

CL posted a net income for 2Q2014 of USD11.6 million a decline of 26 % Q-o-Q and 34% Y-o-Y. For the 1H2014, net income declined 20% Y-o-Y to USD27.2 million.

In 2014, limited inflows of new deposits to Lebanon imposed a fierce competition on deposits between banks leading to an upward pressure on interest rates level applied on customer deposits. Equally strong competition in securing credible lenders to extend new loans is pushing lending spreads to very low levels. As a result, the margin between interest income and interest expense (NII), the dominant contributor to CL's profitability declined, as evidenced by the reduced RoAE of 8.3% and the NIM of 1.6% for the first half of 2014.

It is likely that these high yield placements will generate enough incremental NII by year-end, in order to offset the loss of NII income in the first part of the year.

The decline in provision cover to below the 80% level is due to the inclusion of one LBP11 billion loan as an NPL, without taking provisions for it. The loan is covered by security on real-estate worth, at current prices, more than the loan itself. As such and after consultation with the regulator, it was agreed that the bank will take no provisions for this NPL.

In 2Q2014, the board approved the payment of a dividend of LBP2,000 per share for 2013; equivalent to USD31.0 million.

ii. Selected Financial & Qualitative Information

Assets

Total Assets reached USD8.7 billion at the end of 2Q2014, up 1% Q-o-Q and 8% Y-o-Y.

Composition of assets was largely unchanged in 2Q2014. Loans and Cash contribution to total assets were unchanged over the quarter, representing 32% and 27% respectively, of total assets. Securities content declined as a percentage of total assets, representing 38% in 2Q2014 from 40% a quarter earlier.

Allocation of total assets by business line changed slightly over 2Q2014. With corporate banking accounting for 16.9% up from 16.3% at the end of 1Q2014, retail banking accounting for 21.1% from 20.6%, investment banking broadly flat at 1.1%, whereas capital markets and treasury accounting for 61.0% from to 62.0% a quarter earlier.

Loans

Total Loans reached USD2.8 billion in 2Q2014, an increase of 3% Q-o-Q and 14% Y-o-Y.

Loans by Type

In USD million	**2Q14**	**1Q14**	4Q13	3Q13	**2Q13**	Q-o-Q	Y-o-Y
Loans	**2,752**	**2,669**	2,599	2,526	**2,420**	3.1%	13.7%
Corporate	1,368	1,314	1,308	1,268	1,172	4.1%	16.7%
Retail	1,103	1,074	1,011	976	970	2.7%	13.7%
SME	281	281	280	281	278	0.0%	1.1%

Source: Crédit Libanais

Loan growth by type: Corporate loans growth was the main driver for loans growth over 2Q2014, growing 4% Q-o-Q and 17% Y-o-Y. Retail loans followed, growing 3% Q-o-Q and 14% Y-o-Y. Meanwhile, SME loans were unchanged Q-o-Q and up 1% Y-o-Y.

Loan distribution by type: Loan book distribution by type was broadly unchanged over the quarter. Corporate loans contribution to total loans came at 49.7% in 2Q2014 from 49.2 a quarter earlier. Retail loans to total loans represented 40.1% compared to 40.3% a quarter earlier, and SME loans represented 10.2% from 10.5% in 1Q2014.

Loan distribution by sector: In 2Q2014, loans to Personal and consumer sector declined to represent 44.4% of total loans. Industrial and agricultural loans were unchanged at 15.3% and 1.6%, respectively, whereas loans to trade and construction sectors rose to 28.3% and 10.0%, respectively.

Loan quality: NPL ratio rose to 3.5% and coverage ratio declined to 79.9%, as a loan of LBP11 billion secured by real estate of much greater value was transferred to NPLs after obtaining regulatory approval for not requiring provisions.

Loans by currency: The loan book was split at 38/62 between local and foreign currency at the end of 2Q2014, with no change Q-o-Q.

Yield on Loans: Average yield on loans in 2Q2014 was 7.14% for LBP dominated loans and 6.86% for FC dominated loans; translating into an average blended rate of 6.97%.

Deposits

Deposits rose to USD7.4 billion at the end of 2Q2014, an increase of 2% Q-o-Q and 6% Y-o-Y.

	Deposits By Type						
In USD million	**2Q14**	**1Q14**	4Q13	3Q13	**2Q13**	Q-o-Q	Y-o-Y
Deposits	**7,417**	**7,293**	7,158	6,996	**7,024**	1.7%	5.6%
Savings	4,269	4,248	4,155	4,174	4,216	0.5%	1.3%
Term	2,370	2,283	2,221	2,036	2,026	3.8%	17.0%
Sight	778	763	783	786	782	2.0%	-0.5%

Source: Crédit Libanais

Deposits contribution by type: Term deposits growth was the most significant contributor to the total deposits growth, growing 3.8% Q-o-Q and 17.0% Y-o-Y. Saving deposits, which represents 57% of the deposit base, was virtually unchanged, rising 0.5% Q-o-Q and 1.3% Y-o-Y. Sight deposits grew Q-o-Q by 2.0%; however declined 0.5% Y-o-Y.

Deposits by sector: By the end of 2Q2014, deposits were split 82/18 between retail and corporate.

Deposits by currency: Deposits split at the end of the year was at 45/55 between local and foreign currency, with no significant change Q-o-Q or Y-o-Y.

Loans/Deposits ratio: The loans/deposits ratio continued to increase, reaching 37.1% at the end of 2Q2014. With loans growing faster than deposits, the loans/deposits ratio rose by 0.5 points from 36.6% at the end of 1Q2014.

Cost of Deposits: Average cost of deposits in 2Q2014 was 5.62% for LBP deposits and 3.18% for FC deposits; resulting in an average blended rate of 4.32%. The average blended cost of deposits rose 11 bps over 2Q2014, reflecting the geopolitical concerns.

Net Interest income

Net Interest Income declined 5% Q-o-Q to USD31.9 million in 2Q2014, due to higher interest expense which reflects the political instability and the challenging market conditions that impacted our deposits pricing abilities. However, NII for 1H2014 rose 5% Y-o-Y to USD65.3 million, mirroring the stronger Y-o-Y growth in loans as compared to deposits.

☰ Fee & Commission Income

Fees and commissions income were virtually unchanged, down 1% Q-o-Q and Y-o-Y to reach USD9.2 million in 2Q2014 and USD18.4 million in 1H2014.

☰ Trading income

Trading Income declined 60% Q-o-Q to USD1.4 million in 2Q2014, mainly due to a decline in dividend income Q-o-Q and a decline from Iraq foreign exchange transactions, "Mazad" transactions which were negatively impacted by new conditions in Iraq banking regulations.

For 1H2014, trading income dropped 51% Y-o-Y to USD4.9 million, reflecting the decline in gains from 'Mazad' transactions (fx transactions in Iraq) and the lack of gains from the exchange (SWAP) of certificates of deposits issued by the Central Bank as compared to 1H2013, which included a one-off gain of USD4.1 million from the swap operations.

☰ Net Provisions

Net provisions for 2Q2014 reached USD0.7 million versus USD1.2 million in 2Q2014, as recoveries improved. For 1H2014, net provisions were higher at USD1.9 million as compared to USD1.7 million a year earlier.

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

Net operating income came at USD42.3 million in 2Q2014, down 6% Q-o-Q; mainly on the back of lower net interest income and trading income. For 1H2014, net operating income came at USD87.3 million, a 3% Y-o-Y decline, mainly due to the decline in trading income.

☰ Total Operating Expenses

Total operating expenses rose 6% Q-o-Q to USD29.1 million in 2Q2014, mainly due to higher general expenses.

For 1H2014, total operating expenses increased 7% Y-o-Y to USD56.4 million, driven by higher salaries and general expenses. The increase in employee expenses reflect last year's collective agreement of the Lebanese banking sector which entails increasing employees' benefits and other related charges. Meanwhile, the increase in general expenses reflect the extraordinary tax adjustment of USD2 million booked in 1H2014 and related to previous years. It is worth noting that the ministry of finance, have levied an extraordinary tax adjustment of USD4 million amortized over a year with a charge of USD1 million each quarter.

☰ Net Income

Net income declined 26% Q-o-Q to USD11.6 million in 2Q2014 on lower banking income (NII and trading income) and higher operating expenses, which relates largely to the one-off tax adjustment.

For 1H2014, net income contracted 20% to USD27.2 million on lower trading income and higher operating expenses due to the tax adjustment charges in 1H of this year.

Cost/Income Ratio

Cost-to-income increase to 62.7% (60.4% excluding extra-ordinary items) at the end of 2Q2014, as revenues contracted and expenses increased.

Net Interest Margin

NIM slightly dropped to 1.6% from 1.7% a quarter earlier.

Branch Productivity and Efficiency ratios

	Branch Productivity						
	2Q14	**1Q14**	4Q13	3Q13	**2Q13**	Q-o-Q	Y-o-Y
Employees/Branch	23	23	23	23	23	0.0%	0.0%
Loans/Branch (USD mn)	39	38	37	36	35	2.0%	10.7%
Deposits/Branch (USD mn)	105	104	102	100	100	0.5%	4.5%

Source: Crédit Libanais

iii. International Operations

High level financial highlights:

SENEGAL

Crédit International reported a net profit of USD USD175.8 thousand in 2Q2014 versus USD USD61.1 thousand in 1Q2014.

Balance sheet highlights:

Total Assets: USD69.5 million
Loans : USD35.2 million
Deposits : USD45.3 million

IRAQ

The Iraq operations reported a net loss of USD578 thousand in 2Q2014 versus a net loss of USD455 thousand in 1Q2014, largely due to a sharp decline in revenue generated from foreign exchange transactions.

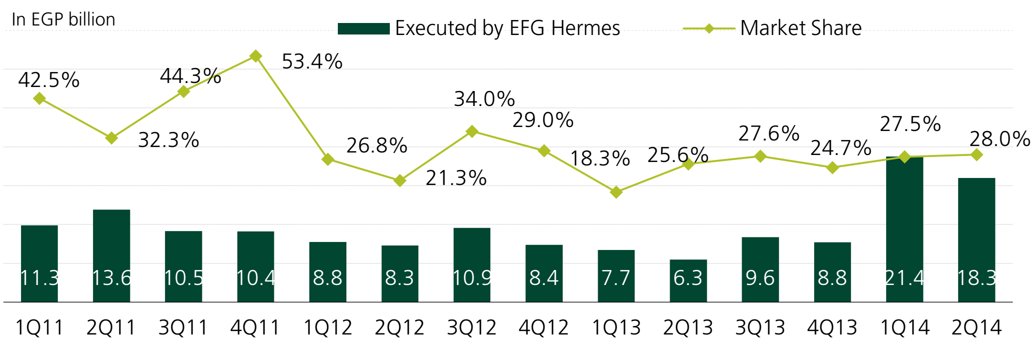
Balance sheet highlights:

Total Assets: USD45.4 million
Loans : USD6.7 million
Deposits : USD9.3 million

IV. ANNEX

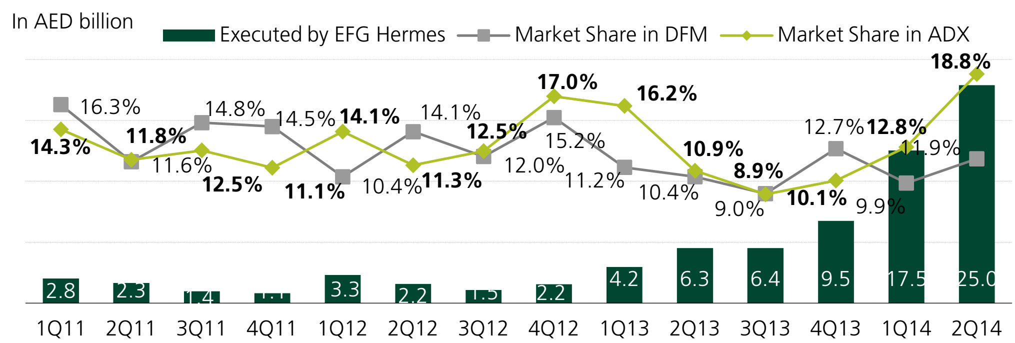
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:



Performance was muted on EGX during the second quarter, with the Hermes Financial Index (HFI) closing flat Q-o-Q and the volumes slightly lower, down 5% Q-o-Q.

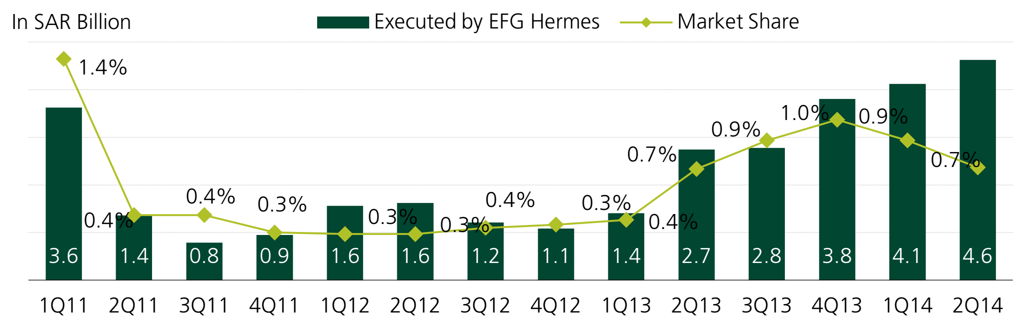
UAE



DFM: Liquidity continued to improve on the DFM rising 16% Q-o-Q in 2Q2014. However, the Dubai Financial Market General Index (DFMGI) lost 11% Q-o-Q.

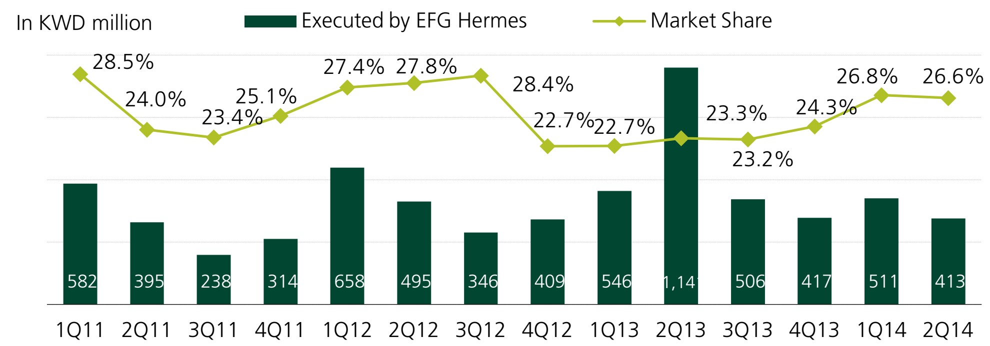
ADX: The market took a breath in 2Q2014 after a strong 1Q2014, with volumes virtually flat Q-o-Q (+2%), and the Abu Dhabi Index (ADI) slipping 7% Q-o-Q.

KSA:



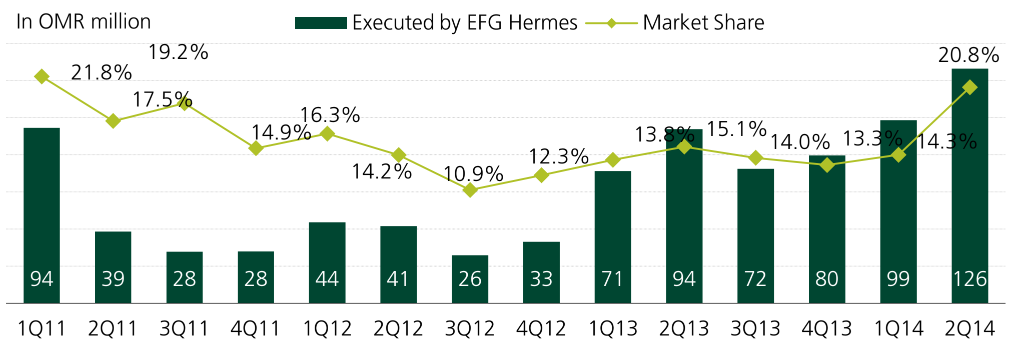
Liquidity continued to increase on the Saudi Tadawul market for another quarter, with volumes growing 40% Q-o-Q. However, in terms of performance the Tadawul All Share Index (TASI) inched up only 1% Q-o-Q.

Kuwait:



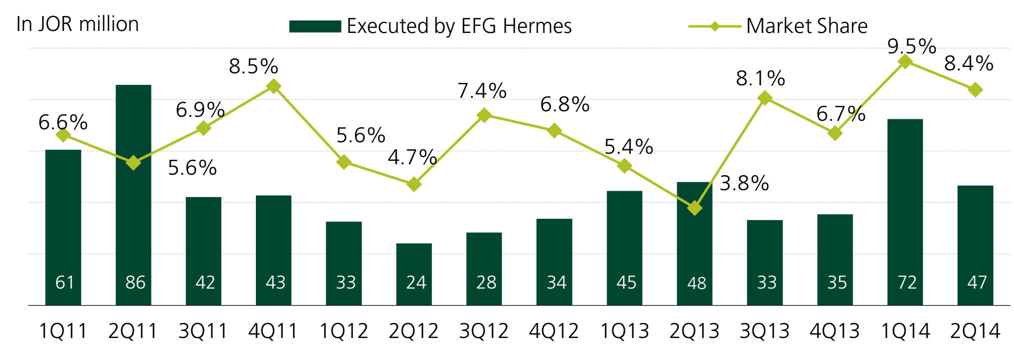
The Kuwaiti market weakened in 2Q2014, with volumes contracting 20% Q-o-Q and the KSE Index retreating 8% Q-o-Q.

Oman:



The Muscat Securities Market (MSM) performance was subdued in 2Q2014; with the Muscat Securities Index (MSM30) broadly flat +1% and volumes declining 13% Q-o-Q.

Jordan:



The Amman Stock Exchange saw volumes decline 27% Q-o-Q and the Index slipping 2% Q-o-Q.

In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about high yield placements offsetting loss of NII income, new investment opportunities and exit strategies for private equity), 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.

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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 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

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