

EFG HERMES REPORTS THIRD QUARTER 2014 GROUP EARNINGS OF EGP100 MILLION; ON TOTAL OPERATING REVENUES OF EGP598 MILLION

Cairo, November 11th, 2014 – EFG Hermes reported today Group net profit after tax and minority interest of EGP100 million in 3Q2014, up 58% Y-o-Y. Total assets stood at EGP75.5 billion at the end of 3Q2014.

Key Highlights

- ≡ In spite of the inherent seasonality of our business during the third quarter (with the slow summer season and the month of Ramadan), the Group was still able to achieve its third consecutive quarter of EGP100 million or more of net profits
- ≡ The Group net operating profit rose 46% Y-o-Y to EGP247 million in 3Q2014, translating into a Group net operating margin of 41%; boosted by the Investment Bank robust revenue growth combined with its cost discipline
- ≡ The Group reported a net profit after tax and minority interest of EGP100 million in 3Q2014, up 58% Y-o-Y; driven by the Investment Bank's profitability
- ≡ Echoing higher returns generated from the core business, the Investment Bank reported a net operating profit of EGP85 million in 3Q2014, up 487% Y-o-Y; and filtering into a net profit after tax and minority of EGP43 million in 3Q2014, up from a loss of EGP11 million a year earlier
- ≡ Fee and commission revenues, which includes the four core business lines, rose 52% Y-o-Y to EGP211 million in 3Q2014; and was mainly driven by higher Brokerage commissions as liquidity improved in most of our traded markets and stronger Investment Banking revenues which reflects the substantial market share in Egypt and growing market share in the GCC
- ≡ With the ongoing emphasis on cost management, total operating expenses of the Investment Bank declined 15% Y-o-Y to EGP149 million in 3Q2014 on lower employee expenses and other operating expenses
- ≡ Credit Libanais reported a net profit of USD15.9 million in 3Q2014, a decline of 11% Y-o-Y. The bank's total assets stood at USD9.0 billion with a loan-to-deposit ratio of 36.3%.

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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

<i>in EGP millions</i>	Group Financial Highlights							
	3Q14	2Q14	3Q13	Q-o-Q	Y-o-Y	9M14	9M13	Y-o-Y
Group Operating Revenues	598	747	528	-20%	13%	1,908	1,528	25%
Investment Bank	234	442	191	-47%	23%	922	564	64%
Commercial Bank	363	305	337	19%	8%	986	964	2%
Group Operating Expenses	350	416	359	-16%	-2%	1,105	1,082	2%
Investment Bank	149	221	176	-32%	-15%	530	552	-4%
Commercial Bank	201	194	182	3%	10%	575	530	9%
Group Net Operating Profit	247	331	169	-25%	46%	803	446	80%
Investment Bank	85	221	14	-61%	487%	392	12	3072%
Commercial Bank	162	111	155	47%	5%	410	434	-5%
Group Net Operating Margin	41%	44%	32%			42%	29%	
Investment Bank	36%	50%	8%			43%	2%	
Commercial Bank	45%	36%	46%			42%	45%	
Group Net Profit After Tax & Minority Interest	100	188	64	-47%	58%	407	25	1556%
Investment Bank	43	147	(11)	-71%	N/M	250	(186)	N/M
Commercial Bank	57	41	75	41%	-23%	157	211	-26%

Source: EFG Hermes Management Accounts

The Group reported a net profit after tax and minority interest "NPAT" of EGP100 million in 3Q2014, up 58% Y-o-Y; supported by the Investment bank's strong profitability. The Investment Bank generated 43% of the Group's bottom line, while the Commercial Bank generated the remaining 57% in 3Q2014.

Operationally, the Group's profitability was primarily driven by robust revenue growth and cost management on the Investment Bank side. Group operating profit rose 46% Y-o-Y to EGP247 million in 3Q2014, supported by 13% Y-o-Y revenue growth and 2% Y-o-Y cost reduction, as the Group operating revenues reached EGP598 million on a cost base of EGP350 million in 3Q2014. As a result, operating margins improved, with net operating profit margin reaching 41% in 3Q2014 compared to 32% in 3Q2013.

The Group reported a NPAT of EGP407 million in 9M2014, up 1556% Y-o-Y; underpinned by the Investment Bank outstanding performance. The Investment Bank net profits represented 61% of the Group's profitability, while the Commercial Bank represented 39% in 9M2014. If we excluded the one-off charges/gains related to the Investment Bank in comparable periods, the Group NPAT would still be 131% higher Y-o-Y.

ii. Investment Bank Financial Performance

<i>in EGP millions</i>	Investment Bank Financial Highlights							
	3Q14	2Q14	3Q13	Q-o-Q	Y-o-Y	9M14	9M13	Y-o-Y
Total Operating Revenues	234	442	191	-47%	23%	922	564	64%
Total Operating Expenses	149	221	176	-32%	-15%	530	552	-4%
Net Operating Profit	85	221	14	-61%	487%	392	12	3072%
Net Operating Margin	36%	50%	8%			43%	2%	
Net Profit After Tax & Minority Interest	43	147	(11)	-71%	N/M	250	(186)	N/M

Source: EFG Hermes Management Accounts

The Investment Bank reported a net profit after tax and minority interest of EGP43 million, as compared to a net loss of EGP11 million a year earlier.

The Investment Bank underlying operations delivered strong results in the third quarter, supported by revenue growth across the four core businesses and the adoption of disciplinary cost measures. Operating revenues grew 23% Y-o-Y and operating expenses contracted 15% Y-o-Y; resulting in a net operating profit of EGP85 million, c.6x 3Q2013 NOP figure. Moreover, if we adjust for the one-off revenues/expenses, net operating profits would be 38x 3Q2013 NOP figure, as 3Q2013 included a one-off gain realized from the sale of the old headquarters.

Substantial revenue growth and lower operating expenses were reflected in the Investment Bank operating margins and profitability in the 9M2014. Net operating profit margin reached 43% in 9M2014 from 2% in 9M2013; and the net profit after tax and minority interest reached EGP250 million from a loss of EGP186 million a year earlier. Moreover, adjusting for one-off capital gains and one-off charges related to restructuring, impairments and provisions, our normalized net profit after tax and minority interest would be EGP199 million in 9M2014 as compared to a net loss of EGP57 million in 9M2013.

<i>in EGP million</i>	Investment Bank Revenues							
	3Q14	2Q14	3Q13	Q-o-Q	Y-o-Y	9M14	9M13	Y-o-Y
Brokerage	97	137	66	-30%	47%	349	206	69%
Egypt	57	72	37	-21%	51%	193	114	69%
Regional	40	65	28	-39%	42%	156	92	70%
Asset Management	50	83	39	-40%	26%	163	105	55%
Egypt	15	32	9	-55%	59%	55	30	85%
Regional	35	51	30	-30%	16%	108	75	44%
Investment Banking	41	44	12	-8%	250%	96	27	260%
Egypt	9	28	0	-67%	N/M	38	15	152%
Regional	31	16	11	94%	174%	59	12	396%
Private Equity (Egypt)	24	31	22	-22%	8%	80	106	-25%
Capital Markets & Treasury Operations	24	147	52	-84%	-55%	234	120	95%
Total Operating Revenues	234	442	191	-47%	23%	922	564	64%

*Brokerage revenues highlighted above represents entities and not markets.

Source: EFG Hermes Management Accounts

The Investment Bank operating revenues rose 23% Y-o-Y to EGP234 million in 3Q2014, driven by stronger fees and commissions. Fees and commissions represented 90% of the Investment Bank operating revenues, while capital markets and treasury operations represented the remaining 10%. Of the fee and commission business, Brokerage and Investment Banking were the main contributors to the Y-o-Y growth, followed by Asset Management and Private Equity.

Brokerage revenues rose 47% Y-o-Y to EGP97 million in 3Q2014, driven by stronger commissions which reflect higher trading volumes across most of the traded markets. Investment Banking revenues rose 250% Y-o-Y to EGP41 million reflecting sustainably strong market share in Egypt and growing market share in the GCC. Asset Management revenues rose 26% Y-o-Y to EGP50 million as management fees increased Y-o-Y. Private Equity revenues rose 8% Y-o-Y to EGP24 million.

Capital markets and treasury operations revenues declined 55% Y-o-Y to EGP24 million, as the comparable quarter (3Q2013) included a one-off capital gain of EGP25 million realized from the sale of the old headquarters. Excluding the one-off gain, capital markets and treasury operations revenues would decline 13% Y-o-Y, driven in part by a declining cash position following the buy back at the beginning of the year and a risk averse approach to balance sheet utilization.

For the 9M2014, the Investment Bank revenues rose 64% Y-o-Y to EGP922 million; indicating, to a large extent the progress achieved from the core business, namely fee and commission revenues, which rose 55% Y-o-Y to EGP688 million. Additionally, capital markets and treasury operations revenues also improved 95% Y-o-Y to reach EGP234 million; mainly attributed to the EGP97 million one-off gains related to SODIC stake sale booked in 2Q2014.

At the end of 9M2014, fee and commission revenues generated from Egypt versus the Region was 53%/47%; as opposed to 60%/40% a year earlier.

In the 9M2014, Brokerage revenues rose 69% Y-o-Y to EGP349 million on higher commissions and margin income as markets activity improved. Investment Banking revenues soared 260% Y-o-Y to EGP96 million on higher advisory fees. Asset Management revenues grew 55% Y-o-Y to EGP163 million, mainly on higher incentive fees. Conversely, Private Equity revenues declined 25% Y-o-Y to EGP80 million on lower fx-gains, as 9M2013 included high fx-gains generated from the USD/EGP appreciation.

iii. Investment Bank Operating Expenses

	Investment Bank Operating Expenses							
<i>in EGP millions</i>	3Q14	2Q14	3Q13	Q-o-Q	Y-o-Y	9M14	9M13	Y-o-Y
Employee Expenses	103	173	129	-40%	-20%	399	395	1%
Employee Expenses/Operating Revenues	44%	39%	68%			43%	70%	
Employee Expenses/Operating Expenses	69%	78%	73%			75%	72%	
Number of Employees	817	819	808	0%	1%	817	808	1%
Other Operating Expenses	46	49	47	-5%	-2%	131	156	-16%
Other Operating Expenses/Operating Revenues	20%	11%	25%			14%	28%	
Other Operating Expenses/Operating Expenses	31%	22%	27%			25%	28%	
Total Operating Expenses	149	221	176	-32%	-15%	530	552	-4%

Source: EFG Hermes Management Accounts

Total operating expenses declined 15% Y-o-Y to EGP149 million in 3Q2014; primarily on lower employee expenses, which contracted 20% Y-o-Y to EGP103 million. The ratio of employee expenses/ operating revenues stood at 44% in 3Q2014, substantially lower than the 68% reported in 3Q2013.

Other operating expenses declined 2% Y-o-Y to EGP46 million in 3Q2014 as management remains committed to the cost saving initiatives taken last year. Moreover, if we exclude the one-off expenses related to consultancy, third party and legal fees, other operating expenses would be lower 7% Y-o-Y.

Of the other operating expenses, occupancy expenses declined 15% Y-o-Y to EGP10 million, travel expenses declined 7% Y-o-Y to EGP3 million, office expenses decreased 24% Y-o-Y to EGP4 million, telephone/fax/mobile expenses dropped 16% Y-o-Y to EGP2 million, and data communication expense lost 4% Y-o-Y to EGP8 million. On the other hand, promotional and advertising expenses rose 6% Y-o-Y to EGP4 million, general expenses added 73% Y-o-Y to EGP5 million, and consultancy and service fees rose 10% Y-o-Y to EGP10 million.

For the 9M2014, total operating expenses declined 4% Y-o-Y to EGP530 million, on the back of lower other operating expenses. Disciplinary measures taken on the costs side, was reflected in the other operating expenses which declined 16% Y-o-Y to EGP131 million, while employee expenses inched up 1% Y-o-Y to EGP399 million.

Important to note here, that the fixed portion of the operating expenses is largely under constant supervision and is managed as highlighted in our outlined expense policy; however the variable portion is largely related to the pick-up in the business momentum and higher results.

Worth highlighting that in July 2014 the Board approved a donation to Egypt's Sovereign Fund "Tahya Misr". The donation is taken below the operational line; thus the impact of which is not reflected in operational expenses and directly impacts the Investment bank's bottom line.

Furthermore, the 9M2014 results included a number of one-off/unusual charges that are recorded below the operating line and would directly hit the Investment Bank's profitability. If we only exclude the one-off/unusual charges that are recorded below the operating line; the Investment Bank's net profit after tax and minority interest would be 17% higher than the reported number to reach EGP292 million in 9M2014.

II. OPERATIONAL PERFORMANCE

i. Brokerage

Third quarter was a relatively good quarter for Brokerage operations. Total executions reached USD9.4 billion in 3Q2014, down 34% Q-o-Q, yet up 49% Y-o-Y. It is important to note, that the Q-o-Q decline in executions is attributed to: (i) Seasonality - Ramadan and summer holidays falling within 3Q; (ii) the Euphoric trading in the UAE and Qatar following their inclusion in the MSCI EM Index in 2Q. Consequently, revenues mirrored the executions, reaching EGP97 million in 3Q2014, down 30% Q-o-Q and up 47% Y-o-Y.

For the 9M2014, executions rose 78% Y-o-Y to USD35.8 billion, supported by improved liquidity and performance across MENA markets; this translates to a revenue of EGP349 million, up 69% Y-o-Y.

in EGP millions	Brokerage Revenues							
	3Q14	2Q14	3Q13	Q-o-Q	Y-o-Y	9M14	9M13	Y-o-Y
Egypt	57	72	37	-21%	51%	193	114	69%
UAE	23	46	13	-51%	79%	99	31	217%
KSA	7	5	3	33%	113%	17	9	98%
Oman	3	4	3	-27%	12%	11	10	13%
Kuwait	6	8	8	-28%	-27%	24	38	-38%
Jordan	1	2	1	-20%	5%	5	4	21%
Total Revenues	97	137	66	-30%	47%	349	206	69%

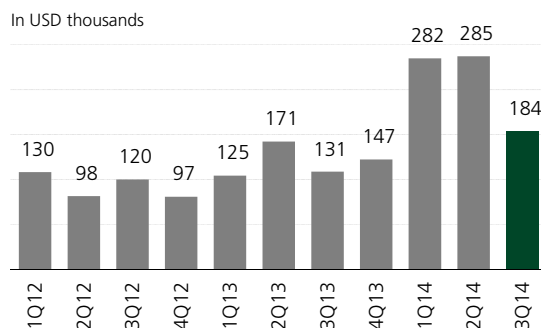
*Revenues highlighted above represents entities and not markets

Source: EFG Hermes Management Accounts

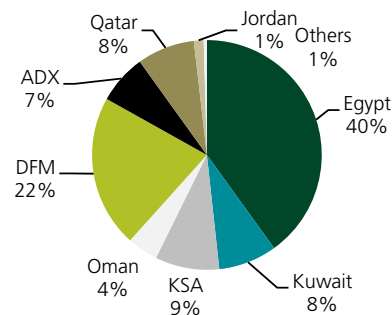
This quarter Egypt was back to be the largest contributor to the commission pool, representing 40%. There was a notable growth for KSA, representing 9% of total commission in 3Q versus 4% a quarter earlier as our business there started picking up on the back of regional investor anticipation of the announced opening up of the market to foreign investors. UAE markets took the back seat, representing a combined 28% as compared to 39% a quarter earlier.

Average daily commissions weakened 35% Q-o-Q and rose 41% Y-o-Y to USD184 thousand in 3Q2014.

Average Daily Commissions



Commissions Breakdown by Market



*Based on 3Q2014 figures

<i>in USD million</i>	Brokerage Market Share & Executions				
	3Q14	2Q14	3Q13	Q-o-Q	Y-o-Y
Egypt					
Market share	25.6%	29.9%	29.1%	-4.3%	-3.5%
Executions	1,843	2,622	1,400	-29.7%	31.6%
UAE - DFM					
Market share	11.1%	11.9%	9.0%	-0.8%	2.1%
Executions	2,361	4,096	1,206	-42.4%	95.8%
UAE - ADX					
Market share	19.9%	18.8%	8.9%	1.1%	11.0%
Executions	1,035	2,721	532	-62.0%	94.5%
KSA					
Market share	1.1%	0.7%	0.9%	0.4%	0.2%
Executions	1,486	1,233	740	20.5%	100.8%
Kuwait					
Market share	25.8%	26.6%	23.2%	-0.8%	2.6%
Executions	1,128	1,406	1,798	-19.8%	-37.3%
Oman					
Market share	21.9%	20.8%	14.0%	1.1%	7.9%
Executions	234	327	188	-28.5%	24.5%
Jordan					
Market share	9.9%	8.4%	8.1%	1.5%	1.8%
Executions	54	65	47	-17.2%	14.9%

*Executions in Qatar, Bahrain, Morocco and Lebanon represent an additional 14% of total Brokerage executions in 4Q14.

Source: EFG Hermes and Regional Exchanges

Egypt: Egypt maintained its leadership position with a #1 ranking on the EGX and a market share of 25.6% (excluding special transactions). EFG Hermes total executions were 76% higher than the following broker.

Foreign participation on EGX maintained an average of 16% of which Egypt Brokerage captured a significant portion. Moreover, of the retail business, which represents over 70% of the activity in 3Q2014; EFG Hermes maintained its strong footing.

The Firm successfully conducted the 4th annual London MENA conference which saw an increase of around 35% in the number of investors attending. Throughout the conference, we witnessed a significant increase in interest in the Egyptian market that was cemented by unprecedented be-spoke trips to Egypt.

UAE – Dubai: EFG Hermes market share came at 11.1% at the end of 3Q2014, translating into an eighth position in terms of ranking. The decline in our market share is mainly attributed to lower HNW business Q-o-Q as third quarter (summer season and this year the month of Ramadan) is relatively a slow quarter for HNW activity. The HNW market share dropped to 0.45% from 1.01% in 2Q2014 and the retail business slipped to 3.11% from 3.25% over the same period. The institutional business market share was flat Q-o-Q at 7.29%.

UAE – ADX: EFG Hermes market share continued to improve, closing the quarter with a market share of 19.9% from 18.8% a quarter earlier; and maintaining its third place ranking. The higher market share was driven by institutional activity, with the institutional business market share improving to 16.80% in 3Q2014 versus 13.86% in 2Q2014; meanwhile HNW inflows dropped to 1.30% from 2.70% a quarter earlier and the retail business market share declined to 1.79% from 2.02% over the same period.

Saudi Arabia: EFG Hermes KSA market share rose to 1.1% in 3Q2014 from 0.7% a quarter earlier; supported by positive news regarding the Saudi market opening up. Moreover, foreign institutions participation via participatory notes rose to 2.7% from 2.0% a quarter earlier.

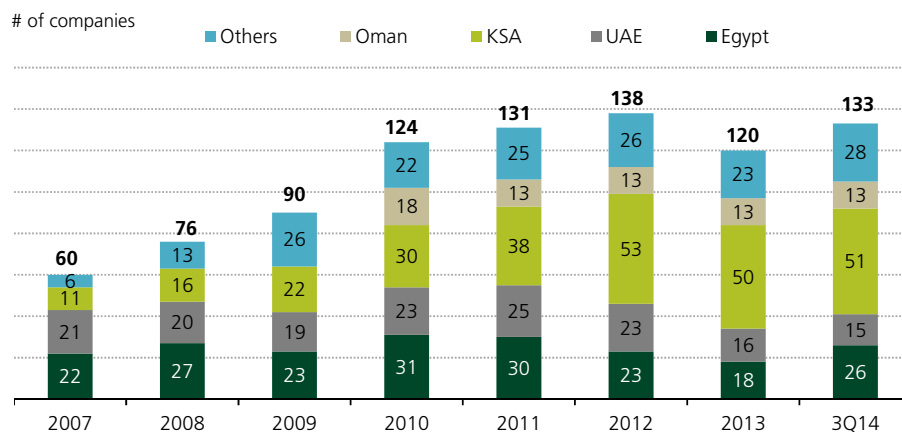
Kuwait: EFG Hermes market share stood at 25.8% at the end of 3Q2014, slightly lower Q-o-Q, due to the lack of liquidity and volatility which affected trading activities of some of our HNW clients. The firm maintained its 2nd place ranking in 3Q2014.

Oman: EFG Hermes market share rose for another quarter to 21.9% in 3Q2014 from 20.8% in 2Q2014, mainly as a result of a noticeable increase in HNW clients, local and foreign institutions activity in Oman. The firm's ranking climbed to 2nd place in 3Q2014 compared to 4th place a quarter earlier.

Jordan: EFG Hermes market share improved to 9.9% in 3Q2014 from 8.4% a quarter earlier; with a 2nd place ranking versus 3rd place in 2Q2014.

ii. Research

Research Coverage Universe



Source: EFG Hermes

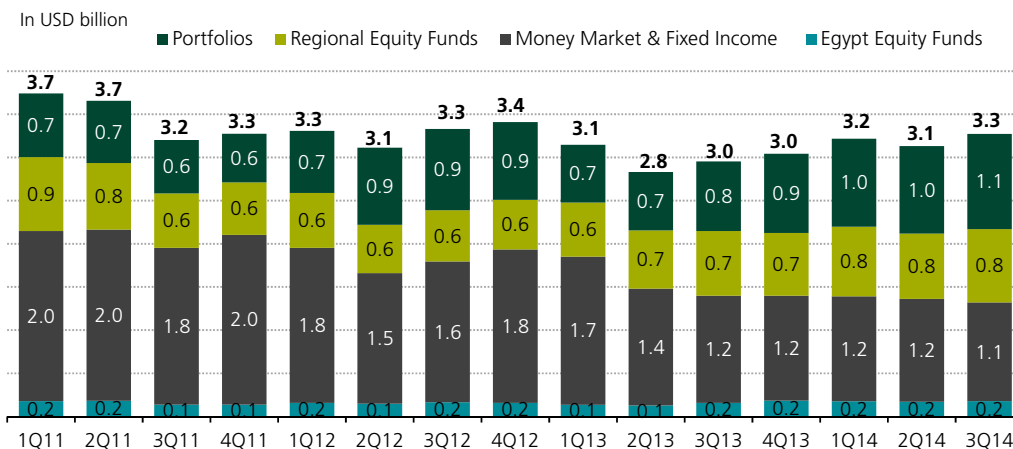
The Research department coverage reached 133 companies at the end of 3Q2014, distributed across the region (Egypt 26, UAE 15, KSA 51, Kuwait 7, Oman 13, Qatar 9, Lebanon 3, Morocco 3, Jordan 5 and Netherlands 1). Currently EFG Hermes covers 61% of the regional market capitalization.

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 reached USD3.3 billion at the end of 3Q2014, up 5% Q-o-Q. Markets positive upward trend was the key factor to AuMs appreciation, adding 9% to total AuMs and over shadowing the 4% of net outflow. Outflows in Local MMFs represented 2% of net outflows, while regional equity outflows represented the remaining 2%.

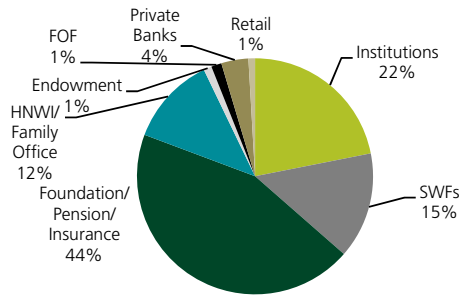
Over the 9M2014, AuMs grew 7%, backed by strong markets performance (Egypt and Regional markets). Markets appreciation added 17% to total AuMs while net outflows striped off 10%. Redemptions in MMFs represented 3.5% of total outflows; while a significant portion of the remaining outflows reflect unusual redemptions (i.e. out for a change of direction at the client and not related to EFG Hermes), all in regional equities.

In terms of funds performance, all our funds outperformed their tracking indices in 3Q2014; adding to a year and a half of stellar performance that was demonstrated in the incentive fees booked in previous periods. Furthermore, along with the AM team effort, the funds’ strong performance has set the ground work for future fund raising.

The Asset Management clients’ base remained well diversified with special focus on long-term and institutional clients. During 3Q2014 major changes included: Foundation/Pension/Insurance clients representing 44.1% of total AuMs from 40.4% a quarter earlier on the account of Institutional investors and SWFs. Institutional investors represented 21.8% at the end of 3Q2014 from 23.8% a quarter earlier and SWFs represented 14.5% this quarter versus 16.4% a quarter earlier.

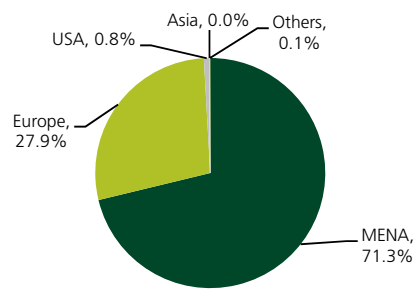
In terms of funds origination in 3Q2014, there were very minor changes in the investors’ mix: MENA-based clients represented 71.3% in 3Q2014 from 71.5% in 2Q2014 while Europe-based clients represented 27.9% at the end of 3Q2014 from 27.4% a quarter earlier.

Assets under Management by Type of Client



Source: EFG Hermes Asset Management

Assets under Management by Geography



Source: EFG Hermes Asset Management

iv. Investment Banking

During 3Q2014, EFG Hermes Investment Banking team successfully sealed three landmark transactions in Egypt and UAE, as well as building a strong pipeline of transactions for 4Q2014/ 1H2015.

The team continued its strong penetration in the GCC, successfully executing yet another regional transaction, the USD1.6 billion IPO of Emaar Malls Group (“EMG”). EFG Hermes, acted as a Joint Bookrunner, with six other investment banks in the largest IPO in the UAE since 2007. EFG Hermes was able to raise substantial demand for the transaction through 184 investor subscriptions from the region, US and Europe. The IPO was highly successful with a coverage of over 32x for the institutional tranche and over 20x for the retail tranche; witnessing an overwhelming total demand reaching over USD36 billion. The success of the offering was also reflected in the post-floating performance, with the share price surging twelve percent in its debut in early October.

The team also acted as the sole financial advisor on the restructuring and recapitalization of Pal Zileri, the Italian based subsidiary of Al Arafa Holding with a total deal value of USD68 million.

On the Egyptian front, the team successfully concluded the sale of a leading private hospital in Egypt, to a leading private equity firm, The Abraaj Group, acting as the exclusive sell-side advisor to the seller. The transaction was a testament to EFG Hermes’ ability to navigate different types of buyers, from different geographic locations, to execute a flawless transaction in terms of satisfying its clients’ needs, and creating maximum value for the founding shareholders.

Additionally, the Investment Banking team is in the final stages of concluding an EGP1.0 billion rights issue for Sixth of October Development and Investment Company (“SODIC”) acting as lead manager and sole bookrunner. Despite the subscription period opening during the downturn in global and regional equity markets that took place in October, EFG Hermes was successful in attracting significant demand with unprecedented subscription ratio of over 99% in the first subscription period. Revenues from this transaction will be booked during the fourth quarter of 2014.

v. Private Equity

Assets under management stood at USD0.6 billion at the end of 3Q2014. 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.

On the infrastructure side, InfraMed is progressing with the construction of Tafila wind project. Egyptian Refining Company (ERC) has ramped up the construction phase and work is ongoing according to plan. InfraMed continues to look for attractive opportunities mainly in Egypt and Turkey.

Moreover, the team has signed definitive documentation to acquire 49% of EDPR's French renewable energy business for USD208 million; half is funded by equity shareholding from a GCC investor and seed capital from EFG Hermes, and half from leading European banks via a long term acquisition facility. Financial close is expected before end of 2014. It is worth noting that EDPR is the 4th largest global renewable energy player. The team continues to screen similar cash yielding infrastructure opportunities in Europe and the MENA region.

Management conservatively chose not to include USD13 million of private equity incentive fees associated with the exit of ECP III from its investment in Damas given that there is a chance that this fee would be clawed back if the fund doesn't meet its hurdle rates. With the change of market conditions and the improving business climate, this incentive fee could be recorded in the future.

III. COMMERCIAL BANK

<i>In USD million</i>	Key Financial Highlights and Ratios									
	3Q14	2Q14	1Q14	4Q13	3Q13	Q-o-Q	Y-o-Y	9M14	9M13	Y-o-Y
Balance Sheet:										
Total Assets	8,972	8,663	8,553	8,360	8,136	4%	10%	8,972	8,136	10%
Cash and due from banks	2,647	2,371	2,300	2,155	2,022	12%	31%	2,647	2,022	31%
Loans	2,775	2,752	2,669	2,599	2,526	1%	10%	2,775	2,526	10%
Deposits	7,637	7,417	7,293	7,158	6,996	3%	9%	7,637	6,996	9%
Shareholders' Equity:	770	753	777	766	746	2%	3%	770	746	3%
Tier 1 capital	681	665	691	676	657	2%	4%	681	657	4%
Tier 2 capital	89	88	86	90	89	1%	0%	89	89	0%
P&L:										
Net Interest Income:	35.0	31.9	33.4	41.0	33.7	10%	4%	100.3	95.8	5%
Interest Income	119.5	112.7	111.5	117.7	109.5	6%	9%	343.7	323.9	6%
Interest Expense	(84.5)	(80.8)	(78.1)	(76.7)	(75.9)	5%	11%	(243.5)	(228.1)	7%
Net Fee and Commission Income	10.0	9.2	9.3	8.3	10.2	9%	-2%	28.4	28.9	-2%
Trading Income	3.4	1.4	3.5	4.5	4.0	142%	-15%	8.2	13.9	-41%
Total Operating Income	48.7	43.0	46.2	55.7	48.2	13%	1%	137.9	140.1	-2%
Provisions	(2.1)	(1.4)	(1.4)	(4.4)	(1.3)	57%	63%	(4.9)	(4.3)	14%
<i>/less Recoveries/collections</i>	1.3	0.7	0.2	1.7	1.2	89%	10%	2.3	2.5	-11%
Net Provisions	(0.8)	(0.7)	(1.2)	(2.7)	(0.1)	14%	583%	(2.7)	(1.8)	49%
Net Operating Income	47.9	42.3	45.0	53.0	48.1	13%	0%	135.2	138.3	-2%
Staff Cost	17.3	16.5	16.0	19.6	16.0	5%	8%	49.8	46.9	6%
General Expenses	10.8	10.9	9.6	11.3	10.2	-1%	6%	31.3	28.3	11%
Total Operating Expenses	29.9	29.1	27.3	32.8	27.9	3%	7%	86.3	80.5	7%
Net Income	15.9	11.6	15.6	16.7	17.9	38%	-11%	43.2	51.8	-17%
Net Income <i>/less preferred shares*</i>	14.2	9.8	13.9	14.9	17.6	44%	-20%	37.9	51.5	-26%
Ratios:										
Net Interest Margin	1.6%	1.6%	1.7%	1.8%	1.7%	0.01	(0.03)	1.6%	1.7%	(0.05)
Cost-to-income**	62.1%	62.7%	58.9%	57.5%	57.1%	(0.58)	0.09	62.1%	57.1%	5.04
Loans-to-deposits	36.3%	37.1%	36.6%	36.3%	36.1%	(0.78)	0.01	36.3%	36.1%	0.23
NPL / Gross Loans	3.3%	3.5%	3.3%	3.4%	3.4%	(0.14)	(0.01)	3.3%	3.4%	(0.02)
Provision Cover	81.2%	79.9%	86.1%	84.2%	85.7%	1.31	(0.05)	81.2%	85.7%	(4.55)
ROAE (after- tax)	8.8%	8.3%	9.3%	12.1%	12.2%	0.46	(0.28)	8.8%	12.2%	(3.43)
ROAA (after-tax)	0.7%	0.6%	0.7%	0.8%	0.9%	0.02	(0.23)	0.7%	0.9%	(0.20)
Core Tier 1 Capital Ratio***	N/A	14.3%	14.8%	14.8%	N/A			N/A	N/A	
Total Capital Adequacy Ratio***	N/A	16.0%	16.6%	16.6%	N/A			N/A	N/A	

* Preferred shares dividends for 2014 are to be approved in the next AGM

** Including extraordinary items

*** Calculations for FY2013 ratios include net profits

Source: Credit Libanais

i. Results in Context

Credit Libanais's "CL" 3Q2014 results demonstrate a reversal of the declining trend in profitability during the first two quarters of the calendar year, a major feat in view of the circumstances.

The continued regional geopolitical turmoil continues to put pressure on the Lebanese banking system, as repatriation of deposits continues to be at a standstill (resulting in higher cost of deposits) and loan demand is mitigated. Despite the cost, CL has grown deposits aggressively in order to create an excess liquidity buffer part of which is now placed in high yielding term deposits boosting NII.

Credit Tier quality continues to be very robust.

Against this background, NIM edged marginally higher for the quarter to 1.61%, ROAE increased from 8.3% in 2Q2014 to 8.8% in 3Q2014 and RoAA increased from 0.6% to 0.7% over the same period.

Profit & Loss

Credit Libanais posted a consolidated net Income after tax of USD15.9 million for 3Q2014, a 38% increase Q-o-Q, reversing the steadily declining trend in profitability during 2014. The main contributors to this great result were a 10% increase in NII, a 9% increase in net fees & commissions and a 142% increase in trading income, Q-o-Q.

Pre-provision income increased by 13% Q-o-Q to USD48.7 million, while a 57% increase in provisions was offset by an 89% increase in recoveries keeping cost of credit relatively unchanged, with provision cover rising again above the 80% level to 81.2%.

At the same time, total operating expenses are being well contained at a 3% Q-o-Q and 7% Y-o-Y increase, below Lebanese inflation levels.

Balance Sheet

Total assets rose to USD8,972 million, 4% Q-o-Q and 10% Y-o-Y, boosted primarily by a 3% Q-o-Q and a 9% Y-o-Y rise in deposits which reached USD 7,637 million. At the same time, loans reached USD2,775 million, an increase of 1% Q-o-Q and 10% Y-o-Y.

The higher rate of increase in deposits vs loans has resulted in a 'cash & due to banks' position of USD 2,647 million, 12% higher Q-o-Q and 31% higher Y-o-Y. Most of this is now in high yielding placements which are responsible for the robust growth in NII, as shown above.

ii. Selected Financial & Qualitative Information
≡ Assets

Total Assets reached USD9.0 billion at the end of 3Q2014, up 4% Q-o-Q and 10% Y-o-Y.

Composition of assets was largely unchanged in 3Q2014. Cash contribution to total assets rose to 29% from 27% a quarter earlier, while loans declined from 32% to 31% and securities from 38% to 37%.

Allocation of total assets by business line changed slightly over 3Q2014, with corporate banking and investment banking, largely unchanged, and accounting for 16.7% and 1.0% of the total assets, respectively. Capital markets & treasury accounted for 61.7% from 61.0% a quarter earlier on the account of retail banking which accounted for 20.5% from 21.1% in 2Q2014.

≡ Loans

Total Loans stood at USD2.8 billion at the end of 3Q2014, virtually flat Q-o-Q (up 1%), and up 10% Y-o-Y.

<i>In USD million</i>	Loans by Type						
	3Q14	2Q14	1Q14	4Q13	3Q13	Q-o-Q	Y-o-Y
Loans	2,775	2,752	2,669	2,599	2,526	0.8%	9.8%
Corporate	1,363	1,368	1,314	1,308	1,268	-0.4%	7.5%
Retail	1,130	1,103	1,074	1,011	976	2.4%	15.8%
SME	282	281	281	280	281	0.5%	0.4%

Source: Crédit Libanais

Loan growth by type: Retail loans were the only type of loans to see growth over the third quarter, increasing 2% Q-o-Q. Corporate loans and SME loans were virtually flat over the quarter. On a Y-o-Y basis, retail loans were the main driver for growth, growing 16%. This was followed by corporate loans which added 7%. Meanwhile, SME loans did not see any change Y-o-Y.

Loan distribution by type: Loan book distribution by type was slightly changed over the quarter. Corporate loans contribution to total loans came at 49% in 3Q2014, retail loans at 41% and SME loans at 10%.

Loan distribution by sector: The change in loans distribution across different economic sectors was limited Q-o-Q. In 3Q2014, loans to Personal and consumer sector represented 45% of total loans. Industrial and agricultural loans represented another 14% and 2%, respectively, whereas loans to trade and construction sectors 28% and 10%, respectively.

Loan quality: NPL ratio declined to 3.3% in 3Q2014 from 3.5% a quarter earlier; while coverage ratio rose to 81.2% from 79.9%.

Loans by currency: The loan book was split 39/61 between local and foreign currency at the end of 3Q2014.

Yield on Loans: Average yield declined in 3Q2014, with yield on LBP dominated loans decreasing to 7.01% in 3Q2014 from 7.14% a quarter earlier and FC dominated loans declining to 6.69% from 6.86%; thus translating into an average blended rate of 6.85% from 6.97% in 2Q2014.

≡ Deposits

Deposits rose to USD7.6 billion at the end of 3Q2014, an increase of 3% Q-o-Q and 9% Y-o-Y.

<i>In USD million</i>	Deposits By Type						
	3Q14	2Q14	1Q14	4Q13	3Q13	Q-o-Q	Y-o-Y
Deposits	7,637	7,417	7,293	7,158	6,996	3.0%	9.2%
Savings	4,249	4,269	4,248	4,155	4,174	0%	1.8%
Term	2,557	2,370	2,283	2,221	2,036	7.9%	25.6%
Sight	832	778	763	783	786	6.9%	5.8%

Source: Crédit Libanais

Deposits contribution by type: Term deposits were the main contributor to the total deposits growth, growing 8% Q-o-Q and 26% Y-o-Y. Sight deposits grew 7% Q-o-Q and 6% Y-o-Y, while saving deposits were flat Q-o-Q and grew 2% Y-o-Y. This translates to term deposits representing 33% of the total deposits base at the end of 3Q2014 from 29% a year earlier; saving deposits representing 56% from 60% at the end of 3Q2013; and sight deposits fairly stable representing 11%.

Deposits by sector: At the end of 3Q2014, deposits were split 81/19 between retail and corporate.

Deposits by currency: Deposits split at the end of the year was at 46/54 between local and foreign currency.

Cost of Deposits: Average cost of deposits for the LBP and FC dominated deposits rose slightly in 3Q2014; with the cost of deposits for the LBP deposits rising to 5.67% from 5.62% a quarter earlier and the FC deposits increasing to 3.25% from 3.18%; and resulting in an average blended rate of 4.39% from 4.32% in 2Q2014.

≡ Loans/Deposits ratio

With CL pursuing the deposits collection strategy in 3Q; whereby growing deposits faster than loans, the loans/deposits ratio declined to 36.3% in 3Q2014 from 37.1% at the end of 2Q2014.

≡ Net Interest income

Net interest income rose 10% Q-o-Q to reach USD35.0 million in 3Q2014, on the back of stronger interest income, as income generated from high yielding long-term placements made earlier this year started to kick in. Consequently, NII rose 5% Y-o-Y to USD100.3 million in 9M2014.

≡ Fee & Commission Income

Fee and commission income rose 9% Q-o-Q to USD10.0 million in 3Q2014; however declined 2% Y-o-Y to USD28.4 million in 9M2014.

≡ Trading income

Trading income rose 142% Q-o-Q to USD3.4 million in 3Q2014 on higher gains realized from trading activities, in addition to being compared to a relatively low quarter, 2Q2014.

For the 9M2014, trading income contracted 41% Y-o-Y to USD8.2 million, reflecting the sharp decline in the Y-o-Y revenue generated from Iraq foreign exchange transactions, "Mazad" transactions, and the inclusion of a one-off gain of USD4.4 million realized from swap operations on Central Bank CDs in the comparative period 9M2013.

≡ Net Provisions

Net provisions rose slightly from USD0.7 million in 2Q2014 to USD0.8 million in 3Q2014, as higher provisions of USD2.1 million (versus USD1.4 million in 2Q2014) were booked during the quarter, reflecting the geopolitical situation in Lebanon. For the 9M2014, net provisions were higher at USD2.7 million as compared to USD1.8 million a year earlier.

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

Net operating income reached USD47.9 million in 3Q2014, up 13% Q-o-Q, mainly on the back of higher revenue generated from all banking income lines: net interest income, fees & commissions and trading income. For the 9M2014, net operating income slipped 2% Y-o-Y to USD135.2 million, on lower trading income and higher provisions.

≡ Total Operating Expenses

Over 3Q2014, total operating expenses slightly increased 3% Q-o-Q to USD29.9 million.

For the 9M2014, total operating expenses increased 7% Y-o-Y to USD86.3 million, driven by higher employee expenses 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, while the increase in the general expenses reflect the extraordinary tax adjustment levied this year and related to previous years.

≡ Net Income

Net income rose 38% Q-o-Q to USD15.9 million in 3Q2014, driven by stronger banking income (NII, F&C and trading income) and cost management.

For the 9M2014, net income declined 17% Y-o-Y to USD43.2 million, mainly on the back of weaker trading income, higher provisions and higher operating expenses.

≡ Cost/Income Ratio

Cost-to-income declined to 62.1% at the end of 3Q2014 from 62.7% a quarter earlier, as revenues grew over third quarter.

≡ Net Interest Margin

NIMs were broadly unchanged at 1.6%.

≡ Branch Productivity and Efficiency ratios

	Branch Productivity						
	3Q14	2Q14	1Q14	4Q13	3Q13	Q-o-Q	Y-o-Y
Employees/Branch	23	23	23	23	23	0.0%	0.0%
Loans/Branch (USD mn)	39	39	38	37	36	0.6%	8.3%
Deposits/Branch (USD mn)	108	105	104	102	100	3.3%	8.0%

Source: Crédit Libanais

iii. International Operations

High level financial highlights:

SENEGAL

Crédit International reported a net loss of USD264 thousand in 3Q2014 versus a net profit of USD176 thousand in 2Q2014 on the back of higher provisions taken during the quarter.

Balance sheet highlights:

Total Assets: USD68.8 million
 Loans : USD33.8 million
 Deposits : USD42.8 million

IRAQ

The Iraq operations reported a net loss of USD127 thousands in 3Q2014 versus a net loss of USD540 thousands in 2Q2014, largely due to a sharp decline in revenues generated from foreign exchange transactions in 2014.

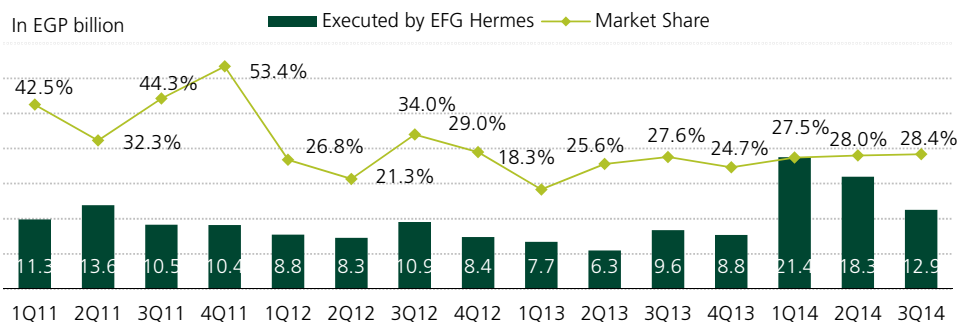
Balance sheet highlights:

Total Assets: USD52.2 million
 Loans : USD6.1 million
 Deposits : USD12.2 million

IV. ANNEX

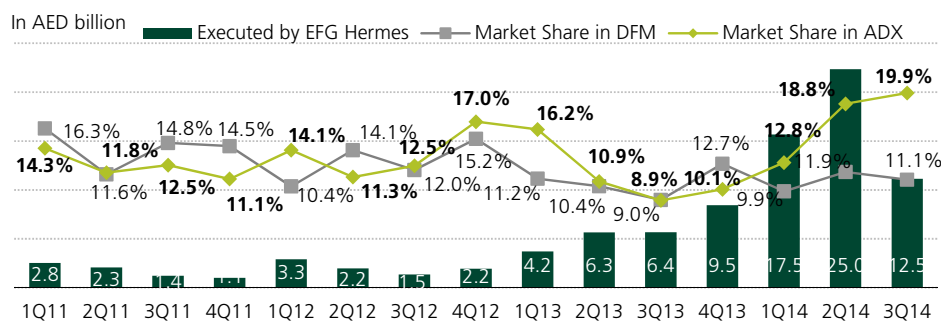
Markets Performance and EFG Hermes Executions & Market Shares

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

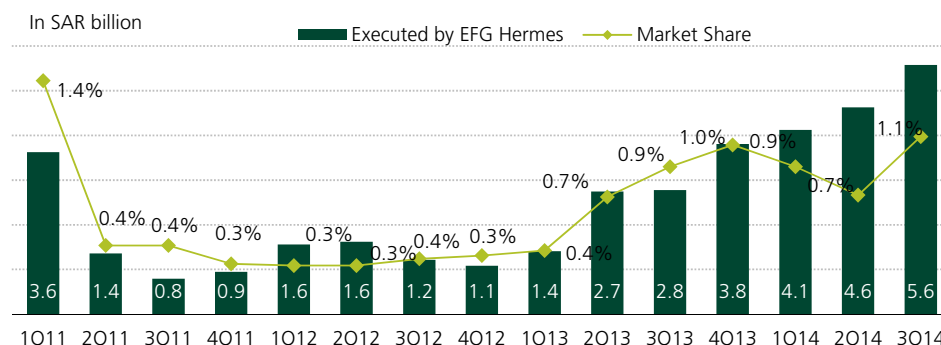


The UAE markets gained ground Q-o-Q. However, with seasonal factors (Ramadan and summer) prevailing during third quarter, activity slowed down on both markets.

DFM: The Dubai Financial Market General Index (DFMGI) gained 28% Q-o-Q, yet liquidity declined 39% Q-o-Q in 3Q2014.

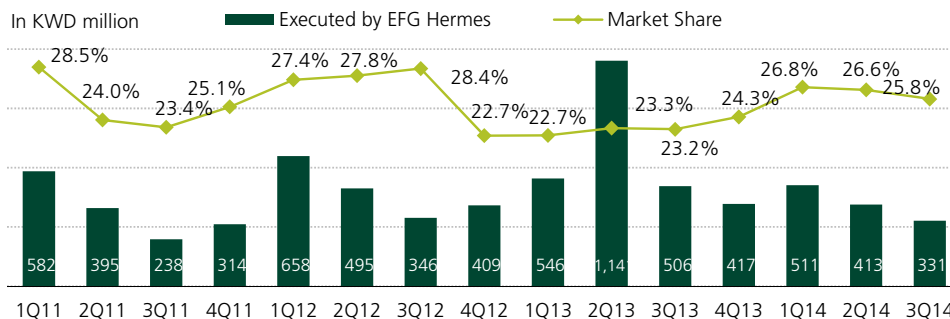
ADX: The Abu Dhabi Index (ADI) added 12% Q-o-Q, while volumes dropped 64% Q-o-Q.

KSA:



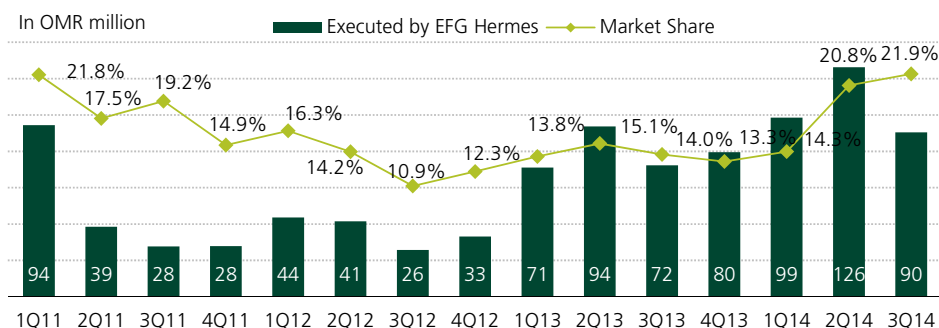
The Tadawul All Share Index (TASI) gained some steam in 3Q2014, rising 14% Q-o-Q. Meanwhile, liquidity fell 19% Q-o-Q, after rising for the past couple of quarter.

Kuwait:



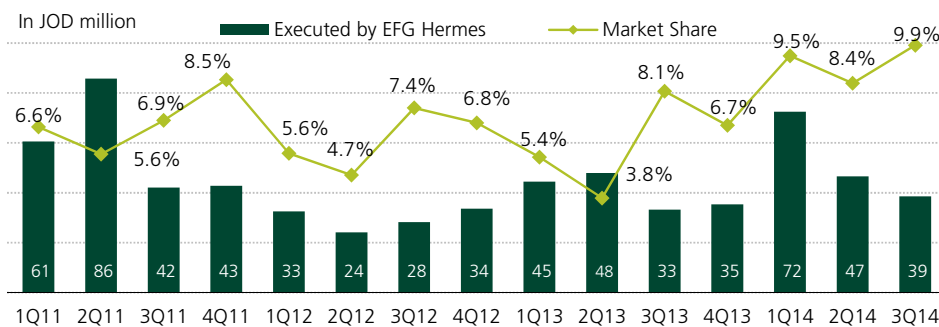
It was a good quarter for the Kuwaiti market, with the KSE Index gaining 9% Q-o-Q. However, given the seasonality of the third quarter, volumes declined 15% Q-o-Q.

Oman:



The Muscat Securities Market (MSM) performance improved in 3Q2014; with the Muscat Securities Index (MSM30) adding 7% Q-o-Q; however volumes declined 31% Q-o-Q.

Jordan:



The Amman Stock Exchange volumes declined 30% Q-o-Q in 3Q2014 and the Index ended flat Q-o-Q.

In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about future fund raising, investment banking revenues, private equity incentive fees and the Commercial bank business strategy.. 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

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