

EFG HERMES REPORTS FIRST QUARTER 2015 GROUP EARNINGS OF EGP136 MILLION; ON TOTAL OPERATING REVENUE OF EGP611 MILLION

Cairo, May 13th, 2015 – EFG Hermes reported today Group net profit after tax and minority interest of EGP136 million in 1Q15 up 14% Y-o-Y. The Group operating revenue rose 7% Y-o-Y to EGP611 million in 1Q15. Total assets stood at EGP81.9 billion at the end of 1Q15.

Key Highlights

- ≡ EFG Hermes Group posted earnings growth, on the operational and bottom line levels in 1Q15, despite challenging operating environment. This quarter results affirm the success of the Group's strategy, which is founded on diversifying revenue generation and cost management.
- ≡ The Group net operating profit rose 9% Y-o-Y to reach EGP250 million in 1Q15, resulting in a Group net operating profit margin of 41% for the quarter; this came supported by higher operational profits generated from the Commercial Bank.
- ≡ With the Investment Bank and the Commercial Bank contributing positively to bottom line, the Group reported a net profit after tax and minority interest of EGP136 million, up 14% Y-o-Y in 1Q15.
- ≡ The Investment Bank operating revenue was broadly flat Y-o-Y (-1%) at EGP245 million in 1Q15; as revenue generated from Investment Banking, Asset Management and Capital Markets & Treasury Operations negated lower revenue generated from Brokerage and Private Equity.
- ≡ With ongoing cost discipline a key area of focus, the Investment Bank operating expenses remained well contained, inching down 1% Y-o-Y to EGP157 million in 1Q15. The employee expenses to operating revenues came at 46% in 1Q15.
- ≡ The Investment Bank reported a net profit after tax and minority interest of EGP67 million, up 11% Y-o-Y in 1Q15.
- ≡ Credit Libanais reported a net profit of USD17.1 million in 1Q15, up 9% Y-o-Y, reflecting improved operational efficiency on the back of higher net interest income and contained expenses. The Bank's total assets stood at USD9.3 billion with a loan-to-deposit ratio of 36.5%.

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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 million</i>	Group Financial Highlights				
	1Q15	4Q14	1Q14	Q-o-Q	Y-o-Y
Group Operating Revenue	611	702	572	-13%	7%
Investment Bank	245	298	246	-18%	-1%
Commercial Bank	366	404	325	-9%	13%
Group Operating Expenses	361	441	343	-18%	5%
Investment Bank	157	218	159	-28%	-1%
Commercial Bank	204	223	184	-9%	11%
Group Net Operating Profit	250	261	229	-4%	9%
Investment Bank	88	80	87	10%	1%
Commercial Bank	162	181	142	-10%	14%
Group Net Operating Margin	41%	37%	40%		
Investment Bank	36%	27%	35%		
Commercial Bank	44%	45%	44%		
Group Net Profit After Tax & Minority Interest	136	131	119	4%	14%
Investment Bank	67	54	60	25%	11%
Commercial Bank	69	77	59	-10%	17%

Source: EFG Hermes Management Accounts

On the operational level, the Group reported a net operating profit of EGP250 million, up 9% Y-o-Y; and a Group net operating profit margin of 41% in 1Q15. This came supported by the Commercial Bank, which reported a net operating profit of EGP162 million, up 14% Y-o-Y in 1Q15. The Investment Bank operational performance was unchanged, with net operating profit inching up 1% to EGP88 million.

Worth mentioning, that the improvement in the Commercial Bank contribution to the Group's profitability reflects real growth in the Bank's operations and to some degree, fx-gains realized from currency translation, as the EGP weakened against the USD.

The Group reported a net profit after tax and minority "NPAT" of EGP136 million, up 14% Y-o-Y, on the back of improved bottom line reported by the Investment Bank and the Commercial Bank. The Investment Bank NPAT rose 11% Y-o-Y to EGP67 million and the Commercial Bank added 17% Y-o-Y to EGP69 million. The Investment Bank generated 49% of the Group's net profit, while the Commercial Bank generated the remaining 51%.

ii. Investment Bank Financial Performance

<i>in EGP millions</i>	Investment Bank Financial Highlights				
	1Q15	4Q14	1Q14	Q-o-Q	Y-o-Y
Total Operating Revenue	245	298	246	-18%	-1%
Total Operating Expenses	157	218	159	-28%	-1%
Net Operating Profit	88	80	87	10%	1%
Net Operating Margin	36%	27%	35%		
Net Profit After Tax & Minority Interest	67	54	60	25%	11%

Source: EFG Hermes Management Accounts

Operationally, the Investment Bank performance was muted Y-o-Y in 1Q15, with revenues and expenses virtually flat Y-o-Y. The Investment Bank operating revenue slipped 1% Y-o-Y to EGP245 million and the operating expenses inched down 1% to EGP157 million, translating into a net operating profit of EGP88 million, up 1% Y-o-Y.

On a bottom line basis, the Investment Bank reported a net profit after tax and minority of EGP67 million, up 11% Y-o-Y. The improvement in the bottom line is attributed to lower taxes booked Y-o-Y, as 1Q14 included deferred taxes which is no longer needed to be formed in 2015, in addition to lower taxable income reported in 1Q15 as Egypt operations weakened.

<i>in EGP million</i>	Investment Bank Revenue				
	1Q15	4Q14	1Q14	Q-o-Q	Y-o-Y
Brokerage	84	109	115	-23%	-27%
Egypt	50	66	64	-24%	-22%
Regional	34	43	51	-21%	-34%
Asset Management	38	109	30	-65%	25%
Egypt	9	17	8	-48%	12%
Regional	29	92	22	-69%	30%
Investment Banking	27	41	11	-34%	143%
Egypt	7	10	0	-32%	N/M
Regional	20	31	11	-34%	84%
Private Equity (Egypt)	23	10	26	124%	-8%
Capital Markets & Treasury Operations	72	28	64	158%	13%
Total Operating Revenue	245	298	246	-18%	-1%

*Brokerage revenue highlighted above represents entities and not markets

Source: EFG Hermes Management Accounts

The Investment Bank operating revenue was broadly flat Y-o-Y at EGP245 million in 1Q15; as revenue generated from Investment Banking, Asset Management and Capital Markets & Treasury Operations negated lower revenue generated from Brokerage and Private Equity.

Investment Banking revenue rose 143% Y-o-Y to EGP27 million in 1Q15 on higher advisory revenue generated from Egypt and the region, while Asset Management and Capital Markets & Treasury Operations revenues rose on higher fx-gains, with the former adding 25% Y-o-Y to EGP38 million and the latter rising 13% Y-o-Y to EGP72 million.

On the other hand, Brokerage revenue declined 27% Y-o-Y to EGP84 million on lower brokerage commissions as volumes contracted in most of our executable markets, and Private Equity revenue lost 8% Y-o-Y to EGP23 million on lower management fees.

iii. Investment Bank Operating Expenses

<i>In EGP millions</i>	Investment Bank Operating Expenses				
	1Q15	4Q14	1Q14	Q-o-Q	Y-o-Y
Employee Expenses	112	152	123	-26%	-9%
Employee Expenses/Operating Revenue	46%	51%	50%		
Employee Expenses/Operating Expenses	71%	69%	77%		
Number of Employees	840	825	807	2%	4%
Other Operating Expenses	45	67	37	-32%	23%
Other Operating Expenses/Operating Revenue	19%	22%	15%		
Other Operating Expenses/Operating Expenses	29%	31%	23%		
Total Operating Expenses	157	218	159	-28%	-1%

Source: EFG Hermes Management Accounts

Total operating expenses inched down 1% Y-o-Y to EGP157 million, on lower employees expenses.

The employee expenses declined 9% Y-o-Y to EGP112 million, despite a 4% Y-o-Y increase in the headcount, reflecting the higher comparable quarter, 1Q14 which included one-off expenses related to the business restructuring. It is important to note, that the increase in the headcount reflects, to some extent, the new hires for the Leasing business, which started operations in May and is expected to contribute to the top line in the future. The employee expenses to operating revenues came at 46%.

Other operating expenses rose 23% Y-o-Y to EGP45 million in 1Q15. Promotional and advertising expenses rose 126% Y-o-Y to EGP6.5 million, this was attributed to more events (Egypt Economic Summit) and higher costs. Travel expenses increased 27% Y-o-Y to EGP4.4 million, largely related to roadshows and IPOs, which are reimbursed later. Consultancy and service fees rose 54% Y-o-Y to EGP6.7 million, data communication expense rose 32% Y-o-Y to EGP9.0 million, telephone/fax/mobile expenses increased 52% Y-o-Y to EGP1.9 million, and office expenses rose 6% Y-o-Y to EGP4.5 million. Alternatively, general expenses declined 15% Y-o-Y to EGP3.0 million and occupancy expenses decreased 5% Y-o-Y to EGP9.2 million.

II. OPERATIONAL PERFORMANCE

i. Brokerage

First quarter of 2015 was a slow quarter, with liquidity declining in most of our main markets. EFG Hermes total executions came at USD7.8 billion in 1Q15 down 36% Y-o-Y and 31% Q-o-Q. Brokerage revenues declined 27% Y-o-Y and 23% Q-o-Q to EGP84 million on the back of the declining volumes.

in EGP million	Brokerage Revenue				
	1Q15	4Q14	1Q14	Q-o-Q	Y-o-Y
Egypt	50	66	64	-24%	-22%
UAE	19	26	31	-27%	-40%
KSA	5	6	5	-24%	-7%
Oman	3	4	3	-17%	-12%
Kuwait	6	6	9	-1%	-38%
Jordan	2	2	2	11%	-21%
Total Revenue	84	109	115	-23%	-27%

*Revenue highlighted above represents entities and not markets.

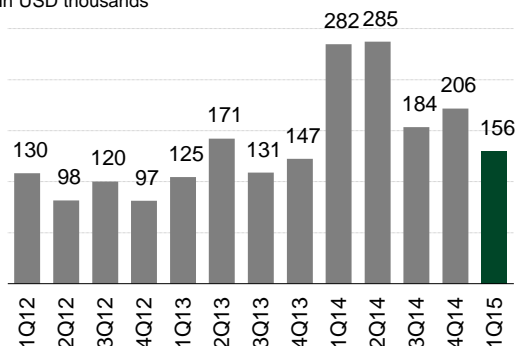
Source: EFG Hermes Management Accounts

In terms of pure market commissions, Egypt continues to be the main contributor to brokerage revenue, generating 39% of total Brokerage commissions in 1Q15, while regional markets represented the remaining 61%.

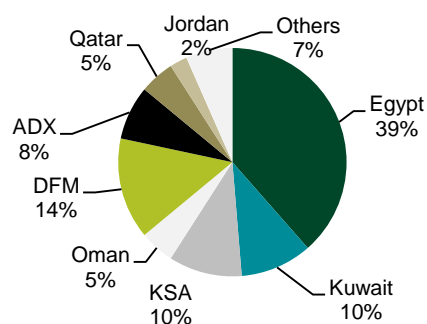
Average daily commissions declined 24% Q-o-Q and 45% Y-o-Y in 1Q15, reflecting the declining volumes.

Average Daily Commissions

In USD thousands



Commissions Breakdown by Market



*Based on 1Q15 figures

<i>in USD million</i>	Brokerage Market Share & Executions				
	1Q15	4Q14	1Q14	Q-o-Q	Y-o-Y
Egypt					
Market share	27.9%	27.7%	26.4%	0.2%	1.5%
Executions	1,431	1,877	3,084	-23.7%	-53.6%
UAE - DFM					
Market share	14.2%	17.4%	9.9%	-3.2%	4.3%
Executions	1,473	3,131	2,958	-53.0%	-50.2%
UAE - ADX					
Market share	24.6%	22.8%	12.8%	1.8%	11.7%
Executions	910	1,223	1,820	-25.6%	-50.0%
KSA					
Market share	0.9%	1.5%	0.9%	-0.6%	0.0%
Executions	1,411	1,947	1,099	-27.5%	28.4%
Kuwait					
Market share	24.3%	22.8%	26.8%	1.6%	-2.5%
Executions	1,108	1,118	1,815	-0.9%	-38.9%
Oman					
Market share	20.0%	19.8%	14.3%	0.2%	5.7%
Executions	213	285	250	-25.4%	-14.8%
Jordan					
Market share	6.9%	7.5%	9.5%	-0.6%	-2.6%
Executions	63	58	102	7.6%	-38.8%

*Executions in Qatar, Nasdaq Dubai, Bahrain, Morocco and Lebanon represent an additional 15% of total Brokerage executions in 1Q15

Source: EFG Hermes and Regional Exchanges

Egypt: EFG Hermes maintained its strong market share and leadership position on the EGX, remaining as the #1 ranked broker with a market share of 27.9% in 1Q15. EFG-Hermes successfully captured 25.9% of foreign participation and around 19.1% of the retail business in 1Q15.

EFG-Hermes held its flagship One-On-One conference in Dubai during March where the conference brought together 450 fund managers from over 200 financial institutions in 28 countries with aggregate AUM of over USD 10 trillion, conducting over 7000 meetings with 107 MENA companies.

During 1Q15, EFG Hermes completed the placement of USD185 million capital increase for Orascom Construction in which the book was covered multiple times. Furthermore, EFG Hermes concluded the much-anticipated USD267 million IPO of EDITA where the private tranche was covered 13.4 times generating around USD3 billion in demand.

UAE – Dubai: EFG Hermes market share declined to 14.2% in 1Q15, as its retail business declined Q-o-Q. This came on the back of the sharp decline in the market during 4Q, which triggered margin calls and liquidation to some portfolios. The firm's ranking came in 4th place in 1Q15 from 3rd a quarter earlier.

UAE – ADX: EFG Hermes market share improved to reach 24.6% in 1Q15 supported the institutional investors, which continued to dominate the market. The Institutional business market share improved to 23.3% in 1Q15 versus 20.1% in 4Q14, while the HNW inflow declined to 0.3% from 1.0% and the retail business market share declined to 0.8% from 1.6% a quarter earlier. The firm maintained its 2nd place ranking in 1Q15.

Saudi Arabia: EFG Hermes market share came at 0.9% in 1Q15 with a 1st place ranking among foreign brokers. The market continues to be dominated by retail investors with the percentage of foreign institutions participation via participatory notes not exceeding an average of 1.8% for 1Q15.

The team is currently preparing its systems and the legal documents required for the market opening up to foreign investors while continuing to target Saudi HNW clients to expand its client base as these clients

represent the majority of the Saudi market. Furthermore, the team is increasing its focus on GCC HNW and Institutions clients as most of those clients prefer a one-stop shop in the region.

Kuwait: EFG Hermes clawed back its market share in 1Q15 on the Kuwaiti Exchange, reporting a market share of 24.3% in 1Q15 from 22.8% a quarter earlier; moreover ranking improved to 2nd place in 1Q15 versus 4th place a quarter earlier. This came on increased client acquisitions locally as well as capturing the major portion of foreign institutional investors flows into Kuwait.

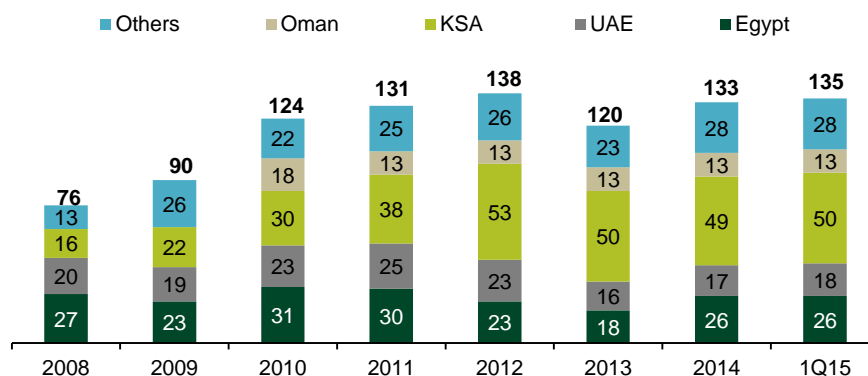
The firm continues to work diligently to make use of its new Iphone & Ipad online trading applications that have started to show effect on client acquisitions. The firm is well positioned to continue growing its market share given the healthy mix of its client base that ranges between local and foreign institutions as well as local retail and HNW clients in addition to its online trading platform.

Oman: EFG Hermes market share rose to 20.0% in 1Q15 from 19.8% a quarter earlier, largely due to the noticeable increase in foreign and local institutions activity in Oman. In terms of ranking, EFG-Hermes Oman was ranked 4th in 1Q15.

Jordan: EFG Hermes market share came at 6.9% in 1Q15 from 7.5% a quarter earlier, mainly on the back of lower contribution of foreign activity, especially in the first two months of the quarter. This resulted in a ninth place ranking in 1Q15.

ii. Research

Research Coverage Universe



Source: EFG Hermes

The Research department coverage reached 135 companies at the end of 1Q15, distributed across the region (Egypt 26, UAE 18, KSA 50, Kuwait 7, Oman 13, Qatar 9, Lebanon 3, Morocco 3, Jordan 5 and Netherlands 1). Currently EFG Hermes covers 59% of the regional market capitalization.

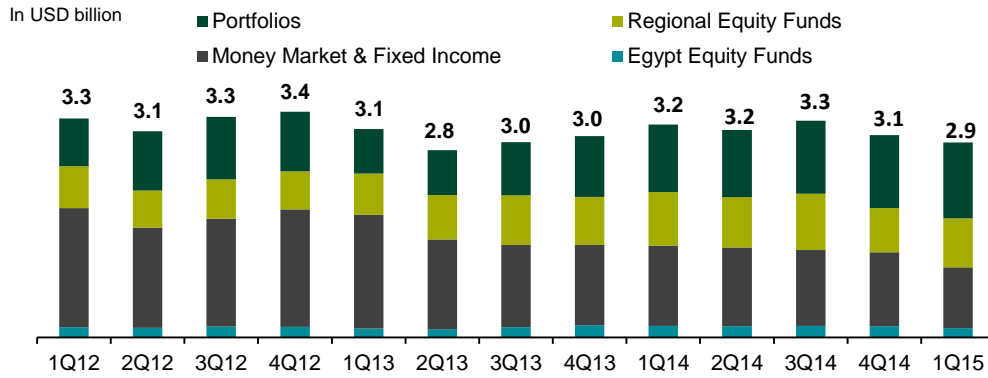
The research department covers 11 economies from a macro level and 8 countries in terms of regular strategy notes. In addition, the research team issues regular publications, including daily morning round-ups, after end of session wrap-ups and a regional monthly product.

EFG Hermes Research offers investors the research portal. Available to EFG Hermes clients, Research Online provide both simple and advanced search functionality and access to EFG Hermes Research’s full three-year product archive.

EFG Hermes Research played a significant role in providing investment research and marketing roadshows for the Investment Banking’s Initial Public Offerings (IPOs) made during the quarter.

iii. Asset Management

Development of Assets under Management



Source: EFG Hermes Asset Management

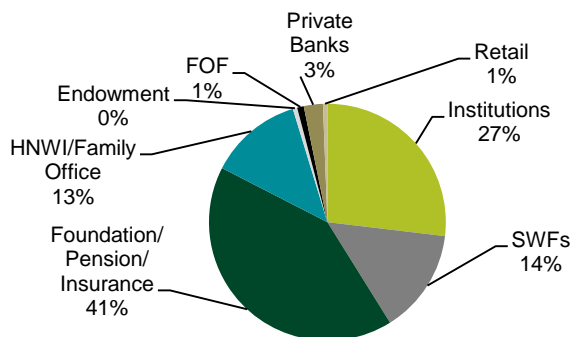
EFG Hermes Assets under Management stood at USD2.9 billion at the end of 1Q15, down 3.5% Q-o-Q. The decline in AuMs was in part attributed to net outflows, which represented 2.4% of the decline in AuMs, and to markets contracting which represented the remaining 1.1%.

The majority of the outflows were in local MMFs, which saw redemptions reach 4.8% of total AuMs; however, this was partially offset by inflows in Regional funds and portfolios representing 2.9% of total AuMs. In terms in performance, the Egyptian market weakened wiped-off the improvement in Regional markets' performance during 1Q15.

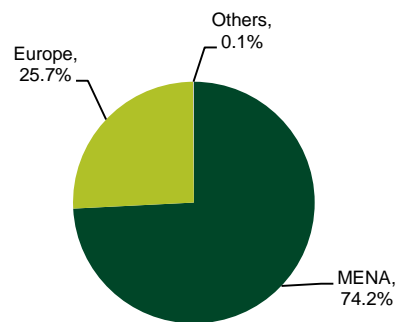
The Asset Management clients' base remained well diversified with special focus on long-term and institutional clients. During 1Q15 major changes included: HNWI/Family Office clients representing 12.7% from 12.0% a quarter earlier and Institutional clients representing 26.8% of total AuMs versus 26.5% a quarter earlier. Alternatively, SWF clients represented 14.2% of total AuMs versus 14.7% a quarter earlier.

In terms of funds origination, there was broadly no investors' mix change during 1Q15.

Assets under Management by Type of Client



Assets under Management by Geography



iv. Investment Banking

During 1Q15, EFG Hermes Investment Banking successfully closed and executed three landmark transactions in Egypt and the UAE, in addition to building a healthy pipeline of transactions for the remainder of 2015. Moreover, the team successfully concluded Edita's USD267 million initial public offering during 1Q15, however, its fees will be booked in 2Q15.

EFG Hermes Investment Banking completed the precedent setting demerger and subsequent dual listing of OCI N.V.'s construction business, Orascom Construction Limited, through a USD1.4 billion share capital reduction and distribution to OCI N.V. shareholders, with a primary listing on Nasdaq Dubai where the distributed shares were relocated and a secondary listing on the Egyptian Stock Exchange by means of USD185 million capital increase. This transaction represented the first dual listing between Nasdaq Dubai & the Egyptian Stock Exchange with shares fully fungible between the two exchanges.

Additionally, the department executed Egypt's first real estate backed security offering, acting as the joint financial advisor & underwriter to Amer Group for a total consideration of USD28 million. Finally, the team was the sell-side advisor on the sale of Schweppes to The Coca Cola Company.

v. Private Equity

Assets under management stood at USD0.7 billion at the end of 1Q15, a decrease of 13% compared to the previous the quarter. The decrease is mostly attributed to the fluctuation in share price of portfolio companies in the oil & gas sector. The private equity team will continue its divestment strategy of ECPIII seeking lucrative exits while at the same time executing its investments themes encompassing sectors such as infrastructure, energy, real estate and consumer driven sector plays.

III. COMMERCIAL BANK

<i>In USD million</i>	Key Financial Highlights and Ratios						
	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
Balance Sheet:							
Total Assets	9,335	9,162	8,972	8,663	8,553	2%	9%
Cash and due from banks	2,651	2,760	2,647	2,371	2,300	-4%	15%
Loans	2,873	2,856	2,775	2,752	2,669	1%	8%
Deposits	7,872	7,739	7,637	7,417	7,293	2%	8%
Shareholders' Equity:	808	794	770	753	777	2%	4%
Tier 1 capital	721	704	681	665	691	2%	4%
Tier 2 capital	85	86	86	86	85	-1%	0%
P&L:							
Net Interest Income:	35.4	39.4	35.0	31.9	33.4	-10%	6%
Interest Income	122.6	124.7	119.5	112.7	111.5	-2%	10%
Interest Expense	(87.1)	(85.3)	(84.5)	(80.8)	(78.2)	2%	11%
Net Fee and Commission Income	9.1	8.9	10.0	9.3	9.2	2%	0%
Trading Income	3.6	5.8	3.4	1.3	3.6	-38%	1%
Pre-Provisioning Income	48.4	57.2	48.7	43.0	46.2	-15%	5%
Provisions	(2.0)	(5.6)	(2.1)	(1.4)	(1.4)	-64%	41%
Recoveries/collections	0.3	1.6	1.3	0.7	0.2	-82%	19%
Net Provisions	(1.7)	(4.1)	(0.8)	(0.7)	(1.2)	-58%	45%
Net Operating Income	46.6	53.2	47.9	42.3	45.0	-12%	4%
Staff Cost	17.2	19.6	17.3	16.5	16.0	-12%	7%
General Expenses	8.8	8.7	10.8	10.9	9.6	1%	-8%
Total Operating Expenses	27.7	30.1	29.9	29.1	27.3	-8%	1%
Net Income after Tax	17.1	21.1	15.9	11.6	15.6	-19%	9%
Net Income less preferred shares*	15.3	19.3	14.2	9.8	13.9	-21%	11%
Ratios:							
Net Interest Margin	1.6%	1.7%	1.6%	1.6%	1.7%	(0.1)	(0.1)
Cost-to-income**	57.1%	59.3%	62.1%	62.7%	58.9%	(2.2)	(1.8)
Loans-to-deposits	36.5%	36.9%	36.3%	37.1%	36.6%	(0.4)	(0.1)
NPL / Gross Loans	3.7%	3.6%	3.3%	3.5%	3.3%	0.1	0.4
Provision Cover	76.9%	78.5%	81.2%	79.9%	86.1%	(1.6)	(9.3)
ROAE (after- tax)	9.7%	9.8%	8.8%	8.3%	9.3%	(0.1)	0.4
ROAA (after-tax)	0.7%	0.7%	0.7%	0.6%	0.7%	0.0	0.0
Core Tier 1 Capital Ratio***	N/A	14.4%	N/A	14.3%	N/A	N/R	N/R
Total Capital Adequacy Ratio***	N/A	15.8%	N/A	16.0%	N/A	N/R	N/R

* Preferred shares dividends for FY14 are approved in the AGM

** Includes extraordinary items

*** Calculations for FY14 ratios include net profits which are approved in the AGM

Source: Credit Libanais

i. Results in Context

Credit Libanais posted income after tax of USD17.1 million for 1Q15, representing a 19% Q-o-Q decline and a 9%Y-o-Y increase. The Q-o-Q decline reflects the seasonal irregularities included annually in the 4Q results affecting both revenue and expense lines.

With loans and deposits growing at roughly similar rates both Q-o-Q and Y-o-Y, 1%-2% and 8% respectively, NII continues to be boosted by high-yield long-term placements with the Central Bank, while commission income remains steady. Clearly though interest expense continue to grow faster than interest income in view of the ever increasing competition for deposits. Blended yield on loans rose Q-o-Q, driven by the higher yield on foreign currency loans, which represent 60% of total loans.

Cost of credit continues to be at low levels with the NPL ratio at 3.7% and with provision cover slightly lower at 77%.

Total operating expenses grew 1% Y-o-Y with general expenses declining 8% Y-o-Y, offsetting and in line with inflation increase in staff costs of 7%.

The cost/income ratio at 57.1% posted a decline of 3% Q-o-Q and Y-o-Y and the loans/deposits posted a marginal decline to 36.5%. The former reflects primarily the solid performance in controlling expenses and the latter reflects the emphasis given to increasing the Central Bank high yielding placements versus increase in lending.

The bank continues to be well capitalized, meeting all the Central Bank capital adequacy criteria but continues to have "below par" ROE and ROA of 9.7% and 0.7%, respectively, due to its continued high expense base as reflected by the cost/income ratio.

ii. Selected Financial & Qualitative Information

≡ Assets

Total assets reached USD9.3 billion at end of 1Q15, up 9% Y-o-Y and 2% Q-o-Q.

Composition of assets changed Q-o-Q, with securities contribution to total assets increasing to represent 38% of total assets from 36% a quarter earlier; this was mainly on the account of cash which declined to 28% of total assets in 1Q15 from 30% a quarter earlier. Meanwhile, loans was broadly unchanged to represent 31% of total assets.

Total assets allocation by business lines was largely unchanged over 1Q15. With corporate banking accounting for 16.6% down from 17.2% at the end of 4Q14. Retail banking was essentially unchanged at 20.4% while investment banking accounted for 1.1%. On the other hand, capital markets and treasury increased slightly to 62.0% from 61.3% a quarter earlier.

≡ Loans

Total Loans rose to USD2.9 billion at the end of 1Q15, an increase of 1% Q-o-Q and 8% Y-o-Y.

<i>In USD million</i>	Loans by Type						
	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
Loans	2,873	2,856	2,775	2,752	2,669	0.6%	7.6%
Corporate	1,424	1,448	1,363	1,368	1,314	-1.6%	8.4%
Retail	1,162	1,129	1,130	1,103	1,074	2.9%	8.2%
SME	287	279	272	281	281	2.8%	2.0%

Source: Crédit Libanais

Loan growth by type: The growth in the loan book over 1Q15 was up 1%, mainly attributed to retail loan growth, which rose 3% Q-o-Q. SME loans grew 3% Q-o-Q; yet, the size of the SME book remains limited. Corporate loans contracted 2% Q-o-Q.

Loan distribution by type: Loan book distribution slightly changed over the quarter. Corporate loans contribution to total loans decreased to 49.6% in 1Q15 from 50.7% a quarter earlier. Retail loans to total loans represented 40.4% compared to 39.5% a quarter earlier, while SME loans remained virtually unchanged, representing 10.0% in 1Q15 from 9.8% a quarter earlier.

Loan distribution by sector: The change in loans distribution across economic sectors was broadly unchanged Q-o-Q, with Personal and consumer sector representing 44.6% of total loans. Industrial and agricultural loans representing another 14.5% and 1.7%, respectively, whereas loans to trade and construction sectors 29.0% and 9.9%, respectively.

Loan quality: NPL ratio slightly increased to 3.7% in 1Q15 compared to 3.6% a quarter earlier. Provision cover declined to 76.9% compared to 78.5% at the end of 4Q14.

Loans by currency: The loan book was split at the end of the year at 39/61 between local and foreign currency, with a marginal change Q-o-Q.

Yield on Loans: Average yields declined, with average blended rate on loans increasing to 6.81% in 1Q15 from 6.72% in 4Q14. The yield on FC denominated loans rose to 6.86% from 6.72% a quarter earlier. Meanwhile, yield on LBP denominated loans declined to 6.75% from 6.83% a quarter earlier.

☰ Deposits

Deposits rose to USD7.9 billion at the end of 1Q15, an increase of 2% Q-o-Q and 8% Y-o-Y.

<i>In USD million</i>	Deposits By Type						
	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
Deposits	7,872	7,739	7,638	7,417	7,293	1.7%	7.9%
Savings	4,357	4,280	4,249	4,269	4,248	1.8%	2.6%
Term	2,721	2,630	2,557	2,370	2,283	3%	19.2%
Sight	793	829	832	778	763	-4.3%	4.0%

Source: Crédit Libanais

Deposits contribution by type: Saving deposits and term deposits were the main contributors to the deposits growth, increasing 2% Q-o-Q and 3% Q-o-Q, respectively. At the end of 1Q15, savings deposits represented 55.4% of the total deposits base, while term deposits represented 34.6% and sight deposits the remaining 10.1%.

Deposits by sector: By the end of 1Q15, deposits were split 81%/19% between retail and corporate, respectively, with no change Q-o-Q.

Deposits by currency: Deposits split at the end of the year was 46/54 between local and foreign currency, unchanged Q-o-Q.

Cost of deposits: Cost of deposits continued to increase in 1Q15, largely due to the strong competition between banks to collect deposits. The cost of deposits for the LBP deposits rose to 5.75% from 5.71% a quarter earlier and the FC deposits increased to 3.50% from 3.31%; thus resulting in an average blended rate of 4.53% from 4.44% in 4Q14.

☰ Loans/Deposits ratio

The loans/deposits ratio declined slightly to 36.5% in 1Q15 from 36.9% a quarter earlier, as deposits grew slightly faster than loans.

☰ Net Interest income

Net Interest income came at USD35.4 million, down 10% Q-o-Q and up 6% Y-o-Y. The decline on a quarterly basis was mainly due to fourth quarter including a year-end credit of current account interest income. On a Y-o-Y basis, the 6% increase reflects the high yielding long-term placements that were made during the 2H14.

☰ Fee & Commission Income

Fees and commissions came at USD9.1 million in 1Q15, up 2% Q-o-Q and flat Y-o-Y.

☰ Trading income

Trading Income came at USD3.6 million in 1Q15, down 38% Q-o-Q and up 1% Y-o-Y. The decline on a Q-o-Q basis, reflect the relatively high 4Q14, which included an exceptionally high revenue realized from trading activity.

☰ Net Provisions

Net provisions came at USD1.7 million in 1Q15, down 58% Q-o-Q and up 45% Y-o-Y. Worth noting that 4Q14 provisions included a one-off charge of USD1.8 million resulting from new BDL regulations. CL ended the quarter with an NPL ratio of 3.7% and a coverage ratio of 76.9%.

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

Net operating income came at USD46.6 million in 1Q15, down 12% Q-o-Q and up 4% Y-o-Y. The increase in the Y-o-Y net operating income came on the back of higher net interest income and despite the higher Y-o-Y provisions. Meanwhile, the quarterly decline reflects the exceptionally higher net interest income and trading income booked in 4Q14.

☰ Total Operating Expenses

Total operating expenses declined 8% Q-o-Q and rose 1% Y-o-Y to USD27.7 million.

☰ Net Income

Net income declined 19% Q-o-Q and rose 9% Y-o-Y to USD17.1 million in 1Q15. On a Y-o-Y basis, the higher net income was generated on the back of higher operating income, namely net interest income; and the contained expenses.

☰ Cost/Income Ratio

Cost-to-income declined to 57.1% in 1Q15 from 58.9% a year earlier, mainly on the back of Y-o-Y higher revenues and maintained costs.

☰ Net Interest Margin

NIMs slightly dropped to 1.6% from 1.7% a year earlier.

☰ Branch Productivity and Efficiency ratios

	Branch Productivity						
	1Q15	4Q14	3Q14	2Q14	1Q14	Q-o-Q	Y-o-Y
Employees/Branch	22	23	23	23	23	-3.8%	-3.8%
Loans/Branch (USD mn)	39	40	39	39	38	-0.8%	3.2%
Deposits/Branch (USD mn)	108	108	108	105	104	0.3%	3.5%
Revenue/Employee (USD thousand)	30	35	30	26	29	-14.7%	4.2%

Source: Crédit Libanais

iii. International Operations

High level financial highlights:

SENEGAL

Credit International reported a net profit of USD197 thousand in 1Q15 from USD61 thousand in 1Q14 and down from USD320 thousand a quarter earlier.

Balance sheet highlights:

Total Assets: USD63.7 million

Loans : USD31.7 million

Deposits : USD40.7 million

IRAQ

The Iraq operations reported a net loss of USD273 thousand in 1Q15 versus a net loss of USD139 thousand in 1Q14 and a net loss of USD816 thousand a quarter earlier.

Balance sheet highlights:

Total Assets: USD55.0 million

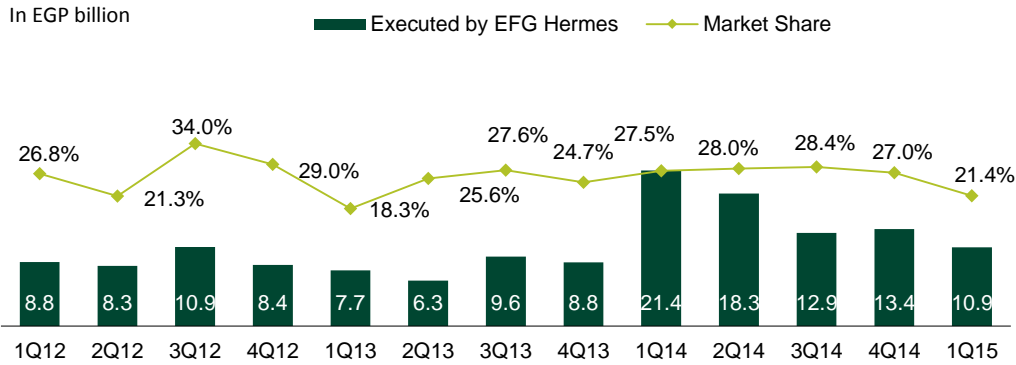
Loans : USD7.2 million

Deposits : USD10.2 million

IV. ANNEX

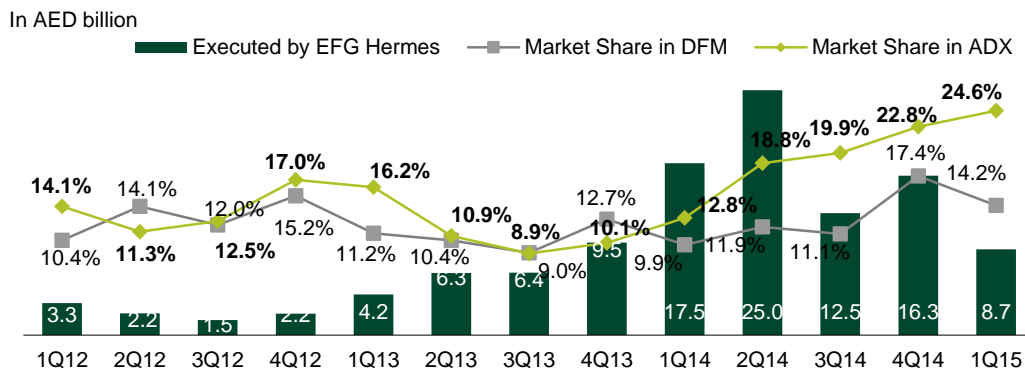
Markets Performance and EFG Hermes Executions & Market Shares

Egypt:



The Egyptian equities market performance was muted in 1Q15, with the Hermes Financial Index (HFI) inching down 1% Q-o-Q; however, volumes rose 16% Q-o-Q.

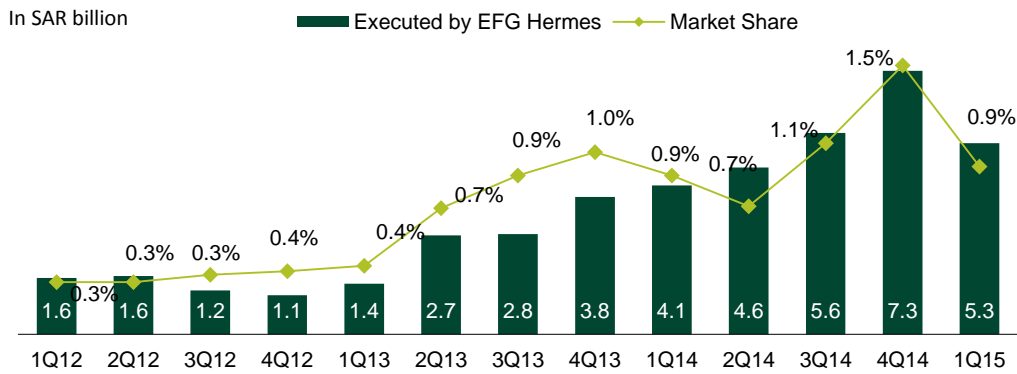
UAE



DFM: It was another slow quarter on the Dubai Financial Market, with the General Index (DFMGI) declining 7% Q-o-Q and the turnover contracting 42% Q-o-Q in 1Q15.

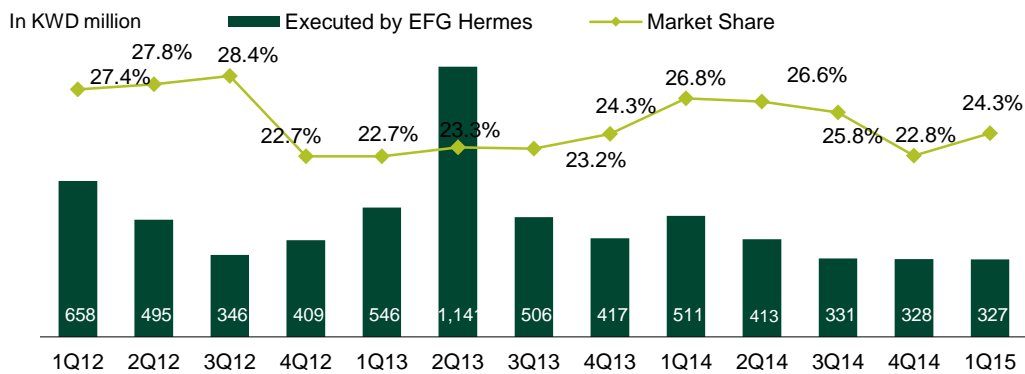
ADX: In 1Q15, the Abu Dhabi Index (ADI) was broadly flat, down 1% Q-o-Q, while volumes dropped 35% Q-o-Q.

KSA:



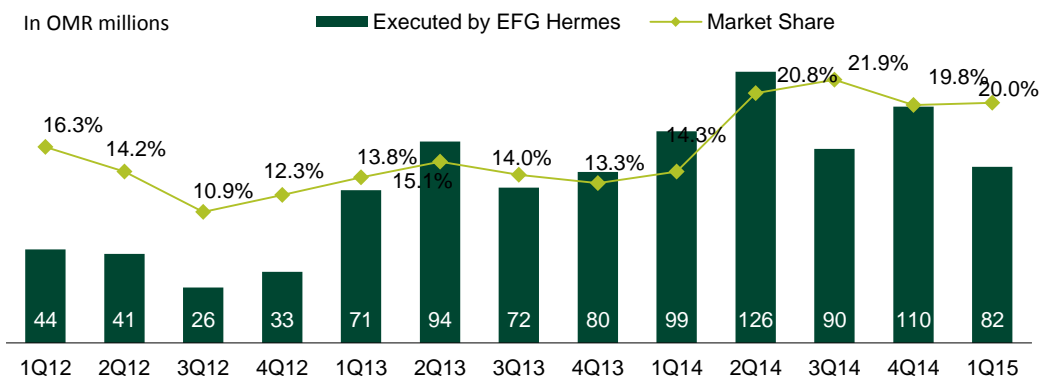
After retreating in 4Q14, the Saudi Market changed direction in 1Q15, with the Tadawul All Share Index (TASI) adding 5% Q-o-Q and volumes increasing 16% Q-o-Q.

Kuwait:



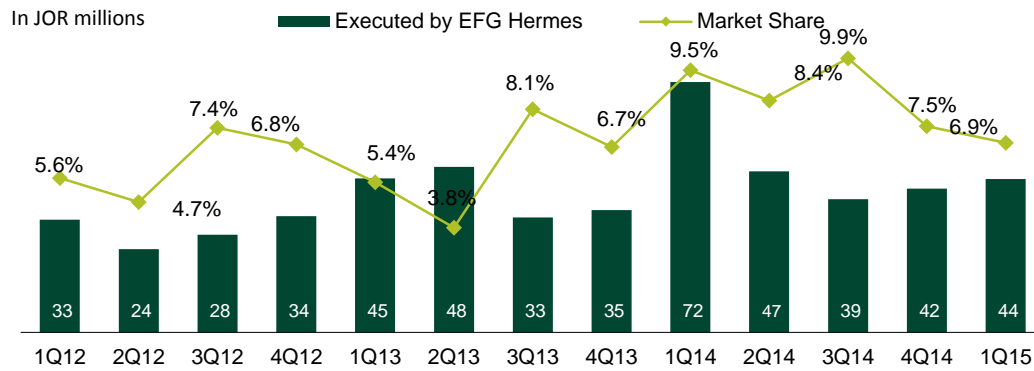
In 1Q15, liquidity declined slightly 9% Q-o-Q, and the KSE Index lost 4% Q-o-Q.

Oman:



Performance on the Muscat Securities Market (MSM) was muted, with the Muscat Securities Index (MSM30) slipping 2% Q-o-Q; and liquidity declining, down 23% Q-o-Q in 1Q15.

Jordan:



Volumes on the Amman Stock Exchange increased 16% Q-o-Q while the Index inched down 1% Q-o-Q in 1Q15.

In this earnings release EFG Hermes may make forward looking statements, including, for example, statements about the impact of continued management of expenses, the commercial bank's strategies, investment strategy and transaction opportunities, statements regarding management's expectations, business expansion in various markets (in particular but not limited to the private equity and investment banking divisions of EFG Hermes), growth opportunities and business prospects. Such forward looking statements by their nature may involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. Examples may include financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions; and the effect of current, pending and future legislation, regulations and regulatory actions. Furthermore, forward looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue. EFG Hermes does not undertake any obligation to update or revise any forward looking statements.

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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 .HFISMCA .HFIDOM

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