Covering New Ground

Annual Report 2016

COVERING NEW GROUND

Our drive to push ourselves beyond the borders of our existing markets and product offering not only defines our strategy, but also synthesises our ambition to transform ourselves into a financial services corporation with access to frontier markets. As we enter this new phase of growth we are steering EFG Hermes into exciting new territory that will see us enter new markets in Sub-Saharan Africa, Southeast Asia and beyond.

CONTENTS

THE REGION'S LEADING FINANCIAL SERVICES CORPORATION

We offer both traditional investment banking services and a growing suite of non-bank financial services, from leasing to microfinance

What We Do

With a footprint spanning seven countries in the Middle East and North Africa, EFG Hermes started in Egypt and has leveraged over 30 years of success to become the region's leading financial services corporation. Drawing on our proven track-record and a team of more than 880 talented employees, our Investment Banking platform provides a wide spectrum of financial services that include investment banking, asset management, securities brokerage, research and private equity to the entire region. Our Egypt-focused Non-Bank Financial Services Platform provides leasing services and highly sought-after, value-added advisory to large corporations and SMEs through EFG Hermes Leasing, and we acquired in early 2016 Tanmeyah Microenterprise Services, the nation's largest private-sector provider of microfinance services. With the divestment in 2016 of our majority stake in the Lebanese commercial bank Crédit Libanais, we are now expanding into non-MENA emerging and frontier markets with the acquisition of a Pakistani brokerage and have launched a merchant banking practice within the Firm.

The Investment Bank

Securities Brokerage

With the region's largest brokerage team, EFG Hermes Securities Brokerage is the leading brokerage house in the Arab world, catering to a variety of investors from local and foreign institutions to individual, high-net-worth individuals and family offices. Our clients benefit from our strong network of contacts and state-of-the-art systems, designed with the needs and security concerns of institutions in mind, as well as our track record of successfully structuring and executing large, complex transactions on behalf of an assortment of different kinds of investors.

EFG Hermes has a presence in eight markets and indirect access to most markets in the MENA region via our network of trusted partners. In addition to multi-market trading, fundamental analysis, and technical analysis in several MENA markets, we also offer additional services such as conditional orders, margin trading, and same-day trading in certain markets. The division's trading services include phone trading, a full suite of online trading tools that provide multi-market functionality, SWAP/P-Note products trading, and margin lending for Egyptian retail investors, complemented by custody services for retail and institutional clients, fundamental and technical research products and, an ATM facility for Egyptian retail investors.

Investment Banking

EFG Hermes Investment Banking deploys the largest and most diverse group of investment banking professionals in the region with the deepest knowledge of MENA's companies, markets, economies and investment drivers. We have executed some of the largest cross-border transactions in the region through a distribution network that encompasses more than 117,000 investors across North America, Europe, the Middle East, and Africa. The Investment Banking team has successfully completed some USD 55.1 billion in M&A transactions since 1995 and as lead advisor has raised more than USD 20.8 billion through initial public offerings, rights issues, secondary offerings, and private placements. The division is also now one of the Firm's pathfinders for our new merchant banking practice, launched in 2016.

Asset Management

As the leading asset manager in the region, EFG Hermes Asset Management has a long track record of superior performance in the region. We serve a client base including multinational corporations, endowments, foundations, and family offices, and manage mutual funds and discretionary portfolios in both country-specific and regional mandates. We offer both conventional and Sharia-compliant mandates in index tracking absolute return strategies. Our products are tailored to each investor's objectives and risk constraints, and we are constantly reviewing and expanding our fund product offering to better meet our clients' investment needs.

Private Equity

Leveraging the power of the EFG Hermes distribution platform across the region, including the Firm's network of relationships with major regional corporations and financial institutions, as well as public market intelligence through EFG Hermes' group-wide accrued insight, the division has transformed 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. The division is a globally recognised specialist in infrastructure private equity and is the fourth-largest manager of renewable energy assets in Europe. We have raised since inception more than USD 1.6 billion in over 10 funds from limited partners around the globe. Today, we manage USD 1.0 billion in private equity funds from two hubs, Cairo and Dubai. The funds we manage invest across a diverse spectrum of sectors across the region.

Research

EFG Hermes Research is made up of a fully independent research team, recognised as providing the highest quality and most in-depth coverage of MENA markets. We offer our clients unrivalled bilingual coverage of stocks and economies in every Arab country with an active stock market. With an on-the-ground presence in four major regional cities — Cairo, Riyadh, Dubai, and Muscat — our professional analysts cover 154 stocks that account for more than 60% of the regional's aggregate market capitalisation. We also cover nine economies from a macro level and nine countries in terms of regular strategy notes.

Our research analysis combines equities research, macro research, and strategy and index research and is both exclusive and complimentary to our clients. We offer fair, unbiased, comprehensive coverage that commands the attention of a diverse range of buy-side clients, corporations, industry media, and others.

EFG Hermes Finance

EFG Hermes Leasing

EFG Hermes Leasing offers tailored leasing solutions and value-added advisory services that help corporations and SMEs meet their business goals with the fastest turnaround time in Egypt. We provide services to finance almost anything, from technology systems and medical equipment to vehicles and machinery, and offer turnkey solutions for building owners, construction, energy systems, industrial equipment, waste management, and much more.

By creating a dedicated, comprehensible platform through which companies and entrepreneurs can explore tailored financing options to suit their needs, we are addressing a gap in the market that has left smaller companies lacking access to viable credit facilities. Launched in 2015, the company was Egypt's fourth-largest player by market share of contracts booked (by asset size) in 2016.

Tanmeyah

Tanmeyah Microenterprise Services is Egypt's leading private-sector provider of microfinance solutions and the newest addition to EFG Hermes Finance, our non-bank financial services platform. We acquired Tanmeyah in 2016. Tanmeyah offers comprehensive microfinance solutions to owners of very small businesses across Egypt who would otherwise have no access to the banking sector. The company was founded in 2009 by a team of industry veterans to directly address the financing needs of Egyptian businesses who are considered micro or very small enterprises and are not served by the traditional banking industry. With 119 branches nationwide, Tanmeyah currently serves approximately 96,000 clients and processes 9,230 loans per month at an average loan size of EGP 8,705 in the micro lending category and EGP 45,957 in the very small enterprise category.

EFG Hermes was founded in Egypt and has grown over the past 30 years to become a leading financial services corporation with access to emerging and frontier markets

CHAIRPERSON'S FOREWORD

Dear Shareholders,

Once again, it is my honour to be communicating with you on what has been a pivotal year for EFG Hermes. If there is one thing that this year has taught us, it's to expect the unexpected. As evidenced by the many unprecedented regional and global events including Brexit, the election of Donald Trump, FX movements, and the adoption of ambitious reform agendas in countries across MENA, we are living through a period of rapid change that requires adaptability and perseverance.

For the first time since 2010, investors are viewing Egypt, our home market, as an upside story. In 2016, the Egyptian pound was floated, which resulted in our currency losing approximately 50% of its value within one week. The bold, yet necessary move, which was part of a reform package that led up to the finalisation of the USD 12 billion IMF facility, placed tremendous pressure on both businesses and private citizens from all walks of life but it has also eliminated the devaluation risk that previously kept foreign investors away. Equities have since surged as investors became net buyers on the EGX in an acknowledgement that the country risk is heading in the right direction.

Despite the backdrop of volatility that characterised the year 2016, EFG Hermes remained steady and stayed true to its strategy of divesting its non-core assets and transforming into a financial services institution with increasing exposure to emerging and frontier markets. We were able to stay the course by utilising our assets, our people, our creativity, and our perseverance in meeting challenges head on.

In 2016, we sold the majority of our stake in our commercial banking arm, Crédit Libanais. The sale allowed us to not only return cash to our shareholders, but to also make new investments and grow the business in new directions that leverage the strength of our existing investment banking platform. Having a more liquid balance sheet has helped us launch a new debt practice that is showing tremendous promise after just a few short months.

We have also successfully expanded our footprint beyond MENA in 2016 with the long-awaited opening of our Pakistan and New York offices. The new on-the-ground presence in Pakistan also marks the launch of our newest subsidiary, EFG Hermes Frontier Holding, which will focus on pursuing new brokerage and investment banking opportunities in some of the world's most compelling frontier markets. Our New York office will address the growing demand for MENA and frontier opportunities amongst our North American client base. Both ventures will be headed by new management with years of experience in their respective markets, and we are delighted to have them on board.

The new on-the-ground presence in Pakistan also marks the launch of our newest subsidiary, EFG Hermes Frontier Holding, which will focus on pursuing new brokerage and investment banking opportunities in some of the world's most compelling frontier markets.

While I am optimistic about the future and our ability to build on what we have already achieved as a company and as a market, I am also cognisant of the fact that reforms come at a social cost. Sharp price increases mean that people from all walks of life are struggling to make ends meet which necessitates the creation of strong social safety nets to minimise the probability of social unrest. At EFG Hermes, we have been doing our part to mitigate the negative effects of economic liberalisation in Egypt by expanding our CSR initiatives through the EFG Hermes Foundation and making new investments in companies that create jobs and generate healthy profits while simultaneously playing a social role. Tanmeyah, a leading Egyptian provider of micro finance that we acquired in 2016 as part of EFG Hermes Finance, is one such example. It is my belief that the most important social safety nets come in the form of sustainable investments like Tanmeyah. Since its inception in 2009, the company has cumulatively provided more than EGP 3 billion in loans to more than 400,000 individuals who have launched successful micro-enterprises.

The EFG Hermes Foundation continued to uphold one of the main pillars of our corporate strategy, public responsibility, through its second integrated development project that has helped to transform and empower the residents of Al-Makhzan, one of Egypt's most impoverished rural villages in Upper Egypt. The Foundation's work to eradicate hepatitis C in Egypt is also an important initiative of which we can all be proud.

Sustainability is not only an issue that we address through our corporate social responsibility programmes, but rather something that has become an intrinsic component of our business strategy. For example, our Private Equity division

Our financial leasing arm is also leading a new drive to support renewable energy solutions with the completion of a first-of-its-kind vendor programme with Egyptian start-up KarmSolar to provide lease finance solutions for solar energy projects.

is investing heavily in clean energy through Vortex, our European renewable energy platform. Within two years, we have managed to build Vortex into the largest renewable energy-focused investment vehicle in Europe with both solar and wind assets. In Egypt, EFG Hermes Leasing, our financial leasing arm is also leading a new drive to support renewable energy solutions with the completion of a first-of-its-kind vendor programme with Egyptian start-up KarmSolar. The innovative new programme offers lease finance solutions for solar energy projects in Egypt, to make clean, renewable energy accessible to a variety of industries. I am very proud of both of these initiatives, which prove once again that EFG Hermes is at the forefront of socioeconomic change.

Of course, none of these initiatives would have been possible without the remarkable talent and dedication of our people. We continue to be a firm that prioritises training and promoting our future leaders from within; which is why it makes me very proud to see the launch of The Academy, a new integrated development programme that addresses the Firm's development needs at different levels while supporting EFG Hermes' core values – integrity, value creation, and commitment. This recognition of our people as the Firm's core asset is the reason we have the highest calibre leaders in place who will take the Firm to the next level.

Last but not least, I would like to take this opportunity to thank our esteemed board members for the hard work and strategic guidance they have provided to the management teams at EFG Hermes during a politically and economically challenging period for the Firm. This year we welcomed two new non-executive board members; Jean Cheval, a member of the Natixis Executive Committee and Head of Risk and Finance, and Simon Eedle, Senior Country Manager of Natixis Dubai. We look forward to working with these two distinguished gentlemen in the years to come. Their expertise and insight will no doubt prove invaluable to the Firm as it continues to transform into a full-fledged financial services institution with an expanding frontier market footprint.

Mona Zulficar,
Chairperson

OUR GUIDING PRINCIPLES

- Strive to operate with integrity in everything we do, aspiring to transparency, and adhering to global best practices in corporate governance
- Take a broad view of leadership, fostering talent at all levels of the Firm who lead the market by example and capitalise on the brand equity created by a winning team to diversify our business and expand our footprint
- Maintain a sharp focus on recognising and capturing opportunities to sustainably create value for all our stakeholders
- Make our commitments to these principles of integrity, leadership, and value creation universal to all our stakeholders, from our clients and our employees to the communities in which we do business

The Six Ps

Our unwavering commitment to our values has shaped and paved the way for our success. These values – integrity, commitment, leadership, and value creation – have helped nurture a culture of inclusion, transparency, leadership, and innovation in all aspects of our business.

To ensure the implementation of these values, we developed the "Six Ps" of our corporate strategy to function as the key pillars that support our operations and benchmark of our performance.

People
Attaining, developing and retaining the best employees.

Positioning
Continually working on enhancing our market position across our territories as the leading provider of diverse financial services.

Presence
Building on our leading position in MENA, our expansion into new high-potential frontier markets serves to both diversify and bolster our performance.

Product Offering
Continuously improving and expanding our market-leading product offerings to meet evolving needs and maintain our leadership position.

Profitability
Focusing on improving the Group's profitability and performance metrics are key to adding value for our shareholders.

Public Responsibility
Focusing on improving the Group's profitability and performance metrics are key to adding value for our shareholders.

A NOTE FROM OUR GROUP CEO

Dear Shareholders,

2016 was a year of transformation for EFG Hermes and, simultaneously, one of the most challenging years financial markets have seen in recent memory. Through regional and global downturns (in emerging and developed markets alike), we had to take calculated, proactive steps to adapt to new market realities. It is precisely ambition and flexibility that allowed us to continue to pursue our strategy of pushing into new markets and non-bank financial services as we continue our transformation into a leading financial services corporation in both MENA and frontier markets.

As has been the case in the past, I am left with the firm conviction that the true test of an institution is not how it performs during a bull run alone, but how it evaluates and mitigates risks in turbulent times as well in a way that still creates sustainable, long-term value for its shareholders. I am proud to say that despite the turbulence of 2016, EFG Hermes thrived, delivering stellar top- and bottom-line performances driven by prudent balance-sheet management, a mild recovery in our capital markets and the continuing ramp up of our non-bank finance business.

We enter 2017 having taken decisive steps on the road to becoming a premier frontier finance house with a diversified product offering that can serve a wider client base, decrease cyclicality, and improve return on shareholder equity. A re\organisation of our management structure was also necessary to support our transformation. The shift is subtle but significant and is reflected on the pages of this annual report.

As were all our activities in 2016, this reorganisation was driven by our focused "6P" strategy of Positioning, People, Presence, Products, Profitability, and Public Responsibility, a review of which I have set out below, highlighting our achievements throughout the year.

Positioning

We once again ended 2016 as the number one investment bank in the MENA region. We were the largest broker in Egypt, Abu Dhabi, and NASDAQ Dubai,

and the second largest in Kuwait, Jordan, and Oman, and fourth in Dubai. Our Research house maintained its leadership position, expanding its coverage universe to 154 companies across the region and ending the year with its highest-ever ranking on the Thomson Reuters Extel research survey at second place among research houses in MENA.

Our Investment Banking division delivered yet another stellar year, closing 2016 with over 10 equity, M&A, and debt capital market transactions. Notably, the division capitalised on our push into a merchant banking model by acting as lead arranger, underwriter and buy-side advisor to Advanced Energy Systems (ADES) in its acquisition and financing of three operational rigs from Hercules Offshore in the Kingdom of Saudi Arabia and has plans to take the company public in a transaction scheduled to close in May 2017.

Looking at the buy-side of our business, our Asset Management team launched during the year its first UCITS-compliant funds and officially took over HSBC Egypt's EGP 1.6 billion money market fund. Our Private Equity division delivered exceptional results, closing through its Vortex unit a transaction to acquire a 49% stake in an operational 664 MW portfolio of European wind assets and enters 2017 having signed a sale and purchase agreement in partnership with Southeast Asian power company Tenaga Nasional Berhad to acquire a solar PV farm in the UK. Execution of the transaction will cement Vortex's position as Europe's fourth-largest manager of renewable energy assets just three years from the close of its first transaction.

Product Diversification

We expanded on the NBFI offering with the 2016 acquisition of Tanmeyah Microfinance, Egypt's largest private-sector microfinance company, alongside EFG Hermes Leasing, which we launched in 2015. 2017 will witness the addition of new products to the NBFI portfolio, another step in our endeavour to establish EFG Hermes Finance as a main driver of growth for EFG Hermes.

In addition, we formed a new strategic partnership with online trading specialists Saxo Bank to deepen our retail offering with the launch of EFG Hermes One. We have also simultaneously expanded our offering for institutional and ultra-high-net-worth individuals by launching structured products that will add a much-needed range to our portfolio in the coming year.

As part of the reorganisation under the buy-side umbrella, the Private Equity and Asset Management teams will tailor products to the needs of their investors and the dynamics of the region, identifying short- and long-term strategic opportuni-

We enter 2017 having taken decisive steps on the road to becoming a premier frontier finance house with a diversified product offering that can serve a wider client base, decrease cyclicality and improve return on shareholder equity.

EFG Hermes continues to expand into new markets including Pakistan and New York and looks forward to opening its first office in Sub-Saharan Africa in 2017.

ties for value creation in liquid, illiquid, and hybrid structures. Buy-side activities will work on transforming our products into tailored global investments for our MENA-based clients, rather than focusing on managing MENA assets alone.

Presence

We have followed through on our commitment to our stakeholders to expand our geographical footprint during 2016. Going into 2017, we began expanding our EFG Hermes Frontier division, serving global frontier markets with a particular focus on securities brokerage, investment banking, and research. Currently, we have concluded our acquisition of IFSL, a brokerage house in Pakistan, and have launched execution capabilities for frontier Asia, offering our clients access to Vietnam, Bangladesh, and Sri Lanka.

That execution capability is backed by a dedicated team and will be served by our existing offices in Cairo and Dubai as well as our soon-to-open New York office. Our geographical expansions work hand in hand with transforming EFG Hermes into a frontier player that can better serve its buy-side and sell-side clients. To that end, we look forward to opening in 2017 our first office in Sub-Saharan Africa.

People

As ever, we believe highly experienced, driven, committed employees are the pillars on which we have built and continue to grow our business. We remain deeply committed to hiring at the bottom of the pyramid, growing and promoting our next generation of leaders from within. However, as we expand our product base and our geographies, we will also continue to add new, high-calibre senior members to our family while searching for ways to integrate these diverse corporate cultures and locations into our Firm.

Hiring, training, and retaining the best talent remains a top priority for EFG Hermes, especially as we continue to grow in terms of geographical presence as well as product offering. 2017 is set to be a big year for our Human Resources Department as we roll out a new, comprehensive Human Resources system and launch the flagship EFG Hermes Leadership Academy (The Academy), which we aim to make the benchmark for other firms in the region in terms of developing, growing, and retaining staff.

Profitability

Despite the turbulence of 2016 in all markets in which we operate, we managed by the end of the year to deliver an almost eight-fold increase in net profits to EGP 1.6 billion on revenues of EGP 4 billion. The 279% Y-o-Y growth in revenue was mainly driven by FX gains generated from a long US dollar position that resulted from the sale of most of our stake in Crédit Libanais but also from the recovery in capital markets and the growth of our non-bank finance arm. All in all, growth in revenues outstripped our 155% Y-o-Y rise in total operating expenses, which were inflated by a number of one-off costs, with net operating profit recording EGP 2.1 billion, up 568% Y-o-Y. Fee and commission income grew 50% Y-o-Y, reaching EGP 1.2 billion for the year, backed by increased performance from most core business lines and strong contributions from EFG Hermes Leasing and Tanmeyah.

Public Responsibility

An area of our business that I continue to be most proud of is the work that the EFG Hermes Foundation carries out. We have long been motivated by the conviction that creating shareholder value must be accompanied by a commitment to doing better by the communities in which we do business.

The EFG Hermes Foundation has done exceptional work throughout the year. After two years of focused effort, the Foundation inaugurated Al-Makhzan Village, which provides access to housing, healthcare, sanitation, and education to thousands of residents in Upper Egypt with the support of the Kuwaiti Initiative for the Support of the Egyptian People. Our commitment to sustainability initiatives also continues to grow as we push forward with a number of important projects on that front.

Outlook

I enter 2017 optimistic that we have only just scratched the surface of the Firm's potential. We have taken significant strides in 2016 to pave the way for future growth, and when capital markets start moving in the right direction, a market leader like EFG Hermes will be best positioned to quickly capitalise.

While we are conscious that we must remain vigilant in assessing the ever-changing environments in which we operate, I am confident we have the people, processes, and balance-sheet strength to weather any potential challenges.

To ensure we have the flexibility to navigate across new market realities, our primary goal is to maintain strong cost controls going forward to ensure we maintain profitability and maximise shareholder value. We will also continue to divest our remaining stake in Crédit Libanais following the sale of our 40% holding in the bank and the subsequent deconsolidation in 2Q16. We ended 2016 with only a 15.1% holding in the bank, down from 63.7% the year before. Meanwhile, we plan to make significant headway in our previously stated strategic goal of expanding our product base as we develop our merchant banking platform, expand our brokerage execution capabilities to frontier exchanges, and bolster our offerings through the EFG Hermes Finance platform.

I am tremendously proud of not only the success we achieved in 2016, but also the promising trajectory that our Firm is taking into 2017. It is an honour to lead an institution that, for three decades, has offered outstanding value to both its stakeholders and the community in which it does business through the tireless efforts of its talented professionals.

On behalf of the entire management team, I would like to express my deepest gratitude to the Board for their unrelenting support even in our most trying times and putting their faith in us as we lead EFG Hermes into a new chapter of its growth story.

Karim Awad,
Group Chief Executive Officer

EGP 1.6 BN
Net Profits FY16

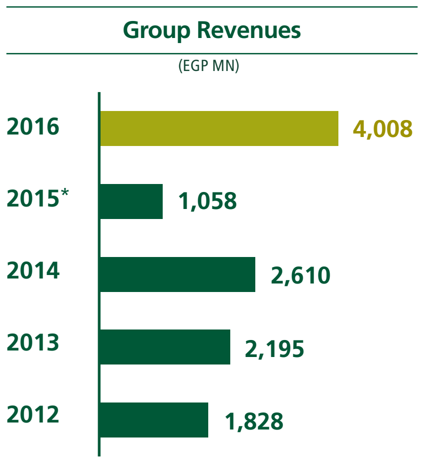
EGP 4 BN
Revenues FY16

Management Discussion & Analysis

The Firm delivered a strong set of results in FY16 driven by prudent balance-sheet management and a recovering business environment. (Pictured: Road on Jebel Hafeet Mountain, UAE)

MANAGEMENT DISCUSSION & ANALYSIS

The Firm delivered a strong set of results in FY16 driven by prudent balance-sheet management and a recovering business environment



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

2016 was a transformational year for EFG Hermes on multiple fronts. This began as the Firm divested its majority stake in the Lebanese commercial bank Crédit Libanais[1] as part of its reshaping of its business model away from universal banking. The Group now includes two primary platforms: An investment bank (offering securities brokerage, investment banking advisory, private equity, asset management, and research) and a non-bank financial services platform (including EFG Hermes Leasing and Tanmeyah, Egypt's largest private-sector provider of microfinance services, which was acquired in early 2016).

Under the "6P" strategy outlined in our CEO's Note introducing this year's report, the Firm called on its strong, liquid balance sheet last year to launch a merchant banking offering, diversify and expand its products and geographical presence, inject capital into existing subsidiaries, prepare to launch additional services under its NBFI vertical, and grow our AUMs, whether on the public or private fronts.

We laid the groundwork for this strategic transformation in 2016, knowing that the results would start to impact the Firm's operations and financial performance in 2017 and beyond. This process started with expanding our geographic footprint: We signed a sale and purchase agreement (SPA) to acquire a brokerage in Pakistan and completed the transaction in early 2017; we have also filed regulatory approval for an independent New York office to further serve our North American institutional clients. Meanwhile, we began developing a pipeline of new products for delivery during 2017 and are expanding our team with new talent.

Against this backdrop — and despite regional and global financial markets being roiled by challenging macro and geopolitical conditions in the MENA region and beyond — the Firm reported operating revenues of EGP 4.0 billion in FY16, up 279% Y-o-Y, bolstered by FX gains booked in the fourth quarter of the year. EFG Hermes had adopted a long position strategy on the US dollar, which worked in its favour following the November 2016 float of the Egyptian pound. Group performance was also supported by improvements across core business lines, with fee and commission income climbing 50% Y-o-Y to EGP 1.2 billion for the full-year, contributing 31% of total operating revenue.

Excluding FX gains from all revenue lines, Group results would still reflect solid performance, with total operating revenue climbing 34% Y-o-Y in FY16, driven by higher capital markets and treasury operations revenue (up 31% Y-o-Y) and higher fees and commissions (up 34% Y-o-Y).

Operating expenses climbed 155% Y-o-Y to EGP 1.9 billion in FY16 on the back of higher employee expenses, including higher expenditure on salaries denominated in USD or USD-pegged currencies, one-off restructuring expenses, an increase in the salary pool following Tanmeyah's consolidation in 2Q16, and the Y-o-Y annual salary increases required to keep pace with inflation. Also factoring into the Y-o-Y rise in operating expenses was higher inflation in Egypt, higher depreciation expenses due to the ramp-up of operations at the Group's leasing business, and the impact of USD-pegged expenses.

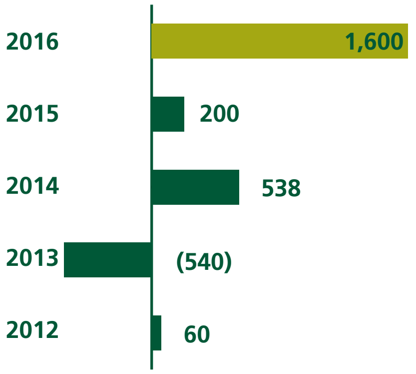
Management notes, however, that the Firm is undergoing a cost base restructuring initiative targeting entrenched cost categories as it aims to realign with the realities of today's marketplace. These measures are expected to present opportunities for future cost savings and increased overall efficiency in the long term. Nevertheless, the Firm's operating costs as a percentage of revenue stood at 35% in FY16, well below the management-set 50% target and despite incurring one-off and exceptional items.

The Firm reported a net operating profit of EGP 2.1 billion in FY16, up almost six-fold over the previous year, yielding a net operating profit margin of 53%, or a 23 percentage point expansion. This filtered into a Group net profit after tax and minority interest from continuing operations of EGP 1.6 billion million in FY16, up 690% Y-o-Y.

[1] EFG Hermes continued to divest its remaining stake in Crédit Libanais following the sale of its majority stake in the bank and its subsequent deconsolidation of the bank in 2Q16. By year's end, the Firm held a 15.1% stake in the bank.

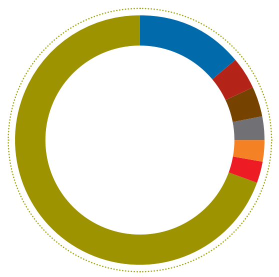
Group Net Profit

(EGP MN)



Group Revenue by LOB

(FY16)



Securities Brokerage	562
Asset Management	172
Investment Banking	149
Private Equity	121
Leasing	118
Tanmeyah	113
Capital Markets & Treasury Operations	2,772

Group Financial Highlights*

EGP mn	2016	2015	Change
Total Operating Revenue	4,008	1,058	279%
Total Operating Expenses	1,889	741	155%
Net Operating Profit	**2,119**	**317**	**568%**
Net Operating Profit Margin	53%	30%	
Net Profit After Tax & Minority Interest (Continuing Operations)	**1,580**	**200**	**690%**
Net Profit After Tax & Minority Interest (Continuing & Discontinued Operations)	1,414	461	206%

The Investment Bank

Securities Brokerage

Our Securities Brokerage division displayed resilience in preserving its position as the largest brokerage in the region, having ranked first in three markets in FY16 including Egypt (37.2% market share), NASDAQ Dubai (61.4%), and Abu Dhabi (31.2%) while also ranking second in Jordan (14.5%), Oman (28.4%) and Kuwait (21.2%). Notably, regional markets showed signs of improvement in 2016, marked by a substantial improvement in liquidity during the final quarter of the year following the EGP floatation. On a full-year basis, total executions came in at USD 30.5 billion in FY16, down a modest 6% from the previous year. Average daily commissions in Egypt rose 59.4% in EGP terms in FY16 compared to the previous year. On the regional front and in USD terms, average daily commissions moved up 3.7% Y-o-Y in FY16.

Full-year revenues contributed by the Brokerage division climbed 63% Y-o-Y to EGP 562 million, bolstered by sharp improvements in trading activity in the fourth quarter, the devaluation of the Egyptian pound and an overall shift in revenue mix toward higher-fee markets.

Investment Banking

Investment Banking maintained its strong momentum on both the M&A and equity fronts, cementing its position as the advisor of choice for global capital seeking exposure to Egypt and other Middle East and North Africa markets. The division successfully concluded more than 10 equity, M&A, and debt capital markets transactions in FY16.

On the equity front, the team executed the public offerings of Arabian Food Industries Company (Domty) and Cleopatra Hospital Company. Domty's 6X oversubscribed offering comprised 49% of its share capital through a secondary offering on the EGX with a total value of USD 127 million. Meanwhile, Cleopatra Hospital Company's offering was for a total of USD 41 million with an oversubscription of 10X. EFG Hermes had also acted as the sole financial advisor to Domty subsequent to the IPO in connection with setting up a Depositary Receipts program on the London Stock Exchange.

On the M&A front, EFG Hermes was mandated by Medsofts Group for the sale of a 50% stake to Archer Daniels Midland (ADM), advised B. Tech on its minority stake sale to Development Partners International (DPI) for EGP 300 million, and advised The Abraaj Group on the sale of its 80% stake in JORAMCO.

The division served as sole sell-side financial advisor and transaction broker to Litat Group in its sale of a majority stake in Solb Misr. The USD 1.4 billion M&A transaction is the largest in Egypt in recent years and one of the largest in the Middle East in 2016.

Notably, Investment Banking also closed EFG Hermes' first transaction under its merchant banking model, acting as the lead arranger, underwriter and buy-side advisor to Advanced Energy Systems (ADES) in its acquisition and financing of three operational rigs from Hercules Offshore in the Kingdom of Saudi Arabia for a total value of USD 65 million through a debt syndication of USD 55 million. The Firm arranged the financing from a syndicate of regional and local banks and underwrote a portion of the package from its own balance sheet.

Total revenues in FY16 came in at EGP 149 million, 9% below the FY15 figure of EGP 163 million.

Asset Management

EFG Hermes' assets under management (AUM) stood at USD 1.5 billion at the end of FY16. Following the float of the Egyptian pound, the division now reports Egyptian mandates separately from regional mandates to eliminate the impact of the currency devaluation, as c.37% of the total asset base is denominated in Egyptian pounds.

Egyptian mandates declined 11% Y-o-Y in FY16 as a 24% increase in our AUM base owing to positive returns posted by all asset classes was offset by redemptions of 35% throughout the year. Money market funds and equity portfolios accounted for the lion's share of redemptions. Meanwhile on the regional front, AUMs (including regional ex-Saudi Arabia and Saudi Arabia) declined 13% Y-o-Y, with redemptions representing 10 percentage points of the effect and weaker markets accounting for the remaining 3 percentage points. In the final quarter of the year, the rally seen on the EGX post the currency float supported the division's equity funds and portfolios, with Egypt-based AUMs adding 18% Q-o-Q in 4Q16. The year also saw EFG Hermes add HSBC's EGP 1.6 billion MMF to its AUM base.

The Asset Management division's total revenues stood at EGP 172 million in FY16, down 18% Y-o-Y compared to FY15's EGP 211 million.

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

Private Equity

EFG Hermes' Private Equity division delivered another stellar performance over the course of FY16. Capitalising on a solid reputation as one of Europe's largest infrastructure and renewable energy investment managers via its Vortex platform, the division's assets under management at the end of FY16 stood at USD 1.0 billion, up 62% year-on-year.

AUM at the division's Vortex infrastructure platform stood at EUR 730 million as at year-end 2016, with total managed capacity of 457 MW following the platform's acquisition of a 49% stake in EDPR's Pan European portfolio. The acquisition builds on the 49% stake in EDPR France, which was completed in 2014. The Vortex team continues to build on its successes having signed in early 2017 a sale and purchase agreement (SPA), joining Tenaga Nasional Berhad to acquire a 365 MW solar PV farm in the UK for an enterprise value of GBP 470 million.

The UK portfolio will bring total AUM to USD 1.4 billion and will increase Vortex's managed capacity to 822 MW once the transaction closes by the second quarter of 2017, making it one of the largest managers of renewable energy assets in Europe.

The division also worked in 2016 to develop the Rx Healthcare Fund, a unique platform focused on healthcare private equity opportunities in North, West, and Sub-Saharan Africa that combines both EFG Hermes' robust fundraising and governance platforms and the unique industry insights of proven operators at the GP level. The formal announcement of the Fund and the launch of an investor roadshow is due to occur in 2Q17.

The Private Equity division posted revenue growth of 41% Y-o-Y in FY16 to EGP 121 million compared to the EGP 86 million recorded in the previous year.

Research

EFG Hermes' Research division achieved its best-ever ranking on the Thomson Reuters Extel research survey, ranking in second-place among MENA research houses. The division also saw a significant increase in client readership on both Bloomberg and Reuters platforms as well as via e-mail and, together with the Firm's Brokerage division, hosted both the largest MENA-focused investor event[2] and the largest MENA-focused investor event in London.[3]

As of year-end 2016. The Research division's coverage universe expanded to 154 companies operating in Egypt (32), the UAE (25), Saudi Arabia (53), Kuwait (8), Oman (13), Qatar (10) Lebanon (3), Morocco (3), Jordan (5), Netherlands (1), and the United Kingdom (1). In addition to covering newer sectors such as insurance and increasing the number of equities covered Y-o-Y, the research division covers nine economies from a macro level and nine countries in terms of regular strategy notes, in addition to regular publications.

[2] The 12th annual EFG Hermes One on One in Dubai, March 2016.
[3] The 6th annual EFG Hermes London MENA conference at Emirates Stadium, September 2016.

EFG Hermes Finance

EFG Hermes Leasing

At year-end 2016, EFG Hermes Leasing stood as the fourth-largest player overall in the market with a 9% market share. The company also maintained a sharp focus on the collection process as the corridor rate in Egypt rose 600 bps from the beginning of the year. The division generated EGP 118 million in FY16, a stellar 486% Y-o-Y growth.

EFG Hermes Leasing witnessed increased activity during the year as the team worked diligently to diversify and grow the division's client portfolio as well as increase contributions from the higher-margin SME business with the rollout of a targeted vendor finance program. EFG Hermes Leasing has also penetrated the renewable energy market through its agreement with KarmSolar, a leading solar energy solutions provider, to finance solar pumps and rooftop solar panels. Additionally, the team arranged three club deals with a total value of EGP 530 million, with syndications as such helping enhance the Group's profitability and allowing it to capture a higher market share.

EFG Hermes Leasing contributed total revenue of EGP 118 million to EFG Hermes' consolidated results in FY16, compared with EGP 20 million the previous year, during which it began operations only in May.

Tanmeyah

Tanmeyah Microenterprise Services ended FY16 as the largest private-sector microfinance player, a position it continues to solidify. In addition to maintaining its market leadership among all private-sector players, the company expanded its domestic geographic presence with eight additional branches inaugurated across Cairo, the Delta, and Upper Egypt.

Following the acquisition of Tanmeyah in early 2016, EFG Hermes focused on integrating the company into its platform throughout the year.

Delayed funding during the first quarter of the year and closing the division's old portfolio saw overall sales at Tanmeyah decline for the full-year 2016. Total active borrowers declined 13% Y-o-Y to 96,004, while the total portfolio outstanding rose 11% to EGP 565 million. Activity, however, began to pick up near the end of FY16 with all key KPIs returning to Q-o-Q growth in the fourth quarter, including active borrowers (+5%), applications processed (+9%), and loans issued (+11%).

The improved performance displayed during 4Q16 was driven by the completion of the integration process with EFG Hermes Holding and higher sales backed by secure funding.

Tanmeyah contributed total revenue of EGP 113 million to EFG Hermes' consolidated results in FY16.

Sell-Side Platform

In 2016, EFG Hermes filed for regulatory approval of an independent office in New York. (Pictured: View of Lower Manhattan from Brooklyn Bridge at sunrise, New York, NY, United States of America)

SELL-SIDE OVERVIEW

EFG Hermes' Sell-Side encompasses the Firm's Investment Banking advisory, Securities Brokerage division and our award-winning Research division.

We once again closed the year as the largest securities brokerage in the region by market share, with first-place finishes on the Egyptian Exchange, Abu Dhabi Exchange and Nasdaq Dubai as well as second place in Jordan, Kuwait, and Oman and fourth in Dubai; all despite 2016 being an exceptionally challenging year across the markets in which we operate.

Our Investment Banking division closed more than 10 equity, M&A and debt capital market transactions in the course of the year and closed the first transaction under our new merchant banking strategy by acting as lead arranger, underwriter and buy-side advisor to Advanced Energy Systems (ADES) in its acquisition and financing of three operational rigs in Saudi Arabia. In addition, our Research division closed the year with its highest-ever ranking on the Thomson Reuters Extel research survey while expanding its coverage universe to 154 companies across the region.

Our sell-side businesses entered 2017 well-positioned to expand their regional leadership, with a pipeline of transactions for execution on the investment banking side including IPOs (one of them of ADES International Holding, where we are the first Arab-world investment bank to be sole global coordinator on a London Stock Exchange listing), M&A advisory mandates, and debt capital market transactions. Our Securities Brokerage division is preparing for the rollout of its new online trading platform, and our Research team continues to innovate with its product line-up and with how it brings compelling investment ideas to its clients.

Going forward, we will continue to actively build and execute from a pipeline of equity, M&A, and debt capital market transactions in Egypt, our first market, where we believe a significant deal flow will be unleashed by substantial economic growth over the next several years. We have also established ourselves as a key regional player with high-profile equity and M&A mandates in the UAE and Kuwait. What's more, we believe that recent regulatory reforms in Saudi Arabia — where we remain the number-two ranked foreign broker — will catalyse new opportunities in that market on both the brokerage and advisory fronts.

A key component of our growth strategy in the coming years is to develop and launch new products across both our current markets and new territories, with a particular emphasis on frontier markets in the Middle East, Africa, and Asia (particularly South and Southeast Asia).

Today, the Firm's vision centres on turning EFG Hermes into the premier frontier markets finance corporation; thus, traditional lines of business were reorganised under a single group — alongside a similar structure on the buy-side of the business — to naturally support the rollout of our core products across our expanding footprint and push into frontier markets.

This push saw us acquire a leading Pakistani brokerage in 2016 (the transaction was executed in early 2017) and will lead us into at least one Sub-Saharan Africa market this year. We have expanded brokerage execution capabilities to reach frontier Asian exchanges and are now in the final stages of inaugurating our standalone presence in Wall Street, the heart of the global investment community. We have staffed a talented team of frontier research analysts as part of actively re-tooling select elements of our research offering, and will launch our first structured financial product during 2017.

Brokerage and Research will lead us into many of these expansion markets, but we are also actively pitching for investment banking advisory mandates in Sub-Saharan Africa and in South Asia. Many of these markets are not new to us: We have a proven ability to structure, negotiate and execute complex cross-border transactions in North Africa, East Africa, and the Middle East. Moreover, our ability to selectively invest our own balance sheet to de-risk cross-border transactions will open doors, as it did with ADES in 2016.

As we explore what we see as exceptionally exciting expansion opportunities across emerging and frontier markets, all of our sell-side businesses will also be attentive to opportunities to cross-sell investment management and white-labelled non-bank financial services products. The period ahead will doubtless be exciting, and we look forward to creating value for our valued clients and shareholders, whether their business and investment interests are in our core MENA markets or in the exciting emerging and frontier markets into which we are now entering.

Mohamed Ebeid
Co-Chief Executive Officer, EFG Hermes Investment Bank

Investment Banking

EFG Hermes Investment Banking is the number one investment banking platform in the MENA region with the largest and most diverse team of investment banking professionals. We are well-positioned to grow in frontier markets beyond MENA.

10
Transactions
Including equity, M&A and debt capital markets in FY16

149 EGP MN
FY16 revenues

We are very proud of our home market, where we consistently lead the industry across all of our lines of business. (Pictured: Pyramids of Giza, Egypt)

INVESTMENT BANKING

USD **187.5**MN
ECM transactions FY16

USD **1.6**BN
M&A transactions FY16

USD **92**MN
Debt transactions FY16

Overview

EFG Hermes Investment Banking is the number one investment banking platform in the MENA region with more than USD 80 billion in transactions between equity raising, M&A advisory, and debt. The division, which consists of the largest and most diverse team of investment banking professionals in the region with the deepest knowledge of companies, markets, and economies, has executed some of the largest cross-border transactions in the region through a distribution network that encompasses more than 117 thousand investors across the globe.

For the past six years, EFG Hermes Investment Banking has specifically worked toward increasing its deal-sourcing efforts in regional markets to ensure a healthy deal pipeline. The team has built up a strong presence in the GCC, providing services to some of the most reputable players and successfully closing transactions worth c.USD 6 billion in the GCC. The team's choice of high-quality investment stories and their unrivalled ability to raise considerable demand from local, regional, global, and emerging market investors have allowed them to complete more deals than any other regional or international investment bank whether its equity or M&A sides deals across the region.

In 2016, EFG Hermes Investment Banking was also able to successfully position itself as a one-stop shop with the ability to provide clients with a full suite of financial services from world class advisory to merchant banking. After the sale of EFG Hermes' commercial banking arm, Crédit Libanais (CL), the Firm has taken steps to leverage its healthy balance sheet. By putting the Firm's own capital to work to underwrite debt deals, the Investment Banking team has been able to diversify its product offering and lock in future business.

Operational Highlights of 2016

In a year characterised by turbulent capital markets and difficult operating environments, EFG Hermes' Investment Banking division performed exceptionally well in its core businesses and by expanding in new directions. The team closed a total of 10 landmark transactions for the year, including a record six M&As, two debt deals, and Egypt's only two IPOs: for cheese manufacturer Arabian Food Industries Company (Domty) and Cleopatra Hospitals Company, both of which EFG Hermes lead managed.

With more financial flexibility following the sale of EFG Hermes' stake in CL, the Investment Banking team was also able to underwrite its first debt deal and contribute to the syndication of ADES's acquisition of operational oil and gas assets in Saudi Arabia under EFG Hermes' new merchant banking strategy. EFG Hermes led a syndication of local and regional lenders to raise USD 55 million of which USD 25 million was directly contributed by EFG Hermes.

In aggregate, equity capital market transactions (ECM) amounted to USD 187.5 million, M&As amounted to USD 1.6 billion, and debt transactions amounted to USD 92.0 million for the year.

The Investment Banking division was both proactive and agile in focusing on corporate strategies to address market challenges in both Egypt and the region. In Egypt, the team was able to mitigate the negative impact of the foreign exchange crisis that persisted in Egypt for much of the year prior to the floatation of the the Egyptian pound in November 2016, by taking the initiative to propose GDR listings for clients. The team was the sole financial advisor to Domty on the establishment of a GDR program. The GDRs, traded on the London Stock Exchange, allowed Domty to expand its investor base, improve share trading liquidity and enhance its overall corporate profile.

The impact of lower oil prices in 2016 depressed appetite for both equity and M&A transactions in the GCC, which ultimately led to lower deal flow for the year. The Investment Banking team, however, still managed to navigate its way through regional mandates including Abraaj's divestment of Jordan Aircraft Maintenance Ltd. (Joramco), a commercial aircraft maintenance company. The team focused on business development ending the year with a healthy pipeline of deals in the UAE and Saudi Arabia which are now in various stages of negotiation and finalisation.

EFG Hermes Investment Banking continued to outperform its peers as evidenced by the long list of prestigious awards and recognitions the team received in 2016.

The Reuters Deals Intelligence Middle Eastern Investment Banking Analysis 2016 ranked EFG Hermes' advisory on Solb Misr's USD 1.135 billion sale to the National Service Projects Organization as the sixth-largest Middle East M&A announced last year and the third-largest completed, and EFG Hermes' IPO of cheese maker Domty as the eighth-largest ECM transaction of the year and the third-largest IPO. The Firm was ranked fifth overall on the regional ECM league table with a 6.5% market share.

EFG Hermes was also the only Egyptian firm to make the separate Reuters ranking of financial advisors in its Emerging Markets M&A Review for 2016. The Firm improved its ranking significantly to 21st in the region (ahead of Deutsche Bank and Bank of America Merrill Lynch) with three transactions, up from 51st in 2015.

The outstanding EFG Hermes team also won "Best Equity Bank in Africa"

2017 OUTLOOK

- With a strong IPO pipeline that has more than doubled compared to year-end 2015, the Investment Banking division is optimistic about 2017 in Egypt and regionally, particularly the UAE and Kuwait.
- During 1Q17, the Investment Banking division concluded the IPO of Emirates REIT on NASDAQ Dubai. Additionally, four ECM transactions are already underway in the second quarter of 2017, including the sale of 10% in Kuwait's Humansoft (GCC's largest tertiary education company) and the sale of 7.5% in Edita (Egypt's largest snack food player), both by way of an institutional book-building process. This is in addition to the IPO of Raya Contact Center on the EGX and an IPO on the London Stock Exchange of a DIFC entity that is in advanced stages of execution.
- An EGP 1.2 billion debt arrangement for Al Futtaim's Cairo Festival City is in the final stages of completion. The deal is an example of

(continues on p. 31)

LANDMARK DEALS

FEBRUARY 2016
EFG Hermes Holdings, Inc.

MARCH 2016
Domty

APRIL 2016
Medsofts Group

JUNE 2016
Cleopatra Hospitals

SEPTEMBER 2016
The Abraaj Group

JULY 2016
B.Tech

SEPTEMBER 2016
Domty (GDR)

NOVEMBER 2016
ADES

NOVEMBER 2016
LITAT Group

DECEMBER 2016
Hassan Allam Holdings

from Global Finance Magazine, "Deal of the Year – Africa – Equities" for the Edita IPO from The Banker, "Best equity house in the Middle East" at the EMEA Finance Achievement Awards, "Best Investment Bank in Egypt" at the EuroMoney Awards for excellence, and "Best Equity House in Egypt" at the EMEA Finance African Banking Awards.

Landmark Deals in 2016

By the end of 2016, EFG Hermes Investment Banking had closed two IPOs totalling USD 187.5 million, six M&As totalling USD 1.6 billion, and two USD 92.0 million debt transactions.

EFG Hermes Holdings, Inc. - acted as financial advisor on its acquisition of a 94% share of Tanmeyah Microenterprise Services, valued at EGP 423 million. Tanmeyah provides comprehensive microfinance solutions to small business owners across Egypt who would otherwise have no access to the banking sector.

Arabian Food Industries Company (Domty) - acted as the sole global coordinator and bookrunner for the EGP 1.2 billion Domty IPO, which was 6X oversubscribed for the combined institutional and retail offering of 122,500,000 shares. The transaction generated EGP 6.8 billion in total demand, at the high end of the price range.

Medsofts Group - acted as sole financial advisor on the sale of a 50% stake to Archer Daniels Midland Co. (NYSE: ADM), one of the world's leading agricultural processors. ADM's first investment in Egypt, the joint venture that was established, owns an international merchandising organisation as well as a grain distribution operation and inland logistics network, demonstrating the attractive and diverse opportunities that Egypt's economy offers to international investors.

Cleopatra Hospital Company - acted as the sole global coordinator and book runner for the IPO of Cleopatra Hospital Company. Selling shareholder Care Healthcare Limited offered 34 million shares to international institutional investors and 6 million shares to Egyptian retail investors, which on a combined basis was 10x oversubscribed. In total, the transaction generated demand for 400.3 million shares valued at EGP 3.6 billion.

The Abraaj Group - acted as advisor on Abraaj's divestment of its stake in Jordan Aircraft Maintenance Ltd. (Joramco), a commercial aircraft maintenance company. Abraaj's 80% stake in Joramco was acquired by Dubai Aerospace Enterprise Ltd., while state-owned Royal Jordanian Airlines retained its 20% ownership.

B.Tech - acted as an advisor to B.Tech, Egypt's largest retailer of home appliances and consumer electronics, on the sale of a minority stake to Development Partners International (DPI), a leading African private equity firm. This transaction, DPI's first in Egypt, enables B.Tech to invest EGP 300 million in new growth strategies.

Arabian Food Industries Company (Domty) - acted as the sole financial advisor to Domty on the establishment of their Global Depository Receipts (GDR) program, with the shares trading on the London Stock Exchange (LSE). The program accommodated the conversion of up to c. 22% of current outstanding share capital to GDRs based on free float of c. 43%.

Advanced Energy Systems (ADES) Group - in the first major transaction executed under the division's new merchant banking strategy, acted as an advisor to ADES Group, an Egypt-based oil and gas drilling services provider, on its acquisition of three offshore drilling rigs in Saudi Arabia from Hercules Offshore, Inc. This transaction helped transform ADES Group from a leading Egyptian operator, with the #1 market share in the Gulf of Suez and a minor presence in Algeria, into a regional player with operations in Egypt, Saudi Arabia and Algeria.

LITAT Group - concluded its advisory to LITAT Group, the majority shareholder in Solb Misr, on the sale of a significant stake of its ownership in a transaction valued at USD 1.4 billion. This M&A transaction is the largest in Egypt during the recent past and one of the largest in the Middle East in 2016. EFG Hermes acted as the sole sell-side financial advisor in the transaction, which included a secondary share sale amounting to c.USD 229 million and acted as the transaction broker.

Hassan Allam Holding - concluded its advisory on the company's agreement with the International Finance Corporation for an equity injection of USD 20 million. The transaction coincides with efforts to further bolster the company's operations to solidify its market-leading position, while at the same time enhancing its corporate governance standards in anticipation of an IPO.

Key Financial Highlights of 2016

Total revenues in FY16 came in at EGP 149 million, 9% below the FY15 figure of EGP 163 million. The division contributed 13% of total revenue from fees and commissions in 2016.

(continued from p. 29)
ways the Investment Banking teams in Egypt and UAE can help UAE clients with business interests in Egypt and vice versa. It also represents a strong vote of confidence in EFG Hermes' new debt business.

- Momentum is expected to build in the Egyptian IPO market given improvement in the capital market environment following the flotation of the EGP and as the government has indicated that shares in state-owned companies will be potentially offered via IPO to spur investment and economic growth.

- Understanding the importance of facilitating transactions for clients with healthy credit profiles, the division will continue to execute transactions from its new merchant banking model to position itself for larger mandates under improving capital market conditions.

- In line with EFG Hermes' overall strategy to further diversity the Firm's geographic presence by expanding into frontier markets, the Investment Banking team will also look to push beyond the borders of existing markets and product offerings in the coming year.

Securities Brokerage

As part of EFG Hermes' transition into a full-fledged frontier house, the Brokerage division has recently expanded its geographic presence beyond MENA to compelling frontier markets such as Pakistan

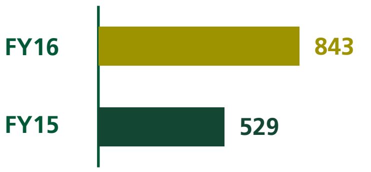
8
Countries
on the ground presence

562 EGP MN
FY16 revenues

EFG Hermes is now the first MENA investment bank to have direct presence in the Pakistani market.
(Pictured: View of Islamabad from the Margalla Hills, Pakistan)

SECURITIES BROKERAGE

Average Daily Commissions
(EGP THOUSANDS)



Average Daily Commissions
(USD THOUSANDS)

Overview

EFG Hermes Securities Brokerage is the region's premier equity house with on-the-ground presence in seven countries including Egypt, Kuwait, UAE, Saudi Arabia, Oman, Jordan, and most recently Pakistan. The division has consistently maintained its position of leadership in all regional markets, closing out the year as the number one brokerage by share of market executions on the Egyptian Exchange (EGX), the Abu Dhabi Exchange (ADX), and NASDAQ Dubai.

With an unparalleled portfolio of products and services, coupled with expanding market access, EFG Hermes Securities Brokerage caters to a wide and diversified client base of institutions, high net worth, and individual clients. The Firm's best-in-class products and services range from real-time market intelligence and award-winning research, to unique corporate access through the Firm's signature investor conferences, and a new online multi-asset trading platform that offers seamless multi-market access anywhere, anytime from desktop, laptop or mobile phone.

As part of EFG Hermes' transition into a full frontier house, the Brokerage division has recently expanded its geographic presence beyond MENA to compelling frontier markets such as Pakistan with execution capabilities for frontier Asia, offering clients access to Pakistan, Vietnam, Bangladesh, and Sri Lanka.

Operational Highlights of 2016

EFG Hermes Securities Brokerage posted strong results across the board in 2016. The division's dedicated team of professionals continued to outperform in a volatile environment that witnessed increasing competition for global capital and major waves of economic reform in multiple markets where EFG Hermes operates. Emerging markets did, however, recover in 2016 after three years of negative returns with the MSCI Emerging Market Index returning more than 11%, its best annual performance since 2012. The Brokerage division captured significant market volume in all regional markets and closed out the year as the number one brokerage by share of market executions on the Egyptian Exchange (EGX), the Abu Dhabi Exchange (ADX), and NASDAQ Dubai.

In Egypt, where EFG Hermes has been the number one broker in the country for past 10 consecutive years, the Firm closed 2016, with a market share of 37% (excluding special transactions), up from 33% in FY15 due to strong performances on both the institutional and retail sides of the business. Foreign participation in the Egyptian market represented 17% of total market turnover in FY16, gaining strong momentum in 4Q16 following the flotation of the EGP. EFG Hermes managed to capture over 40% of foreigners' flow, ending the year as the top broker in terms of foreign business in the market.

On the retail side, which still represents the majority of the Egyptian market, EFG Hermes is also well positioned to cater for individuals through its 10 well-serviced retail branches in Cairo, Alexandria, Mansoura and Assiut. The Firm is also in the process launching a new retail offering specifically designed to suit the needs of retail investors.

EFG Hermes Securities Brokerage captured a 21.2% market share in Kuwait (excluding Americana's special transaction) and held a second-place ranking overall. The Kuwaiti market started gaining momentum and the volumes started picking up to reach an average daily volume between KWD 30-50 million at the beginning of 2017, up from an average daily volume of KWD 8-10 million recorded in previous years. 2016 also witnessed major initiatives on the part of the Kuwaiti CMA and Boursa Kuwait as they look to launch new products and fine-tune regulation that should enhance liquidity and make Kuwait one of the more interesting markets in the Middle East going forward.

In the UAE, where liquidity weakened, the Firm maintained first place on the NASDAQ Dubai with a 61% market share, up from 52% in FY15, while ranking first on the ADX with a 31% market share, up from 27% and a second-place rank in FY15. On the DFM, the Firm climbed to the fourth place in FY16, up from fifth in 2015. Moreover, the Firm managed to capture the most of the foreign business in UAE markets, seizing approximately 58% of their flow.

Brokerage Rankings (Percent of total market executions)

	2016			2015	
	Market Share		Rank	Market Share	Rank
Egypt	37.2%	▲	1st	32.7%	1st
UAE - ADX	31.2%	▲	1st	27.4%	2nd
UAE – NASDAQ Dubai	61.4%	▲	1st	52.0%	1st
Kuwait	21.2%	▼	2nd	27.3%	1st
Jordan	14.5%	▲	2nd	6.6%	7th
Oman	28.4%	▲	2nd	21.7%	3rd
UAE – Dubai	14.6%	▼	4th	14.7%	5th
Saudi Arabia*	1.2%	▲	5th	1.1%	6th

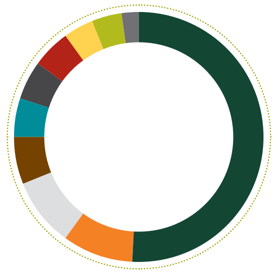
** Among independent brokers not affiliated with commercial banks*

AWARDS

The exemplary performance posted by EFG Hermes Securities Brokerage across the region in 2016 did not go without recognition. The division notched a number of prestigious awards and accolades through the year, including:

- Best Brokerage Services Company by MENA Fund Services awards 2016
- Best Broker in the Middle East, Jordan, Kuwait, Oman, Saudi Arabia, and UAE by EMEA Finance Middle East Banking Awards 2016
- Best Broker in Egypt by EMEA Finance African Banking Awards 2016
- Broker of the Year in Egypt, Kuwait, and Oman by Global Investor/ISF
- Highest Value of Trading Shares in ADX and EGX by the Arab Federation of Exchanges

Commissions Breakdown by Market



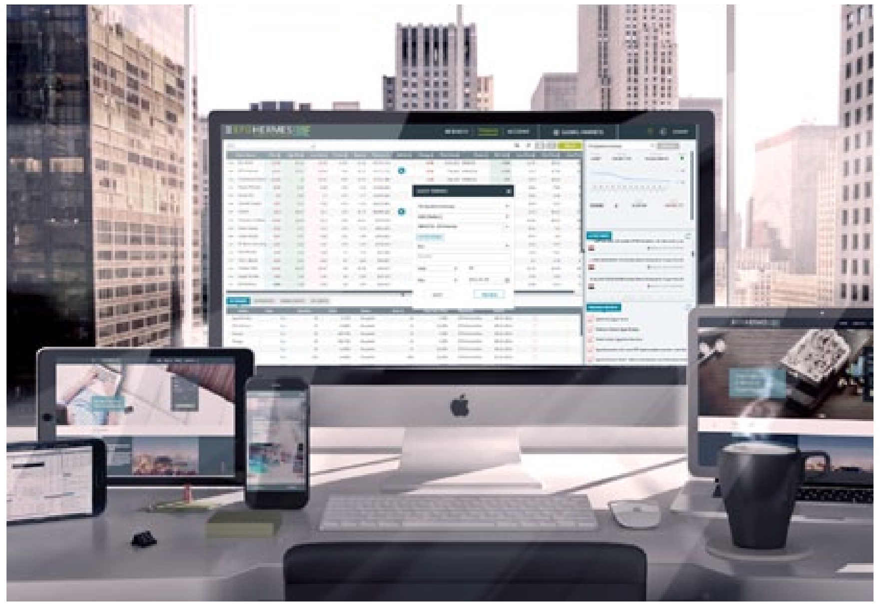
	FY16
Egypt	51%
DFM	9%
Others	9%
Saudi Arabia	6%
Kuwait	5%
Jordan	5%
ADX	5%
NASDAQ Dubai	4%
Qatar	4%
Oman	2%

EFG Hermes Securities Brokerage continues to target local VIP and high net worth clients in Saudi Arabia to expand its client base as individuals represent more than 80% of the market. In 2016, the Firm ranked second among foreign brokerages and fifth among brokerage houses without bank affiliations.

In both Jordan and Oman, EFG Hermes Securities Brokerage finished the year in second place, a significant improvement from 2015 where the division held seventh place in Jordan and third place in Oman.

EFG Hermes One

A major milestone for EFG Hermes Securities Brokerage in 2016 was the announcement of EFG Hermes One, a new online multi-asset trading platform that will grant users on-click access to multiple MENA markets and global exchanges. The new platform, which is the culmination of a strategic partnership between EFG Hermes and Saxo Bank, a leading global online trading player, will offer seamless integration with the SaxoTraderGo platform.



The partnership will leverage EFG Hermes' services and further solidifies its regional leadership position, helping more local and regional investors explore investment opportunities and enabling greater access to global capital markets. The platform also incorporates real-time market intelligence from EFG Hermes and international insights from Saxo Bank, empowering investors to trade multiple asset classes from a single client account. The launch of EFG Hermes One is the first step in a partnership that will see EFG Hermes expand its brokerage product offering to compelling new markets as the Firm continues its transformation into a financial services corporation with access to MENA and frontier markets.

Unique Corporate Access

EFG Hermes' signature investor conferences continued to expand with more presenting companies and global investors in attendance at both the One on One in Dubai and the London MENA & Frontier conferences. Frontier market companies were front and centre at both events as the Firm continued with the rollout of a strategy that is set to catapult EFG Hermes into a major frontier markets player.

EFG Hermes' annual London conference, the largest investor conference in the UK, expanded its scope for the first time this year to include listed companies from frontier markets. 270 global investors from 155 institutions representing over USD 8 trillion in aggregate assets under management successfully met with 92 leading listed companies from 15 different countries in MENA, Sub-Saharan Africa, and Asia at the four-day event held in September 2016. The companies represented over nine industries and accounted for an aggregate market cap of USD 550 billion.

The One on One conference was once again a resounding success with more than 510 international fund managers and institutional investors from 260 institutions with aggregate assets under management in excess of USD 10 trillion attending the three-day conference. Attendees gathered for face-to-face meetings with more than 147 companies listed on 19 different Middle Eastern, African, and Southeast Asian stock exchanges. The event, which continues to grow larger each year, highlighted the bold reform agendas that are being implemented across the MENA region and introduced EFG Hermes Brokerage's new execution capability in frontier Asia.

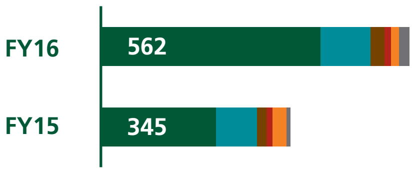
2017 OUTLOOK

The coming year for EFG Hermes Securities Brokerage will be characterised by the addition of new frontier markets in Asia and Sub-Saharan Africa as well as the launch of new structured products. With approximately 20% of brokerage revenue coming from online in both Egypt and Kuwait, the Firm is optimistic about the launch of EFG Hermes One. The prospects for online are also good for the UAE and Saudi Arabia where online banking and trading dominate the market.

As the rollout into frontier markets continues, the Securities Brokerage team is poised to grow significantly in 2017.

Brokerage Revenue

(EGP MN)



	FY16	FY15
Egypt	399	209
UAE	91	75
Saudi Arabia	25	17
Oman	12	11
Kuwait	15	25
Jordan	19	8
Total	**562**	**345**

Pakistani Acquisition

In 1Q17, EFG Hermes' wholly owned subsidiary EFG Hermes Frontier concluded the acquisition of Pakistan's Invest & Finance Securities Limited (IFSL), a publicly listed financial services firm with brokerage, corporate finance, and research arms.

The c.PKR 153 million acquisition marks Securities Brokerage's first entry into Pakistan and makes the Firm the first regional investment bank to have direct access to Pakistan's equity market as a majority shareholder of a local brokerage house. EFG Hermes Frontier made its first execution in Pakistan and Sri Lanka in March 2017.

Direct Presence in New York

EFG Hermes' new permanent presence serving institutional clients in the heart of the global financial community is the most recent of the Firm's efforts to expand both its client base and service offering.

The New York office will help EFG Hermes to better serve — and grow — its pool of brokerage clients. It will also serve as a base for growing the Firm's asset management and private equity businesses across the United States.

Key Financial Highlights of 2016

Full-year revenues contributed by the Brokerage division climbed 63% Y-o-Y to EGP 562 million, accounting for 46% of total revenue from fees and commissions in 2016.

RESEARCH

The EFG Hermes Research team's outstanding performance has consistently seen the division rank high on regional surveys and award programs, including a strong finish on the Thomson Reuters 2016 Extel Survey.

154
companies under coverage

9
regional economies covered from a macro level

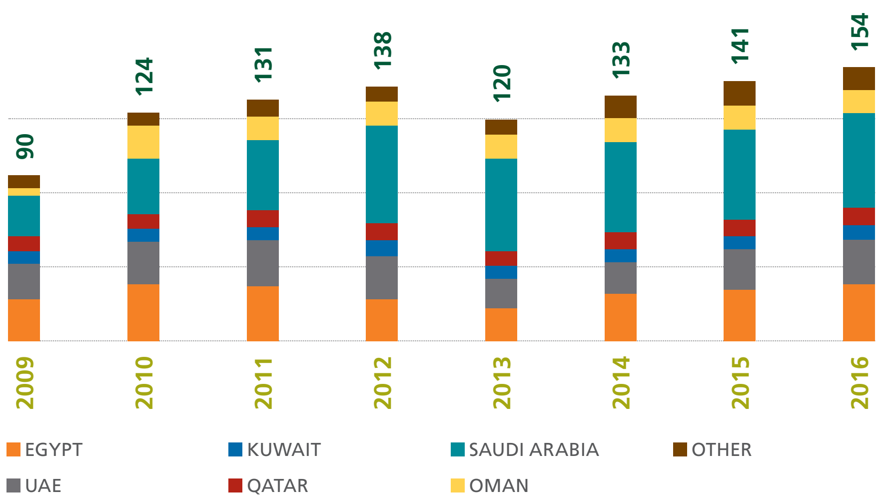
EFG Hermes Research covers 53 Saudi equities through its award-winning team. (Pictured: Road near Riyadh, Saudi Arabia)

RESEARCH

Overview

The EFG Hermes Research division houses a fully independent team of award-winning analysts offering clients the highest quality and most in-depth, bi-lingual coverage of MENA markets. The team further solidified its position as the region's leading research house by continuing to develop a diverse product portfolio that includes comprehensive coverage of 154 regional equities (c.63% of aggregate regional market capitalisation) as well as macro-strategy notes covering every Arab country with an active stock market and newly initiated frontier market reports.

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



Operational highlights of 2016

In 2016, the EFG Hermes Research division continued to innovate and lead the industry on a regional scale, taking concrete steps to implement a new strategy that is underpinned by the belief that fundamental research should be combined with new tools to revolutionise the investor experience. As the traditional view on research evolves, EFG Hermes is redefining its client services by providing "active research" that can allow analysts to provide immediate online commentary and recommendations to investors.

In parallel with investments in new infrastructure, the Research division has completed the migration of its existing back-end data system to FactSet, a global-standard provider of research tools that enhances internal workflow and provides differentiated ideas and higher quality research to clients.

While a new focus on creating custom research products for retail clients, including family offices and high net worth individuals, is in the works, the team's solid fundamental research and strategy recommendations continue to outperform markets in the region and help clients generate superior returns. The EFG Hermes Research MENA Top 20 stock list, managed by the strategy team, also outperformed the market in 2016 — as it has every year since its inception in 2011.

EFG Hermes Research initiated coverage of 15 new companies in 2016, across several industries in multiple countries, reaching 154 companies. The research team also participated in Egypt's two high-profile IPOs in 2016, providing written research material and client support.

Coverage of the regional insurance sector resumed in 2016 with Bupa Arabia, Tawuniya, and Qatar Insurance Company (QIC), in line with the division's strategy to provide not only the highest calibre products, but also the most relevant ones. The division launched a new, in-depth real estate index, the Dubai Property Tracker, in 2016 to provide clients with business intelligence and a comprehensive suite of real estate product data.

In Thomson Reuters 2016 Extel Survey of MENA Markets Coverage, EFG Hermes Research ranked second, with one of the research division's analysts ranking fifth among 160 analysts covering the MENA region. In this well-known and highly regarded survey, both EFG Hermes' Chemicals and Strategy teams placed 3rd in their categories, while its Transportation and Consumer teams were distinguished with "Runner Up" spots. EFG Hermes was the only research house in the region to appear in the highly prestigious rankings. The recognition is even more noteworthy given that EFG Hermes competes head-to-head with firms that cover all EMEA markets, while EFG Hermes covers only MENA.

New Products in 2016

- **Insurance Sector Coverage:** Research coverage of the MENA region's insurance sector was resumed, as strong GDP growth rates in combination with low penetration of insurance products brought the sector back in to focus.

- **Annual MENA Yearbook:** The 2016 MENA Investment Perspective Research Yearbook, which is internationally recognised as the most comprehensive guide to MENA equities.

- **Dubai Property Tracker:** A new Real Estate Index in Dubai provides not only an overview of the property market, but addresses both yields and price trends.

2017 OUTLOOK

- 2017 will see the development of a highly skilled team that integrates research and sales, as well as a new online portal dedicated entirely to retail clients. Importantly, the Research team will also work closely with the Firm's newly launched Structured Products desk to deliver investment strategies to both institutional and retail clients.

- As EFG Hermes continues to redefine its advisory business online, its soon to be launched one-stop shop "Active Research" portal will be an integral part of the direct channel with clients. The coming year should see a new monthly webinar service, in which a team of analysts and experts answer questions in real-time, so clients have immediate access to make the best financial decisions.

- The Research division aims to expand its coverage to 200 stocks through the introduction of small- and mid-cap coverage, as well as new companies in new frontier markets. Markets under consideration include Pakistan, Kenya, Nigeria and Vietnam, as well as others in South-East Asia.

Buy-Side Platform

Kenya will mark the Firm's entry point into Sub-Saharan Africa.
(Pictured: A dirt road in the Kenyan countryside.)

BUY-SIDE OVERVIEW

EFG Hermes' Buy-Side is a core component of the Firm's Investment Banking platform and encompasses the Firm's long-standing Private Equity (PE) and Asset Management (AM) activities.

Reorganising private equity and asset management businesses under a single buy-side umbrella recognises the success EFG Hermes has had developing its Vortex infrastructure private equity business, the imperative of changing realities in a very crowded asset management space, and rollout of a new breed of buy-side products and services.

Investor sentiment in the Middle East and North Africa, our Firm's traditional client base on the AM and PE sides of the house, has changed substantially following the geopolitical and economic developments across the region in recent years. Our current and prospective clients have increasing appetite for unique, tailored and focused investment opportunities, and their interest generally has shifted away from conventional plain-vanilla private and public market fund strategies. This shift is not out of step with global developments in our industry.

EFG Hermes first acknowledged the shift in MENA investor appetite in 2014, when the Firm began a transition from being a manager of investments across MENA to being an investment manager that caters to all of the needs of primarily MENA-based clients, regardless of whether they are interested in private equity or asset management products, in our region or beyond.

We piloted this change in philosophy when we raised and invested USD 208 million for Vortex I, an infrastructure investment vehicle managed by EFG Hermes in which the Firm took a 5% economic interest alongside a GCC sovereign wealth fund, which took the remaining 95%. The first Vortex transaction was the 2014 acquisition of 49% of a French wind energy company that today stands as the sixth largest manager of renewable energy assets in Europe with investments of c. EUR 1.4 billion and a net generation capacity of 822 MW across Western Europe and the United Kingdom. This began, not with a client request for access to an off-the-shelf MENA infrastructure fund, but with understanding our increasing client's interest in cash-yielding assets with specific risk-adjusted return profiles. Our deep knowledge of the asset class led us to construct a tailored European renewable energy play.

Our buy-side platform will allow us to devise a unified fund raising strategy that targets significant current and high-potential future clients — and to consolidate our research, sales, and governance structures under one business unit, while maintaining a decentralised decision-making process to support well performing portfolio and investment managers across multiple investment strategies.

Following a strategy of creating a multi-boutique investment management play, it is, then, fundamentally about developing a "product-creation platform" that can support the ideation, marketing, and management of suites of liquid, illiquid, and hybrid products tailored to the needs of sovereign wealth funds, family offices, pension funds, and other key investors.

Centralising our buy-side efforts will allow us to spend more time profiling the interests of our clients deeply and bringing them unique products that suit their investment strategies across asset classes, geographies, and time horizons. Our first of several new hybrid products is currently in the development pipeline, and our conviction is sufficiently high that we will de-risk the offering by seeding it with our own balance sheet.

Ultimately, we are convinced that creating meaningful products to our most important clients — whether our award-winning standard equities and money market funds or new private equity offerings — will not only allow us to grow our assets under management, but to generate superior returns for our shareholders in the process.

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

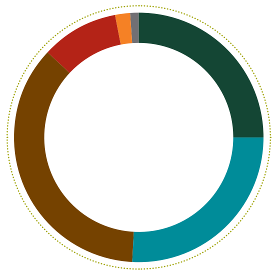
ASSET MANAGEMENT

EFG Hermes Asset Management has USD 1.5 billion in AUM as of year-end 2016, including mutual funds and discretionary portfolios in both country-specific and regional mandates

EFG Hermes hosted the world's largest MENA-focused investor event in Dubai. (Pictured: Sheikh Zayed Road, Dubai, UAE.)

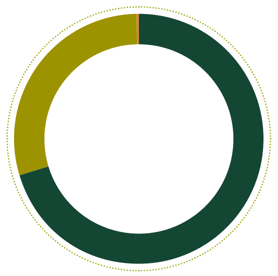
ASSET MANAGEMENT

Assets Under Management by Type of Client



Institutions	25%
SWFs	26%
Foundation/Pension/Insurance/Endowment	36%
HNWF/Family Office	10%
Private Banks	2%
FOF/Retail/Others	1%

Assets Under Management by Geography



MENA	70.5%
Europe	29.4%
Others	0.1%

Overview

EFG Hermes Asset Management is a leading MENA asset manager, with a team of highly-experienced, award-winning portfolio managers on the ground in Cairo, Dubai, and Riyadh. With a total of 30 mutual funds including 16 across multiple asset classes in Egypt, the division is the largest asset manager in Egypt by total number of funds managed.

The division had USD 1.5 billion in assets under management (AUM) as of year-end 2016, including mutual funds and discretionary portfolios in both country-specific and regional mandates for a diversified client base with a special focus on long-term and institutional clients. Funds and discretionary offerings include equity, money market, fixed income, indexed, Sharia- and UCITS-compliant mandates individually tailored to suit a variety of needs, targeted objectives, and risk appetites.

Operational Highlights of 2016

With an a proven track record in the MENA region, EFG Hermes Asset Management set its sights on developing relationships with potential global clients in 2016. It undertook an extensive outreach program to begin a multi-year process developing AUM from some of the largest funds and institutions around the globe with proven appetite for MENA, emerging, and frontier-market opportunities.

Early in 2016, the division launched its first UCITS-compliant funds: the EFG Hermes Frontier Equity Fund and the EFG Hermes MENA Equity Fund. The funds offer European investors access to frontier markets and to the award-winning MEDA Fund, which is one of the oldest and best performing Middle East and North Africa-dedicated equity fund run out of the region.

The EFG Hermes Frontier Equity Fund is focused on South and East Asia, Sub-Saharan Africa, and the Middle East, with plans to include markets in Southeast Europe and other regions as opportunities arise and a remit to invest across all frontier markets. It is benchmark agnostic and will comprise 15-20 holdings of high-conviction investment ideas selected on their individual underlying merits. The EFG Hermes MENA Equity Fund is a UCITS-compliant version of the Firm's flagship MEDA Fund, which has appreciated 80% over the last four years.

In the second half of the year, EFG Hermes Asset Management officially took over HSBC Egypt's EGP 1.6 billion money market fund, bringing its Egypt-centric AUM up to EGP 10.5 billion. This was a significant milestone

2016 THOMSON REUTERS LIPPER FUND AWARDS

for the division given the size and affiliation with HSBC, the world's fourth-largest bank by total assets. The team was also awarded the management of two mutual funds sponsored by Al Ahli Untied Bank of Egypt: a money market and an equity fund.

The Asset Management team in Egypt focused on structuring pension mandates for potential clients during the second half of the year following the new regulations set by the Egyptian Financial Supervisory Authority. The Firm was successfully mandated a couple of pension funds for large government and private institutions and was also shortlisted for several promising pension mandates with large portfolio sizes that are expected to be launched in 1H17.

The Asset Management's market share in the Egyptian mutual funds market increased across different asset classes and was able to close 2016 with its money market funds reaching 20%, conventional equity 26%, Islamic equity 33%, and balanced funds 13%. It maintained its 4.0% fixed-income market share.

The division's consistently strong performance received recognition from respected institutions during the year, including three prestigious Thomson Reuters Lipper Fund Awards for 2016. The Lipper awards are an industry ranking

EFG Hermes Asset Management was named "Egypt Asset Manager of the Year" by MENA Fund Manager Awards for the fifth consecutive year, marking the sixth win in seven years.

that distinguish funds and asset managers that have "excelled in providing consistently strong risk-adjusted performance relative to their peers" over periods of three, five, and ten years. The Crédit Agricole I Fund clinched the title of Best Fund Over Ten Years; the EFG Hermes Banque du Caire I Fund won Best Fund Over Three Years in the MENA Market Fund category; and the Al Baraka Fund was named Best Fund Over Three Years in the Global Islamic Fund category.

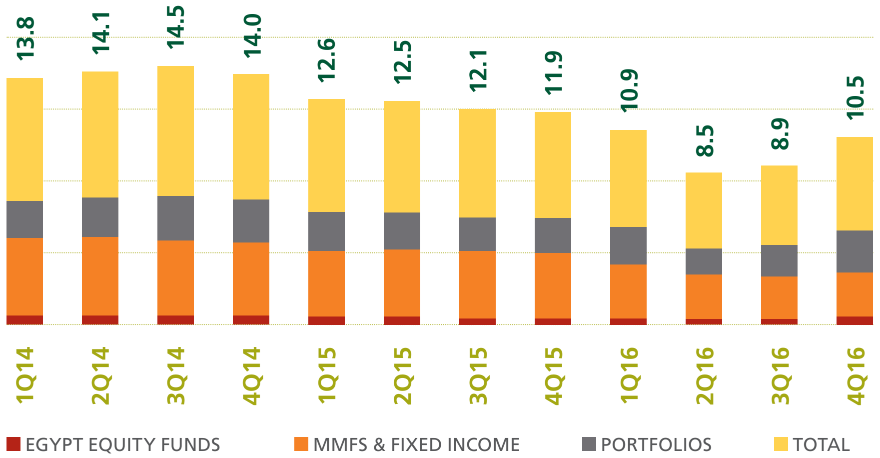
The team also outperformed its local and regional competition at the prestigious MENA FM Fund Performance Awards 2016, winning three awards, including a fourth consecutive and overall fifth "Egypt Asset Manager of the Year," the "Top Performing Equity Fund in Qatar" in addition to the newly-introduced "MENA Asset Manager of the Year" award. The division also took home the title of "Best Investment Management Company in Egypt in 2016" from World Finance Investment Management Awards.

The Asset Management division aims to provide an increasing number of European investors with access to MENA and frontier markets in South and East Asia and Sub-Saharan Africa.

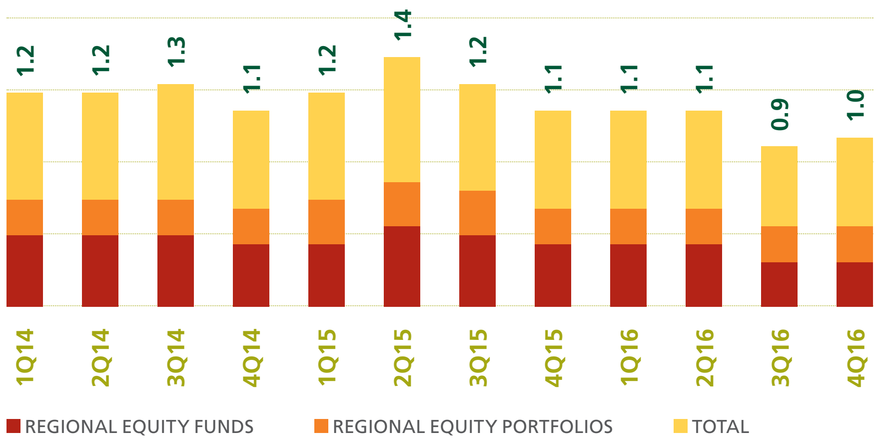
Key Financial Highlights of 2016

Asset Management revenue declined 18% Y-o-Y to EGP 172 million in FY16 on the back of lower incentive fees. Total revenues from the division accounted for 14% of the Investment Bank's EGP 1.2 billion fee and commission income in 2016. Beginning in 4Q16, the division began reporting its Egypt mandates in Egyptian pounds separately from regional mandates to eliminate the impact of the float of the currency in November 2016, as c. 37% of the total asset base is denominated in Egyptian pounds. This would provide more accurate figures to investors and clients in terms of AUM growth that is witnessed in the division's operations in Egypt.

Egyptian AUMs (EGP bn)



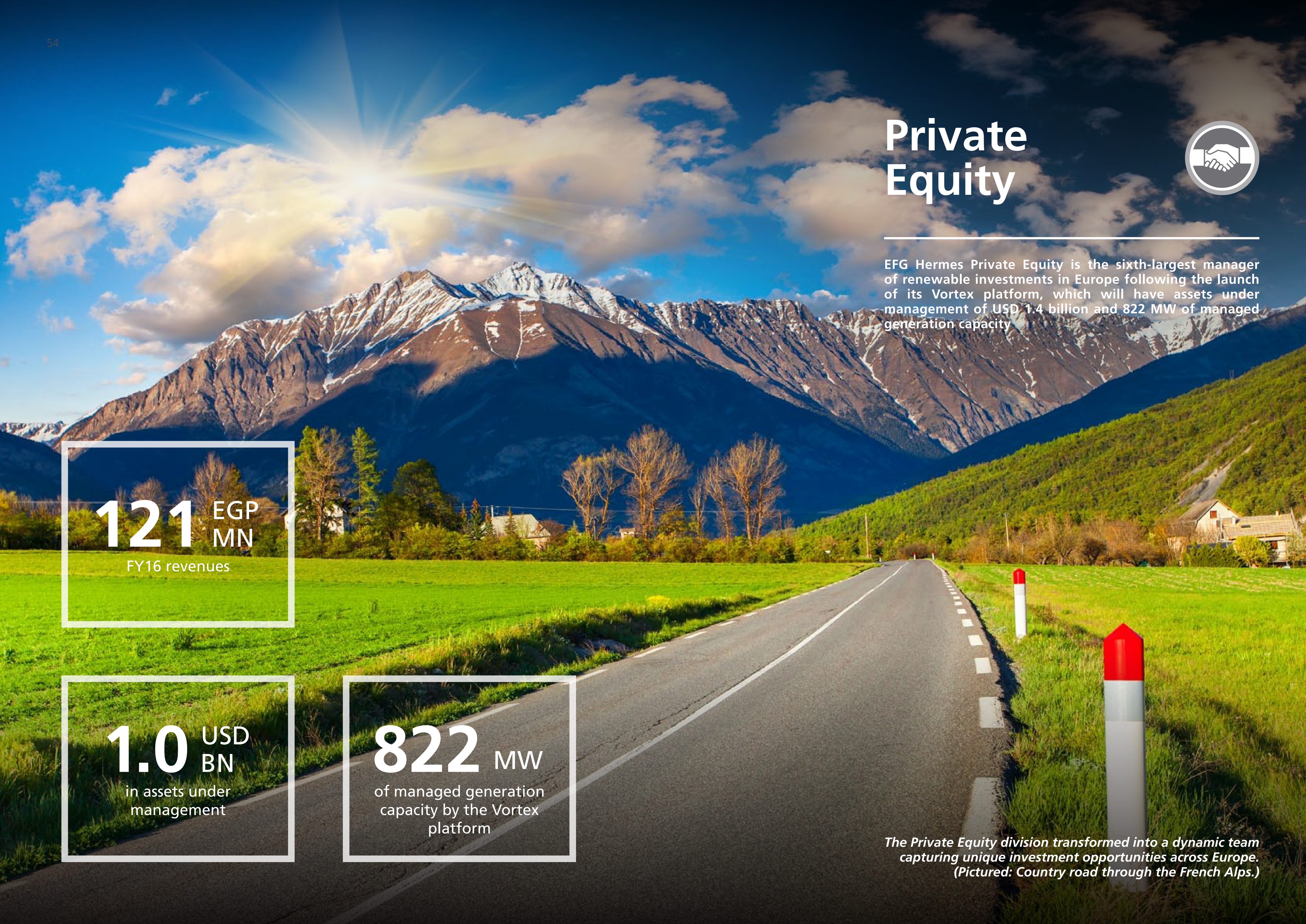
Regional AUMs (USD bn)



2017 OUTLOOK

EFG Hermes Asset Management aims to continue building AUMs in 2017 and reaching out to both MENA and non-MENA investors to diversify its client base geographically. Through the EFG Hermes MENA Fund and the EFG Hermes Frontier Fund, the division aims to provide an increasing number of European investors with access to MENA and frontier markets in South and East Asia, Sub-Saharan Africa, with plans to include markets in Southeast Europe and other regions.

On the Egyptian market front, the team will build on its success in 2016 to attract new clients and add new products across different asset classes with a deep focus on providing pension schemes that are starting to gain strong interest from large government and private institutions in Egypt. The team will also revive its sales force towards local equity mandates given the current promising dynamics of the Egyptian market and the increased interest witnessed from local and foreign investors. The Firm also has a healthy sales pipeline of mandates across difference asset classes that are expected to be launched in 2017.



Private Equity

EFG Hermes Private Equity is the sixth-largest manager of renewable investments in Europe following the launch of its Vortex platform, which will have assets under management of USD 1.4 billion and 822 MW of managed generation capacity

121 EGP MN
FY16 revenues

1.0 USD BN
in assets under management

822 MW
of managed generation capacity by the Vortex platform

The Private Equity division transformed into a dynamic team capturing unique investment opportunities across Europe. (Pictured: Country road through the French Alps.)

PRIVATE EQUITY

Overview

As one of the region's leading private equity houses, EFG Hermes Private Equity has leveraged a track record that stretches back over two decades to continue strengthening its competitive position in the industry.

The division has transformed since 2014 into the sixth-largest manager of renewable investments in Europe following the launch of its Vortex platform, which by virtue of a third investment to which it agreed in 2016 will have assets under management of USD 1.4 billion and 822 MW of managed generation capacity upon close of the transaction in 2017.

While EFG Hermes Private Equity has deep expertise in infrastructure investing, the division is using its deep knowledge of the region's investors and business climate to structure compelling investment opportunities in MENA and beyond. The team is focused not on traditional blind pool funds and financial engineering, but on investments that are tailored to both the needs of its investors and the dynamics of the region, identifying near-term initiatives and long-term strategic opportunities for value creation.

With a total of USD 1.0 billion assets under management at the end of FY16, EFG Hermes Private Equity division has proven unique strength in structuring successful, innovative deals and raising funds across the globe to invest in and beyond the MENA region. The award-winning division has not only continued to grow its investments year on year, but has ventured into new and fast-growing industry territories in highly competitive global markets.

Operational Highlights of 2016

2016 was a successful year for EFG Hermes Private Equity, having concluded several landmark deals and lucrative exits from its legacy funds.

In June 2016, its energy platform Vortex closed a transaction to acquire a 49% stake in an operational 664 MW portfolio of European wind assets from EDP Renováveis S.A., one of the largest players in the global renewable energy sector. The deal, executed through the platform's Vortex II vehicle, was responsible for doubling Private Equity's total assets under management to USD 1.0 billion.

Operationally, EDPR France and EDPR Participaciones have delivered a strong EBITDA performance, and total distributions from the underlying assets to the Vortex platform amounted to more than EUR 55 million, implying an aggregate yield of c. 8%.

Entering 2017, Vortex signed a sale and purchase agreement in partnership with Tenaga Nasional Berhad, the largest power company in Southeast Asia, to acquire 100% of a 365 MW solar PV farm from the United Kingdom's TerraForm Power for an enterprise value of c. GBP 470 million. The portfolio has an average asset age of two years and an estimated useful life of c. 30 years. It is backed by the United Kingdom government's Renewable Obligation Certificates and 14-year power purchase agreements with creditworthy off-takers.

The UK portfolio is expected to grow Vortex's assets under management to c. USD 1.4 billion and increase Vortex's total managed capacity to 822 MW, with financial close expected to take place during 2H17.

Egypt-based Rx Healthcare Management is a unique joint venture between EFG Hermes Private Equity and team of healthcare veterans that will provide growth capital to companies operating in the diagnostics, hospitals, and pharmaceutical sectors.

During the second half of 2016, EFG Hermes Private Equity division secured its first USD 20 million anchor commitment from the African Development Bank for the Rx Healthcare Fund, which will address the growing demand for high-quality healthcare services in Africa. The fund will initially target Egypt, Tunisia, and Morocco before scaling up to Ethiopia, Kenya, Nigeria, Tanzania, and Sudan. The division is preparing for the launch of the investor roadshow in 2017.

The division's legacy fund, ECP II GP, completed the full divestment of Kandil Steel during the third quarter of the year, with the second and final EGP 70.0 million installment of the sales proceeds having been received earlier in March (the first EGP 7.1 million installment was received in August 2015). The GP is distributing the last distribution to LPs amounting to EGP 54.9 million, and the fund is in the process of being liquidated.

EFG Hermes Private Equity once again earned recognition for its efforts, winning the title of "Best Private Equity House" for 2016 from MENA Fund Managers and receiving a nod as "Energy & Resources Deal of the Year – Spain" from Acquisition International Magazine for the EDP Renováveis wind deal.

Key Financial Highlights of 2016

The Private Equity division posted revenue growth of 41% Y-o-Y in FY16 to EGP 121 million compared to the EGP 86 million recorded in the previous year. The division contributed 9% of total revenue from fees and commissions in 2016.

2017 OUTLOOK

Looking ahead, Private Equity will focus on creating tailored products based on profiling the interests of key current and high-potential clients to bring them solutions that align with their unique investment strategies. Having already entered 2017 with the signing of the 365 MW solar transaction in the United Kingdom, the division will leverage its now successful track record in the renewable energy field to grow assets in this sphere.

Investments in healthcare are also set to play a role in the division's strategy. The division also looks to benefit from the Egyptian economy's steady recovery, with expectations of renewed interest in private equity as the Egyptian pound finds its footing in foreign currency markets after a year of volatility.

Non-Bank Financial Services Platform

Our NBFI platform, EFG Hermes Finance, was announced in 2016, to encompass leasing, microfinance, and future NBFI ventures. (Pictured: Stanley Bridge, Alexandria, Egypt)

NON-BANK FINANCIAL SERVICES OVERVIEW

EFG Hermes' push into non-bank financial services is part of an overall transformation strategy that will see the Firm enter new markets and launch new products. In addition to traditional investment banking services, we have a growing current and potential portfolio of non-bank financial products that includes leasing and microfinance. The goal of the finance platform is to become a main driver of growth for the Firm in the future — constituting a targeted c. 50% of our top line by 2020. Our offering is built around a comprehensive approach and utilises unparalleled technological platforms.

We began this journey with EFG Hermes Leasing, a greenfield company that we launched in 2015 with a team of industry professionals who have succeeded in establishing themselves as market leaders within record time. With a portfolio that has now reached more than EGP 1.8 billion in just two years, EFG Hermes Leasing ranks as the fourth-largest leasing company in Egypt with a total market share of 9% in a fragmented market that includes 28 active competitors and 224 licensed entities.

Our success with leasing can largely be attributed to our ability to innovate and deliver to a growing pool of both corporate customers and SMEs in all major sectors of the economy. We are extremely proud to have initiated our first vendor programme in 2016 in partnership with Egyptian startup KarmSolar to provide businesses with financing for the purchase of solar pumps and solar panels. Similarly structured vendor programmes are in the pipeline and set to launch in 2017.

While we are working to diversify our client base with products that specifically cater to the needs of SMEs, we are also continuing to serve our large corporate clients with club deals. In 2016, we arranged three club deals valued at EGP 530 million in total.

EFG Hermes Leasing is currently in the process of establishing its own product development desk that will develop new products in anticipation of new regulations that would allow us to provide individual leasing to address the looming credit crunch in Egypt once draft law has been approved. By laying the groundwork with a product development team today, we are making sure we will be ahead of the market with the rollout of new products once the regulatory environment changes.

EFG Hermes is currently pursuing a factoring license with an aim to complement product offerings to our clients to include funding of their growing working capital needs along with medium-term loans (MTL).

During the first quarter of 2016, we concluded the acquisition of Tanmeyah, Egypt's leading provider of microfinance solutions. This important component of our Non-Bank Finance Platform provides microenterprise lending to the owners of very-small and micro-enterprises who have no access to the banking sector. Tanmeyah's branch network, which includes 119 strategically located branches nationwide, will serve as the springboard for launching complementary products.

The acquisition of Tanmeyah brings us a step closer to our ultimate goal of providing the full lending spectrum. In the future, we hope to introduce more consumer finance products that will represent the same basic activities as the lending side of retail banking. We have already submitted a request to EFSA for a factoring license. Once consumer finance and factoring are fully launched, we are also looking to enter into new opportunities like mortgage finance.

We are extremely optimistic about our growth prospects for the future and exceptionally proud of our motivated team of professionals. I would also like to take this opportunity to welcome on board the highly experienced banker Fatma Lotfy who will be serving as the Non-Executive Chairman for EFG Hermes Finance. Her guidance will be invaluable to the team going forward as we fully integrate Leasing and Tanmeyah into the platform and consolidate all risk activities under one umbrella.

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

Leasing

EFG Hermes Leasing was the first component of the Firm's non-bank financial services platform providing financing for multiple areas, from technology systems and medical equipment to vehicles and machinery

9%
market share at the end of 2016 with a 4th place ranking

1.8 EGP BN
Gross Value of Booked Contracts

118 EGP MN
FY16 revenues

EFG Hermes Leasing ended FY16 as the fourth-largest player in the Egyptian market. (Pictured: Tahrir Square, Cairo, Egypt)

LEASING

Overview

EFG Hermes Leasing was established in 2015 to address the financing gap that currently exists in the Egyptian market. The company offers tailored leasing solutions and advisory services that are helping both large corporations and SMEs meet their business goals. The division, which was the first component of the EFG Hermes' non-bank financial services platform, provides financing for multiple areas, from technology systems and medical equipment to vehicles and machinery, and offers turnkey solutions for building owners, construction projects, energy systems, industrial equipment, waste management, and much more.

Our unparalleled team of dedicated industry professionals at EFG Hermes Leasing have successfully worked with clients to identify and deliver their specific financing needs with the fastest turnaround time in the industry.

The company quickly established itself in the market as Egypt's number one non-bank leasing company and fourth overall within its first year of operation. Today the team continues to move up in the rankings distinguishing itself from its competitors by offering innovative products and services and acting as a long-term partner for both clients and vendor partners alike.

Operational Highlights of 2016

EFG Hermes Leasing continued to deliver a solid performance in its second year of operation. A relative newcomer on the market, the division's top ranking among non-bank leasing companies is proof of its ability to unlock potential and capture long-term value.

The team has been actively rolling out new products to increase market share and capture higher margins in a typically competitive low-margin leasing market. EFG Hermes Leasing was ranked fourth among 29 companies offering leasing solutions. It had a total of 150 new registered contracts for the year and gross contract values of EGP 1.84 billion, almost doubling in size Y-o-Y despite higher interest rates and slower industrial growth.

The company has over-achieved its growth target by 30%. The stellar performance can be attributed to the manner in which the company delivers its services, including how team members interact with clients as well as a remarkably short five-day turnaround time — the fastest in the industry.

In December 2016, EFG Hermes Leasing launched its first vendor program with KarmSolar, Egypt's largest private off-grid solar energy integrator. The program offers lease finance solutions for solar energy projects. The solution is ideally suited to serve Egypt's agriculture sector, particularly farms in remote areas outside the Nile Delta that have no access to the electricity grid.

This strategic, carefully crafted alliance between EFG Hermes Leasing and KarmSolar led to the creation of a unique product that minimised the costly entry barriers that are often associated with investing in solar systems.

The tailor-made lease finance includes funding with a seven-year tenor — the longest payback period in the market — in recognition of the unique economics of renewable energy. The KarmSolar partnership is the first of several similarly structured vendor programs that are currently in the pipeline for the healthcare and agricultural sectors.

The vendor program will also cater to the needs of businesses, large and small, looking to add sustainable energy to their power mix or to add new capacity without reliance on the national grid.

From day one, EFG Hermes Leasing has been actively seeking to partner with Egypt's underserved SME sector. While commercial banks still treat SMEs like corporate clients in terms of lengthy credit assessments, EFG Hermes Leasing's simplified credit criteria makes them fast and nimble enough to cater to the needs of small-sized clients. The company has already allocated EGP 400 million for SME / vendor programs to be launched in 2017. SMEs currently represent 10% of the total portfolio. The team is hoping to grow that figure to represent 20% of the portfolio throughout 2017.

In the second half of 2016, EFG Hermes Leasing successfully completed two club deals with two of the largest players in the market — one in the real estate sector and the other in the manufacturing industry — worth a combined EGP 400 million. The deals are a testament to the team's ability to leverage their innovative financing approach to reach a broad range of sectors in the Egyptian market. The Leasing team is currently working on arranging two additional club deals worth a total of EGP 335 million.

Key Financial Highlights of 2016

EFG Hermes Leasing contributed total revenue of EGP 118 million to EFG Hermes' consolidated results in FY16, compared with EGP 20 million the previous year, during which it began operations only in May. The company contributed 9% of total Group revenue from fees and commissions in 2016.

2017 OUTLOOK

EFG Hermes Leasing closed the year with zero overdue collections, a huge achievement given the challenging market conditions that prevailed.

Going forward, the team is aware that financially constrained clients will pose an even greater credit risk. Nonetheless, the division does not plan to pursue a more defensive strategy to limit exposure.

In the belief that in every crisis there are opportunities, EFG Hermes Leasing plans to diversify risk by securing more deals and making clients as comfortable as possible with flexible, tailored payment plans. The team aims to once again double their portfolio in 2017. New healthcare, agriculture, and SME vendor programs are expected to launch in the first half of the year.

Tanmeyah

Tanmeyah provides millions of Egyptians a means of achieving social mobility and thus, a path out of poverty

+96 K
active borrowers at the end of 2016

119
branches nationwide

Tanmeyah is Egypt's largest private-sector microfinance provider and is uniquely positioned with deep on-the-ground access in 19 Egyptian governorates. (Pictured: Path through agricultural land outside Luxor, Egypt)

TANMEYAH

Branch Distribution

Upper Egypt	50.4%
Delta	45.4%
Cairo and Alexandria	4.2%

Overview

Tanmeyah Microenterprise Services is Egypt's leading private-sector provider of microfinance solutions and the newest addition to EFG Hermes Finance, the Firm's newly established non-bank financing platform that also includes EFG Hermes Leasing.

Tanmeyah offers comprehensive microfinance solutions to owners of very small businesses across Egypt who would otherwise have no access to the banking sector. The company was founded in 2009 by a team of industry veterans to directly address the financing needs of Egyptian businesses that are considered micro or very small enterprises and are not served by the traditional banking industry.

In addressing the needs of this large segment of society that is crucial to the country's economic growth, Tanmeyah has successfully captured a business opportunity that not only achieves strong financial returns, but also provides a means of achieving social mobility and thus, a path out of poverty for millions of Egyptians.

With 119 branches nationwide, Tanmeyah currently serves approximately 96,000 clients and processes 9,230 loans per month at an average loan size of EGP 8,705 in the micro lending category and EGP 45,957 in the very small enterprise category. Since inception, the company has worked with more than 413,000 clients, 35.8% of which are women, and issued a total of more than EGP 3.9 billion in loans.

A core component of Tanmeyah's success has been its consistent ability to reach its target market in both urban and rural areas from the Delta to Upper Egypt. All its branches are strategically located within close proximity to potential customers.

Tanmeyah's branch distribution is 50.4% in Upper Egypt, 45.4% in the Delta, and only 4.2% in Cairo and Alexandria.

In seven years of operation, the rapidly growing company has built a well-respected brand name, an impressive database, a state-of-the-art core banking solution, and on-the-ground know-how that comes from maintaining close contact with local markets. Furthermore, the company's well-structured geographic presence across Egypt allows it to both grow its existing client base and expand into new products and services.

Operational Highlights of 2016

After experiencing the repercussions of the economic and political instability in Egypt post the 2011 revolution, Tanmeyah is now back to rapid expansion, with the addition of eight new branches in 2016 including first-time entries in the governorates of Fayyoum and the strategically important Suez Canal Zone in Ismailia. Today, the company has a direct presence in 19 governorates, making it an integral component and trusted partner for local businesses in the communities in which it operates.

Tanmeyah has successfully completed integration with EFG Hermes' non-bank finance platform, and is moving forward with plans to grow its branch network and anchor products on an even larger scale. The groundwork has been laid for adding new product lines. Tanmeyah has also recorded a significant improvement in processing speed with an average loan processing time of 3-8 days vs. 7-8 days previously.

2016 also marked the first year of Tanmeyah's operations under the new Microfinance Law number 141 of 2014. Tanmeyah was officially licensed under this law on the last day of 2015. Accordingly, Tanmeyah has successfully restructured its funding mechanism and other compliance requirements in a timely manner as agreed with its regulator.

Successful client analysis, loans underwriting, and management of the collection cycle and credit risk has also been key to Tanmeyah's ongoing success. This has been achieved through continuous monitoring of the underwriting controls and risk and building up collection support mechanisms, such as a centralised outbound contact centre. Furthermore, the company also established a network of legal experts to initiate legal proceedings in the event of default respective of every local market. These procedures have allowed Tanmeyah to have one of the lowest rates of non-payment of loans in the industry.

Tanmeyah is also an active participant in local community engagement projects, particularly those that further the development of human capital and help create jobs. The company has contributed to the establishment of vocational training workshops that teach carpentry and pottery to community members with special needs so they can obtain the skills they need to establish income-generating projects.

With a highly qualified and capable team of more than 1,800 employees, Tanmeyah is fast becoming an important contender in the Egyptian financial services community. When fully leveraged, Tanmeyah has the potential to become among Egypt's foremost financiers.

Key Financial Highlights of 2016

Tanmeyah contributed total revenue of EGP 113 million to EFG Hermes' consolidated results in FY16. The company contributed 9% of total Group revenue from fees and commissions in 2016.

2017 OUTLOOK

Tanmeyah will continue to leverage the infrastructure that it has already built, including its successful chain of high-street shops and its state-of-the-art core banking solution to market more than just micro loans.

Under EFG Hermes Finance, the company now has the ability to expedite expansion plans through the advantage of leveraging EFG Hermes' network for cross-border expansion into Africa where the demographics, low penetration rates, and favourable regulatory environments are well suited to microfinancing solutions.

Tanmeyah is looking to open 24 new branches in Egypt in 2017 and enter at least three new governorates, possibly including the coastal areas of Hurghada and Safaga.

Corporate Governance

(Pictured: Mountain highway in Saudi Arabia)

CORPORATE GOVERNANCE

An energetic, proactive approach to corporate governance is vital to the integrity of any corporation, particularly financial institutions. We at EFG Hermes pride ourselves on voluntarily adhering to international best practices and global standards at all levels, from the Board of Directors to line operations.

While regulators across the region are swiftly taking steps to strengthen corporate governance requirements, EFG Hermes remains ahead of the curve. Similarly rigorous are the quality and nature of documentation we require of our clients. As a result, EFG Hermes has succeeded in maintaining its reputation and leadership in the face of regional and global challenges.

We are currently working on a new corporate governance framework to address new country-specific policies and procedures that were issued in 2016 in the markets in which we operate. The new framework builds upon our clearly defined management processes, structures, and policies, which not only provide channels for appropriate decision-making and accountability, but also reassure shareholders and clients that their investments are in safe hands. The new framework, which will affect reporting to regulators and board structure for both EFG Hermes and its subsidiaries, is currently in the implementation phase.

Management and Control Structure

Board of Directors

EFG Hermes' Board of Directors is comprised of ten members, nine of whom are Non-Executive Board members. Without exception, EFG Hermes' Directors possess a broad spectrum of experience and expertise, directly related to EFG Hermes' different lines of business and divisions, with a strong emphasis on professionalism and integrity. Directors are selected based on 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 2016; Jean Cheval, Member of the Natixis Executive Committee and Head of Risk and Finance, and Simon Eedle, Senior Country at Natixis Dubai. The Board of Directors met eleven times throughout 2016.

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 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 of Directors abstain from participating in any discussions and decisions that might affect their own personal interests or those of a closely related person or company. All members are required to declare their outside business interests upon their appointment.

Safeguarding and Proper Use of Company Assets

All directors endeavour to protect the Firm's assets and ensure their efficient use. All company 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 of the Firm's directors and employees are required to follow while conducting their regular daily duties.

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 authorised 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 of Directors. 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 the Firm. 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 Committee, a subcommittee of the Board.

Corporate Governance Committees

The Executive Committee

The Executive Committee is appointed by EFG Hermes' Board of Directors and is comprised of eight 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. Investments and capital expenditure up to EGP 10 million and acquisition/disposal of less than or equal to 5% in the voting shares of any company
2. Allocation of capital approved by the Board of Directors to operating divisions
3. Allocation of credit limits within the approved level of 25% of net worth
4. Asset and liability management of the Firm
5. Constitution of EFG Hermes' subsidiary companies' Board of Director executives and related authorities
6. Management structure; human resources; compensation issues to be proposed to the Compensation Committee, with the exception of those issues relating to the CEO and the Co-CEOs of the Investment Bank, which are the responsibility of the Board of Directors
7. Supervising the operations of any new geographic expansion and reviewing the Management Accounts on a monthly basis

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 Compensation Committee

The Compensation Committee is comprised of three non-executive, independent 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 Audit and Risk Committee

The Audit and Risk Committee (A&RC) is comprised of a chairperson and two members, all of whom are independent non-executives. The committee meets on a quarterly basis. The chairperson of the A&RC reports directly to the Board of Directors and presents the committee's recommendations, for prompt action and subsequent follow up. The Board of Directors is briefed on all A&RC meeting proceedings and resolutions. By ensuring open communication between risk officers, internal and external auditors, and the Board of Directors, the A&RC brings a high level of transparency to the Firm.

Sustainability Committee

Since EFG Hermes adopted sustainability into its core business practices in 2014, the Sustainability Committee has met at least quarterly as part of the Firm's goal to achieve a triple bottom line and realise positive financial performance while making a positive social impact and championing the environment. The committee is charged with setting up sustainability frameworks that encourage responsible investments, fostering a sustainable corporate culture, and influencing stakeholders to adopt sustainable practices.

The Sustainability Committee advises the Board on proposed changes to the Firm's core values and business principles as well as standards for reputational and environmental risks, and the adoption of appropriate corporate sustainability targets and measures.

The Committee also reviews the Firm's corporate sustainability reporting and training as well as the adoption of corporate sustainability targets and processes. In 2016, the Sustainability Committee met four times.

Business Continuity Committee

The Business Continuity Committee is comprised of six members from senior management at the Group level and is supported by a Business Continuity Team at a country level. The committee oversees the work of the Risk Management department in keeping the business continuity plan updated and all employees informed. This Committee is tasked with keeping under review the effective management of business continuity across the Group, with the objective of stimulating the development and maintenance of effective means to continue operations in the event of a significant interruption to the business. It provides leadership on business continuity policy across the Group and ensures that it is integrated into every aspect of the Group's critical operations. The committee meets on a per-incident basis and at least once quarterly. During the course of 2016, the Committee has been actively working to insure compliance with the highest international standards. In recognition of their efforts, EFG Hermes was awarded the ISO 22301 certification from the British Standards Institute (BSI).

SHAREHOLDER INFORMATION

Shareholders

EFG Hermes shares are listed on the Egyptian Exchange (EGX) and the London Stock Exchange (LSE) in the form of USD-denominated GDRs.

Shareholder Structure

As of 31 December 2016, a total of 11,410 shareholders were listed in the Firm's share register.

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

Executive Holdings and Management Transactions

As of 31 December 2016, the EFG Hermes Board of Directors and Executive Board held a total of 544,805 EFG Hermes shares, representing 0.09% of the total 614,894,578 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.

The Business Risk and Compliance Committee

The Business Risk and Compliance Committee is comprised of seven members from senior management and representatives from the Compliance, Risk, and Internal Audit departments. The committee meets at least once per quarter or as required. In 2016, they met three times. The committee oversees compliance, risk, legal, and operational issues within the Firm's Brokerage Business, and, where relevant, raises concerns related to compliance, risk, legal, and related operational issues within the Brokerage business to the Firm's senior management.

The committee is responsible for overseeing credit, market, and operational risk including limit breaches; litigation and other legal cases; status of documentation relating to clients, distributors, brokers, and other relevant parties; compliance monitoring highlights including anti-money laundering, complaints, and personal account dealing; notice of any regulatory updates or visits in any relevant jurisdictions; and operational issues including error trade reporting among other things. The committee is also kept apprised of cross-functional support projects.

Asset Management has a separate Business Risk and Compliance Committee comprised of six members. The committee performs the same function as the Brokerage Business Risk and Compliance Committee in relation to the funds and portfolios managed by the Asset Management department.

Risk & Compliance

(Pictured: Skyline of Manhattan from Franklin D. Roosevelt East River Drive, New York, NY, United States of America)

Risk & Compliance

In our push to initiate a new merchant banking model and pursue more expansion opportunities in emerging and frontier markets, we have never been more cognizant of the need to uphold our strict compliance philosophy. This accumulated practice and culture allow us to manage the rules and regulations of multiple authorities and regulators in our current footprint across MENA markets, and will allow us to adopt our best-in-class practices as we enter new markets. Dealing with the types of challenges associated with emerging and frontier markets requires a clear compliance strategy built on a strong governance culture that promotes integrity, transparency, and accountability.

We have a growing Compliance team comprised of 28 talented and dedicated officers who work to ensure that all departments at EFG Hermes adhere to appropriate statutory provisions, official regulations, and internal policies. The Firm also has a five-member Risk Management team to ensure that all operational, market, and credit risks are identified, assessed, and mitigated through adequate controls. Both teams report to the Group Head of Risk and Compliance.

Internal Audit

Our efforts to enhance the internal audit function continued throughout 2016. After adopting "continuous auditing" as our new methodology in 2015, we carried out risk-based reviews at more frequent intervals to enhance our audit monitoring. We are also growing the team to meet our business expansion plans.

As the Firm moved to incorporate sustainability best practices into every facet of the operation, the scope of our audit expanded to include an assessment of business conformity to sustainability KPIs. All our suppliers must now comply with a Supplier Code of Conduct that was jointly drafted by the EFG Hermes Green Team and Internal Audit in 2015. These stricter measures are designed to insure that sustainability commitments and all applicable laws regarding labour, human rights, health and safety, environmental protection, and ethical practices are met.

2016 Highlights

- Established EFG Hermes Finance Holding and currently working on licensing in multiple markets.
- Established new Bahraini subsidiary to incorporate EFG Hermes One, the Firm's new multi-market, multi-asset trading platform.
- Integrated EFG Hermes' newly acquired microfinance subsidiary Tanmeyah within the Firm's NBFI platform.
- Received ISO 22301 Business Continuity Certification from the renowned British Standards Institute (BSI).

- Included as one of six MENA incumbents in the FTSE4Good Emerging Index in recognition of exemplary performance in environmental, social and governance (ESG) practices.
- Completed annual update of all policies and procedures.
- Began a GAP analysis of all functions.
- Continued to carry out cyber security training.
- Laid the groundwork for entry into new markets including the United States, United Kingdom, Kenya and Pakistan.
- Participated in new market misconduct course at DIFC.
- Continued to comply with FATCA, the US government's Foreign Account Tax Compliance Act.
- Expanded teams across the board to address growing needs associated with expansion into new markets and the launch of new products.

Development of Policies and Procedures

Business Continuity

As part of our ongoing effort to protect all our stakeholders and their assets at all times, we have developed and maintained a world-class business continuity plan (BCP) to facilitate the management of any incident that might potentially harm our employees or damage our premises.

In 2016, EFG Hermes became the first regional investment bank to receive the ISO 22301 certification from the BSI in recognition of efforts to comply with the highest international standards for business continuity. The prestigious recognition is a testament to the extensive planning and preparation that the Business Continuity Team has put into ensuring the Firm's readiness to manage business disruption.

The BSI certification communicates to all of our stakeholders whether they are clients, regulators, or employees, that the soundness of our internal systems and controls exceed industry standards. Our strict compliance to ISO business continuity requirements also facilitates the due diligence process for our clients and reassures them of our preparedness for any contingency.

Tanmeyah

During the first quarter of 2016, EFG Hermes purchased a majority stake in Tanmeyah Microenterprise Services, Egypt's leading private sector provider of microfinance solutions. Throughout much of the year, the Compliance Team, among other teams, was engaged in the process of integrating Tanmeyah's finance, HR, and audit functions into the EFG Hermes platform. Tanmeyah team members across multiple functions are now being trained to ensure they are fully aligned with Group policies and procedures.

EFG Hermes One

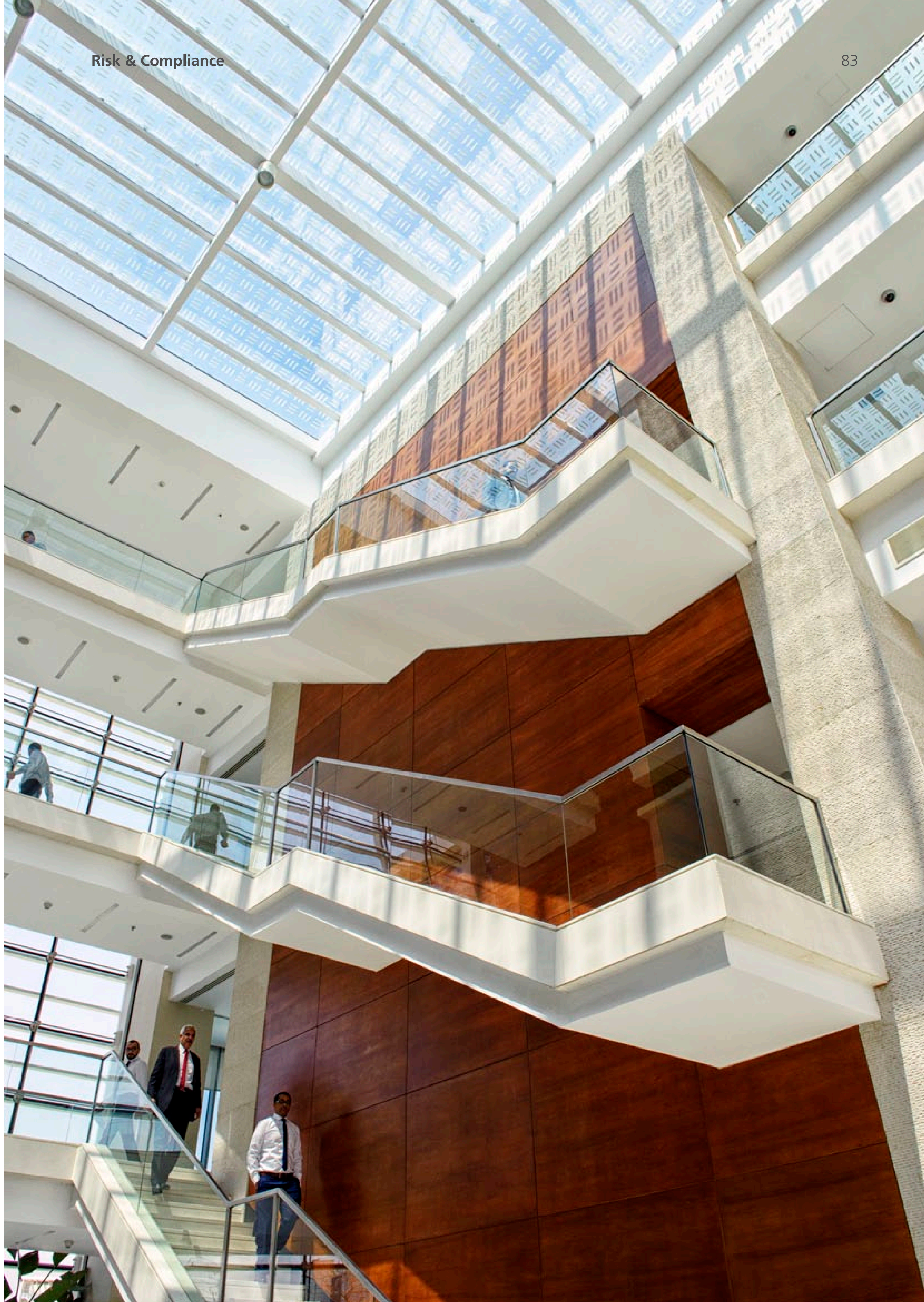
The launch of EFG Hermes One, a strategic partnership between leading global online trading player Saxo Bank and EFG Hermes, grants users access to multiple asset classes in multiple markets across MENA as well as global exchanges. This revolutionary online platform that allows users to trade sophisticated asset classes required lengthy groundwork and preparation from a compliance perspective. In 2016, the team established the legal and regulatory framework that will allow MENA-based investors in select MENA markets to trade multiple global markets and asset classes through OLT Investment International Company, EFG Hermes' Bahraini subsidiary.

Raising Employee Awareness

The successful continuity of the compliance function is largely dependent upon being able to effectively communicate our strategy, policies, and procedures to employees. We now have four mandatory training courses on AML, anti-fraud, cyber security, and the recently launched sustainability awareness course that employees must take and be evaluated on annually. Thus far, 98.5% of EFG Hermes employees have successfully completed AML, 98% have completed anti-fraud, 90% have finished cyber security training, and 91% have taken the new sustainability course.

To ensure all our employees, including our new hires and the employees of our newly acquired companies, are fully aligned, we have developed a new orientation package in partnership with our HR department that is designed to give trainees a comprehensive view of how the Firm operates. The new hire orientation, which came into effect in 2016, is not exclusively business specific, but a protractive understanding of practices.

We are also offering ongoing training for our risk and compliance teams that entails the completion of several courses, including technical courses in risk management and compliance. Members of our UAE team have also taken a new market misconduct course that is offered only at Dubai International Financial Centre (DIFC).



Our People

Our success lies deep in our belief that the satisfaction of our more than 880 talented professionals is the cornerstone of client acquisition and retention. (Pictured: Road through Doi Intanon National Park, Chiang Mai, Thailand)

Breaking New Ground

The success of EFG Hermes lies deep in our belief that the satisfaction of our more than 880 talented professionals is the cornerstone of client acquisition and retention. The Firm, as a service provider, mainly relies on human talents to drive the strategies of our business, build our clients' trust, and cement our leadership across several industries and markets.

These are the fundamental tenets that the Human Resources (HR) department has held close as we laid out strategies and mechanisms to support the Firm's expansion into newer jurisdictions and transformation from a MENA-focused investment bank into a leading financial services corporation with on the ground presence in both emerging and frontier markets.

2016 In Review

The underlying themes for 2016 were expansion and integration. As the Firm expands into new geographies and launches new products across new and traditional lines of business, the Human Resources team laid the groundwork to acquire and integrate into the fold the new hires that these activities will demand. The goal was not only to ensure our corporate culture remained cohesive, but also to gain a deeper understanding of what each business unit, geographical office, and product line requires to function and how to support them.

Core to this exercise has been striking a balance between two principles: consistency and flexibility. As it grows, it is imperative that the Firm maintains its unique culture and the "EFG Hermes way", while embracing global dexterity, appreciating the differences that come with the new territories we are entering, and assimilating them into our culture.

On the Ground

2016 saw us deliver yet another round of the Investment Banking Fundamentals programme, an intensive two-week course for analysts and first-year associates, as we continue to build internal growth and development into our culture. We also built on the success of our enhanced Experiential Learning Programme, seeing a significant uptick in the number of internships offered throughout our offices in addition to an expanded number of job shadowers year-round.

Digital Expansion

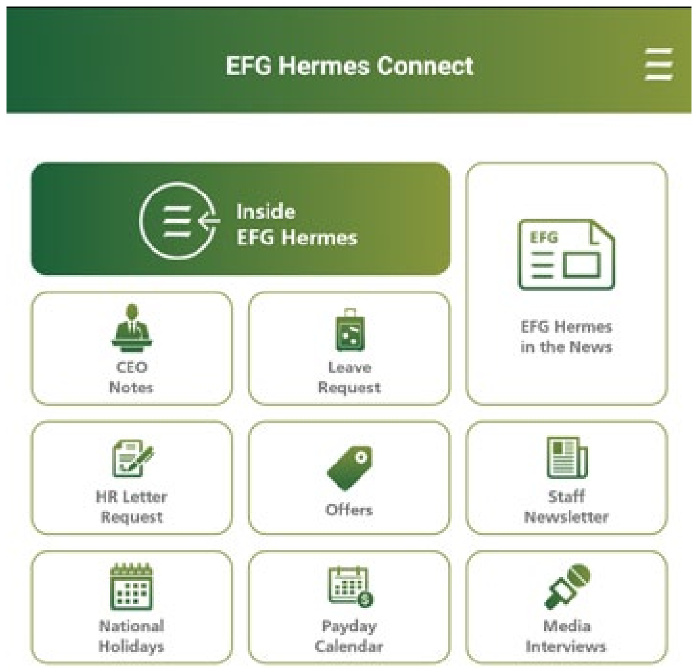
To keep up with the Firm's physical expansion, growing employee network, and newly acquired offices, the HR team continued to put weight behind growing our digital presence through the launch of the second release of EFG Hermes Connect, with multiple interactive features that facilitate the completion of various requirements for employees on the go. The smart app's functions enable employees to seamlessly and remotely manage their affairs, enhance internal communication and connect employees across our markets with EFG Hermes wherever they are.

Our online on-boarding has seen multiple upgrades and enhancements throughout the year and has become a key tool in the induction of new employees. It has taken on a heightened level of importance given our new markets and remote employees. This pre-employment on-boarding is now followed by a full-day, in-class orientation — a mix of presentations from business partner functions and conversations with a variety of representatives from the business lines — all with the aim of introducing the Firm's culture and helping new hires settle in.

The ultimate tech enhancement came in the form of a new state-of-the-art HR management system that will enable department to support all EFG Hermes employees and businesses in a proactive, efficient, and effective manner. From simple operational matters to more complex reporting and analytics, this new system will allow the HR team to provide a more seamless experience to all its stakeholders. The system is expected to go live in the second half of 2017.

Post-Acquisition Integration

With the acquisition of Tanmeyah, Egypt's largest private sector micro-enterprise lending provider, during 1Q16, HR started its preparation to integrate this new business. It was important to understand the new business and how it functions on a day-to-day basis to be able to set a realistic strategy of integration and support. The following year will see the start of the implementation of this integration strategy in a manner that suits both businesses.



2017 OUTLOOK

A main focus for the HR team in the coming year is adapting its strategy to ensure it serves the 'new version' of EFG Hermes that is coming to light with all the new acquisitions and greenfield operations. We will also work to ensure the operational side is enhanced to enable us to deliver on that strategy.

A core focus for us will be the implementation of our new HR Management System, which is key to our plans and will serve as a cornerstone to our integration plans for Tanmeyah in Egypt, Invest and Finance Securities Limited (IFSL) in Pakistan, and our set up in new markets.

We also expect to see The Academy, by EFG Hermes, a key milestone for the Firm, launched in 1H17. The aim is to make The Academy the mainstay of our leadership development programmes, enabling us to offer management-mastery curricula that will see EFG Hermes become a benchmark for other firms in the region.

Board of Directors

(Pictured: Road past the Twelve Apostles Mountain to Cape Town, South Africa)

BOARD OF DIRECTORS

The EFG Hermes Board of Directors is composed of one executive and nine non-executive members headed by Non-Executive Chairperson Mona Zulficar. These highly-renowned professionals work together to ensure the Firm operates in compliance with the highest international standards of corporate governance.

Mona Zulficar

Non-Executive Chairperson, EFG Hermes

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 specialised law firm of eight partners and more than 35 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 recognised in local and international legal circles as the precedent 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 successfully led negotiations on some of Egypt and the Middle East's largest and most complex transactions over the past three decades.

Ms. Zulficar has also played an instrumental role in modernising 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 recognised 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, played a key role in drafting the 2014 Egyptian Constitution, and is currently a 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 for disadvantaged women. Internationally, she served as an 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 degree 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, EFG Hermes

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 with 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 at the time of the Firm's merger with CIIC. He 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 EFG Hermes Board. 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 Company's different divisions, building a comprehensive regional advisory pipeline; extending the Firm's 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 had also driven the company into a new strategic direction based on an expanding 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 a leasing as well as a microfinance business.

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 headed the Investment Banking team, 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.

Charles McVeigh III

Chairman of Rubicon Fund Management LLP and Senior Advisor to Citigroup Corporate

Mr. Charles McVeigh is a Non-Executive Member of the EFG Hermes Board. He is Chairman of Rubicon Fund Management LLP, a hedge fund based in London and Senior Advisor to Citigroup Corporate. Previously, he was Chairman of Citigroup Corporate and Investment Banking-Private Bank Partnership. He was also Co-Chairman of Citigroup's European Investment Bank (formerly Schroder Salomon Smith Barney) in 1987. He joined Salomon Brothers in 1971 before moving on to head Salomon Brothers International in 1975, becoming General Partner in 1977. He is a former member of the Fulbright Commission and sits on the Development Board and Advisory Council of the Prince's Trust, as well as serving on the boards of Petropavlovsk, Savills, and The Landmark Trust. He is a also a Governor of Sandroyd School.

He has formerly served as President of the American Chamber of Commerce (subsequently evolved into BritishAmerican Business Inc, where he was Co-Chairman), on the boards of Witan Investment Company PLC, Clear-stream, the LSE and LIFFE, on the Bank of England's City Capital Markets and Legal Risk Review Committees, and on the London School of Economics' Financial Markets Committee. Mr. McVeigh holds a Bachelor's degree from the University of Virginia and an MBA from Long Island University.

Robert Eichfeld

Ex-CEO of Samba and Vice President at Citigroup (retired)

Mr. Robert Eichfeld is an independent Executive Member of the EFG Hermes Board. He is a former Chief Executive Officer of Samba Financial Services and Vice President at Citigroup. During his 33-year career with Citigroup, he managed many of Citibank's business, country, and regional activities in postings throughout the Caribbean, Brazil, India, Indonesia, New Zealand and Pakistan, as well as two separate periods in Saudi Arabia. Mr. Eichfeld has advised a de novo venture capital fund in the UAE and partnered with other investors to establish an Islamic financial institution in Bahrain. He is currently a member of the Advisory Council of his alma mater, the Thunderbird School of Global Management, Chair of the Grameen Foundation focusing on the alleviation of poverty, and a member of the board of the National Philanthropic Trust as well as other philanthropic organisations. Mr. Eichfeld graduated from Wake Forest University and Thunderbird's Garvin School of International Management as well as Harvard's Program for Management Development.

Thomas S. Volpe

Managing Partner Volpe Investments LLC

Mr. Thomas S. Volpe is a Non-Executive Member of the EFG Hermes Board. He is Managing Partner of Volpe Investments LLC, a private equity investment firm. Prior to Volpe Investments LLC, Mr. Volpe served as the CEO of Dubai Group, the diversified banking, investments and insurance company of Dubai Holding. Previously, he founded and acted as Managing Partner, Chairman and CEO of Volpe Brown Whelan & Company (VBW), an international risk capital, asset management and investment banking firm focused on rapidly growing entrepreneurial companies in the technology and health care industries. Prudential Securities acquired VBW in 1999, and Mr. Volpe served as Chairman of the renamed Prudential Volpe Technology Group until 2001. A distinguished investment industry veteran, he served as CEO, President and Board Member of Hambrecht & Quist Incorporated, the world's leading technology and health care focused venture capital and investment banking firm. Mr. Volpe is a graduate of Harvard Business School (MBA), the London School of Economics (MSc Economics) and Harvard College (AB Economics).

Takis Arapoglou

Independent Non-Executive Board Member of EFG Hermes Holding SAE and Crédit Libanais SAL

Mr. Takis Arapoglou is a Corporate Advisor, with a long international executive career in Corporate and Investment banking, International Capital Markets and in managing, restructuring and advising Financial Institutions.

He has been CEO of Commercial Banking at EFG Hermes Holding SAE Group, operating in the Middle East and Africa (2010-2013). Earlier, he was Chairman and CEO of the National Bank of Greece Group (2004-2009), Chairman of the Hellenic Banks Association (2005-2009) and Managing Director and Global Head of the Banks and Securities Industry for Citigroup (1999-2004).

He has served on several boards of publicly listed companies in Europe, the Middle East and Africa, as well as on Boards of Educational Foundations, including the Institute of Corporate Culture affairs in Frankfurt, as Chairman.

He is currently holding the following non-executive board positions: Chairman and member of the Corporate Governance committee of Tsakos Energy Navigation (TEN) Ltd. Listed in the NYSE; Vice-Chairman and member of the Compensation Committee of Titan Cement SA, listed in the Athens SE; board member and member of the Compensation Committee of EFG Hermes Holding SAE, listed in Cairo and the London SE and board member and member of the audit and risk committees of Crédit Libanais SAL.

He is Chairman of the International Advisory Board of Tufts University in Boston, Ma. and a member of the Business Advisory Council for the International MBA program of Athens University of Economics and Business.

He has degrees in Mathematics, Naval Architecture & Ocean Engineering and Management from Greek and British Universities.

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

Mr. Marwan Elaraby is based in Abu Dhabi where he serves as the Middle East Managing Partner of Shearman & Sterling. 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. Mr. Elaraby also served as Executive Director in EFG Hermes' Investment Banking division, where he worked as an investment banker advising clients on numerous capital markets and M&A transactions in the Middle East. In recent years, Mr. Elaraby has focused on sourcing and executing investments in a variety of sectors, with a particular emphasis on energy. Prior to moving to the Middle East, Mr. Elaraby worked extensively with investment banking and corporate clients on a wide range of public and private corporate finance transactions. His practice focused on exempt offerings of high-yield securities and has also included registered equity offerings, corporate governance advisory work and financial restructurings.

Mr. Elaraby is a New York-qualified lawyer. He holds a Bachelor's degree in economics from the American University in Cairo and a Juris Doctor (J.D.) from Columbia University

Jean Cheval
Member of Natixis Executive Committee and Head of Risk and Finance, Natixis

Mr. Jean Cheval is currently a member of the Natixis Senior Management Committee and 2nd Senior Manager of Natixis. He has also been Head of Finance and Risk at Natixis since September 2012. Between 2009 and 2012, Mr. Cheval was in charge of the Debt & Finance Department of Natixis' Corporate and Investment Bank.

He spent most of his career (1983-2001) at Crédit Agricole Indosuez, where he successively served as Chief Economist, Head of Strategic Planning and Budget, Head of Structured Financing, and Head of Middle East and Asia before being appointed General Manager. He has been a Director at Al Bank Al Saudi Al Fransi (Kingdom of Saudi Arabia), WAFA Bank (Morroco), Banque Libano-Française, and Audi-Saradar Bank (Lebanon). Mr. Cheval was also Head of Banque Audi France and Chairman of Banque Audi Switzerland (2001- 2005). He previously worked for the Ministry of Industry and the French Planning Agency.

Mr. Cheval graduated from the Ecole Centrale de Paris (Engineering School) and the University of Berkeley.

Simon Eedle
Senior Country Manager, Natixis, Dubai

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 development of the bank's franchise in the region, focusing on structured finance, global markets, trade, and Islamic finance, with a strong client focus.

Mr. Eedle's career spans more than 30 years in banking, 15 of which have been in the Middle East. He spent 22 years at Crédit 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.

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 EFG Hermes Board. 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 Company's different divisions, building a comprehensive regional advisory pipeline; extending the Firm's 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 had also driven the company into a new strategic direction based on an expanding 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 a leasing as well as a microfinance business.

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 headed the Investment Banking team, 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

Mr. Mohamed Ebeid joined the EFG Hermes team in 1999 as a Retail Broker with HSB, working with high net worth clients. After a successful stint on the retail side, Mr. Ebeid moved to working with institutional clients, as part of the international institutional sales desk, in 2004. This new assignment saw him focusing on business development and key relationship management. He has been instrumental to the introduction of new products and services that cater to the needs of this sophisticated client base. With more than 10 years of solid and well-rounded equities experience, he became co-head of the Firm's Securities Brokerage division in 2011 and was later named co-CEO of the Investment Bank in 2017.

Karim Moussa
Co-CEO of the Investment Bank

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

Mr. Moussa sits on the Investment Committee of several EFG Hermes sponsored funds, including the InfraMed Infrastructure Fund, with combined AUM of c. USD 1 billion. He is also a Member of the Board of Directors of various portfolio companies.

Prior to joining EFG Hermes, Mr. Moussa was a Vice President at Deutsche Bank, in the Global Banking division, with responsibilities for M&A, ECM and DCM advisory in MENA. In this 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). He has since moved up the ranks, first heading brokerage operations for Egypt then becoming the Securities Brokerage Group Head of Operations.

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 as well 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' 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 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 sciences.

Mohamed Abdel Khabir
Group Chief Financial Officer

Mr. Mohamed Abdel Khabir is EFG Hermes' Chief Financial Officer. Prior to his current post, he 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. He holds a Bachelor's degree in Business Administration with high honours from the American University in Cairo with a concentration in finance and is a CFA charterholder.

His 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 London Stock Exchange (LSE) — the sale of a leading hospital in Egypt to the Abraj Group, the merger of Al Borg and Al Mokhtabar laboratories, ENPC's USD 1.05 billion syndicated loan, and issuance of ODH EDRs worth USD 1.8 billion.

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

Mr. Walid Hassouna is the Chief Executive Officer of EFG Hermes Finance and Group Head of Debt Capital Markets. In addition to his role as CEO of the non-bank financial institute, Mr. Hassouna is also a Non-executive Board Member of Tanmeyah and EFG Hermes Leasing, both subsidiaries of EFG Hermes Finance.

Prior to joining EFG Hermes in 2016, Mr. 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 a 17-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.

He is a Cairo-University B.B.A holder, where he graduated with highest honours. 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 Saudi Arabian operation and later the integration of the Kuwait operation.

As of 2009, Ms. Abdoun is the Group Head of Human Resources and oversees 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 in LINKdotNET (OT subsidiary), Fayrouz International (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, thus accumulating more than 17 years of experience in the field. She is a SHRM Senior Certified Professional and a certified Myers-Briggs practitioner.

Corporate Social Responsibility

We act as catalysts for wider change within our industry and within the communities where we do business. (Pictured: Rural road, Kenya)

CORPORATE SOCIAL RESPONSIBILITY

As the region's leading financial services corporation, EFG Hermes strives to set regional precedents for social responsibility and environmental best practices. Having added a sixth P — public responsibility — to our core values, we have worked diligently to make corporate social responsibility (CSR) an integral component of our culture and strategy. We pledged to become a sustainable business and defined our social purpose of leveraging our financial expertise and capitalising on our human talent to create sustainable value for our stakeholders and the communities in which we operate.

After launching our first Sustainability Report in 2015, we took several significant steps to incorporate sustainability into the day-to-day activities of every line of business in 2016. The year was also busy for the EFG Hermes Foundation as it continued to build partnerships and develop models of sustainable development with projects in underprivileged villages of Upper Egypt, among other social development activities.

Through these initiatives, and thanks to the energy and dedication of our employees who have willingly volunteered their time, we at EFG Hermes remain committed to helping develop the long-term, sustainable business models that will provide inclusive opportunities, create jobs, and enable communities to grow.

Sustainability

Exciting changes and advancements in our corporate sustainability strategy took place in 2016, with our efforts being recognised on both the local and international levels. In addition to our steadfast commitment to the United Nations Global Compact (UNGC) and our advancement of the Sustainable Development Goals (SDGs), we have also continued to be part of numerous engagement forums in our community, such as the EGX Sustainability Advisory Committee and the Global Compact Network Egypt (GCNE) in which we are founding members. We've taken significant strides in focusing on clean energy through both our investment strategies and our internal green policies all while continuing to uphold our energetic, proactive approach to corporate governance, compliance, and auditing.

CSR Department Launch

The year saw EFG Hermes launch a dedicated Corporate Social Responsibility Department responsible for policy development, reporting, and liaising on all sustainability issues together with the Corporate Sustainability Committee and the Green Team — a dynamic action group made up of representatives from different divisions. The department worked on awareness campaigns throughout the year to align the Firm with each of the United Nations' 17 SDGs and highlight how businesses can advance the 2030 Agenda for Sustainable Development through their activities and partnerships.

Providing Access to Financing

The Firm also completed the landmark acquisition of 94% of Tanmeyah, a fast-growing microfinance solution provider with over 119 branches nationwide. By providing financing solutions for very small and micro-enterprise owners, Tanmeyah helps people who otherwise have no access to financing to grow their business, create employment opportunities and improve their living standards. Tanmeyah's strategy is rooted in a strong development ethos that aims to provide clients with a path out of poverty towards economic empowerment. The acquisition underscores the Firm's commitment to sustainability and to the SDGs by serving underprivileged communities and expanding lending to this vital segment of the economy.

Clean Energy Solutions

Through our Private Equity division and NBFI platform, EFG Hermes stood at the forefront of regional and global efforts to invest in clean and renewable energy in 2016.

As part of our overall focus on sustainable investments, Vortex, the renewable energy platform managed by the Firm's Private Equity division, successfully acquired a 49% stake in an operational 664 MW portfolio of European wind assets from EDP Renováveis S.A., one of the largest players in the global renewable energy sector. The EUR 550 million transaction includes a portfolio of 23 wind farms in Portugal, Spain, and France, and is a significant milestone in realising plans laid out by Vortex to own more than 2 GW in net installed capacity. The successful close of this landmark deal provides EFG Hermes' Private Equity division with considerable traction in Europe's renewable energy space, a key pillar of EFG Hermes' regional and global expansion strategy.

In early 2017, Vortex also announced its third transaction in the European renewable energy space, through a sale and purchase agreement to acquire 100% of a 365 MW operational solar PV power portfolio in the United Kingdom, owned by TerraForm Power. The transaction has an enterprise value of c. GBP 470 million and comprises 24 operational assets, representing one of the largest portfolios of solar PV in the United Kingdom.

2017 OUTLOOK

Building on our robust sustainability and social outreach framework, our outlook for the year ahead is to put in place an ESG policy that can reinforce our position as a regional leader in the area of sustainability. In the first half of 2017, our priority is to finalise, adopt, and disclose a Firm-wide ESG policy and we will be taking important steps throughout the year to integrate ESG issues in all aspects of our core business.

EFG Hermes also plans to be the first signatory in Egypt to the United Nations Principles for Responsible Investment (UNPRI), an international network of investors working together to put into practice six principles for responsible investment. Once we become signatories, we will work on advancing the following principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will each report on our activities and progress towards implementing the principles

In addition, we plan to build on our key initiatives of integrated development, financial inclusion, liver disease eradication, youth empowerment, and supporting the disadvantaged and disabled.

In 2016, EFG Hermes Leasing launched Egypt's first alternative energy lease finance solution with KarmSolar, Egypt's largest private off-grid solar energy integrator. The first of its kind in Egypt, the programme aims to create a sustainable solar energy financing solution for businesses while addressing the country's growing demand for alternative energy solutions. The partnership will allow businesses across the country to not only meet their individual energy requirements through a reasonably priced custom financing plan, but also save costs while contributing to the health and sustainability of their communities.

Going Green

Our green initiatives extend not only outwards in our investment strategy, but inward throughout our Firm. We paid particular attention during the course of the year to reducing our carbon footprint through the continuous efforts and dedication of our Green Team and the support of our employees.

In 2016, we launched Felsekka, a carpooling initiative to encourage our employees to commute to and from work through an in-house ridesharing platform that allows employees to share rides and lower their carbon footprint.

EFG Hermes' headquarters in Egypt and offices in Jordan, Oman, and Saudi Arabia have become plastic-free zones during the course of the year as employees willingly switched to reusable mugs and water bottles. The same initiative is now being successfully extended to more EFG Hermes offices throughout 2017.

Additionally, we replaced regular light bulbs with LEDs, applied UV protective window films and encouraged employees to practice mindfulness regarding energy use throughout our premises. Our UAE and Jordan offices and two of our Egypt branches (Nasr City and Assiut) are now entirely illuminated with energy-saving LEDs. We also instituted several measures to cut down on paper use, such as encouraging migration to digital reports, e-statements, and double-sided printing.

The IT Department also began the gradual migration to virtual servers to decrease power consumption. To date, virtualisation in our Egypt and UAE offices has reached the target of 75%, with 73% for Jordan, 56% for Kuwait, and 33% for Saudi Arabia. Migrating the EFG Hermes e-mail gateway to a secure, cloud-based server was another significant step. Power-saving technologies were also adopted, and all e-waste disposal is now processed through a specialised company to securely recycle electronic equipment.

RETHINK
Delivering for Generations

Employee Focus

We have managed to cultivate a culture of volunteering among our employees. Two years into the successful 'Rethink' initiative, which encourages employees to actively engage in sustainable habits, we began to see positive results and increasing levels of employee engagement and volunteerism. Activities during the year also included submitting entries in our quarterly sustainability competitions, volunteering in external initiatives to enhance financial literacy, and donating time and effort to supporting the EFG Hermes Foundation's projects.

Because we believe employees are the foundations of not just our sustainability efforts, but also our success as a business, investing in their professional development and wellbeing is a key pillar to creating value for our clients and communities. This year, we focused our efforts on team building through organising a successful team development event and, for the first time since 2008, conducting two sessions of our in-class orientation programme in Egypt for new hires. The orientation included a session on sustainability initiatives and the EFG Hermes Foundation's activities. Our Experiential Learning Programme for interns continued to grow throughout the year, with 102 participants in 2016 (up from 90 in 2015 and 54 in 2014), and the delivery of over 8,700 training hours and decreasing the percentage of untrained employees from 57.7% in 2015 to 46.6% in 2016.

We also strive to create a positive work environment and offer tools and opportunities to help our employees take charge of their overall wellbeing. We do this both through health initiatives in our 'Fit-for-Life' exercise programme, our annual table tennis and football tournaments, and the participation of our Dubai office in the Annual Bloomberg Square Mile Relay.

Awards and Recognition

In recognition of our efforts to integrate sustainability into every aspect of our business, EFG Hermes was named one of six MENA constituents of the FTSE4GOOD Emerging Index, launched by FTSE Russel in December 2016 to measure and recognise the performance of emerging market companies who have demonstrated exemplary environmental, social, and governance (ESG) practices. The index includes over 300 indicators and criteria across 14 themes such as climate change, water usage, human rights and community, labour standards, health and safety, as well as governance — all areas EFG Hermes views as vital to the continuity of its operations.

We were also proud to receive international recognition from the UK's CEO Insight Magazine, which named EFG Hermes as the 2016 "Social Sustainability Leader" of the year for the MENA region. The award is a recognition of the concrete results we achieved in the areas of sustainability disclosure reporting, corporate philanthropy, corporate governance, corporate social responsibility, community leadership, ethical principles, and sustainable growth.

EFG HERMES
FOUNDATION

The EFG Hermes Foundation

The EFG Hermes Foundation is an independent, non-profit, non-governmental organisation established by EFG Hermes in 2006. Since then, it has contributed more than EGP 60 million to support sustainable, innovative, and high-impact social development projects that improve living standards and present a brighter future for Egypt's most disadvantaged citizens. This year, the EFG Hermes Foundation continued its pioneering integrated development work through a variety of outreach programmes and initiatives.

Transforming Lives in Al-Makhzan

After more than two years of hard work, the Al-Makhzan Village project in the governorate of Qena in Upper Egypt — a joint effort with the Kuwaiti Initiative for the Support of the Egyptian People — was officially inaugurated in 2016. The project brings access to housing, healthcare, sanitation, and education to thousands of residents in Upper Egypt.

The EGP 9 million project has been in the works since late 2014 and has helped build homes for over 35 families in the village, provide a bakery to provide bread to more than 20,000 residents in Al-Makhzan and adjacent villages, construct a new building at the local school, set up a new science lab, and refurbish the existing school premises.

The project also renovated the village's health unit by installing a solar-powered water heater and providing new medical equipment to serve more than 20,000 residents from Al-Makhzan and nearby villages. The Foundation also procured a sanitation truck run by the local Community Development Association to generate income by providing services to Al-Makhzan and adjacent villages.

Putting Health First

Battling to eradicate liver disease in Egypt has been at the forefront of the EFG Hermes Foundation's strategy since as early as 2007. Throughout 2016, the Foundation continued its effort to stamp out liver disease — the second-highest cause of mortality in Egypt. The Foundation supported several projects instrumental in the fight against viral hepatitis in Egypt, including but not limited to an awareness campaign on better hygiene practices to quell the spread of the disease, provide HBV vaccinations to medical, dental, pharmacy and nursing school students at 13 universities, and funding a screening programme at Mansoura University Children's Hospital, which helped to cure 200 children of hepatitis C. In recognition of the Foundation's tireless efforts in this regard, the Economist Intelligence Unit named Hanaa Helmy, the CEO of the EFG Hermes Foundation and Head of CSR, as one of 18 global change makers in the fight to eradicate the hepatitis C virus.

Investing in Egypt's Youth

The Foundation continued to invest in youth empowerment programmes by sponsoring school trips for 20,000 public school students to KidZania — an 'edutainment' facility that helps students explore and benefit from hands-on, entertaining learning experiences. The collaboration, which is now in its second year, has seen over 13,000 students from 130 public schools benefit during the second half of 2016 from the facility.

In 2016, EFG Hermes conducted financial literacy sessions in five universities, reaching more than 940 students in Ain Shams University, Cairo University, Misr International University (MIU), the Arab Academy for Science Technology & Maritime Transport (AASTMT), and the British University in Egypt (BUE). The tutorials were developed by volunteers from different departments at EFG Hermes in collaboration with the Green Team.

In partnership with Ain Shams University, the Foundation also sponsored the Model Egyptian Stock Exchange (MESE) to empower students in the area of capital markets and support MESE's university-wide financial literacy sessions. Volunteers from EFG Hermes conducted sessions and managed activities together with the students to deliver financial literacy tutorials.

In 2016, the Foundation also maintained its support of the MOVE Foundation for Children with Cerebral Palsy, a non-profit organisation for underprivileged, disabled children. To date, 90 children have received support and 20 have been successfully mainstreamed into the public school system or private educational centres, providing them with hope of a rewarding future.

After more than two years of hard work, the Al-Makhzan Village project in the governorate of Qena in Upper Egypt — a joint effort with the Kuwaiti Initiative for the Support of the Egyptian People — was officially inaugurated in 2016.

Financial Statements

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 2016, 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 December31 , 2016 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.

KPMG Hazem Hassan
Cairo, March 27, 2017

Consolidated statement of financial position

as at 31 December 2016

	Note no.	31/12/2016	31/12/2015
(in EGP)			
Assets			
Cash and due from banks	(6)	11,507,605,161	26,456,336,103
Investments at fair value through profit and loss	(7)	1,980,176,083	584,988,674
Accounts receivables (net)	(8)	1,798,032,731	1,152,562,684
Loans and advances	(9)	922,796,254	22,767,229,109
Available -for- sale investments	(10)	2,647,872,907	1,839,153,380
Held-to-maturity investments	(11)	-	26,776,423,305
Investments in associates	(12)	-	94,043,999
Investment property	(13)	332,044,723	295,444,152
Leased assets (net)	(14)	1,178,532,972	467,713,544
Fixed assets (net)	(15)	206,832,514	1,679,295,854
Goodwill and other intangible assets	(16)	591,555,333	4,573,414,469
Other assets	(17)	540,633,037	1,714,180,306
Assets held for sale	(5)	1,056,920,017	-
Total assets		**22,763,001,732**	**88,400,785,579**
Liabilities			
Due to banks and financial institutions	(18)	726,622,841	3,855,071,009
Customers' deposits	(19)	-	64,245,803,241
Accounts payable - customers' credit balances		4,312,536,665	1,986,949,572
Bonds	(20)	-	613,917,600
Creditors and other credit balances	(21)	1,660,641,568	1,878,265,916
Other liabilities	(22)	1,174,478	769,999,478
Current tax liability		123,516,578	116,578,675
Deferred tax liabilities	(23)	511,680,444	798,960,213
Provisions	(24)	501,582,751	422,738,071
Loans	(25)	1,107,341,876	328,680,803
Total liabilities		**8,945,097,201**	**75,016,964,578**
Shareholders' equity			
Share capital	(26)	3,074,472,890	3,074,472,890
Legal reserve		1,523,711,250	1,523,711,250
Share premium		1,922,267,826	1,922,267,826
Other reserves		4,019,284,955	2,118,547,403
Retained earnings		3,151,351,529	1,319,604,367
Equity attributable to owners of the Company		**13,691,088,450**	**9,958,603,736**
Non - controlling interests	(27)	126,816,081	3,425,217,265
Total shareholders' equity		**13,817,904,531**	**13,383,821,001**
Total shareholders' equity and liabilities		**22,763,001,732**	**88,400,785,579**

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

Mona Zulficar
Chairperson

Karim Awad
Executive Managing Director

Consolidated income statement

for the year ended 31 December 2016

(in EGP)	Note no.	For the year ended 31/12/2016	For the year ended 31/12/2015
Continuing operations			
Fee and commission income		952,807,848	852,451,805
Fee and commission expense		(63,898,599)	(48,731,131)
Net fee and commission income		**888,909,249**	**803,720,674**
Securities gains		82,744,058	99,355,523
Changes in the investments at fair value through profit and loss		(5,558,405)	(668,001)
Revenues from leasing activities		218,615,703	28,447,420
Foreign currencies exchange differences		2,737,737,149	107,726,407
Other income		42,472,167	35,501,857
Non-interest revenue		**3,964,919,921**	**1,074,083,880**
Interest and dividend income		277,261,733	48,561,015
Interest expense		(215,818,990)	(52,738,776)
Net interest income		**61,442,743**	**(4,177,761)**
Total net revenue		**4,026,362,664**	**1,069,906,119**
General administrative expenses	(33)	1,834,338,650	748,750,818
Provisions	(24)	179,796,721	48,665,507
Depreciation and amortization	(13),(14),(15)	105,108,009	28,068,762
Impairment loss on assets	(30)	93,154,630	3,829,671
Total non-interest expenses		**2,212,398,010**	**829,314,758**
Profit before income tax		1,813,964,654	240,591,361
Income tax expense	(31)	(198,101,246)	(31,890,639)
Profit from continuing operations		**1,615,863,408**	**208,700,722**
Discontinued operations			
(Loss) profit from discontinued operations (net of tax)	(5-1)	(118,933,552)	440,222,021
Profit for the year		**1,496,929,856**	**648,922,743**
Profit attributable to:			
Owners of the Company		1,414,230,032	461,428,759
Non - controlling interests	(27)	82,699,824	187,493,984
		1,496,929,856	**648,922,743**

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

				Other reserves									
(in EGP)	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Fair value reserve	Hedging reserve	Other reserves	Retained earnings	Treasury shares	Total	Non - controlling interests	Total equity
Balance as at 31 December, 2014	**2,867,422,500**	**990,432,067**	**2,697,382,769**	**158,269**	**960,100,338**	**378,666,624**	**(26,442,387)**	**276,032,552**	**1,464,385,399**	**(426,451,266)**	**9,181,686,865**	**3,098,827,747**	**12,280,514,612**
Total comprehensive income													
Profit	-	-	-	-	-	-	-	-	461,428,759	-	461,428,759	187,493,984	648,922,743
Other comprehensive income	-	-	-	-	470,605,564	(44,454,589)	-	-	8,486,169	-	434,637,144	200,773,464	635,410,608
Total comprehensive income	-	-	-	-	**470,605,564**	**(44,454,589)**	-	-	**469,914,928**	-	**896,065,903**	**388,267,448**	**1,284,333,351**
Reclassifications	-	533,279,183	(533,279,183)	-	-	-	-	103,881,032	(102,182,705)	-	1,698,327	-	1,698,327
Transactions with owners of the Company													
Cancelling treasury shares	(184,782,610)	-	(241,835,760)	-	-	-	-	-	-	426,618,370	-	-	-
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	(61,999,176)	-	(61,999,176)	-	(61,999,176)
Contributions and distributions													-
Increase in paid in capital	391,833,000	-	-	-	-	-	-	-	(391,833,000)	-	-	-	-
Cost of repurchasing of treasury shares	-	-	-	-	-	-	-	-	-	(167,104)	(167,104)	-	(167,104)
Dividends payout	-	-	-	-	-	-	-	-	(58,681,079)	-	(58,681,079)	(61,877,930)	(120,559,009)
	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December, 2015	**3,074,472,890**	**1,523,711,250**	**1,922,267,826**	**158,269**	**1,430,705,902**	**334,212,035**	**(26,442,387)**	**379,913,584**	**1,319,604,367**	-	**9,958,603,736**	**3,425,217,265**	**13,383,821,001**
Total comprehensive income													
Profit	-	-	-	-	-	-	-	-	1,414,230,032	-	1,414,230,032	82,699,824	1,496,929,856
Other comprehensive income	-	-	-	-	1,299,516,168	981,134,968	-	-	37,603,546	-	2,318,254,682	418,646,707	2,736,901,389
Total comprehensive income	-	-	-	-	**1,299,516,168**	**981,134,968**	-	-	**1,451,833,578**	-	**3,732,484,714**	**501,346,531**	**4,233,831,245**
Reclassifications	-	-	-	-	-	-	-	(379,913,584)	379,913,584	-	-	-	-
Transactions with owners of the Company													
Changes in ownership interests													
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	104,855,291	104,855,291
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	-	-	-	(77,855,292)	(77,855,292)
Disposal of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	(3,826,747,714)	(3,826,747,714)
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**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2016

	For the year ended 31/12/2016	For the year ended 31/12/2015
(in EGP)		
Cash flows from operating activities		
Profit before income tax	1,813,964,654	760,733,961
Adjustments for:		
Depreciation and amortization	105,108,009	28,068,762
Provisions formed	179,796,721	48,665,507
Provisions used	(29,452,415)	(21,633,494)
Provisions reversed	-	1,320,900
Gains on sale of fixed assets	(49,594)	(647,302)
Gains on sale of available -for- sale investments	(62,691,129)	(77,443,015)
Changes in the fair value of investments at fair value through profit and loss	5,558,405	1,009,701
Impairment loss on assets	93,154,630	3,829,671
Foreign currency translation differences	4,273,472,449	181,312,127
Foreign currencies exchange differences	(2,737,737,149)	(107,723,644)
	3,641,124,581	**817,493,174**
Changes in:		
Other assets	338,499,757	84,519,720
Creditors and other credit balances	1,017,697,591	23,355,715
Loans and advances	(778,819,228)	2,399,220
Accounts receivables	(574,438,757)	17,376,257
Accounts payable	(89,101,043)	(41,302,168)
Investments at fair value through profit and loss	(538,162,018)	374,675,370
Cash flows from operating activities (discontiued operations)	-	4,440,963,143
Income tax paid	(28,080,468)	(50,933,761)
Net cash provided from operating activities	**2,988,720,415**	**5,668,546,670**
Cash flows from investing activities		
Payments to purchase fixed assets and other intangible assets	(22,404,855)	(23,527,698)
Proceeds from sale of fixed assets	95,654	703,526
Payments to purchase leased assets	(782,965,193)	(475,042,715)
Payments for projects under construction	(40,574)	-
Proceeds from sale of available -for- sale investments	114,161,065	163,134,549
Payments to purchase available -for- sale investments	(10,937,115)	(149,925,844)
Payments to purchase investments in subsidiaries and associates	-	(139,086,696)
Proceeds from sale of investments in subsidiaries	3,388,677,043	-
Payments to purchase held to maturity investments	-	(30,000,000)
Proceeds from sale of held to maturity investments	30,000,000	-
Acquisition of subsidiary, net of cash acquired	(410,147,119)	-
Cash flows from investing activities (discontiued operations)	-	(3,394,336,214)
Net cash provided from (used in) investing activities	**2,306,438,906**	**(4,048,081,092)**
Cash flows from financing activities		
Dividends paid	(43,048,977)	(62,716,000)
Proceeds from long term loans	778,661,074	327,483,878
Cash flows from financing activities (discontiued operations)	-	(69,530,679)
Net cash provided from financing activities	**735,612,097**	**195,237,199**
Net increase in cash and cash equivalents	6,030,771,418	1,815,702,777
Cash and cash equivalents at 1 January (note no. 32)	14,318,107,426	9,766,063,718
Cash transferred to assets held for sale	(8,494,330,500)	-
Cash and cash equivalents at 31 December (note no. 32)	**11,854,548,344**	**11,581,766,495**

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

Consolidated statement of comprehensive income

for the year ended 31 December 2016

	For the year ended 31/12/2016	For the year ended 31/12/2015
(in EGP)		
Profit	1,496,929,856	648,922,743
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	3,732,118,835	723,406,465
Available -for- sale - net change in fair value	1,329,000,942	(22,429,820)
Foreign currency translation differences - reclassified to retained earnings	(37,603,546)	(8,486,169)
Foreign currency translation differences - reclassified to profit or loss	(1,978,517,404)	-
Available -for- sale - net change in fair value reclassified to profit or loss	(130,894,799)	-
Related tax	(214,806,185)	(65,566,037)
Other comprehensive income, net of tax	**2,699,297,843**	**626,924,439**
Total comprehensive income	**4,196,227,699**	**1,275,847,182**
Other comprehensive income attributable to :		
Owners of the Company	2,280,651,136	426,150,975
Non-controlling interests	418,646,707	200,773,464
	2,699,297,843	**626,924,439**
Total comprehensive income attributable to :		
Owners of the Company	3,694,881,168	887,579,734
Non-controlling interests	501,346,531	388,267,448
	4,196,227,699	**1,275,847,182**

The accompanying notes and accounting policies from page (xx) to page (xx) 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, 2016

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

The company is a universal bank with a lead position in the Arab world in investment banking, securities brokerage, asset management, private equity and research. The purpose of the company also includes the participation in the establishment of companies which issue securities or in increasing their share capital, custody activities and margin trading.

Acquisition of the Tanmeyah Micro Enterprise Services S.A.E

- On 23 February 2016, the company acquired 76.7 % of Tanmeyah Micro Enterprise Services S.A.E. stocks through acquiring 70 % the stack owned by Financial Unlimited Company – a subsidiary of Qalaa Holding Company – and 6.7% of the shares held by Tanmeyah’s management, in a transaction with an amount of EGP 345 million. The procedures of transferring of the title had been completed.
- On 18 April 2016, The company acquired 17.30% of Tanmeyah Micro Enterprise Services S.A.E. which owned by Egyptian Gulf Bank S.A.E

in a bargain of an amount of EGP 77.9 million. The procedures of transferring the title had been completed.

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 26, 2017.

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- Discontinued operations

- During 2010, EFG-Hermes Holding Company purchased 14 914 883 shares that represents 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL with an amount of USD 577,8 million.
- On March 2016 the company’s Board of Directors approved to proceed with all necessary steps required to sell 9 408 749 shares (Phase I) represents approximately 40% of it’s indirect subsidiary Credit Libanais Bank S.A.L. (total Bank’s shares 23 400 000) at US$ 33 per share (prior to payment of associated fees) to a consortium of Lebanese and Arab Investors. This sale process is subject to some conditions precedent, including the approval of the Central Bank of Lebanon. The company agreed with Credit Libanais Investment Bank S.A.L. (“CLIB”), a wholly owned subsidiary of Credit Libanais, to sell 5 506 134 shares represent the remaining stake of the Bank on Best Effort basis at the same price (Phase II).
- During the year the company sold 9 408 749 shares (Phase I) and 1 976 065 shares from (Phase II) accordingly the company’s stake on 31 December 2016 is 3 530 069 shares represent approximately 15.08% of Credit Libanais Bank S.A.L. 23 400 000 shares, which presented as Assets Held for Sale on the consolidated statement of financial position with an amount of 1,056,920,017 EGP.

5-1 Results of discontinued operations

	For the year ended 31/12/2016	For the year ended 31/12/2015
Fee and commission income	194,769,780	506,491,200
Fee and commission expense	(121,841,220)	(224,787,600)
Securities gains	12,791,860	41,085,600
Share of profit of associate	3,501,280	10,118,400
Changes in the investments at fair value through profit and loss	349,020	(341,700)
Gains on selling fixed assets	--	81,600
Foreign currencies differences	10,902,720	26,321,100
Other income	10,559,240	21,511,800
Interest and dividend income	1,157,701,674	4,024,800,392
Interest expense	(836,197,046)	(2,880,160,052)
General administrative expenses	(228,087,340)	(838,572,600)
Net losses on loans and advances	(36,730,200)	(74,735,400)
Other provisions	(4,088,520)	(25,525,500)
Depreciation and amortization	(22,529,196)	(66,542,440)
Impairment loss on assets	--	397,800
Loss on sale of investment in subsidiaries	(120,790,853)	--
Net profit before income tax	**20,311,199**	**520,142,600**
Income tax expense *	(139,244,751)	(79,920,579)
Net (loss) profit from discontinued operations	**(118,933,552)**	**440,222,021**

* Include the tax computed on the capital gain resulted from partial redemption of the investment in the subsidiary EFG- Hermes Global CB Holding Limited ,which is eliminated in the consolidation process , consequent to partial selling of the indirect subsidiary Credit Libanais Bank.

6- Cash and due from banks

	31/12/2016	31/12/2015
Cash on hand	7,666,225	330,455,059
Central Bank of Lebanon		
■ Demand deposits	--	2,439,916,500
■ Time deposits	--	14,423,916,900
Other Central Banks		
■ Demand deposits	--	180,412,500
■ Time deposits	--	91,743,900
Cheques under collection	195,300	191,092
Banks - current accounts (net)	5,701,154,305	3,264,037,258
Banks - demand deposits	--	2,074,277,100
Banks - time deposits	5,798,589,331	3,651,385,794
Balance	**11,507,605,161**	**26,456,336,103**

7- Investments at fair value through profit and loss

	31/12/2016	31/12/2015
Mutual fund certificates	441,730,776	279,857,518
Equity securities	38,151,655	44,918,956
Debt securities	--	33,802,800
Treasury bills (net)	1,500,293,652	211,338,900
Financial International Sukuk	--	15,070,500
Balance	**1,980,176,083**	**584,988,674**

8- Accounts receivables (net)

	31/12/2016	31/12/2015
Accounts receivables (net)	2,241,390,350	1,161,543,659
Other brokerage companies (net)	(443,357,619)	(8,980,975)
Balance	**1,798,032,731**	**1,152,562,684**

9- Loans and advances

		31/12/2016	31/12/2015
Loans and advances to customers	(9-1)	--	22,682,036,365
Loans and advances to related parties	(9-2)	--	84,267,300
Micro loans		252,992,526	--
Other loans		669,803,728	925,444
Balance		**922,796,254**	**22,767,229,109**

9-1 Loans and advances to customers

	31/12/2016	31/12/2015
Regular retail customers		
Cash collateral	--	634,363,500
Mortgage loans	--	8,317,810,579
Personal loans	--	239,133,900
Credit cards	--	205,198,500
Others	--	1,619,193,900
Regular corporate customers		
Corporate	--	10,292,945,401
Classified retail customers		
Watch	--	188,221,679
Substandard	--	153,617,100
Doubtful	--	131,697,300
Classified corporate customers		
Watch	--	709,012,506
Substandard	--	83,461,500
Doubtful	--	205,030,200
Collective provision for retail loans	--	(55,559,400)
Collective provision for corporate loans	--	(42,090,300)
Balance	**--**	**22,682,036,365**

9-2 Loans and advances to related parties

	2016/12/31	2015/12/31
Regular retail loans	--	16,034,400
Regular corporate loans	--	68,232,900
Balance	**--**	**84,267,300**

10- Available - for- sale investments

	31/12/2016	31/12/2015
Preferred shares	--	146,747,400
Equity securities	869,415,187	740,682,044
Mutual fund certificates	1,778,457,720	951,723,936
Balance	**2,647,872,907**	**1,839,153,380**

11- Held-to-maturity investments

	31/12/2016	31/12/2015
Lebanese government treasury bills and Eurobonds	--	18,769,882,679
Other sovereign bonds	--	212,267,100
Certificates of deposit issued by banks	--	7,493,521,703
Other debt instruments	--	300,751,823
Balance	**--**	**26,776,423,305**

12- Investments in associates

	2016 Ownership %	2015 Ownership %	31/12/2016	31/12/2015
Agence Générale de Courtage d'Assurance SAL	--	25.86	--	42,304,500
Credit Card Management SAL	--	28.96	--	14,881,800
International Payment Network SAL	--	20.18	--	8,292,600
Net Commerce SAL	--	21.88	--	1,377,000
Hot Spot Properties SAL	--	48.12	--	8,236,500
Dourrat Loubnan Al Iqaria SAL	--	45	--	18,951,599
Balance			**--**	**94,043,999**

13- Investment property

	Buildings
Balance as at 1/1/2016	295,444,152
Foreign currency translation differences	49,622,191
Total cost as at 31/12/2016	**345,066,343**
Depreciation for the year	11,632,606
Foreign currency translation differences	1,389,014
Accumulated depreciation as at 31/12/2016	**13,021,620**
Net carrying amount as at 31/12/2016	**332,044,723**

Investment property amounted EGP 332,044,723 as at 31 December 2016, represents the following:-

- EGP 151,334,226 the book value of the area owned by EFG – Hermes Holding Company in Nile City Building.
- EGP 92,544,000 the book value of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village Building.
- EGP 3,764,670 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in the Elmanial Branch.
- EGP 84,401,827 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.

14- Leased assets

Particular	Land	Building & Property	Equipment	Computer equipment	Vehicles	Total
	For the year ended 31 December 2016					
Cost						
Balance as at 1/1/2015	--	--	--	--	--	--
Additions	47,104,210	278,564,535	27,097,500	2,625,401	119,651,070	475,042,716
Balance as at 31/12/2015	**47,104,210**	**278,564,535**	**27,097,500**	**2,625,401**	**119,651,070**	**475,042,716**
Additions	396,154,985	111,514,080	50,827,727	2,540,306	221,928,095	782,965,193
Disposals	--	--	--	--	(122,850)	(122,850)
Total cost as at 31/12/2016	**443,259,195**	**390,078,615**	**77,925,227**	**5,165,707**	**341,456,315**	**1,257,885,059**
Accumulated depreciation						
Accumulated depreciation as at 1/1/2015	--	--	--	--	--	--
Depreciation for the year	--	3,600,065	779,238	47,148	1,984,864	6,411,315
Accumulated depreciation as at 31/12/2015	**--**	**3,600,065**	**779,238**	**47,148**	**1,984,864**	**6,411,315**
Depreciation for the year	--	17,271,569	9,763,664	1,580,772	44,343,195	72,959,200
Disposals Accumulated depreciation	--	--	--	--	(18,428)	(18,428)
Accumulated depreciation as at 31/12/2016	**--**	**20,871,634**	**10,542,902**	**1,627,920**	**46.309.631**	**79,352,087**
Carrying amount as at 31/12/2016	**443,259,195**	**369,206,981**	**67,382,325**	**3,537,787**	**295,146,684**	**1,178,532,972**
Carrying amount as at 31/12/2015	**47,104,210**	**274,046,614**	**26,453,963**	**2,578,255**	**117,530,502**	**467,713,544**

- Leased assets (after depreciation) include an amount of EGP 6,605,000 represents leased assets that have not been registered yet in the Egyptian Financial Supervisory Authority and the required procedures to register those assets are currently taking place.

15- Fixed assets

Particular	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer equipment	Vehicles	* Projects under construction	Total
	For the year ended 31 December 2016						
Cost							
Balance as at 1/1/2015	871,088,471	262,539,563	377,872,052	80,164,594	19,714,924	656,105,000	2,267,484,604
Additions	290,700	8,035,693	40,071,783	8,977,429	6,781,893	43,714,500	107,871,998
Disposals	(10,977,562)	(4,610,388)	(8,692,383)	(2,410,145)	(2,376,022)	--	(29,066,500)
Reclassification	--	2,866,733	(25,616,914)	33,946,512	38,969	(11,235,300)	--
Foreign currency translation differences	50,809,979	19,217,749	22,312,833	2,384,767	922,163	55,477,900	151,125,391
Total cost as at 31/12/2015	**911,211,588**	**288,049,350**	**405,947,371**	**123,063,157**	**25,081,927**	**744,062,100**	**2,497,415,493**
Additions	2,597,100	1,358,416	1,227,883	14,001,302	3,179,580	40,574	22,404,855
Disposals	--	--	(341,890)	(296,745)	(1,571,738)	(145,823)	(2,356,196)
Disposals of subsidiaries	(732,266,717)	(280,547,073)	(306,802,640)	(12,522)	(10,688,200)	(734,277,600)	(2,064,594,752)
Acquisition from subsidiaries	--	19,437,569	6,740,824	14,830,520	538,700	105,249	41,652,862
Foreign currency translation differences	--	364,000	71,606,599	81,111,548	4,869,890	--	157,952,037
Total cost as at 31/12/2016	**181,541,971**	**28,662,262**	**178,378,147**	**232,697,260**	**21,410,159**	**9,784,500**	**652,474,299**
Accumulated depreciation							
Accumulated depreciation as at 1/1/2015	159,437,451	200,954,815	283,993,960	70,842,683	14,457,099	--	729,686,008
Depreciation for the year	23,239,015	13,413,892	31,383,591	5,605,982	1,880,012	--	75,522,492
Disposals' accumulated depreciation	(10,977,562)	(1,790,388)	(8,053,208)	(2,410,145)	(2,197,573)	--	(25,428,876)
Reclassification	--	(4,738,388)	(27,472,025)	32,171,942	38,471	--	--
Foreign currency translation differences	6,338,002	14,301,196	14,766,040	2,341,689	593,088	--	38,340,015
Accumulated depreciation as at 31/12/2015	**178,036,906**	**222,141,127**	**294,618,358**	**108,552,151**	**14,771,097**	**--**	**818,119,639**
Depreciation for the year	4,932,375	1,502,687	4,383,603	7,481,115	2,216,423	--	20,516,203
Disposals' accumulated depreciation	--	--	(316,071)	(257,694)	(1,571,738)	--	(2,145,503)
Disposals of subsidiaries	(146,424,627)	(217,189,772)	(201,497,840)	(12,522)	(7,475,200)	--	(572,599,961)
Acquisition from subsidiaries	--	14,652,122	4,779,841	9,480,055	202,899	--	29,114,917
Foreign currency translation differences	--	364,000	69,310,444	79,533,460	3,428,586	--	152,636,490
Accumulated depreciation as at 31/12/2016	**36,544,654**	**21,470,164**	**171,278,335**	**204,776,565**	**11,572,067**	**--**	**445,641,785**
Carrying amount as at 31/12/2016	**144,997,317**	**7,192,098**	**7,099,812**	**27,920,695**	**9,838,092**	**9,784,500**	**206,832,514**
Carrying amount as at 31/12/2015	**733,174,682**	**65,908,223**	**111,329,013**	**14,511,006**	**10,310,830**	**744,062,100**	**1,679,295,854**

* Projects under construction are represented in the following:

	31/12/2016	31/12/2015
Preparation of new headquarters –		
Office spaces in Egypt	9,784,500	9,784,500
Credit Libanais SAL "the Bank" - Lebanon	--	734,277,600
Balance	**9,784,500**	**744,062,100**

16- Goodwill and other intangible assets

		31/12/2016	31/12/2015
Goodwill	(16-1)	584,031,766	195,309,571
Other intangible assets	(16-2)	7,523,567	4,378,104,898
Balance		**591,555,333**	**4,573,414,469**

16-1 Goodwill is relating to the acquisition of the following subsidiaries:

	31/12/2016	31/12/2015
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 *	388,722,195	--
Balance	**584,031,766**	**195,309,571**

* The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities, the Company has a grace period of 12 months ending March 2017 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.

16-2 Other intangible assets are represented in the following:

	31/12/2016	31/12/2015
Branches network - Credit Libanais Bank	--	4,344,286,589
Key money	--	1,076,100
Licenses & franchise	7,523,567	23,063,540
Software	--	9,678,669
Balance	**7,523,567**	**4,378,104,898**

17- Other assets

		31/12/2016	31/12/2015
Deposits with others	(17-1)	19,746,684	47,854,400
Down payments to suppliers		8,792,738	299,910
Prepaid expenses		36,409,465	133,954,610
Employees' advances		44,336,521	15,414,994
Accrued revenues		64,380,552	742,890,543
Taxes withheld by others		19,904,319	13,347,142
Payments for investments	(17-2)	10,379,956	5,768,590
Re-insurers' share of technical reserve		--	95,109,900
Infra Egypt Fund		--	3,959,279
Settlement Guarantee Fund		41,261,355	30,881,735
Unquoted assets - ready for sale acquired in satisfaction of loans		--	164,138,400
Due from EFG- Hermes Employees Trust		235,735,728	263,989,219
Due from Ara Inc. Company		633,511	274,349
Due from related parties		--	13,550,700
Re-insurance accrued commission		--	18,309,000
Cards transaction on ATM		--	14,948,100
Re-insurance debtors		--	1,591,200
Due from Egypt Gulf Bank- Tanmeyah clients		2,339,999	--
Sundry debtors		56,712,209	147,898,235
Balance		**540,633,037**	**1,714,180,306**

17-1 Deposits with others include an amount of EGP 15,512,496 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.

17-2 Payments for investments are represented in the following:

	31/12/2016	31/12/2015
Arab Visual Company	3,749,500	3,749,500
IDEAVELOPERS	25,000	25,000
AAW Company for Infrastructure	1,348,856	1,887,590
Vortex Energy Investments II	256,600	106,500
EFG Finance Holding	5,000,000	--
Balance	**10,379,956**	**5,768,590**

18- Due to banks and financial institutions

	31/12/2016	31/12/2015
Due to Central Bank of Lebanon	--	2,939,160,600
Current deposits of banks	--	156,294,600
Time deposits	--	38,168,400
Financial institutions	11,670,425	294,089,450
Bank overdraft	714,952,416	427,357,959
Balance	**726,622,841**	**3,855,071,009**

19- Customers' deposits

	31/12/2016	31/12/2015
Deposits from customers (private sector):		
Saving accounts	--	33,931,427,100
Time deposits	--	19,028,397,441
Current accounts	--	5,814,484,500
	--	**58,774,309,041**
Deposits from customers (public sector):		
Time deposits	--	2,542,401,000
Current accounts	--	473,183,100
	--	**3,015,584,100**
Others:	--	228,158,700
	--	**228,158,700**
	--	**62,018,051,841**
Deposits from related parties:		
Long term saving accounts	--	721,956,000
Long term deposits	--	1,367,610,900
Short term deposits	--	138,184,500
	--	**2,227,751,400**
Balance	--	**64,245,803,241**

20- Bonds

On November 11, 2010 Credit Libanais SAL issued US.$ 75,000,000, 6.75% Subordinated Bonds due January 15, 2018 at an issue price of 100% of their principal amount. The bonds have been fully underwritten. The net proceeds from the sale of bonds will be used for general corporate purposes, and the obligation of the issuer in respect of the bonds constitutes direct, unsecured and general obligation of the issuer. The arranger of the offering is Credit Libanais Investment Bank SAL (an affiliate) and the bonds will not be listed on any stock exchange. The bonds balance as at December 31, 2016 nil due to deconsolidation of the Bank versus an amount of EGP 613,917,600 as at December 31, 2015.

21- Creditors and other credit balances

	31/12/2016	31/12/2015
Margins held against documentary credits	--	124,455,300
Technical reserve for insurance companies	--	541,033,500
Social Insurance Association	1,258,677	805,996
Unearned revenues	80,020,061	10,770,337
Suppliers	--	202,536,381
Accrued expenses	1,214,720,613	643,506,178
Clients' coupons- custody activity	10,566,061	11,248,960
Due to Industry Modernization Center	13,353,615	5,773,294
Dividends payable	193,216,929	154,466,265
Cards transaction on ATM	--	15,835,500
Re-insurance creditors	--	118,513,800
Lease settlement account	61,170,262	14,881,999
Sundry creditors	86,335,350	34,438,406
Balance	**1,660,641,568**	**1,878,265,916**

22- Other liabilities

	31/12/2016	31/12/2015
Preferred shareholders in subsidiaries *	--	768,825,000
Others	1,174,478	1,174,478
Balance	**1,174,478**	**769,999,478**

* On 16 September 2013, the extraordinary general meeting of Credit Libanais SAL (the Bank) approved to issue 1,000,000 preferred shares at a price of LBP 11,000 per share with total amount of LBP 11,000 million (equivalent to EGP 64,350,000). These shares were issued and fully paid.

The extraordinary general meeting of the Bank approved at the same date to issue the preferred shares with premium amounting to LBP 139,750 per share with total amount of LBP 139,750 million (equivalent to EGP 817,537,500), settled in cash by the subscribers according to the terms set by the extraordinary general meeting on 4 July 2013.

23- Deferred tax liabilities

	Balance at 1/1/2016	Recognized in profit or loss	Recognized in equity	Disposal of subsidiaries	Acquisition from subsidiaries	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(7,401,208)	(1,918,950)	--	--	(286,000)	(190,251)	(9,796,409)	--	(9,796,409)
Claims provision	610,250	--	--	--	--	(22,500)	587,750	587,750	--
Impairment loss on assets	3,151,533	(1,906,996)	--	--	--	(19,743)	1,224,794	1,224,794	--
Prior year losses carried forward	2,368,282	(3,211,427)	--	--	--	1,957,366	1,114,221	1,114,221	--
Fair value adjustments *	(706,292,170)	--	--	706,292,170	--	--	--	--	--
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 ***	(98,009,497)	--	(214,806,185)	--	--	(214,154)	(313,029,836)	--	(313,029,836)
Foreign Currency translation Differences	--	(198,393,561)	--	--	--	--	(198,393,561)	--	(198,393,561)
	(798,960,213)	**(205,430,934)**	**(214,806,185)**	**706,292,170**	**(286,000)**	**1,510,718**	**(511,680,444)**	**9,539,362**	**(521,219,806)**

* Deferred tax liabilities arising from the assets acquired and liabilities assumed as a result of the acquisition of the subsidiary Credit Libanais Bank.

** Directly deducted from cash flow hedges item presented in the statement of changes in equity.

*** Directly deducted from changes in the fair value of available-for-sale investments item presented in the consolidated statement of comprehensive income.

24- Provisions

		31/12/2016	31/12/2015
Claims provision	(24-1)	333,011,812	190,387,261
Severance pay provision	(24-1)	166,230,290	230,973,810
Financial guarantee for contingent liabilities	(24-1)	2,340,649	--
Other provisions		--	1,377,000
Balance		**501,582,751**	**422,738,071**

24-1

	Claims provision	Severance pay provision	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the year	190,387,261	230,973,810	--	421,361,071
Formed during the year	154,882,595	24,521,348	392,778	179,796,721
Foreign currency differences	15,494,849	92,514,892	--	108,009,741
Disposals of subsidiaries	(15,310,200)	(168,860,999)	--	(184,171,199)
Acquisition from subsidiaries	998,000	--	5,040,832	6,038,832
Amounts used during the year	(13,440,693)	(12,918,761)	(3,092,961)	(29,452,415)
Balance at the end of the year	**333,011,812**	**166,230,290**	**2,340,649**	**501,582,751**

25- Loans

Loans as at 31 December 2016 represent the following

Currency	Financial limit	Finance contract date	Maturity date	31/12/2016	31/12/2015
EGP*	250 million	10/6/2015	10/6/2023	199,274,290	139,904,817
	100 million	4/6/2015	4/6/2022	81,967,775	70,811,772
	200 million	14/7/2015	14/9/2022	112,230,509	101,381,149
	200 million	4/11/2015	4/11/2022	185,858,610	16,583,065
	200 million	9/8/2015	9/8/2023	47,176,941	--
	100 million	30/9/2015	30/9/2025	86,352,695	--
	100 million	14/3/2016	14/3/2023	70,975,564	--
	50 million	1/6/2016	1/6/2023	48,973,891	--
	100 million	1/6/2016	1/5/2020	93,496,233	--
	100 million	28/11/2016	31/10/2021	20,504,086	--
	80 million	15/12/2016	30/9/2021	10,531,282	--
EGP**	150 million	29/2/2016	28/2/2021	150,000,000	--
Balance				**1,107,341,876**	**328,680,803**
Current				184,654,352	54,142,170
Non-current				922,687,524	274,538,633
Balance				**1,107,341,876**	**328,680,803**

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

** Loan from Audi Bank to EFG-Hermes Holding used to finance regional expansion of the holding company

26- Share capital

- The company's authorized capital amounts EGP 3 200 million and issued and paid-in capital amounts EGP 2,867,422,500 distributed on 573,484,500 shares of par value EGP 5 per share.
- The company's Extraordinary General Assembly approved in its session held on May 31, 2015 to increase the company's authorized capital from EGP 3 200 million to EGP 6 billion and to increase issued and paid-in capital from EGP 2,867,422,500 to EGP 3,259,255,500 with an increase amounting to EGP 391,833,000 by issuing 78,366,600 shares of par value EGP 5 through the issuance of free shares at a ratio of 1.46 free share for every ten outstanding shares and approximating the fractions in favor of the small shareholders. This increase is financed from the 2014 profits which were approved in the Ordinary General Assembly in its session held on May 17, 2015 after the exclusion of 36,956,522 shares. The required procedures have been taken for this increase and the registration in the Commercial Register took place on July 5, 2015.
- On September 30, 2015, The company's board of directors approved to decrease the company's issued capital from EGP 3,259,255,500 to EGP 3,074,472,890 with a decrease amounting to EGP 184,782,610 by cancelling 36,956,522 treasury shares with par value EGP 5 each accordingly the total outstating shares reached 614 894 578 share, the company's Extraordinary General Assembly approved it in it's session held on November 16, 2015, and the Egyptian Financial Supervisory Authority approved the cancellation on December 15, 2015, The required procedures have been taken for this decrease and the registration in the Commercial Register took place on December 20, 2015.

27- Non - controlling interests

	31/12/2016	31/12/2015
Share capital	72,136,666	423,420,239
Legal reserve	18,344,483	164,513,308
Other reserves	(4,403,698)	875,611,621
Retained (losses) earnings	(5,137,939)	206,077,866
Other equity	--	111,613,500
Increase in fair value of net assets	--	1,456,486,747
Goodwill of subsidiaries	23,323,331	--
Interim dividends	(13,656,958)	--
Profit for the year *	36,210,196	187,493,984
Balance	**126,816,081**	**3,425,217,265**

* The non- controlling interests presented in the income statement with an amount of 82 699 824 EGP include an amount of 46 489 628 EGP represents the non - controlling interests relating to the discontinued operations.

28- Contingent liabilities

The company guarantees its subsidiaries – Financial Brokerage Group, Hermes Securities Brokerage, EFG Hermes Jordan and EFG Hermes Oman LLC. – against the credit facilities granted from banks and EFG- Hermes Brokerage – UAE against the Letters of Guarantee issued from banks amounting to:

	31/12/2016	31/12/2015
AED	118,670,000	118,670,000
Equivalent to EGP	581,554,202	251,877,075

Group off-balance sheet items :

	31/12/2016	31/12/2015
Financing commitments given to financial institutions	--	1,101,375,600
Commitments to customers	--	2,622,165,000
Guarantees given to customers	--	965,450,400
Restricted and non – restricted fiduciary accounts	--	54,197,700
Commitments of signature received from financial intermediaries	--	194,218,200
Securities' commitments	--	411,131,400
Other commitments received	--	42,128,590,800
Assets under management	45,316,848,744	28,218,132,733

29- Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of incentive fee with an amount of EGP 2, 970,687 till December 31, 2016 versus EGP 2,755,516 till December 31, 2015 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

	For the year ended	
Subsidiary's name	**31/12/2016**	**31/12/2015**
Egyptian Portfolio Management Group	2,970,687	2,750,549
EFG- Hermes Financial Management (Egypt) Ltd.	--	4,967
Total	**2,970,687**	**2,755,516**

30- Impairment loss on assets

	For the year ended	
	31/12/2016	**31/12/2015**
Impairment loss on accounts receivables & debit accounts	5,588,277	2,435,007
Impairment loss on available –for– sale investments *	87,566,353	1,394,664
Total	**93,154,630**	**3,829,671**

* Include an amount of EGP 26,310,294 represent fully impairment for the Group's investments in the Syrian Arab Republic (Note no 36).

31- Income tax expense

	For the year ended	
	31/12/2016	**31/12/2015**
Current income tax	(7,329,688)	30,751,494
Deferred tax	205,430,934	1,139,145
Total	**198,101,246**	**31,890,639**

32- Cash and cash equivalents

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

	31/12/2016	**31/12/2015**
Cash and due from banks	11,507,605,161	26,456,336,103
Due to banks and financial institutions	(726,622,841)	(3,855,071,009)
Assets – maturity more than three months	--	(11,019,498,600)
Treasury bills less than 90 days	1,073,566,024	--
Effect of exchange rate	--	2,736,340,932
Cash and cash equivalents	**11,854,548,344**	**14,318,107,426**

33- General administrative expenses

	For the year ended	
	31/12/2016	**31/12/2015**
Wages , salaries and similar items *	1,405,600,463	534,385,142
Consultancy	79,681,607	12,521,410
Travel , accommodation and transportation	23,748,676	19,505,329
Leased line and communication	58,771,256	43,415,510
Rent and utilities expenses	45,465,756	31,914,758
Other expenses	221,070,892	107,008,669
Total	**1,834,338,650**	**748,750,818**

* In 2016 the group based on the compensation committee recommendation approved enrolling a number employees in a two year 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 447 252 438 relevant to this program.

34- 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 December 31, 2016

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Assets held for sale (commercial bank)	Total
Fee and commission income	2,116,328	547,544,754	153,663,366	105,253,539	72,902,776	--	71,327,085	--	952,807,848
Fee and commission expense	(176,133)	(47,167,824)	(12,661,712)	(164,697)	(86,888)	(65,707)	(3,575,638)	--	(63,898,599)
Net fee and commission income	**1,940,195**	**500,376,930**	**141,001,654**	**105,088,842**	**72,815,888**	**(65,707)**	**67,751,447**	**--**	**888,909,249**
Securities gains	77,281,428	5,462,630	--	--	--	--	--	--	82,744,058
Changes in the investments at fair value through profit and loss	27,867	(3,448,287)	--	--	(2,137,985)	--	--	--	(5,558,405)
Revenues from leasing activities	--	--	--	--	--	218,615,703	--	--	218,615,703
Foreign currencies differences	2,580,328,272	83,417,718	17,302,073	18,245,682	38,303,980	5,350	134,074	--	2,737,737,149
Other income	15,299,698	13,204,638	1,981,910	15,179,827	542,592	--	(3,736,498)	--	42,472,167
Non-interest revenue	**2,674,877,460**	**599,013,629**	**160,285,637**	**138,514,351**	**109,524,475**	**218,555,346**	**64,149,023**	**--**	**3,964,919,921**
Interest and dividend income	146,570,756	58,846,882	164	12,087,836	11,398,298	2,957,755	90,029,989	--	321,891,680
Interest expense	(46,572,609)	(64,751,881)	--	(1,080,000)	(2,893)	(103,253,723)	(44,787,831)	--	(260,448,937)
Net interest income	**99,998,147**	**(5,904,999)**	**164**	**11,007,836**	**11,395,405**	**(100,295,968)**	**45,242,158**	**--**	**61,442,743**
Total net revenue	**2,774,875,607**	**593,108,630**	**160,285,801**	**149,522,187**	**120,919,880**	**118,259,378**	**109,391,181**	**--**	**4,026,362,664**
General administrative expenses	862,974,545	520,464,229	97,367,491	152,002,558	104,370,225	27,214,929	69,944,673	--	1,834,338,650
Provisions	113,666,436	25,446,175	11,472,876	10,968,196	12,221,209	--	6,021,829	--	179,796,721
Depreciation and amortization	20,619,973	6,663,648	571,298	291,765	118,752	73,636,953	3,205,620	--	105,108,009
Impairment loss on assets	81,387,250	6,682,867	878,202	870,933	3,335,378	--	--	--	93,154,630
Total non-interest expense	**1,078,648,204**	**559,256,919**	**110,289,867**	**164,133,452**	**120,045,564**	**100,851,882**	**79,172,122**	**--**	**2,212,398,010**
Profit before income tax	1,696,227,403	33,851,711	49,995,934	(14,611,265)	874,316	17,407,496	30,219,059	--	1,813,964,654
Income tax expense	(118,217,011)	(58,699,662)	(3,575,049)	(4,817,283)	(2,402,556)	(3,380,966)	(7,008,719)	--	(198,101,246)
Profit from continuing operations	**1,578,010,392**	**(24,847,951)**	**46,420,885**	**(19,428,548)**	**(1,528,240)**	**14,026,530**	**23,210,340**	**--**	**1,615,863,408**
Total assets	10,267,328,959	7,387,023,099	1,746,689,735	7,868,307	1,425,481,920	1,235,844,496	692,765,217	--	22,763,001,733
Total liabilities	1,539,281,438	5,301,833,684	287,198,349	126,760,819	450,852,971	1,068,255,315	170,914,627	--	8,945,097,203

	For the year ended December 31, 2015							
	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Commercial Bank	Total
Fee and commission income	5,314,489	412,174,422	208,113,238	156,118,273	70,731,383	--	--	852,451,805
Fee and commission expense	(75,327)	(39,279,671)	(8,803,947)	(528,315)	(43,871)	--	--	(48,731,131)
Net fee and commission income	**5,239,162**	**372,894,751**	**199,309,291**	**155,589,958**	**70,687,512**	--	--	**803,720,674**
Securities gains	87,825,557	11,529,966	--	--	--	--	--	99,355,523
Changes in the investments at fair value through profit and loss	2,328,476	39,257	--	--	(3,035,734)	--	--	(668,001)
Revenues from leasing activities	--	--	--	--	--	28,447,420	--	28,447,420
Foreign currencies differences	86,265,355	6,028,407	565,865	413,712	14,464,622	(11,554)	--	107,726,407
Other income	18,150,200	11,830,425	3,644,079	1,675,000	202,153	--	--	35,501,857
Non-interest revenue	**199,808,750**	**402,322,806**	**203,519,235**	**157,678,670**	**82,318,553**	**28,435,866**	--	**1,074,083,880**
Interest and dividend income	58,362,559	17,673,557	1,328	4,974,028	3,648,945	3,206,715	--	87,867,132
Interest expense	(21,124,320)	(59,570,664)	--	--	--	(11,349,909)	--	(92,044,893)
Net interest income	**37,238,239**	**(41,897,107)**	**1,328**	**4,974,028**	**3,648,945**	**(8,143,194)**	--	**(4,177,761)**
Total net revenue	**237,046,989**	**360,425,699**	**203,520,563**	**162,652,698**	**85,967,498**	**20,292,672**	--	**1,069,906,119**
General administrative expenses	350,777,140	243,768,314	65,734,013	45,741,550	34,503,021	8,226,780	--	748,750,818
Provisions	12,513,789	10,978,955	3,445,641	863,165	20,863,957	--	--	48,665,507
Depreciation and amortization	12,491,690	6,197,575	596,583	302,480	99,005	8,381,429	--	28,068,762
Impairment loss on assets	--	1,328,889	1,337,072	--	1,163,710	--	--	3,829,671
Total non-interest expenses	**375,782,619**	**262,273,733**	**71,113,309**	**46,907,195**	**56,629,693**	**16,608,209**	--	**829,314,758**
(Loss) profit before income tax	(138,735,630)	98,151,966	132,407,254	115,745,503	29,337,805	3,684,463	--	240,591,361
Income tax expense	(8,235,347)	(12,282,915)	(679,154)	(10,124,779)	(83,689)	(484,755)	--	(31,890,639)
(Loss) profit from continuing operations	**(146,970,977)**	**85,869,051**	**131,728,100**	**105,620,724**	**29,254,116**	**3,199,708**	--	**208,700,722**
Total assets	5,994,013,876	4,218,484,465	201,026,432	16,411,402	334,099,560	511,475,348	77,125,274,496	88,400,785,579
Total liabilities	500,557,339	2,347,690,092	50,613,826	43,281,581	211,819,522	434,145,922	71,428,856,296	75,016,964,578

(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.

	December 31, 2016				
	Egypt	GCC	Lebanon	Other	Total
Total net revenue	3,332,545,226	626,983,426	33,974,651	32,859,361	4,026,362,664
Segment assets	11,487,272,958	7,188,878,983	3,907,767,768	179,082,023	22,763,001,732

	December 31, 2015				
	Egypt	GCC	Lebanon	Other	Total
Total net revenue	638,146,481	410,895,075	3,187,917	17,676,646	1,069,906,119
Segment assets	4,583,580,407	3,308,113,453	80,428,108,808	80,982,911	88,400,785,579

35- Tax status (the holding company)

- As to Income Tax, the years till 31/12/2010 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee and as to years 2011 / 2012 have been inspected and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2013 the competent Tax Inspectorate inspected the parent company's books and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to years 2014/2015, it has 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 Internal Committee, and the due amount has been paid and as to years 2009/2012 company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2015 , the parent company's books have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from 1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the court, and the period from 1/8/2006 till 31/12/2013 has been inspected and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to years 2014/2015, it has not been inspected yet.

36- 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 Brokerage – 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
October Property Development Ltd.	--	100
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 Qatar LLC	100	--
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG- Hermes IFA Financial Brokerage	--	57,723
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	
Mena Long-Term Value Feeder Holdings Ltd.	--	100
Mena Long-Term Value Master Holdings Ltd.	--	90
Mena Long-Term Value Management Ltd.	--	90
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99,998	--
EFG-Hermes IB Limited	100	--
Meda Access Cayman Holdings Limited	--	100
EFG- Hermes Mutual Funds Co.	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	99	1
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	94	--
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5

* Due to the exposure of the Syrian Arab Republic of events Which impacted significantly on the economic sectors in general which leads to lose of control so, the company's management decided to transfer these investments from investments in subsidiaries to available for sale investments (Note no 30).

37- 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.

37-1 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.

37-2 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 revaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

37-3 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.

37-4 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.

37-5 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.

37-6 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.

37-7 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.

37-8 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.

37-9 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.

37-10 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.

37-11 Risk of fund granting

The risk of fund granting is defined as the expected losses of a failure of one or some of the lenders to repay debts due to the institution in the agreed maturity dates with the institution.

And it can result the customer's failure to fulfill their debts toward the institution ,whether for forced circumstances related to the customers such as client activity suffered a financial crisis, natural disasters or economic sector exposure to the client or the financial crisis exposed the economic sector for the client to the crisis outside the client's control or as a result of the nature of the new laws and regulations especially the geographical scope of the client It can also be the result of deliberate omission by the client or as a result of the failure of credit information system and ensure the solvency of the client and its ability to fulfill its payment commitment with the company.

38- Significant accounting policies applied

38-1 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.

38-2 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.

38-2-1 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.

38-2-2 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.

38-3 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.

38-3-1 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising fromintra-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.

38-4 Foreign currency

38-4-1 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.

38-4-2 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.

38-5 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.

38-6 Revenue

38-6-1 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.

38-6-2 Dividend income

Dividend income is recognized when declared.

38-6-3 Custody fee

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

38-6-4 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".

38-6-5 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.

38-6-6 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.

38-6-7 Management fee

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

38-6-8 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.

38-6-9 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.

38-6-10 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.

38-6-11 Revenue for 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.

38-7 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.

38-7-1 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.

38-7-2 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.

38-8 Property, plant and equipment

38-8-1 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.

38-8-2 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.

38-8-3 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.

38-8-4 Reclassification to investment property

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

38-9 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.

38-10 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.

38-11 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.

38-12 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.

38-13 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.

38-13-1 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.

38-13-2 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.

38-13-3 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.

38-13-4 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.

38-13-4-1 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.

38-14 Share capital

38-14-1 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.

38-14-2 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.

38-15 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

38-16 Impairment

38-16-1 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. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

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.

38-16-2 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.

38-17 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.

38-18 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.

38-19 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.

- 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.

38-20 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.

38-21 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.

38-22 Loans and advances to customers and related provision

Loans and advances to customers are stated at principal together with interest earned at the financial position date, and after deduction of unrealized interest and provisions on sub-standard, doubtful and bad debts. These provisions are reviewed periodically by the management of the Bank, using criteria that are consistent with those of the preceding year. Specific provision for credit losses is determined by assessing each case individually.

Provisions for doubtful and bad debts are set up to cover any possible losses in principal and interest in the existing portfolio of loans and advances to customers and contingent accounts.

The level of provision to be constituted is based on the difference between the book value and the present value of the expected future cash flows after taking into consideration the realizable value of the guarantees provided. This provision charge is accounted in the income statement. No general provisions are made on the loan portfolio apart from the "Reserve for general banking risks".

Provisions on doubtful accounts are written back to income only when the debt is restructured or repayment effectively resumed. Provision charges and provisions written back are recorded under "Net losses on loans and advances", in the income statement.

Doubtful and bad loans and advances are written-off from the financial position and are recorded as memorandum accounts when all possible means of collection recourses have been exhausted, and the possibility of any future recovery is considered to be remote.

38-23 Unrealized interest on sub-standard, doubtful and bad debts

Interest on non performing loans and advances are only recognized in the income statement upon realization. Interest receivable from sub-standard, doubtful and bad loans is reserved and deducted directly from the loan accounts at period end.Interests are transferred to the "unrealized interest" account for every loan considered by the management as doubtful in the short run and transferred to the "non ordinary loans" account in accordance with the Lebanon Central Bank Circular No. 58.

38-24 Assets acquired in satisfaction of loans

Real estate property acquired through the enforcement of security over loans and advances to customers is measured at cost less any accumulated impairment losses. The acquisition of such assets is regulated by the Lebanon Banking Authorities which require the liquidation of these assets within two years from acquisition. In case of default of liquidation the Group's lead regulator requires an appropriation from the yearly net income to a special reserve that is reflected under equity. This reserve can neither be distributed nor considered as an equity component while calculating the ratios set according to applicable laws, regulations and decisions.

38-25 Due from banks and other financial institutions

These are stated at cost less any amounts written off and provision for impairment where necessary.

38-26 Customers' deposits

All money market and customer deposits are carried at cost including interest, less amounts repaid.

38-27 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not recorded in the financial position.

38-28 Reserves for general banking risks

In compliance with the Lebanon Central Bank regulations and effective from 1996, Lebanese banks should appropriate from net profit for the year a minimum of 0.2% and a maximum of 0.3% from the total risk weighted assets and off financial position items based on rates specified by the Central Bank of Lebanon for any unspecified risks. The consolidated ratio should not be less than 1.25% of these risks at the end of the tenth financial year and 2% at the end of the twentieth financial year.

This reserve is not available for distribution, and is constituted in Lebanese weighted assets and off financial position items.

38-29 Allowances for credit losses

Specific impairment for credit losses is determined by assessing each case individually. This method applies to classified loans and advances and the factors taken into consideration when estimating the allowance for credit losses including the counterparty's credit limit, the counterparty's ability to generate cash flows sufficient to settle his advances and the value of collateral and potential repossession.

38-30 Impairment losses of micro financed loans

The Group at the date of the financial statements estimates the impairment losses 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 meet the impairment losses.

38-31 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 subjected 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.

38-32 Initial application of new Egyptian Accounting Standards "EAS"

New versions and amendments on the Egyptian Accounting Standards has been activated as at 1/1/2016:

During 2015, A modified version of the Egyptian Accounting Standards "EAS" was issued, these standards involves some of the new accounting standards and adjustments to be applied for the financial periods that starts after the first of January, 2016 knowing that the early application of these standards is not allowed.

The most important amendments on the Egyptian Accounting Standards that may have a significant on the financial statements of the company as at 31/12/2016:

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (1) Presentation of Financial Statements	**Statement Of Financial Position** Statement Of Financial Position ■ The standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. ■ A column shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity.	■ Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the standard.
EAS (1) Presentation of Financial Statements	**Income Statement / Statement of Comprehensive Income** The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	■ Adding a new statement, 'Statement of Comprehensive Income', for the current and comparative period.
EAS (10) Property, Plant and Equipment (PPE)	■ The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.
	■ The option of using the revaluation model in the subsequent measurement of PPE has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.
EAS (23) Intangible Assets	■ The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (34) Investment Property	■ The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.	■ The fair value of the investment at the beginning of the implementation of this standard considered as deemed cost of that investment for the purposes of the subsequent accounting treatment according to EAS (10) "PPE". ■ Revaluation surplus of fixed assets transferred to investment property is recognized in retained earning (loss) on the retirement or disposal of the investment property
EAS (41) Operating Segments	■ EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance	On the date of implementing the standards, the entity re-present the information corresponding to the earlier periods including the interim periods.
Egyptian Standard No. (29) Business Combination	The purchase method was cancelled and replaced by the acquisition method; as results: 1. Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3. Changing the method of measuring goodwill in case of Step Acquisition is made. ■ The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process.	The management applied the amended new standard starting from the current period; the amendment standard has no impact on the comparative period figures presented in the financial statements.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
Egyptian Standard No.(42): The Consolidated Financial Statements	■ Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. ■ Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. ■ Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	No retroactive amendment on the figures presented in the financial statements

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