



# EFG Hermes Holding

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Investor Presentation



# I. EFG Hermes Overview

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# EFG Hermes Overview

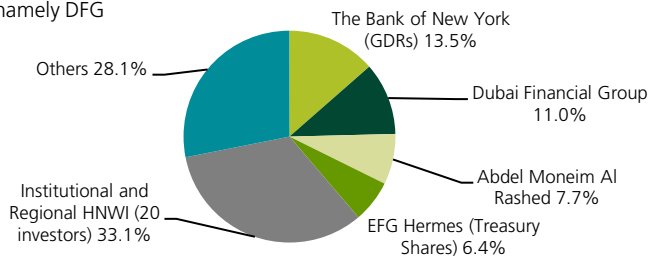
## A Regional Champion



### EFG Hermes Overview

- EFG Hermes Holding S.A.E. ("EFG Hermes") is the region's premier investment banking firm with on the ground presence in 8 regional markets, and operations focusing on investment banking, securities brokerage, research, asset management, private equity, and commercial banking through its majority ownership in the Lebanese bank, Crédit Libanais
- The firm's workforce exceeds 800 employees (excluding the commercial bank)
- The firm currently has its two largest operations in Egypt and the UAE, employing 574 and 104 employees respectively
- The firm has a capital base of USD1.3 bn and is listed on the EGX and the LSE with a market capitalization of c.USD1.5 billion
- EFG Hermes has a well diversified shareholder base encompassing several large institutions and regional HNWI as well as SWFs, namely DFG

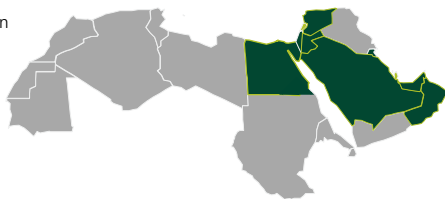
**Well Diversified Shareholder Base**



### Strong Platform Capabilities

#### Investment Banking

- #1 Investment Banking platform in the MENA region
- USD15.0 bn in equity raised;
- USD52.9 bn of M&A;
- USD4.3 bn of debt transactions



#### Brokerage

- Leading brokerage platform in the region
- Top ranking in Egypt & Kuwait, and leading positions in other regional markets
- Solid market share across markets where EFG Hermes has presence
- Extensive and diversified client base, served by a strong sales and trading team specialized in the region

#### Research

- Ranked # 1 in the Euromoney MENA Research Polls in six out of the seven past years
- Widest coverage of MENA equities and economies with a diversified product range
- 129 companies covered across the MENA region
- Covers around 60% of the region's market capitalization

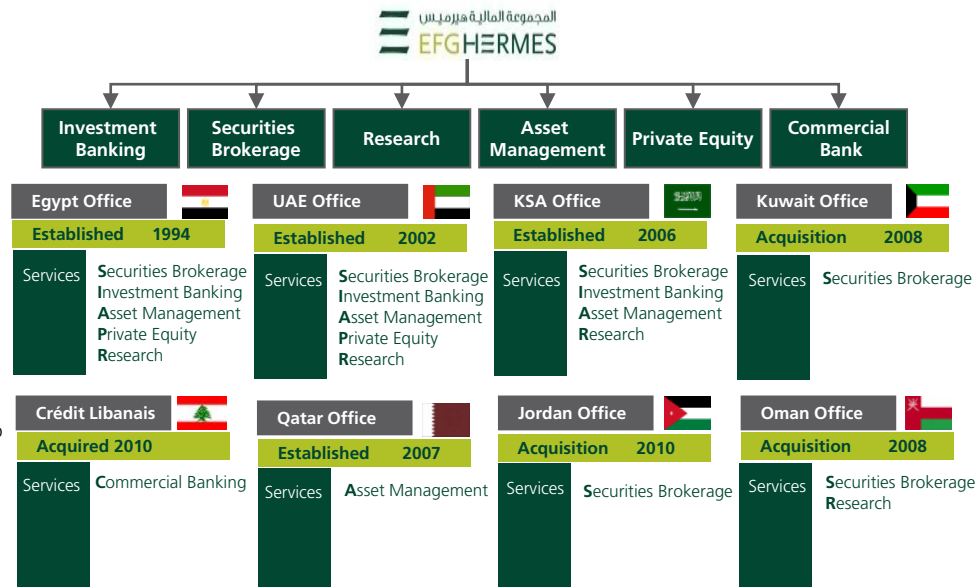
#### Private Equity

- One of the region's leading PE houses with USD0.7 bn in private equity funds
- Investments in 36 MENA companies with 26 exits to date
- Completed a USD150 mn exit from Damas generating a cash multiple of 1.8x and a 38% IRR in less than 2 years
- InfraMed: Largest investment vehicle dedicated to infrastructure in the Mediterranean region

#### Asset Management

- Largest asset manager in the region with USD 3.1 bn of AUM dedicated to the MENA region
- In the past couple of years, the division managed some of the best performing funds in Egypt, Saudi Arabia and the region

### Current Simplified Group Structure



### Selected Awards From Key Institutions

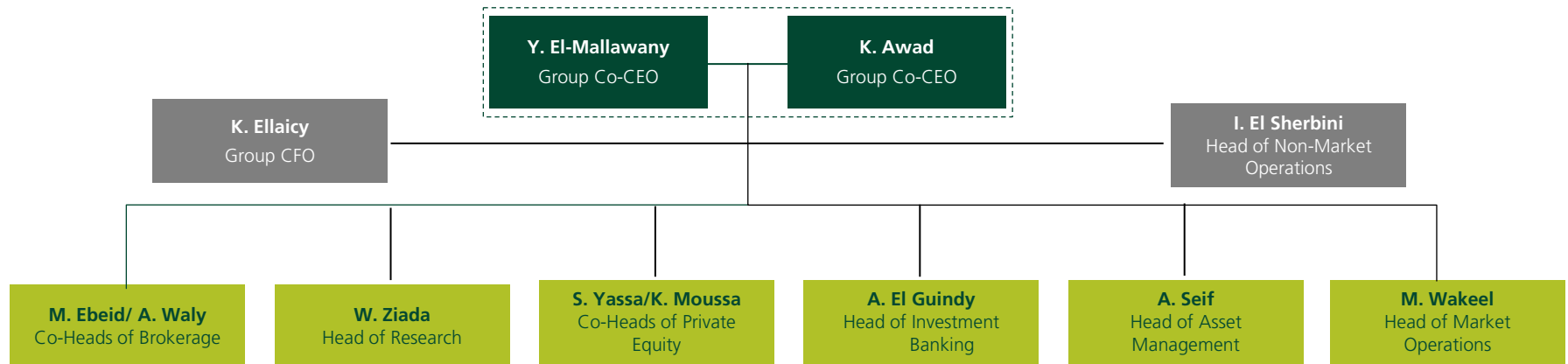
<p><b>Best Brokerage House in Egypt, KSA, and Oman 2013</b> Global Investor/ISF Middle East Awards</p>	<p><b>Best Asset Manager in Egypt 2013</b> emeaFinance African Banking Awards</p>	<p><b>Best Broker in Egypt 2013</b> emeaFinance African Banking Awards</p>
<p><b>Best Investment Bank in Egypt 2013</b> Euromoney Awards for Excellence</p>	<p><b>African Investment Bank of the Year 2011</b> African Banker Awards</p>	<p><b>Best Research Provider Overall 2013</b> Euromoney Annual Middle East Equity Research Poll</p>
<p><b>Best Brokerage House in Egypt 2012</b> Global Banking &amp; Finance Review</p>	<p><b>Best MENA Asset Manager of the Year 2012</b> Zawya MENA Funds Ranking Awards</p>	<p><b>Best Brokerage House in the Middle East 2010</b> Banker Middle East Awards</p>

# EFG Hermes Overview

## Organizational Structure and Board Composition



### The Organization Structure



### Board of Directors





### Phase I: Restructuring (May 2013 to March 2014)

Starting May 2013, EFG Hermes management proceeded with an aggressive restructuring plan that aimed at increasing the financial strength of the company and enhancing the sustainability of its profits in a highly volatile market place

With a number of targets set, almost all phases of this plan have been achieved

#### Cost Optimization

- Management successfully cut the expense base through a program that included: (1) the restructuring of the contracts of all senior management; (2) layoff of expensive and unproductive staff members; (3) combination and elimination of certain functions, and (4) the systematic targeting of all non-employee expenses including rentals, telephones, data and others

#### Sale of Non-Core Assets

- Marked by the successful implementation of: (1) the sale of the company's old HQ in Dokki; (2) swapping one of the floors owned in Index Towers in Dubai into a more liquid instrument, and (3) the sale of the majority of the company's stake in SODIC
- Management is also keen to turn all unutilized and unsold assets on the balance sheet into yielding instruments. As was the case with the company's office space in Nile City Towers in Cairo which was rented on a 15 year lease to the European Union

#### Return of Cash to Shareholders

- As communicated in May 2013, management followed through with its plan to return some of the cash from the initiatives mentioned in this strategy by executing the first phase of a buyback program and returning EGP425 million to shareholders. Management opted to retain these shares and transferred it to one of its subsidiaries as an investment decision signaling its confidence in the company's share and the potential it encompasses
- Management is currently studying reallocating its capital base from traditional businesses to new lines in an effort to enhance returns and supplement revenues from our current business lines

#### Full Balance Sheet Clean-up

- Management proceeded to do a full balance sheet clean-up in 2013 with emphasis on impairing all investments that have deteriorated in value whether in Syria, Oman or Kuwait; thereby turning the company's balance sheet and book value into a true and fair representation starting January 1<sup>st</sup>, 2014

# EFG Hermes Overview

## Current Model and Focus



### Phase II: Growth Strategy (January 2014 – Ongoing)

- ≡ The second phase of the management's strategy aims at growing the business and creating value for our shareholders in the coming years

- ≡ As a result of Phase I and II of the strategy, EFG Hermes stock price is up over 100% since June 2013

#### Maintain Leadership Position in Egypt

- ≡ EFG Hermes continues to maintain its number one position between brokers; is still the biggest equity asset manager in Egypt with excellent performance for the past three years; executed a number of IBD transactions including most recently the IPO of ACC, the first Egypt has seen in four years

#### Increase Non-Egypt Operations Especially in GCC

- ≡ EFG Hermes' brokerage business is number one in Kuwait and among the top 10 in the UAE, Jordan and Oman
- ≡ Asset Management operation manages over USD1.2 billion of regional equity funds and portfolios
- ≡ IBD operations have grown extensively in the GCC with: (1) the sale of Dubai First last year to FGB; (2) a placement for Exeed; (3) the IPO of Emirates REIT, and (4) the advisory to Al-Futtaim Group on the acquisition of CMC in Kenya

#### Diversify Product Range

- ≡ Negotiations are currently ongoing with one of the leading consumer finance companies regarding a potential strategic alliance that could see EFG Hermes become a lender of consumers and corporates in Egypt during the coming period
- ≡ This is a business that entails potential synergies with EFG Hermes' current business model and is a market that is slated to see a lot of growth during the coming years
- ≡ If the current negotiations are not successful, EFG Hermes will pursue other opportunities in that market and other complimentary markets that help fuel growth during the coming years

#### Expand Operations in Sub-Saharan

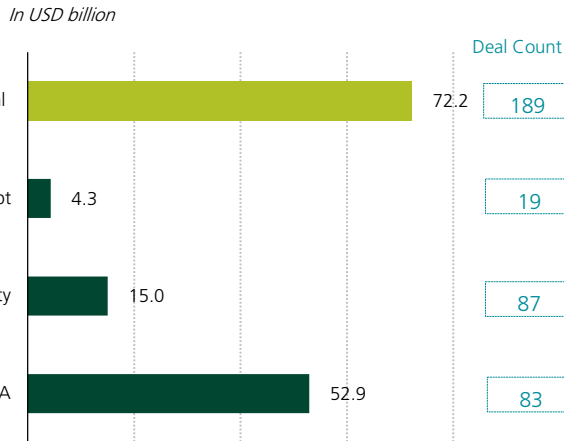
- ≡ The Sub-Saharan African market remains one of the least tapped markets globally with a lot of value in expanding EFG Hermes business there during the coming 12-18 months. The establishment of a hub in East Africa that can serve a number of the growing economies of the region is being considered. The choice of partner there will be key

# EFG Hermes Overview

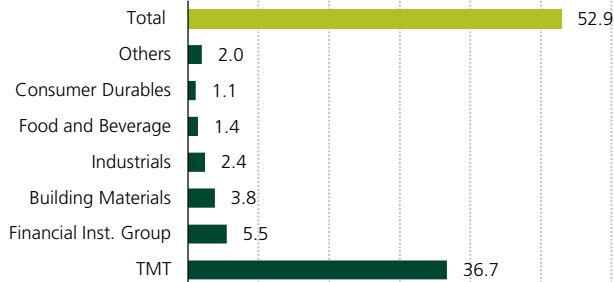
Investment Banking | Unparalleled Execution Track Record in the Arab World and Beyond



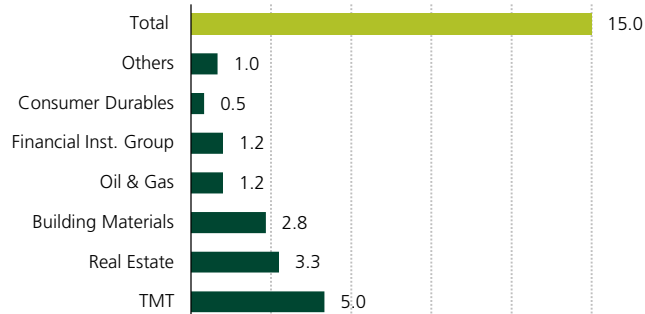
## Equity & Debt Raising Capabilities



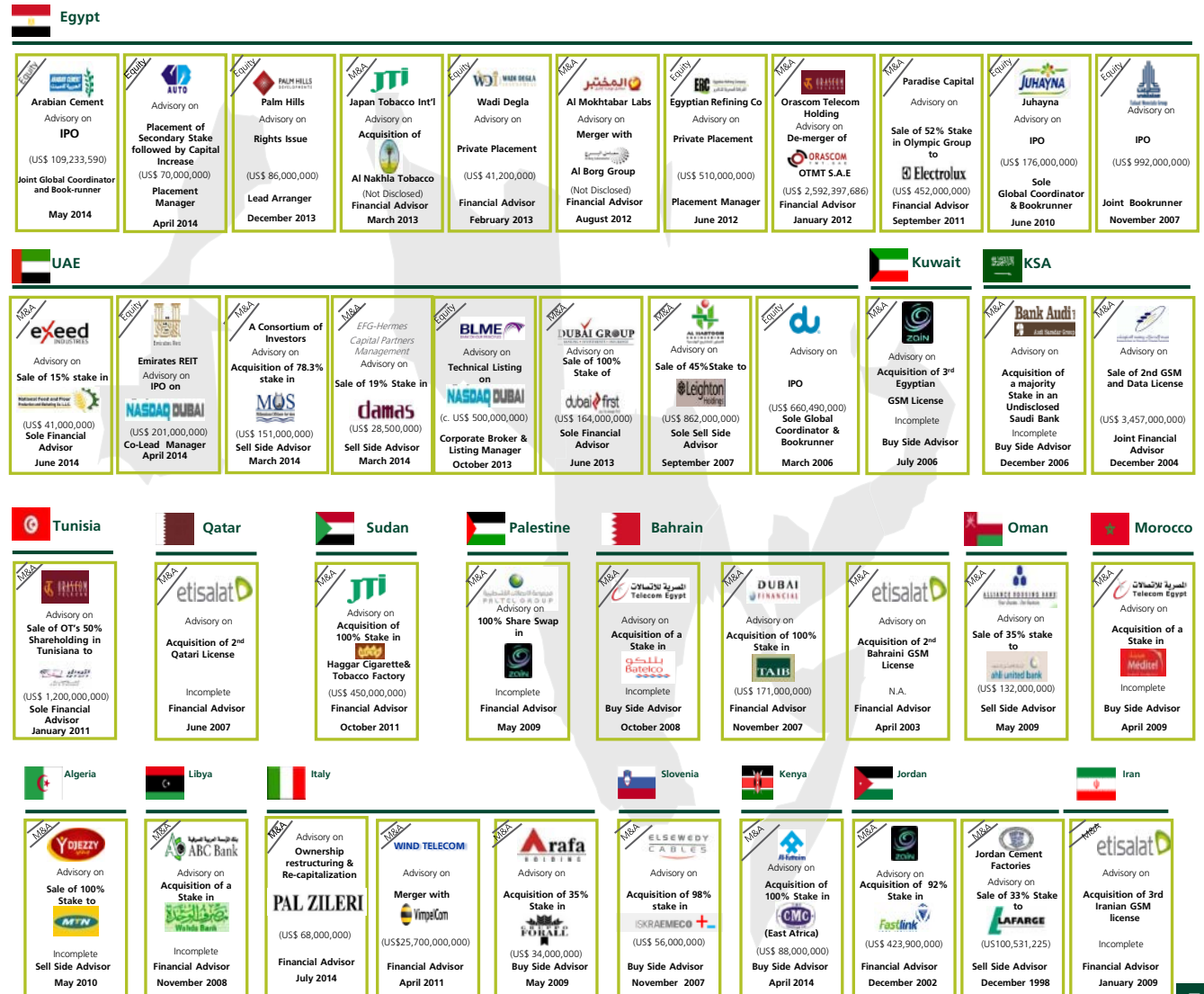
### M & A Track Record



### Equity Track Record



## Notable Advisory Assignments



# EFG Hermes Overview

Securities Brokerage | The Leading Brokerage Platform Across the Region



## Regional Presence, Market Share and Ranking

	Egypt	Dubai	Abu Dhabi	Kuwait	Oman	KSA*
Ranking	1	7	4	1	5	5
Market Share <sup>(1)</sup>	28.0%	10.9%	15.8%	26.7%	17.3%	0.8%

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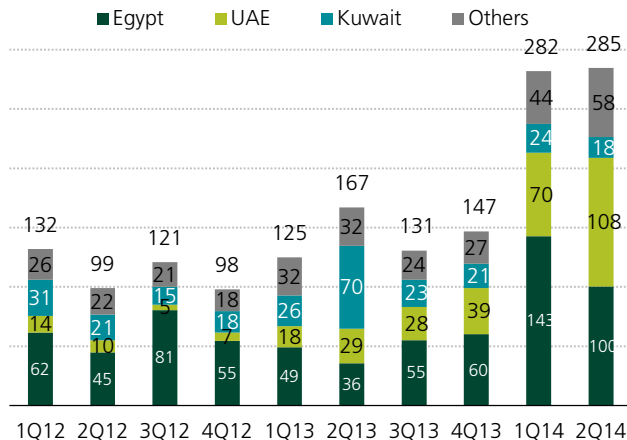
	Jordan	Qatar	Bahrain	Lebanon	Morocco	Iraq
Ranking	4	N/A	N/A	N/A	N/A	N/A
Market Share <sup>(1)</sup>	9.0%	8.9%	11.9%	5.9%	3.6%	Swaps (Launched 2012)

(1) Market shares for 1H2014

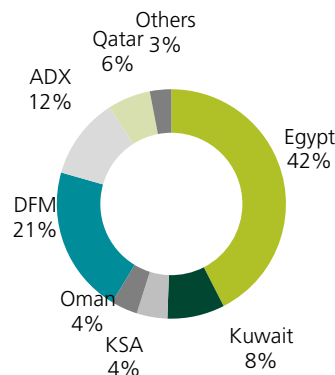
(\*) over brokers only – excluding trading banks

## Average Daily Commissions

In USD thousand

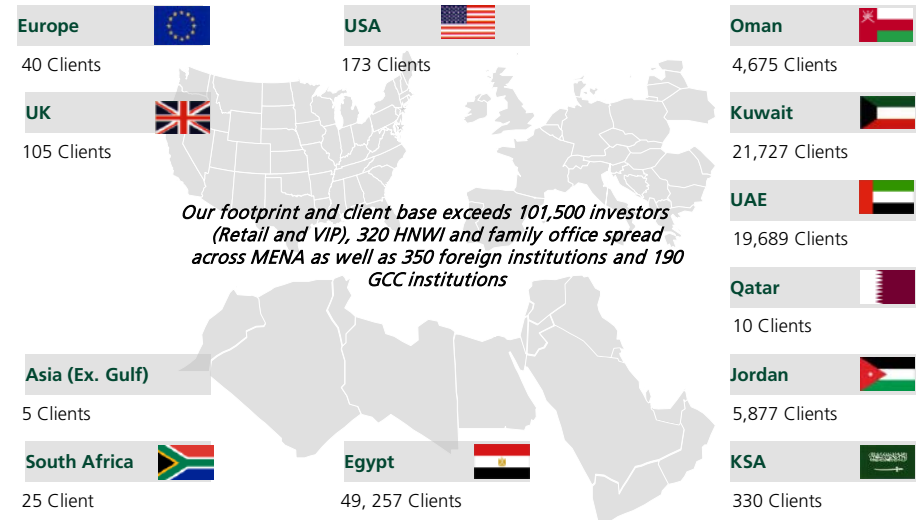


## Fees Contribution by Country



Based on 1H2014 Figures

## Widest Distribution Network



## Dominant Brokerage Platform

### Extensive Presence & Leadership

- EFG Hermes is the Arab world's premier equities house, with strong regional presence and leadership position in many of these markets

### Strong Sales Force

- 120 sales and traders dedicated to MENA and GCC equities specialized by client type, product and geography

### Retail Service channels

- EFG Hermes offers its retail and VIP clients a complete trading platform including call center, customer service, online, ATMs and retail branches

### Unparalleled Corporate Access

- Grant access to corporates management through tailored country trips and a series of distinguished conferences in Egypt, London, UAE, and USA

### Diversified Products

- Provide flexible product offering depending on market accessibility and clients' needs. Examples: Total Return Swaps (9 countries) and Participatory Notes (KSA)

### Online Trading

- Our Online trading platform provides clients with all the resources needed to make investment decision. Online trading available in Egypt, UAE, Oman, KSA and Kuwait



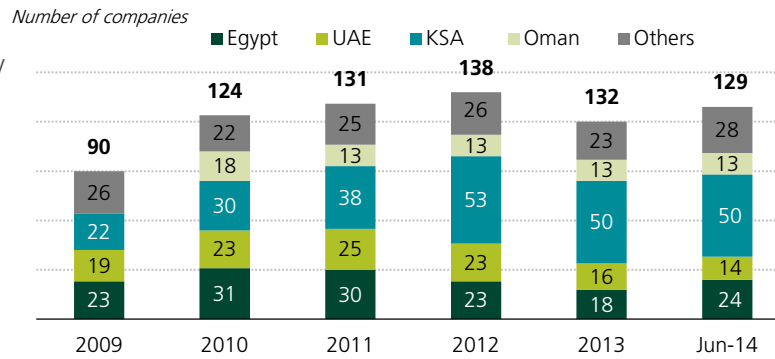
# EFG Hermes Overview

Research | A Leading Research House



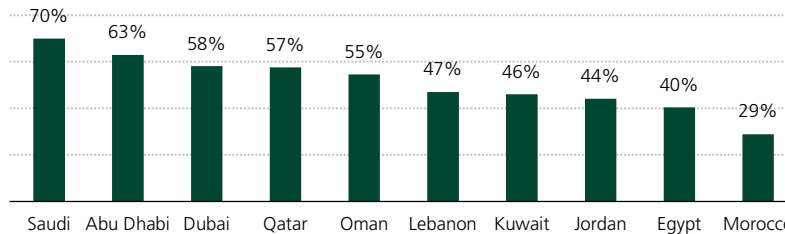
- EFG Hermes houses an industry leading research department that is currently comprised of a team of 34 professionals focusing on areas including equity coverage, economics, and strategy
- The department also offers in-depth reports on economies, strategy and sector focused notes
- The quality of this team is accentuated by the top ranking of its analysts during the past six years
- Capping a two-year process, EFG Hermes Research launched its new portal in May 2012, providing access to all research products and a three-year product archive

## Research Coverage Universe



## Market Cap. Coverage by Country

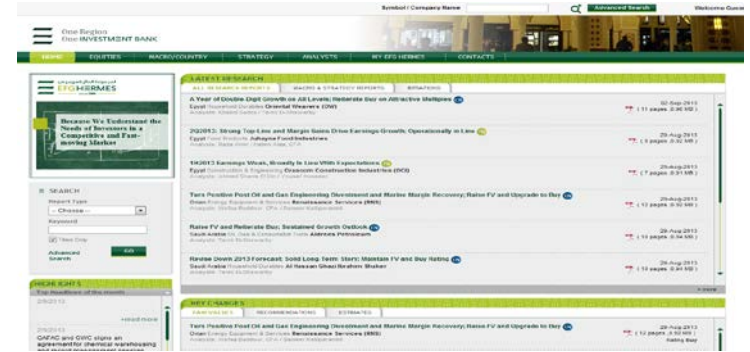
Covering around 60% of the region's market capitalization



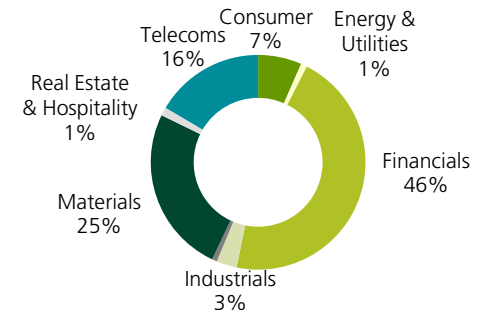
## Research Team Euromoney Poll Rankings

Research House	Banking & Finance		Strategy		Property /Real Estate		Telecoms		Transport & Shipping		Pharmaceuticals		Utilities	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>EFG Hermes</b>	1	2	1	2	2	1	1	1	1	1	1	1	1	1
<b>HSBC</b>	3	1	3	1	4	2	3	3	3	2	2	2	4	3
<b>Deutsche Bank</b>	-	5	7	7	7	6	-	5	-	-	-	-	5=	5
<b>NCB Capital</b>	2	3	2	3	1	2	2	2	-	-	-	-	2	2
<b>Global Investment House</b>	4	4	4	4	3	3	4	4	2	3	3	3	3	4

## Research Capacity Online via New Portal



## Research Coverage by Sector



# EFG Hermes Overview

## Asset Management | Diversified Client Base and Product Offerings



44 professionals across three countries (Egypt, UAE and Saudi Arabia) with more than 18 years of investment experience in the region making it the largest and most experienced on-the-ground team of any investment manager in the Middle East

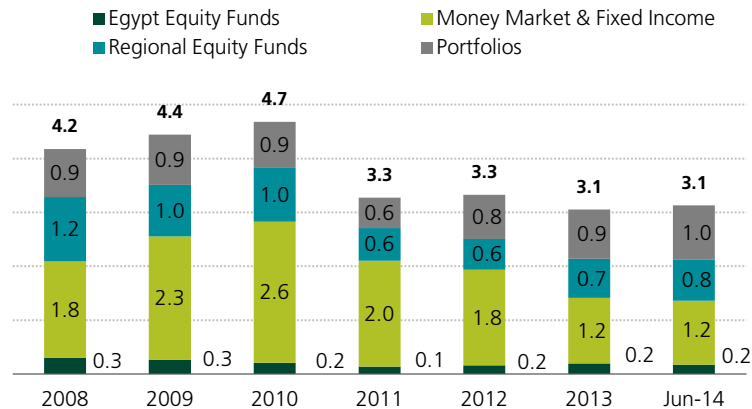
Loss of AuMs during FY2013 has been mainly triggered by the change of regulations governing MMFs in Egypt, which has impacted all Egyptian asset managers

Impact of loss of revenues from MMFs was minimal due to the low management fees that those funds carry

In spite of stellar performance, our ability to raise funds has been limited, due to economic and political conditions, but should start to pick up during the current year 2014

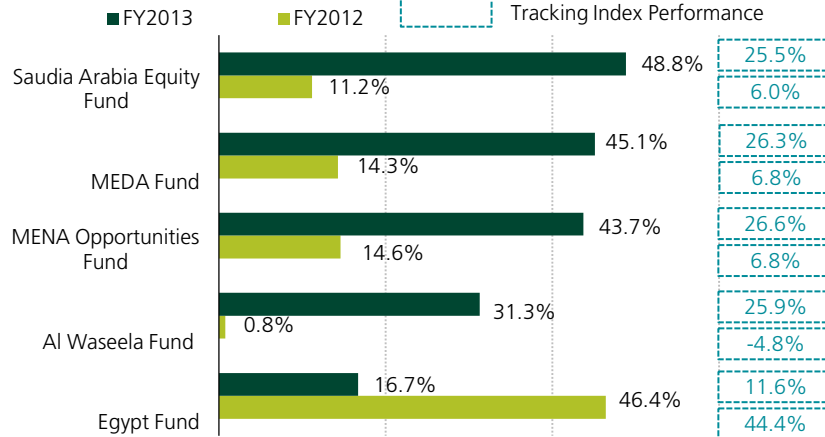
### Evolution of Assets Under Management

In USD billion

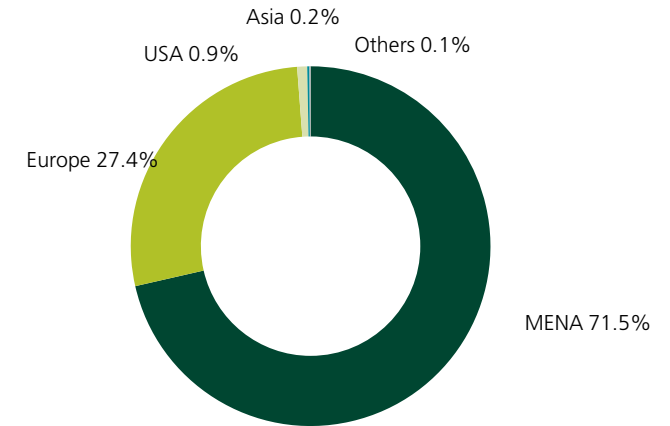


### Performance of Select Funds 2012 & 2013

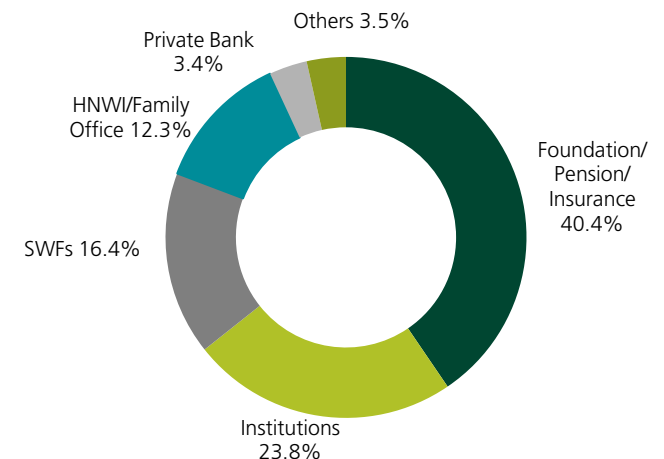
In %, unless otherwise stated



### Total AuMs Breakdown by Clients Region



### Total AuMs Breakdown by Investor Type



# EFG Hermes Overview

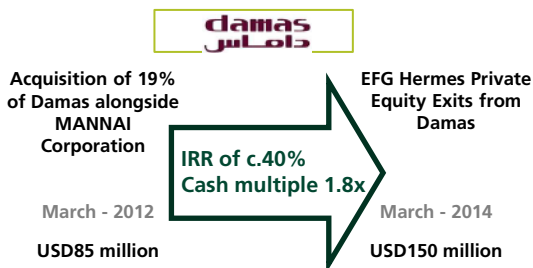


Private Equity | Large Base of AuMs. InfraMed | A EUR 385mn Long Term Infra Fund Focusing on SEMED

## EFG Hermes Private Equity Overview\*

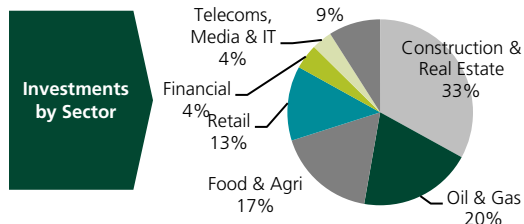
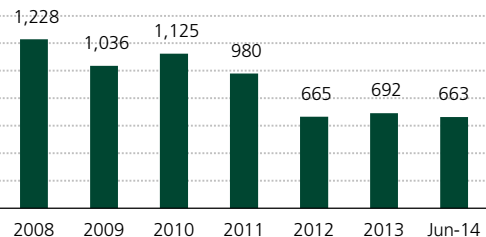
- Invested USD652 million in 36 unique investments
- 26 exits with proceeds totaling USD504 million
- Total realized gains USD211 million
- Aggregate exit USD IRR 20%
- Aggregate exit USD cash multiple 1.7x
- 10 investments in current portfolio

\*Data is for Horus I, EFG CP II & III and Horus Agri. Fund



## Private Equity AuMs

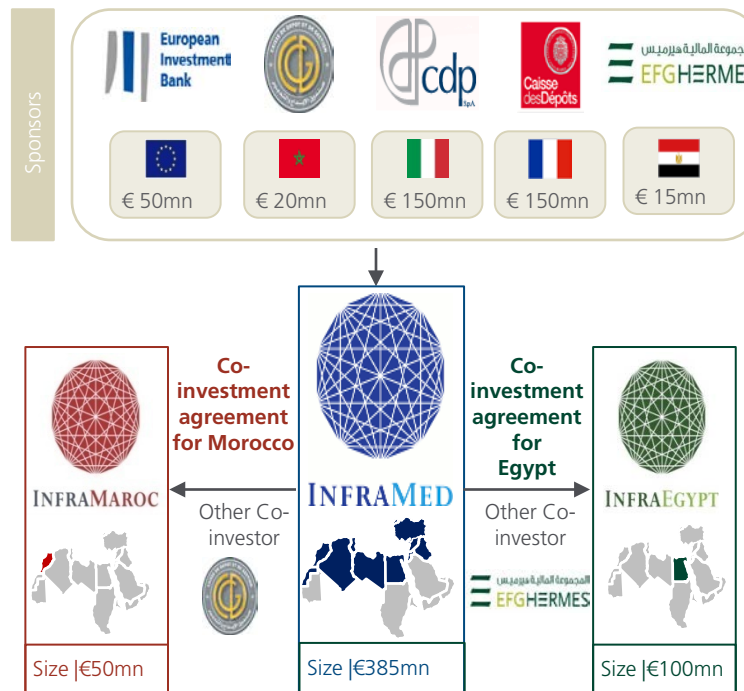
In USD million



## InfraMed Overview

- A EUR 385mn private equity fund investing in infrastructure in the Southern and Eastern Mediterranean (SEMED) region
- Fund has a 14+1 year term that reached first closing in May 2010 with EUR 385mn of sponsor commitments
- To date, InfraMed invested c.40% of its commitments in investments in Egypt, Turkey and Jordan
- Headquarters in Paris with local presence in Cairo and Casablanca initially through advisory and co-investment agreements with EFG Hermes and CDG Capital
- Strong pool of 15+ investment professionals in Paris, Cairo, Dubai and Casablanca

## InfraMed Structure



## EFG Hermes Role

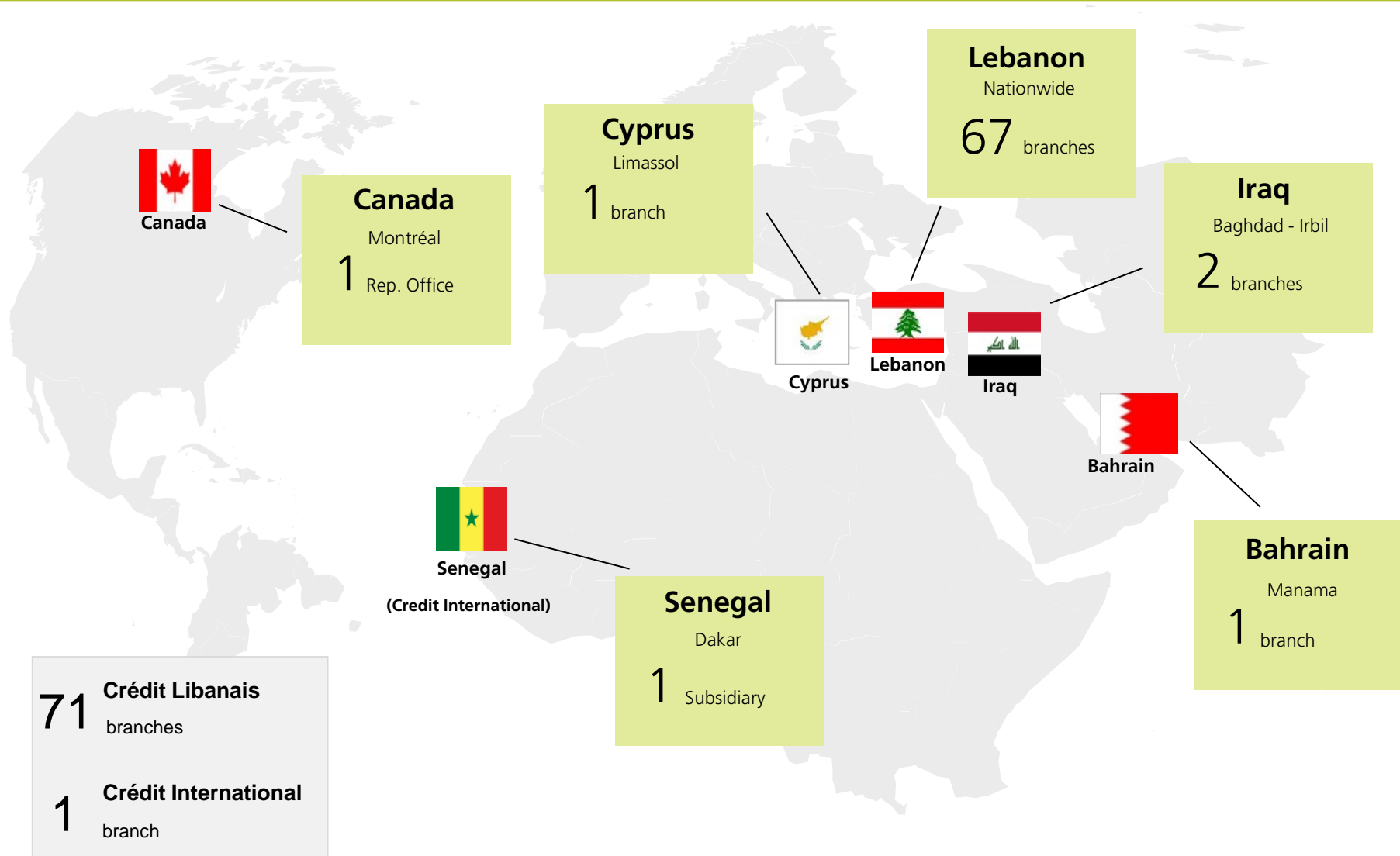
- Egypt Investments Management**
  - Investment Mgmt/Advisory including origination, analysis and execution
  - Portfolio Mgmt including board representation on projects and day to day management
- Regional Investments Management**
  - Member of the regional Investment Committee
  - Ad-hoc support for transactions and networking particularly on Levant and North Africa
  - Support fundraising activities and LP relationship management
- Sponsor**
  - Founding partner of InfraMed
  - Hold of EUR15 mn LP position

## Investments to Date

<p><b>ERC</b></p>	<ul style="list-style-type: none"> <li>Country: Egypt</li> <li>Investment: USD 100mn (c.15% stake)</li> <li>Capacity: 4.7MT of light distillates</li> <li>Total Cost: USD 3.7bn</li> <li>Other Stakeholders: KEXIM, DEG, JBIC, IFC &amp; Qatar Petr. Int.</li> </ul>
<p><b>Iskenderun Port Facility</b></p>	<ul style="list-style-type: none"> <li>Country: Turkey</li> <li>Stake: c.20%</li> <li>Capacity: 1.3mn TEU</li> <li>Total Cost: Not disclosed</li> <li>Other Stakeholders: Limak, Garanti, Unicredit</li> </ul>
<p><b>Tafila Wind Farm</b></p>	<ul style="list-style-type: none"> <li>Country: Jordan</li> <li>Stake: 49%</li> <li>Capacity: 114MW</li> <li>Total Cost: Not disclosed</li> <li>Other Stakeholders: EP Global Energy, EIB, IFC and Proparco</li> </ul>

# EFG Hermes Overview

Commercial Bank | Crédit Libanais Presence





## II. Overview of Financial Performance

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# Overview of Financial Performance

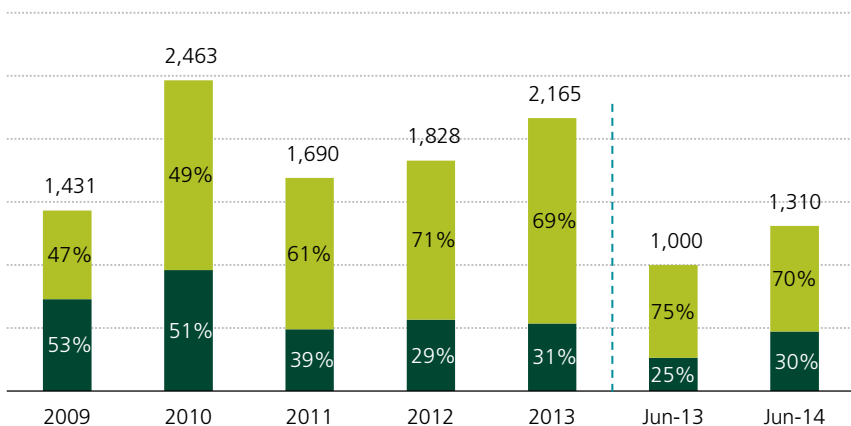
## Group | Key Financial Highlights



### Group Revenues

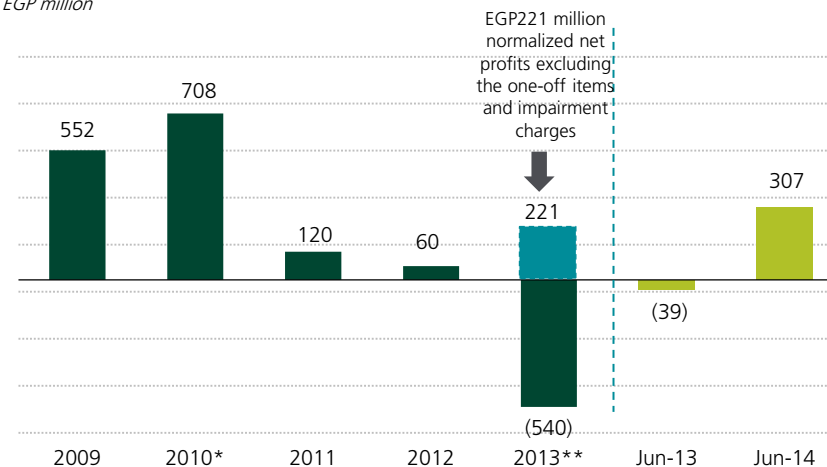
In EGP million

■ Egypt ■ Regional



### Group Net Profit After Tax & Minority Interest

In EGP million

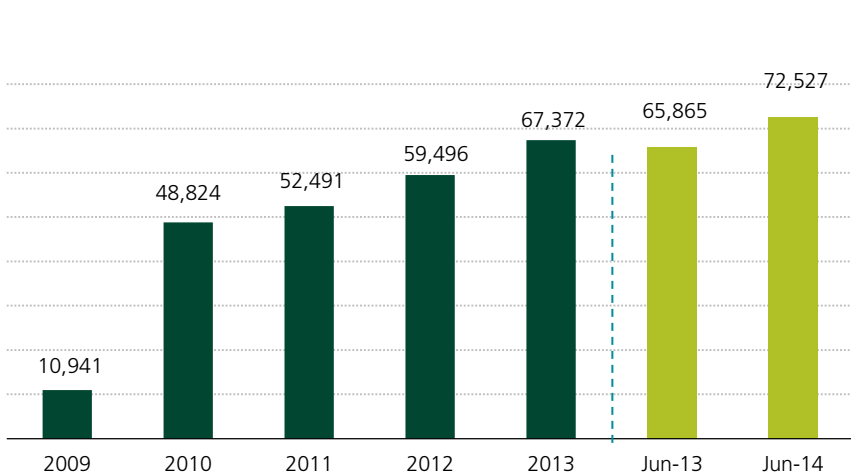


\*Includes the capital gain recorded from the sale of stake in Bank Audi

\*\*EGP781 mn one-offs & impairment changes: one-off operating expenses of EGP70 mn, impairment charges of EGP735 mn & capital gains of EGP24 mn

### Group Total Assets

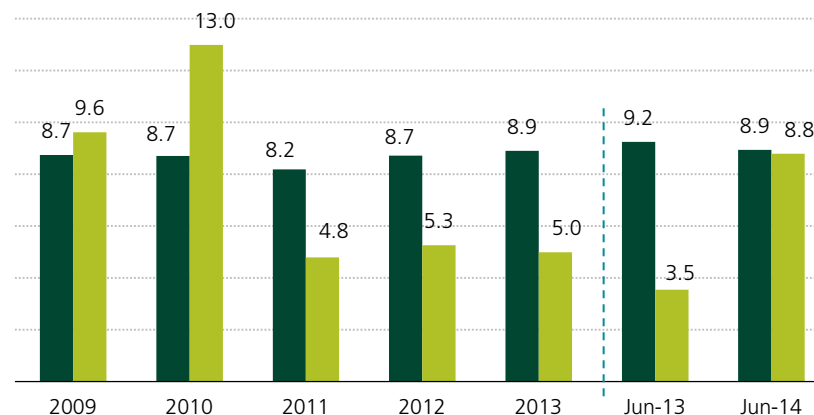
In EGP million



### Total Equity/Capitalization

In EGP billion

■ Shareholders' Equity ■ Market Capitalization



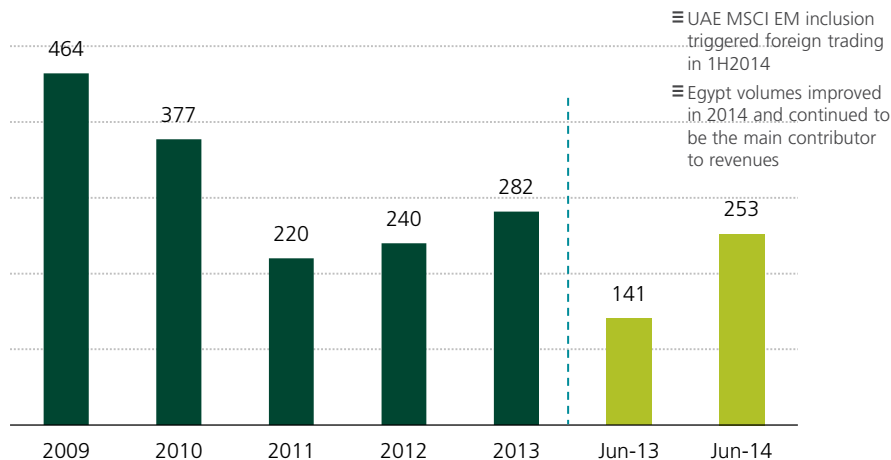
# Overview of Financial Performance

## Investment Bank | Business Lines Revenue



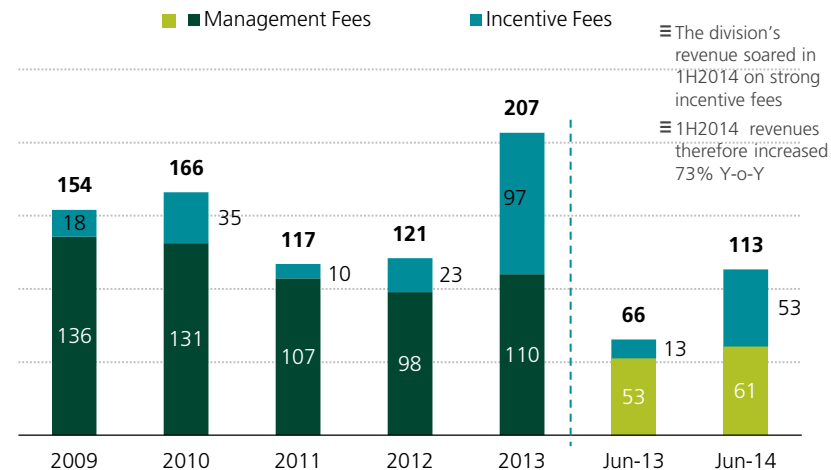
### Brokerage Revenue

In EGP million



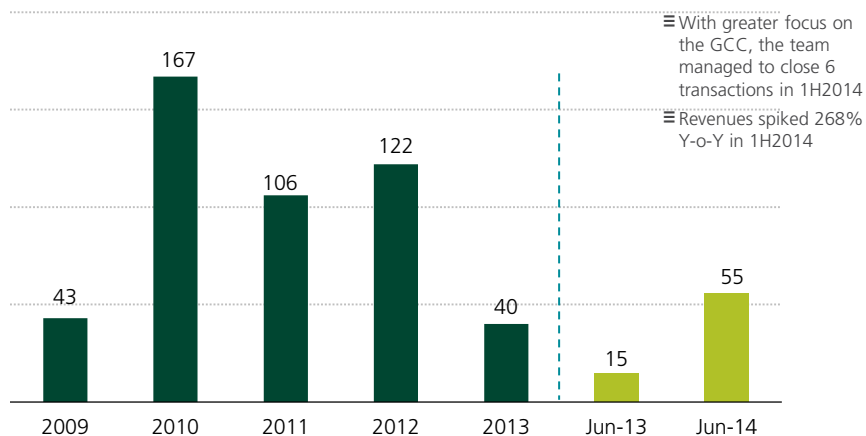
### Asset Management Revenue

In EGP million



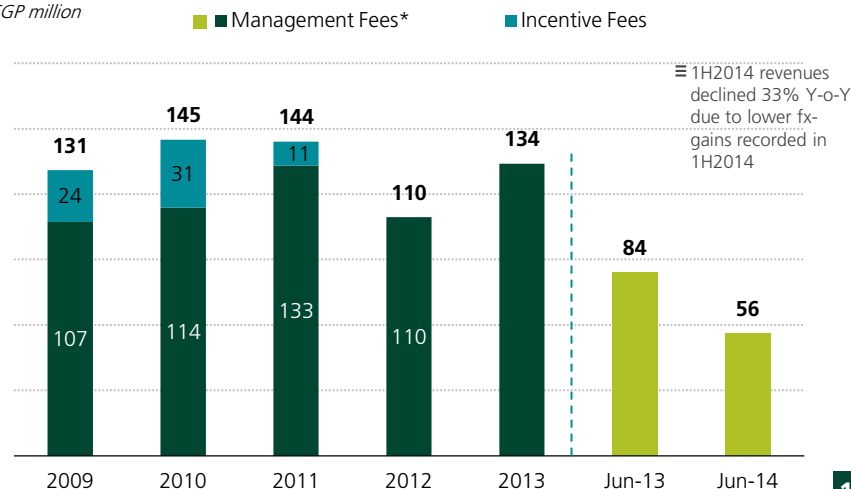
### Investment Banking Revenue

In EGP million



### Private Equity Revenue

In EGP million



\*Includes fx-gains

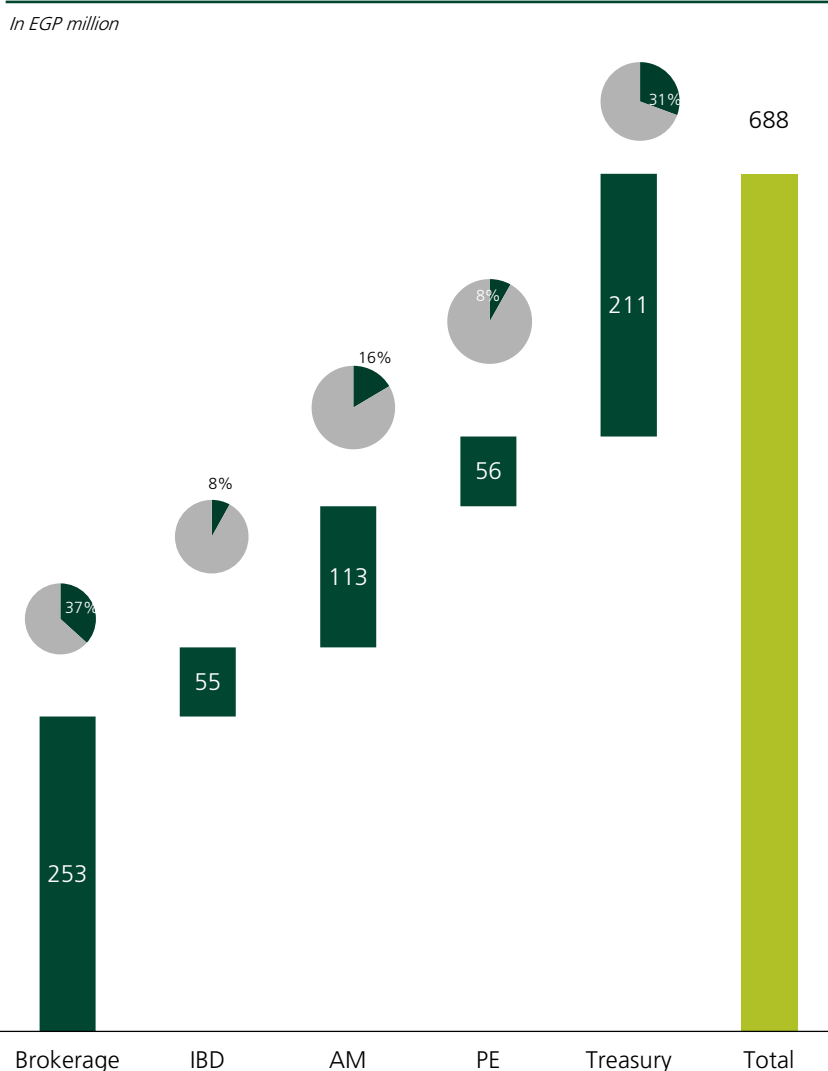
# Overview of Financial Performance

## Investment Bank | Revenue Generation



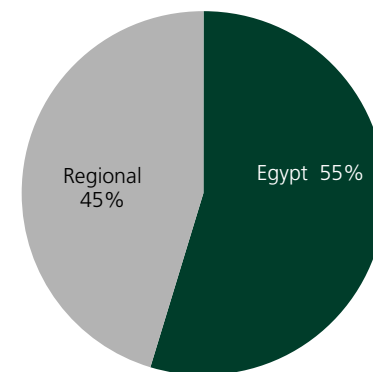
- Core Investment Bank operations in the second quarter were the primary drivers of this impressive yearly growth
- Capital markets and treasury operations included EGP97 million one-off gain related to the sale of part of the Investment Bank's stake in SODIC
- Revenue generated from regional operations represented 45% of fees and commissions in 1H2014 up from 36% in 1H2013, reflecting management's continuing focus on growing operations in the GCC

### 1H2014 Revenues <sup>(1)</sup>

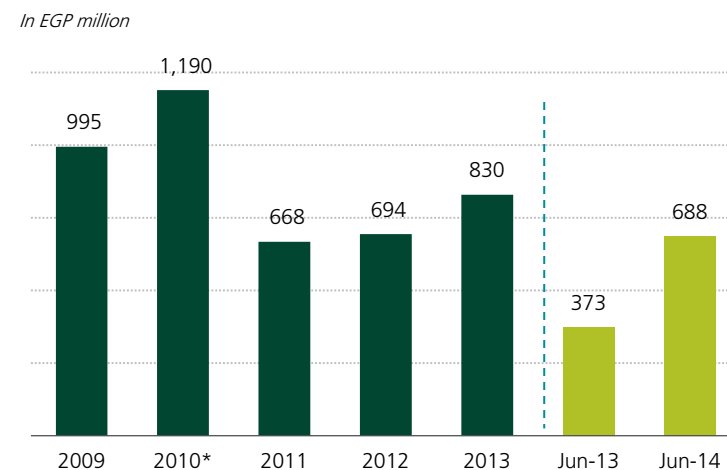


(1): Net revenues as per earnings release includes treasury and capital markets income.

### 1H2014 Breakdown of Fees and Commissions



### Evolution of Investment Bank Revenues



\* 2010 revenue excludes EGP717 million of capital gain booked from the sale of Bank Audi



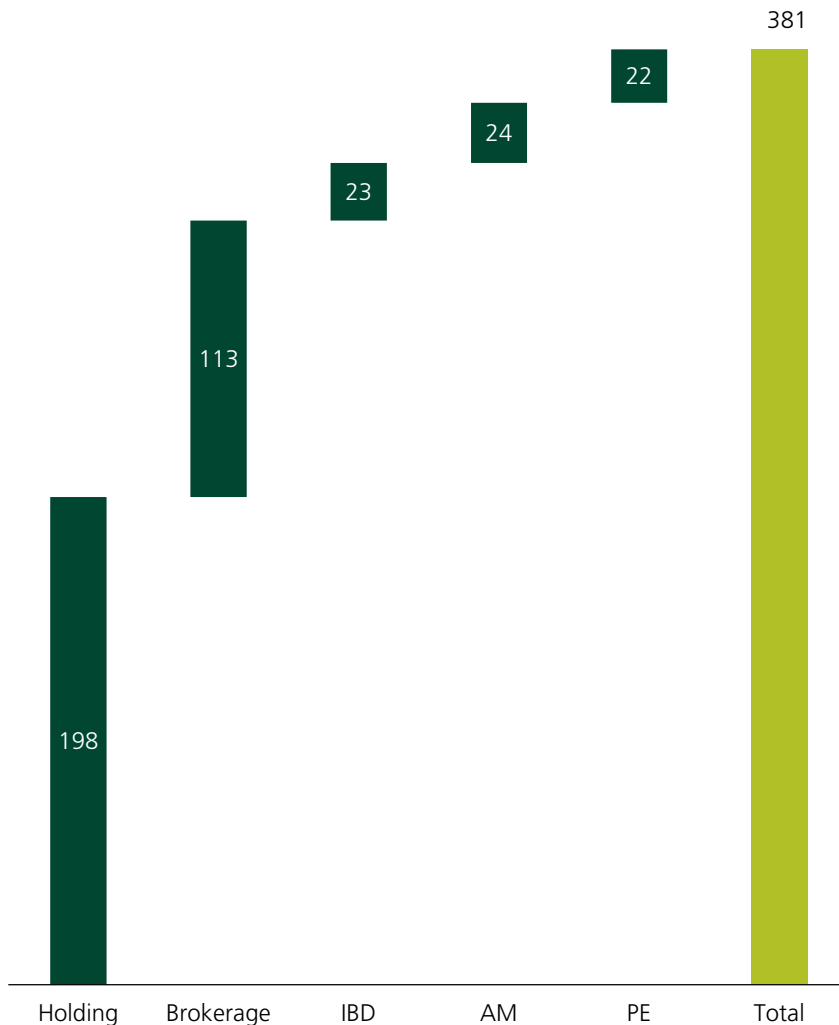
# Overview of Financial Performance

## Investment Bank | The Cost Base



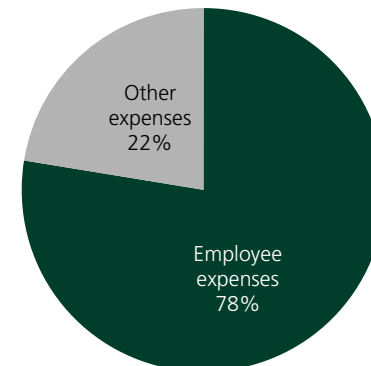
### 1H2014 Expenses <sup>(1) (2)</sup>

*In EGP million*



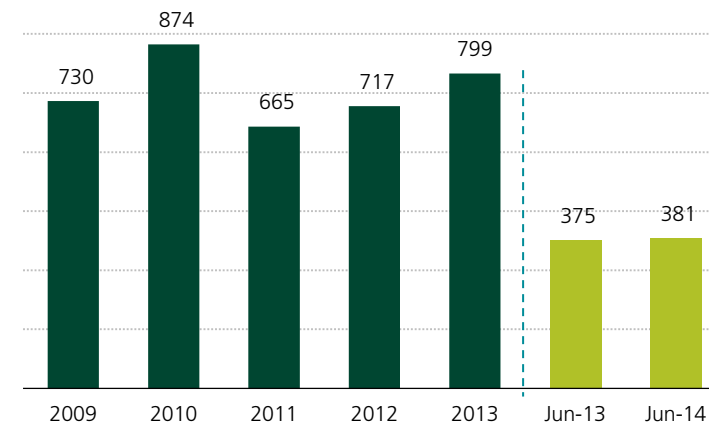
- ≡ Management's continued focus on cost control saw the employee-cost-to-income ratio fall to 39% in 2Q2014 (43% in 1H2014), far below the 74% rate recorded in the same period of last year
- ≡ Other operating expenses declined 22% Y-o-Y in 1H2014, as management continues to closely monitor the cost base and introduce/implement several cost cutting initiatives

### 1H2014 Breakdown of Expenses



### Evolution of Investment Bank Expenses

*In EGP million*



(1): Some of the business lines' expenses are booked on the Holding level, thus the above expenses do not entirely capture the divisions' full operating expenses  
 (2): Operating Expenses before deduction of taxes and minority interest

# Overview of Financial Performance

## Investment Bank | Balance Sheet



### Investment Bank Balance Sheet as at 30<sup>th</sup> of June 2014

#### Assets - Liabilities

*In EGP million*

Cash and Cash Equivalents	3,053
Asset Management Seed Capital	774
Private Equity Seed Capital	214
Fixed Assets and Real Estate	464
Other Assets	51
Receivable (Payables)	(1,035)
Goodwill	199
Other Trading and AFS Investment	172
Crédit Libanais	3,296
SODIC	137
<b>Total</b>	<b>7,325</b>

≡ The balance sheet of EFG Hermes today is well capitalized, and unleveraged with significant scope for value optimization and returning money to shareholders

≡ Impairment charges taken in 2013 see EFG Hermes entering 2014 with a clean balance sheet

# Overview of Financial Performance

Crédit Libanais | Highlights



\$8.7 bn	<b>Total Assets</b>	8.3%	<b>ROAE (after tax)</b>	13.2%	<b>Core Tier-1 <sup>(3)</sup></b>	\$753mn	<b>Total Equity</b>
\$2.8 bn	<b>Total Loans</b>	0.6%	<b>ROAA (after tax)</b>	14.8%	<b>CAR(Basel II) <sup>(3)</sup></b>	\$665mn	<b>Core Equity</b>
\$7.4 bn	<b>Total Deposits</b>	\$54mn	<b>Net Profit after tax <sup>(1)</sup></b>	79.9%	<b>NPL Coverage Ratio</b>	5.6%	<b>Loans Market Share</b>
37.1%	<b>Loans/Deposits</b>	62.7%	<b>Cost/Income <sup>(2)</sup></b>	1.6%	<b>NIM</b>	1,607	<b>Employees</b>
71	<b>Crédit Libanais branches (Lebanon – Cyprus – Bahrain – Iraq)</b>	1	<b>Credit Int'l branch (Senegal)</b>	290,000	<b>Customers served in Lebanon</b>	85	<b>ATMs across Lebanon</b>

(1) Annualized 1H2014 Net Profit After Tax  
 (2) Including extraordinary items  
 (3) As at December 2013  
 All figures are as at June 2014/2Q2014

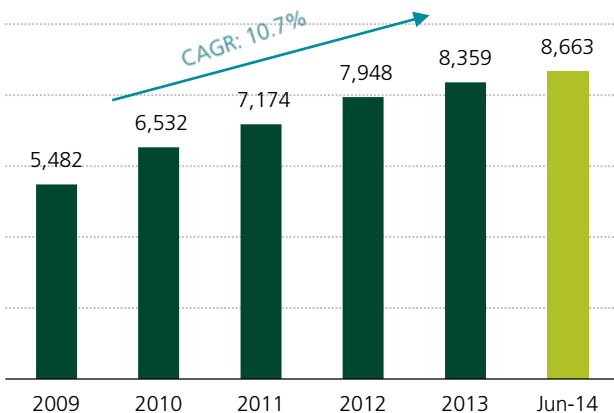
# Overview of Financial Performance

## Crédit Libanais | Balance Sheet and Asset Quality Highlights



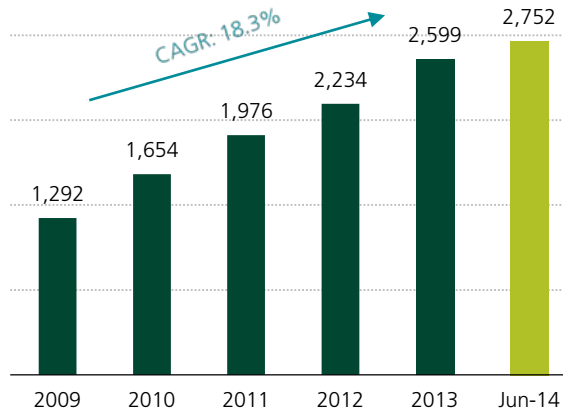
### Total Assets

In USD million



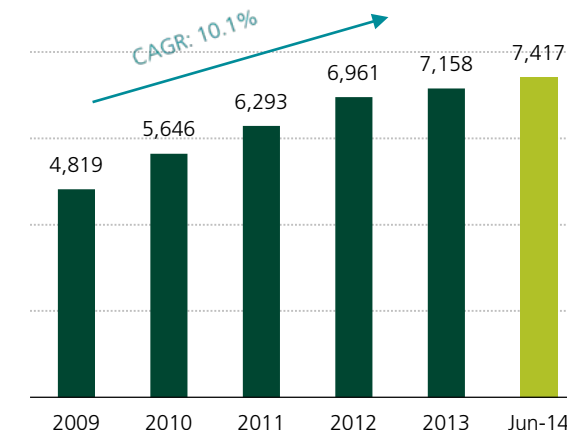
### Customer Loans

In USD million



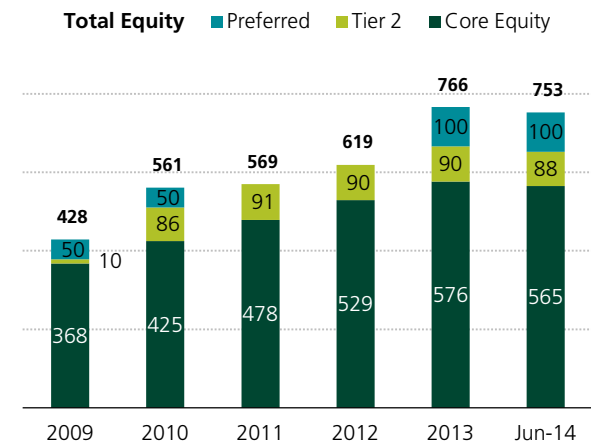
### Customer Deposits

In USD million



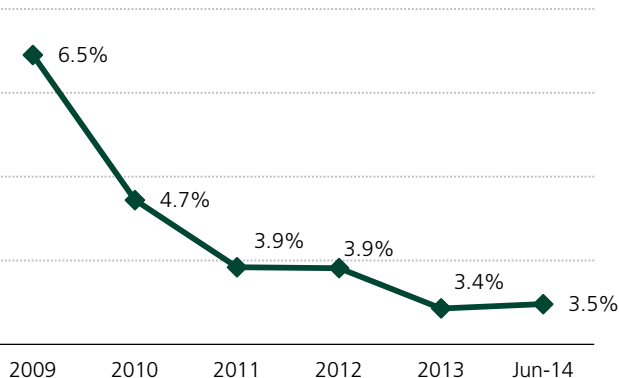
### Total Shareholders' Equity

In USD million



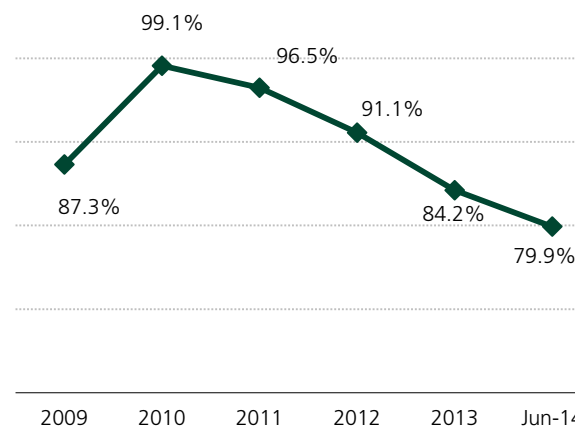
### NPL/Gross Loans

In %, unless otherwise stated



### Provisions/NPL (Coverage Ratio)

In %, unless otherwise stated



# Overview of Financial Performance

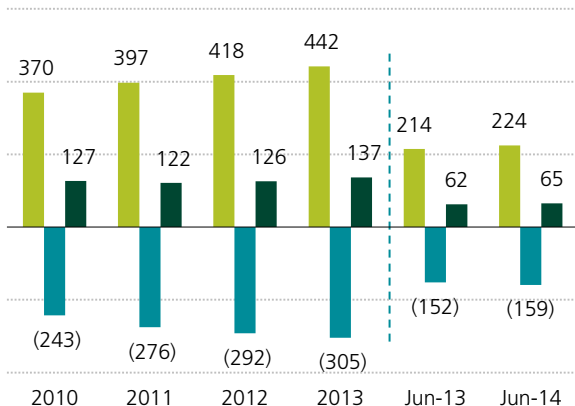
Crédit Libanais | Profitability, Performance and Capital Ratios



## Net Interest Income

In USD million

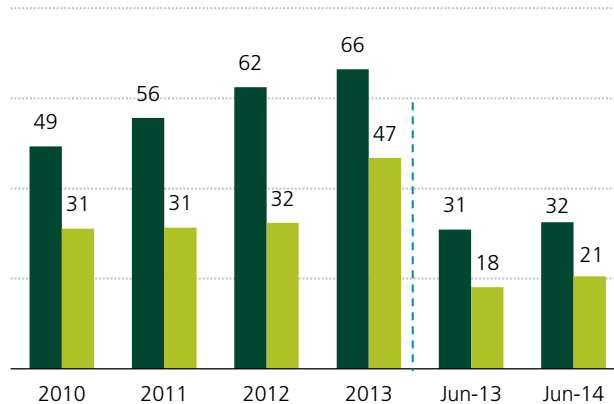
Interest Income Interest Expense Net Interest Income



## Operating Expenses

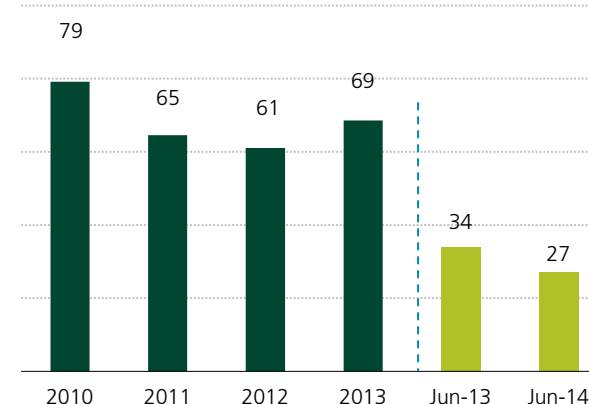
In USD million

Salaries Other Operating Expenses



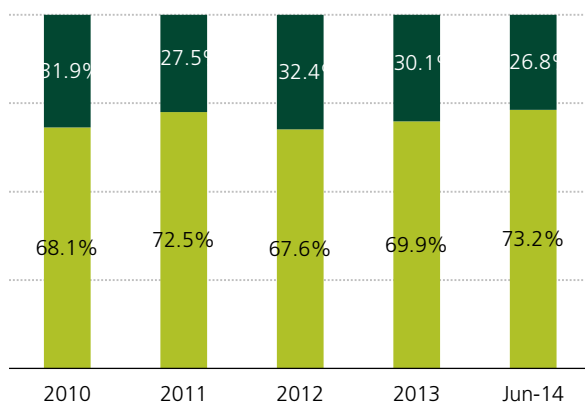
## Net Profit After Tax & Minority Interest

In USD million



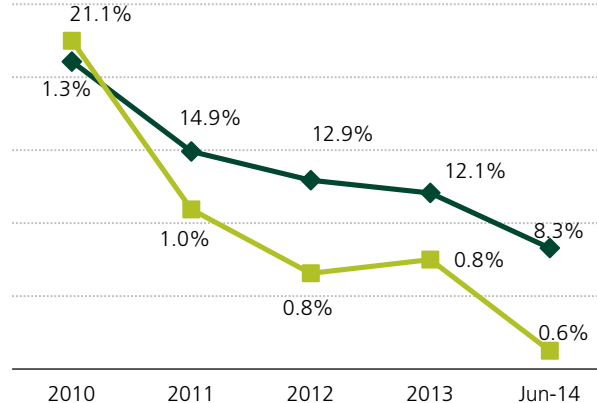
## NII versus Non Interest Income

Net Interest Income Non Interest Income



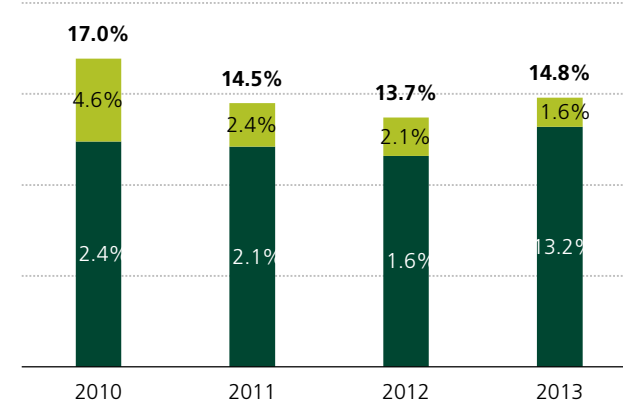
## RoAE & RoAA (after tax)

RoAE RoAA



## Capital Ratios (Basel II)

Tier 1 Ratio Tier 2 Ratio





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