



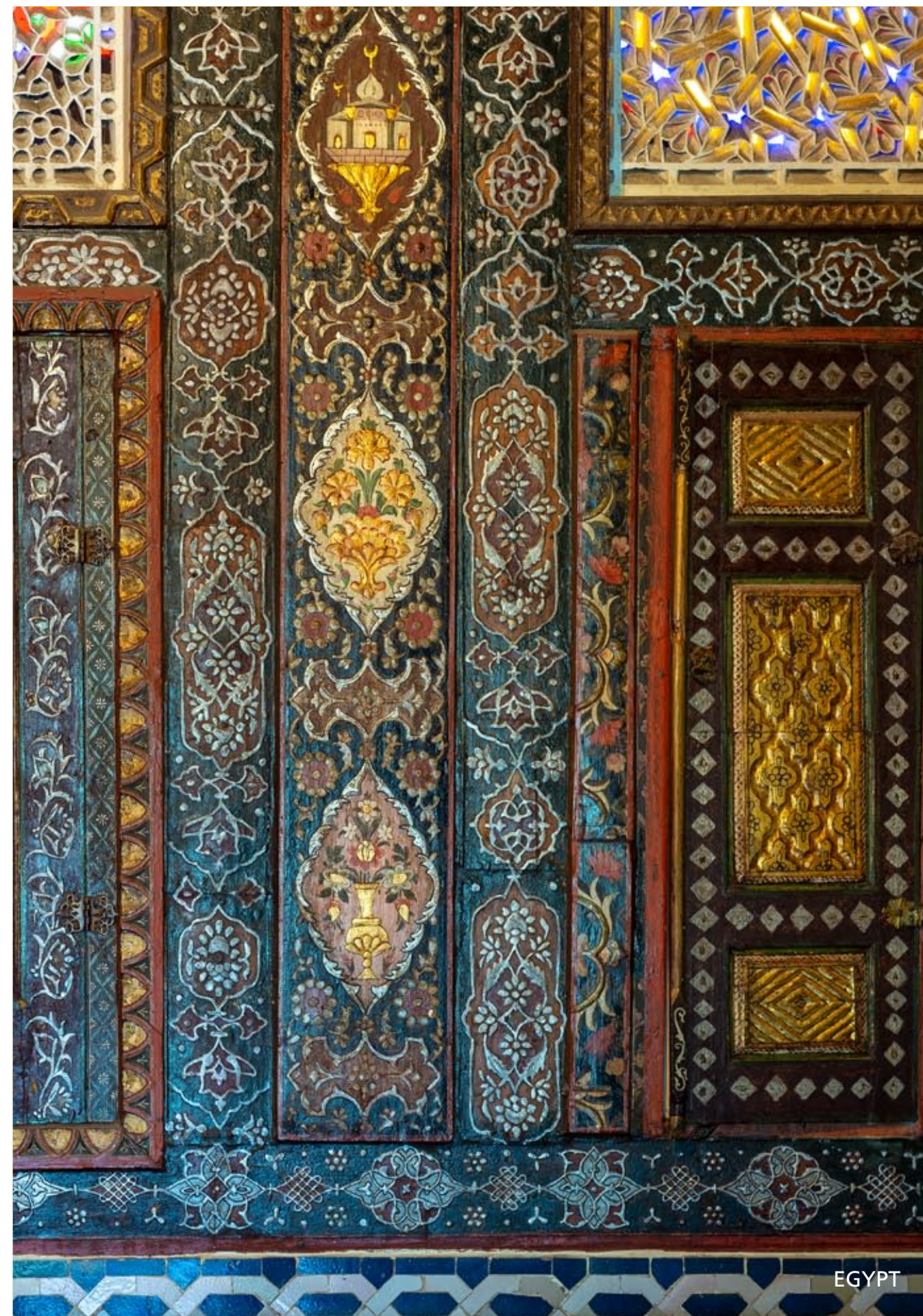
A Mosaic of New
Ideas, Products & Markets

Diversity

Cultural diversity in the workplace is a way of appreciating individuals, whether they're from different regions, different countries, or different backgrounds — and individuals are the threads that keep our entire institution together. Bringing in talents from across the globe allows us to weave the fabric of the Firm with different life experiences, different ideas, and different visions. As EFG Hermes works to expand its product portfolio, solution offerings, and geographic footprint, we're proud to have built an organization that benefits from knowledge across an ever-expanding footprint, solidifying our position as a full-fledged financial services corporation.

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The Leading Financial Services Corporation in FEM

Leveraging its 30-year track record of success operating across the Arab world, EFG Hermes has expanded its geographical footprint and diversified its product offering to bring a constantly evolving portfolio of products to clients in some of the world's most rapidly growing markets in the MENA region, Sub-Saharan Africa, and Southeast Asia

What We Do

EFG Hermes is a leading financial services provider across frontier emerging markets, offering a constantly evolving array of financial services to both institutional investors and retail clients. In 2018, the Firm continued its geographic expansion strategy, inaugurating new offices in Bangladesh and Nigeria.

EFG Hermes was founded as an Egyptian advisory firm in 1980, and through both organic growth and a series of strategic mergers, the Firm expanded to become a full-fledged investment bank by 1996.

Since 2016 and via a lateral business strategy, EFG Hermes has transformed itself once again from a pure play investment bank operating across the MENA region into a leading financial services corporation with a more diverse product range, encompassing both traditional investment banking services as well as non-bank financial services, and a strong footprint in frontier emerging markets (FEM) across both Sub-Saharan Africa and Southeast Asia.

The Investment Bank

Securities Brokerage

As the leading brokerage house in the region, EFG Hermes Securities Brokerage offers a unique range of products and services and an unparalleled coverage of over 75 frontier emerging markets. Today, the division has on-the-ground presence in Egypt, Kuwait, the UAE, Saudi Arabia, Oman, Jordan, Pakistan, Kenya, Nigeria, Bangladesh, and offices in the UK and the US. EFG Hermes Securities Brokerage serves a diverse client base ranging from individual retail investors to some of the most prominent institutional investors and high-net-worth individuals. The division's exceptional portfolio of products and services is backed by our award-winning Research division, which provides clients with the most up-to-date and reliable market intelligence available, and our online multi-asset trading platform, which allows for seamless multi-market access from desktops, laptops, and mobile phones.

In 2018, EFG Hermes Securities Brokerage continued to strengthen its market share in countries where it op-

erates while simultaneously expanding its geographical footprint, with the division opening offices in both Nigeria and Bangladesh. As of year-end 2018, the division was ranked first for share of market execution on the Egyptian Stock Exchange (EGX), on both the Abu Dhabi and Dubai Exchanges (ADX and DFM), and Boursa Kuwait. The division is looking to expand its coverage further, with plans to leverage our award-winning emerging and frontier market research offerings and deploy new on-the-ground teams of talented brokers to cover equities in promising emerging markets beyond MENA.

Investment Banking

The EFG Hermes Investment Banking Division is a leader in M&A advisory, equity capital market (ECM) executions, and debt capital market (DCM) capabilities. Throughout the years, it has continued to execute a steadily expanding stream of landmark transactions, not only in the MENA region but throughout the Firm's ever-evolving footprint by leveraging unique deal-sourcing efforts and an ability manage and place multiple si-

multaneous transactions. The division has become the institution of choice for clients, driven by the team's exceptional domestic and international execution capabilities in the M&A sphere, extensive experience in a broad range of industries, jurisdictions, and products, and its ability to respond with market judgments and ingenuity to clients' needs for capital. EFG Hermes Investment Banking built on an already extremely successful 2017 to report another record-breaking year, booking USD 2.5 billion in transactions in 2018. During the year, the division managed to go beyond plain vanilla advisory work in its home market, strengthening its product offerings and expanding its execution capabilities across a wider geographical footprint despite a geopolitical climate in constant flux.

Asset Management

With over USD 2.1 billion in total assets under management (AUMs) regionally and EGP 13 billion in the Egyptian market as of 31 December 2018, EFG Hermes Asset Management remains the MENA region's

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FEMs Covered by EFG Hermes Brokerage in 2018

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EFG Hermes has transformed from a pure play investment bank operating across the MENA region into a leading financial services corporation with a diverse product range and a strong footprint in FEMs across both Sub-Saharan Africa and Southeast Asia.

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Covering more than 263 equities across 24 markets as of year-end 2018, EFG Hermes' Research Division continues to lead the region in quality and breadth of coverage.

largest asset manager with a product offering encompassing mutual funds and discretionary portfolios with both country-specific and regional mandates. Although the division already serves a diverse client base, with a special focus on long-term and institutional clients, it continues to work on capturing a wider network of clients as it expands along with the Firm in terms of product offering and geographical reach. In 2018, the division received multiple awards for its successful and trend-setting work in the industry, including Best Asset Manager in Egypt at the EMEA Finance African Banking Awards, the Outstanding Performance in Asset Management Award at the Business Today Top 100 Awards, and the Best Asset Management Solutions Award from The European.

Private Equity

EFG Hermes Private Equity leverages its group-wide accrued insight and distribution platform to manage funds that invest across a diverse spectrum of sectors ranging from clean energy through its innovative Vortex platform, to education, through its newly launched Egypt Education Fund. Over the years, the division has transformed itself from a private equity group raising money from across the region to invest predominantly in Egypt to a group raising money from around the world to invest throughout MENA and Europe. 2018 was a pivotal year for EFG Hermes Private Equity, as Vortex Energy entered into a definitive agreement with institutional investors advised by J.P. Morgan

Asset Management to sell its 49% stake in a 998 MW operational wind power portfolio managed and co-owned by EDPR. It also successfully completed the first close of the Egypt Education Fund, which will concentrate on Egypt's promising K-12 private education sector. The division will now focus on reinvesting the proceeds from the sale of Vortex assets to seek out new opportunities in the renewable energy realm, with a focus on the US and Canada.

Research

Covering more than 263 equities across 24 markets as of year-end 2018, EFG Hermes Research continues to lead the region in quality and breadth of coverage. EFG Hermes' world-class team of analysts offers investors the broadest coverage of FEMs on the market and has both deepened and broadened its macroeconomic, industry, and equity coverage of markets in the MENA region and beyond. This year the division added equities in Georgia, Bangladesh, Rwanda, and Botswana to its coverage portfolio, while deepening its coverage of MENA and FEMs already under its purview, initiating coverage of new equities in Kuwait, Saudi Arabia, Kenya, and Pakistan. In 2018, EFG Hermes Research also launched Egypt One, a new research product that delivers a once-daily package of valuable insights to clients. Research included in Egypt One is largely retail-oriented and complements the Division's previously communicated strategy to gear more of its products to retail investors.

The Non-Bank Financial Institution

EFG Hermes Leasing

EFG Hermes Leasing was launched in 2015 to provide comprehensive financial leasing solutions and value-added advisory services that help corporations meet their business goals. By leveraging an extensive network of vendor partners and a deep understanding of all aspects of the industry, we serve corporations and SMEs in a variety of sectors including, but not limited to, turnkey solutions for building owners, construction, energy systems, industrial equipment, and waste management. EFG Hermes Leasing has been able to address a gap in the market that has left smaller companies lacking access to viable credit facilities by creating a dedicated, comprehensive platform through which companies and entrepreneurs can explore tailored financing options best suited for their specific needs. In doing so, EFG Hermes Leasing quickly climbed the ranks to become Egypt's fourth largest player by market share of contracts booked (by asset size), a position it has retained in 2018.

Tanmeyah

Founded in 2009 by a team of industry veterans, Tanmeyah Microenterprise Services is Egypt's leading non-bank provider of microfinance solutions and one of the newest additions to EFG Hermes Finance, who acquired the company in 2016. Tanmeyah caters to owners of micro and very small businesses across Egypt who otherwise lack access to financing from the traditional

banking sector. The company provides a comprehensive suite of microfinance solutions to help clients achieve social mobility and find a path out of poverty by giving them capital to grow their businesses. Today, Tanmeyah's nearly 4,000 employees serve more than 290,000 active borrowers out of the company's 248 branch offices.

EFG Hermes Factoring

EFG Hermes Factoring was launched in 2018 and is the latest addition to the non-bank financial services product offering. EFG Hermes Factoring gives businesses access to financing options beyond conventional bank borrowing, in turn helping them to enhance their working capital, reinvest in their production process, pay suppliers promptly and improve their overall cash position through increased liquidity. Our highly experienced team of professionals assist businesses both domestically and globally, helping them grow sustainably without diluting equity or incurring further debt, while also reducing exposure to risk.

valU

valU is an innovative fintech solution that allows customers to access a wide network of merchants, calculate and select customized installment programs, and instantly make purchases in stores once they've been registered and approved. valU also offers a variety of repayment options from in-app debit or credit card gateways to cash payments through Fawry, Massary, Aman, Bee, and Sadad.

Chairperson's Foreword

Dear Shareholders,

It is my honor and privilege to present to you our annual report for 2018. I have been fortunate enough to take part in the EFG Hermes growth story for more than 10 years now; it is a remarkable journey that has largely taken place against a backdrop of unrelenting global and regional turbulence. Instead of standing by and waiting for stability to return, the EFG Hermes team quickly adapted to new norms and accordingly adopted a clearly-articulated, bullet-proof mindset that has allowed us to turn challenges into opportunities. Three years into that strategy, we have expanded to new markets, launched new products, and added a Non-Bank Financial Institution (NBFI) vertical to our business that has made a significant contribution to our growth and given us the stability that we need to offset the cyclical nature of our traditional investment banking activities.

As a result, we have remained profitable throughout and grown significantly from being the Arab world's leading investment bank to a diversified financial services corporation with a footprint in frontier emerging markets spanning four continents. The key to our success, and our ability to stay ahead of global headwinds and our competition, has

been 'diversity' in all of its manifestations; products, services, geographies and most importantly, people.

In 2018 we continued with our expansion into Asian and African markets. We now have on-the-ground presence in 12 countries, including offices in Pakistan and Kenya that launched in 2017, and two new offices in Bangladesh and Nigeria, Africa's largest consumer market, that were inaugurated in 2018. Despite a very challenging year for MENA capital markets, we continue to receive the lion's share of the foreign institutional business and eventually closed the year as the number one broker in five key MENA markets including Egypt, Dubai, Nasdaq Dubai, Abu Dhabi, and Kuwait.

As we grow, we have been keen to hire and retain top talent in each of our markets. We now stand at 1,081 people (excluding Tanmeyah) representing 20 different nationalities. While embracing the diversity in backgrounds and experiences of our people, we have carefully assimilated brilliant, new mindsets into our thriving corporate culture across EFG Hermes' global footprint in order to maintain a standardized level of excellence throughout.

Our diverse and very able management teams are setting new precedents every day. They have not only taken charge of our successful expansion but they also continue to execute landmark deals across business lines and geographies. In addition to the standard roster of investment banking and brokerage milestones that have been the hallmark of EFG Hermes' success, we had a few groundbreaking achievements this past year that I would like to shed the spotlight on as they achieve one of our key business goals; integrating sustainability targets into the company's core business.

Ensuring equality of opportunity, including quality education, is one of the UN Sustainable Development Goals (SDGs) and a cause that I have personally championed for many years. This is why it gives me great pride to note that EFG Hermes has entered into an exclusive partnership with the Dubai-based GEMS Education, one of the world's oldest and largest private education providers, to build Egypt's largest K-12 education platform by investing in schools that cater to multiple segments of the society. The first close of the EFG Hermes Egypt Education Fund took place successfully in May 2018. The

DIFC-based fund was oversubscribed with total commitments of USD 109 million — well above the USD 50-100 million initial target. The platform has already completed its first EGP 1 billion investment in Egypt, acquiring four national and British schools in the Rehab and Madinaty suburbs of Cairo. We look forward to continuing the build out of this important platform as it aims to make a positive impact on Egypt's education sector.

Climate change is now an issue that is at the forefront of global business agendas. It is now up to every nation, business, and individual to do their part in order to help combat the negative effects of global warming. At EFG Hermes, our private equity arm has been successfully investing in and managing Vortex Energy, a leading European renewable energy platform, for the past four years. In December 2018, Vortex divested a 49% stake in a 998 MW operational wind power portfolio with assets including 56 operational wind farms in Spain, France, Portugal, and Belgium. This successful exit is indicative of our ability to acquire, manage, and exit alternative energy investments on a global scale. The transaction is by no means our exit from this vital sector. In addition



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As we grow, we have been keen to hire and retain top talent in each of our markets, we now stand at 1,081 people representing 20 different nationalities.

to seeking new renewable energy investments, we will retain Vortex's solar assets in the UK and remain highly committed to pursuing green investments and promoting sustainability within every aspect of our business.

Also worth noting is our first investment banking foray in frontier markets that came in the form of an advisory mandate for international microfinance lender ASA International (ASAI) on its GBP 125 million IPO on the London Stock Exchange. ASAI is one of the world's largest private-sector microfinance institutions with c. 1.9 million clients across a 12-country footprint spanning Asia and Africa. Microfinance is a sector that we value and are directly invested in through our subsidiary Tanmeyah, Egypt's number one private sector provider of microcredit and a main contributor to the increase in revenues from our NBFi business.

Our efforts on public responsibility, whether it is through our core business or through our CSR initiatives and Foundation, have not gone unrecognized. I am extremely pleased and proud that this year the Chief Executive Officer of the EFG Hermes Foundation and Head of CSR, Hanaa Helmy, was recognized by the UN Global Compact as one of 10 Sustainable Development Goal (SDG) pioneers for her work in investing in social development and advancing

sustainability in Egypt. Hanaa has been instrumental in cultivating our holistic approach to sustainable development, which is fully supported by the EFG Hermes Board, executive, management and employees.

In addition to being one of the first Egyptian companies to join the UN Global Compact as far back as 2011, EFG Hermes is also a founding member of the UNGC Network Egypt, the local arm of the international organization and in 2018, we became the first Egyptian financial services company to sign the United Nations' Principles for Responsible Investment (UNPRI), an investor initiative in partnership with the United Nations Environment Program – Finance Initiative and the UN Global Compact.

The EFG Hermes Foundation continues to pursue meaningful partnerships with like-minded organizations and civil society players who can help it advance its mission and achieve its goals. In 2018, the Foundation along with our longstanding partner the Sawiris Foundation for Social Development joined forces with Orascom Construction on the Naga' El Fawal and El Deir Village integrated development project in the Luxor governorate to improve the quality of life for 60,000 inhabitants. Orascom Construction has contributed EGP 15 million, bringing the total budget of the project executed in partnership with the Kuwaiti Initiative

for the Support of the Egyptian People up to EGP 70 million. This important project aims to rehabilitate the villages by providing educational and job opportunities, upgrading community infrastructure, and rebuilding 90% of its existing homes.

I would like to thank our esteemed board of directors for all of the support that they have provided throughout the year and it is with great pleasure that I welcome our two newest board members, Mr. Timothy Collins and Ms. Elizabeth Crichley, both representing Ripplewood, one of our major shareholders. Elizabeth and Tim are both veterans of the global finance industry and we are honored to have them join our board. I am sure that they will provide invaluable insight and guidance to the board reflective of their years of expertise in the industry. We would also like to thank our outgoing board member Mr. Simon Eedle, the Senior Country Manager for Natixis Dubai, for his valuable contribution throughout his board membership.

I am confident that we now have one of the strongest and most diversified boards in the region, with non-executive members representing prestigious global organizations. We also have multiple nationalities and countries represented including the UAE, Pakistan, U.S.A, France, Greece, and Egypt. Our board members bring with them expertise from diverse sectors, including mul-

tinational investment banking, private equity, asset management, commercial banking, law, and microfinance.

With the appointment of Elizabeth, our second female board member, we are actively working to improve gender equality on the board and throughout the Firm. Gender equality is a goal that we take very seriously at EFG Hermes. Women represent more than 27% of our total workforce, with 82% of EFG Hermes Holding's female employees occupying key managerial roles (98% in Tanmeyah), and 31% of them are at the level of directors, executive directors and MDs (14% in Tanmeyah). Of course, there is always room for improvement but given the low percentage of women in the finance industry globally, these are definitely numbers that we can be proud of.

Finally, I would like to thank each and every member of the EFG Hermes team. We are highly encouraged by and proud of all that you have achieved in 2018, and we look forward to the possibilities of the year ahead with hope and determination to serve the best interests of our shareholders.



Mona Zulficar
Chairperson

A Note From Our Group CEO

Dear Shareholders,

EFG Hermes surmounted new challenges and embraced opportunities in 2018 as we continued to execute our vision of transforming our Firm from a pure play investment bank into a leading financial services corporation with a more diverse product range and a strong footprint in FEM. In addition to fueling growth, creating synergies, and unlocking cross-selling capabilities across our business lines, these transformative efforts will enable us to create a more sustainable business model that is less susceptible to volatility in capital markets.

While working to achieve this ambitious vision, our talented people continued to provide an unmatched level of service and unlock exceptional value for EFG Hermes' retail, high-net-worth, institutional, and corporate clients. Despite facing challenges such as volatility in FEM and thinning volumes in regional exchanges, we continued to deliver strong results across our three verticals: The Investment Bank, the NBFi platform, and the Merchant Bank.

The key driver of our success has been our unwavering commitment to the six guiding principles – the "Six Ps" – that also serve as indica-

tors against which we assess our performance year-on-year.

People

Our people remain the solid foundation on which our Firm is built, and our commitment to hiring, retaining and developing the best professionals in the market has grown stronger as we have evolved. In 2018, our team grew in terms of size and diversity to reach over 4,400 members as we launched operations in Nigeria, Kenya, and Bangladesh while simultaneously expanding our NBFi product suite.

The Firm continues to attract the best human capital while maintaining a flexible cost base, with its employee expenses to revenues kept below the announced 50% target. These employees will be responsible for driving its future growth and enhancing its prospects. They will also be the foundation for the next generation of leaders of EFG Hermes, ensuring proper succession planning and business continuity beyond the current senior management team.

Accordingly, and with that in mind, in 2018, our HR Department has launched its progressive new learning and development program: The Academy by EFG Hermes among other

important learning and development initiatives. This program will train the next generation of leaders within the Firm, equipping them with the critical thinking skills and professional competencies needed to drive transformation within EFG Hermes and across global markets. This year, we also explored new forums to facilitate communication between senior management and our growing and increasingly global employee base. These new channels will be fully operational in the first half of 2019 and will make sure that our employees have a direct medium to communicate their ideas and suggestions to the Firm's senior management.

Positioning

Our strong positioning across four continents, our global footprint, and the significant progress we have made in our newest markets are proof that EFG Hermes has truly established itself as a leading financial services corporation in FEM. The Firm's sell-side franchise continued to thrive in 2018, as we maintained our position as MENA's largest broker and ECM advisor by market share as well as our status as the top-ranked research house in FEM. At the same time, our buy-side franchise remains the largest in the Middle East, managing a combined AUM base of

USD 4.5 billion in public and private markets across Egypt, MENA, Europe, and FEM. Despite being a relatively new entrant in the market, our NBFi platform has already created a name for itself managing Egypt's top private-sector microfinance house, a highly promising factoring business, a top-ranked leasing company, and an innovative consumer finance fintech offering.

Presence

Geographical expansion has been a major focus over the past few years as we have grown our presence around the globe with a focus on the emerging frontier. In 2018, we planted flags in Kenya, Nigeria, and Bangladesh, bringing our total footprint to 12 offices across four continents. Today we have hubs in all of our main regions of focus including North Africa, the GCC, the Levant, West Africa, East Africa and South Asia, and with our expanded research coverage, we now have the ability to execute trades and provide advisory services for our clients across over 75 frontier emerging markets. While we may see further expansions during the course of 2019, we are also focusing a lot of our efforts on building our market share and generating sustainable revenue streams in new geographies.



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Going forward, fintech will undoubtedly play an increasingly important role in the global financial landscape, and EFG Hermes is committed to remaining ahead of the curve in embracing the potential of financial technology.

Products

In 2018, management led a successful push to utilize our extensive distribution network more effectively by adding a fixed income desk, increasing our structured product offerings, and – even more significantly – scaling up our debt capital markets activity. I am also incredibly excited with the USD 150 million EFG Hermes Education Fund, our newest private equity fund offering launched this year in partnership with GEMS Egypt. This fund will provide our limited partners with excellent exposure to the underserved K-12 education segment in Egypt while simultaneously meeting society’s need for more high-quality schools at all fee levels.

This year, we also made a significant addition to our NBFI product suite with the launch of EFG Hermes Factoring. I am confident that this new product offering will create important synergies in the form of cross-selling potential, especially with our leasing business. Additionally, the various offerings of our new NBFI platform – and especially our microfinance platform Tanmeyah and fintech offering valU – are strengthening EFG Hermes’ brand equity. Today we are positioned as a financial services powerhouse in the market as opposed to an exclusively corporate and institutionally-focused investment bank.

Going forward, fintech will undoubtedly play an increasingly important role in the global financial landscape, and EFG Hermes is committed to remaining ahead of the curve in embracing the potential of financial technology. In 2018, we continued to grow valU’s vendor network while incrementally refining the operation of the mobile application. Seeking to connect our interest in fintech with our commit-

ment to driving growth and innovation in our markets, we also launched EFG EV, one of Egypt’s most powerful fintech-focused startup accelerator, in partnership with Egypt Ventures (an affiliate of the Egyptian Ministry of Investment and International Cooperation) through which we intend to invest in 30 of the country’s most promising startups over the next five years.

Profitability

Thanks to the diligent efforts of all of our people, EFG Hermes achieved profits of over EGP 1 billion at the end of 2018. However, profitability remains the area where I see the greatest upside for our shareholders in the years to come. In recent years, our return on equity has remained in the high single- to low double-digit range, and while this has largely been due to factors beyond our control, our efforts during the past four years were mainly targeted at driving profitability and generating additional value for our shareholders.

I expect the ramp up of business across our Non-Banking Financial Platform and an increase in returns from our FEM business as we grow our presence in these markets to be the main drivers of this upside. An overall pick up in our incumbent markets brokerage business is also expected as daily traded values normalize from current levels. To ensure that these new revenue streams meaningfully contribute to the Firm’s overall profitability, we will continue to follow our cost-conscious approach to business and tightly monitor operating expenses.

Public Responsibility

EFG Hermes remains committed to making a positive difference in the

communities in which we work, and the main way we do this is through the EFG Hermes Foundation, to which we try to donate a portion of the Firm’s profits every year. This year, we are proud to have launched a new EGP 70 million integrated sustainable development project to revitalize the villages of Naga’ El Fawal and Al Deir in Upper Egypt. In partnership with the Sawiris Foundation for Social Development, the Kuwaiti Initiative for the Support of the Egyptian People, and Orascom Construction, we are collaborating with local authorities in Luxor to rebuild homes; establish community centers, schools, and a sewage treatment plant; and launch educational and vocational training opportunities. Ultimately, this project is expected to benefit more than 60,000 people in Upper Egypt and revitalize the social fabric of these communities.

Outlook

I am incredibly proud of all that we have achieved in 2018, and in 2019 we will continue to rigorously pursue our goals across the six pillars of our strategy. We will increase our focus on expanding and strengthening our position across our markets while driving growth and unveiling new products across all of our verticals. In particular, I am excited to witness the successful ramp up of the EFG Hermes Finance

platform and our expanding FEM business. The growth of the NBFI platform in particular should help create considerable value for our shareholders since these businesses typically enjoy a clearer and more consistent earning visibility and trade at higher multiples than our sell- and buy side-businesses.

With much of our product line still in its infancy stage, we do not believe our shareholders have seen the full impact of our strategy in the Firm’s reported net earnings and return on equity metrics to date. However, in 2018 we started to realize the early shoots of what we are implementing on a number of fronts, including a growing revenue stream from frontier markets as well as an expanding profit contribution from the NBFI platform. A consistent recovery in capital market activity taking daily traded values back to normal levels in our key markets will be an added bonus. In the absence of such an event, however, we still believe we have put in place a strong business model that will ensure the sustainability and growth of our business in the years to come.



Karim Awad
Group Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

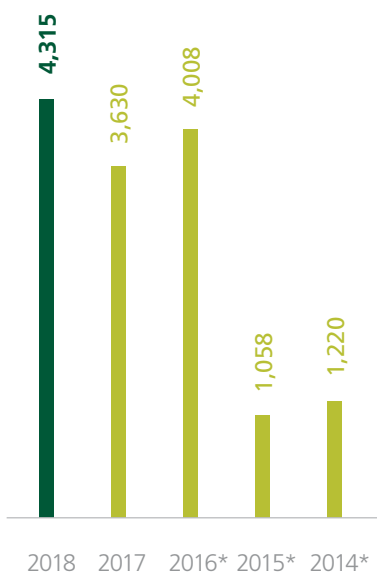




Management Discussion & Analysis

EFG Hermes delivers a solid set of results driven by a growing contribution from the NBFI platform and expansion at the Investment Bank’s business lines

Group Revenues (EGP mn)



* Contribution by the commercial bank was excluded from FY15 figures as the Group deconsolidated Crédit Libanais in 2Q16. Accordingly, FY14, FY15, and FY16 figures represent the Investment Bank only to provide for a more accurate comparison of results.

In 2018, EFG Hermes continued to deliver on its strategic objectives of transforming the Firm from a pure play investment bank into a financial services company. The reshaping of the business in 2018 was executed against a series of strategic objectives, from strengthening current operations to expanding its boundaries beyond the MENA region, growing its NBFI platform, expanding its public and private assets under management, and establishing merchant banking activities.

EFG Hermes’ flagship Investment Bank Platform enjoyed a highly successful year, with all business lines under its platform reporting solid year-on-year growth rates. The Firm’s Investment Banking arm delivered a record number of deals, its Securities Brokerage business maintained dominant and growing market shares across different markets, and its buy-side business grew its revenues.

At the NBFI platform, revenues crossed the EGP 1 billion mark for the first time, providing a powerful impetus to overall top-line growth in 2018. Tanmeyah saw strong growth throughout 2018, supported by a more diversified product mix and an expanded portfolio of micro enterprise loans (MEL), driving the wider increase in NBFI revenues. EFG Hermes Leasing saw healthy growth in its portfolio and issued its first securitization bond in 2018, while valU, the Firm’s installment sale service, and EFG Hermes Factoring both started operations during the year.

Broad-based growth at EFG Hermes’ Investment Bank Platform combined with the NBFI platform’s expanding contribution to yield operating revenues of EGP 4.3 billion in FY18, up 19% on their level a year previously. Revenues from core operations, which exclude capital gains, investment exits

and non-recurring items, expanded at 32% Y-o-Y during the year.

EFG Hermes ended 2018 with fees and commission revenue of EGP 3.0 billion, an increase of 34% Y-o-Y. Capital Markets and Treasury operations, which represented the remaining 29% of the Group’s total revenues in FY18, saw revenues decline 7% Y-o-Y to EGP1.3 billion. Despite strong revenue growth from merchant banking activities and treasury operations, the comparable year included more gains related to exits and non-recurring gains that weighted down on the Y-o-Y change.

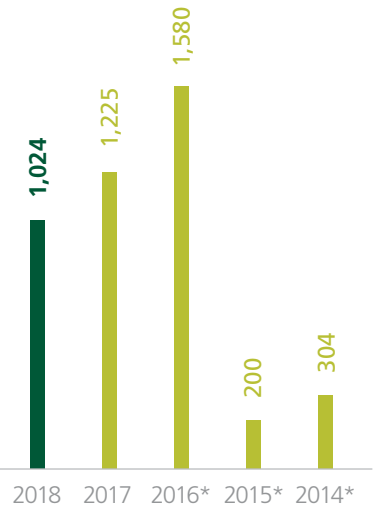
Group operating expenses came in at EGP 2.9 billion in FY18, an increase of 35% Y-o-Y. This was a reflection of the Firm’s growth strategy, which involved headcount, product, and geographical expansions and thus associated costs from higher employee expenses to more operational/startup

costs. Despite these outlays, however, the Firm’s employee expenses/operating revenues ratio recorded 42.3% in 2018, below management’s threshold of 50%.

EFG Hermes recorded a net operating profit of EGP 1.4 billion in FY18, down a slight 5% Y-o-Y from the figure recorded in FY17. Excluding gains related to investment, seed capital exits and the non-recurring revenues in both periods, the net operating profit would be up 24% Y-o-Y in FY18, marking a strong operational growth delivered by the business.

Group net profit after tax and minority interest came to EGP 1.0 billion in FY18, down 16% Y-o-Y against a figure of EGP 1.2 billion in FY17, mainly on higher tax provisions taken by Brokerage and Private Equity and higher taxes Y-o-Y, particularly as the NBFI business continues to grow.

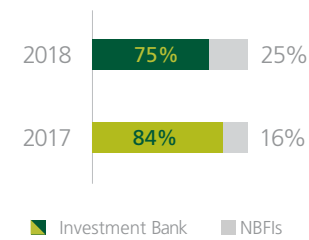
Group Net Profit (EGP mn)



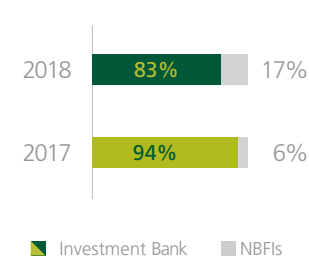
* Contribution by the commercial bank was excluded from FY15 figures as the Group deconsolidated Crédit Libanais in 2Q16. Accordingly, FY14, FY15, and FY16 figures represent the Investment Bank only to provide for a more accurate comparison of results.

4.3 EGP BN
Group Revenues in FY18

Revenue Contribution by Platform



NPAT Contribution by Platform



Contribution by Platform

EFG Hermes enjoyed broad-based revenue growth in FY18. The Group’s Non-Bank Financial Institutions Platform made great strides in 2018, with Platform revenues surpassing the EGP 1.0 billion mark for the first time and Tanmeyah and Leasing driving growth in the Group’s overall top-line. On the Investment Banking front, EFG Hermes enjoyed growing revenues from all business lines. Revenue from Capital Markets and Treasury Operations contracted slightly during the year.

Non-Bank Financial Institutions

The NBFI platform generated revenues of EGP 1.1 billion in FY18. At 25% of the Group’s overall top-line, this figure represents NBFI’s largest recorded contribution to Group revenues, up from 16% a year previously. The Y-o-Y doubling of Tanmeyah’s revenues and continued growth at Leasing were the primary drivers of the NBFI platform’s enhanced contribution. Despite continued start-up

losses at some business lines, the Platform’s net profit after tax and minority interest more than doubled Y-o-Y, recording EGP 178 million in FY18 and accounting for 17% of Group-level profits.

Investment Bank

EFG Hermes’ Investment Bank revenues came in at EGP 3.2 billion for FY18, with all lines of business reporting Y-o-Y growth in revenues. The Platform’s contribution to Group-level revenues declined to 75% in FY18 from 84% in FY17, reflecting NBFI’s growing vitality. With fewer one-off and nonrecurring gains realized during the year, Investment Bank net profit after tax and minority interest was down 26% Y-o-Y, recording EGP 846 million for FY18. This represented a contribution of 83% to Group profitability for the year, down from 94% a year earlier.

Revenue from Capital Markets and Treasury Operations was down 7% Y-o-Y, recording EGP 1.3 billion.

Group Financial Highlights			
In EGP mn	2018	2017	Change
Total Operating Revenue	4,315	3,630	19%
Total Operating Expenses	2,904	2,144	35%
Net Operating Profit	1,411	1,486	-5%
Net Operating Profit Margin	33%	41%	
Net Profit after Tax & Minority Interest	1,024	1,225	-16%

The Investment Bank

Securities Brokerage

EFG Hermes Securities Brokerage carried out executions worth USD 38.2 billion in FY18, up 15% Y-o-Y. This increase in executions was driven largely by activity in the division’s frontier markets, where executions more than doubled during the year, including Saudi Arabia and Qatar. EFG Hermes maintained or expanded its market share across a wide range of geographies during 2018, covering 95% of the MSCI Frontier and MSCI Emerging Frontier indices and executing in more than 75 markets across FEMs. The division retained its longstanding first place ranking in Egypt, with its market share standing at 42.9% for 2018. On the Dubai Financial Market, EFG Hermes remains the largest broker, with a market share of 21.5%. On the Abu Dhabi Exchange, where the division enjoys a market share of above 50% of foreign inflows, EFG Hermes retained its top spot and garnered an overall market share of 40.2%. EFG Hermes also remains the largest broker operating on the Nasdaq Dubai (62.9%) and ended the year leading the Kuwait Exchange (38.4%). The Firm’s market shares in Saudi Arabia (2.8%), Jordan (12.7%), and Oman (19.0%) left it the fourth largest brokerage on each of these markets. In its new Pakistani and Kenyan markets, EFG Hermes rapidly grew its market shares over FY18.

Despite mixed overall performance among the division’s executable brokerage universe, Securities Brokerage ended the year with revenues of EGP 1.0 billion, an increase of 15% Y-o-Y. Growth in the business line’s revenues was driven by higher commission

income from frontier markets, Saudi Arabia and Qatar, with executions on the latter market carried out by the Firm’s Egyptian operation.

Egyptian equities remained the largest contributor to the commission pool in FY18 at 32%, followed by frontier markets with a 17% contribution. Meanwhile, Kuwait moved to be the third largest contributor to the commission pool with an 11% contribution in FY18.

Investment Banking

FY18 saw EFG Hermes Investment Banking break the record it set in FY17 for the largest number of transactions closed in a single year, concluding 19 equity, M&A and debt transactions (FY17: 15) with a combined value of USD 2.5 billion. These included eight equity capital market transactions with an aggregate value of USD 1.5 billion; USD 213 million for five M&A transactions; and USD 670 million in seven debt transactions.

On the ECM front, EFG Hermes executed its first frontier market initial public offering, acting as joint bookrunner on the USD 181 million IPO of international microfinance lender ASA International on the LSE. The transaction marked the Firm’s first investment banking foray in frontier markets since its adoption of a frontier expansion strategy in early 2017. Closer to home, EFG Hermes acted as sole global coordinator and bookrunner on the USD 70 million IPO of Cairo Investment and Real Estate (CIRA), the largest integrated provider of educational services in Egypt’s private sector. EFG Hermes garnered significant investor demand

Group Revenue by LOB (EGP mn)



Securities Brokerage	1,045
Investment Banking	364
Asset Management	409
Private Equity	146
Leasing	436
Tanmeyah	631
valU	11
Factoring	3
Capital Markets & Treasury Operations	1,266

2.5 USD BN
Aggregate IBD Transaction Value in FY18

for the exceptionally well-structured offering, marking a successful close to the Firm's first ECM involvement with the education sector. The division also completed the USD 870 million rights issue offering of Orange Egypt. The department's most noteworthy accomplishment in the GCC in 2018 was its successful conclusion of an accelerated book build on Humansoft Holding's USD 226 million offering on the Kuwait Exchange, which was closed in record time and deepened the Firm's exposure to the MENA region's promising education space.

Activity in the M&A space included advisory on Telecom Egypt's USD 90 million acquisition of Mena Cables and Suez Cement Group Companies' USD 16 million sale of its industrial bags manufacturing plant to Mondi Industrial Bags. The division also acted as sell-side advisor on Talaat Moustafa Group's divestiture of its education platform to a joint venture between EFG Hermes Private Equity and GEMS Education for a total consideration of USD 58 million. Further afield, EFG Hermes advised UAE-based private equity firm Waha Capital's USD 49 million exit from PHD Diagnostics.

In the debt-raising space, 2018 saw the department successfully raise a syndicated credit facility and an Islamic standby credit facility worth USD 590 million on behalf of its longstanding client ADES. This highly tailored transaction vividly demonstrated EFG Hermes' client-centric approach to structuring deals.

Investment Banking booked revenues of EGP 364 million in FY18, a Y-o-Y increase of 8%.

Asset Management

EFG Hermes Asset Management closed the year with total public AUM

of USD 2.8 billion, down 10% Y-o-Y from USD 3.1 billion at the end of FY17 on the back of poor performance of regional equities. EFG Hermes Egypt Asset Management ended 2018 with EGP 13.0 billion in AUM, up 4.3% Y-o-Y despite the sluggish performance of Egyptian equity markets. Egypt AUM growth was supported by new injections and positive performances by the Fixed Income portfolios and MMFs, which offset the poor performance seen in equity markets.

Meanwhile, EFG Hermes Regional Asset Management, which includes EFG Hermes and FIM's AUM, declined 12% Y-o-Y to USD 2.1 billion in 2018, a consequence of generally weaker equity markets.

Despite the somewhat unfavorable headwinds punctuating 2018, Asset Management revenues grew rapidly over the year. The division's top-line came to EGP 409 million in 2018, an increase of 26% Y-o-Y.

Private Equity

EFG Hermes Private Equity made rapid progress towards the divestment of its stakes in its Vortex I and Vortex II Energy platforms. In December 2018, a sale and purchase agreement was entered into with institutional investors advised by J.P. Morgan Asset Management for the full divestment of Vortex Wind, with a complete exit from both portfolios completed in March 2019. As of year-end 2018, the wind portfolio had generated an EBITDA of EUR 150 million, while the solar portfolio had yielded an EBITDA of GBP 34.8 million. Total managed capacity at the Vortex platforms remained at 822 MW.

December 2018 saw the Private Equity department secure first close on EFG Hermes' Egypt Education Fund, drawing commitments of USD 109

million at its offering, well above an initial target of USD 50-100 million. The oversubscribed capital was raised in just over six months and saw strong interest from a diverse group of international investors, including high-net-worth individuals and institutional investors from Egypt, the GCC and Southeast Asia. The second close is expected to be completed in 2019, with the goal of raising an additional USD 40 million in capital.

The USD 150 million investment fund is part of a USD 300 million education platform built in exclusive partnership with Dubai-based GEMS Education, one of the world's oldest and largest K-12 private education providers, and is focused on Egypt's K-12 sector. In May 2018, the platform completed its first investment in Egypt, acquiring four national and British schools in Cairo's suburbs from Talaat Moustafa Group in a transaction worth EGP 1 billion (USD 58 million).

EFG Hermes Private Equity booked revenues of EGP 146 million in FY18, a Y-o-Y increase of 12%.

Research

The Research department significantly expanded its coverage in 2018, accelerating EFG Hermes' evolution from a research house covering mostly MENA equities into a leading authority on the broader FEM universe. From 225 companies at year-end 2017, the Research department's coverage expanded to 263 companies in 2018. Coverage was distributed across 10 sectors, 36 industries and 24 markets. The year saw EFG Hermes Research initiate coverage of equities in Uganda (2), Mauritius (2), Bangladesh (7), Rwanda (1), Botswana (1) and Georgia (2), boosting its ability to perform cross-market analyses across a broad variety of industries and geographies. Meanwhile, the department deepened its existing coverage of markets such as Egypt (47), UAE (25), Saudi Arabia (63), Kuwait (11), Oman (14), Qatar (10), Lebanon (3), Morocco (4), Jordan (6), Pakistan (27), Kenya (11), Nigeria (11), Vietnam (8), Tanzania (4), the Netherlands (1), and the UK (3). An expanded depth and breadth of

1.0 EGP
BN

Group Net Profit in FY18



“

The reshaping of the business was executed against a series of strategic objectives, from strengthening operations, expanding beyond the MENA region, growing its NBFi platform, expanding its public and private AUM, and establishing merchant banking services.

coverage was accompanied by continued development of innovative products designed to lock in or attract MiFid-compliant or institutional clients seeking to concentrate their research expenditure with a sole research provider.

Non-Bank Financial Institutions
EFG Hermes Leasing

At the end of its third full year of operations, EFG Hermes Leasing enjoyed a market share of 8%, maintaining its position as one of the five largest companies in the industry by contracts booked. The division booked 184 additional contracts during FY18, an increase of 12% Y-o-Y, taking the total number of contracts to 557. Additional bookings of EGP 1.8 billion in FY18 grew Leasing’s net outstanding portfolio to a value of EGP 2.9 billion at year-end. EFG Hermes Leasing continued to grow the share of its portfolio devoted to SMEs during 2018, a main focus of the division’s efforts to expand and diversify its client base. The division’s client base stood at 165 clients by the end of FY18, up 40% Y-o-Y from the 118 served by the end of FY17, with the SME contribution growing to 15% from 8% over the year.

EFG Hermes Leasing marked a major milestone in November 2018 when it concluded the first issuance of its securitization program. The EGP 313 million bond was backed by 107 contracts originating with 47 clients over the period between May 2015 and June 2018. Outstanding receivables on the closing date of the issue had a net present value of approximately EGP 333 million. Leasing’s successful securitization launch will boost its operational flexibility in the quarters

and years ahead, leaving it unencumbered to pursue continued rapid growth, improving its leverage ratio and, enhancing its market credibility.

Leasing revenues continued to grow rapidly over 2018, taking the division’s contribution to the Firm’s overall top-line into the double digit. EFG Hermes Leasing booked revenues of EGP 436 million in FY18, representing a Y-o-Y increase of 48% from the EGP 295 million recorded in FY17.

Tanmeyah

EFG Hermes’ microfinance operation Tanmeyah ended FY18 with a total outstanding portfolio of EGP 2.8 billion. This represented a remarkable growth rate of 120% Y-o-Y and was driven by stronger loan growth, a more diversified product offering, and a strong branch roll-out. The number of active borrowers grew 76% Y-o-Y to reach 292,605 at year-end 2018, while applications processed climbed at the same rate to record a total of 355,220 for the year.

Tanmeyah pressed ahead with its agenda of innovative product development in 2018. At a value of EGP 357 million, Tanmeyah’s Light Vehicles product now represents 13% of its total outstanding portfolio, while the end of the year saw the company launch a group lending product that involves transferring monitoring functions to borrowers and a proper alignment of incentives through the implementation of joint liability. Tanmeyah’s risk level remains well below local and international standards.

Tanmeyah’s top-line expanded by a rapid 125% Y-o-Y to record EGP 631 million during FY18, up from

EGP 280 million in the previous year. Along with Leasing, Tanmeyah’s fast-paced growth drove the NBFi’s enhanced contribution to Group-level revenues in 2018.

valU

EFG Hermes launched valU, a state-of-the art fintech solution offering Egyptian consumers payment-on-installment-programs, in January of 2018. In its first full year of operations, valU began to make significant headway in meeting the Group’s objectives of diversifying its revenue stream through innovative financial products and utilizing the potential of Egypt’s large consumer population and smartphone penetration.

Throughout 2018, valU focused on launching promotional campaigns across the Greater Cairo and Alexandria markets. Covering different product categories, valU’s promotions were successful in driving increased engagement with the mobile application by customers and expanding the company’s merchant network. Events such as ‘valU Friday’, held in the final quarter of 2018, stimulated growing engagement, with more than 50% of inactive merchants completing their first transaction during the event. valU continues to expand its sales and sourcing channels, initiating sales through e-commerce

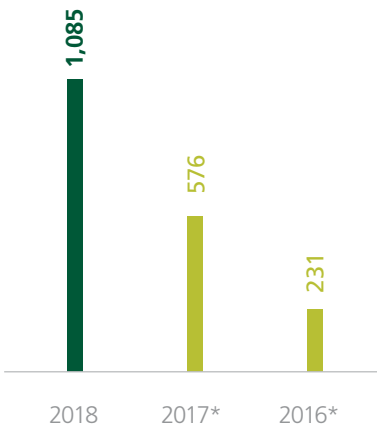
channels in addition to traditional retail locations, while partnering with well-established brands in the furniture, consumer electronics, and solar panel spaces. The company has also partnered with Fawry Plus and Amalex, which have onboarded valU customers to facilitate easy signups.

As of year-end 2018, the valU app had acquired 28,566 customers and a network of 206 merchants across the Greater Cairo and Alexandria areas. More than 14,000 transactions were completed using the valU platform and 156 Uber cars delivered during FY18, with the company’s total outstanding portfolio standing at EGP 137.5 million for the year.

Factoring

In March 2018, EFG Hermes subsidiary EFG Hermes Factoring received a license to offer factoring services in the Egyptian market. The Group allocated an initial EGP 250 million in capital to operate the new venture, which is intended to leverage EFG Hermes’ liquid balance sheet to meet growing demand for factoring services from Egypt’s large corporates and SMEs. Factoring began operations during the final quarter of 2018, booking total revenues of EGP 2 million.

NBFI Revenue Progression (EGP mn)



**2016 and 2017 figures include only Leasing and Tanmeyah*



SELL-SIDE PLATFORM

EFG Hermes' sell-side business is the heart of the Firm and consistently works to identify, create, and deliver investment opportunities for clients around the globe



Sell-Side Overview

The year just ended was a volatile one for FEMs. Capital markets were buffeted by several forces, including the Federal Reserve's rate rises, trade tensions, fluctuations in oil prices, and localized debt crises. Having yielded a 34.2% return in the year to 31 December 2017, the MSCI Emerging Markets Index closed 2018 down 14.57%.

Despite this backdrop, EFG Hermes' sell-side divisions forged ahead to deepen the Firm's footprint across the frontier space, consolidating the Firm's leading position. Our sell-side platform includes the Firm's Securities Brokerage, Investment Banking, Structured Products, and Research Divisions. In 2018 these divisions built on the expansions they have led in previous years, further underlining the Firm's toehold in new and established markets.

EFG Hermes' Securities Brokerage division grew its market share in the Emirati, Egyptian, and Kuwaiti spaces, maintaining its high ranking across these and other markets in 2018. Especially notable was the division's performance in Saudi Arabia, with its market share almost doubling compared to 2017. With the market growing more institutionalized, in 2018 the division doubled its market share in Saudi Arabia, attracting a wider range of clients than in previous years. Besides our established relationships with international institutions seeking to invest in that market, we have now secured business from local and

regional institutional funds seeking to outsource their brokerage functions, as well as new sovereign wealth fund clients. Meanwhile, the division's first foray into FEMs, including Pakistan and Kenya, boded well for the future of the business' operations there, contributing 11% to the division's top-line.

Developments were similarly positive on the Investment Banking front. In July of 2018, the Investment Banking division closed its first transaction in FEMs, serving as joint bookrunner for microlender ASA International's IPO of GBP 125.2 million on the LSE. The division's second FEM transaction was concluded that same month, and in record time: EFG Hermes Investment Banking acted as sole bookrunner on the USD 226 million accelerated equity offering (AEO) of Humansoft Holding Company on the Kuwait Exchange. In our home market of Egypt, the division acted as sole global coordinator and bookrunner to the USD 70 million IPO of Cairo for Investment and Real Estate Development (CIRA) following the successful facilitation of a USD 40 million debt facility for CIRA. Combined, the accomplishments highlight the division's ability to leverage its merchant banking and debt rising capabilities to provide clients with value accretive solutions. Overall, 2018 proved to be another record year for the division, closing 19 equity, M&A, and debt capital market transactions across an ever-expanding footprint.

On the Structured Products front, 2018 brought more success. The division diversified its offerings to include more capital-guaranteed products, equity finance structures, and derivatives, providing MENA and frontier clients with solutions tailored to fit their distinct needs and risk profiles.

Our Research division also continued to thrive. Our top-ranked outfit now covers 263 firms across 24 MENA, frontier, and other markets. With a growing number of our institutional research clients requiring certified adherence to MiFID, EFG Hermes moved in 2018 to implement the necessary measures. This resulted in increased demand from new and existing clients, with many of the latter seeking to concentrate their trading activities with the Firm and further leverage its top-class research and comprehensive coverage.

EFG Hermes' Sell-Side teams are cautiously optimistic moving into 2019. While some of the factors troubling frontier emerging capital markets will remain at play in 2019, particularly tensions surrounding global trade and volatility in oil prices, a number of developments may help to boost activity over the coming months. MENA heavyweight Saudi Arabia is expected to welcome large fund inflows with its inclusion in the FTSE and MSCI Emerging Market indices, which is expected to bolster demand for our services in the foreseeable future. Our

Investment Banking division is especially well-placed to benefit from the expected upturn. We have assembled an impressive pipeline of transactions for the year ahead, including two high-profile equity offerings and a large M&A transaction. These will further embed the Firm into the local Saudi space and widen the base from which its Investment Banking and Brokerage divisions can pursue future growth. Meanwhile, as the Egyptian economy continues to lead regional growth and the government jumpstarts its privatization program, the Firm will continue to increase its deal count in the home market.

Beyond the MENA region, moderate net inflows into markets in Sub-Saharan Africa and Southeast Asia will help consolidate the Firms' position in these markets. In Pakistan, where a business-friendly government was recently elected, our teams have worked to double the Firm's market share and put us in a prime position to gain from rising interest in Pakistani assets. We are working to build a similar base in Kenya and have established an experienced fixed income team on the ground in Nigeria, which should see a considerable uptick in volumes over the coming year, and EFG Hermes is well positioned to benefit there as well. Moreover, we have assembled a healthy pipeline of RFPs and advisory deals across our FEM operation, and will work to deepen the footprint of our Structured Products business in non-MENA markets.



Mohamed Ebeid
Co-CEO for the Investment Bank,
EFG Hermes



FRONTIER

EFG Hermes' Frontier division continued to expand its presence in compelling FEMs in 2018 securing leadership positions throughout its footprint

2

New markets entered

75

FEM markets - execution capabilities



PAKISTAN

Frontier Overview

EFG Hermes' Frontier division continued to expand its direct presence in — and coverage of — key frontier emerging markets during 2018, despite the challenging macroeconomic and political environments in many of the regions in which the Group operates.

In 2018, emerging markets endured significant capital outflows, a rise in protectionism as China and the United States opened a trade war, a tightening of monetary policies by many central banks around the world, led by the US Federal Reserve, and a collapse in oil prices in the second half of the year.

Equity capital market transactions dried up and brokerage volumes slowed across frontier and emerging markets. Despite facing the same challenges as other players in the market, EFG Hermes Frontier strengthened its position in the markets in which it operated as 2018 opened, entered new markets, and rolled out new products. As a result, EFG Hermes Frontier made a notable contribution to the Group's financial results in 2018 despite it being the newest division on the investment bank side of the Group.

Sub-Saharan Africa

The primary challenges to emerging markets across Sub-Saharan Af-

rica was the tightening of monetary policy by many developed economies around the world and the subsequent strengthening of the US dollar. Falling oil prices were also a challenge for economies with significant petroleum components, such as Nigeria. Nonetheless, EFG Hermes' operations in both Kenya and Nigeria were not just resilient in the face of these macroeconomic challenges — they delivered growth and expansion.

The Group's first Sub-Saharan Africa office, located in Nairobi and launched in August 2017, had a very solid 2018. Despite challenging local market conditions and competition from both local and regional brokers, EFG Hermes continued to build on its early success and closed the year as a top-five broker by market share. Amid growing interest from international institutional investors, the Group expanded its on-the-ground presence in Nairobi.

On the opposite coast of the continent, EFG Hermes announced in July 2018 its acquisition of Nigerian brokerage Primera Africa. The acquisition serves as a starting point for further expansion into West Africa and will allow the Group to offer both research and a full suite of

brokerage services. EFG Hermes will strengthen its on-the-ground presence in Nigeria with additional staff, wider and deeper research coverage, and with the planned roll-out of investment banking advisory services. Primera Africa will be rebranded as EFG Hermes Nigeria in 2019.

South and Southeast Asia

Southeast Asia faces significant fallout from the brewing trade war between the United States and China. Companies in both South and Southeast Asia are tightly integrated into global supply chains and are particularly sensitive to swings in Chinese exports, meaning the region could face headwinds from a deepening of the trade battle. Despite this potentially challenging macro backdrop, EFG Hermes' operations in the region continued to perform well throughout 2018.

Early in the year, the Group launched its newest country office in Dhaka, Bangladesh, in response to a growing demand from EFG Hermes' global institutional clients eager to explore opportunities in this fast-growing economy. The branch's first-year results were satisfactory: EFG Hermes now has the largest market share of international institutional investors

trading Bangladesh, with more expected to enter the quickly expanding market during 2019.

Notably, the South and Southeast Asian region was the source of EFG Hermes first successfully concluded investment banking transaction in frontier emerging markets. The Firm served in July 2018 as a joint bookrunner for microlender ASA International's IPO on the LSE.

In parallel, the Firm engaged in a careful and well-thought-out business restructuring in Pakistan, beginning with a change in the division's management. Over the course of 2018, EFG Hermes Pakistan weathered political and economic turbulence, putting it on a strong footing for what management expects will be a solid 2019. One of the main targets for the coming year will be to roll-out EFG Hermes' digital platform in Pakistan.

We continued to bolster our client hosting capabilities across geographies capitalizing on our on-the-ground presence and strength in corporate access.

2019 Outlook

2019 will be a year of consolidation for EFG Hermes' Frontier division. The Group will look to leverage the expanded reach and the strong reputation it has built over the last two years to deepen its reach within the most promising frontier markets across Africa, the Middle East, and South and Southeast Asia. EFG Hermes Frontier will also aim during the course of the new year to widen its product offering and diversify its customer base. Additional staff members will be added across country offices in both Sub-Saharan Africa and South and Southeast Asia to ensure that the Group continues to deliver the highest quality services to all new and existing clients. The Firm also expects to enter the promising Vietnamese market in 2019. Southeast Asia, particularly Vietnam, remains a key focus for the frontier business, with plans in the works to sign a joint venture agreement with a Vietnamese investment bank that could potentially make EFG Hermes the first non-Asian investment bank to enter the Vietnamese market. Vietnam is notable in that multiple IPOs in 2018 attracted the interest of foreign investors.



INVESTMENT BANKING

EFG Hermes Investment Banking focused in 2018 on expanding its reach, product offerings, and capabilities to execute a record number of ECM, M&A, and DCM transactions across a wide footprint

19

ECM, M&A, and DCM transactions in 2018

2.5 USD BN

Aggregate value of transactions in 2018



SAUDI ARABIA

Investment Banking

1.54^{USD}_{BN}

ECM Transactions in FY18

317^{USD}_{MN}

M&A Transactions in FY18

670^{USD}_{MN}

DCM Transactions in FY18

2.5^{USD}_{BN}

Aggregate Value of Transactions in FY18

Overview

EFG Hermes' Investment Banking division is a regional leader in M&A advisory, ECM executions, and debt DCM capabilities. Throughout the years, it has continued to execute a steadily expanding stream of landmark transactions not only in the MENA region but throughout the Firm's ever-evolving footprint by leveraging unique deal-sourcing efforts and an ability to manage and place multiple simultaneous transactions. The division's ability to adapt its strategies, on-the-ground knowledge of regional market dynamics, and capacity to devise and execute innovative and customized solutions for clients allow it to deliver unmatched value.

EFG Hermes Investment Banking has throughout the years been the institution of choice for clients, driven by the team's exceptional domestic and international execution capabilities in the M&A sphere, extensive experience in a broad range of industries, jurisdictions, and products and its ability to respond with market judgments and ingenuity to clients' needs for capital. It is these qualities that have helped the division see a record-breaking year, booking an aggregate USD 2.5 billion in transactions in 2018.

Backed by a highly qualified team made up of some of the most diverse investment banking professionals in the region, the division managed in 2018 to go beyond plain vanilla advisory work in its home market, going on to bolster its product offerings, expand its execution capabilities and widen its footprint despite operating in a geopolitical climate in constant flux. The successful deployment of this strategy has not only created significant value for shareholders, but was the lynchpin of EFG Hermes Investment Banking's success during the year.

Operational Highlights of 2018

2018 was an incredibly successful year for EFG Hermes Investment Banking despite challenging conditions that plagued most emerging markets. The division generated revenues of EGP 364 million, an 8% Y-o-Y increase from an already record-breaking 2017. During the year, the effort and resources invested into increasing the division's execution capabilities began to bear fruit, with EFG Hermes Investment Banking executing 19 equity capital market, M&A, and debt transactions during the year for an aggregate value of USD 2.5 billion.

The division's strategy, which targeted improving efficiency, building wider strategic networks and developing greater capabilities to serve investment banking clients enabled the team to close six DCM transactions at a value of USD 670 million, USD 1.54 billion for eight ECM transactions, and USD 316.5 million covering five M&A deals. These successes culminated in several nods from prestigious institutions, with the division being named Best African Investment Bank from Africa Investor and Best Investment Bank in Egypt by Euro-money Middle East Awards.

In July 2018, EFG Hermes Investment Banking concluded its first successful transaction in frontier emerging markets. The Firm served as a joint bookrunner for micro-lender ASA International's (ASAI) GBP 125.2 million IPO on the LSE. The offering, which was 1.9x oversubscribed, was the first ever offering by a frontier microfinance institution on a European exchange.

In an effort to expand its GCC presence, EFG Hermes Investment Banking successfully acted as sole bookrunner on the USD 226 mil-

lion accelerated equity offering of Humansoft Holding Company on the Boursa Kuwait, advising Al Othman Commercial Enterprises on the 17% stake sale. Al Othman's stake in Humansoft represented the largest accelerated equity offering in the Middle East and North Africa and among the top 10 in Emerging EMEA in 2018. The offering was 1.48x oversubscribed.

In Oman, the division also acted as sole global coordinator on the USD 52 million IPO of Dhofar Generating Company on the Muscat Securities Market. It also facilitated the USD 52 million accelerated equity offering of Abraaj's stake in Orascom Construction on Nasdaq Dubai.

Despite challenging conditions in its home market, the team concluded the USD 70 million IPO of CIRA, the first offering of an educational platform on the EGX. The division acted as sole global coordinator and bookrunner on the transaction, with the institutional component of the IPO being 10.36x oversubscribed and the retail tranche 18.9x oversubscribed. The execution followed the successful facilitation of a USD 40 million debt facility for

364^{EGP}_{MN}

IBD Revenues in FY18

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The division's ability to adapt its strategies, on-the-ground knowledge of regional market dynamics, and capacity to devise and execute innovative and customized solutions for clients allow it to deliver unmatched value.

2019 Outlook

In recent years, the EFG Hermes Investment Banking division has significantly expanded both its product offering and geographic footprint, entering some of the world's most rapidly growing markets in Sub-Saharan Africa and Southeast Asia. In the coming year, the division plans to continue solidifying its position in existing markets while venturing further into frontier markets and, with our expanded reach, insight, and capabilities, capitalize on their considerable upside potential.

Going forward, we are optimistic about opportunities in Egypt and plan to increase our deal count in our home market as it becomes comparatively more attractive in the region. We expect potential deal sizes to grow along with the number of smaller offerings. In the GCC, we will continue to adapt our business model in response to changing market dynamics and offer new and diverse products, including entering into transactable businesses that will help maintain a healthy pipeline of regional deals.

CIRA, which, combined underscore the team's ability to leverage debt opportunities available through its merchant banking division and debt raising capabilities to provide clients with value accretive solutions.

In the M&A space, the division served as sell-side advisor to Waha Capital on the USD 49 million sale of its outstanding equity capital in Proficiency Healthcare Diagnostics Laboratories. In the second half of the year, EFG Hermes Investment Banking acted as sell-side advisor to Suez Cement Group Companies, a subsidiary of Heidelberg Cement, on the sale of its industrial bags manufacturing plant to Mondi Industrial Bags for a total consideration of USD 16 million. It also acted as buy side advisor to Telecom Egypt in its USD 90 million acquisition of MENA Cables.

The division completed a number of debt transactions in numerous geographies this year. Continuing its longstanding relationship with ADES International Holding beginning with its 2017 IPO (for which the division won the title of Best IPO in the Middle East by EMEA Finance – Middle East Banking Awards 2018), the division acted as lead arranger to secure ADES a USD 450 million medium-term syndicated credit facility and provided advisory on a USD 140 million debt facility for the

company later in the year. It also acted as lead arranger on USD 18 million worth of loans for Al Hokair Group's Marakez for Real Estate Investment, a continuation of its strategy to expand presence in the GCC.

Landmark Deals in 2018

EFG Hermes continued to expand its presence in new and existing markets, completing several landmark deals across the key FEMs.

ASA International Group – joint bookrunner for ASA International's USD 181 million IPO on the LSE, the first ever offering by a frontier microfinance institution on a European exchange.

Cairo for Investment and Real Estate Development (CIRA) – concluded CIRA's USD 70 million IPO, the first international offering of an educational platform on the EGX.

Dhofar Generating Company – sole global coordinator on the USD 52 million IPO of Dhofar Generating Company on the Muscat Securities Market.

Humansoft Holding Company – sole bookrunner on the USD 226 million accelerated book build of Humansoft Holding Company.

Orascom Construction – bookrunner in the USD 52 million accelerated

book build of Abraaj's stake in Orascom Construction on NASDAQ Dubai.

Cleopatra Hospitals Group – completed a USD 40 million rights issue for Cleopatra Hospitals Group.

Orange Egypt – completed a USD 870 million rights issue for Orange Egypt.

Waha Capital – sell-side advisor to Waha Capital on the USD 49 million sale of its outstanding equity capital in PHD Diagnostics.

TMG Holding – sell-side advisor to TMG Holding on the USD 58 million sale of its portfolio of four schools.

Suez Cement Group Companies – sell-side advisor to Suez Cement Group Companies on the USD 16 million sale of its industrial bags manufacturing plant to Mondi Industrial Bags.

Social Impact Capital – lead arranger in the USD 22.5 million acquisition finance facility for Social Impact Capital.

ADES International Holding – raised USD 590 million through a syndicated debt facility and an Islamic stand-by facility.

Marakez – lead arranger on USD 18 million worth of loans for Al Hokair Group's Marakez for Real Estate Investment.

Key Financial Highlights of 2018

EFG Hermes Investment Banking contributed to c.12% of EFG Hermes' total revenue from fees and commissions in 2018. The division saw total revenues EGP 364 million in FY18, up 8% versus the FY17 figure of EGP 336 million.



SECURITIES BROKERAGE

As the MENA region's largest securities brokerage house, EFG Hermes Brokerage worked to expand its presence throughout the year to capture even greater market shares

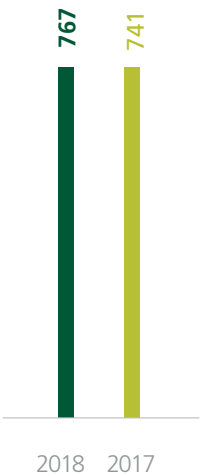
38.2 USD
BN
Executions in 2018

1,045 EGP
MN
Revenues in 2018



Securities Brokerage

Average Daily Commissions
(USD thousands)



Overview

EFG Hermes Securities Brokerage is the leading brokerage house in the region, offering clients a unique range of products and services and an unparalleled coverage of over 75 MENA and frontier emerging markets. Currently, the division has on-the-ground presence in Egypt, Kuwait, the UAE, Saudi Arabia, Oman, Jordan, Pakistan, Kenya, Nigeria, Bangladesh, and offices in the UK and the US. In 2018, despite the challenging market conditions impacting the MENA region as a whole, EFG Hermes Securities Brokerage successfully strengthened its market share in countries where it operates while simultaneously expanding its geographical footprint, with the division opening offices in both Nigeria and Bangladesh. At the end of 2018, the division was ranked first for share of market execution on the EGX, on both the ADX and DFM, Nasdaq Dubai, and Boursa Kuwait.

EFG Hermes Securities Brokerage serves a diverse client base ranging from individual retail investors to some of the most prominent institutional investors and high-net-worth-individuals in the region. We bring our clients an exceptional portfolio of products

and services all backed by our award-winning research division, which provides clients with the best real-time market intelligence available, and our online trading platform, which allows for seamless market access from desktops, laptops and mobile phones.

Operational Highlights of 2018

EFG Hermes Securities Brokerage witnessed strong operational results in 2018 in the midst of subdued trading volumes across the entire MENA region, with several markets suffering from negative market sentiment weighing down on retail investment.

The Egyptian economy witnessed its best year since 2011, expanding by more than 5% during 2018. Trading volumes on the EGX started 2018 on a very positive note before losing momentum to global emerging markets sell-offs as the year progressed. Nonetheless, EFG Hermes maintained its number one ranking on the EGX, with the Firm’s market share steadily increasing to 43% in 2018, up from 38% in the previous year. In the latter half of 2018, EFG Hermes successfully advised and completed CIRA’s IPO. The institutional offering was 10.36x oversubscribed and

the retail offering was 18.7x oversubscribed and the stock closed up 17.7% in its first day of trading.

In Kuwait, negative sentiment from local retail investors drove overall trading volumes on Boursa Kuwait down by more than 20%. Nonetheless, the division managed to substantially grow its share of the market from 24% in 2017 to 38%

in 2018, climbing to a number one ranking from third place last year. In September 2018, Kuwait was upgraded to Secondary Emerging market status within FTSE Global Equity Index Series (GEIS). This landmark reclassification resulted in two large tranches of foreign inflows into Boursa Kuwait, one in September and a second in December 2018. EFG Hermes Securities Brokerage’s

1.0 EGP BN

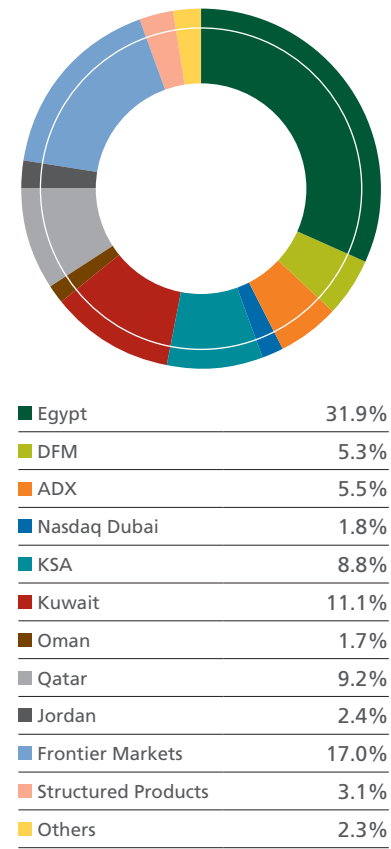
Brokerage Revenues in FY18

Brokerage Rankings (Percent of total market executions)

	2018			2017	
	Market Share		Rank	Market Share	Rank
Egypt*	42.9%	▲	1st	38.2%	1st
UAE-ADX	40.2%	▲	1st	28.0%	1st
UAE-Nasdaq Dubai	62.9%	▲	1st	55.3%	1st
UAE-DFM	21.5%	▲	1st	15.2%	5th
Kuwait	38.4%	▲	1st	24.2%	3rd
Jordan	12.7%	▼	4th	18.4%	2nd
Oman	19.0%	▲	4th	18.9%	4th
Saudi Arabia	2.8%	▲	4th	1.6%	5th
Pakistan	4.9%	▲	n/a	2.8%	n/a
Kenya	11.5%	▲	6th	1.2%	n/a

*Market share calculation is based on executions excluding special transactions

Commissions Breakdown by Market (FY18)



established reputation as the broker of choice for foreign institutional investors in the region allowed the division to capture the bulk active and passive fund flows, channeling over USD 950 million between the two tranches. Additionally, EFG Hermes executed Humansoft accelerated book building worth KWD 68.5 million, with EFG Hermes IFA executing both sides of the deal.

EFG Hermes Securities Brokerage increased its market share to 22% from 15% on the DFM in FY18 and grew its market share to 40% in FY18 from 28% last year on the ADX, ranking first on both markets. It also maintained its market leading position on the Nasdaq Dubai, increasing our market share from 55% in 2017 to 63% in 2018. The division's strong performance comes despite a generally stagnant market in 2018, with low sentiment witnessing local high-net-worth retail clients take a step back during 2018. Nonetheless, foreign institutional investors continued to operate in full force, with EFG Hermes leveraging its position as the leading conduit for institutional funds flows

and capturing a larger share of market activity. In the first half of the year, the division captured most of the passive institutional flows during both the MSCI and FTSE rebalancing events.

In Saudi Arabia, EFG Hermes Securities Brokerage's market share almost doubled compared to 2017 in the midst of an overall 15% increase in trading volumes on Tadawul. The division ranked fourth in the independent brokers rankings while it maintained its second-place ranking among foreign brokers in the kingdom. The impressive increase in market share was a direct result of the division's ability to capitalize on the regulatory reforms which have opened up the market to qualified foreign financial investors, in turn allowing the Group to capture a large share of the incoming flows.

In Qatar, EFG Hermes Securities Brokerage also had a standout performance in 2018, with the division doubling its market share, reaching 29% in 2018. In Oman, the division held on to its fourth ranking in the midst of lower trading volumes on Muscat Securities Market.



EFG Hermes London Conference 2018

Frontier Emerging Markets

EFG Hermes' Frontier division continued to expand its direct presence in, and coverage of, key frontier emerging markets during 2018, despite the challenging macroeconomic and political environments across several geographies where the Group operates. The uncertain geopolitical climate weighed down on equity capital market transactions and brokerage volumes, which slowed across frontier and emerging markets. Nevertheless, EFG Hermes Frontier strengthened its position across its frontier footprint despite fierce competition from existing players, with the Group adding new markets to its roster and rolling out new product offerings. EFG Hermes' Frontier division continues to make a growing contribution to the Group's bottom-line and presents significant upside potential.

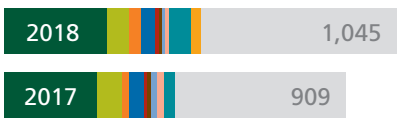
The Group's first Sub-Saharan Africa office in Nairobi was launched in August 2017 and delivered a very solid performance in 2018. Despite challenging local market conditions and competition from both local

and regional brokers, EFG Hermes closed the year as a top-six broker in Kenya by market share and expanded on-the-ground with the addition as it seeks to capitalize on a growing interest from international institutional investors. On the opposite coast of the continent, EFG Hermes announced in July 2018 its acquisition of Nigerian brokerage house Primera Africa, which will allow the Group to expand its research coverage and offer a full suite of brokerage services in the country.

Meanwhile in early 2018, the Group launched its newest country office in Dhaka, Bangladesh driven by a growing interest from EFG Hermes' global institutional clients eager to explore high-potential opportunities in the country. At the end of its first year in Bangladesh, EFG Hermes had captured the largest market share of international institutional investors trading in the country, with further growth expected in this fast-growing market during the coming year.

In Pakistan, the Firm engaged in a careful and well-thought-out business restructuring, beginning with a

Brokerage Revenue (EGP millions)



	FY18	FY17
Egypt	544	491
UAE	117	134
KSA	65	40
Kuwait	79	78
Oman	16	18
Jordan	16	19
Pakistan	19	30
Kenya	16	1
Frontier	117	39
Structured Products	55	58
Total Revenue	1,045	909



EFG Hermes One on One Conference 2018

Awards

The Division's exceptional performance in 2018 was duly recognized with several awards and accolades received throughout the year including:

- *Best Equity House in Egypt – EMEA Finance African Banking Awards*
- *Best Broker in Egypt – EMEA Finance African Banking Awards*
- *Best Equity House – EMEA Finance Middle East Banking Awards*
- *Broker of the Year in Egypt, Kuwait, and UAE – Euromoney's Global Investor Division*
- *International Broker of the Year – Euromoney's Global Investor Division*
- *Ranked #1 in Africa, Best Frontier Markets Brokerage Firm – Extel Survey 2018*

change in the division's management, and is confident that the division's performance in the country will see strong improvements in 2019.

In July 2018, the Firm served as a joint bookrunner for the IPO of microlender ASA International's on the LSE. The transaction marked a milestone in the Group's frontier strategy and showcased its execution capabilities in frontier markets. EFG Hermes Research coverage has also expanded to cover 75 frontier emerging markets around the world as of year-end 2018, up from 60 markets in the previous year.

EFG Hermes One

EFG Hermes One is the division's innovative online platform developed in partnership with Saxo Bank. The platform allows clients to trade on multiple regional exchanges and across various asset classes at a click of a button and from anywhere around the world. The platform seamlessly integrates with the Saxo-TraderGo platform to expand access and capabilities, and also provides access to the EFG Hermes' award-winning research products.

In 2018, the platform was revamped and rolled out across the entire MENA region, gaining positive feedback from users and clients. The platform continued to deliver growth in both assets under management as well fees and commissions during 2018, with momentum expected to carry forward into 2019 as the Group leverages its white label agreements for the platform with regional financial institutions.

Structured Products

EFG Hermes Securities Brokerage structured product desk continued to perform well in 2018 despite reporting decreased revenues compared to

the standout performance recorded in 2017, which was largely driven by carry trade attractiveness and favorable T-bill yields. Although carry trade activity in Egypt slowed during the year, the division's structured product desk remained very active across the wider MENA region as the Firm further diversified its product offering and scope.

In 2018, EFG Hermes Securities Brokerage re-launched its fixed income desk as part of a wider strategy aimed at growing EFG Hermes' debt capital markets business, as the division looks to diversify its product offering and target additional market segments.

Unique Corporate Access

2018 saw EFG Hermes expand its world-renowned investor conferences increasing both the number of presenting companies and attending investors, with a significant increase in attendance from investors in leading FEMs around the world. The increased turnout that EFG Hermes recorded across its conferences is a testament to the quality of the events organized by the Group, especially in light of the general decrease in attendance reported across other competitors' conferences resulting from the new MiFID II regulations, and the additional attendance fees now being charged.

EFG Hermes' strong corporate access, research coverage and unrivalled trading platform allowed it to record impressive MiFID II signups in excess of Group targets, in-turn driving attendance at its events given the Group's increasingly consolidated offering. Overall, contrary to initial sentiment, the implementation of the new MiFID II regulations have had a positive effect on the Group's operations in terms of market shares and trading volumes.

In early 2018, EFG Hermes hosted its 14th annual One on One Conference in Dubai. This year's gathering saw executives from 173 companies spanning 26 countries meeting with 518 investors from 255 institutions managing more than USD 8 trillion AUMs. The conference took place under the headline "Shifting Benchmarks" and came just weeks into a year during which investors were seeking insights to better navigate intermittent volatility that impacted global markets.

In September 2018, EFG Hermes' 8th annual London Conference proved to be yet another success. The conference brought together investors and fund managers representing USD 12 trillion in aggregate AUMs in direct meetings with senior executives from more than 151 leading listed companies based in MENA, Sub-Saharan Africa, Eastern Europe, and Asia. Conference participants met at Arsenal's Emirates Stadium to share insights and investment strategies and connect in search for compelling business opportunities.

EFG Hermes closed off the year with its third Egypt Day Summit in Cairo. The three-day event saw 27 investors from 22 financial institutions representing USD 5.5 trillion in AUMs meet with a cohort of

top government officials and CEOs from Egypt's top listed companies to discuss the stability and steady growth of Egypt's economy following recent reform efforts.

Key Financial Highlights 2018

Full-year revenues contributed by EFG Hermes Securities Brokerage rose 15% Y-o-Y to EGP 1,045 million. After a relatively slow start of the year which saw revenues from EFG Hermes' Brokerage arm come in flat compared to 2017, the division reported strong year-on-year top-line growth predominately on higher margin income in Egypt and higher brokerage commissions in Kuwait and frontier markets. Average daily commissions also witnessed strong growth compared to 2017 on the back of robust contributions from frontier markets.

2019 Outlook

Heading into 2019, EFG Hermes Securities Brokerage will continue delivering on its growth strategy with further expansion of its geographical footprint into new, high-potential FEMs while continuing to develop and diversify its product offering. The division is confident in a recovery of volumes and sentiment across the wider MENA region during 2019 and expects to capture a large share of new foreign inflows resulting from the six anticipated index inclusions or upgrades between the FTSE and MSCI expected for 2019.



RESEARCH

EFG Hermes' Research team continues to lead the region in terms of quality and breadth of coverage, garnering top spots on some of the world's most prestigious investor polls and rankings

263
Equities under coverage

24
Markets covered



SAUDI ARABIA



Research

Overview

EFG Hermes' Research team continues to lead the region in terms of quality and breadth of coverage. The team increased stock coverage to 263 equities across 24 markets at year-end 2018, up from 224 equities and 14 markets during the previous year with a total of 10 countries under macro coverage. EFG Hermes' team of analysts now offers investors the broadest coverage of FEM equities and has deepened its macroeconomic, sector, and equity coverage of the key markets in the MENA region and beyond.

Operational Highlights of 2018

In recognition of the team's extraordinary research efforts, EFG Hermes was in 2018, for the first time, named the top frontier markets research firm by Exel. This prestigious recognition of the Firm's efforts comes just two years into EFG Hermes' drive to expand beyond the MENA region and into frontier emerging markets. Nine of the Firm's 20 analysts were recognised in the top 20 of Exel's 2018 MENA research poll, making EFG Hermes the second-ranked firm overall and the top-ranked MENA-headquartered firm in the poll. 2018 also saw EFG Hermes named the Top Africa (Ex. South Africa) Equities House at the Financial Mail Top Analyst Awards, demonstrating the strength of its African footprint.

For EFG Hermes Research, 2018 was about frontier market expansion. The year saw the department initiate on equities in Georgia (2), Bangladesh (7),

Mauritius (2), Uganda (2), Rwanda, (1) and Botswana (1), which added to the research coverage portfolio. Meanwhile, EFG Hermes Research deepened its coverage of the MENA and FEM markets already under its purview, initiating coverage of new equities in Egypt (5), Kuwait (2), Saudi Arabia (1), the UAE (3), Nigeria (5), Kenya (2), Pakistan (1), and Vietnam (3). The division has also enhanced its on-the-ground presence, boosting its ability to produce market-leading and differentiated research products. The FEM expansion has seen the division grow its team from 46 analysts located in 6 countries in 2017 to 52 located in 8 countries at year-end 2018, with new recruitment taking place in Pakistan given its growing importance in FEM research.

The team is constantly evolving research products, whether to reflect the rise in passive money in the region and the subsequent impact on both markets and equities alike, or changing client focus – the team has seen rising interest in education and information technology across its coverage. Education and IT sector equities, on which the division initiated coverage in 2018, raised the total sectors covered by the division to 38.

The breadth of coverage enables EFG Hermes Research to provide investors with deep and comprehensive analysis that facilitates comparative evaluations across numerous markets and sectors, distinguishing EFG Hermes from its peers in the research segment. This has helped greatly in the face of MIFID II (Markets in Financial Instruments

Directive), wherein the sell-side have had to decouple research from brokerage commissions for European clients. As a result, the EFG Hermes research team has had to sell research on an account-by-account basis, and successfully negotiated over 50 contracts with clients to pay for EFG Hermes Research on an annual basis. The ability to maintain fruitful direct relationships with research clients was reinforced in 2018 through the implementation of the IPREO system. Launched in the previous year in response to MIFID, IPREO is a customer relationship management system that allows EFG Hermes to track client interactions from a regulatory standpoint while enhancing the Research team's ability to analyze client data and tailor products to meet their needs.

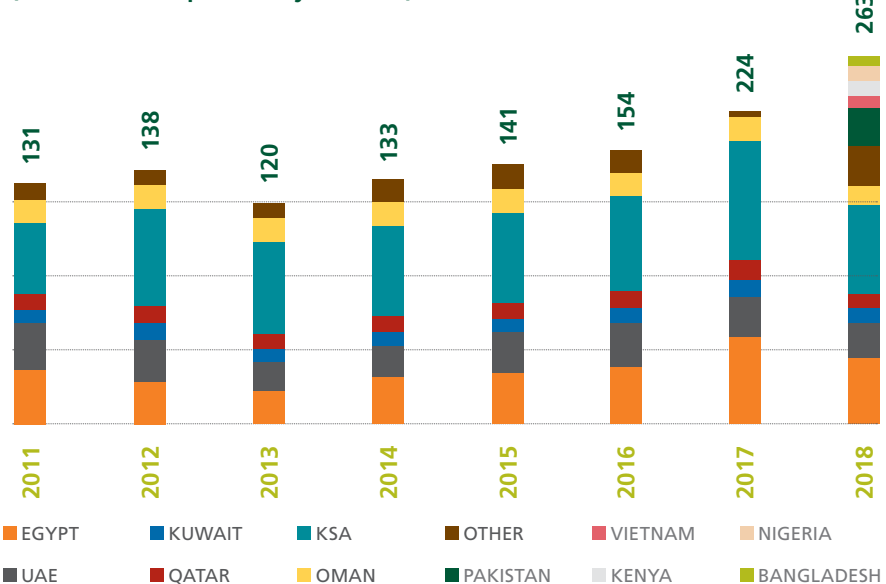
In 2018, EFG Hermes Research, in its mission to optimize the client experience, further enhanced the research portal. This digital portal provides investors with the division's award-winning analysts' insights at the touch of their fingertips through a mobile-friendly in-

terface that allows them to personalise their research experience. The platform allows all clients to manage their mailing preferences, save and archive reports they wish to consult later and view their navigation history, as well as providing access to a research library that now encompasses all historical news, reports, and commentaries.

New Products in 2018

In 2018, EFG Hermes Research launched Egypt One, a new retail research product that delivers a daily report summarising what we expect to happen in the market and which equities we believe will outperform in the short term. The research included in Egypt One is largely retail-oriented and complements the team's previously communicated strategy to gear more of its products to retail investors. This strategy has seen the team increase coverage of small-cap stocks and launch a retail-specific web portal that provides the broadest and most in-depth coverage compared to any research house in the region.

Evolution of Companies Under Active Coverage (number of companies at year's end)



2019 Outlook

The year ahead will see a number of important developments in MENA markets, given Saudi Arabia's inclusion in the MSCI Emerging Markets index and its promotion to Emerging Market status by the FTSE Russell Index. With a large inflow of passive funds expected into Saudi Arabia and other MENA markets over the coming months, client demand for quality market and equities research is expected to come to the forefront. The research management team has worked hard to position EFG Hermes as a prime beneficiary of this increase in interest and activity, with a significant increase in Saudi Arabian coverage.

EFG Hermes Research will continue to expand its geographic and sector coverage, focused on deepening its coverage in MENA and expanding coverage into Sri Lanka, Ghana, and other SSA countries. Two years into EFG Hermes' FEM expansion, its fundamental research approach and commitment to quality over quantity, plus its on-the-ground presence has meant that the division has differentiated itself from competitors. In addition, the EFG Hermes Research team's broader coverage across FEM (MENA, Africa, Asian frontier markets) has been a boon as most other research houses have a narrower focus (i.e. one of MENA, Africa, Frontier Asia, but not all three markets).





BUY-SIDE PLATFORM

EFG Hermes' buy-side business has consistently added new and unique products to its roster and been a beacon for cross-border investments



Buy-Side Overview

Four years ago, EFG Hermes initiated a new strategy that would see it combine asset management and private equity into one platform to provide investors with an integrated portfolio of investment opportunities that stretched beyond our traditional MENA and frontier markets to include products that spanned the globe. We have grown the platform both horizontally – by adding new and unique products – and vertically – by seeking out new investors beyond the MENA region. At the end of 2018, total AUM for the combined platform stood at around USD 4.5 billion.

Overall, 2018 was a significant year for Buy-Side in that we were able to validate our strategy with the signing of a definitive agreement with institutional investors advised by J.P. Morgan Asset Management to sell Vortex Energy's 49% stake in a 998 MW operational wind power portfolio managed and co-owned by EDPR. The exit was a testament to our ability to seamlessly manage the full investment cycle with a consortium of global investors. We identified the opportunity, structured the deal, brought in the investment and exited delivering good returns all within the context of a challenging year for global markets.

While we have exited our wind energy assets entirely, we are still firmly committed to continuing to invest in the global renewables space. Proceeds from the sale of Vortex Wind will be reinvested globally and we are currently looking into markets in the US and Canada. We also remain active in Vortex Solar, which owns 24 solar assets in the UK representing 365 MW of capacity. The solar portfolio continues to deliver in terms of both cash distribution and performance, and we have strengthened our operation on the ground in the UK.

The second key milestone for Private Equity this year was a significant Egypt-focused transaction that falls under our education pillar. In the second half of the year, we managed to close on a fund that is in the magnitude of USD 110 million, which stands as the largest private equity fund raised specifically for investments in Egypt in over a decade. What makes it even more impactful is that it's dedicated to a sector that is in dire need of investment and development. Together with our partners, a best-in-class regional school operator, GEMS, we hope to make a strong impact in the industry and deliver attractive returns to our investors.

The closing on this fund also sends a clear signal to the market that EFG Hermes is committed to bringing investments back into Egypt in sectors that are critical to the growth and development of the Egyptian economy. In 2018, we acquired four schools with a student population of over 5,000 in the Cairo suburbs of Madinaty and Rehab, and in 2019 we look forward to pursuing multiple investment opportunities across the education sector with the help of GEMS.

On the Asset Management front, 2018 was a less eventful year characterized by volatility in regional capital markets and geopolitical turbulence that impacted asset managers across the board. Despite the challenging operating environment, we managed to maintain the business with all our funds continuing to deliver strong performances. At the end of 2018, total assets under management by our asset management activities stood at USD 2.1 billion in regional AUM and EGP 13 billion in Egypt AUM.

The Asset Management Division was also awarded a new mandate to manage a money market fund for Emirates NBD Egypt, further proof that we have the ability to offer a diversified portfolio of funds for an expanding investor base.

Our regional business continues to grow with Frontier Investment Management Partners Ltd. (FIM), a leading investment manager with experience in emerging and frontier markets, a business that we acquired 50% of in 2017. Last year, we launched a new fixed income strategy and successfully closed a new real estate investment strategy — both under our FIM partnership.

We look forward to a better outlook for capital markets in 2019 throughout the region. On the Asset Management side, there is some optimism that capital markets across the region are showing signs of resilience, and we are particularly positive about Egypt and Saudi Arabia. On the Private Equity side, we will continue to focus on growth in the education space through our Egypt Education Fund and our partnership with GEMS, and we look forward to announcing new investments in renewable energy along the lines of Vortex in the near future. As for healthcare, the third pillar of our Private Equity investment strategy, we are actively looking for opportunities for our RX Healthcare platform and hope to conclude a transaction in 2019.



Karim Moussa
Co-Chief Executive Officer, EFG
Hermes Investment Bank



ASSET MANAGEMENT

EFG Hermes Asset Management is the only asset manager in the region with a significant track record as an investment manager, and its funds consistently outperform regional benchmarks

2.1 USD
BN
Regional AUM

13 EGP
BN
Egypt AUM



OMAN

Asset Management

“

EFG Hermes Asset Management continues to be the only asset manager in the region with a significant track record as an investment manager.

Local Funds Managed by EFG Hermes Asset Management in Egypt



MMF	8
Equity	9
Fixed Income	1
Balanced	1

Overview

EFG Hermes Asset Management offerings encompass mutual funds and discretionary portfolios with both country-specific and regional mandates. These include equity, money market, fixed income, indexed, Sharia-, and UCTIS-compliant mandates individually tailored to suit a variety of needs, targeted objectives, and risk appetites. The division serves a diverse and well-established client base, with a special focus on long-term and institutional clients.

EFG Hermes Asset Management continues to be the only asset manager in the region with a significant track record as an investment manager. Our funds continue to consistently outperform regional benchmarks, and the division continues to work on capturing a wider network of clients as it expands along with the Firm in terms of product offerings and geographical reach.

At year-end 2018, the division had total AUM of USD 2.1 billion across the region and EGP 13 billion in the Egyptian market. Egypt AUM managed to grow 4.3%, supported by injections and the positive performance of fixed

2.1 USD BN

Regional AUMs in FY18

income portfolios and MMFs, which added 14.7% to total AUM and overshadowed lackluster equity markets' performance and redemptions.

Operational Highlights of 2018

It was a challenging year in the asset management space due to an investment climate in constant flux and general uncertainty surrounding emerging markets. The regions in which we operate were rife with volatility, but despite the challenges, we managed to maintain our standing as an asset management house of choice and have positioned ourselves to take advantage of improving capital market climates in the coming year.

In 2018, EFG Hermes Asset Management partnered with Emirates NBD Egypt to launch the Bank's first money

market investment fund, Mazid. The Fund, which is managed by EFG Hermes Asset Management, is the first new money market in the Egyptian market since 2015. The addition of the fund to the asset management portfolio showcases the division's strength and ability to provide the market with a wide variety of investment products. The timing of the launch in late 2018 also sends a signal that the Egyptian economy is showing strong signs of stability. The new mandate brings the total number of local funds managed by EFG Hermes Asset Management in Egypt up to 19 (8 MMF, 9 equity, 1 fixed income, and 1 balanced).

2018 saw the first full year of post-investment operations at Frontier Investment Management (FIM), a part of the buy-side platform's efforts to transform EFG Hermes Asset Management into a product-driven platform that centralizes distribution and client relationships. FIM now functions as EFG Hermes' regional asset management arm. As of 2018, the division also launched a fixed-income strategy under FIM to continue to expand its product offerings. Despite difficulties engendered by a

volatile market climate, the division's regional business at FIM continued to grow throughout 2018, and the year saw the Firm launch a new real estate investment strategy that promises to yield significant returns for investors.

Key Financial Highlights of 2018

Asset Management revenue soared 26% Y-o-Y to EGP 409 million in FY18 on the back of stronger revenues generated by FIM.

2019 Outlook

We expect to see volatility settle throughout the region in the coming year, with Egypt and Saudi Arabia having potential to deliver returns due to the resilient nature of these markets. We will continue to deliver consistent, long-haul performance across fund types, from money market funds to fixed income and equities.

With Egypt continuing to be a beacon of stability in the region, we plan to continue to expand our offering in the country and increase our standing in the market by capitalizing on the relationships we have built across our footprint.

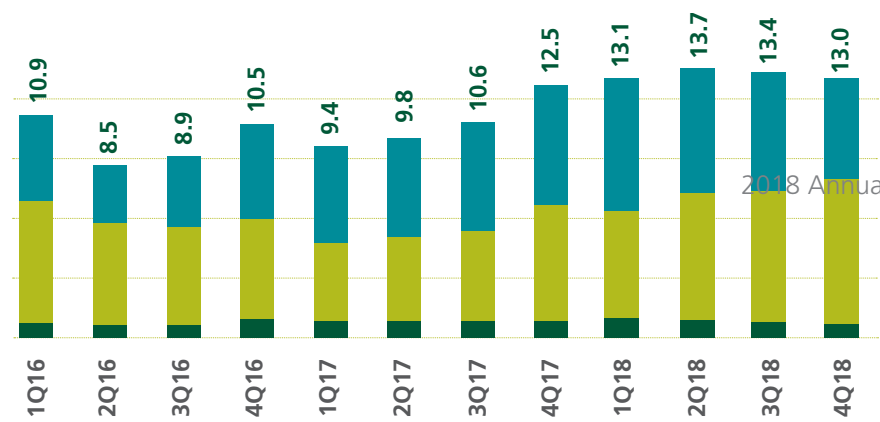
As EFG Hermes continues to build on its buy-side platform, launch targeted funds, and implement segregated portfolio management, it is also continuing to move ahead with its carefully calculated regional expansion plans.



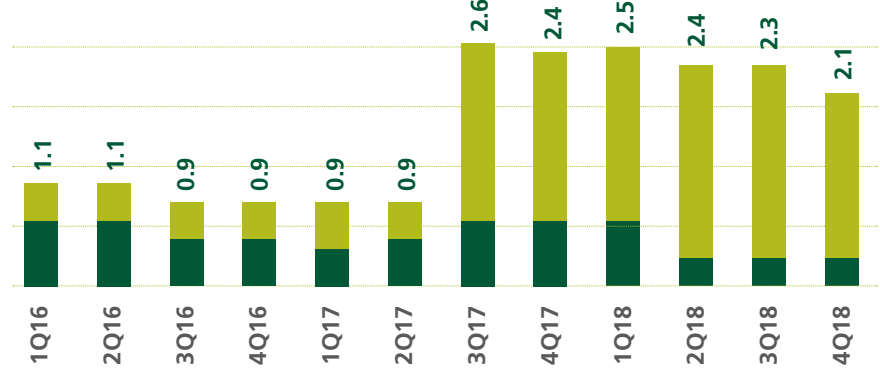
Awards

EFG Hermes Asset Management continued to garner prestigious awards in 2018, gaining major recognition for its innovative approach to the industry and maintaining its longstanding position as a market leader. The division was recognized as Best Asset Manager in Egypt at EMEA Finance’s African Banking Awards. EFG Hermes Asset Management also received the Outstanding Performance in Asset Management Award at Business Today’s Top 100 Awards, further recognition of its consistent ability to secure superior outcomes for investors. The division’s ability to tailor its offerings to fit clients’ varying objectives and risk appetites saw it honored with the Best Asset Management Solutions Award by The European. At the MENA Fund Manager Awards, EFG Hermes’ Bank of Alexandria III Fund was recognized as Fixed Income Fund of the Year, with its Al Baraka Islamic Equity Fund securing the Sharia Compliant Fund of the Year prize.

Egyptian AUMs (EGP bn)



Regional AUMs (USD bn)



2018 Annual Report





PRIVATE EQUITY

2018 saw EFG Hermes Private Equity continue its track record of growth to achieve an asset configuration that offers exposure to some of the most exciting global market opportunities

2.4 EUR BN
Vortex combined executed transactions

109 USD MN
Total commitments for the first close of the Egypt Education Fund



Private Equity

Overview

EFG Hermes Private Equity is a regional leader in its field, with a track record that spans more than two decades and a reach that extends over multiple continents. The year just ended saw the division continue its long run of rapid growth, with its experienced management team striving to achieve an asset configuration that offers exposure to the most attractive market opportunities while meeting its investors' evolving requirements.

EFG Hermes' Vortex Energy Platform propelled the Firm into the European top rank of renewable investment managers, and 2018 marked a new chapter in Vortex's growth story and EFG Hermes' intensive involvement in the clean energy sector.

The year also saw EFG Hermes Private Equity successfully complete the first close of the Egypt Education Fund, which will focus on Egypt's promising K-12 private education sector. The Fund, which reflects the Firm's commitment to investing in critical sectors of its home market, is a core component of an education platform built by the Firm in exclusive partnership with Dubai-based GEMS Education, one of the world's oldest and largest K-12 private education providers.

Operational Highlights of 2018

Vortex

In December 2018, Vortex Energy entered into a definitive agreement with institutional investors advised by J.P. Morgan Asset Management to sell its 49% stake in a 998 MW operational wind power portfolio managed and co-owned by EDPR. Assets in the sale include 56 operational wind farms across Spain, France, Portugal, and Belgium.

During the period in which Vortex held the stake, it was able to return attractive cash yields to investors and continuously create value for its shareholders. The sale of Vortex Energy's wind assets put on clear display the Private Equity Division's trusted ability to acquire, manage, and exit renewable energy investments in markets spanning the globe.

By year-end 2018, Vortex's renewable energy assets represented a combined capacity of 822 MW and combined executed transactions in excess of EUR 2.4 billion. Vortex Energy continues to hold its investment in a 365 MW UK solar PV portfolio, which is managed by Beaufort.

Egypt Education Fund

In partnership with Dubai-based

GEMS Education, the year saw EFG Hermes take the first step toward building Egypt's largest institutional education service provider. In December, the division successfully completed first close on its DIFC-based Egypt Education Fund. The Fund's offering was oversubscribed, with total commitments of approximately c. USD 109 million, an inflow far exceeding the initial target of USD 50-100 million. With strong interest from a diverse group of international investors, equity capital for the Egypt Education Fund was raised in just six months. This speed demonstrated investors' trust in EFG Hermes Private Equity's ability to construct innovative equity products that offer exposure to untapped opportunities while helping meet their distinctive investment goals. Subscribers to the Fund included high-net worth individuals and institutional investors from Egypt, the GCC, and Southeast Asia.

EFG Hermes Private Equity is targeting a fund IRR exceeding 25% and is working with GEMS to deploy USD 300 million over the next three years to develop a portfolio of 30 schools with a total of 40,000 students. Egypt's expenditure on education services continues to lag that of peer

countries, and the market presents ample opportunities for growth and development. The platform finalized its first Egyptian investment in May of 2018, acquiring four national and British schools in the Greater Cairo Area from Talaat Moustafa Group in a transaction worth EGP 1 billion. EFG Hermes' partnership with GEMS, a best-in class provider of K-12 education services, ensures that on-the-ground management of the platform's assets will be in the hands of a trusted industry leader.

EFG Hermes' Egypt Education Fund is the largest Egypt-focused fund to be floated in over a decade. The Private Equity Division's successful first close of the Fund's equity financing underscores EFG Hermes' commitment to investing in core sectors of the Egyptian economy and facilitating much-needed inflows of foreign direct investment.

Key Financial Highlights of 2018

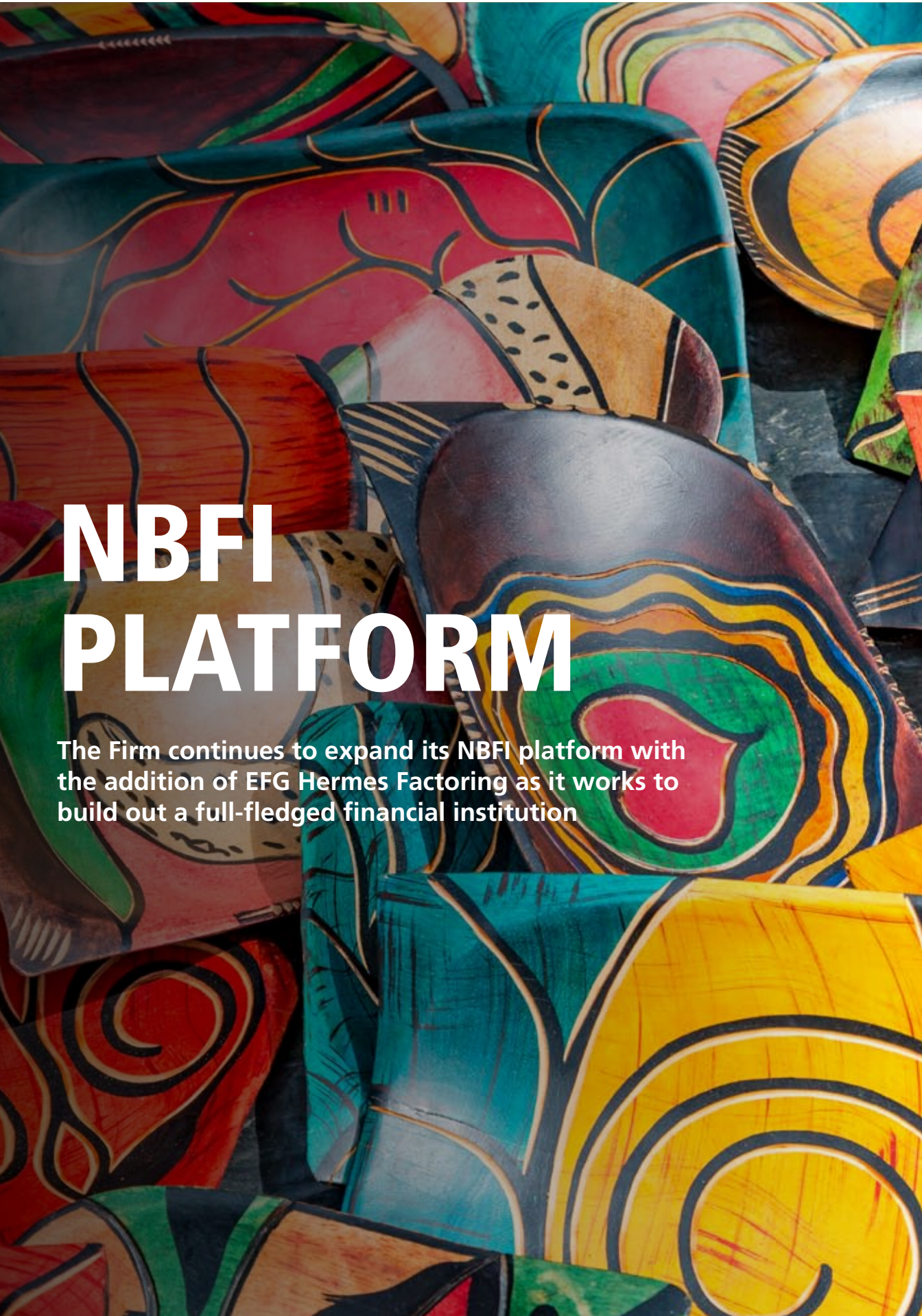
Revenues at the Private Equity Division climbed 12% Y-o-Y to record EGP 146 million for 2018.

146 EGP MN

Private Equity Revenues in FY18

2019 Outlook

In the year ahead, EFG Hermes Private Equity will begin working to reinvest the proceeds from its sale of Vortex assets in new renewable energy opportunities. The division will leverage its extensive experience as a renewable asset manager as it seeks to gauge opportunities in markets further afield, including in the US and Canada. Closer to home, the division expects to complete the second close of equity financing for the Egypt Education Fund during 2019. EFG Hermes Private Equity is in talks with several global financial institutions expressing interest in subscribing to the remaining ticket and aims to raise an additional USD 40 million in capital.



NBFI PLATFORM

The Firm continues to expand its NBFI platform with the addition of EFG Hermes Factoring as it works to build out a full-fledged financial institution



NBFI Overview



2018 has been an exciting year for EFG Hermes Finance, the Group's NBFI platform, with a rapid and ambitious plan for diversification taking effect and exceptional results being seen. Since its foray into the non-bank financial services space, EFG Hermes has consistently managed to launch a new offering every year as part of a Group-wide expansion strategy.

In 2015, EFG Hermes launched EFG Hermes Leasing. Over three years of full operations, the company currently stands as one of Egypt's top-ranked financial leasing providers by market share. The following year witnessed the acquisition of Tanmeyah Micro-enterprise Services, Egypt's largest private sector microfinance provider, which continues to lead in terms of market share and geographic reach in rural areas within Egypt. As it grows, it has continued to expand its team to meet the growing demand from both current and potential clients.

The fourth quarter of 2017 witnessed the launch of valU, the only fintech platform of its kind in the MENA region. It has since gained massive traction among multiple client segments and retail subsectors as well as successfully positioning itself as the most innovative sales-through-installment offering in Egypt. Currently, valU has a widespread reach of more than 1,500 points-of-sale spread across over 200 different vendors, and has delivered 156 cars to Uber partners.

In 2018, we launched our greenfield venture into factoring — EFG Hermes Factoring — to meet the demand that businesses have for immediate cash flow. Having acquired a factoring license at the end of the first quarter of 2018, EFG Hermes Factoring has managed to accumulate a sizeable portfolio of clients and contracts in less than one full year of operations. EFG Hermes Factoring currently offers domestic and export recourse

facilities, domestic and export non-recourse facilities, international factoring, reverse factoring, and purchase order financing — a full spectrum of factoring services that caters to the demand of clients of all sizes across various industries.

To expand our fintech offerings, the tail end of 2018 saw the launch of EFG EV — a unique combination of EFG Hermes' financial expertise and the entrepreneurial chops of Egypt Ventures to make up one of Egypt's most powerful fintech-focused start-ups. The venture seeks not only to provide fintech entrepreneurs with seed capital but to fuel their growth with access to mentorship and training as we do our part to foster a push toward greater technological and financial inclusion in Egypt.

Our continued growth and success in 2018 has fueled the NBFI platform's various teams to achieve even greater gains in 2019. The dedication, professionalism, and corporate citizenship of our highly skilled teams across EFG Hermes Leasing, Tanmeyah, valU and EFG Hermes Factoring will continue to innovate and add value to drive the Group-wide strategy of diversification and expansion.



Walid Hassouna
Chief Executive Officer, EFG
Hermes Finance
Group Head of Debt Capital
Markets



LEASING

EFG Hermes Leasing has become a leader in the market, tailoring leasing solutions and value-added advisory services for several industries across Egypt

15%

Of our portfolio are SME clients

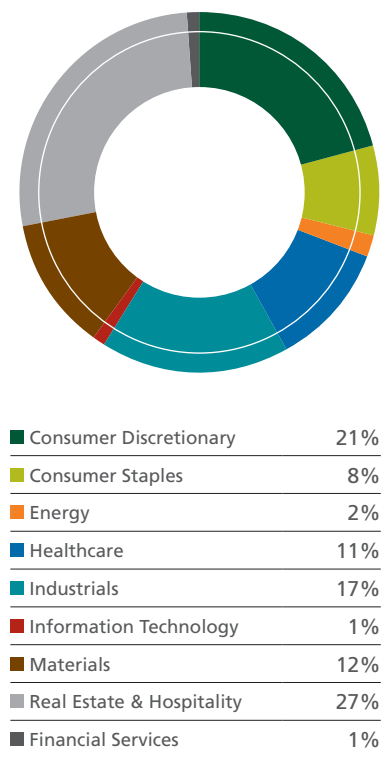
2.9^{EGP}
BN

Total net portfolio at year-end 2018



Leasing

Client Industry Analysis



Overview

Established in 2015 as the integral component of EFG Hermes’ non-bank financial services platform, EFG Hermes Leasing caters to the growing demand for financing among both corporations and SMEs in Egypt. Backed by a team of highly-qualified professionals, EFG Hermes Leasing has established itself as a consistently top-ranked leasing provider by market share since inception.

EFG Hermes Leasing provides tailored leasing solutions and value-added advisory services for several industries and sectors in the Egyptian market. The team has leveraged their multi-disciplinary expertise to provide an expansive pool of diverse clients with the fastest turnaround time in the industry.

Now into its fourth year of operations, the company has maintained its top ranking, positioning itself at the end of 2018 as the fifth-largest leasing company in Egypt with an 8%

market share in a highly fragmented market. The company ended the year with a total net portfolio of EGP 2.9 billion, with the success mainly attributed to management’s efforts to cater to clients of different sizes across multiple sectors.

EFG Hermes Leasing’s accelerated rate of growth and accomplishments has positioned it as Egypt’s most agile and innovative financial leasing provider as it continues to develop a diverse suite of products for both customers and vendors.

Operational Highlights of 2018

Despite a challenging interest rate environment in 2018, which saw CBE lending rates hover at 17.75%, EFG Hermes Leasing witnessed increased activity as the team worked diligently to diversify and grow its client portfolio, find alternative financing sources, as well as increase contributions from its growing SME portfolio, which expanded to 15% by the end of 2018

from 8% in 2017. EFG Hermes Leasing successfully collaborated with a number of banks throughout the year as well as the Saudi Fund for Development (SFD) to extend low-cost credit to their SME clients.

Despite the operational backdrop, be that the highly competitive, fragmented market or high borrowing costs, the company’s net financed assets reached EGP 1.8 billion by the end of 2018. The success was achieved all while maintaining the same headcount of 44 skilled employees, a testament to the team’s efficiency.

A significant milestone for 2018 was the launch of the team’s securitization program in the fourth quarter of the year, which will reflect positively on its leverage ratio and create room for further operational expansions. The first issuance of EFG Hermes Leasing’s securitization program took place in November 2018, with a bond issued for EGP 313 million backed by 107 contracts distributed over 47 clients.

The net present value of outstanding receivables on the closing date of the transaction was EGP 333 million. The securitization program gives more weight, credibility, and diversity to the company and its portfolio.

Key Financial Highlights of 2018

EFG Hermes Leasing contributed total revenue of EGP 436 million to EFG Hermes’ consolidated results in FY18, compared to EGP 295 million in 2017, a 48% Y-o-Y increase.

2019 Outlook

After sustaining business in a very challenging year, EFG Hermes Leasing plans to increase its portfolio as the macro backdrop improves following lowered lending rates and a noticeable pickup in market activity across multiple sectors. With a law regulating financial leasing and factoring now in place, the industry is expected to take off, and EFG Hermes Leasing is perfectly positioned to capture an even greater market share while expanding and diversifying its portfolio.



TANMEYAH

EFG Hermes' Tanmeyah is the nation's leading microfinance solution provider and the second-largest microlender overall

248
Locations nationwide

292,605
Borrowers by year-end 2018



JORDAN

Tanmeyah

Overview

Tanmeyah Microenterprise Services is Egypt's leading non-bank provider of microfinance solutions and the country's second-largest microlender overall. The company caters to owners of micro and very small businesses across Egypt who lack access to financing from the traditional banking sector. The company provides a comprehensive suite of microfinance solutions that target high-need areas across the country. Tanmeyah extends credit of up to EGP 50,000 for microenterprises and EGP 50,000-EGP 100,000 for very small enterprises repayable up to 24 months. The company also offers microinsurance products.

Tanmeyah helps its clients achieve social mobility and find a path out of poverty by giving them the capital they need to grow their businesses. Founded in 2009, the company is an active participant in the financial inclusion drive now being led by the Central Bank of Egypt (CBE) and the nation's Council of Ministers.

Operational Highlights of 2018

2018 marked yet another year of exceptional growth for Tanmeyah despite the high corridor rates maintained by the CBE throughout the year. Key to the business' growth has been the consistent expansion of its national footprint, of its team of loan officers and support personnel, as well as the work of its newly constituted project and research teams.

Tanmeyah entered 2018 with the goal of opening 50 branches nationwide — and closed the year having opened 98, bringing its total branch network to 248 locations nationwide from Upper Egypt to Alexandria — or, as the company says, “from the Dam to the Delta” — in 25 of the nation's 27 governorates (excluding North and South Sinai).

As when dealing with any unbanked population, risk mitigation is key to Tanmeyah's business model — the challenge of microfinance is never finding borrowers, it is finding qualified borrowers and recovering loans with margins intact. The company's technological infrastructure plays a key role here, but the secret to Tanmeyah's success rests in its team of well-trained and locally experienced loan officers. With that in mind, the company grew its headcount as of 31 December 2018 to almost 4,000 employees, up from around 2,400 the same time a year ago.

Sourcing and training personnel and ensuring quality portfolio outcomes amid rapid growth in branches and team members were the key accomplishments of 2018 for Tanmeyah. Notably, the company's average turnaround time continued to improve in 2018 at a maximum of three days — down from an average of 3.8 days at the start of 2017. The figure is by far the fastest turnaround time in the market and is only possible through

Tanmeyah's proven risk-management framework and its team's on-the-ground knowledge.

The company's portfolio bears this out, with a base of active borrowers growing from around 167,000 in 2017 to more than 290,000 in the year just ended. The company's total loan portfolio grew at a slightly faster pace, standing at c. EGP 2.8 billion. The substantial growth in Tanmeyah's loan portfolio was driven by a 26% increase in the average loan size along with a corresponding increase in average daily issuances.

Since inception, Tanmeyah has issued more than 1 million loans.

The project management and research teams at Tanmeyah, each of which was created in 2017, were core to the delivery of the business performance in 2018. The project management team led the growth of the company's national footprint by ensuring the efficiency of the company's operations across the board and by further developing the IT infrastructure to support its digital transformation.

In parallel, Tanmeyah's research team developed successful strategies to drive the business into two new segments:

- Tuktuks: Tanmeyah deployed some EGP 357 million in financing for small businesses that operate tuk-

tuks (three-wheeled auto-rickshaws that serve underprivileged and peri-urban areas not served by mass transport). Tanmeyah managed to develop a significant footprint in this promising sector in 2018.

- Micro-Insurance: Early exploration of this essentially virgin territory allowed Tanmeyah to package and sell micro-insurance products, with clients purchasing some 40,000 policies in the year just ended.

Key Financial Highlights of 2018

Tanmeyah witnessed revenue growth of 125% Y-o-Y in FY18 with the company's top line increasing to EGP 631 million in FY18 compared to EGP 280 million reported in the previous year.

2019 Outlook

Tanmeyah is looking to grow throughout 2019 in both its core segments and the three newer market opportunities (Tuktuks, micro-insurance, and group lending – the latter which was launched towards the end of 2018), leveraging its national network, world-class risk management framework, and well-trained staff of loan officers. Tanmeyah's goal is to expand its relationship with existing clients through the offering of new products (seeking a larger share of their spend on NBFS) while simultaneously tapping new segments. In the process, management expects to grow beyond the typical boundaries of a microlender.

Investment in technology will be key to this drive: The pace of technological and regulatory change have made it clear that technology is crucial to the future of the NBFI sector. Tanmeyah is actively developing the capacity to use real-time data intelligence that would allow it to integrate live data in targeting and loan decisions, the growth of its customer base, and the formulation of new products. The company is also initiating a comprehensive digital platform that will serve as a one-stop-shop for all of its products and services. The emphasis in this respect is to change the business' value proposition to one that is based on a total customer experience and positions Tanmeyah as the “brand of choice” across its target consumer base.



valU

valU is an innovative fintech solution that allows customers to access a wide network of merchants, calculate and select customized installment programs, and instantly make purchases

+14,000
Transactions

+1,500
Points of sale



valU – It’s About Time

Gaining market share through innovation

Overview

EFG Hermes’ NBFI platform launched valU, an innovative fintech solution that allows customers to access a wide network of merchants, calculate and select customized installment programs, and instantly make purchases in stores once they’ve been registered and approved. valU also offers a variety of repayment options from in-app debit or credit card gateways to cash payments through Fawry, Massary, Aman, Bee, and Sadad.

Prior to launching valU, extensive consumer behavior research was conducted to identify the right approach to penetrate the highly competitive consumer landscape. Once requirements and approaches were identified, valU was rolled out for the Firm’s employees as a pilot program to assess how well users would understand the product, navigate its options, and adapt it into their purchasing behaviors.

As the team gained incremental insights into how consumers behave, the product was gradually rolled out to more than 500 merchants by the first half of 2018 and ended the year with more than 1,000 retail locations covering more than 130 different brands.

The aggressive expansions continued throughout the year in terms of valU’s vendor network, client base, product categories, geographic footprint, and online reach. Through dedicated vendor and promotion teams, the product created strategic alliances and exclusive offers that match the needs and wants of consumers.

By the end of 2018, valU expanded to e-commerce as a checkout payment method available on leading Egyptian online stores. Becoming the only payment-on-installment checkout method available online, valU has realized its true potential as both an offline and an online payment platform.

Outside the app, which is available for download on iOS and Android, valU partnered with the Egyptian Ministry of Investment and International Cooperation and the SFD to finance Uber partners who are looking to own vehicles that can be integrated into Uber’s ride-sharing platform.

+14k
Transactions in 2018

	FY18	4Q18	3Q18
Number of Downloads	151,243	55,856	21,407
Number of Sign-ups	99,777	35,917	16,182
Number of valU App Customers	28,566	12,086	6,054
Limits Activated Value (EGP million)	239.8	105.3	57.1
Total Portfolio Outstanding (EGP million)	137.5	137.5	64.4
Number of Transactions	14,040	8,232	3,116
Number of Uber Cars Delivered	156	77	48
Number of Merchants	206	206	147

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Becoming the only payment-on-installment checkout method available online, valU has realized its true potential as both an offline and an online payment platform.



EFG HERMES FACTORING

EFG Hermes Factoring is already regarded as a leader in the factoring space due to its quick turnaround times, value-generating advisory services, and tailored offerings



EFG Hermes Factoring

2019 Outlook

Heading into 2019, EFG Hermes Factoring aims to build on its 2018 success to become the go-to factoring service provider in the country. As the Egyptian economy continues to expand, businesses of all sizes will be looking for ways to access liquidity quickly to take advantage of the positive macroeconomic environment. In the year to come, EFG Hermes Factoring will continue to generate value for customers, the Firm, and the wider Egyptian economy as it expands its geographic reach, adds new clients to its ever-growing roster, and further diversifies its factoring package offering.

Overview

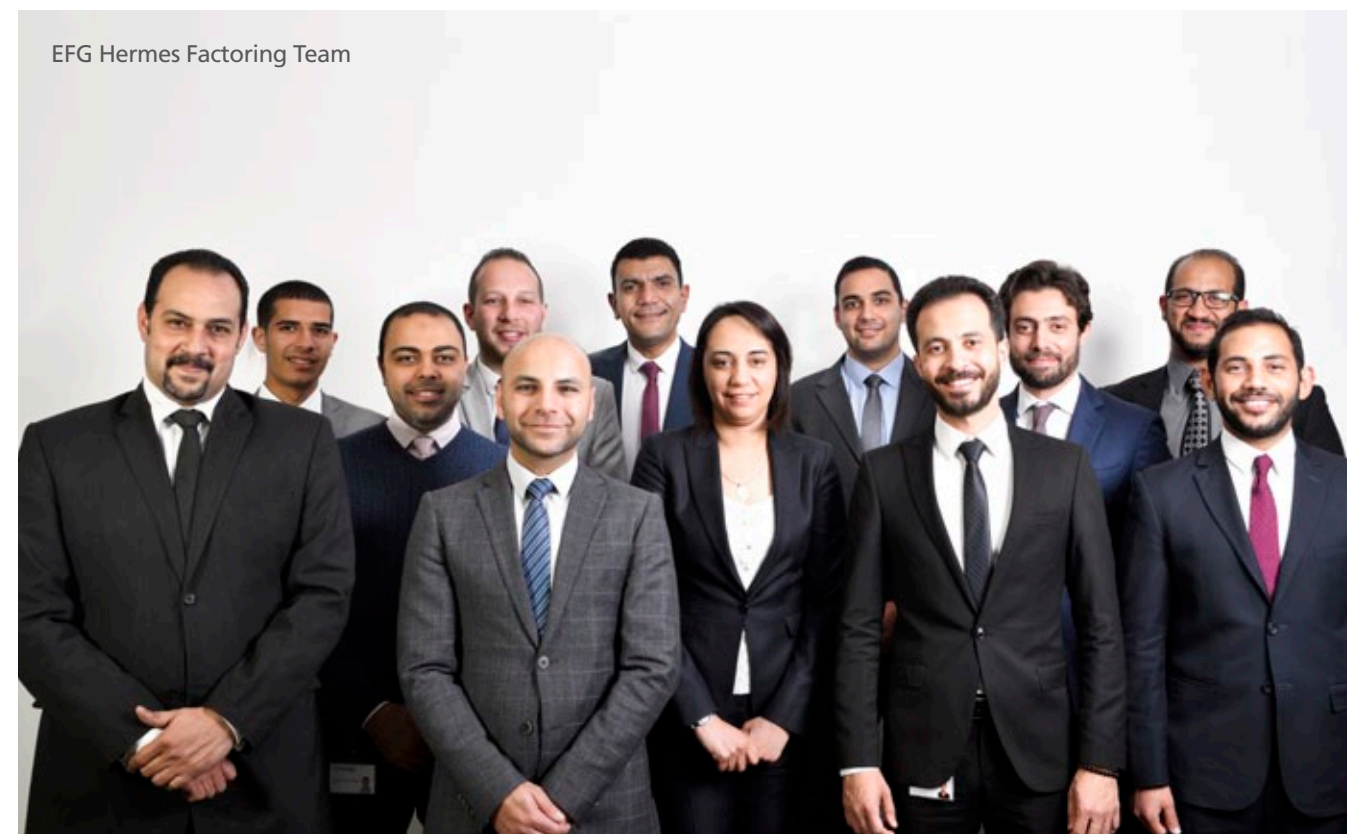
EFG Hermes Factoring launched in early 2018 under EFG Hermes Finance, making it the latest addition to the Firm's expanding NBFi platform. By venturing into factoring services, EFG Hermes is not only able to further diversify its product offering while solidifying its market leadership, but is also able to cater to a growing demand for factoring services from both large corporations and SMEs across Egypt. Factoring services provide businesses with a means to access financing by assigning future receivables or payables to a third party or a 'factor' at a discount. Factoring receivables/payables, including checks, invoices, and contracts allows businesses to meet their immediate working capital financing needs and obtain liquidity to invest in future growth plans.

The Egyptian factoring industry is fairly young with just a handful of small players currently offering the service in the country. Given the lack of depth in the field, EFG Hermes' liquid balance sheet, strong relationships with key financial institutions, and brand equity makes it ideally positioned to fully capitalize on the opportunity.

Operational Highlights of 2018

EFG Hermes Factoring received regulatory approval and the license to offer services in Egypt in March 2018. With the Firm allocating an initial investment of EGP 250 million to operate the service, the service was fully operational by late 2018. EFG Hermes Factoring immediately secured a membership to Factoring Chain International (FCI), a global network of leading commercial finance companies whose common aim is to facilitate international trade through commercial finance and related financial services. A few months after its official launch, EFG Hermes Factoring was already regarded as a leader in the field because of its fast turnaround time, value-generating advisory services, and tailored factoring service offering that caters to the individual needs of clients who operate both locally and abroad. The Firm is already offering factoring services to a vast range of clients across a multitude of industries ranging from manufacturing and import and export operations to supply chain financing and discount products.

EFG Hermes Factoring Team





CORPORATE GOVERNANCE

EFG Hermes' expansion strategy is rooted in the foundations of world-class corporate governance frameworks and the sound leadership of its highly regarded Board of Directors



BANGLADESH



Corporate Governance

Our leading position in the area corporate governance is a direct result of the rigorous guidelines and procedures set for staff Group-wide and across our footprint. We are equally as prudent when it comes to the quality and nature of the documentation that we require from clients. Subsequently, EFG Hermes has succeeded in maintaining its reputation and market leadership as it expands into new geographies and launches a diverse new roster of products and services. Our solid foundations and the commitment of the Board in providing the Firm with vital guidance and support inspire confidence throughout the organization that we are fortified with the rules, systems, and procedures that will support our growth targets.

In 2017, EFG Hermes implemented a new Corporate Governance Framework that addresses new country-specific policies and develops an overarching strategy for EFG Hermes and its subsidiaries. The framework, which is still in place this year, has roots in our clearly defined managerial processes, structures, and policies, which serve to provide channels for adequate decision-making and accountability while assuring shareholders and clients that their investments are

handled with the professionalism they have come to expect of EFG Hermes. The framework sets out the minimum standards expected Group-wide while complying with local laws or regulations for an even higher level of stringency.

Based on the mandate of this framework, the Board of Directors continues to comply with the Egyptian Financial Regulatory Authority's (FRA) corporate governance regulations released in 2016, stipulating the appointment of two independent board members for all regulated Egyptian subsidiaries. EFG Hermes is fully compliant with FRA regulations and EGX listing rules, which require companies to appoint new board members every three years.

Management and Control Structure

Board of Directors

EFG Hermes' Board of Directors is responsible for providing the Firm with strategic leadership, financial soundness, governance, management supervision, and control. The Board is comprised of 12 members, 11 of whom are non-executive.

Without exception, all EFG Hermes' Directors possess a broad spectrum of experience and expertise, directly

related to EFG Hermes' expansive lines of business and divisions, with a strong emphasis on competence and integrity. Directors are selected based on the contributions they can make to the Board and Management in addition to their ability to represent the interests of shareholders. EFG Hermes welcomed two new board members in 2018: Mr. Timothy Collins and Ms. Elizabeth Crichley, both of whom represent RA MENA Holdings LLC and RA Holdings I LLC, EFG Hermes' second-largest shareholder at 12.33%.

The Board of Directors met five times throughout 2018.

The following principles govern the conduct of the Board of Directors and the Firm:

Compliance with Laws, Rules and Regulations

Adherence to the law is the fundamental principle on which the Firm's ethical standards are built. All directors must respect and obey all applicable laws, rules, and regulations. The board complies with the internal best practices, rules, and regulations of the Firm in addition to laws and regulations of the markets in which the Firm operates.

Conflicts of Interest

All members of the board abstain from participating in any discussions and decisions that might affect their own personal interests or those of a closely related person or company.

Safeguarding and Proper Use of Company Assets

All directors endeavor to protect the Firm's assets and ensure their efficient use. All assets must be used for legitimate business purposes only.

Fair Dealing

Each director should deal fairly with the Firm's clients, competitors, providers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

Code of Conduct

The Code of Conduct defines core values, principles, and other requirements that all the Firm's directors and employees are required to follow while conducting their regular daily duties.

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Our solid foundations and the commitment of the Board in providing the Firm with vital guidance and support inspire confidence throughout the organization that we are fortified with the rules, systems, and procedures that will support our growth targets.





“

EFG Hermes’ Board of Directors is responsible for providing the Firm with strategic leadership, financial soundness, governance, management supervision, and control.

Standards and Policies

The Firm’s standards and policies comply with Egyptian as well as international corporate governance guidelines.

Confidentiality

Directors and officers must ensure the confidentiality of information entrusted to them by the Firm or its clients, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Firm or its clients if disclosed.

Corporate Opportunities

Directors are prohibited from taking personal advantage of potential opportunities that are revealed through corporate information, property, or position without the consent of the board. Directors are obliged to advance the Firm’s legitimate interests when the opportunity presents itself.

Audit

Auditing forms an integral part of corporate governance at EFG Hermes. Both internal and external auditors play a key role in providing an independent assessment of our operations and internal controls. Furthermore, to ensure independence, Internal Audit has a direct reporting line to the Audit and Risk Committees, subcommittees of the Board.

Corporate Governance Committees

Audit Committee

The Audit Committee is comprised of 3 members*, all of whom are nonexecutive. The committee meets at least once

per quarter, or as required. In 2018, they met 4 times. The committee is responsible for oversight of financial statements and financial reporting, internal control and governance systems, compliance with laws and regulations, whistleblowing and fraud, the internal audit function, and compliance with the Code of Conduct established by management and the board. The committee ensures free and open communication between the committee members, internal auditors, management, and the external auditor once a year.

*Following the resignation of Mr. Simon Eedle from his position as a board member representing DF EFG3 Limited (a subsidiary of Natixis S.A.) on 25/12/2018.

Risk Committee

The Risk Committee is comprised of 3 members*, all of whom are nonexecutive. The committee meets at least once per quarter, or as required. In 2018, they met 4 times. The committee oversees compliance, risk, legal, and operational issues across the Group, advising the board on risk appetite and tolerance in accordance to its strategic objectives. It is responsible for advising the board on risks associated with strategic acquisitions or disposals and to review comprehensive reporting on Group Enterprise Risk Management, including reports on credit, investments, market, liquidity and operational risks, business continuity, and regulatory compliance.

*Following the resignation of Mr. Simon Eedle from his position as a board member representing DF EFG3 Limited (a subsidiary of Natixis S.A.) on 25/12/2018.

Remuneration and Compensation Committee

The Remuneration and Compensation Committee is comprised of 4 non-executive board members. The committee meets once a year to study compensation within the Group as a whole (and for senior management in particular). This not only safeguards shareholder interests, but also ensures that management’s interests are fully aligned with those of the Firm. The committee directly manages the allocations within the Management Incentive Scheme for Senior Management as approved by the General Assembly. The committee met 1 time in 2018.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is comprised of the Chairperson, one non-executive director, and the Group CEO. It oversees the appointment of Board Members, the Group CEO and Group Executive Committee members. It is their responsibility to make sure appointments, which must be approved by the Annual General Assembly, align with the Group’s strategic directives and ensure the independence of directors in accordance with applicable laws, regulations, and international best practices. It also conducts regular assessments of the structure, size, and composition of key executive positions at the Group level along with reviewing the Group’s overall corporate governance framework. The committee meets on an as-needed basis.

Executive Committee

The Executive Committee is appointed by EFG Hermes’ Board of Directors and is comprised of 8 members, who are strategically selected to ensure all divisions are represented. The board has delegated the authority to exercise all the powers and authority of the board to EFG Hermes’ Executive Committee. Moreover, the Executive Committee is entrusted with the implementation of the policy decisions of the board and overseeing the Firm’s risk management structures and policies.

Its purview includes:

1. Identifying matters required or appropriate for escalation to the Board.
2. Developing the Firm’s strategic plans and goals for board approval while managing issues that emerge that are material to the business.
3. Approving transactions within its authority limit in relations to investments, acquisitions, and disposals in addition to considering and approving expansions into new geographies and product lines.
4. Reviewing the Group’s annual capital, revenue and cost budgets while monitoring performance against financial objectives in addition to approving cost-cutting measures as needed.
5. Overseeing the management of the Group’s current and future balance sheet in line with its business strategy and risk appetite.
6. Considering material joint ventures, strategic projects or investments and new businesses from a capital perspective while monitoring and managing capital and liquidity positions.

12

Members Make Up EFG Hermes’ Esteemed Board of Directors





- 7. Acting on all material and enterprise-wide risk and control matters.
- 8. Aligning investment spend across the Group functions with its investment plan and strategic objectives and consider business commitments for Board approval.
- 9. Assessing the strategic and financial merits, as well as the risk profile, of any proposal relating to strategic mergers and acquisitions or other transactional activity involving the Group.
- 10. Receiving and considering reports on operational matters material to the Group or have cross-divisional implications.
- 11. Reviewing issues related to executive succession planning and promotions to managing director levels across the Group.
- 12. Promoting the Group's culture and values and monitoring overall employee morale and working environment.
- 13. Identifying ESG matters that affect the operations of EFG Hermes, monitoring ESG integration throughout the Firm and passing ESG resolutions while suggesting updates to the ESG policy for board approval.

The Executive Committee meets once a month to discuss and follow up on day to-day operations of the Firm and address any pressing issues that may arise.

The Business Risk and Compliance Committee

This 10-member committee is made up of senior management at the Group level. Meeting on a quarterly basis, the committee assists the Board in fulfilling its duties with regards to compliance, risk, legal, and operational issues within the Firm's brokerage and asset management business.

Shareholder Information

Shareholders

EFG Hermes shares are listed on the EGX and the LSE in the form of USD-denominated GDRs.

Significant Shareholders

EFG Hermes is required by law to notify the appropriate parties of shareholders whose holdings reach or exceed 5% of voting rights. Further notification is made once a multiple of the 5% is exceeded or reduced by a shareholder.

Shareholder Structure

As of 31 December 2018, a total of 11,139 shareholders were listed in the Firm's share register.

Executive Holdings and Management Transactions

As of 31 December 2018, the EFG Hermes Board of Directors and Executive Board held a total of 571,788 EFG Hermes shares, representing 0.001% of the total 768,618,223 shares of EFG Hermes.

Share Ownership Information

All information relating to EFG Hermes Securities held or transacted by members of the Board of Directors and the Executive Board are promptly disclosed and reported without fail in accordance with relevant local and international regulations.





RISK AND COMPLIANCE

The Firm's sound, prudent compliance and risk policies have been key to managing the various regulations governing the new sectors and geographies EFG Hermes has expanded into in recent years



Risk and Compliance

Overview

Given EFG Hermes' continued expansion into both new jurisdictions and product lines, the need for sound, prudent compliance, and risk policies becomes increasingly vital. In line with this growth strategy, the Risk and Compliance Department has taken material steps to manage the various rules and regulations governing new sectors and geographies, allowing us to develop solid frameworks that govern the Firm's compliance and risk strategies in accordance with global best practices.

2018 marked another fruitful year for the department with continued efforts to further integrate active risk management and monitoring to provide independent oversight of the Firm's control framework as the scope of its activities continue to widen. Our 32 talented and dedicated compliance officers worked diligently throughout the year to ensure that each of our business lines adhered to appropriate statutory provisions, official regulations, and internal policies. The 39-member Risk Management team also worked to ensure all operational, market, credit, and liquidity risks were identified, assessed, and accordingly mitigated using adequate controls. Both teams report to the Group Chief Risk & Compliance officer.

Internal Audit

The Internal Audit (IA) function covers EFG Hermes Group in its entirety, including its subsidiaries, business lines, and support functions. The team is composed of twelve centralized auditors and twenty-nine field auditors responsible for performing systematic reviews and periodic spot checks in line with the Audit Committee's pre-approved strategy for the year. The Audit plan follows a risk-based approach, meaning the frequency of reviews depends on the assigned risk level for each department and the previous internal audit score (as of the last audit engagement). High and medium-risk departments are reviewed annually, while low-risk departments with an 'effective' rating are reviewed every other year. Through our continuous auditing efforts, IA performs follow ups on previous audit findings to ensure they have been adequately addressed and closed out. Consistent with the expansion of the Firm in different markets, IA provides a wide variety of services which includes in depth assessment of operations, adherence to regulatory requirements and monitoring of corporate governance. Additionally, the Firm's Finance platform is fully integrated in our annual audit plan.

In 2017, the Firm adopted TeamMate an internationally recognized internal audit management software with the goal of enhancing and automating the entire internal audit process. In 2018, the Internal Audit team successfully utilized the system by executing the full audit cycle through the system, which includes Engagement Planning, Fieldwork, Automated Reminders and Follow-ups, Performance Analysis, and Dashboards.

To support our ever-expanding set of financial service offerings, the Internal Audit function worked with numerous business lines as business partners throughout the year to enhance operations and ultimately build a risk and control library for the business as a whole. To support the growing operations of the NBFI platform, Internal Audit established reporting lines with field auditors and built a monitoring program that will serve as a framework to enhance our oversight of company operations. Every year, Internal Audit works on creating an environment that fosters continuous improvement.

Operational Highlights of 2018

- Successful renewal of the ISO certification, further building on our success in becoming the

first regional investment bank to receive ISO 22301 certification from BSI in 2016.

- Completed GAP analysis for all networks and systems including two external systems for valU and EFG Hermes Leasing. The division is actively working to include all NBFIs in the analysis, having already completed one full cycle this year.
- Completed the second and last phase of the Cyber Security Compromise Assessment for all EFG Hermes networks and systems with successful results.
- Drafted a new proxy voting policy, which will be reviewed and updated as necessary to address new and evolving proxy voting issues and standards.
- Completed audits on all the Firm's NBFI platforms as well as frontier market operations.
- Completed the annual update for all existing risk and compliance policies and procedures for risk and compliance.

Employee Awareness

Integral to the successful continuity of the compliance function is the effective communication of the Firm's strategy, policies, and procedures to all employees. The team continues

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To support the EFG Hermes' expansion into frontier markets, the division played an active role in preparing the Firm to potentially enter the Nigerian market.

to take part in the HR onboarding package to orient staff on key audit, compliance, and risk issues at least once a year or on an as-needed basis if a high-risk situation arises.

The Firm, under monitoring from Compliance, continued in 2018 conducting the four mandatory training courses on Anti-Money Laundering (AML), anti-fraud, cybersecurity, and the sustainability awareness course that employees must take and be evaluated on annually. In further alignment with global standards, a policy was drafted and a course was launched on the EU's General Data Protection Regulation (GDPR) for all EFG Hermes employees. The GDPR is a European Union (EU) data protection and policy regulation framework for all individuals within the EU and the European Economic Area (EEA). It also addresses the export of personal data outside the EU and EEA.

Market Developments

To support the EFG Hermes' expansion into frontier markets, the division played an active role in preparing the Firm to potentially enter the Nigerian market via the acquisition of Primera Africa, a top-ranked brokerage house in Nigeria, during the first quarter of 2019. In 2017, EFG Hermes directly entered Pakistan, Kenya, and Bangladesh, while in 2018 it received regulatory approval from the FCA to operate in the UK out of its London office. In light of this, the Risk and Compliance division drafted a policy during the year to govern activities in the UK.

With the rapid expansion of the Firm's product offerings and market presence, EFG Hermes Brokerage established a structured products desk in 2017, which has helped enhance

the division's product mix across the Firm's footprint and enabled it to access return payoffs to meet risk requirements. In 2018, the desk expanded its product offering, and the Risk and Compliance Department was instrumental in assessing and approving these products during the pre-launch phase.

To support Securities Brokerage's new fixed-income desk, which was established in 2018, Internal Audit set up policies and procedures to govern the desk's activities. The division continued to make headway on expanding the Firm's MENA presence and bolstering its standing in the region. In the UAE, the team upgraded the license for EFG Hermes UAE Limited based in the DIFC from category 3A to category 2, which allows the Firm to provide underwriting activities, expanding the scope of its activities in the UAE.

NBFIs

Following the successful launch of EFG Hermes' installment sales service solution valU and the newly founded EFG Hermes Factoring, the division established a risk management framework to govern the operations of these two new business line given the nature of their client base.





OUR PEOPLE

With over 4,450 talented individuals the world over, EFG Hermes employees are the lynchpin of its success as one of the leading financial service operations in the region



Our People

Expanding capabilities, fostering diversity

Overview

As EFG Hermes transforms from MENA's leading investment bank to a uniquely positioned financial services corporation across frontier emerging markets, it has become more important to recruit top talent from newly entered markets and seamlessly on-board new employees to create and unlock value for all stakeholders. We are proud to employ more than 4,450 highly talented individuals across numerous business lines throughout our footprint, all of whom have a unique role to play in driving the Firm's growth and strengthening our position in all of our markets.

Our dedicated and skilled Human Resources (HR) team – which boasts seven SHRM Certified HR Professionals – continues to evolve its programs, processes, and policies to support the Firm's business expansion. The HR team has outdone itself in its push for innovation this year. Its major accomplishments include completely revamping the Firm's approach to performance appraisals, digitizing onboarding efforts, and launching The Academy by EFG Hermes.

Highlights of 2018

Talent Acquisition and onboarding remained a major focus in 2018 as

the HR Department worked tirelessly to hire 175 new employees from the Firm's newly entered markets to staff the teams in our new offices and business lines. We continued to build the capacity of our offices in Pakistan and Kenya while simultaneously preparing for the launch of EFG Hermes Nigeria. Hiring for our consumer financing solution valU and EFG Hermes Factoring proved to be an exciting challenge that ultimately strengthened the team's knowledge of employment trends in two new industries.

In 2018, EFG Hermes remained on track in its integration of the Firm's microfinance arm Tanmeyah Microenterprise Lending following its acquisition. This year's milestones included reorganizing and streamlining payroll practices and processes, organizing employee databases and the corresponding organizational charts, as well as collaborating with Tanmeyah's HR team to develop an employee-level framework and core competency model that will facilitate the ultimate goal of developing synergies between the HR practices of both organizations and ensure Tanmeyah's employees are fully connected to the larger EFG Hermes organization.

Another major goal this year was upgrading the HR technology platforms to maximize operational efficiency and enhance our reporting capabilities. We are in the final stages of rolling out our new HR management information system, which will free up the team's time for more value-added projects.

Catering to an Increasingly Diverse Workforce

As EFG Hermes continued to expand into new geographies and industries, to ensure effective operations across four continents, it was crucial for the HR team to gain an understanding of not only the laws and regulations of new markets, but also the different cultures in which we now operate, with all their unwritten rules.

We collaborate with local teams to understand the workings of the market, the cultural norms, and regulations, and ensure that these are reflected in our localized policies and procedures, rather than rigidly imposing a set of theoretical rules and practices that alienate the new teams. In this vein, the HR team has made a remarkable effort to review and enhance policies and procedures to reflect both the unique aspects of

different geographies and the core tenets of EFG Hermes' identity.

As the Firm expands its teams across new and existing lines of business, teambuilding has become essential to increase cross-border collaboration within divisions. Over the course of 2018, HR's Learning & Development division worked with several teams to conceptualize and deliver large-scale team building initiatives that brought together employees from numerous geographies in an engaging and entertaining setting. These events encouraged teamwork and enhanced employee morale, and we plan to work with more divisions in 2019 to contribute to a more collaborative working environment across the Firm.

Developing Top Talent

Our HR Department is responsible for ensuring that we remain a competitive employer in all of our markets. A key way we do this is through our flagship employee development platform, The Academy by EFG Hermes, launched in 2018. This platform features multiple modules designed to address the requirements of employees at every level of the Firm and drive their career growth. The Academy works

2019 Outlook

As the Firm continues to grow, we realize the importance of delivering on various HR commitments at a faster pace, and have, accordingly, made agility one of our main areas of focus for 2019. We will work on adapting our processes, where needed and where possible, to enable us to deliver in a more agile and flexible manner to better support the business' needs.

Further digitization of HR will also be a key target in 2019 to effectively support an employee base spread over a wide global footprint. The employee portal will see a revamp, as will the employee app EFG Hermes Connect. We will deliver more employee services via the app, to make things easier for our employees who are constantly on the road and in various locations. We will also explore new ways to use digital tools to facilitate remote orientation and regular interaction for employees in locations without on-the-ground HR support.



2019 Outlook

Professional development will be a major focus this year. 2019 will see the rollout of our Development Needs Assessment (DNA), a new approach to learning and development that puts employees in the driver's seat and gives them the opportunity to shape their growth within the Firm, thus creating their own DNA. We will continue to roll out The Academy, with returning classes completing additional modules in their programs as well as new programs being launched, all in partnership with world-class learning partners.

with internationally renowned learning providers to deliver The Academy's various modules.

In 2018, 81 people participated in the first five programs of The Academy, from the Pre-Foundation level all the way to Emerging Leaders I. This first group of participants across the programs will complete the requirements over a period of 18 to 24 months. Initial feedback has been positive, and the team has found it to be particularly helpful in identifying talented individuals whose leadership potential may not have been apparent. The ability to identify out-of-the-box thinkers and leaders with unique perspectives is in high demand as the Firm seeks new ways to leverage the diversity of its workforce.

HR's Talent Management team has also completely revamped the Firm's approach to annual appraisals. After conducting wide-ranging, interdepartmental discussions assessing our previous approach, the team developed a new format that centers the performance discussion on strengths and areas of development, rather than highlighting weaknesses. Feedback has been extremely positive, and we have plans to further fine tune the approach in the coming year.





Board of Directors

The EFG Hermes Board of Directors is composed of one executive member and 10 highly-renowned non-executive members, and is headed by Non-Executive Chairperson Mona Zulficar; these leading professionals work together to ensure that the Firm operates in compliance with the highest international standards of corporate governance



Mona Zulficar
Chairperson

Ms. Mona Zulficar has served as Non-Executive Chairperson of EFG Hermes since 2008. She is one of the founding partners of Zulficar & Partners Law Firm, a specialized law firm of 10 partners and more than 50 associates, which was established in June 2009 and grew into one of the best ranked law firms in Egypt. She was previously senior partner at Shalakany Law Firm and Chair of its Executive Committee for many years.

Ms. Zulficar is recognized in local and international legal circles as the precedents maker and one of Egypt's most prominent corporate, banking, and project finance attorneys. As an M&A and capital markets transactions specialist, she has led negotiations on some of Egypt and the Middle East's largest, most complex, and most successful transactions over the past three decades.

Ms. Zulficar has also played an instrumental role in modernizing and reforming economic and banking laws and regulations as a former member of the board of the Central Bank of Egypt and as a prominent member of national drafting committees. She is also a leading human rights activist recognized locally and internationally and has initiated several successful campaigns for new legislation including women's rights, freedom of opinion, and family courts. She served as VP of the Constitutional Committee of 50 and played a key role in drafting the 2014 Egyptian Constitution, and is currently member of the National Council for Human Rights. She has recently been elected President of the Egyptian Microfinance Federation and has been chairing several NGOs active in social development and microfinance to poor women. Internationally, she served as elected member of the International Advisory Committee of the United Nations Human Rights Council for two terms ending 2011. She holds a Bachelor of Science in Economics and Political Science from Cairo University and an LLM from Mansoura University as well as an honorary doctorate degree in law from the University of Zurich.



Yasser El Mallawany
Vice Chairman of the Board

Mr. Yasser El Mallawany is the Non-Executive Vice Chairman of the EFG Hermes Board. Since becoming the Chief Executive Officer of the Firm in 2003, Mr. El Mallawany has played a key role in driving the consolidation of Egypt's investment banking sector and facilitated the emergence of EFG Hermes as the leading Arab investment bank.

He began his career serving for 16 years at Commercial International Bank (CIB), formerly Chase National Bank, finally serving as the General Manager of the Corporate Banking Division. Mr. El Mallawany joined EFG Hermes during the Firm's merger with CIIC. Mr. El Mallawany holds a Bachelor's degree in Accounting from Cairo University.



Karim Awad
Group CEO and Chairman
of the Executive Committee

Mr. Karim Awad is Group Chief Executive Officer, Chairman of the Executive Committee, and a member of the board of EFG Hermes Holding. Since assuming leadership of the firm in 2013, Mr. Awad has led EFG Hermes' return to profitability by cutting unwarranted expenses, selling non-core assets and distributing excess cash to shareholders. Starting 2014, Mr. Awad worked with top-tier professionals across the Firm's different divisions in building a comprehensive regional advisory pipeline; extending its leadership as the Arab world's largest securities brokerage; continuing to lead its peers in like-for-like rankings as an asset manager; successfully refocusing the private equity business; and continuing to provide the region's highest-quality research offering.

By the beginning of 2016, Mr. Awad also drove the company into a new strategic shift based on an extended geographic presence that aims to transform EFG Hermes from a MENA house into a finance house that has reach across frontier markets. He also initiated an increased emphasis on product diversification in the Firm's traditional business lines as well as through the creation of a parallel non-bank finance platform, EFG Hermes Finance — a platform that was formed in 2015 and currently encompasses leasing, microfinance, consumer finance, and factoring businesses.

Prior to assuming his current role, Mr. Awad was Chief Executive Officer of the Investment Banking platform with an overall responsibility for managing the Firm's Investment Banking, Securities Brokerage, Research, Asset Management, and Private Equity divisions. Earlier, he was Head of Investment Banking, having joined the division in 1998.

Mr. Awad has a long track record advising major corporations on equity offerings and M&A transactions and was instrumental in the development of EFG Hermes' debt advisory practice. During his tenure in the Investment Banking Division, he led and closed transactions with an aggregate value of more than USD 40 billion.



Efstratios Georgios (Takis) Arapoglou
Independent Non-Executive Board
Member of EFG Hermes Holding
SAE and Credit Libanais SAL

Mr. Takis Arapoglou is a consultant with a career in international capital markets and corporate and investment banking in London and later in managing, restructuring, and advising publicly listed financial institutions and corporates.

His more recent assignments include: Managing Director and Global Head of the Banks and Securities Industry for Citigroup (1999-2004), based in London; Chairman and CEO of the National Bank of Greece Group (2004-2009); Chairman of the Hellenic Banks Association (2005-2009); and CEO of Commercial Banking at EFG-Hermes Holding SAE Group (2010-2013).

He currently holds the following non-executive board positions: Chairman of NYSE-listed Tsakos Energy Navigation (TEN) Ltd.; Chairman of Athens SE-listed Titan Cement SA; and Board Member of the Karachi-listed Bank Alfalah Ltd., representing the International Finance Corporation (IFC).

He is a member of the International Board of Advisors of Tufts University, Boston, a member of the Business Advisory Council for the International MBA program at the Athens University of Economics and Business, and a Trustee of the Athens Partnership, an NGO registered in the US for the support of charity projects for the city of Athens. He has degrees in Mathematics, Engineering, and Management from Greek and British universities.



Marwan Elaraby
Managing Partner - Middle East,
Shearman & Sterling LLP

Mr. Marwan Elaraby is based in Dubai where he serves as the Regional Managing Partner for Europe, the Middle East and Africa at Shearman & Sterling. His practice focuses on advising governments and private capital clients on a variety of corporate and capital markets transactions across several industries. Mr. Elaraby first joined Shearman & Sterling in New York in 1995 and became a partner in 2004. He previously served as Managing Director at Citadel Capital, one of the leading private equity firms in the Middle East and Africa. Marwan also served as Executive Director in EFG Hermes' Investment Banking group, where he worked as an investment banker advising clients on numerous capital market and M&A transactions in the Middle East.

Marwan is a New York-qualified lawyer. He holds a Bachelor's in Economics from the American University in Cairo and a Juris Doctor (JD) from Columbia University School of Law.



Jean Cheval
Senior Advisor, Natixis, Member of
Natixis Executive Committee (since
October 2017)

Mr. Jean Cheval joined Natixis in June 2009. Between 2009 and 2012, he was in charge of the Debt and Finance Department (Structured Finance) of Natixis CIB and of the European Area between 2011 and 2012. He was Head of Finance and Risk, member of Natixis' Senior Management Committee, and Second Senior Manager of Natixis from September 2012 to October 2017.

He spent most of his career (1983-2001) at Credit Agricole Indosuez, where he was successively Chief Economist, Head of Strategic Planning and Budget, Head of Structured Financing, and Head of the Middle East and Asia before being appointed General Manager. He has been a Director of Al Bank Al Saudi Al Fransi (Saudi Arabia), WAFA Bank (Morocco), and Banque Libano-Française (Lebanon).

He has also been Head of Banque Audi France, Chairman of Banque Audi Switzerland (2001-2005), and Member of the Board of Audi-Saradar Bank (2002-2006). He previously worked for the Ministry of Industry and the French Planning Agency.

Mr. Cheval has degrees from the Ecole Centrale de Paris (Engineering School) and the University of California, Berkeley.



Simon Eedle
Senior Country Manager, Natixis,
Dubai (since October 2017)

Mr. Simon Eedle joined Natixis as Senior Country Manager Dubai and Corporate and Investment Bank Regional Head Middle East in 2012. Since then he has overseen a development of the bank's franchise in the region, focusing on Structured Finance, Global Markets, Trade and Islamic Finance, driven with a strong client focus. Mr. Eedle has a career of more than 31 years in banking, 16 of which have been in the Middle East. He spent 22 years at Credit Agricole Corporate and Investment Bank, predominantly in senior global markets positions in Bahrain, Singapore, London, and New York. He also set up their Global Islamic Banking franchise. Mr. Eedle began his career in 1977 as an Accountant at British Rail.



Zubyr Soomro
Chairman of National Bank of
Pakistan

Mr. Zubyr Soomro is a Non-Executive Member of the EFG Hermes Board. He has recently moved on from his role as the Chairman of the Pakistan Microfinance Investment Company, a market-based entity majority owned by KfW and a DFID subsidiary and established to be the apex for the 45 microfinance lenders in Pakistan. His engagement with the microfinance sector extends over twenty years and has involved equity and debt investments, advisory work and board roles in the Pakistan Poverty Alleviation Fund, Acumen Pakistan and Grameen Foundation USA. He has also been on the Board of Directors of Pakistan's central bank, the State Bank of Pakistan, and its Securities and Exchange Commission. In addition he is on the board of governors of the Layton Rahmatulla Benevolent Trust, a leading eye-care provider handling a million patients per year, and Aitchison College, an institution set up in the 19th century to groom leaders for the subcontinent.

Pakistan's new government recently appointed him as the Chairman of the National Bank of Pakistan, which is one of the largest banks in the country. It is majority government owned and has a global network and over 1500 domestic branches. In addition he has been appointed to the board of Sarmaya Pakistan which is a sovereign fund set up in March 2019 to take on the oversight of the country's 204 government owned corporate entities of which 33 are in the financial sector.

Mr. Soomro spent the majority of his career at Citibank in international corporate, investment, consumer, and private banking, with over 33 years at the bank including work across the Middle East, Turkey, Africa, the UK, and Pakistan. He retired in 2008 as Managing Director and Country Head for Pakistan. During his Citibank career, Mr. Soomro took a three year leave of absence to become the Chairman and President of United Bank Ltd, an 1800 branch government owned institution with presence in ten countries. He was tasked with restructuring the bank for privatisation. In 2004,

the central bank awarded him the Quaid e Azam Centenary Gold Medal for his work at United Bank Ltd and his contribution to financial sector reform as Chairman of the Pakistan Bank's Association.

He held the position of Chairman of the Karachi Stock Exchange from 2010 to 2011, and was a member of the government's Economic Advisory Council from 1997-2000 and again from 2013-2018. Additionally he has been President of the American Business Council, and President of the Overseas Chamber of Commerce and Industry, in addition to being Chairman of the Pakistan Bank's Association.

He has a Bachelor of Science degree from the London School of Economics, a Master's degree from the School of Oriental and African Studies, and graduated from Executive Education Programs in 2015 and 2017 on Financial Inclusion from Harvard Business School and Harvard Kennedy School.



Abdulla Khalil Al Mutawa
General Manager of the Private
Office of His Excellency Sheikh
Suroor Bin Mohammad Al Nahyan

Mr. Abdulla Khalil Al Mutawa is a non-executive Member of the EFG Hermes Board. He is a competent and dedicated investment professional with more than 35 years of experience and a comprehensive background in Finance and Administration. He holds a B.Sc. degree in Business Administration from the University of North Carolina, USA.

Mr. Al Mutawa is currently the General Manager of the Private Office of H.E. Sheikh Suroor Bin Mohammad Al Nahyan. He has been a Member of the Board of Directors of ADCB since 1997.

His ADCB Committees Memberships include Member – Board Audit & Compliance Committee

Mr. Al Mutawa has also been a Member of the Board of Directors of Bank Alfalah Limited, Pakistan, since 1997, in the following Committees: Chairman Board Audit Committee (BAC), Member, Board of Directors, Remuneration & Nomination Committee (BHR&NC), Chairmen, Board Strategy & Finance Committee (BS&FC), Member, Board Risk Management Committee (BRMC), Member, Board Compensation Committee (BCC), Member, Board Information Technology Committee (BITC).

He is also the Chairman of Makhazen Investment Company, Abu Dhabi and a Board Member of Abu Dhabi National Hotels Company – Abu Dhabi.



Khalid Mana Saeed Al Otaiba
Office Manager for His Excellency
Dr. Mana Saeed Al Otaiba

Mr. Khalid Mana Saeed Al Otaiba is a Non-Executive Member of the EFG Hermes Board. Since 2005, he has been Office Manager for His Excellency Dr. Mana Saeed Al Otaiba, the personal advisor to His Highness the President of the UAE Sheikh Khalifa bin Zayed Al Nahyan. He also holds the post of Deputy Chairman of the Al Otaiba Group of Companies.

Mr. Al Otaiba leverages his over 17-year career spanning numerous industries to serve as the Director of Alfalah Insurance Company Limited, Pakistan, Chairman of Liwa International Investment Tourism and Royal Mirage Hotel & Resort Ltd, Morocco, and Director of Ghantout International and Bank Alfalah. Mr. Al Otaiba holds a Bachelor's degree in International Economics from Suffolk University in Boston, Massachusetts.



Ramsay Zaki
Founder, Wafra Export

Mr. Ramsay Zaki is a Non-Executive Member of the EFG Hermes Board. In 2014, he founded produce export firm Wafra Export, which has during its time in operations built a state-of-the-art packing house and grown to a farm size of 300 acres.

Mr. Zaki was part of the EFG Hermes team for 18 years, starting as Head of Operations Brokerage in 1995 and ending his tenure as Chief Operating Officer. As COO, Mr. Zaki was responsible for managing operational matters, including compliance-related functions.

Mr. Zaki's hefty contribution to EFG Hermes included growing the backbone of the Firm in all countries and lines of business, allowing it to grow rapidly while maintaining the highest degree of cooperate governance and ethics and weathering major economic and political events in the region. He was also part of the Firm's Board through to 2013.

Prior to joining EFG Hermes, Mr. Zaki worked for five years at Commercial International Bank (CIB) where he headed the team responsible for extending credit to the Egyptian pharmaceutical industry.

During his time at CIB, he was able to more than double loans to the sector and capture a 70% market share of all private sector pharmaceutical companies operating in Egypt. He was also heavily involved in the merger negotiations between the two biggest private sector pharmaceutical companies in the country. He holds a Bachelor of Commerce from Cairo University.



**EXECUTIVE
COMMITTEE**



Executive Committee



Karim Awad
Group CEO and Chairman
of the Executive Committee

Mr. Karim Awad is Group Chief Executive Officer, Chairman of the Executive Committee, and a member of the board of EFG Hermes Holding. Since assuming leadership of the firm in 2013, Mr. Awad has led EFG Hermes' return to profitability by cutting unwarranted expenses, selling non-core assets and distributing excess cash to shareholders. Starting 2014, Mr. Awad worked with top-tier professionals across the Firm's different divisions in building a comprehensive regional advisory pipeline; extending its leadership as the Arab world's largest securities brokerage; continuing to lead its peers in like-for-like rankings as an asset manager; successfully refocusing the private equity business; and continuing to provide the region's highest-quality research offering.

By the beginning of 2016, Mr. Awad also drove the company into a new strategic shift based on an extended geographic presence that aims to transform EFG Hermes from a MENA house into a finance house that has reach across frontier markets. He also initiated an increased emphasis on product diversification in the Firm's traditional business lines as well as through the creation of a parallel non-bank finance platform, EFG Hermes Finance — a platform that was formed in 2015 and currently encompasses leasing, microfinance, consumer finance, and factoring businesses.

Prior to assuming his current role, Mr. Awad was Chief Executive Officer of the Investment Banking platform with an overall responsibility for managing the Firm's Investment Banking, Securities Brokerage, Research, Asset Management, and Private Equity divisions. Earlier, he was Head of Investment Banking, having joined the division in 1998.

Mr. Awad has a long track record advising major corporations on equity offerings and M&A transactions and was instrumental in the development of EFG Hermes' debt advisory practice. During his tenure in the Investment Banking Division, he led and closed transactions with an aggregate value of more than USD 40 billion.



Mohamed Ebeid
Co-CEO of the Investment Bank

A 20-year veteran with EFG Hermes, Mr. Mohamed Ebeid is currently the Co-CEO of the Investment Bank, a position he took in 2016 with a mandate to grow the business on the sell side and to expand its product offering. Since then, he has successfully built out the Firm's Frontier Business with on-the-ground operations in four different continents, giving clients access to more than 75 markets around the world. He has also led the development of the Firm's structured products platform, which has pulled in trades worth c. USD 2 billion in its first two years of inception, and on the creation of the Fixed-Income business, which began operations in 2018.

Mr. Ebeid began his career with the firm in 1999 in the Brokerage division as part of the High-Net-Worth team and has since held numerous positions within the Firm, the most recent prior to his current post being Co-Head of Brokerage where he managed over just two years to restructure the business and streamline its activities all while boosting profitability. He held the post of Head of Institutional Sales beginning 2006 where he managed to add GCC institutional clients and sovereign wealth funds to the Firm's client base. He led the team on every single ECM transaction that had taken place under his tenure, raising more than USD 20 billion in ECM transactions across jurisdictions. Mr. Ebeid was also an integral part of EFG Hermes' Institutional Desk, to head an endeavor to expand the Firm's Western institutional client base and further root the business in its home market of Egypt. During that time, he was part of the team executing the Firm's expansion plan in the MENA region and directing its capabilities in terms of research and corporate access to Western institutional clients so as to execute on-the-ground and offshore trades through the Firm's brokerage network.



Karim Moussa
Co-CEO of the Investment Bank

Mr. Karim Moussa joined EFG Hermes in 2008, with the primary responsibility of building the Group's infrastructure private equity platform. During this time, he also closed several flagship deals, such as the Nasdaq Dubai's USD 445 million take-private of DAMAS International and its subsequent exit, delivering c. 2x cash-on-cash returns and the USD 208 million acquisition of 49% of EDPR France.

Mr. Moussa is currently the head of both Private Equity and Asset Management Divisions, as well as an investment committee member of several EFG Hermes-sponsored funds, including the InfraMed Infrastructure Fund with combined AUMs of c. USD 1 billion. He is also a member of the boards of various portfolio companies.

Prior to joining EFG Hermes, Mr. Moussa was a Vice President at Deutsche Bank's Global Banking division, with responsibilities for M&A, ECM and DCM advisory in the MENA region. In that role, he advised on the USD 4.2 billion Dubai Ports World IPO, the USD 670 million sale of Sokhna Port to Dubai Ports World, and the USD 1.4 billion LBO of the Egyptian Fertilizers Company by Abraaj Capital. He joined Deutsche Bank in 2001 as an Analyst in the M&A execution team in Frankfurt, advising on several mid-cap transactions in Continental Europe.



Mohamed El Wakeel
Group Chief Operating Officer

Mr. Mohamed El Wakeel is Chief Operating Officer at EFG Hermes. Following three years at HSBC, Mr. El Wakeel joined the Firm in 2000 as part of the operations team of the Financial Brokerage Group (FBG). Through his efforts in streamlining the brokerage division's back-office operations to ensure best in class practices, he has since moved up the ranks, first heading brokerage operations for Egypt then becoming the Securities Brokerage Group Head of Operations. In his new role, Mr. El Wakeel played a pivotal role in setting up, followed by integrating operations the Firm's newly launched offices in new markets.

Prior to becoming COO, he was Group Head of EFG Hermes Market Operations, where his hands-on experience has been key to the enhancement of the Firm's brokerage operations across multiple lines of business, such as the development and streamlining of the Asset Management division's operations

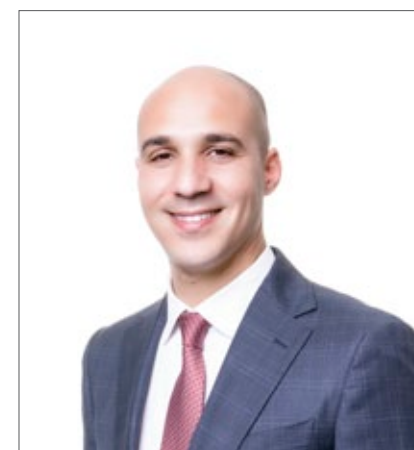


Abdel Wahab Mohamed Gadayel
Group Chief Risk & Compliance Officer

Mr. Abdel Wahab Mohamed Gadayel is EFG Hermes Holding's Group Head of Risk and Compliance, a post he has held since 2013. Prior to his current role, he served as Group Head of Compliance for three years, where he played a key role in initiating and evolving the Group's policies and business procedures in addition to issuing periodic risk and compliance reports covering the Group's entire array of operations.

Mr. Gadayel joined EFG Hermes in 1998 and served as the Deputy Head of Operations in EFG Hermes' subsidiary, Financial Brokerage Group, until 2004. He also worked on integrating newly-acquired offices in the lower GCC region as the Group rapidly expanded into new markets during his tenure as Managing Director of Operations at EFG Hermes UAE between 2004 and 2009.

Mr. Gadayel is a Cairo University graduate, where he majored in Economics and minored in Political Science.



Mohamed Abdel Khabir
Group Chief Financial Officer

Mr. Mohamed Abdel Khabir is EFG Hermes' Chief Financial Officer. Prior to his current post, Mr. Abdel Khabir joined EFG Hermes' Investment Banking division in early 2008 and remained in this division until March 2016 as a Director.

Previously, he held the position of Financial Planning Manager at Procter and Gamble in the Corporate Finance divisions with a focus on financial planning, budgeting, corporate restructure, integration, and profit forecasting.

Mr. Abdel Khabir's notable transactions during his investment banking tenure include the IPO of Integrated Diagnostics Holding (IDH) through a secondary offering worth USD 334 million in the LSE. He was also involved in the sale of a leading hospital in Egypt to the Abraaj Group, the merger of Al Borg and Al Mokhtabar laboratories, ENPC's USD 1.05 billion Syndicated Loan and the issuance of ODH EDRs worth USD 1.8 billion.

Mr. Abdel Khabir holds a BA in Business Administration from the American University in Cairo with a concentration in Finance where he graduated with high honors and is a CFA charter-holder.



Walid Hassouna
Chief Executive Officer of EFG
Hermes Finance and Group Head
of Debt Capital Markets

Mr. Walid Hassouna is the Chief Executive Officer of EFG Hermes Finance. In addition to his role as CEO of the non-bank financial institute, Walid Hassouna is also a non-executive board member of Tanmeyah Microenterprises and EFG Hermes Leasing, both subsidiaries of EFG Hermes Finance.

Prior to joining EFG Hermes in 2016, Walid Hassouna was General Manager and Head of Structured Finance and Investment Banking at Bank Audi, where he closed structured and project finance transactions in excess of USD 15 billion over an 18-year banking career that began at Misr International Bank. He also structured and executed several award-winning deals in project finance and M&A within Egypt and the GCC, in addition to several investment banking transactions. He has also been the Head of Structured Finance and Syndication in Banque Misr where he successfully managed to top the league table of the MENA region in syndicated loans.

Walid is a Cairo-University B.B.A holder, where he graduated with highest honors. He also holds an MBA from J. Mack Robinson College of Business, Georgia State University as well as Islamic Finance Qualification from CISI- UK.



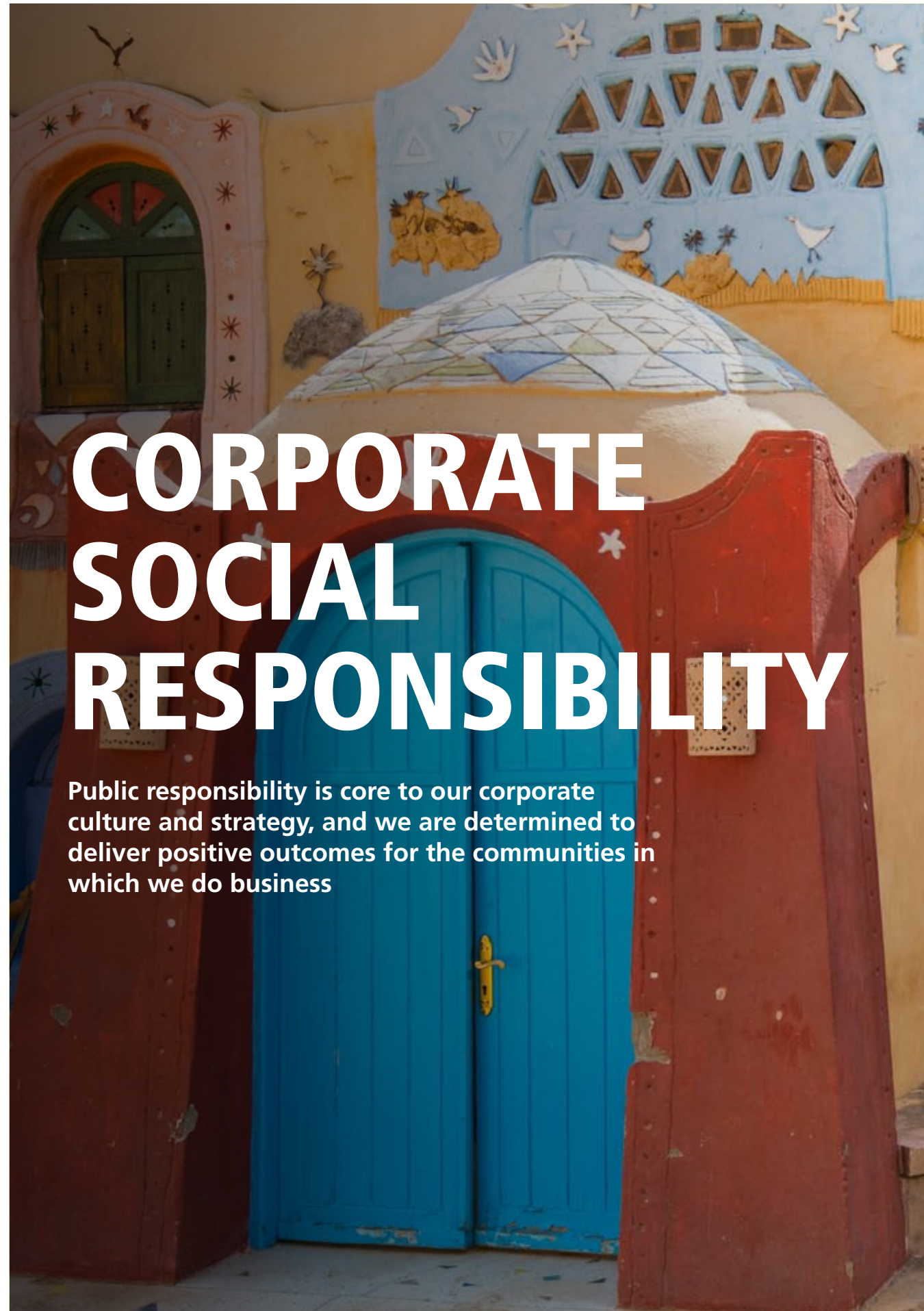
Inji Abdoun
Group Chief Human Resources
Officer

Ms. Inji Abdoun joined Human Resources at EFG Hermes in June 2007 as HR Manager for the UAE with a mandate to establish HR for the operation, while contributing to the department's Group-wide initiatives with a focus on talent management. Her mandate saw an expansion in early 2008 as she took on an active role in the integration of the then-newly acquired Oman operation, as well as the enhancement of the HR offering in the KSA operation and later the integration of the Kuwait operation.

As of 2009 Ms. Abdoun is the Group Head of Human Resources overseeing the full spectrum of the department's functions across the group while working closely with the Firm's management team providing HR insight to business issues.

Prior to joining EFG Hermes, Ms. Abdoun assumed HR management roles at LINKdotNET (an OT subsidiary), Fayrouz International (a Heineken subsidiary), as well as a role in career advising and placement at the Career Advising & Placement Office (CAPS) of the American University in Cairo, accumulating more than 18 years of experience in the field. She is a SHRM Senior Certified Professional and a certified Myers-Briggs practitioner.





Corporate Social Responsibility

Public responsibility is central to EFG Hermes' corporate culture and strategy because we understand that our success as a business is determined by not only our profitability but also the positive outcomes we generate for our communities. As a leading financial services corporation in emerging and frontier markets and a pioneer in sustainability, we have a duty to act as a role model for other companies in our industry and markets.

We honor our commitment to public responsibility through several different channels. First and foremost, we aim to develop products and services that create value for society, as well as our shareholders. Over the past few years, EFG Hermes has cultivated a variety of investments that are tackling global social, economic, and environmental challenges. At the same time, we strive to operate in a sustainable and ethical way, and our Corporate Social Responsibility (CSR) department leads a variety of internal initiatives throughout the year to raise awareness about minimizing the environmental impact of our operations. Through the EFG Hermes Foundation, we engage in a variety of projects aimed at supporting vulnerable populations and addressing social and health challenges across the country.

Aiming to situate our commitment to public responsibility within broader national and global sustainability initiatives, in early 2018 we became the first Egyptian company to sign the United Nations Principles for Responsible Investment (UNPRI), developed by a global community of investors seeking to build a more sustainable financial system worldwide. EFG Hermes has been a proud member of the UN Global Compact (UNGC) since 2011. The UNGC's 10 principles related to the areas of human rights, labor, the environment, and anti-corruption are reflected in our strategy, culture, and Firm-wide Environmental, Social, and Governance (ESG) Policy adopted in 2017.

Sustainable Business and Responsible Investment

Our global expansion into frontier emerging markets has only reaffirmed our commitment to serving all of our communities. It has also increased our awareness of our responsibility to act as a role model for ethical and sustainable business practices in our markets. As of 2017, we have aligned our operations with international and corporate ESG standards, and we continue to develop products and invest in companies that are tackling global challenges prioritized by the UNGC's 10 principles and the Sustainable Development Goals (SDGs).

Investing in Education

In May 2018, EFG Hermes Private Equity entered into an exclusive partnership with the leading provider of private English-language education at the K-12 level, GEMS Education, to establish a USD 150 million 50/50 joint venture that is part of a USD 300 million educational platform. The goal of this platform is to provide quality education options in the underserved Egyptian education sector in which 20 million students are currently enrolled. In its first major project, the Egyptian Education Fund acquired four K-12 schools located in the Cairo suburbs of Madinaty and Al Rehab. The fund has an additional 20 schools in its investment pipeline.

Investing in Energy

Over the past five years, EFG Hermes Private Equity has developed Vortex into the largest renewable energy-focused investment manager in Europe. Vortex manages solar and wind assets with a cumulative capacity of 822 MW and spans the UK, France, Spain, Belgium, and Portugal. Since 2014, Vortex has successfully deployed c. USD 1.4 billion in the European renewables market. Today,

the platform is expanding in to global markets with the aim of establishing a geographically diverse mix of clean energy assets with a target capacity of 1.5 to 2 GW.

Accessible Financing for MSMEs

In line with the Egyptian government's Egypt Vision 2030 Sustainable Development Strategy and the Central Bank of Egypt's call to provide funding to small businesses that will drive the country's growth, EFG Hermes has developed a variety of strategies for supporting the country's micro, small, and medium-sized enterprises (MSMEs). This year, EFG Hermes Investment Banking acted as joint bookrunner on the GBP 125 million IPO of leading international microfinance lender ASAI International (ASAI) on the London Stock Exchange. ASAI has over 1.9 million active clients across Asia and Africa, most of whom are women entrepreneurs.

We acquired the leading private microfinance lender Tanmeyah Microenterprise Services in 2017, and over the past two years we have introduced a variety of changes and

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As a leading financial services corporation in emerging and frontier markets and a pioneer in sustainability, we have a duty to act as a role model for other companies in our industry and markets.

“

Established in 2016, our CSR Department is the owner of the Firm's ESG policy and has the responsibility of communicating the policy throughout EFG Hermes.

made investments to enhance the efficiency of the company and expand its reach. 2018 saw Tanmeyah open almost 100 new branches across the country and double the total number of loans disbursed to the 1 million clients served. Microfinance solutions are playing a crucial role in reducing poverty across the country because they provide capital to owners of very small businesses who are unable to seek support from traditional banks and lenders. Almost 70% of Tanmeyah clients reside in Upper Egypt, which has the highest rates of poverty in the country.

In May 2018, EFG Hermes Leasing, the other major business line of the Firm's non-banking financial services platform, launched a dedicated program to target partnerships that facilitate SME financing solutions and saw the contribution of SMEs in its portfolio grow to 16% compared to the 6% seen in 2017. Over the past three years, EFG Hermes Leasing has directed over EGP 500 million in funding to SMEs. EFG Hermes has developed a number of strategic alliances with Egyptian financial institutions to support SMEs, including a partnership with HSBC Egypt to lend EGP 400 million to SMEs at low interest rates to fund capital expenditures. EFG Hermes has also agreed with the Egyptian Arab Land Bank and Ahli Bank of Kuwait to offer SMEs financing with subsidized interest rates. We have partnered with the Saudi Development Fund to finance SMEs offering services in the areas of healthcare and renewable energy across the country. Through vendor agreements with KarmSolar and Solarize, we are offering agriculture SMEs solar power solutions via leasing facilities to reduce their energy costs.

Fighting Corruption

As a leading financial services corporation, EFG Hermes has a responsibility to fight corruption by operating in an ethical manner and actively promoting good governance in global markets. With this responsibility in mind, our award-winning Research division, which covers over 240 equities in 19 countries, has begun placing greater emphasis on corporate governance in its reports. Adoption of transparent policies and stringent anti-corruption measures have had a significant positive effect on the risk profile of equities. By focusing on this issue in markets in which formal regulation of corporate governance is weaker, we hope to incentivize the adoption of ethical business practices and fight corruption across our footprint.

Corporate Social Responsibility

Established in 2016, our CSR Department is the owner of the Firm's ESG policy and has the responsibility of communicating the policy throughout EFG Hermes. The department also coordinates the ESG agenda at the Firm's Executive Committee meetings. This year, the CSR department has continued to oversee the integration of our ESG framework and the Principles for Responsible Investment (PRI) across all business lines by holding workshops, developing an eLearning course for all staff members, and raising awareness about issues that are material to our core business. The department held over 20 successful internal awareness campaigns to inform staff members about issues ranging from efficient water use to diversity and inclusion in the workplace.

The EFG Hermes Foundation

Since its founding in 2006, the EFG Hermes Foundation has led the Firm's efforts to make a positive impact on communities across the country. The Foundation has developed a reputation for effectiveness and innovation by pioneering an integrated approach to development projects that has allowed it to attract financial and logistical support from prominent public, private, and international partners.

Revitalizing Naga' El Fawal and El Deir Villages in Upper Egypt

The Foundation's latest integrated development project launched in 2017 aims to revitalize the social fabric of Naga' El Fawal and El Deir village in the Luxor governorate where rapid population growth and high rates of unemployment have created significant economic and social challenges. Our financial partners in this EGP 70 million project include the Kuwaiti Initiative for the Support of the Egyptian People, the Sawiris Foundation for Social Development, and Orascom Construction, and it is ultimately expected to benefit over 75,000 people in Luxor. After conducting a needs assessment in partnership with the Luxor governorate, local authorities, and local community organizations, we have developed a holistic approach aimed at rehabilitating these villages by creating jobs, promoting education, and investing in key infrastructure.

In 2018, we delivered a four-month literacy education program for 23 people to improve their reading, writing, and numeracy skills in order to increase their employability. We also trained 23 local teachers in the internationally renowned Montessori method and, in partnership with

the MOVE Foundation for Cerebral Palsy, we equipped an additional 24 teachers with the knowledge needed to identify and support students with disabilities. These teachers will staff a new Montessori-based nursery, which will include classes for special needs children once construction is complete.

This project will ultimately rebuild 90% of Naga' El Fawal's existing homes inhabited by an estimated 234 families. To improve community infrastructure and healthcare, we refurbished the El Deir Health Unit, which serves 75,000 people from the surrounding areas. Working in partnership with Luxor Company for Water and Wastewater, we have replaced the asbestos-contaminated water pipe network in Naga' El Fawal and we are in the process of installing a new sanitation network to ensure that community members have access to safe drinking water and sanitation facilities.

As part of our efforts to create jobs and foster economic empowerment in Naga' El Fawal and El Deir village, we are collaborating with the Luxor governorate to construct a community center that will feature a nursery, sewing workshop, and vocational training center. Already, the village's community has taken ownership of this project by establishing the local El Fawal Association for Integrated Development, registered under the Ministry of Social Solidarity. This community development association aims to create income-generating projects in the community. One such project is a new bakery that leaders are working in partnership with the EFG Hermes Foundation to construct.

2019 Outlook

In early 2019, we submitted our first report as signatories of the United Nations Principles for Responsible Investment (PRI). We had originally planned to take advantage of the two-year reporting window for new signatories, but thanks to our accelerated ESG integration program, we are now one year ahead of schedule.

We will continue to integrate our ESG policy into all areas of our business by conducting trainings and workshops with key departments, assessing our progress, and identifying areas of focus and improvement.

Promoting Financial Literacy

For the fourth year in a row, EFG Hermes conducted seven Financial Literacy Programmes at several Egyptian universities and high schools. This year, we expanded the program to include 150 high school students from Notre Dame des Apotres and New Ramses College in Cairo. As part of our effort to increase the financial literacy of Egyptian youth and encourage entrepreneurship, this year 13 EFG Hermes staff volunteers led a financial literacy program for 655 participating students from Cairo University and the Arab Academy for Science and Technology.

Awards and Recognition

In 2018, two of the most powerful women in our Firm were recognized for their achievements in promoting sustainability and revolutionizing Egypt's financial landscape. CEO of the EFG Hermes Foundation Hanaa Helmy was named a 2018 Sustainable Development Goals Pioneer by the UNGC in recognition of her work fostering social development throughout Egypt. Under Helmy's leadership, the EFG Hermes Foundation reached over 450,000 beneficiaries through initiatives focused on healthcare, education, employment, and other prominent issues in Egyptian society. The EFG Hermes Foundation, led by Helmy, has also pioneered a revolutionary integrated development approach through large-scale projects to revitalize the social fabric of communities in the Beni Sweif, Qena, and Luxor governorates. In 2018, Helmy was also named one of 18 Global Change Makers by the Economist Intelligence Unit for her oversight of the Foundation's efforts to eradicate hepatitis C in Egypt.

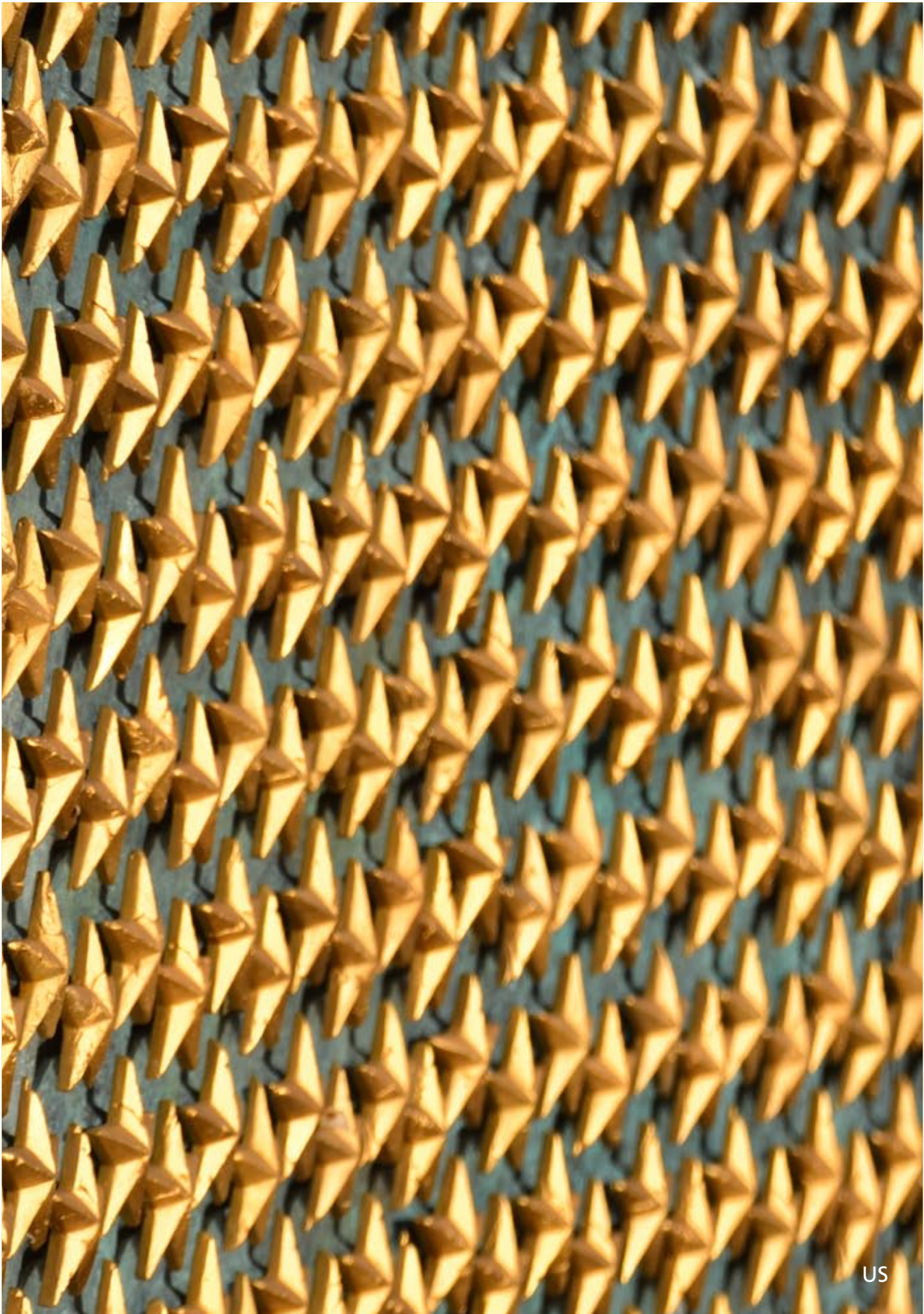
This year EFG Hermes Chairperson and Founder of Zulficar & Partners, Monica Zulficar became the first Egyptian and first woman to receive the International Financial Law Review's Lifetime Achievement Award. Zulficar is known as a precedent maker in local and international legal circles. She has led negotiations for some of the most complex transactions that have been executed in Egypt and the Middle East over the last 30 years. As a former member of the Board of the Central Bank of Egypt, Zulficar has also played an instrumental role in modernizing the country's banking laws and regulations. Currently, she is a member of the National Council for Human Rights. Throughout her career, she has led several successful campaigns to create legislation on issues such as women's rights, freedom of opinion, and family courts. Within EFG Hermes, Zulficar has been a fierce advocate for incorporating the SDGs into the Firm's structure and corporate culture, and she is a dedicated supporter of the EFG Hermes Foundation's work.

As part of the Firm's commitment to public health, the Foundation laid the groundwork for a company-wide screening program for Hepatitis C in early 2019. The endeavor falls in line with the government's push to eradicate the disease and Helmy's mission as HCV change maker to combat the illness throughout Egypt.





FINANCIAL STATEMENTS



US



Auditor’s Report

To the shareholders of EFG - Hermes Holding Company

We have audited the accompanying consolidated financial statements of EFG - Hermes Holding Company which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company’s management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of the company as of 31 December 2018 and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (32) to the consolidated interim financial statements, law no. 176 of 2018 was issued on the regulation of financial lease and factoring activities, the Company has continued to apply the Egyptian Accounting Standard No. (20) for the accounting treatment of the financial lease activity to new contracts concluded by the Company under the new law until the pended issuance of a new or revised Egyptian Accounting Standard dealing with such contracts.

KPMG Hazem Hassan
Cairo, March 19, 2019



Consolidated Statement of Financial Position

(in EGP)	Note no.	31/12/2018	31/12/2017
			Restated *
Assets			
Non-current assets			
Available -for- sale investments	(10)	10,548,320,857	4,188,533,840
Investment property	(11)	222,926,210	231,857,775
Fixed assets	(12)	213,815,107	224,333,498
Leased assets	(13)	2,489,934,226	1,983,830,519
Goodwill and other intangible assets	(14)	1,005,542,907	984,578,470
Loans receivables	(9)	507,114,361	370,282,483
Total non-current assets		14,987,653,668	7,983,416,585
Current assets			
Cash and cash equivalents	(6)	6,507,881,367	9,633,777,190
Loans receivables	(9)	1,833,762,171	495,238,580
Investments at fair value through profit and loss	(7)	2,127,056,168	14,810,796,240
Accounts receivables	(8)	2,598,363,983	7,617,247,233
Other assets	(15)	771,523,445	747,427,378
Assets held for sale	(5)	313,425,000	-
Total current assets		14,152,012,134	33,304,486,621
Total assets		29,139,665,802	41,287,903,206
Equity			
Share capital	(22)	3,843,091,115	3,074,472,890
Legal reserve		773,338,368	1,537,236,445
Share premium		1,922,267,826	1,922,267,826
Other reserves		3,861,768,238	4,528,204,366
Retained earnings		3,597,789,315	2,583,662,257
Equity attributable to owners of the Company		13,998,254,862	13,645,843,784
Non-controlling interests	(23)	437,723,286	311,182,624
Total equity		14,435,978,148	13,957,026,408
Liabilities			
Non-current liabilities			
Deferred tax liabilities	(19)	231,311,808	251,298,343
Loans and borrowings	(21)	1,897,994,238	1,414,434,829
Total non-current liabilities		2,129,306,046	1,665,733,172
Current liabilities			
Due to banks and financial institutions	(16)	4,951,196,332	6,727,002,816
Loans and borrowings	(21)	761,473,385	420,782,960
Accounts payable - customers credit balance		2,561,925,913	5,443,458,450
Accounts payable - customers credit balance at fair value through profit and loss	(17)	1,600,190,506	10,556,308,364
Creditors and other credit balances	(18)	2,062,678,665	1,697,172,793
Current tax liability		175,418,860	308,729,311
Provisions	(20)	461,497,947	511,688,932
Total current liabilities		12,574,381,608	25,665,143,626
Total liabilities		14,703,687,654	27,330,876,798
Total equity and liabilities		29,139,665,802	41,287,903,206

* See note (35) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

Consolidated Income Statement

(in EGP)	Note	For the year ended	
		31/12/2018	31/12/2017
			Restated *
Revenues			
Fee and commission income	(30)	2,451,151,796	1,983,827,762
Securities gains		72,881,193	766,002,157
Revenues from leasing activities		770,665,873	560,216,548
Interest and dividend income		1,664,182,123	870,745,851
Provision reversed	(20)	73,100,433	-
Foreign currencies exchange differences		365,806,588	52,224,866
Other income	(25)	170,793,067	116,228,558
Total revenues		5,568,581,073	4,349,245,742
Expenses			
Fee and commission expense		(149,302,633)	(151,518,371)
Interest expense		(1,006,850,241)	(536,635,952)
Changes in the investments at fair value through profit and loss		(22,337,586)	9,061,686
General administrative expenses	(29)	(2,652,058,528)	(1,982,741,820)
Provisions	(20)	(83,154,146)	(53,247,943)
Depreciation and amortization	(11),(12), (13),(14)	(335,213,085)	(220,958,186)
Impairment loss on assets	(26)	(48,424,377)	(40,553,592)
Total expenses		(4,297,340,596)	(2,976,594,178)
Profit before income tax		1,271,240,477	1,372,651,564
Income tax expense	(27)	(211,680,024)	(126,253,024)
Profit for the year		1,059,560,453	1,246,398,540
Profit attributable to:			
Owners of the Company		1,023,896,030	1,224,765,867
Non-controlling interests	(23)	35,664,423	21,632,673
		1,059,560,453	1,246,398,540

* See note (35) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.



Consolidated Statement of Comprehensive Income

(in EGP)	For the year ended	
	31/12/2018	31/12/2017 Restated *
Profit for the year	1,059,560,453	1,246,398,540
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	(98,911,649)	567,451,221
Available -for- sale investments - net change in fair value	(220,815,448)	687,223,527
Available -for- sale investments -net change in fair value - reclassified to profit or loss	(70,504,218)	(758,677,751)
Foreign currency translation differences - reclassified to retained earnings	-	(15,051,727)
Foreign currency translation differences - reclassified to profit or loss	(313,311,732)	-
Fair value reserve - reclassified to retained earnings	-	(6,769,494)
Related tax	33,383,150	46,293,926
Other comprehensive income, net of tax	(670,159,897)	520,469,702
Total comprehensive income	389,400,556	1,766,868,242
Total comprehensive income attributable to:		
Owners of the Company	357,459,902	1,733,685,278
Non-controlling interests	31,940,654	33,182,964
	389,400,556	1,766,868,242

* See note (35) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.



Consolidated Statement of Changes In Equity

Attributable to owners of the Company											
(in EGP)	Other reserves								Non- controlling interests	Total equity	
	Share capital	Legal reserve	Share premium	General reserve	Trans- lation reserve	Fair value reserve	Hedging reserve	Retained earnings			
Balance as at 31 December, 2016	3,074,472,890	1,523,711,250	1,922,267,826	158,269	2,730,222,070	1,315,347,003	(26,442,387)	3,151,351,529	13,691,088,450	126,816,081	13,817,904,531
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Profit	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	542,662,043	(33,742,632)	-	21,821,221	530,740,632	11,550,291	542,290,923
Total comprehensive income	-	-	-	-	542,662,043	(33,742,632)	-	1,246,587,088	1,755,506,499	33,182,964	1,788,689,463
Transferred to legal reserve	-	13,525,195	-	-	-	-	-	(13,525,195)	-	-	-
Transactions with owners of the Company											
Contributions and distributions											
Dividends	-	-	-	-	-	-	-	(1,783,069,221)	(1,783,069,221)	-	(1,783,069,221)
Changes in ownership interests											
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	114,103,210	114,103,210
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	(17,681,944)	(17,681,944)	(24,939,543)	(42,621,487)
Share of NCI in the increase of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	62,019,912	62,019,912
Balance as at 31 December, 2017	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,272,884,113	1,281,604,371	(26,442,387)	2,583,662,257	13,645,843,784	311,182,624	13,957,026,408
Balance as at 31 December, 2017, as previously reported	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,272,884,113	1,281,604,371	(26,442,387)	2,583,662,257	13,645,843,784	311,182,624	13,957,026,408
Impact of purchase price allocation on subsidiary	-	-	-	-	257,215	-	-	(1,996,875)	(1,739,660)	37,940,625	36,200,965
Restated balance as at 31 December, 2017 *	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,272,884,113	1,281,604,371	(26,442,387)	2,583,662,257	13,645,843,784	311,182,624	13,957,026,408
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Profit	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(410,585,975)	(255,850,153)	-	1,023,896,030	35,664,423	1,059,560,453	(670,159,897)
Total comprehensive income	-	-	-	-	(410,585,975)	(255,850,153)	-	1,023,896,030	357,459,902	31,940,654	389,400,556
Transactions with owners of the Company											
Contributions and distributions											
Increase in paid- in capital	768,618,225	(768,618,225)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(11,262,466)	(11,262,466)	(55,345,920)	(66,608,386)
Transferred to legal reserve	-	-	-	-	-	-	-	(4,720,148)	-	-	-
Changes in ownership interests											
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	6,213,642	6,213,642	(3,130,707)	3,082,935
Share of NCI in the increase of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	153,076,635	153,076,635
Balance as at 31 December, 2018	3,843,091,115	773,338,368	1,922,267,826	158,269	2,862,298,138	1,025,754,218	(26,442,387)	3,597,789,315	13,998,254,862	437,723,286	14,435,978,148

* See note (35) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.

Consolidated Statement of Cash Flows

(in EGP)	For the year ended	
	31/12/2018	31/12/2017
		Restated *
Cash flows from operating activities		
Profit before income tax	1,271,240,477	1,372,651,564
Adjustments for:		
Depreciation and amortization	335,213,085	220,958,186
Provisions formed	83,154,146	53,247,943
Provisions used	(62,109,819)	(43,834,069)
Provisions reversed	(73,100,433)	(5,553,661)
Gains on sale of fixed assets	(16,503,559)	(1,867,175)
Gains on sale of investment property	(9,871,441)	(814,458)
Gains on sale of available -for- sale investments	(70,504,218)	(758,677,751)
Changes in the fair value of investments at fair value through profit and loss	22,337,586	(9,061,686)
Impairment loss on assets	48,424,377	40,553,592
Foreign currency translation differences	39,251,801	33,283,742
Foreign currencies exchange differences	(365,806,588)	(52,224,866)
Operating profit before changes in current assets and liabilities	1,201,725,414	848,661,361
Changes in:		
Other assets	(34,824,771)	(156,813,817)
Creditors and other credit balances	335,802,235	(69,913,030)
Accounts receivables	5,052,492,804	(5,819,214,502)
Accounts payable	(2,881,532,537)	1,130,921,785
Accounts payable - customers credit balance at fair value through profit and loss	(8,956,117,858)	10,556,308,364
Investments at fair value through profit and loss	12,683,740,072	(13,734,251,840)
Income tax paid	(282,706,362)	(144,128,530)
Net cash provided from (used in) operating activities	7,118,578,997	(7,388,430,209)
Cash flows from investing activities		
Loans receivables	(1,484,627,592)	57,275,191
Payments to purchase fixed assets and other intangible assets	(192,782,660)	(68,136,572)
Proceeds from sale of fixed assets	240,016,529	86,565,847
Proceeds from sale of investment property	-	60,405,496
Payments to purchase assets held for sale	(627,287,814)	(1,628,399,924)
Proceeds from sale of assets held for sale	313,862,814	1,628,399,924
Payments to purchase leased assets	(1,213,498,541)	(1,151,066,895)
Proceeds from sale of leased assets	111,995,835	72,150,232
Proceeds from securitization transaction	315,000,000	-
Proceeds from sale of available -for- sale investments	1,978,284,963	1,299,959,804
Payments to purchase available -for- sale investments	(8,586,312,316)	(447,430,877)
Acquisition of subsidiary (net of cash acquired)	-	(310,000,484)
Net cash used in investing activities	(9,145,348,782)	(400,278,258)
Cash flows from financing activities		
Dividends paid	(134,286,637)	(1,710,760,089)
Increase in subsidiaries paid-in capital	-	62,019,912
Proceeds from loans and borrowings	1,149,749,833	727,875,913
Payment for loans and borrowings	(313,425,000)	-
Net cash provided from (used in) financing activities	702,038,196	(920,864,264)
Net change in cash and cash equivalents	(1,324,731,589)	(8,709,572,731)
Cash and cash equivalents at 1 January (note no. 28)	2,922,758,219	11,648,310,796
Cash and cash equivalents at 31 December (note no. 28)	1,598,026,630	2,938,738,065

Non cash transactions:

- An amount of EGP 768 618 225 has been eliminated from the increase in paid-in capital as the capital has been decreased from the legal reserve.
- An amount of EGP 3 068 235 has been eliminated from proceeds from sale of leased assets and settlement account of leased contract.
- An amount of EGP 134 835 132 has been eliminated from proceeds from sale of leased assets and payments to purchase leased assets.
- An amount of EGP 29 703 637 has been eliminated from payments to purchase leased assets and creditors and other credit balances.

* See note (35) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (52) are an integral part of these financial statements and are to be read therewith.

Notes to the consolidated financial statements for the year ended 31 December 2018

(In the notes all amounts are shown in EGP unless otherwise stated)

1- Background

1-1 Incorporation

EFG-Hermes Holding S.A.E "the company" is an Egyptian Joint Stock Company subject to the provisions of the Capital Market Law No.95 of 1992 and its executive regulations. The company's registered office is located in Smart Village building No. B129, phase 3, KM 28 Cairo / Alexandria Desert Road, 6 October 12577 Egypt.

1-2 Purpose of the company

EFG Hermes is a premiere financial services corporation that offers diverse investment banking services including securities brokerage, investment banking, Asset management and private equity. In addition to its non-bank finance products, which include leasing and micro-finance, installment services, factoring, securitization, and collection. The purpose of the company also includes participation in the establishment of companies which issue securities or in increasing their share capital, custody activities and margin trading.

2- Basis of preparation

2-1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

2-2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on March 18, 2019.

3- Functional and presentation currency

These consolidated financial statements are presented in Egyptian pounds (EGP) which is the Company's functional currency.

4- Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

- Estimates and assumptions about them are re-viewed on regular basis.
- The change in accounting estimates is recognized in the period where the estimate is changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

4-1 Fair value measurement

- The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs.
- The value of financial assets are determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.
- When using the discounted cash flow method as a way to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.

5- Assets held for sale

- On May 20, 2018 EFG-Hermes, via its private equity arm, announced that it entered into an exclusive partnership with GEMS Education, one of the world's leading providers of private English-language education for students from kindergarten to twelfth grade (K-12), to jointly establish a new platform focused on Egypt's K-12 education sector. Accordingly on May 27, 2018, the Group acquired 100% of the issued and fully paid up share capital of the leading Egyptian Company for Educational and Intellectual service which holds the operational licensees and real property of 4 schools (BISM, MILS, MLS and TBS) as part of its merchant banking activities. On December 30, 2018 the Group sold 50 % of its stake and the remaining stake are in process to sale according to this agreement, after which EFG-Hermes is working on a plan to sell down the remaining stake.

6- Cash and cash equivalents

	31/12/2018	31/12/2017
Cash on hand	25,849,194	11,947,416
Cheques under collection	323,685	1,140,001
Banks - current accounts	5,506,725,717	6,555,128,148
Banks - time deposits	974,982,771	3,065,561,625
Balance	6,507,881,367	9,633,777,190

7- Investments at fair value through profit and loss

	31/12/2018	31/12/2017
Mutual fund certificates	125,503,510	421,153,944
Equity securities	104,230,323	170,643,873
Debt securities	187,025,819	--
Treasury bills	41,341,595	31,963,691
Structured notes	1,668,954,921	14,187,034,732
Balance	2,127,056,168	14,810,796,240

8- Accounts receivables

	31/12/2018	31/12/2017
Accounts receivables	2,574,259,617	7,903,736,391
Other brokerage companies	24,104,366	(286,489,158)
Balance	2,598,363,983	7,617,247,233

9- Loans receivables

	31/12/2018	31/12/2017
Micro financial loans	1,260,642,171	495,238,580
Vortex II Holding Sarl	237,632,234	247,266,773
Vortex Solar Investments Sarl	116,614,967	123,015,710
Other loans	725,987,160	--
Balance	2,340,876,532	865,521,063
Current	1,833,762,171	495,238,580
Non-current	507,114,361	370,282,483
Balance	2,340,876,532	865,521,063

10- Available-for-sale investments

	31/12/2018	31/12/2017
Equity securities*	2,032,151,574	2,265,708,740
Mutual fund certificates	2,047,570,768	1,922,825,100
Debt instruments	6,468,598,515	--
Balance	10,548,320,857	4,188,533,840

* Equity securities includes 2,062,242 shares of Credit Libanais Bank S.A.L (the Bank), representing approximately 8.813% of the total shares of the bank with an amount of EGP 1,218,846,889 as at 31 December 2018 versus EGP 1,296,710,506 as at 31 December 2017.



11- Investment property

	Buildings
Balance as at 1/1/2018	255,850,696
Foreign currency translation differences	778,014
Total cost as at 31/12/2018	256,628,710
Accumulated depreciation as at 1/1/2018	23,992,921
Depreciation for the year	9,638,006
Foreign currency translation differences	71,573
Accumulated depreciation as at 31/12/2018	33,702,500
Net carrying amount as at 31/12/2018	222,926,210
Net carrying amount as at 31/12/2017	231,857,775

Investment property net carrying amount amounted EGP 222,926,210 as at 31 December 2018, represents the following:

- EGP 138,723,040 the book value of the area owned by EFG – Hermes Holding Company in Nile City building.
- EGP 77,761,668 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.
- EGP 3,494,010 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch.
- EGP 2,947,492 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch.



12- Fixed assets

Particular	Land & buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer equipment	Vehicles	Projects under construction	Total
Cost							
Balance as at 1/1/2017	181,541,971	28,662,262	178,378,147	232,697,260	21,410,159	9,784,500	652,474,299
Additions	443,325	10,223,965	26,006,086	27,763,547	339,900	3,359,749	68,136,572
Disposals	(83,378,485)	--	(115,923)	(568,752)	(634,556)	--	(84,697,716)
Reclassification to investment property	(8,000,000)	--	--	--	--	--	(8,000,000)
Reclassification from investment property	48,000,000	--	--	--	--	--	48,000,000
Acquisition from subsidiaries	229,225	--	8,621,574	987,089	6,623,664	--	16,461,552
Foreign currency translation differences	(26,830)	(10,271)	(4,785,363)	(509,609)	(900,420)	--	(6,232,493)
Total cost as at 31/12/2017	138,809,206	38,875,956	208,104,521	260,369,535	26,838,747	13,144,249	686,142,214
Balance as at 1/1/2018	138,809,206	38,875,956	208,104,521	260,369,535	26,838,747	13,144,249	686,142,214
Additions	12,500,000	18,784,509	65,488,158	61,428,511	5,014,455	--	163,215,633
Disposals	(131,378,485)	(829,830)	(5,327,285)	(3,642,810)	(3,844,911)	(13,144,249)	(158,167,570)
Foreign currency translation differences	(129,708)	92,380	439,192	1,462,929	(792,440)	--	1,072,353
Total cost as at 31/12/2018	19,801,013	56,923,015	268,704,586	319,618,165	27,215,851	--	692,262,630
Accumulated depreciation							
Accumulated depreciation as at 1/1/2017	36,544,654	21,470,164	171,278,335	204,776,565	11,572,067	--	445,641,785
Depreciation	4,889,593	3,131,121	5,293,349	14,071,061	3,952,135	--	31,337,259
Disposals' accumulated depreciation	(17,096,450)	--	(108,978)	(540,241)	(503,410)	--	(18,249,079)
Reclassification to investment property	(4,939,810)	--	--	--	--	--	(4,939,810)
Reclassification from investment property	3,312,000	--	--	--	--	--	3,312,000
Acquisition from subsidiaries	153,343	--	4,862,585	701,370	2,727,760	--	8,445,058
Foreign currency translation differences	(11,630)	3,497	(1,479,434)	(1,616,628)	(634,302)	--	(3,738,497)
Accumulated depreciation as at 31/12/2017	22,851,700	24,604,782	179,845,857	217,392,127	17,114,250	--	461,808,716
Accumulated depreciation as at 1/1/2018	22,851,700	24,604,782	179,845,857	217,392,127	17,114,250	--	461,808,716
Depreciation	1,276,991	5,509,698	12,067,417	25,835,420	4,311,964	--	49,001,490
Disposals' accumulated depreciation	(21,755,250)	(300,656)	(5,299,541)	(3,614,814)	(3,013,991)	--	(33,984,252)
Foreign currency translation differences	(24,376)	10,584	945,539	1,002,093	(312,271)	--	1,621,569
Accumulated depreciation as at 31/12/2018	2,349,065	29,824,408	187,559,272	240,614,826	18,099,952	--	478,447,523
Carrying amount							
Carrying amount as at 31/12/2017	115,957,506	14,271,174	28,258,664	42,977,408	9,724,497	13,144,249	224,333,498
Carrying amount as at 31/12/2018	17,451,948	27,098,607	81,145,314	79,003,339	9,115,899	--	213,815,107

13- Leased assets

Particular	Land	Buildings & Property	Equipment	Computer equipment	Vehicles	Total
Cost						
Balance as at 1/1/2017	443,259,195	390,078,615	77,925,227	5,165,707	341,456,316	1,257,885,060
Additions	170,881,247	333,811,020	432,744,138	924,550	212,705,940	1,151,066,895
Disposals	(26,429,429)	(35,636,250)	(15,580,053)	--	(1,240,200)	(78,885,932)
Total cost as at 31/12/2017	587,711,013	688,253,385	495,089,312	6,090,257	552,922,056	2,330,066,023
Balance as at 1/1/2018	587,711,013	688,253,385	495,089,312	6,090,257	552,922,056	2,330,066,023
Additions	271,315,613	607,094,486	300,170,223	8,324,414	191,132,554	1,378,037,290
Disposals	(143,409,210)	(169,360,338)	(166,793,609)	(5,165,699)	(270,105,686)	(754,834,542)
Total cost as at 31/12/2018	715,617,416	1,125,987,533	628,465,926	9,248,972	473,948,924	2,953,268,771
Accumulated depreciation						
Accumulated depreciation as at 1/1/2017	--	20,871,633	10,542,902	1,627,921	46,309,632	79,352,088
Depreciation for the year	--	25,895,779	53,262,882	1,824,630	91,935,571	172,918,862
Disposals accumulated depreciation	--	(3,298,903)	(2,958,244)	--	(478,553)	(6,735,700)
Accumulated depreciation as at 31/12/2017	--	43,468,509	60,847,540	3,452,551	137,766,650	245,535,250
Accumulated depreciation as at 1/1/2018	--	43,468,509	60,847,540	3,452,551	137,766,650	245,535,250
Depreciation for the year	--	41,572,273	108,370,674	3,030,842	114,558,660	267,532,449
Disposals accumulated depreciation	--	(23,066,845)	(51,947,162)	(4,440,990)	(108,134,540)	(187,589,537)
Accumulated depreciation as at 31/12/2018	--	61,973,937	117,271,052	2,042,403	144,190,770	325,478,162
Impairment loss on leased assets as at 31/12/2017	(5,374,753)	(5,942,242)	(4,757,236)	(33,275)	(7,392,494)	(23,500,000)
Impairment loss on leased assets as at 31/12/2018	(7,216,655)	(10,730,064)	(5,155,154)	(72,675)	(3,325,452)	(26,500,000)
Carrying amount						
Carrying amount as at 31/12/2017	582,336,260	638,842,634	429,484,536	2,604,431	407,762,912	2,061,030,773
Carrying amount as at 31/12/2018	708,400,761	1,053,283,532	506,039,720	7,133,894	326,432,702	2,601,290,609
Lease settlement account as at 31/12/2017	3,972,284	(82,862,931)	3,151,057	1,060,460	(2,521,124)	(77,200,254)
Lease settlement account as at 31/12/2018	(30,325,311)	(45,089,097)	(21,662,613)	(305,389)	(13,973,973)	(111,356,383)
Carrying amount as at 31/12/2017 (net of lease settlement account)	586,308,544	555,979,703	432,635,593	3,664,891	405,241,788	1,983,830,519
Carrying amount as at 31/12/2018 (net of lease settlement account)	678,075,450	1,008,194,435	484,377,107	6,828,505	312,458,729	2,489,934,226

14- Goodwill and other intangible assets

	31/12/2018	31/12/2017
		Restated *
Goodwill (14-1)	896,012,911	896,012,911
Customer relationships	68,505,751	75,881,250
Licenses	12,312,090	12,267,814
Software	28,712,155	416,495
Balance	1,005,542,907	984,578,470

* Note no. (35).

14-1 Goodwill is relating to the acquisition of the following subsidiaries:

	31/12/2018	31/12/2017
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E	365,398,862	365,398,862
EFG - Hermes Pakistan Limited	9,503,738	9,503,738
Frontier Investment Management Partners LTD	325,800,740	325,800,740
Balance	896,012,911	896,012,911

15- Other assets

	31/12/2018	31/12/2017
Deposits with others (15-1)	167,566,404	47,789,292
Down payments to suppliers	42,170,713	34,793,522
Prepaid expenses	74,041,440	55,301,204
Employees' advances	60,149,639	50,347,780
Accrued revenues	231,717,098	116,541,464
Taxes withheld by others	29,346,476	43,885,855
Payments for investments (15-2)	1,373,856	11,393,856
Settlement Guarantee Fund	21,929,917	22,493,984
Due from EFG- Hermes Employees Trust	--	237,097,017
Due from Ara Inc. Company	630,344	624,711
Due from Egypt Gulf Bank- Tanmeyah Clients	3,510,092	2,467,778
Down payment-leased assets	65,491,711	50,914,000
Receivables-sale of investments	33,312,297	8,931,744
Securitization surplus (15-3)	14,608,548	--
Sundry debtors	25,674,910	64,845,171
Balance	771,523,445	747,427,378

15-1 Deposits with others include an amount of EGP 15,665,993 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

15-2 Payments for investments are represented in the following:

	31/12/2018	31/12/2017
EFG-Fintech	--	5,000,000
EFG-Hermes Securitization	--	5,000,000
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
Sherketak	--	20,000
Balance	1,373,856	11,393,856

15-3 On 15/11/2018 EFG-Hermes Leasing (a subsidiary – 100%) has signed a contract to securitize finance lease contracts it's undiscounted cash flows amounted to EGP 407 344 556 and it's discounted cash flows amounted to EGP 329 608 548 to EFG Hermes Securitization Company (a subsidiary – 100%), the financial rights related to the finance lease agreements assigned to EFG Hermes Securitization Company (transferee). EFG Hermes Securitization Company made a special offering for the securitization bonds according to the approval of the Egyptian Financial Supervisory Authority to offering bonds and the underwriting of bonds which amounted to EGP 315 000 000 was paid in full through a special offering that was closed on 3/12/2018, the realized gains from the transferring of the securitization portfolio amounted to EGP 16 594 291, the amount of the securitization surplus as at 31 December 2018 is EGP 14 608 548 represents the fair value of the rights of EFG – Hermes Leasing at the end of the securitization process which the custodian is obligated to repay to the Company as the transferor in those issuances at the maturity of the securitization bonds or by its accelerated payment and after the full payment of all entitlements of bondholders both principal and interest and the payment of all other obligations.

16- Due to banks and financial institutions

	31/12/2018	31/12/2017
Financial institutions	3,010,470,101	5,761,264,680
Bank overdraft	1,940,726,231	965,738,136
Balance	4,951,196,332	6,727,002,816

17- Accounts payable - customers credit balance at fair value through profit and loss

This amount represents payable to customers against the structured notes issued by one of group companies.

18- Creditors and other credit balances

	31/12/2018	31/12/2017
Accrued expenses	1,111,287,288	988,954,759
Dividends payable (prior years)	209,238,453	266,376,877
Deferred revenues	354,220,414	176,999,309
Deferred capital gain	180,972,551	82,921,489
Suppliers	80,037,687	35,191,979
Due to Industry Modernization Center	13,388,123	13,202,783
Clients' coupons - custody activity	11,121,066	9,876,310
Tax authority	13,205,208	5,810,226
Social Insurance Association	4,857,889	1,485,532
Payables- purchase of investments	2,000,000	44,375,000
Medical takaful insurance tax	3,235,227	--
Deposits due to others –finance lease contracts*	4,428,849	4,773,777
Sundry creditors	74,685,910	67,204,752
Balance	2,062,678,665	1,697,172,793

* Deposits due to others amounted to EGP 4 428 849 as at 31 December 2018 versus EGP 4 773 777 as at 31 December 2017 represents the deposits collected from the lessees of EFG-Hermes Leasing and will be deducted from the rent value at the end of the lease contract.



	Balance at 1/1/2018	Recognized in profit or loss	Recognized in equity	Foreign cur- rency differ- ences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(3,100,123)	(4,540,508)	--	(66,376)	(7,707,007)	--	(7,707,007)
Claims provision	588,129	317,982	--	716	906,827	906,827	--
Impairment loss on assets	1,224,794	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	7,036,935	4,658,773	--	135,678	11,831,386	11,831,386	--
Changes in fair value of cash flow hedges *	6,612,597	--	--	--	6,612,597	6,612,597	--
Fair value of available-for-sale financial assets **	(266,735,910)	--	33,383,150	(1,611)	(233,354,371)	--	(233,354,371)
Foreign currency translation differences	10,186,096	(15,210,937)	--	(4,188)	(5,029,029)	--	(5,029,029)
Revaluation of investment property	1,867,147	--	--	--	1,867,147	1,867,147	--
Deferred capital gain	(8,978,008)	1,313,856	--	--	(7,664,152)	--	(7,664,152)
	(251,298,343)	(13,460,834)	33,383,150	64,219	(231,311,808)	22,442,751	(253,754,559)

* Directly deducted from cash flow hedging reserve item presented on the statement of changes in equity.
** Directly deducted from changes in the fair value of available-for-sale investments item presented on the statement of changes in equity.



20- Provisions

		31/12/2018	31/12/2017
Claims provision	(20-1)	261,828,886	333,168,227
Severance pay provision	(20-1)	183,758,769	172,223,971
Financial guarantee for contingent liabilities	(20-1)	15,910,292	6,296,734
Balance		461,497,947	511,688,932

20-1

	Claims provision	Severance pay provision*	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the year	333,168,227	172,223,971	6,296,734	511,688,932
Formed during the year	30,293,357	41,732,209	11,128,580	83,154,146
Foreign currency differences	145,677	1,719,444	--	1,865,121
Amounts used during the year	(29,128,893)	(31,916,855)	(1,064,071)	(62,109,819)
Provision reversed	(72,649,482)	--	(450,951)	(73,100,433)
Balance at the end of the year	261,828,886	183,758,769	15,910,292	461,497,947

* Related to group entities outside Egypt.

21- Loans and borrowings

The borrower	Credit limit	Contract date	Maturity date	31/12/2018	31/12/2017
EFG – Hermes Leasing*	250 million	10/6/2015	10/6/2023	57,857,503	190,710,008
„	100 million	4/6/2015	4/6/2022	110,556,267	127,289,601
„	280 million	14/7/2015	14/9/2022	397,427,154	148,807,789
„	300 million	4/11/2015	4/11/2022	287,034,097	282,109,568
„	200 million	9/8/2015	9/8/2023	149,596,498	63,630,480
„	200 million	30/9/2015	30/9/2025	82,602,958	108,057,091
„	175 million	14/3/2016	14/3/2023	213,312,910	126,363,303
„	50 million	1/6/2016	1/6/2023	24,572,142	41,556,795
„	100 million	1/6/2016	1/5/2020	92,810,380	94,230,870
„	100 million	28/11/2016	31/10/2021	65,590,555	91,831,604
„	80 million	15/12/2016	30/9/2021	6,879,429	25,463,555
„	100 million	12/2/2017	28/2/2022	121,746,300	88,959,090
„	70 million	19/2/2017	30/8/2024	69,654,724	69,672,390
„	100 million	15/12/2016	30/9/2021	44,787,489	42,108,977
„	50 million	3/4/2017	3/4/2024	2,225,451	16,748,119
„	20 million	24/4/2017	24/4/2023	3,680,963	5,000,000
„	100 million	25/5/2017	25/5/2022	83,893,021	64,294,114
„	65 million	29/5/2017	29/5/2024	51,071,656	58,729,430
„	44 million	19/10/2017	19/10/2022	32,238,000	39,937,500
„	90 million	1/12/2017	1/6/2022	61,675,435	22,367,850
„	150 million	7/2/2018	7/2/2023	100,000,000	--
„	100 million	24/9/2018	24/9/2025	17,941,217	--
„	600 million	5/9/2018	5/9/2028	137,779,949	--
EFG – Hermes Pakistan Limited	112.1 million	12/5/2017	11/5/2020	48,037,500	60,112,500
Tanmeyah Micro Enterprise Services S.A.E	100 million	30/3/2018	30/3/2019	98,612,166	22,008,821
„	50 million	5/4/2018	5/3/2023	2,845,387	--
„	500 million	18/6/2017	18/6/2022	255,236,691	4,800,937
Valu	100 million	10/11/2017	9/11/2018	39,801,781	40,427,397
Balance				2,659,467,623	1,835,217,789
Current				761,473,385	420,782,960
Non-current				1,897,994,238	1,414,434,829
Balance				2,659,467,623	1,835,217,789

*EFG-Hermes Leasing (wholly owned subsidiary), is committed to settle the credit granted by waiving the rental value of the finance lease contracts to the banks within the credit amount.

22- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,074,472,890 distributed on 614,894,578 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 6, 2018 to increase the company's issued capital from EGP 3,074,472,890 to EGP 3,843,091,115 distributed on 768,618,223 shares with an increase amounting to EGP 768,618,225 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every four shares. This increase is transferred from the company legal reserve that presented in 31 December 2017 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

23- Non-controlling interests

	31/12/2018	31/12/2017
		Restated *
Share capital	172,989,573	160,090,883
Additional paid-in capital	140,177,954	--
Legal reserve	16,224,736	16,037,802
Other reserves	47,608,718	53,261,255
Retained earnings	25,057,882	60,160,011
Profit for the year	35,664,423	21,632,673
Balance	437,723,286	311,182,624

* Note no. (35).

24- Contingent liabilities

The holding company guarantees its subsidiary EFG - Hermes Brokerage – UAE against the Letters of Guarantee issued from banks amounting to:

	31/12/2018	31/12/2017
AED	118,670,000	118,670,000
Equivalent to EGP	578,623,053	573,508,376
Group off-financial position items :		
Assets under management	81,462,718,026	84,772,447,382

25- Other income

Other income includes rental income, gain from sale and lease back of the Company's Headquarter, securitization gain (note 15-3) and non-recurring income.



26- Impairment loss on assets

	For the year ended	
	31/12/2018	31/12/2017
Impairment loss on accounts receivables & debit accounts	48,424,377	38,726,322
Impairment loss on available –for– sale investments	--	1,827,270
Total	48,424,377	40,553,592

27- Income tax expense

	For the year ended	
	31/12/2018	31/12/2017
Current income tax	198,219,190	340,550,682
Deferred tax	13,460,834	(214,297,658)
Total	211,680,024	126,253,024

28- Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents are represented in the following :

	31/12/2018	31/12/2017
Cash and due from banks	6,507,881,367	9,633,777,190
Due to banks and financial institutions	(4,951,196,332)	(6,727,002,816)
Treasury bills less than 90 days	41,341,595	31,963,691
Effect of exchange rate	--	(15,979,846)
Cash and cash equivalents	1,598,026,630	2,922,758,219

29- General administrative expenses

	For the year ended	
	31/12/2018	31/12/2017
Wages , salaries and similar items *	1,841,191,609	1,402,678,086
Consultancy	76,435,876	84,934,176
Travel , accommodation and transportation	62,954,917	46,495,597
Leased line and communication	123,481,183	104,156,388
Rent and utilities expenses	194,897,160	91,481,088
Other expenses	353,097,783	252,996,485
Total	2,652,058,528	1,982,741,820

**In 2018 the group based on the compensation committee recommendation approved enrolling a number of employees in a three years retention program whereby these employees would receive a cash bonus during the company's annual bonus cycle that is based on the share price of EFG-Hermes Holding at the end of the relevant year. The line item (Wages, salaries and similar items) includes an amount of EGP 188,725,851 relevant to this program for the year ended 31 December 2018.*



30- Operating segment
(a) Basis for operating segment

Segment information is presented in respect of the Group's business segments.

The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

	For the year ended 31 December 2018					
	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing
Fee and commission income	5,658,996	1,273,657,581	424,048,124	300,083,728	81,316,788	--
Securities gains	72,991,744	2,928,504	--	(3,039,055)	--	--
Revenues from leasing activities	--	--	--	--	--	770,665,873
Interest and dividend income	890,496,565	82,943,143	6,979,230	90,657,639	33,699,126	6,321,863
Provision reversed	72,649,482	--	--	--	--	--
Foreign currencies exchange differences	355,285,156	10,521,432	--	--	--	--
Other income	61,619,991	17,989,321	3,682,913	204,876	44,644,425	22,666,944
Total revenues	1,458,701,934	1,388,039,981	434,710,267	387,907,188	159,660,339	799,654,680
Fee and commission expense	(606,101)	(165,675,585)	(25,511,980)	(310,208)	(238,580)	(26,712)
Interest expense	(157,651,291)	(171,711,611)	--	(23,470,690)	(13,280,407)	(363,677,938)
Changes in the investments at fair value through profit and loss	(16,544,454)	(5,793,132)	--	--	--	--
Net revenues	1,283,900,088	1,044,859,653	409,198,287	364,126,290	146,141,352	435,950,030
General administrative expenses	(819,074,707)	(939,247,702)	(272,082,799)	(150,847,479)	(85,923,556)	(46,775,821)
Provisions	(14,207,268)	(40,530,945)	(5,419,097)	(2,857,562)	(8,534,004)	(65,098)
Depreciation and amortization	(22,923,136)	(12,958,189)	(13,247,438)	(213,891)	(166,729)	(267,990,690)
Impairment loss on assets	(9,268,461)	(157,894)	(2,694,569)	--	--	(8,733,123)
Total expenses	(1,040,275,418)	(1,336,075,058)	(318,955,883)	(177,699,830)	(108,143,276)	(687,269,382)
Profit before income tax	418,426,516	51,964,923	115,754,384	210,207,358	51,517,063	112,385,298
Income tax expense	(73,227,273)	(33,810,790)	(5,173,360)	(403,187)	(173,981)	(25,730,002)
Profit for the year	345,199,243	18,154,133	110,581,024	209,804,171	51,343,082	86,655,296
Total assets	10,903,966,064	9,220,727,891	1,503,482,630	205,081,382	2,707,283,608	2,702,546,257
Total liabilities	914,385,470	9,031,476,812	487,962,291	95,494,095	365,014,796	2,383,080,758



For the year ended 31 December 2017

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Adjustments	Total
Fee and commission income	10,895	1,065,226,477	333,272,624	335,056,350	73,884,049	--	176,377,367	--	1,983,827,762
Securities gains	756,241,922	14,149,780	--	(4,389,545)	--	--	--	--	766,002,157
Revenues from leasing activities	--	--	--	--	--	560,216,548	--	--	560,216,548
Changes in the investments at fair value through profit and loss	12,064,210	(3,002,524)	--	--	--	--	--	--	9,061,686
Interest and dividend income	544,844,272	93,578,826	245,792	28,624,870	102,678,585	4,749,606	236,691,392	(140,667,492)	870,745,851
Foreign currencies exchange differences	52,224,866	--	--	--	--	--	--	--	52,224,866
Other income	76,388,132	31,947,695	800,164	5,196,415	59,595	303,988	1,532,569	--	116,228,558
Total revenues	1,441,774,297	1,201,900,254	334,318,580	364,488,090	176,622,229	565,270,142	414,601,328	(140,667,492)	4,358,307,428
Fee and commission expense	(215,321)	(151,272,728)	(9,890,261)	(18,186,657)	209,724))	--	(38,105)	28,294,425	(151,518,371)
Interest expense	(86,765,835)	(141,773,007)	--	(9,858,305)	(46,429,688)	(269,922,255)	(134,382,194)	152,495,332	(536,635,952)
Net revenues	1,354,793,141	908,854,519	324,428,319	336,443,128	129,982,817	295,347,887	280,181,029	40,122,265	3,670,153,105
General administrative expenses	(613,615,390)	(810,851,803)	(239,195,882)	(66,024,446)	(44,523,203)	(26,337,278)	(142,071,553)	(40,122,265)	(1,982,741,820)
Provisions	(17,937,038)	(17,086,230)	(8,906,253)	(1,855,786)	(379,684)	--	(7,082,952)	--	(53,247,943)
Depreciation and amortization	(23,373,675)	(10,413,192)	(6,237,686)	(233,309)	(105,694)	(173,626,764)	(6,967,866)	--	(220,958,186)
Impairment loss on assets	--	(2,227,270)	(3,040,544)	--	(4,447,356)	(23,500,000)	(7,338,422)	--	(40,553,592)
Total expenses	(741,907,259)	(1,133,624,230)	(267,270,626)	(96,158,503)	(96,095,349)	(493,386,297)	(297,881,092)	140,667,492	(2,985,655,864)
Profit before income tax	699,867,038	68,276,024	67,047,954	268,329,587	80,526,880	71,883,845	116,720,236	--	1,372,651,564
Income tax expense	(30,138,051)	(45,391,410)	(6,302,361)	3,019,208	(796,467)	(19,717,503)	(26,926,440)	--	(126,253,024)
Profit for the year	669,728,987	22,884,614	60,745,593	271,348,795	79,730,413	52,166,342	89,793,796	--	1,246,398,540
Total assets	8,580,984,642	25,681,825,961	1,825,334,282	228,430,762	1,856,181,864	2,109,468,096	1,005,677,599	--	41,287,903,206
Total liabilities	1,907,425,105	22,081,222,110	514,171,826	77,082,427	403,490,593	1,872,545,192	474,939,545	--	27,330,876,798



(b) Geographical segments

- The Group operates in three main geographical areas: Egypt, GCC and Lebanon. In presenting the geographic information, segment revenue has been based on the geographical location of operation and the segment assets were based on the geographical location of the assets. The group's operations are reported under geographical segments, reflecting their respective size of operation.
- The revenue analysis in the tables below is based on the location of the operating company, which is the same as the location of the major customers and the location of the operating companies.

31 December 2018					
	Egypt	GCC	Lebanon	Other	Total
Total revenues	4,302,970,011	1,082,963,313	44,396,123	138,251,626	5,568,581,073
Segment assets	17,646,759,756	9,426,774,929	1,223,171,839	842,959,278	29,139,665,802

31 December 2017					
	Egypt	GCC	Lebanon	Other	Total
Total revenues	2,748,887,937	1,069,533,763	397,696,250	142,189,478	4,358,307,428
Segment assets	13,330,496,779	24,977,114,414	2,616,321,715	363,970,298	41,287,903,206

31- Tax status (the holding company)

- As to Income Tax, the years till 2016 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the competent Tax Inspectorate. As to year 2017, according to tax form of tax law no. 91 of 2005 the company has submitted the tax returns and have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2009 / 2012 the company's books had been examined and all the disputed points have been transferred with the Internal Committee, and as to years 2013 / 2018 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2016 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2017 / 2018 have not been inspected yet.

32- Significant Events

On 14 August 2018 Law No. 176 of 2018 was issued on the regulation of financial leasing and factoring activities, Article 1 of this law stipulates the repeal of the Law No. 95 of 1995 on financial leasing. The Company has continued to apply the Egyptian Accounting Standard No. (20) for the accounting treatment of the financial leasing activity to the new contracts concluded by the Company under the new law until the pended issuance of a new or revised Egyptian accounting standard dealing with these contracts.

33- Group’s entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.87	0.09
Egyptian Fund Management Group	88.51	11.49
Egyptian Portfolio Management Group	66.33	33.67
Hermes Securities Brokerage	97.58	2.42
Hermes Fund Management	89.95	10.05
Hermes Corporate Finance	99.37	0.53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96.3	3.7
EFG- Hermes Private Equity	1.59	63.41
EFG- Hermes UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73.1	26.9
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC **	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC *	49	20.37
Sindyan Syria LLC *	97	--
Talas & Co. LLP *	--	97
EFG - Hermes Jordan	100	--

	Direct ownership %	Indirect ownership %
Mena Long-Term Value Feeder Holdings Ltd. **	--	50
Mena Long-Term Value Master Holdings Ltd. **	--	45
Mena Long-Term Value Management Ltd.**	--	45
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99.998	--
EFG-Hermes IB Limited	100	--
EFG Securitization	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	95.118
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD **	--	50
EFG-Hermes SP limited	--	100
Valu	--	100
EFG-Hermes Factoring	--	100
Beaufort Asset Managers LTD	--	100
EFG Hermes Bangladesh Limited	--	100
EFG Hermes FI Limited	--	100
EFG Hermes Securitization	--	100
EFG Hermes PE Holding LLC	100	--
Etkan for Inquiry and Collection and Business Processes	0.002	95.196
RX Healthcare Management	--	52.5
FIM Partners KSA	--	50

* Due to exposing Syrian Arab Republic to events have significantly impact on the economic sectors in general and lead to lose of control so, the company's management decided in 2016 to transfer these fully impaired investments from investments in subsidiaries to available for sale investments.

** The Holding Company has the power to govern the financial and operating policies of the mentioned companies then the investees Companies is classified as investments in subsidiaries.

34- Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

34-1 Market risk

Market risk is defined as the potential loss in both on and off financial position resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

34-2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- The company has revalue assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

34-3 Risk management

In the ordinary course of business, the Group is exposed to a variety of risks, the most important of which are liquidity risk, interest rate risk, currency risk, credit risk and market risk. These risks are identified, measured and monitored through various control mechanisms in order to price facilities and products on a risk adjusted basis and to prevent undue risk concentrations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

34-4 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

34-5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of high marketable and diverse assets that can be easily liquidated in the event of an unforeseen interpretation of cash flow. In addition, the Group maintains statutory deposits with the Central Banks.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and to the Group in specific. The Group maintains a solid ratio of high liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking markets conditions into consideration.

34-6 Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

34-7 Equity price risk

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.

34-8 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

34-9 Fair value of financial instruments

The fair value of the financial instruments does not substantially deviated from its book value at the financial position date. According to the valuation basis applied, in accounting policies to the assets and liabilities.



34-10 Derivative financial instruments and hedge accounting

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value, according to the valuation basis applied, in accounting policies to derivative financial instruments.
- In accordance with an arrangement between the subsidiary, EFG- Hermes Mena Securities Limited Co. and its customers (“the customers”), the Company from time to time enters into fully paid Shares Swap Transaction Contracts (“the contracts”) with the customers. Under the contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the contracts can be terminated at any time by either of the parties, which shall be the affected party.

In order to hedge the price risks with respect to the reference securities under the contracts, the Company enters into back-to-back fully paid Share Swap Transaction Contracts with other subsidiaries, MENA Financial Investments W.L.L. (“MENA-F”) and EFG-Hermes KSA.

Accordingly, the Share Swap Transactions are measured at fair value based on underlying reference securities under the contracts.

35- Corresponding figures

Certain adjustments have been made to some comparative figures based on the Purchase Price Allocation (PPA) study of Frontier Investment Management Partners LTD (one of Group’s subsidiaries) to determine the fair value of the identifiable assets and liabilities in order to conform with the current year presentation. These adjustments are attributable to the following:

	(As reported) for the year ended 31/12/2017 EGP	Adjustments EGP	(Amended) for the year ended 31/12/2017 EGP
Statement of financial position			
Goodwill and other intangible assets	948,377,505	36,200,965	984,578,470
Other reserves	4,527,947,151	257,215	4,528,204,366
Retained earnings	2,585,659,132	(1,996,875)	2,583,662,257
Non-controlling interests	273,241,999	37,940,625	311,182,624
Income statement			
Depreciation and amortization	(216,964,436)	3,993,750	(220,958,186)
Profit for the year	1,250,392,290	(3,993,750)	1,246,398,540
Owners of the Company	1,226,762,742	(1,996,875)	1,224,765,867
Non-controlling interests	23,629,548	(1,996,875)	21,632,673



36- Significant accounting policies applied

36-1 Business Combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss
- Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities.
- The consideration transferred doesn’t include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

36-2 Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

36-2-1 Non-controlling interests

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

36-2-2 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

36-3 Interests in equity-accounted investees

The Group’s interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement.

Rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

36-3-1 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

36-4 Foreign currency**36-4-1 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

36-4-2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

36-5 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

36-6 Revenue**36-6-1 Gain (loss) on sale of investments**

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in income statement.

36-6-2 Dividend income

Dividend income is recognized when declared.

36-6-3 Custody fee

Custody fees are recognized when the service is provided and the invoice is issued.

36-6-4 Interest income and expenses

Interest income and expenses are recognized in the income statement under "Interest income" item or "Interest expenses" by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception "fair value through income statement".

36-6-5 Fee and commission income

Fee related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.

36-6-6 Brokerage commission

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

36-6-7 Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

36-6-8 Incentive fee

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

36-6-9 Finance lease income

Income resulted from lease contracts is recognized based on internal return rate resulted from lease contracts in addition to the equivalent amount of a periodical depreciation installment. The differences between the income recognized and accrued rental value for the same period is suspended in a separate account, and is to be settled with the carrying amount of the leased assets at the end of contract period.

36-6-10 Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

36-6-11 Revenue from micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.
- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.
- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

36-6-12 Gains from securitization

Gains from securitization is measured as the difference between the fair value of the consideration received or is still due to the company at the end of securitization process and the carrying amount of the securitization portfolios in the company's books on the date of the transfer agreement.

36-7 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

36-7-1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

36-7-2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

36-8 Property, plant and equipment**36-8-1 Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment . If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

36-8-2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

36-8-3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Estimated useful life
- Buildings	33.3 - 50 years
- Office furniture, equipment & electrical appliances	2-16.67 years
- Computer equipment	3.33 - 5 years
- Transportation means	3.33 - 8 years

Leased assets are recorded at their historical cost after deducting the accumulated depreciation and any impairment in its value and are depreciated using the straight line method over the estimated productive life for each type of assets as follows:

	Estimated useful life
- Buildings and premises	20 years
- Equipment	5 -7 years
- Computer equipment	3 years
- Vehicles & transportation means	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

36-8-4 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property.

36-9 Projects under construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

36-10 Intangible assets and goodwill

• Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

• Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

• Other intangible assets

Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

36-11 Investment property

Investment property is measured at cost on initial recognition.

Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over is useful life. The estimated useful life of investment property is 33 years.

36-12 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

36-13 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

36-13-1 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

36-13-2 Non-derivative financial assets – Measurement**Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

36-13-3 Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

36-13-4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

36-13-4-1 Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

36-14 Share capital**36-14-1 Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24.

36-14-2 Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

36-15 Legal reserve

The Company's statutes provides for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the Company's issued capital and when the reserve falls below this limit, it shall be necessary to resume

36-16 Impairment**36-16-1 Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been an estimates used to determine the recoverable amount.

36-16-2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

36-17 Provisions

Provisions are recognized when the Group has a legal or constructive current obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate.

36-18 Treasury bills

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

36-19 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.

36-20 Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition, cash on hand, cheques under collection and due from banks and financial institutions.

36-21 Profit sharing to employees

The holding company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

36-22 Micro-enterprises Receivables

36-22-1 Credit policy

Funding Consideration

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.
- Funding are granted to the client which it's installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the branches specialists of the company on the prepared form for this purpose(financial study form and credit decision).
- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the company which reveal client's activity (visit form & Inquiry form).
- The company prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Company before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client's revenue and expenses.



Client's Life Insurance

The insurance process on the client is performed with the authorized companies from insurance supervisory authority.

Client's Following up

The company keeps specialists in branches from following up all regular clients, and irregular with continuous application of that during finance period with judging on their commitment in paying the remaining installments and this done through recording visits for clients with daily basis and also with data base provided by computer system for all branches all over the republic.

36-22-2 Impairment loss of micro financed loans

The company at the date of the financial statements estimates the impairment loss of micro financed loans, in the light of the basis and rules of granting credit and forming the provisions according to the Board of Directors decision of the Financial Supervisory Authority No. (173) issued on December 21, 2014 to deal with the impairment loss.

36-23 Operating segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment.





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