



1984

2019

35 Years of Success



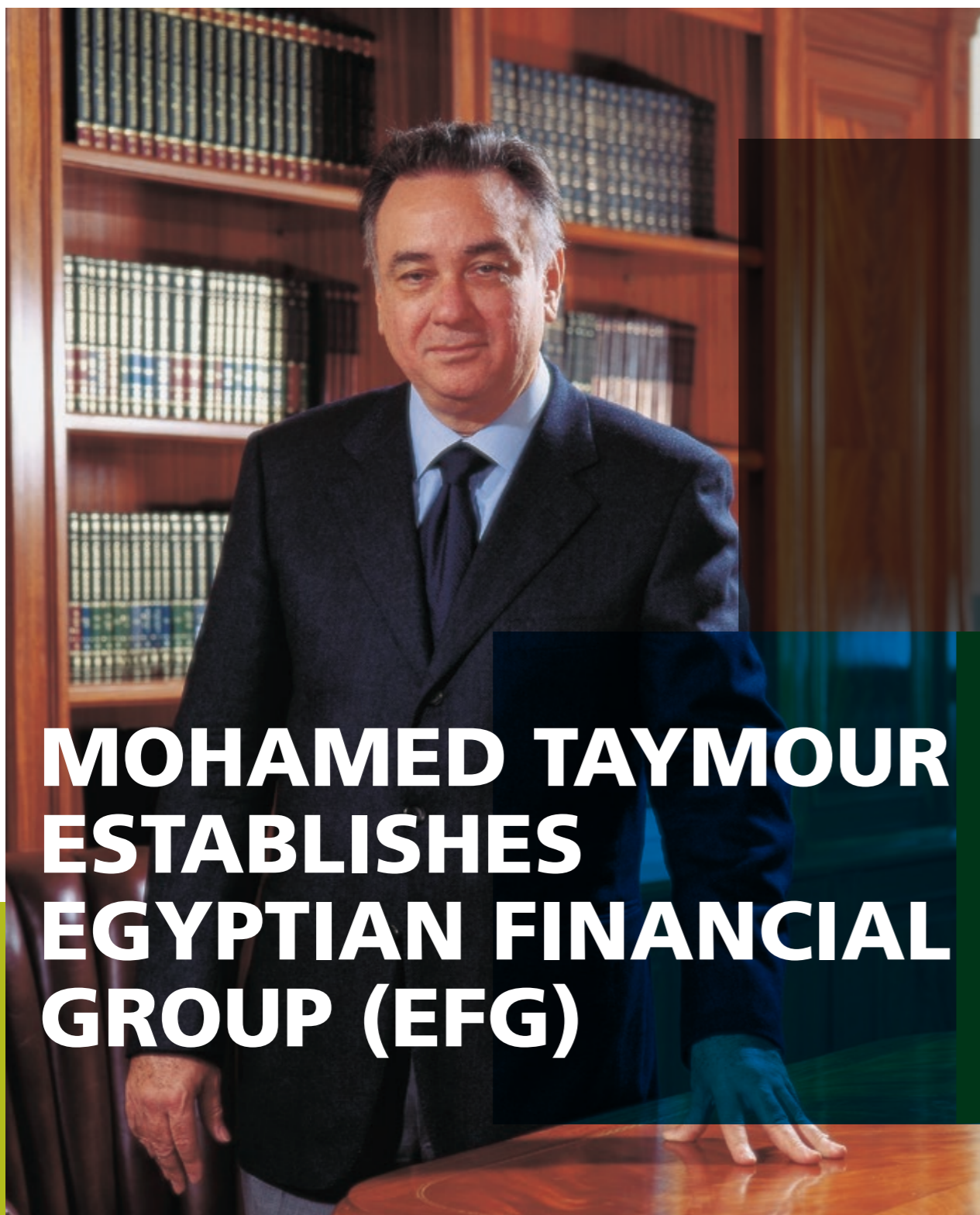
1984

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# CONTENTS

04	EFG Hermes at a Glance
10	Chairperson's Foreword
14	A Note from Our Group CEO
20	Management Discussion & Analysis
30	Sell-Side Platform
34	Frontier
38	Investment Banking
44	Securities Brokerage
52	Research
56	Buy-Side Platform
60	Asset Management
64	Private Equity
68	NBFI Platform
72	Leasing
76	Tanmeyah
80	valU
84	EFG Hermes Factoring
88	Corporate Governance
94	Risk and Compliance
98	Our People
102	Board of Directors
112	Executive Committee
120	Corporate Social Responsibility
124	Financial Statements



# MOHAMED TAYMOUR ESTABLISHES EGYPTIAN FINANCIAL GROUP (EFG)

# 1984

Dr. Mohamed Taymour established Egyptian Financial Group (EFG) in 1984, making it the first investment banking firm in Egypt.

# The Leading Financial Services Corporation in FEM

Over its 35-year history of success, EFG Hermes has gone from one milestone to the next. From a leading Egyptian investment bank to a fully integrated financial service provider with presence in 13 markets across four continents — EFG Hermes has evolved not only to match shifting market dynamics but evolving stakeholder needs. The Firm leverages its expansive on-the-ground presence across the world, an ever-expanding portfolio of services, and commitment to driving shareholder value to cement its leadership position across some of the world's most rapidly growing markets.

## What We Do

For 35 years, EFG Hermes has been a leading financial services provider across frontier emerging markets (FEM). Through its two platforms, the Investment Bank and Non-Bank Financial Institutions, EFG Hermes is able to consistently bring innovative products to the table, offering a comprehensive service portfolio to meet the evolving needs of its growing base of institutional investors and retail clients. During 2019, the Firm further expanded its presence across fast-growing and increasingly attractive markets, becoming the first FEM investment bank to establish an on-the-ground presence in Vietnam.

Founded in 1980 as an Egyptian advisory firm, EFG Hermes quickly expanded to become a full-fledged investment bank by 1996. Through organic growth, strategic mergers and acquisitions, and a lateral business strategy, EFG Hermes has transformed itself into a leading financial services corporation

with a diverse product range, encompassing both traditional investment banking services as well as non-bank financial services.

## The Investment Bank

### Securities Brokerage

EFG Hermes Securities Brokerage offers its client base, be they individual retail investors or some of the most prominent institutional investors and high-net-worth individuals, an unrivalled coverage of over a dozen frontier emerging markets. Today, the division stands as the leading brokerage house in both the MENA region and across the wider FEM space, with on-the-ground presence in Egypt, Kuwait, the UAE, Saudi Arabia, Oman, Jordan, Pakistan, Kenya, Nigeria, Bangladesh, Vietnam, the UK, and the US.

The year saw the division open a new office in Vietnam, becoming the first FEM investment bank to establish an on-the-ground presence in the country. Throughout 2019, EFG Hermes continued to strengthen market shares across its footprint, ranking first on the Egyptian Stock Exchange (EGX), the Abu Dhabi Exchange (ADX), both the Dubai Financial Market (DFM) and NASDAQ Dubai, and the Kuwaiti Stock Exchange (KSE). The division completed its second FEM IPO following the successful offering of ASA International in 2018, demonstrating the Firm's ability to bookbuild and transact in FEM, and completed advisory on EFG Hermes' first cross-border M&A transaction in East Africa. During the year, the team also executed its first trades in Poland and South Korea and continued to add significant clients to its roster as it looks to further

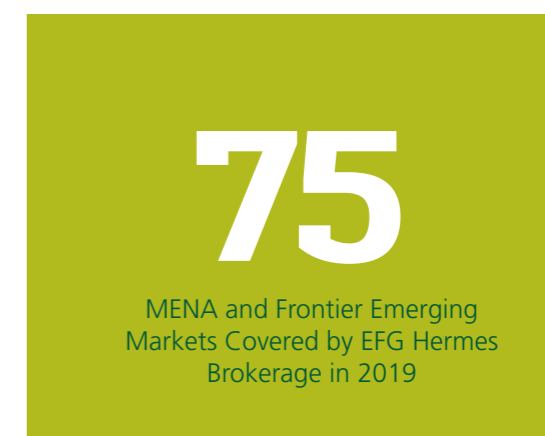
expand coverage and deploy new on-the-ground teams to cover equities in promising FEMs.

### Investment Banking

Since the division's launch in 1995, EFG Hermes' Investment Banking has climbed the regional rankings to become a leader in M&A advisory, equity capital market (ECM) executions, and debt capital market (DCM) capabilities. Leveraging its ability to tap a global client base and utilize its unrivalled network of MENA clients to raise demand for compelling opportunities, the division continued to execute a growing number of transactions across an expanding global footprint. In 2019, the division posted yet another year of record-breaking transactions worth a total of USD 33.6 billion despite geopolitical volatility. Over the last twelve months, the division acted as a joint bookrunner on Aramco's record-breaking USD 29.4 billion IPO, advised on two LSE listings by non-MENA headquartered companies, and continued to thrive in its core Egyptian market, capturing 100% of ECM deals in the country. During the year, EFG Hermes Investment Banking worked to further cement its position as a market leader and innovator, successfully issuing both Egypt's first short-term securitization transaction and first short-term bond transaction, both of which fall under the new Short-Term Debt Instrument (STDI) decree published by the Financial Regulatory Authority (FRA) in 2018.

### Asset Management

EFG Hermes Asset Management is the MENA region's largest asset manager serving an increasingly diverse client base including multinational corporations, endowments, foundations and family offices, but with a



continued focus on long-term and institutional clients. The division offers a wide array of tailored products including mutual funds and discretionary portfolios with both country-specific, regional, conventional, and Sharia-compliant mandates. As of year-end 2019, the division recorded over USD 1.5 billion in regional AUM and more than EGP 16.3 billion in the local Egyptian market. During the year, the division launched its new FIM Global Sukuk Fund, a further testament to the team's ability to launch new, diversified products in response to the changing needs of its client base.

### Private Equity

EFG Hermes Private Equity today is widely recognized as a leading player in the field with an unparalleled ability to raise money from around the world to invest across the MENA region and Europe. The division invests across a wide spectrum of sectors with a specific focus on renewable energy, education, and healthcare. Through its Vortex platform, EFG Hermes

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currently invests in a 365 MW solar PV farm in the UK. During 2019, the division successfully reached financial close on the divestment of Vortex I and Vortex II, which together held a 49% stake in a 998 MW pan-European wind energy portfolio, demonstrating EFG Hermes’ ability to acquire, manage, and exit renewable energy investments. In the coming year, Vortex Energy will embark on the next stage of its journey as it looks to invest in renewable energy projects across Europe, the US, and Latin America. During 2019, the division also completed the second closing of its Egypt Education Fund, bringing the fund’s total commitments to around USD 133 million. The fund is part of a wider platform established in partnership with GEMS Education, one of the world’s leading providers of educational services, which will see USD 300 million invested in Egypt’s vital education sector over the coming three years. Finally, EFG Hermes’ Rx Healthcare Management announced its first investment in the Egyptian pharmaceuticals space through the acquisition of a leading Egyptian medical solutions provider, United Pharma.

#### Research

EFG Hermes Research is the leading provider of real-time, high-quality coverage of MENA and FEM markets. The division brings together equities research, macro research, strategy and index research to offer fair, unbiased, comprehensive analysis that helps guide EFG Hermes’ other departments and the Firm’s large client base when making critical financial decisions. Leveraging a team of experienced analysts and an on-the-ground presence

in numerous markets around the world including Cairo, Dubai, Pakistan, Kenya, the UK and Singapore, the division provides unmatched insight on 287 equities across 26 markets as of year-end 2019. In 2018, EFG Hermes’ Research division launched Egypt One, an innovative, retail-oriented platform that has quickly become the go-to information provider for analysts and clients looking for reliable daily insights on local and regional markets.

#### Non-Bank Financial Institutions

##### Tanmeyah

EFG Hermes Finance acquired Tanmeyah Microenterprise Services in 2016 and it has since become the Firm’s flagship company under its NBFi platform. Tanmeyah, which today stands as the number one non-bank provider of microfinance solutions in Egypt, provides financing for micro and very small businesses across Egypt giving its thousands of clients access to the necessary capital to find a path out of poverty and grow their businesses. The company also offers products and services that complement the diverse needs of small businesses, such as microinsurance and group lending. As of year-end 2019, Tanmeyah had 271 operational branches catering to the needs of over 360,000 borrowers in 24 of the 27 Egyptian governorates.

##### EFG Hermes Leasing

EFG Hermes Leasing was launched in 2015 and today is a leading provider of leasing solutions and value-added advisory services in Egypt. EFG Hermes Leasing leverages its extensive multi-disciplinary

expertise to offer high-quality, tailored solutions at competitive prices, with the fastest turnaround time in the industry, to a growing pool of clients ranging from large corporations to SMEs.

##### EFG Hermes Factoring

Launched in early 2018 to further diversify the Firm’s NBFi offering, EFG Hermes Factoring provides businesses with an alternative source of financing, allowing them to meet their more pressing working capital needs and obtain the liquidity they need to grow their businesses. EFG Hermes Factoring is currently one of the few active players in the Egyptian factoring space, with its market share at the end of 2019 standing at 10%.

##### Mortgage

In the second quarter of 2019, Bedaya Mortgage was launched in partnership with Talaat Mostafa Group (TMG) and GB Capital, the NBFi platform of GB Auto. This joint venture was the natural evolutionary step to expand our NBFi platform.

##### Insurance

In late 2019, EFG Hermes (through EFG Hermes Finance) and GB Auto (through GB Capital) announced their entry into a definitive sale and purchase agreement to acquire a 75% stake in life insurance player Tokio Marine Egypt Family Takaful in a deal worth EGP 84.75 million. Under the agreement, which is subject to regulatory approval, EFG Hermes Finance and GB Capital will each own 37.5% of the company.

##### valU

valU, which was launched in 2017, is EFG Hermes’ first fintech product and is part of a wider diversification strategy by the Firm as it looks to tap into new, growing segments of the financial sector. The innovative solution gives customers the ability to use their smartphones to complete purchases from 485 merchants across Egypt and allowing them to pay in convenient installments over 3-24 months. valU has quickly grown in popularity with over 58,000 active users as of year-end 2019. As a testament to valU’s success thus far, the app was recognized as the “Fintech Innovation of the Year” at the prestigious 2019 Seamless Awards in Dubai as well as the E-Commerce Summit Award for the Top Payment Solution in Egypt.

# Chairperson's Foreword

## 35 Years of Success



### Dear Shareholders,

I think we can all agree that the world is currently facing significant challenges that are creating an environment of uncertainty affecting our day-to-day lives and the way we do business. Whether it is political change across the globe, climate change or economic change, we find ourselves in a situation where optimistic growth forecasts have given way to contingency plans on how to survive what economists are calling 'the worst year of growth since 2009'.

Despite the doom and gloom that we see on the news, I take comfort in the fact that we at EFG Hermes have been here before, and we have survived to see another day. In fact, I can proudly say that over the years, we have built an organization that has been able to withstand challenges and come out even stronger.

The past year marked the 35th anniversary of EFG Hermes, a company that I first became familiar with in 1984. As a young lawyer, I was tasked with the job of completing the legal incorporation and commercial registration of what was then a small financial services consultancy between three partners including our founder, the late Dr. Mohamed Taymour.

The Egyptian Financial Group (EFG), as they were called at the time, came into being during an era when private sector investors and institutions in Egypt needed professional advice in raising funds and negotiating with the banking sector that was dominated by public sector banks. Eight years later after the passage of the 1992 Capital Market Law in Egypt, I was once again a part of the Firm's history

when I was tapped to advise EFG on the legalities of forming a brokerage arm and establishing an asset management business.

Since then, I have been heavily involved with the Firm, either in my capacity as legal advisor on all the major investment banking transactions that have been executed by EFG Hermes, and also by Fleming CIIC before the two entities merged, or as Chairperson of the EFG Hermes Foundation, a position that I was pleased to accept on a pro bono basis in 2006, and finally as the non-executive Chairperson of EFG Hermes Holding in April 2008.

Barely a year into my new role as Chairperson, a position that I felt confident and comfortable occupying since I had grown up professionally with the Firm since inception and was quite familiar with its business, we were hit with the global financial crisis followed by two revolutions in our home market of Egypt in 2011 and 2013. At one point, due to some fundamental changes in management, I found myself tasked with more than my fair share of duties and responsibilities. My first priority was to protect the Firm from the external political and economic turmoil. I also felt that it was my mission to support the younger generation that had grown up in the Firm, to take over management and develop a new strategy that would surgically address the challenges and be consistent with the realities of the day.

They stepped up to the task beautifully and re-structured EFG Hermes from a company pursuing a universal banking model into a fully-fledged financial

services corporation, a move that has served us well and helped create a buffer against market volatility. We began our foray into non-bank financial services in 2015 by offering much-needed leasing services through our subsidiary EFG Hermes Leasing and then we continued to expand the NBFI platform (EFG Hermes Finance) with the 2016 acquisition of Tanmeyah Microfinance, Egypt's largest private-sector microfinance company.

I am very proud of the way that EFG Hermes Finance has rapidly expanded in less than five years to become a market leader with subsidiaries in leasing, microfinance, factoring, mortgage and insurance, as well as consumer finance through our award-winning fintech solution valU. The newly outlined strategy was a very important milestone that literally reinvented EFG Hermes as a much larger entity with a broader product offering. Today, we see the rest of the market following our lead.

While we grew our NBFI platform, we simultaneously expanded our geographic footprint as an investment bank with a physical presence beyond the Arab world into North America, Europe, Africa, and Asia, where we are already starting to develop a strong presence and a winning track record. Currently, we are uniquely positioned in thirteen markets spread across four continents.

If we look at our achievements in 2019, it is clear that we have truly become a global business. We were the joint bookrunners on the largest equity offering in history, Saudi Aramco's historic USD 29.4 billion IPO

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on the Tadawul. We completed our first ECM advisory to a company in Sub-Saharan Africa, Helios Towers, a leading telecom tower infrastructure company that listed its shares on the London Stock Exchange (LSE), and we followed by concluding an accelerated book build for Zenith Bank (Nigeria) on the Nigerian Stock Exchange. The year also witnessed the conclusion of our first frontier M&A with our advisory to Pakistan's UBL's sale of its Tanzanian subsidiary.

In our home market of Egypt, we continued to play a pioneering role, particularly in developing the debt market. We were the first issuer of both short-term bonds and short-term securitization under the new regulation passed by FRA in late 2018. We participated in all of the major transactions that took place on the EGX, including the groundbreaking Fawry IPO and the accelerated book build for Eastern Company, the first public sector ECM offering in Egypt in recent years.

Our securities brokerage maintained its number one position in five MENA markets, but this year we also became market leaders in Kenya where we ended 2019 as number two and Nigeria where we were ranked 3rd in market share of executions on the stock exchange. All of these milestones mean that we have proven our ability to function and excel in different ecosystems and different cultures.

Not only have we survived the upheavals of the past 35 years, we survived and became a more resilient and agile institution. Today we are in a much better position to withstand the threats that may be coming our way as a result of COVID-19 and the global economic headwinds that are already rocking markets worldwide.

We are of course doing our part to ensure that our employees, clients, and communities across the globe remain safe and that moral and ethical considerations

remain at the core of our business decisions. We are a people-oriented company first and foremost, and we are proud to be amongst a handful of sustainable businesses in our region that have taken the concept of impact investing to a whole new level. With private equity investments in renewable energy, education, and healthcare, we apply the principles of the United Nations Sustainable Development Goals (SDGs) in our strategy, policies, and the daily administration of our business across the board.

Eleven years into my tenure as Chairperson, I can truly say that it has been one of the great challenges of my career to date. I have been honored to watch this company grow from a six-man team in the 80s to the leading financial services firm in frontier emerging markets with a team of more than 4,400 remarkable professionals.

I would like to take this opportunity to thank our Board of Directors who are all recognized experts in their respective fields, generously adding value to the progress of the company. I am very grateful for their continued contribution to the success of EFG Hermes. I am also extremely proud of our management and the talented employees who have made EFG Hermes into the company that it is today, a flagship not only for Egypt but also for the entire region. I am confident that we will continue to be leaders in the markets we tap because of the commitments we have made to sustainability and to creating value for all our stakeholders.



**Mona Zulficar,**  
Chairperson



# A Note From Our Group CEO



Over the past few years, EFG Hermes has laid strong foundations for a business model that is not only designed to withstand the ongoing volatility of capital markets but, perhaps more importantly, that can promote cross selling to its clients. Today, we boast a footprint that expands well beyond the Arab world with a much wider product range on the IB and NBFi fronts that can better cater to the needs of our retail, high net worth, institutional and corporate clients.

While our expectations going into 2019 was that it was going to be a turnaround year for capital markets, the Firm still faced many of the same headwinds as in years prior. However, despite a challenging macroeconomic and geopolitical backdrop, I am proud to say that EFG Hermes continued to grow across all three of its verticals, from our investment bank to our non-bank finance services and even our merchant banking business — all guided by a laser-sharp focus on our six strategic pillars (the “Six Ps”). At EFG Hermes, we believe that the Six Ps are, and will continue to be, the guiding principles that unite the goals of every division and that ensure we remain on course to deliver on the strategy we set for the business several years ago.

## People

Attracting the best the industry has to offer is essential for the sustainability of the Firm’s business model and its future growth. Retaining the best talent, by way of providing them with an environment that helps them learn, grow, and thrive — all while delivering results — is something we hold in the highest regard. We continue to funnel investment into improving the development programs we offer our employees as one way to achieve those goals. This year, the

HR department launched the DNA program to help identify employee training needs. In turn, this has allowed various departments to tailor training courses to best suit the individual needs of all employees to ensure everyone has an opportunity to refine their job-specific skills. At the same time, the EFG Hermes Academy continued to provide a superior learning experience for our middle and senior level management. In the coming period, we will work to launch financial training programs for our analysts and associates to ensure the next generation of talent is equipped with the relevant knowledge to support the Firm as we work to deliver on our growth strategy.

## Positioning

All of EFG Hermes’ divisions worked tirelessly to improve the Firm’s positioning in the markets in which we operate. Our Brokerage business has maintained its number one positioning in most of the Firm’s traditional markets while building our market share in some of the markets we’ve recently entered. Especially important to note is the great progress that the Firm has made in Saudi Arabia, where our brokerage market share currently exceeds 5% and where our Investment Banking division has executed two IPOs and one M&A transaction during the year. With one of those IPOs being that of Aramco — the biggest public offering in history — the division ended the year 29th on the global ECM league tables, bookending a very strong year for the team as it closed 22 transactions on the ECM, M&A, and DCM spaces. The positions enjoyed by both Brokerage and the Investment Banking division couldn’t have been achieved without the support they receive from EFG Hermes’ top-ranked Research team, which boosted its coverage in 2019 to 287 stocks and 27 economies — giving the Firm

a clear advantage over its competitors in a MiFID II world. Finally, the Firm’s Structured Products desk is carving out a niche for the business in the region, with 2019 seeing it diversify its product base to better cater to our clients’ unique needs. On the buy side, our Private Equity division exited its investment in the wind farm business in Europe at superior returns for EFG Hermes and its LPs. Furthermore, it completed the second close of its education fund and an investment in United Pharma that will act as the foundation for a healthcare platform in Egypt. While our public equities business has had a tough year with redemptions on the regional front, our Egypt Asset Management business has continued to grow its AUM base. Both businesses delivered outstanding alphas for their respective clients, giving the Firm confidence that 2020 will see more clients subscribing to its products. Finally, the NBFi business had another strong year with Tanmeyah consolidating its position as Egypt’s largest micro finance player and valU continuing to make massive inroads in building the country’s most innovative consumer finance business. In addition, our factoring and leasing businesses are finalizing a merger that will create a one-of-a-kind corporate finance solution unit that should massively improve our positioning in the coming years.

## Presence

In 2019, EFG Hermes had another active year of geographical expansions as it seeks to establish presence in markets where the Firm can create a competitive edge that helps it better serve its clients, especially on the sell side of the business. Accordingly, an on-the-ground presence in Nigeria was established at the beginning of the year to act as a West Africa hub and complement our East Africa base in Kenya.



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Further Asian expansions were added with Vietnam and Bangladesh. Today, the Firm's network (through on-the-ground presence and third-party agreements) currently allows us to execute trades for our clients in more than 75 countries, which is again advantageous for our business, especially when it comes to European institutional clients. Our Investment Banking division is also seeing more traction in terms of M&A and IPO mandates coming out of these newly entered markets, strengthening our belief in the solid grounds upon which our geographical expansion strategy was built on and its trajectory for the future.

### Products

2019 saw us make inroads in our product development pillar, seeing us add a fixed income desk and securitization practice to our DCM activities on the Investment Banking front. The United Pharma acquisition provided our clients with a new product on the Private Equity side, while our affiliate FIM launched both MENA focused sukuk and conventional fixed income funds to further diversify its product offerings. On the NBFI front, Bedaya, our mortgage affiliate, is expected to launch in early 2020 and with the Firm having recently signed the necessary definitive acquisition documentation, we expect to add life insurance to our financial services offerings during the coming year. Our NBFI platform will be a key growth driver going forward, which is why we plan to shift focus this year on adding more products to bolster our cross-selling capabilities to existing and new clients of the Firm.

### Profitability

Despite strong capital market headwinds, EFG Hermes delivered profitability growth during the year driven by both our geographical and product diversification strategy. This was also supported by the exit from our European wind business, which created a windfall in terms of incentive fees and capital gains in the first quarter of 2019, as well as the superior returns

realized from our treasury business. In the coming year, the Firm's strategy will continue to be driving revenue growth while managing costs to ensure ROE expansion continues into the new decade.

### Public Responsibility

The EFG Hermes Foundation carried out important work in Naga' El Fawal in Luxor this past year. The foundation opened the first Montessori nursery serving 50 children and creating 30 employment opportunities for trained teachers. The nursery also serves 20 children with special needs and runs on clean solar energy. In parallel, the team is renovating and upgrading 120 houses, providing them with access to clean water and sanitation services. These initiatives are part of the Firm's ongoing effort to provide residents of Naga' El Fawal and its surrounding communities with a wide network of social services. On the business side, EFG Hermes continues to provide training to all its business lines on environmental, social, and governance issues. In 2019, the Firm submitted its first report as signatories of the United Nations Principles for Responsible Investments, and we are proud to have assembled an investment portfolio that includes initiatives that directly feed into the Sustainable Development Goals in areas ranging from education, health care, and clean energy to microfinance and technology. This year, the Firm also strengthened its approach to ESG from a governance perspective by issuing statements on two urgent issues: climate change and human trafficking and modern slavery.



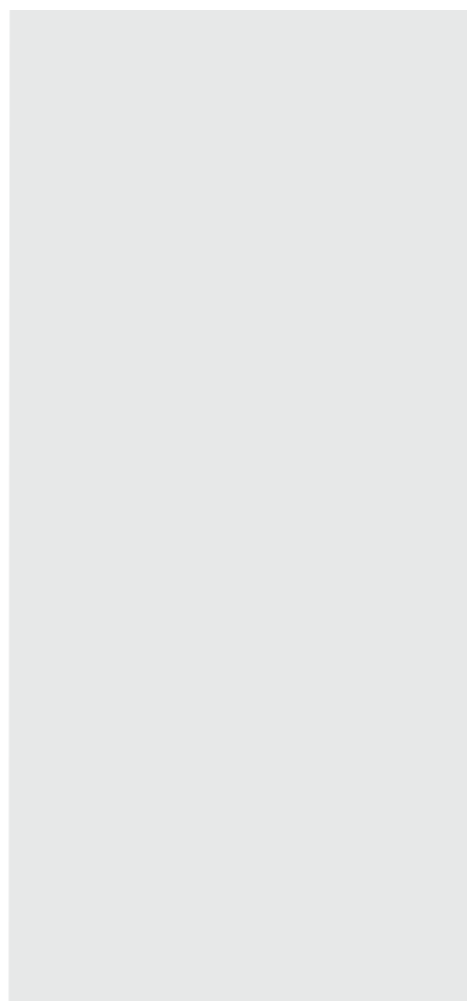
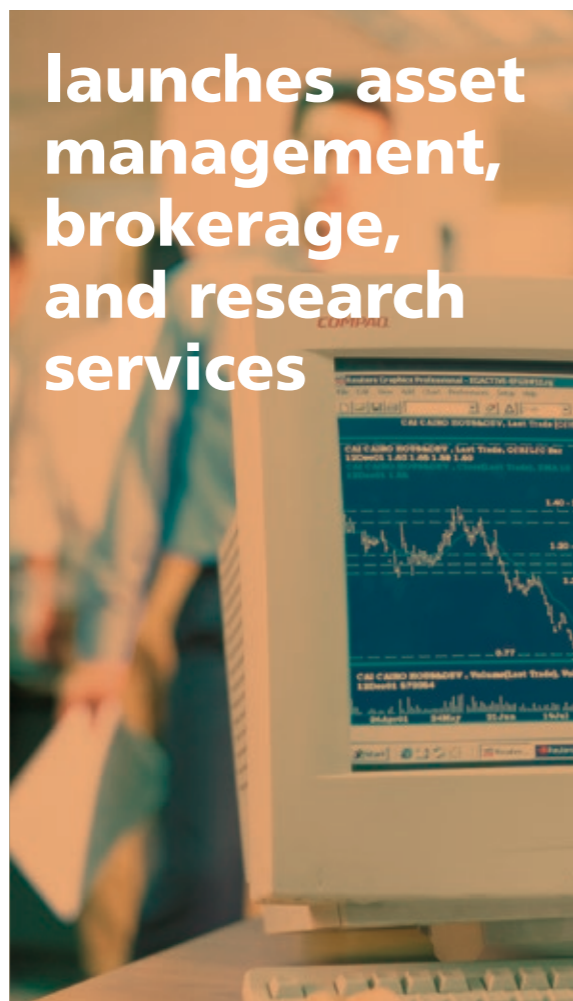
**Karim Awad**  
Group Chief Executive Officer





**EFG**

**launches asset management, brokerage, and research services**



**1994**

The Firm officially inaugurated its flagship asset management, brokerage, and research services in Egypt, which would go on to become some of the region's most respected financial service offerings.



# Management Discussion & Analysis

**EFG Hermes reported solid top-line growth for the year 2019 driven by broad-based expansion across the Group's platforms; strong revenue growth, which expanded faster than the Group's expenses, supported robust operational profitability and margins expansion as the Group returned to year-on-year bottom-line growth**

EFG Hermes continued to deliver on its strategic objective of diversifying the Group's product offering, reporting revenue growth at each of its business platforms in 2019. The year saw the Group strengthen its brokerage footprint in regional and Frontier markets and make highly successful exits on the private equity front, while the nonbank financial institution (NBFI) platform continued on its record-breaking upward trajectory.

The Group's flagship Investment Bank platform generated solid year-on-year revenue growth, driven predominately by rapid expansion at the Securities Brokerage and Private Equity businesses. In 2019, EFG Hermes made significant progress in expanding its market share across markets where the Firm currently operates. These efforts translated into higher brokerage revenues generated in markets like Saudi Arabia, Kuwait, UAE and Frontier Markets, as well as an enhanced contribution from Structured Products. The Firm's Investment Banking Division enjoyed its most successful year to date in terms of the value and number of transactions executed. On the buy-side, Private Equity revenues shot up on the back of its Vortex Wind portfolio exit in the first quarter of the year. Meanwhile, Asset Management revenues declined during the period, driven by an increase in client redemptions during the second quarter of the year.

Revenues from the NBFI platform continued to climb at a rapid pace, exceeding the EGP 1 billion mark for FY19. NBFI operations' contribution to the Firm's overall revenues and profitability grew to reach 26% and 23%, respectively. This is up from the 20% and 18% contributions made to revenue and profitability respectively in FY18. The platform's growth continued to be driven by Tanmeyah, which reaped the gains of the branch expansion plan that it embarked on over the past three years. valU, now in its second year of operations, more than doubled its top-line in 2019, propelled by rapid growth in its loan book and in the volume of transactions, which climbed 4x as compared to the year prior. EFG Hermes Factoring also enjoyed a highly successful first year of operations. Meanwhile, EFG Hermes Leasing reported a slight contraction in revenues compared to the previous period, due to FY18's figure including a one-time securitization gain. When excluding the one-off gain, revenues generated by the Group's Leasing operations would have increased year-on-year.

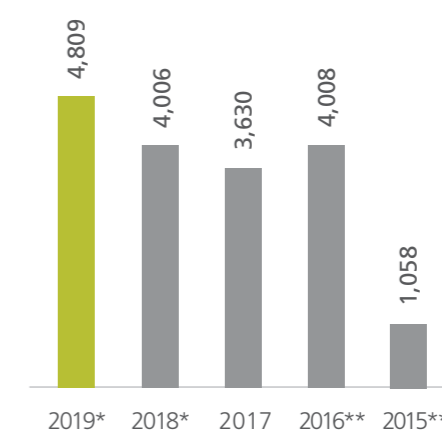
EFG Hermes reported operating revenues of EGP 4.8 billion in FY19, representing an increase of 20% from the figure recorded for FY18. Growth was powered by double-digit expansions in both the Investment Banking and NBFI platforms. Fees and commissions came in at EGP 3.4 billion in FY19, representing a 23% Y-o-Y increase and making up 71% of EFG Hermes

Group revenues for the year. Continued rapid growth in fee and commission income indicates the Group's continued success at implementing its strategic objectives of deepening exposure to new client pools while efficiently diversifying its platforms' product offerings. Revenues from Capital Markets and Treasury Operations, which made up the remaining 29% of total Group revenues in FY19, rose 14% Y-o-Y on the back of higher capital gains and interest income.

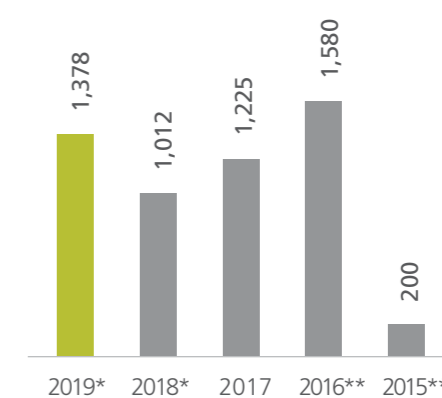
Group operating expenses recorded EGP 3.0 billion in FY19, up by 17% Y-o-Y. The increase in employee expenses, which represents the bulk of operating expenses, is predominately attributable to Tanmeyah's rapidly growing headcount and to an increase in variable compensation outlays on the back of EFG Hermes' positive performance during the period. At 45%, the Group's ratio of employee expenses to operating revenues remained below management's threshold of 50% in FY19. Meanwhile, the increase in other operating expenses is largely related to Tanmeyah's branch expansion and generally higher operating expenses associated with the growth of the Group's NBFI platform.

EFG Hermes booked a net operating profit of EGP 1.8 billion for FY19, up by 26% Y-o-Y, with an associated margin of 37%. Net profit after tax and minority interest recorded EGP 1.4 billion in FY19, an increase of 36% Y-o-Y from the EGP 1.0 billion booked for FY18.

Group Revenues (EGP mn)



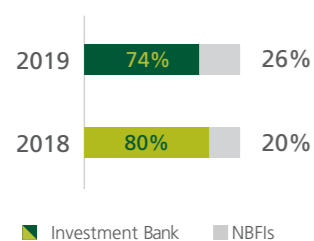
Group Net Profit (EGP mn)



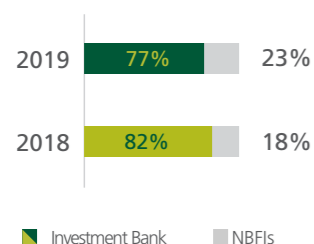
\* Net Profit figures for 2018 and 2019 are adjusted to reflect IFRS 16

\*\* 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.

### Revenue Contribution by Platform



### NPAT Contribution by Platform



## The Investment Bank

### Securities Brokerage

EFG Hermes Securities Brokerage completed USD 55.9 billion in executions for FY19, a Y-o-Y increase of 46%. The division's growth was driven primarily by stronger executions in Saudi Arabia, followed by Kuwait, Egypt, the UAE, Frontier Markets along with a strong contribution from Structured Products. EFG Hermes grew its market share across most of the Group's geographies in FY19, particularly in its newer Kenyan and Nigerian markets where EFG Hermes' ranking increased significantly and saw the Group place amongst the top five brokers in both countries. The division remains the top-ranked brokerage in the Egyptian market, with a share of 47.8% for 2019. EFG Hermes similarly retained its first place ranking on the Dubai Financial Market, ending the year with a market share of 33.5%, up 12.0 percentage points from the share recorded in FY18 as the Group captured nearly half of foreign institutional flows. EFG Hermes remains the largest broker operating on the Dubai Nasdaq (65.9%), the Kuwait Exchange (33.7%), and the Abu Dhabi Exchange where the division captured 38% of foreign flows and a market share of 39.1%. In Saudi Arabia, the Group saw its market share jump from 2.8% in FY18 to 6.1% in FY19, yielding a fifth-place finish among pure brokers and a fourth place ranking among foreign brokers. EFG Hermes closed FY19 as the fourth-largest broker in Oman (18.4%) and the sixth largest in Jordan (8.3%). The Group's market share in Pakistan continued to grow during the period, while EFG Hermes secured a second place ranking in Kenya (34.5%) and a third place finish in its new market of Nigeria (26.2%).

Securities Brokerage booked revenues of EGP 1.2 billion for FY19, up by 16% Y-o-Y, supported by growing revenues booked by KSA, the UAE markets, Kuwait, Frontier Markets, and Structured Products.

Egyptian equities continued to represent the highest contribution to the Brokerage commission pool, representing 22.2% of the total, with Frontier Markets, including Nigeria, Kenya, Pakistan and other Frontier executions, coming second with a 15.9% contribution.

### Investment Banking

EFG Hermes Investment Banking successfully executed 22 equity, M&A and debt transactions in FY19, up from the 19 completed in FY18 and representing an aggregate value of USD 33.6 billion.

On the equity front, EFG Hermes Investment Banking acted as a joint bookrunner on the USD 29.4 billion initial public offering of Saudi Aramco, the world's largest oil producer, on the Tadawul exchange. The

## Group Financial Highlights

In EGP mn	FY18	FY19	Change
<b>Group Operating Revenue</b>	<b>4,006</b>	<b>4,809</b>	<b>20%</b>
Investment Bank	3,192	3,570	12%
NBFIs	815	1,240	52%
<b>Group Operating Expenses</b>	<b>2,599</b>	<b>3,030</b>	<b>17%</b>
<b>Group Net Operating Profit</b>	<b>1,407</b>	<b>1,779</b>	<b>26%</b>
Group Net Operating Profit Margin	35%	37%	
<b>Group Net Profit after Tax and Minority Interest</b>	<b>1,012</b>	<b>1,378</b>	<b>36%</b>
Investment Bank	826	1,067	29%
NBFIs	186	311	67%

transaction marked the largest initial public offering in history, showcasing the Group's ability to compete in global equity markets alongside other leading investment banks. Earlier in the year, the team also acted as a joint bookrunner on the USD 749 million initial public offering of the leading Saudi-based mall operator Arabian Centres Company. In October, EFG Hermes acted as a joint bookrunner on the USD 361.7 million initial public offering of UK-based telecommunications company Helios Towers on the London Stock Exchange (LSE), marking the largest such transaction on the LSE during the second half of 2019. In EFG Hermes' home market of Egypt, the team acted as sole global coordinator and bookrunner on the USD 99 million initial public offering of Fawry for Banking and Payment Technology Services. The transaction marked the first fintech and payment processing IPO on the Egyptian Exchange. The Group efficiently capitalized on opportunities in the global equity market despite difficult circumstances on markets around the world and the postponement of several IPOs due to heightened volatility.



In the M&A space, the team successfully acted as financial advisor to major shareholder Veon, on the acquisition of a 42% stake in Global Telecom Holding through a mandatory tender offer amounting to USD 590 million. In line with EFG Hermes strategy to ramp up its Saudi business, the Group completed its first M&A transaction in the Kingdom advising on the NMC Healthcare acquisition of a 49% stake



Group Revenue by LOB (EGP mn) FY19



Securities Brokerage	1,208
Investment Banking	328
Asset Management	283
Private Equity	341
Leasing	157
Tanmeyah	1,048
valU	25
Factoring	9
Capital Markets & Treasury Operations	1,410

in National Medical CARE, for a total deal value of USD 316 million, through a joint venture with Hassana Investment Company. Later in the year, EFG Hermes successfully advised Al Ezz Dekheila Steel on its restructuring plans, a mandate which involved the mandatory tender offer (MTO) to acquire 100% of Ezz Rolling Mills for USD 424.0 million. The division also advised on the acquisition of a 56% stake in Ezz Flat Steel worth USD 129.4 million.

In the debt-raising space, EFG Hermes pioneered the introduction of several innovative instruments in Egypt's debt capital market. The division successfully advised on the short-term securitization issuance for Premium Card, valued at USD 12.0 million and representing the first single tranche (10-month) securitization issuance on the Egyptian market following the ratification of the Short-Term Debt Instrument (STD) decree no. 172 of 2018. EFG Hermes also successfully concluded Egypt's first short-term bond issuance on behalf of Hermes Securities Brokerage (HSB), a transaction valued at USD 25.0 million. Throughout the year, in line with the Group's goal to enhance its debt raising capabilities, the division advised on the issuance of a securitization bond for leading real estate player Madninet Nasr for Housing and Development, advised on the issuance of a securitization bond for the Egyptian government's New Urban Communities Authority (NUCA) for a total value of USD 363 million, and advised on the issuance of a securitization bond for Talaat Mostafa Group amounting to USD 30 million.

Investment Banking registered revenues of EGP 328 million in FY19, down by 10% Y-o-Y.

**Asset Management**

EFG Hermes Egypt Asset Management saw a strong year with AUMs expanding 25.3% over the course of 2019, standing at EGP 16.3 billion as of year-end 2019 versus EGP 13.0 billion at the close of the previous year. This increase came on the back of strong inflows from money market funds and a number of new portfolios won during the year.

Meanwhile, EFG Hermes Regional Asset Management (Frontier Investment Management "FIM") saw Regional AUMs decline over the course of the year standing at USD 1.5 billion as of 31 December 2019. However, FIM's funds/portfolios positive performance for the year added roughly 10% to total AUMs.

The decline in Regional AUMs weighed down on the division's revenues which fell 29% Y-o-Y to EGP 283 million in FY19.

**Private Equity**

EFG Hermes Private Equity's Vortex platform continues to manage Vortex Solar, the sole owner of a 365MW solar PV farm in the UK. Vortex Solar is jointly owned by Beaufort Investments (5%), a 100% owned subsidiary of EFG Hermes Holding, Tenaga Nasional Berhad (50%), and

KWAP (45%). Beaufort is the investment and asset manager of the Vortex Energy Platform. At year-end 2019, Vortex Solar's EBITDA registered GBP 39.1 million, with an EBITDA margin of 84.2%.

EFG Hermes' education platform, the Egypt Education Fund, completed two investments in the Egyptian market in 2019. Jointly owned with Dubai-based GEMS Education, the Fund has acquired four operational schools in the cities of Rehab and Madinaty, kicked off development on an additional school in Rehab, and acquired a majority stake in a leading transport provider, Option Travel. The latter investment significantly expands the platform's service offering to the c. 6,000 students enrolled at the Fund's institutions and will allow the company to provide high-quality student transportation to third parties at competitive rates.

Meanwhile, the year also saw EFG Hermes Private Equity successfully acquire 80% of United Pharma, a pharmaceutical company with operations in Egypt's medical solutions sector. The transaction successfully closed in November 2019.

The Private Equity team managed to exit its Energy's wind assets in 1Q19 realizing strong incentive fees, which in turn supported a 133% Y-o-Y expansion in the division's revenues which came in at EGP 341 million for FY19.

**Research**

EFG Hermes Research continued to deepen its coverage, enter new markets, and introduce new products in 2019. During the year, the team was voted the number one research team in Frontier Markets and number two in the MENA region in the prestigious 2019 Extel survey. These awards are further testament to the quality of the team's research which gives clients an unmatched ability to compare across multiple sectors, markets and regions, setting the division apart from the majority of its peers. Active coverage rose from 263 stocks at year-end 2018 to 287 by year-end 2019. Three new markets were added to the department's coverage universe in 2019, including Ghana, the Democratic Republic of the Congo, and Sri Lanka. Coverage was distributed across 10 sectors, 38 industries, and 27 markets. Meanwhile, the year saw EFG Hermes initiate coverage of new equities in Bangladesh (4), Ghana (3), Kuwait (3), Pakistan (2), Egypt (2), Saudi Arabia (2), Vietnam (2), Tanzania (1), the UK (1), Uganda (1), Nigeria (1), DPRC (1), and Sri Lanka (1). This expansion leaves EFG Hermes Research with enhanced in-depth coverage of a variety of dynamic markets and growth sectors. As of year-end 2019, the department's coverage universe encompassed Egypt (47), UAE (24), Saudi Arabia (65), Kuwait (15), Oman (14), Qatar (10), Lebanon (3), Morocco (4), Jordan (6), Pakistan (30), Kenya (10), Nigeria (12), Vietnam (10), Tanzania (5), Uganda (3), Mauritius (2), Bangladesh (11), Rwanda (1), Botswana (1), Netherlands (1), UK (4), Georgia (2), Ghana (3), the DPRC (1), and Sri Lanka (1). The team continued to introduce innovative new research products designed to capture a share of the growing demand for MIFID-compliant coverage.



Group Revenue by LOB (EGP mn) FY18



Securities Brokerage	1,045
Investment Banking	364
Asset Management	398
Private Equity	146
Leasing	168
Tanmeyah	631
valU	12
Factoring	3
Capital Markets & Treasury Operations	1,238

“ The year saw the Group strengthen its brokerage footprint in regional and Frontier markets and make highly successful exits on the private equity front, while the nonbank financial institution (NBFI) Platform continued on its record-breaking upward trajectory.

## Non-Bank Financial Institutions

### EFG Hermes Leasing

EFG Hermes Leasing recorded a market share of 4.5% for FY19, leaving the Group among the Egyptian industry's top ten firms by value of contracts booked. EFG Hermes Leasing worked to improve the quality of the division's portfolio during the year, with average ticket sizes rising compared to the level as of FY18. The division's net outstanding portfolio booked increased 18% Y-o-Y to reach EGP 3.4 billion at year-end 2019 compared to 2.9 billion one year previously. EFG Hermes Leasing reached 219 clients in 2019, up significantly from the 165 clients served in 2018.

Leasing revenues slipped by 6% Y-o-Y to EGP 157 million in FY19, with the comparable year including a one-off gain related to the division's securitization transaction completed in November 2018.

### Tanmeyah

EFG Hermes microfinance subsidiary Tanmeyah grew its outstanding portfolio to reach EGP 3.2 billion as of 31 December 2019, representing a Y-o-Y increase of 16%. Portfolio growth was driven by rising volumes, with the number of active borrowers climbing 23% Y-o-Y to reach 360,334 against 292,605 in the previous year. Processed applications increased at a similarly rapid rate of 16% to record 412,772 by year-end 2019. The company continued to rapidly grow its branch network in 2019, which reached 271 as of 31 December 2019, with an associated rise in headcount to 4,417 from 3,827 over the year.

In 2019, Tanmeyah continued to roll out its innovative group lending product. Currently focused in the Greater Cairo Area, the program achieved over EGP 61.4 million in sales in FY19. With the product offered solely

to women, group lending has enhanced Tanmeyah's ability to achieve its social outreach goals while further differentiating the company's service offering.

Tanmeyah's revenues booked EGP 1.0 billion in FY19, climbing by 66% Y-o-Y from the EGP 631 million recorded one year previously. The continued rapidity of Tanmeyah's operational expansion has driven the NBFI platform's enhanced contribution to EFG Hermes overall top line in 2019.

### valU

valU is a state-of-the art fintech solution offering Egyptian consumers payment-on-installment-programs. In its second full year of operations, valU continued to meet the Group's strategic objectives of diversifying its revenue stream through innovative financial products and utilizing the potential of Egypt's large consumer population smartphone penetration.

In FY19, valU's primary objectives were to enlarge the company's client base, activating new accounts, retaining existing clients, and increasing the number of transactions per client. It pursued several means to achieve these objectives, including the introduction of extended tenures of up to 36 months and new promotional initiatives such as instant cash back promotions during valU Friday. The year also saw valU launch e-commerce and services financing, roll out its first e-Gift card "TOU", and the kickoff partnerships with SWVL and with one of Egypt's largest retail groups, which led to the addition of several important brands to the valU network. valU also penetrated one of Egypt's top megastores, HyperOne. In recognition of valU's success and rapid growth achieved thus far,

the platform won two distinguished awards during 2019. The app was recognized as the "Fintech Innovation of the Year" at the prestigious 2019 Seamless Awards in Dubai and also received the "Best Payment Award" at this year's e-commerce summit.

valU ended its second year of operations with a base of 58,517 customers, up significantly from 21,618 at year-end 2018. The company's merchant network also continued to expand rapidly, with 485 merchants registered for FY19 against 206 one year previously. More than 55,000 transactions were completed using the valU platform during FY19, up from 14,040 in FY18, with the company's total outstanding portfolio standing at EGP 362 million against EGP 137 million for the comparable year.

valU closed the year booking revenues of EGP 25 million, up an impressive 111% Y-o-Y in FY19.

### Factoring

EFG Hermes subsidiary EFG Hermes Factoring received a license to offer factoring services in the Egyptian market in March 2018 and began operations in the final quarter of that same year. At the end of its first complete year of operations, EFG Hermes Factoring's outstanding portfolio reached EGP 369 million, with the subsidiary booking total revenues of EGP 9 million in FY19 up from the EGP 3 million recorded in FY18.



EFG merges with  
Hermes to form  
**EFG  
HERMES**



**1996**

EFG and Hermes Financial joined forces to capitalize on a wider network of local and international clients to compete with international investment banks.

# Sell-Side Overview



Mounting tensions between the US and China over trade tariffs, a shift in the relationship between GCC economies and Iran, and subdued oil prices as lack-luster global growth overshadowed OPEC-imposed supply cuts were just some of the macroeconomic and geopolitical challenges dominating global front pages over the course of the last year. Despite a second consecutive year characterized by adverse market conditions, EFG Hermes' sell-side divisions came out on top once again, posting a year of solid operational and financial results while continuing to expand on all fronts.

Our Securities Brokerage division maintained its number one ranking on the EGX on both the ADX and DFM, NASDAQ Dubai, and the KSE as the division strengthened its market share across most of the markets it operates in. In parallel, we also witnessed strong growth across our FEM markets as we increased our shares of total trades and advised on multiple key transactions, including EFG Hermes' first cross-border M&A transaction in East Africa and the Firm's second frontier emerging market IPO. Our structured product desk reported a second year of strong results on the back of a diversified product offering across FEM, while our investor conferences continued to be a highlight for FEM companies and global investors with record-high attendance recorded across all events.

Our Investment Banking team was equally as successful during the past 12 months, concluding an aggregate of USD 33.6 billion in transactions for 2019. During the year, the division delivered on all its strategic priorities, strengthening its position across regional and FEM markets. In Saudi Arabia, the team was appointed as joint bookrunner in the historic Aramco IPO concluded in December 2019 and in

Arabian Centres' public offering, which closed in May of this year. Outside of its traditional MENA market, the Firm successfully concluded two LSE offerings for two Sub-Saharan Africa-based companies, and later in the year closed two back-to-back cross-border transactions, demonstrating an unmatched ability to conclude mandates involving multiple jurisdictions. In Egypt, we captured 100% of ECM deals in the country, advising on four initial public offerings and accelerated bookbuilds on the EGX. On the DCM front, we pioneered several innovative debt instruments on Egyptian markets during the year.

In line with our coverage expansion strategy, EFG Hermes Research division initiated coverage on 35 new equities in both MENA markets and fastest-growing FEMs. The division also worked to improve the quality of its research products as it looks to continue providing exceptional value to its growing user base and remain at the forefront of an increasingly competitive sector. In line with this priority, the team worked to reposition its daily briefing product, Egypt One, to cater more to its retail readers providing more generic and comprehensible insights. At the same time, the team continued to enhance its online portal, striving to provide a greater degree of personalization and an improved overall user experience. Ensuring our best-in-class research products are easily accessible is key as a growing number of investors and analysts are choosing EFG Hermes Research as their research house of choice due to our insights' timeliness, uniqueness, and accuracy.

## Mohamed Ebeid

Co-CEO for the Investment Bank, EFG Hermes

**1.5** EGP  
BN

Sell-Side Revenues in 2019





# EFG HERMES

goes public in July via  
USD 50 million GDR  
offering

# 1998

Going public opened even more doors for the Firm, allowing it to gain further traction in the market. It currently trades on the EGX under the ticker HRHO and the LSE under EFGD.

# EFG Hermes Frontier

In 2019, EFG Hermes' Frontier division witnessed another year of growth, further solidifying its presence across existing and new frontier markets in the midst of shifting market, macroeconomic, and geopolitical dynamics. FEM economies faced multiple economic and political challenges over 2019, including continued tensions between China and the US over trade tariffs, Iran-GCC tensions, fluctuating oil prices, and an overall slowdown in the global economy. 2019 was also characterized by a reversal of trends seen in 2018 as central banks across both developed and emerging markets opted for widespread rate cuts, with FEM economies expected to benefit from lower rates in the US and other developed markets. Against this backdrop, FEM markets where the division operates reported a second year of subdued volumes and general illiquidity.

Despite these generally adverse market dynamics, EFG Hermes Frontier advised on multiple key transactions throughout the year, while expanding its on-the-ground presence by strengthening its network of analysts and traders. Its successes garnered the Firm a number of accolades, including top frontier market brokerage house on the 2019 Extel Survey for the second year running, the second-highest ranked house in the Middle East and North Africa, and, for the second time in as many years, the leading Africa (Ex. South Africa) Equities House by the Financial Mail.

## Sub-Saharan Africa

In Kenya, the division reported a second year of outstanding results. EFG Hermes now stands as the second-ranked brokerage player in the country just two years after entering the market. Despite fluctuating

volumes in the Kenyan market, the division tripled its market share during year, which supported its ability to capture the majority of trades following the MSCI rebalancing. Also in 2019, the team launched a fixed income desk in the country and worked to map and onboard clients.

In Nigeria, EFG Hermes concluded the acquisition of Nigerian brokerage house Primera Africa in February and commenced operations in the country in March. Leveraging EFG Hermes' expertise and Primera Africa's on-the-ground presence in the country, the Firm secured a third-place ranking and a market share of 26.2% by year-end 2019. In November, the division successfully executed its first ECM transaction in the country with a USD 30 million accelerated bookbuild for Zenith Bank PLC.

In October, EFG Hermes successfully completed the GBP 361.7 million offering of Helios Towers on the London Stock Exchange (LSE). The telecom tower infrastructure company's IPO is EFG Hermes' second frontier emerging market IPO following the successful offering of ASA International in 2018, and demonstrated the division's ability to bookbuild and transact across its FEM footprint by leveraging an unrivalled global distribution platform and the support of the Firm's world-class research and brokerage divisions.

## South and Southeast Asia

In 2019, EFG Hermes partnered with Asia Commercial Bank Securities (ACBS) of Vietnam, the securities trading arm of Asia Commercial Bank, a leading commercial bank in the country. Under this landmark agreement, the Firm's clients will receive

on-the-ground access and intelligence to trade on the Hanoi stock exchange, the Ho Chi Minh City Exchange, and UPCOM – some of Asia's most compelling capital markets. EFG Hermes is now the first FEM investment bank to establish an on-the-ground presence in Vietnam, an increasingly important destination for global investors given the size of the market and its liquidity. Following the official signing of the partnership agreement in May 2019, the division immediately began strengthening its team in the country by hiring two new traders. The partnership allowed EFG Hermes to expand its access across the continent, building trading capabilities in India and the Philippines.

The division embarked on an extensive restructuring program for its Pakistani operations in the face of mounting challenges for the market, including rising interest rates, fluctuating oil prices, a depreciating currency, and political tension with India weighing down on total trades executed. Nonetheless, rising participation from international investors in the second half of the year saw the division post solid performance for 2019 with its market share rising to 6.2% for the year. In Bangladesh, EFG Hermes Frontier maintained the largest market share among international institutional investors trading the market.

In November 2019, EFG Hermes successfully completed advisory to Pakistan's United Bank Limited (UBL) on the sale of the assets and liabilities of its Tanzanian subsidiary, UBL Tanzania (UBLT), to Exim Bank Tanzania Limited. The advisory is EFG Hermes' first cross-border M&A transaction in East Africa since entering the Kenyan market in 2017.

# 22.3%

Share of EFG Hermes Brokerage's  
FY19 Commission Generated by  
Frontier Markets



EFG Hermes launches the One on One Conference, which would go on to become one of the most important financial conferences in the region.



# Investment Banking

## Overview

EFG Hermes' Investment Banking division has grown into a regional leader in M&A advisory, ECM executions, and DCM capabilities, becoming the trusted partner for MENA and non-MENA FEM corporations, multinationals, and governments throughout the Arab world. The division is constantly expanding its reach, executing some of the largest and noteworthy deals across its geographical footprint. EFG Hermes Investment Banking deploys the largest and most diverse group of investment banking professionals in the region who bring deep understanding of companies, industries, markets, and economies with proven global knowledge. The team's on-the-ground presence combined with a flexible business model that quickly adapts to changing market and macro-economic dynamics have allowed the Firm to offer invaluable advisory to ever-growing client base.

In 2019, EFG Hermes Investment Banking deployed a three-pronged strategy to expand its deal count, bolster its DCM capabilities, and widen its geographical footprint with a specific focus on the evolving Saudi market. Over the last twelve months, the division advised on two LSE listings by non-MENA headquartered companies, a trend expected to continue as it receives new non-MENA mandates across its growing FEM footprint. In tandem, EFG Hermes Investment Banking continued to succeed in its home market of Egypt, capturing 100% of ECM deals in the country and successfully issuing the first short-term securitization transaction under the new Short-Term Debt Instrument (STDI) decree.

## Operational Highlights of 2019

2019 was a challenging one for emerging markets, which have made navigating shifting macroeconomic conditions made even more difficult when coupled

with rising geopolitical tensions. Despite the volatility in global equity markets and the subsequent postponement of several public listings, the division still managed to book a record 22 transactions for the year, representing an aggregate value of USD 33.6 billion. Its success was recognized by multiple international awarding bodies this year, having been named Best Investment Bank – Middle East, Best Investment Bank – Egypt, and Best Equity Bank in Africa by Global Finance Magazine. It was also named Best Investment Bank in MENA and Best Investment Bank in Egypt by Euromoney.

By leveraging improved efficiencies across the full spectrum of its operations, its growing network of strategic relationships, and improved execution capabilities, EFG Hermes' Investment Banking team closed seven DCM transactions at a value of USD 462.2 million, nine ECM transactions worth USD 31.4 billion, and six M&A deals valued at USD 1.7 billion.

In May 2019, EFG Hermes Investment Banking concluded advisory on Finabl's GBP 337 billion IPO on the LSE, acting as joint bookrunner in the global payment and foreign exchange solutions provider's listing. The Firm also acted as joint bookrunner on the USD 749 million IPO of Arabian Centres, the first Reg/144A offering out of Saudi Arabia. The landmark transaction, which was also concluded in May, was the second largest in the history of the kingdom and underscores the division's commitment to expand business in Saudi Arabia.

In September, the division was pegged as joint bookrunner in Saudi Aramco's highly anticipated IPO on the Tadawul Exchange, working alongside 15 international bulge bracket firms serving as joint

global coordinators. The transaction marked the largest IPO in history, showcasing EFG Hermes' ability to compete in global equity markets alongside other leading investment banks.

In line with EFG Hermes' strategy to expand beyond its traditional MENA market, the Firm acted as joint bookrunner on Helios Towers' USD 361.7 million IPO on the LSE. The listing of Helios Towers, the second concluded by the Firm in non-MENA FEM markets, demonstrates EFG Hermes' unmatched ability to bookbuild and transact in non-MENA frontier markets by leveraging an unrivalled global distribution platform supported by world-class research, brokerage, and advisory services.

On the M&A front, the division completed advisory on LSE-listed NMC Health plc's joint venture with Hassana Investment Company. The deal, which was concluded in May, was EFG Hermes' first M&A transaction in Saudi Arabia and the second consecutive Saudi deal in May 2019 following advisory on ACC's IPO. At the start of the year, the division had also advised on the sale of Helwan Cement's white plant to Emaar for EGP 694.5 million. Later in the year, EFG Hermes Investment Banking concluded Global Telecom Holding's (GTH) sale of 1.9 billion shares in a mandatory tender offer (MTO) launched by majority shareholder VEON to acquire 42.3% of the company. The total purchase price for the shares stood at EGP 9.7 billion at EGP 5.08 per share, making it the largest MTO to date.

The Firm continued to be active on the home front as well, capturing a market share of 100% in the ECM space and advising on four initial public offerings and accelerated bookbuilds on the EGX. In August, the Firm



concluded advisory on Fawry's EGP 1.64 billion IPO. The electronic payments platform operator's listing was Egypt's first public offering in 2019 and marked a continuation of EFG Hermes' track record of bringing new sectors to equity capital markets. Meanwhile, EFG Hermes successfully advised Al Ezz Dekheila Steel on its restructuring plans, a mandate that involved an MTO to acquire 100% of Ezz Rolling Mills for USD 424.0 million. The division also advised on the acquisition of a 56% stake in Ezz Flat Steel worth USD 129.4 million. EFG Hermes Investment Banking closed 2019 with the conclusion of a share purchase agreement between Japan-based Tokio Marine Group, GB Capital, and EFG Hermes Finance, which saw the sale of a 75% stake in Tokio's Egyptian life insurance subsidiary Tokio Marine Egypt Family Takaful.

The team started the year with the EGP 1.7 billion offering of 4.5% of Eastern Company S.A.E., Egypt's leading tobacco manufacturer, a highly anticipated deal that marked the first offering of a state-owned

“ **EFG Hermes’ Investment Banking division has grown into a regional leader in M&A advisory, ECM executions, and DCM capabilities, becoming the trusted partner for MENA and non-MENA FEM corporations, multinationals, and governments throughout the Arab world.** ”

company on the EGX in more than a decade. Later in the year, the team successfully concluded the EGP 2.6 billion sale of 31.5% of Cleopatra Hospitals Group (CHG), Egypt’s largest private hospital group both by number of beds and operating hospitals. In September, EFG Hermes Investment Banking advised on the follow-on sale of 69.1 million shares by Ibn Sina Pharma S.A.E., representing 8.4% of the company’s shares on the EGX. EFG Hermes acted as sole bookrunner on behalf of the selling shareholders, the Abdelgawad Family, the Mahgoub Family, and the European Bank for Reconstruction and Development (EBRD).

2019 saw the division turn its focus towards developing its DCM capabilities and product offering. The division completed seven deals in Egypt and across the wider MENA region, supported by the introduction of a DCM-dedicated team. In October, the division completed Egypt’s first short-term securitization transaction under the new STDI decree, issuing a EGP 167 million bond on behalf of Premium International for Credit Services. This landmark transaction was not only the first of its kind from a tenor perspective, but also the first in the consumer finance industry. Similarly, in December, the division completed Egypt’s first short-term bond transaction, arranging the issuance of EGP 400 million – the first tranche of a EGP 2 billion program. Throughout the year, the division also completed multiple other transactions, including advisory on the issuance of a securitization bond for leading real estate player Madinet Nasr for Housing and Development.

#### Landmark Deals in 2019

Throughout the year, EFG Hermes concluded multiple landmark deals across MENA and non-MENA frontier emerging markets.

**Arabian Centres IPO** – Joint bookrunner on the USD 748.8 million Arabian Centres’ IPO, the first Reg/144A offering out of Saudi Arabia.

**Fawry IPO** – Advisory on Fawry’s EGP 1.64 billion IPO on the EGX, Egypt’s first public offering in 2019.

**Finablr IPO** – Joint bookrunner on Finablr’s GBP 337 million IPO on the LSE.

**Helios Towers IPO** – Joint bookrunner on the GBP 361.7 million IPO of Helios Towers on the LSE.

**Global Telecom Holding MTO** – Concluded GTH’s sale of 1.9 billion shares in a MTO by majority shareholder VEON to acquire 42.3% of the company.

**Cleopatra Hospitals ABB** – Concluded a EGP 2.6 billion sale of 31.5% of CHG in an equity offering representing 503 million shares.

**Eastern Tobacco Co. ABB** – Advised on the EGP 1.7 billion offering, the first offering of a state-owned company on the EGX in more than a decade.

**Edita Food Industries ABB** – Sole bookrunner on the accelerated equity offering of Chipita’s 13.1% stake sale in Edita, amounting to USD 97 million.

**Ibn Sina Pharma ABB** – Sole bookrunner in the follow-on sale of 69.1 million (8.4%) shares of Ibn Sina Pharma S.A.E’s shares on the EGX.

**Suez Cement Group** – Advisory on the sale of Helwan Cement’s white cement plant in El Minya to Emaar Industries for EGP 694.5 million.

**NMC Healthcare plc** – Advisory on LSE-Listed NMC Health plc’s JV with Hassana Investment Company.

**Orascom Development** – Advised Orascom Development on the sale of its 87% stake in Tamweel Group for USD 21 million.

**NUCA** – Selected to be one of the managers of the first tranche of an EGP 10 billion bond securitization valued at approximately EGP 6 billion.

**NBK Capital Partners (Debt Arrangement)** – Arranged USD 5 million to finance the earn-out for an acquisition transaction.

**TMG (Securitization)** – Led the issuance of a three-tranche, EGP 498 million securitized bond for TMG.

**Al Ezz Dekheila Steel** – Advised Al Ezz Dekheila Steel on its restructuring plans, including the MTO to acquire 100% of Ezz Rolling Mills for USD 424 million and a 56% stake in Ezz Flat Steel worth USD 129.4 million.

**Premium International for Credit Services** – Issued a EGP 167 million bond on behalf of Premium International for Credit Services in a two-year program worth EGP 2.0 billion.

**Madinet Nasr for Housing and Development** – Led the issuance of a three-tranche, EGP 305.0 million securitized bond for MNHD.

**Hermes Securities Brokerage** – Executed Egypt’s first-ever short-term bond transaction on behalf of Group subsidiary HSB, arranging the issuance of EGP 400 million, representing the first tranche of a EGP 2 billion program.

**Aramco IPO** – Joint bookrunner on the IPO of Aramco on Saudi Arabia’s Tadawul, marking the largest IPO in history and displaying the Group’s ability to compete in global equity markets with the highest-profile investment banks.

#### Key Financial Highlights of 2019

The division reported total revenues of EGP 328 million in FY19, representing a 10% decrease compared to FY18 revenues of EGP 364 million. EFG Hermes Investment Banking fees and commissions contributed approximately 7% of EFG Hermes’ total revenue in FY19.

# EFG HERMES

receives new license  
to operate in the UAE



# 2002

The Firm launched brokerage activities in the UAE in early 2005 and by 2007 had become a market leader on the DFM.

# Securities Brokerage

## Overview

As the leading brokerage house in the MENA region, EFG Hermes Securities Brokerage offers its growing client base a range of diverse products and services and an unparalleled coverage of more than 75 MENA and frontier emerging markets. As of year-end 2019, the division held an on-the-ground presence in Egypt, Kuwait, the UAE, Saudi Arabia, Oman, Jordan, Pakistan, Kenya, Nigeria, Bangladesh, and offices in the UK and the US. During the past year, macroeconomic improvements seen in Egypt were overshadowed by geopolitical challenges in the GCC as well as fluctuating oil prices. Despite this, EFG Hermes Securities Brokerage successfully expanded its market share and trades executed across many of its MENA and FEM markets. At the end of 2019, the division held the largest share of market executions on the EGX, DFM, NASDAQ Dubai, and KSE, while finishing first on ADX.

The division's growing client base ranges from individual retail investors to some of the most prominent institutional investors and high-net-worth individuals in the region and the world. EFG Hermes Securities Brokerage's all-encompassing portfolio of products and services is supported by the Firm's award-winning Research division, which provides clients with real-time market intelligence and unique insights, and the division's online trading platform, which allows for instant market access from desktops, laptops, and mobile phones.

## Operational Highlights of 2019

EFG Hermes Securities Brokerage reported another year of solid operational results despite ongoing geopolitical tension in the MENA region.

In Egypt, positive momentum from the previous year carried over to 2019 with the Egyptian economy witnessing falling inflation rates, solid growth, and a cumulative interest rate cut of 450 basis points by the

CBE. EFG Hermes maintained its number one ranking on the EGX, with the Firm's market share increasing to 48% in 2019 from 43% in 2018. During the year, EFG Hermes concluded noteworthy IPOs, including Eastern Company for Tobacco and Fawry, and advised on stake sales at Egyptian heavyweights such as Cleopatra Hospitals Group and Ibn Sina Pharma.

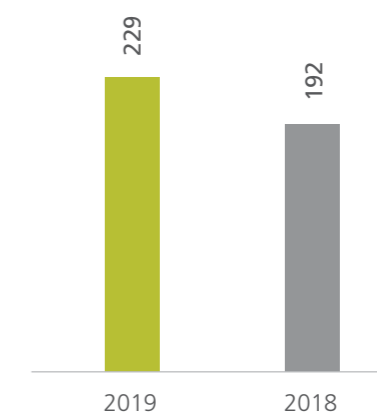
In the UAE, the division captured most passive institutional flows during both the MSCI and FTSE rebalancing in the first half of the year, with foreign participation rising impressively, especially on the ADX. During the year, the division successfully increased its market share on the DFM (33.5% in 2019 from 21.5% in 2018) and NASDAQ Dubai (65.9% in 2019 from 62.9%), strengthening its number one spot on these exchanges. On the ADX, EFG Hermes' market share was stable at 39.1% for 2019, securing a first-place finish.

In Kuwait, trading volumes surged at the start of the year on the back of rising local activity, but soon returned to normal growth rates despite the upgrade to EM status by MSCI, rising foreign interest in the market, in addition to passive foreign flows amid the FTSE rebalancing in September. The division continued to rank first in the market, with a market share of 33.7% in 2019, capturing the lion's share of foreign institutional flows during the year.

During the year, Saudi Arabia witnessed strong volume growth on the back of the market's upgrade to EM status by both FTSE and MSCI in 2019. EFG Hermes successfully capitalized on this momentum, capturing a significant share of inflows from all tiers of investors, especially from Qualified Foreign Investors (QFIs) as well as local and GCC-based investors. As such, the Firm more than doubled its market share in 2019 to 6.1%, ranking fifth amongst pure brokers (non-commercial banks) and fourth amongst foreign brokers in the year.

The Omani market, which witnessed strong volume growth on the back of multiple special transactions during the year, recorded lower foreign participation resulting from a lack of liquidity on the market. Nonetheless, EFG Hermes' ability to capture a solid share of local and GCC institutional activity enabled the division to maintain a steady market share of 18.4% in 2019, ranking fourth at the end of the year. Meanwhile in Jordan, EFG Hermes ranked sixth at the end of 2019 with a market share of 8.3%, with the Firm executing a cross trade in EICO worth JOD 10 million for some of its institutional investor clients.

Average Daily Commissions  
(USD thousands)



## Brokerage Rankings (Percent of total market executions)

	2019		2018	
	Market Share	Rank	Market Share	Rank
Egypt	47.8%	1st	42.9%	1st
UAE - DFM	33.5%	1st	21.5%	1st
UAE - ADX	39.1%	1st	40.2%	1st
UAE – NASDAQ Dubai	65.9%	1st	62.9%	1st
Kuwait	33.7%	1st	38.4%	1st
Kenya	34.5%	2nd	11.5%	6th
Nigeria	26.2%	3rd	15.2%	n/a
Oman	18.4%	4th	19.0%	4th
KSA	6.1%	5th	2.8%	4th
Jordan	8.3%	6th	12.7%	4th
Pakistan	6.2%	n/a	4.9%	n/a



Commissions Breakdown by Market (FY19)



FY19	
Egypt	22.2%
DFM	5.8%
ADX	6.0%
Nasdaq Dubai	1.8%
KSA	13.9%
Kuwait	14.6%
Oman	1.4%
Qatar	9.1%
Jordan	1.1%
Frontier Markets	15.9%
Structured Products	5.1%
Others	3.2%

### Frontier Emerging Markets

Despite generally adverse market dynamics, EFG Hermes Frontier strengthened its position in the territories it operates, advising on multiple key transactions throughout the year. It expanded its on-the-ground presence by strengthening its network of analysts and traders during the year, while also seeing an impressive rise in the participation of FEM-based companies at the Firm’s conferences. As such, EFG Hermes Frontier continued to make an important contribution to the Group’s financial performance for 2019.

Kenya reported a strong start to the year on the back of rising foreign participation before slowing down due to rising uncertainties regarding a proposal to repeal rates in 2019/20 and a shift toward fixed-income securities by local funds. Nonetheless, the division tripled its market share in 2019 supported by the Firm’s ability to capture the lion’s share of trades following the MSCI rebalancing as well as rising activity from institutional investors. During the year, the division also established a fixed-income desk and worked to map and onboard clients.

In Nigeria, EFG Hermes strengthened its market share in 2019 to 26.2% from 15.2% in 2018, with the division now ranking third. Trade volumes fluctuated, with strong growth at the start of the year on the back of the USD 5 billion MTN Nigeria Communications listing being outweighed by a slowdown due to investor hesitation in the face of unfavorable regulatory policies.

The Pakistani market witnessed a challenging year as persistent macroeconomic and geopolitical challenges including rising interest rates, fluctuating oil prices, a depreciating local currency, and mounting tension between Pakistan and India weighed down

on total trades executed on the market. Nonetheless, rising participation from international investors in the second half of the year saw EFG Hermes strengthen its market share to 6.2% in 2019 from 4.9% in 2018. The division also performed well in Bangladesh, maintaining its top spot in terms of market share among international institutional investors trading in the country.

### EFG Hermes One

Launched in 2017 in partnership with Saxo Bank, EFG Hermes One grants users one-click access to multiple global markets, seamlessly integrates the SaxoTraderGo platform to expand access and capabilities, and provides access to the EFG Hermes’ award-winning research products. The innovative online platform gives local and regional investors the ability to explore new opportunities in global capital markets as well as trade multiple asset classes from a single account from anywhere around the world.

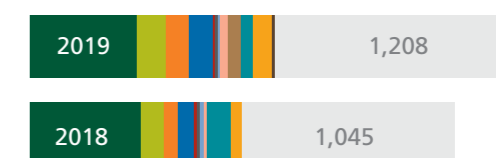
In 2019, the recently revamped platform continued to gain traction among institutional and high-net-worth investors. During the year, the division worked toward white-labelling its online platform to leading financial institutions across the region. Having completed a test-run with a major regional bank and subsequently refined the product, the division expects to roll-out the white-labeled platform to regional financial institutions in the coming year.

### Structured Products

2019 was another successful year for EFG Hermes Securities Brokerage structured product desk as revenues surged 78% to EGP 98 million in 2019. The strong results continued to be driven by carry trade attractiveness, although showing signs of slowing during the year, and favorable T-bill yields. EFG



Brokerage Revenue (EGP millions)



	FY19	FY18
Egypt	526	544
UAE	142	117
KSA	114	65
Kuwait	116	79
Oman	12	16
Jordan	12	16
Pakistan	12	19
Kenya	38	16
Nigeria	67	-
Frontier	55	117
Structured Products	98	55
Fixed Income	16	-
Total Revenue	1,208	1,045





Hermes Securities Brokerage's fixed-income desk was re-launched in 2018 as part of the Firm's strategy to grow its debt capital markets business. The division recorded EGP 16 million in revenues from its fixed income operations in 2019.

**Unique Corporate Access**

In line with the Firm's commitment to connect global investors with opportunities across its FEM footprint, EFG Hermes once again expanded its renowned investor conferences, increasing both the number of attending investors and companies, with strong participation from FEM-based businesses.

In March, EFG Hermes hosted its 15th annual One on One Conference in Dubai, featuring the largest and most diverse group of participants to date, as the Firm leveraged its rapid expansion into FEM markets across four continents to attract leading investors and companies from all around the globe. This year's event saw executives from 186 companies from 26 countries meet directly with more than 520 investors representing 260 institutions and family offices, managing an aggregate USD 11 trillion in assets under management. The conference, which featured a strong line of speakers from innovative global companies who offered fresh perspectives on expected trends in FEM, took place under the headline "Navigating the Path to Opportunities".

Later in the year, EFG Hermes hosted its 9th annual London Conference, once again offering participants a necessary platform to explore key potential investment opportunities across FEMs, learn about global investor appetite, and hear from one of the leading research houses in FEMs about what is shaping and moving markets. The event, held once again at Arsenal's



Emirates Stadium, was attended by 360 leading global fund managers representing 182 global institutions, with more than USD 14 trillion in AUMs, and top global and FEM executives from a record 177 companies.

At the end of the year, EFG Hermes hosted the fourth annual Egypt Day Summit in Cairo. The conference saw 27 investors from 22 financial institutions representing USD 5.5 trillion in AUM meet with key government officials and CEOs from Egypt's top listed companies to discuss Egypt's economic and business outlook heading into the new decade.

**Key Financial Highlights 2019**

EFG Hermes Securities Brokerage revenues rose 16% Y-o-Y to EGP 1.2 billion in 2019, supported by strong revenues generated from Saudi Arabia, Kuwait, and Structured Products operations. Average daily commissions also reported strong growth compared to the previous year, up 18.9% compared to 2018 on the back of strong commissions generated by Egypt, frontier markets, and Saudi Arabia.



**Awards**

Outstanding results throughout the year were recognized by numerous awarding bodies, with the division having received numerous accolades:

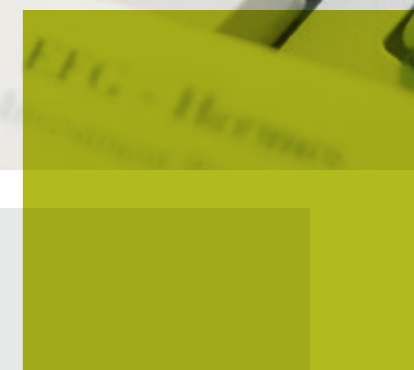
**Best Equity House in Egypt**  
EMEA Finance African Banking Awards

**Best Broker in Egypt**  
EMEA Finance African Banking Awards

**Best Equity House**  
EMEA Finance Middle East Banking Awards

**Broker of the Year in Egypt, Kuwait, and UAE**  
Euromoney's Global Investor Division

**International Broker of the Year**  
Euromoney's Global Investor Division



## هيرميس القابضة تستحوذ على أسهم بنك عودة

أعلنت المجموعة المالية - هيرميس القابضة للتوسع الإقليمي، للمجموعة المالية - هيرميس عن اتخاذ مجلس إدارتها قراراً بالاستحواذ على حصة لاتقل عن 20% من أسهم بنك عودة ش.م.ل أحد أكبر البنوك اللبنانية والمنطقة العربية، علماً بأن الاستحواذ سيتم بعد الحصول على موافقة الجمعية العمومية لبنك عودة ش.م.ل. والموافقة النهائية للبنك المركزي اللبناني. كما قررت زيادة رأسمال الشركة المصدر في مرحلة أولى في حدود رأس المال المرخص به وقرره

700 مليون جنيه مصري، وذلك عن طريق إصدار 16 مليون سهم بالقيمة العادلة للسهم والتي عليها مجلس الإدارة واعتمدها مواب الحسابات. كما قرر مجلس الإدارة دعوة الجمعية العامة غير العادية للنظر فيما يلي:

- طرح المرحلة الأولى من زيادة رأس المال على مستثمرين محترفين في طرح خاص وبالقيمة العادلة، بما يتضمنه ذلك من تنازل للمساهمين القامى عن حقوق الأولوية التي نص عليها النظام

الأساسي للشركة.

- زيادة رأس مال الشركة المرخص به من 700 مليون جنيه مصري إلى 3200 مليون جنيه مصري.

- إصدار 194.148.020 سهم بالقيمة الاسمية للسهم ( خمسة جنيهات ) في مرحلة ثانية من زيادة رأس المال على أن تعرض هذه الأسهم على جميع المساهمين المسجلين للاكتتاب فيها فور الانتهاء من جميع إجراءات المرحلة الأولى من زيادة رأس المال.

- تعديل المواد 6 و 7 من النظام الاساسي لهذه الغاية

# EFG HERMES

acquires 20% of  
Bank Audi

## مجموعة «هيرميس» المصرية تستحوذ على 20% من مصرف عودة اللبناني

القاهرة - أ ش أ

أعلنت شركة المجموعة المالية (هيرميس) القابضة استحوادها على حصة لا تقل عن 20 في المئة من إجمالي رأس مال مصرف عودة اللبناني، أحد أكبر المصارف العاملة في لبنان.

وأوضح رئيس مجلس إدارة الشركة ياسر الملواني بأن مجلس إدارة الشركة وافق على الصفقة في إطار السعي إلى التوسع في الأسواق الخارجية، مشيراً إلى أن الشركة لديها خبرة كبيرة في مجال مصارف الاستثمار.

وقال: «إن مصرف عودة اللبناني يعتبر من أكبر المصارف اللبنانية، وله فروع في عدد من الدول العربية، بما يتيح فرصة قوية لشركة المجموعة المالية (هيرميس) لدخول أسواق جديدة سواء على الصعيد العمل المصرفي أو الاستثمار، إلا أنه لم يكشف عن قيمة الصفقة».

بها البالغة 10 في المئة، الارتفاع من 154 جنيتها إلى 82 جنيتها بمتوسط سعر بلغ 164 جنيتها.

وكشف بيان للشركة تلقته البورصة المصرية أمس عن أن الشركة تعتزم زيادة رأس مالها المرخص به من خلال إصدار 16 مليون سهم بالقيمة العادلة.

وأشار بيان البورصة المصرية إلى أنه سيتم الدعوة إلى عقد جمعية عمومية غير عادية للشركة، تبحث طر: المرحلة الأولى من زيادة رأس مال الشركة البالغ 100 مليون جنيه على مستثمرين محترفين من خلال طرح خاص بالقيمة العادلة، بالإضافة إلى بحث زيادة رأس مال الشركة المرخص به إلى 3,2 مليارات جنيه.

كما ستبحث الجمعية العمومية غير العادية إصدار 194 مليوناً و148 ألفاً و20 سهماً بالقيمة الاسمية للسهم وقدرها خمسة جنيهات في مرحلة ثانية من زيادة رأس المال، على أن تعرض هذه الأسهم على جميع المساهمين

# 2006

The acquisition marked the biggest investment by the Firm in Lebanon in an attempt to establish a foothold in the local market.

**Bank Audi** sal  
Audi Saradar Group





# EFG HERMES FOUNDATION LAUNCHES



# 2006

EFG Hermes established the EFG Hermes Foundation to assist people and institutions in overcoming the financial, educational, and health-related challenges facing the region.

# Buy-Side Overview



EFG Hermes has cemented itself as one of the leading financial services firms in the region by consistently delivering on its promise to provide clients with a full spectrum of unique financial service offerings. The Group offers a diverse and attractive array of investment opportunities for a wide variety of risk appetites across a multitude of sectors by capitalizing on the strength of its operations and strategic partnerships in FEMs. Our Buy-Side platform, which is composed of award-winning Asset Management and Private Equity divisions, has benefited greatly from the strength of the Firm's varied service offering, allowing us to cement our position as one of the leading investment firms in our constantly growing footprint.

The three verticals under our Private Equity divisions have seen both successful investments and exits in 2019. It's been a milestone year for our renewable energy platform Vortex Energy, with the divestment process of Vortex I and Vortex II (Vortex Wind), which together held a 49% stake in a 998 MW pan-European portfolio, hitting financial close at the end of March 2019. The successful divestment is proof positive of our commitment to structuring a portfolio of investment opportunities founded on our ability to identify, acquire, manage, and divest in assets to generate accretive returns for investors irrespective of geopolitical conditions. Building on this commitment, Vortex Energy will continue to scout potential portfolio expansion opportunities in the Americas for investments in the energy sector that can provide alpha for investors.

Our second milestone of the year came courtesy of Rx Healthcare Management, where we were able to capitalize on attractive market conditions given

Egypt's longstanding position as the largest producer and consumer of pharmaceuticals in the Middle East and Africa. The team successfully acquired a medical solutions provider, United Pharma, through a special purpose vehicle, Nutritius Investment Holdings. A landmark acquisition for the team, United Pharma represents the firm's first investment in Egypt's pharmaceutical space, providing a solid steppingstone for securing future investments across the value chain within this space in Egypt and the region.

EFG Hermes' Egypt Education Fund continues to be the largest Egypt-focused fund to be floated in over a decade, and the team has worked to continually expand the fund's portfolio in 2019. In June, the division saw the successful second close of the fund, with commitments of USD 24 million and in August it signed an agreement to establish an international school that can accommodate over 1,400 students in Rehab City. Toward the end of the year, the platform acquired Option Travel, a key player in the transport space that will not only provide ancillary services to the platform, but act as a steppingstone to providing services across the education value chain. Under Option Travel, we plan to launch a first of its kind, fully dedicated K-12 school bus network in Egypt with international health and safety standards.

Despite unfavorable macroeconomic conditions in Egypt, our Asset Management unit continued to deliver positive results, establishing new financial products and maintaining its position as the go-to asset management house in the region. The division achieved a total AUM of USD 1.5 billion in the region and EGP 16.3 billion in Egypt AUM. We continued to deliver diversified products that meet the

**624** EGP  
BN  
Buy-Side Revenues in 2019

ever-changing appetites of the financial community, launching the new FIM Global Sukuk Fund in early 2019. The successful efforts of the credit team in strategically marketing the fund in the region allowed it to generate returns of 10% and to spearhead the pack within its respective benchmarks, solidifying our ability to identify, structure, and deliver successful financial products.

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

# EFG HERMES

enters Oman and Kuwait



KUWAIT

# 2008

As part of its continued push beyond its borders, the Firm launched on-the-ground presence in Oman by acquiring a 51% stake in Vision Securities.



OMAN



# Asset Management

## Overview

EFG Hermes Asset Management offers its diverse and well-established client base a wide spectrum of mutual funds and discretionary portfolios with both country-specific and regional mandates. The division's mandates range from equity, money market, fixed income, and indexed to Sharia- and UCTIS-compliant mandates. The team serves a growing roster of clients, with a specific focus on long-term and institutional investors, offering tailored products accounting for individual needs, unique financial objectives, and risk appetites. Within the MENA region, EFG Hermes Asset Management is the only asset manager with an established track record as an investment manager, with the division's funds consistently outperforming regional benchmarks.

## Operational Highlights of 2019

2019 saw the MENA region confront itself with a second consecutive year of challenging macroeconomic and geopolitical conditions that impacted the investment climate across the region. Despite this, however, EFG Hermes Asset Management once again stood a head above others in the industry to post yet another year of successful results, maintaining its positioning as the region's asset management house of choice.

The division hit a total regional AUM of USD 1.5 billion across as of the end of 2019 and EGP 16.3 billion in the Egyptian market. During the year, Egypt AUM rose 25.3% on the back of net inflows and the positive performance of both fixed-income portfolios and MMFs. On the regional front, rising geopolitical tensions saw a net capital outflow from large institutional investors during the year, which overshadowed an appreciation in the markets the division operates in and ultimately weighed down on total AUM, falling 30% during the year.

In early 2019, the Credit team launched the new FIM Global Sukuk Fund, a further testament to the

division's ability to launch new, diversified products in response to the changing needs of its client base. Immediately upon launch, the Fund generated positive returns and outperformed its benchmark, a positive momentum that carried into the entire year. As of year-end 2019, the Fund generated positive returns of 10% compared to the Markit iBoxx Sukuk, which rose 8.6% over the same period. In parallel, the Credit team continued to work in close partnership with the Sales team to actively market the FIM Credit Strategy. The division's regional business at FIM continued to post solid growth across all funds, continuously outpacing their respective benchmarks.

## Key Financial Highlights 2019

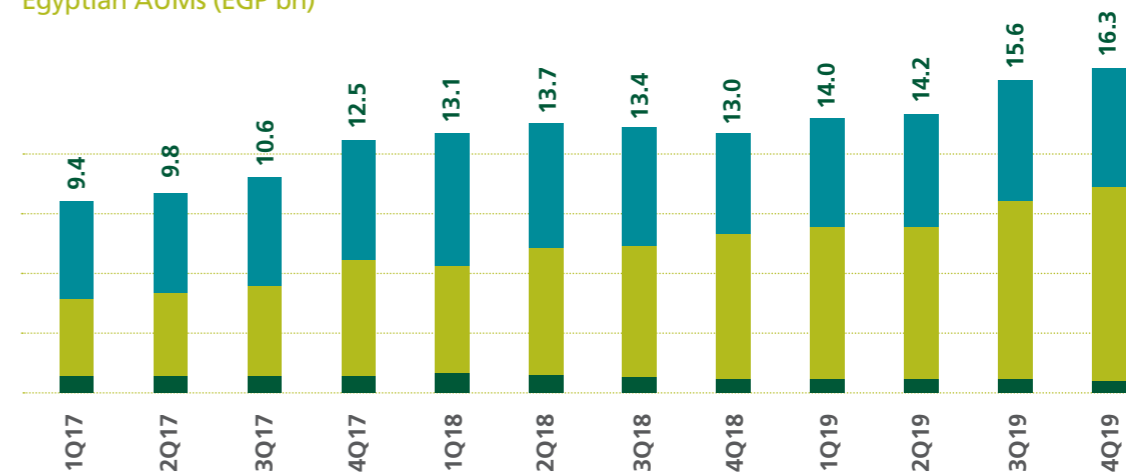
Asset Management revenue contracted 29% Y-o-Y in FY19 to EGP 283 million as a general slowdown across the region weighed down on the division's results.

Local Funds Managed by EFG Hermes Asset Management in Egypt

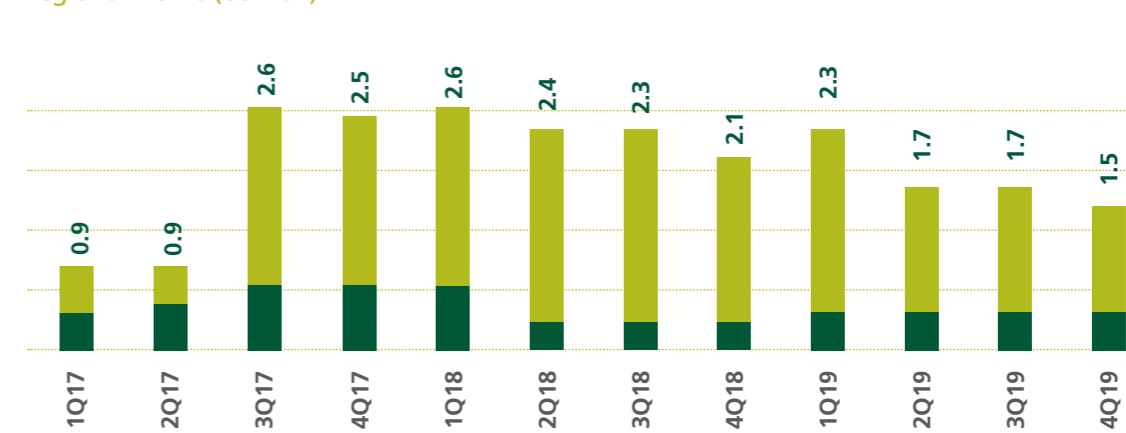


MMF	8
Equity	9
Fixed Income	1
Balanced	1

Egyptian AUMs (EGP bn)



Regional AUMs (USD bn)



## Awards

Due to its continued resilience in the face of ever-shifting market conditions, EFG Hermes Asset Management was named Best Asset Manager in Egypt and Africa by the EMEA Finance African Banking Awards 2019.

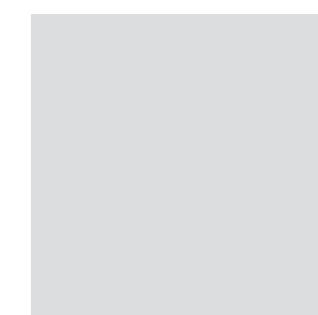


# FIRST LONDON CONFERENCE



# 2009

EFG Hermes launched the London Conference in 2009, which was first touted as the London MENA Conference, but has since rebranded to reflect the firm's increasing presence in FEMs.





# Private Equity

## Overview

Leveraging a two-decade-long track record of successful acquisitions, asset management, and exits, EFG Hermes Private Equity stands as a leading player in the MENA private equity space. The division invests in three key, growing sectors of the economy: renewables through Vortex Energy, education through the Egypt Education Fund, and healthcare through Rx Healthcare Management. By employing a carefully crafted strategy refined over years of experience, the division strives to offer an asset configuration that guarantees exposure to the most attractive market opportunities while meeting its investors' unique and evolving needs.

EFG Hermes' Vortex Energy Platform was established in 2014 with a mandate to invest in renewable energy projects on behalf of long-term institutional investors. Since inception, Vortex Energy has completed the entire investment life cycle from origination, investment, and asset management to refinancing and divestment. Today, Vortex Energy is directly invested in a 365 MW UK solar PV portfolio managed by Beaufort, and in parallel assesses potential investment opportunities in renewable energy projects across Europe and the Americas.

The Rx Healthcare Management is a private equity investment management firm set up to address the growing demand for high-quality healthcare products and services across Egypt, MENA, and Africa. It invests in highly selective targets, with a clear growth trajectory across healthcare verticals, giving investors access to unique opportunities across the sector's value chain.

EFG Hermes' Egypt Education Fund, the division's latest addition, was launched in 2018. The USD

133 million investment fund is part of a USD 300 million education platform built in exclusive partnership with Dubai-based GEMS Education, one of the world's oldest and largest K-12 private education providers. Through this platform, EFG Hermes invests in Egypt's K-12 private education sector, in line with the Firm's commitment to invest in critical sectors of its home market.

## Operational Highlights of 2019

### Vortex

2019 was a pivotal year for EFG Hermes' renewable energy-focused fund as the divestment process of Vortex I and Vortex II (Vortex Wind), which together held a 49% stake in a 998 MW pan-European portfolio, reached financial close at the end of March 2019. The portfolio divested included 56 operational wind farms with gross capacity of 998 MW spread across Spain, France, Portugal, and Belgium. The sale not only marks an important turning point for Vortex Energy, but also demonstrates EFG Hermes' ability to acquire, manage, and exit renewable energy investments on a global scale. Vortex Energy is now embarking on a new chapter focusing on further investments in the sector and is looking to expand its geographical footprint to the Americas. The Vortex Platform continues to manage Vortex Solar, a 100% shareholder of a 365 MW solar PV farm in the UK. In 2019, Vortex Solar's EBITDA reached GBP 39.1 million, with an EBITDA margin of 84.2%, surpassing budget assumptions by 16.5%.

### Rx Healthcare Management

In November 2019, Rx Healthcare Management announced the acquisition of a leading Egyptian medical solutions provider, United Pharma, through Nutritius Investment Holdings, a special purpose vehicle set

up for the acquisition. Marking the platform's first investment in the Egyptian pharmaceuticals space, the transaction offers a unique combination of superior returns, as well as the opportunity to invest responsibly in a critical sector that will have measurable impact on the wider economy. The transaction leaves EFG Hermes and United Pharma perfectly positioned to play a leading role in covering the substantial shortfall in the IV solutions and injectables market in Egypt, as well as the growing demand in neighboring markets. The acquisition attracted significant interest from prominent Egyptian and Gulf investors, with proceeds being used to expand the company's product offering to cover generic categories in underserved therapeutic areas and ramp up production for IV products.

### Egypt Education Fund

In June 2019, EFG Hermes completed the successful second closing of the Egypt Education Fund with commitments amounting to USD 24 million. This followed the fund's first closing completed in December 2018, with commitments amounting to USD 109 million, and brings the fund's total commitments to c. USD 133 million.

Later in the year, the fund continued expanding in the Egyptian market with a new investment signed in August 2019 to develop a new international school in the city of Rehab. The new facility is set to host more than 1,400 students, bringing the platform's aggregated capacity to c. 9,000 students over five schools. In parallel, EFG Hermes and GEMS Education continued to strengthen the platform's management team with multiple new key hires completed throughout the year. The core team building is expected to be finalized before year-end 2019 in anticipation of new strategic acquisitions to be completed over the next 12 months.



In December, the fund finalized its third investment in the Egyptian market through the acquisition of a majority stake in leading transport provider Option Travel. The deal will diversify and expand the platform's service offering, providing transportation to its c. 6,000 enrolled students, with plans for a roll-out to third-party schools at a later stage.

## Key Financial Highlights of 2019

Revenues at the Private Equity division surged to EGP 341 million in 2019, a 133% Y-o-Y rise compared to the previous year.



# CREDIT LIBANAIS ACQUIRED

**«هيريس» تتم صفقة الاستحواذ على 65% من بنك الاعتماد اللبناني**

في اليوم الثاني من صفقة الاستحواذ، تم توقيع عقد البيع النهائي بين هيريس وبنك الاعتماد اللبناني، مما يضمن انتقال 65% من أسهم البنك إلى هيريس. هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان.

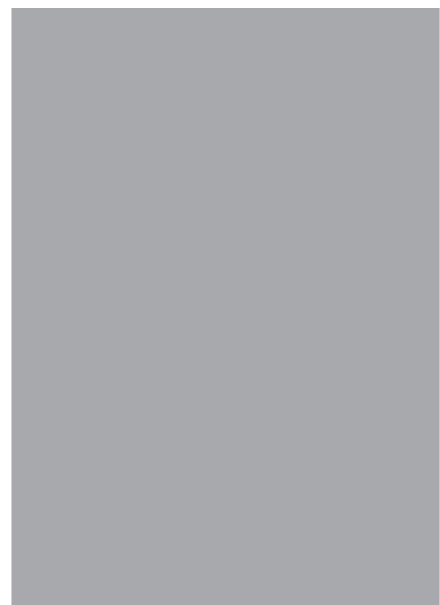
يأتي هذا الصفقة في إطار خطة هيريس الاستراتيجية لتوسيع نطاق خدماتها المصرفية في لبنان، وذلك من خلال استحواذها على 65% من أسهم بنك الاعتماد اللبناني. هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان.

يأتي هذا الصفقة في إطار خطة هيريس الاستراتيجية لتوسيع نطاق خدماتها المصرفية في لبنان، وذلك من خلال استحواذها على 65% من أسهم بنك الاعتماد اللبناني. هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان.

**«هيريس» تستحوذ على 65% من بنك الاعتماد اللبناني**

التت المجموعه الحاليه هيريس القابله حيفه الاستحواذ على حصه 65 في المئه في بنك الاعتماد اللبناني، وذلك بعد حصولها على الموافقات النهائيه من البنك المركزي اللبناني، مصرف لبنان، لبيع اجمالي حصه 65 في المئه من اسهم بنك الاعتماد اللبناني الى حق هيريس في لبنان.

هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان، وذلك من خلال استحواذها على 65% من أسهم بنك الاعتماد اللبناني. هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان.



# 2010

The Firm exited its stake in Bank Audi and acquired a 65% stake in Credit Libanais as part of its product diversification strategy.



**هيريس تستحوذ رسمياً على 65% من بنك الاعتماد اللبناني**

تتمتع هيريس الآن بـ 65% من أسهم بنك الاعتماد اللبناني، مما يضمن انتقال 65% من أسهم البنك إلى هيريس. هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان.

يأتي هذا الصفقة في إطار خطة هيريس الاستراتيجية لتوسيع نطاق خدماتها المصرفية في لبنان، وذلك من خلال استحواذها على 65% من أسهم بنك الاعتماد اللبناني. هذا الصفقة هي خطوة حاسمة في استراتيجية هيريس لتوسيع نطاق خدماتها المصرفية في لبنان.

# NBFI

## Overview



2019 marked yet another year of rapid growth for the Group's NBFI platform, EFG Hermes Finance, with multiple new products added to our wide-ranging offering and our existing subsidiaries delivering solid financial and operational results across the board. Today, through a well-thought-out and ambitious diversification strategy, EFG Hermes Finance is able to offer its clients the full spectrum of non-banking financial services ranging from leasing, microfinance, factoring services to mortgage finance and insurance. The NBFI platform reported yet another year of solid top-line growth for the year, growing 52% Y-o-Y to EGP 1.2 billion in 2019 largely driven by Tanmeyah's outstanding revenue growth, which rose 66% Y-o-Y in FY19 to break the one billion mark.

Leading the helm this year in terms of both financial and operational performance, Tanmeyah made significant strides over the year to deepen its presence in the market. Launched in 2009 and acquired by EFG Hermes in 2016, Tanmeyah Microenterprise Services is Egypt's leading microfinance solutions provider. The company provides small businesses and individuals who lack access to traditional banking channels with the financing they need to grow their businesses and help develop their local communities. To complement its financing options, Tanmeyah also offers microinsurance and group lending services to ensure that its clients have access to all the tools they need to take their businesses to the next level. The company was the standout performer of 2019, delivering on its four-pillar expansion strategy and taking steps to embrace digital strategies to improve its service offering.

EFG Hermes Leasing, launched in 2015, is currently one of the market's leading providers of leasing solutions and value-added advisory services with its growing pool of clients ranging from large corporations to SMEs. In 2019, despite changing regulations and intensifying pressure from its competition, the

company was able to expand its total net portfolio to EGP 3.4 billion as of year-end 2019, and the number of clients served, which increased to 219 as of 31 December 2019 from 165 a year prior.

The Firm launched EFG Hermes Factoring in 2018 in response to a growing demand from businesses who were looking for immediate cash flow to meet their more pressing working capital needs. Despite adverse market conditions that drove multiple players to record losses during the year, EFG Hermes Factoring closed its first full year of operations posting strong operational and financial results, cementing itself as a leading player in the local industry. In the year to come, the platform is looking to merge its factoring and leasing functions to capitalize on the synergies inherent in their business models and provide clients with bespoke solutions catered to their size, industry, and growth targets.

valU is EFG Hermes' innovative consumer financing solution, which offers clients customized installment programs and a multitude of convenient repayment to purchase products. In 2019, valU surpassed its targets for the year, delivering stellar operational and financial results hinged on a broadened product offering, merchant network, geographic reach, and consistently growing its customer base and the number of transactions executed. Although only in its third year of operations, the incredible success the app has achieved thus far saw it recognized as the "Fintech Innovation of the Year" at the prestigious 2019 Seamless Awards in Dubai as well as the E-Commerce Summit Award for the Top Payment Solution in Egypt.

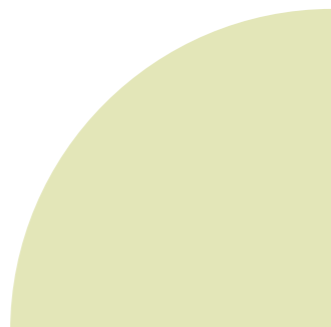
At the tail-end of 2018, EFG Hermes, in partnership with Egypt Ventures, launched Egypt's first fintech-focused startup accelerator. EFG EV offers two separate investment programs providing financial support and advisory services to both seed-stage and early-stage



startups and to more established later-stage startups. The company is well on its way to achieve its goal to invest in more than 30 startups by 2023 and bolster Egypt's fintech ecosystem in the process.

Over the past twelve months, EFG Hermes Finance further diversified its product offering, adding two additional lines of business to its platform. In April, the Firm announced it had entered into an agreement with TMG, Egypt's leading developer of premium master planned communities, and GB Capital, the NBFI arm of GB Auto, to create a mortgage finance joint venture serving Egypt's large, growing population of homebuyers. Later in the year, EFG Hermes and GB Auto entered into a definitive sale and purchase agreement to acquire a 75% stake in life insurance player Tokio Marine Egypt Family Takaful. Under the agreement, EFG Hermes Finance and GB Capital will each own 37.5% of the company, which is set to offer individual and corporate clients a variety of solutions covering health and life insurance needs.

**Walid Hassouna**  
Chief Executive Officer, EFG Hermes Finance



# JORDAN ENTRY



# 2010

The Firm entered Jordan in 2010 to further expand its geographical footprint.

# Leasing

## Overview

EFG Hermes Leasing is one of the market's leading providers of leasing solutions and value-added advisory services, a position the company has held since inception in 2015. EFG Hermes Leasing serves a growing pool of clients ranging from large corporations to SMEs and leverages the team's extensive multi-disciplinary expertise to offer high-quality, tailored solutions at competitive prices, with the fastest turnaround time in the industry, thus fending off rising competition in the sector.

## Operational Highlights of 2019

During the past year, the company was confronted with challenges from multiple fronts including a shifting regulatory environment, increasing competition, and escalating price wars between the now 32 active players in the Egyptian leasing sector. Nonetheless, the solid fundamentals that have underpinned the business's success from day one and dipping lending rates allowed EFG Hermes Leasing to once again come out on top, posting its best year thus far in terms of both financial and operational success.

Total net portfolio reached EGP 3.4 billion as of year-end 2019 and the number of clients served increased to 219 as of 31 December 2019 from 165 a year prior due to management's efforts to consistently develop a diverse and individualized suite of products for customers and vendors alike. The business accelerated growth during the year, having hit a market share of 4.5% by the end of 2019 and a ninth-place ranking in the market.

During 2019, in line with the company's strategy to grow and diversify its client portfolio, EFG Hermes Leasing saw its SME portfolio contribution to total business continue to expand, hitting 16% for the year compared to 15% in 2018 and 8% in 2017. At the same time, the company worked closely with its funders, which include

20 commercial banks and two international funds, to further increase and broaden its financing as it aims to extend low-cost credit to its SME clients. To this end, the company was able to secure an additional EGP 175 million in funding from the Saudi Development Fund (SDF), bringing the total granted facilities as of year-end 2019 to c. EGP 4 billion.

The team launched its securitization program in the fourth quarter of 2018, with the aim of positively impacting its leverage ratio and create room for further

operational expansions. The addition of the new securitization program gives more weight, credibility, and diversity to the company and its portfolio.

Its ever-expanding list of accomplishments garnered EFG Hermes Leasing a number of recognitions, including an award for the 2019 Fastest Growing Leasing Company in Egypt from International Finance Magazine and the best Securitization Transaction in Africa from EMEA Finance.

## Key Financial Highlights of 2019

EFG Hermes Leasing's contribution to total revenues for the year reached EGP 157 million in 2019 compared to EGP 168 million in 2018, down 6% Y-o-Y as the comparable year included a one-off securitization gain.

# 3.4 EGP BN

Total Net Portfolio at Year-End 2019

## Client Industry Analysis



Real Estate and Hospitality	30%
Materials	9%
Information Technology	3%
Industrials	15%
Healthcare	11%
Energy	1%
Consumer Staples	9%
Consumer Discretionary	21%
Financial Services	1%

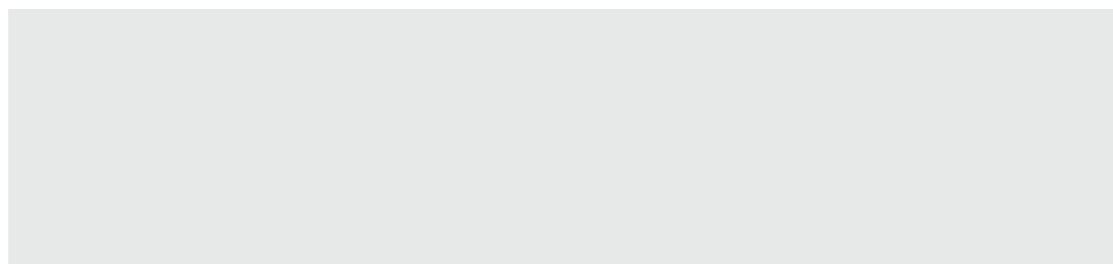
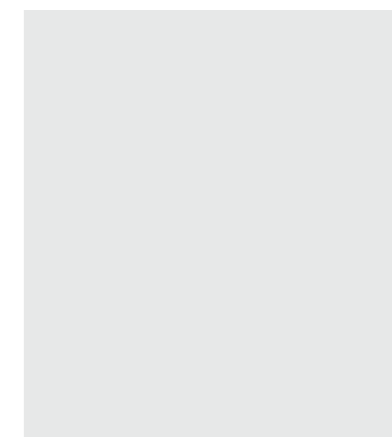


# EFG HERMES

PE launches Vortex

# 2014

Vortex, a European renewable energy platform managed by the Firm's PE arm was established to pursue yielding renewable energy assets in Europe.



# Tanmeyah

## Overview

Tanmeyah Microenterprise Services, Egypt's leading microfinance solutions provider, is a pioneer in the provision of financing to lower-income, small and micro enterprise owners, allowing them to grow their businesses and in turn support their surrounding communities. The lender directs its financing toward high-need areas and individuals that lack access to traditional banking channels. It also offers products and services that complement the diverse needs of small businesses, such as microinsurance and group lending. Tanmeyah extends credit of up to EGP 50,000 for microenterprises and between EGP 50,000 and EGP 100,000 for very small businesses. In doing so, it seeks to empower the underserved segment whose successes fuel economic growth, provide pathways out of poverty, and improve local standards of living. Founded in 2009 and acquired by EFG Hermes in 2016, Tanmeyah has resiliently powered through local and global economic turbulence to regularly achieve growth and remain an active participant in the financial inclusion drive led by the Central Bank of Egypt (CBE) and the nation's Council of Ministers.

## Operational Highlights of 2019

2019 saw Tanmeyah fortify its operations by means of a four-pillar strategy that had the company cast a wider national net, renew physical and non-physical input structures, launch a comprehensive digital strategy, and continue to explore complementary ventures and services.

The year ended with 271 fully operational branches catering to the needs of over 360,000 borrowers in 24 of the 27 Egyptian governorates. The company's steadfast expansion over the past two years has encouraged it to slow down to an incremental expansion in physical branches and redirect its efforts towards developing higher quality services that enhance clients' experiences, turnaround time, and use



of resources. Changes underway include bringing in state-of-the-art digital technology, primarily machine learning and artificial intelligence, to branches and online platforms and increasing delivery channels to facilitate exchanges with clients.

Operational developments also led to a company-wide upgrade of physical and non-physical assets throughout 2019. By refurbishing old branches and replacing old equipment, it improved the efficiency of spaces and systems of communication for borrowers and loan officers. This naturally tied to the company's ongoing digital optimization strategy, and helped it further streamline its operations within each branch and across its network. Tanmeyah also prioritized the creation of strong, informative public digital platforms, such as its company website and social media platforms, to digitally disseminate information to current and prospective borrowers.

The core of Tanmeyah's recipe for success remained its reliable team of loan officers and support staff, now over 4,400 in number. The company's expansion in 2019 required more human capital meshed with thorough coaching and training to minimize possible

delinquencies, as best practices and risk management continue to dictate organizational development frameworks. Throughout the year, Tanmeyah's top-tier team prioritized improving overall experiences and value provided to clients and in turn, contributed to a rise in client satisfaction, loyalty, and retention. It also reinforced the company's research and development (R&D) department, the gateway to lucrative opportunities and segments, and alarm mechanism for high-risk operations.

Parallel to supporting R&D's continuous quest for new market ventures in 2019, Tanmeyah revised the performance and potential of its newly launched segments. The light vehicles (tuktuk) segment, launched in 2018, succeeded in building a substantial portfolio in less than a year. Yet in light of market shifts and anticipated licensing changes, Tanmeyah chose to downsize its tuktuk portfolio until a reworked business model that integrates projected changes and stronger supply chain control is formulated and employed.

Tanmeyah's microinsurance segment constitutes 100% of the industry in Egypt. Its policies, structured by an insurance underwriter to fit the company's operational purposes, have seen impressive responses from clients in 2019, with over 94,000 policies sold. Tanmeyah is also the first to embed credit life policies in microfinance loans, stipulating full coverage of the outstanding balance in the event of a client passing away during the loan tenor. High voluntary interest in the product without promotions or targeted selling is a major indicator of the promising growth potential that the segment holds, which kindled new possibilities, currently being studied, such as extending policy coverage to disabilities, health, and death beyond credit life.

Group financing was another focus of the year as part of efforts to support women entrepreneurs and small business owners. Tanmeyah provides working capital to groups of very small enterprising women willing to pool their resources to finance their businesses. Loans from EGP 1,000 to EGP 5,000 were offered to groups of borrowers running very small family-owned businesses and cottage industries and who are willing to share the loan obligations.

In line with this, 2019 also marked the beginning of a new chapter in diversifying the company's individualized services, reinforced through a funding agreement signed with the European Bank for Reconstruction and Development (EBRD) to empower female-led micro enterprises. Under the bank's Women in Business (WiB) programme in Egypt, EBRD will disburse USD 5 million to Tanmeyah to boost financing for women-led enterprises, which remain an underserved segment in the nation.

## Key Financial Highlights

Tanmeyah's remarkable revenue growth led NBF1 successes in 2019; the top line saw a 66% increase to EGP 1.05 billion from 2018's EGP 631 million, prominently showcasing the company's success during the year.

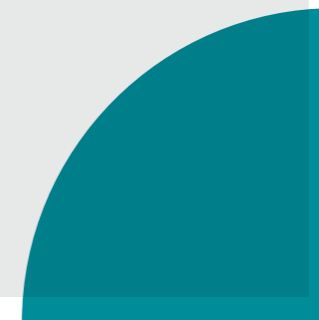


# LEASING SERVICES LAUNCHED



# 2015

EFG Hermes Leasing is launched, marking the first venture into Egypt's non-bank finance sector.





# valU

## It's About Time

valU, EFG Hermes' innovative consumer financing solution, was launched in 2017 to offer clients customized installment programs and a multitude of convenient repayment to purchase products. The EGP 250 million investment is the first-of-its-kind fintech solution in the country, allowing customers to make purchases from over 485 merchants and pay in installments over 3-36 months.

valU plays a key role in EFG Hermes' push toward diversifying its revenue stream through non-bank financial services that serve a wide range of clients. It is part and parcel of the Firm's strategy to capitalize on global trends toward fintech solution while at the same time leveraging the fundamentals of the Egyptian market, such as a growing number of smart phone users and a heightened push toward financial inclusion and intermediation.

In 2019, valU witnessed stellar operational and financial results with the team having surpassed its targets for the year. Over the last twelve months, valU has broadened its product offering, its merchant network, and its geographic reach, while consistently growing its customer base and the number of transactions executed through the application.

### 2019 Operational Highlights

During the year, valU launched several new products and programs aimed at satisfying growing customer demand in several new segments of the market. Most importantly, 2019 marked valU's expansion into the service sector with customers now able to pay for a wide range of services including gym memberships, medical and dental bills, spa treatments, travel expenses, and more. This not only significantly increased the number of merchant partnerships for valU, but helped drive an increase in the number of customers to 58,517 and transactions to 55,145. To this end, valU also expanded into the online

ecommerce segment and has so far onboarded more than 70 online stores that now feature an option to check out using the app.

On the new programs front, valU launched its Hat-Trick Program, which offers customers the ability to pay for products and services from merchants in three convenient installments with no interest or down payment required. The program, the first of its kind in Egypt, further solidifies valU's position as a leader and innovator in the Egyptian installment-based payment sector. It also began to offer a one-of-a-kind cash-back option, making it the only mobile application that can give clients instant cash back on purchases, which they can then use to purchase products through valU's merchant network.

Throughout the year, the team also worked to expand its geographic footprint. At the start of the year, registered merchants were only located in the Cairo and Giza governorates. As of year-end 2019, valU had launched a new office in Alexandria and extended its merchant network to make valU registration booths available in other governorates such as Tanta, Mansoura, Minya, Assuit, and the Red Sea.

In parallel to its geographic expansion, valU also significantly broadened its registered merchant base, signing partnerships with multiple prestigious new merchants in a variety of new industries while renewing existing partnerships, bringing its total merchant count to 485 by the end of the year. New additions to its merchant roster include Souq.com, SODIC, Apple, New Giza, Pepper's Closet, and Travco. During 2019, valU successfully extended its partnership with IKEA and added two new repayment plans of 36 and 48 months to complement the 24-month option already available. In October 2019, valU was selected as sole financial partner for furniture shows Le Marche la Casa and Le Marche and later in the year for Ceramica Egypt, the country's premiere tile exhibition.

Operationally, the team enhanced its service offering to clients by launching a direct sales team that makes visits to clients to register them for valU wherever they are, which had a significant impact on onboarding figures during the year. To help make the application more accessible to customers, the platform was revamped in February to feature a new user interface and enhanced user experience, which has allowed customers to make purchases, process payments, and browse their history faster and more efficiently.

As a testament to valU's success thus far, the app was recognized as the "Fintech Innovation of the Year" at the prestigious 2019 Seamless Awards in Dubai as well as the E-Commerce Summit Award for the Top Payment Solution in Egypt.

### Key Financial Highlights of 2019

Revenues for valU surged to EGP 25 million in 2019, a 111% Y-o-Y rise compared to the previous year.

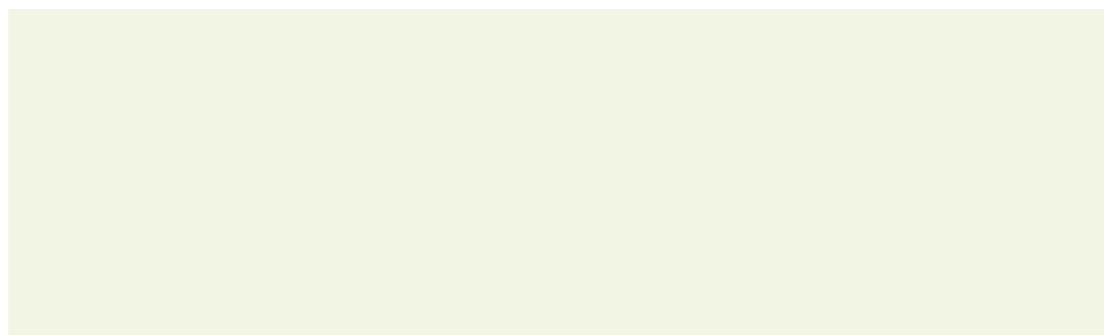
### 2020 Outlook

Heading into 2020, valU's overall strategy is to continue expanding its customer and registered merchants base. On the merchant front, valU will

shift its focus to strengthening its online merchant network as it aims to capitalize on the increasingly popular e-commerce segment of the market.

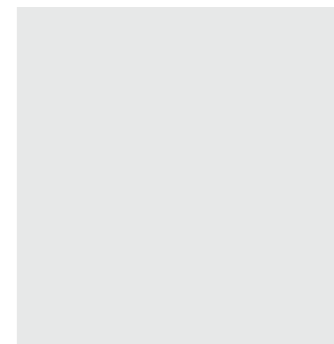
The team will also look to attract a wider base of clients through the rollout of a feature allowing customers to pay for goods upfront using a pre-paid or debit structure directly through the app. These customers will continue to benefit from the various services and promotions offered to installment customers.

	FY19	FY18
valU App Customers	58,517	21,618
Limits Activated Value (EGP mn)	559	240
Outstanding Portfolio (EGP mn)	362	137
Number of Transactions	55,145	14,040
UBER Cars Delivered	105	156
Number of Merchants	485	206



# EFG HERMES

acquires Tanmeyah



The Firm expanded its NBFi platform with the acquisition of Tanmeyah Microenterprise Services, Egypt's leading private-sector micro lender.



# Factoring

## Overview

Launched in early 2018 to further diversify the Firm's NBFII offering, EFG Hermes Factoring provides businesses with an alternative source of financing, allowing them to meet their more pressing working capital needs and obtain the liquidity they need to grow their businesses. EFG Hermes Factoring is currently one of the few active players in the Egyptian factoring space and has quickly expanded to capture a significant share of the market. The company's market share at the end of its first full year of operations stood at 10%.

## 2019 Highlights

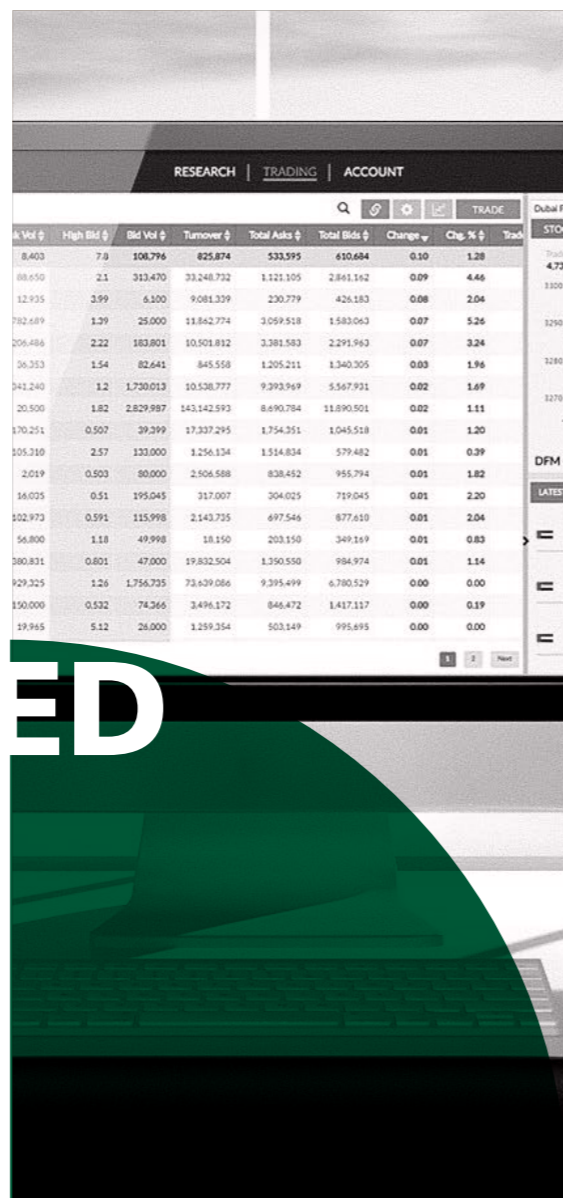
2019 was a challenging year for the relatively new factoring industry in Egypt with several players recording losses throughout the year. Despite the adverse market conditions, EFG Hermes Factoring built on its 2018 successes to deliver strong operational and financial results at the close of its first full year of operations. In 2019, the company further strengthened its portfolio, cementing itself as a leading player in the local factoring industry. During the year, the company successfully secured facilities for more than EGP 800 million from six leading commercial banks in Egypt. This brought the value of total facilities secured since the company's launch to EGP 1.6 billion and the total number of banks to 10, a tremendous vote of confidence in EFG Hermes Factoring's business model and solid fundamentals.



## Key Financial Highlights of 2019

EFG Hermes Factoring's contribution to total revenues for the year reached EGP 9 million in 2019 compared to EGP 3 million the previous year, a 195% Y-o-Y increase.





# 2016

EFG Hermes partnered with Saxo Bank to help launch EFG Hermes One, which grants clients one-click access to financial instruments in both multiple markets and global exchanges.

# Corporate Governance

EFG Hermes stands as a regional leader in the corporate governance realm, a position it has earned through its rigorous rules and procedures that the Group's staff follows during their everyday operations. The Firm's prudent management and corporate governance frameworks that have been at the heart of its success over the years will continue to play a central role as the Group evolves and cements itself as a leading financial services provider not just in the MENA region, but also across the entire Frontier Emerging Market space.

The Firm's Board of Directors is committed to providing EFG Hermes with the needed guidance and support acquired over decades of cumulative experience. This expertise has helped EFG Hermes grow sustainably while delivering value to all its stakeholders.

Since 2017, the Group has implemented a new Corporate Governance Framework that addresses new country-specific policies and works to blend EFG Hermes' group-wide strategy with the more focused subsidiary development programs. The new framework provides the grounds for efficient decision-making across the entire organization and guarantees a high degree of accountability to ensure that all shareholders and clients have their investments handled in a responsible and professional manner. The framework sets out the minimum standards expected Group-wide while complying with local laws or regulations for an even higher level of stringency.

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



Holding complies with the new FRA mandated regulations requiring all regulated companies in Egypt to have at least one female board member.

## Management and Control Structure Board of Directors

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

Without exception, all EFG Hermes' Directors possess a broad spectrum of experience and expertise, directly related to EFG Hermes' expansive lines of business and divisions, with a strong emphasis on competence and integrity. Directors are selected based on the contributions they can make to the Board and Management in addition to their ability to represent the interests of shareholders.

The Board of Directors met four times throughout 2019.

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

### Compliance with Laws, Rules, and Regulations

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

### Conflicts of Interest

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

### Safeguarding and Proper Use of Company Assets

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

### Fair Dealing

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

### Code of Conduct

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

### Standards and Policies

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

### Confidentiality

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

### Corporate Opportunities

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

### Audit

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

## Corporate Governance Committees

### Audit Committee

The Audit Committee is comprised of four members, all of whom are non-executive. The committee meets at least once per quarter or as required. In 2019, they met four times. The committee is responsible for oversight of financial statements and financial reporting, internal control and governance systems, compliance with laws and regulations, whistleblowing and fraud, the internal audit function and compliance with the Code of Conduct established by management and the board. The committee ensures free and open communication between the committee members, internal auditors, management, and the external auditor once a year.



### Risk Committee

The Risk Committee is comprised of four members, all of whom are non-executive. The committee meets at least once per quarter or as required. In 2019, they met four times. The committee oversees compliance, risk, legal, and operational issues across the Group, advising the board on risk appetite and tolerance in accordance with its strategic objectives. It is responsible for advising the board on risks associated with strategic acquisitions or disposals and to review comprehensive reporting on Group Enterprise Risk Management, including reports on credit, investments, market, liquidity and operational risks, business continuity, and regulatory compliance.

### Remuneration and Compensation Committee

The Compensation Committee is comprised of five non-executive board members. The committee meets once a year to study compensation within the Group as a whole (and for senior management in particular). This not only safeguards shareholder interests, but also ensures that management's interests are fully aligned with those of the Firm. The committee directly manages the allocations within the Management Incentive Scheme for Senior Management as approved by the General Assembly. The committee met one time in 2019.

### Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is comprised of one executive and three non-executive board members. It oversees the appointment of Board Members, the Group CEO, and Group Executive Committee members. It is their responsibility to make sure appointments, which must be approved by the Annual General Assembly, align with the Group's strategic directives and ensure the independence of directors in accordance with

applicable laws, regulations, and international best practices. It also conducts regular assessments of the structure, size, and composition of key executive positions at the Group level along with reviewing the Group's overall corporate governance framework. The committee meets on an as-needed basis.

### Executive Committee

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

Its purview includes:

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

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

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

## 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.

### Significant Shareholders

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

### Shareholder Structure

As of 31 December 2019, a total of 10,387 shareholders were listed in the Firm's share register.

### Executive Holdings and Management Transactions

As of 31 December 2019, the EFG Hermes Board of Directors held a total of 571,788 EFG Hermes shares, representing 0.07% of the total 768,618,223 shares of EFG Hermes.

### Share Ownership Information

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

# US EXPANSION



EFG Hermes expanded into the US to serve institutional clients from a full-service branch in New York run by Wall Street veteran Karim Baghdady.

# Risk and Compliance

As EFG Hermes' product portfolio continues to grow and the Firm penetrates new markets, it is confronted with a growing number of unique rules and regulations. This has made the need for sound and prudent compliance and risk policies increasingly important to help guide the decision-making and day-to-day operations of the entire Group. To this end, the Risk and Compliance Department has developed a solid set of frameworks to govern EFG Hermes' compliance and risk strategies in accordance with global best practices.

During 2019, the department played a key role in supporting the Group's expansion into Nigeria as well as EFG Hermes' venture into the securitization and short-selling spaces. The department's 32 compliance officers continued to ensure that each of the Firm's new and existing business lines adhered to appropriate statutory provisions, official regulations, and internal policies. In parallel, the 39-member Risk Management team worked to ensure all operational, market, credit, and liquidity risks were identified, assessed, and accordingly mitigated using adequate controls. Both teams report to the Group Chief Risk & Compliance Officer.

## Internal Audit

The Internal Audit function covers the entire EFG Hermes Group from its subsidiaries and business lines to its support functions. The team is made of seven centralized auditors covering investment banking and NBFi activities, in addition to 33 auditors in Tanmeyah Microfinance. In line with the Audit Committee's pre-approved strategy for the year, Internal Audit is in charge of carrying out systematic reviews and periodic spot checks. To make the review process as efficient as possible, the frequency of reviews is set based on the function/department risk level and the previous review's internal audit score. As such, high- and medium-risk departments are reviewed annually and low-risk departments are reviewed every other year. In parallel, the division also performs follow ups on previous audit findings to ensure they have been adequately addressed and corrected. It also provides a

multitude of services ranging from in-depth assessment of operations, adherence to regulatory requirements, and monitoring of corporate governance.

Two years ago, EFG Hermes rolled out TeamMate, an internationally recognized internal audit management software that allows for more effective internal audit processes through the automatization of auditing procedures. During 2019, the new system continued to enhance the division's processes across the entire Group as the team completed its rollout across all the Firm's functions. The new digital tool also helped the division store, analyze, and process the vast quantity of financial data related to various Group operations across its footprint to allow for a more accurate and efficient auditing process. The introduction of TeamMate is in line with the wider digital transformation strategy the Group has embarked on to ensure it remains at the forefront of an increasing digital financial services industry. As the Group transitions to a fully digital system, the internal audit scope has also been extended to assess potential cyber-security and data protection risks to ensure all client and EFG Hermes internal data is stored safely and well protected against possible cyber-attacks.

As the Firm's NBFi platform continues to grow and add to its product offering, the Internal Audit Department has been working alongside the new subsidiaries to establish reporting lines with field auditors and build a monitoring program, providing the necessary frameworks to enhance the Group's oversight of both new and existing operations. In turn, the NBFi Audit team has two members in addition to the 33 members that cover Tanmeyah. The team's scope is to ensure new products and subsidiaries are adequately monitored particularly in the early phases of launch in addition to assessing compliance with regulatory requirements.

## 2019 Highlights

- Integration of operations in Nigeria within the wider Group; enforcing Group policies and

ensuring operations adhere to the Group's risk and compliance framework.

- Successfully obtained FRA license for the Firm's new securitization venture.
- Obtained a short-selling license for brokerage in Egypt, one of the first in the market.
- Successfully renewed the Firm's ISO certifications.
- Implemented the Group-wide business continuity strategy.
- Evaluated and mitigated risks facing the Group's new business lines especially in the NBFi segment.
- Completed the Group's proxy voting policy.
- Completed audits on all new NBFi platforms and frontier market operations.
- Completed the annual update for existing risk and compliance policies.
- Extended audit to cover Nigerian operations.
- Announced the merger of EFG Hermes Leasing and EFG Hermes Factoring.
- Launch of a mortgage finance company with TMG and GB Capital.
- Restructuring Tanmeyah's audit team.
- valU won the "Fintech Innovation of the Year" award.

## Employee Awareness

Communicating the Firm's strategy, policies, and procedures to all employees has always been key to guaranteeing EFG Hermes' ability to comply with the various regulations and laws in the geographies it operates. This has become increasingly important as EFG Hermes' footprint grows and new products and services are added to its portfolio. To guarantee that all new staff is promptly integrated in the Group's operating framework, the team takes part in the HR onboarding package to orient new employees on key audit, compliance, and risk issues at least once a year or on an as-needed basis if a high-risk situation arises.

The Firm, under the monitoring and guidance of the Compliance division, continued conducting five

mandatory training courses on Anti-Money Laundering (AML), anti-fraud, General Data Protection Regulation (GDPR), cybersecurity, and sustainability awareness. To ensure employees reach the required level of understanding on various subjects, all courses must be passed by all staff members with the results being reflected in end-of-year appraisals.

## Market Developments

With the Firm having officially entered the Nigerian market at the start of 2019, the division played a fundamental role in integrating the new subsidiary into the Group's wider operating framework. The team drafted a dedicated policy document to govern the Firm's Nigerian operations taking into account country-specific risks and regulations.

On the new products front, the division also played a crucial part in ensuring that the new products' and business lines' respective regulations and guidelines were reflected in the wider Group's operating framework and policies. During 2019, the division worked to obtain the Firm's short-selling and securitization licenses. In parallel, the division also supported the continued expansion of the Firm's NBFi platform as it added more products and services to its already wide-ranging roster.

## 2020 Outlook

In the coming year, the department will focus increasingly on its digital audit function in light of the growing threat posed by cyber-attacks. As the Group continues to expand into new markets, the department will continue to work side by side with other divisions to ensure new products, business lines, and subsidiaries are promptly integrated into EFG Hermes' operating framework and that new regulations and laws related to these expansions are accurately reflected in operating policies.





# PAKISTAN OFFICE INAUGURATED



# 2017

EFG Hermes inaugurated its Pakistan office, marking its first expansion outside MENA in line with a strategy to pursue growth in FEMs.



# Our People

## Overview

EFG Hermes continues to fortify its position as the leading financial services corporation across FEMs through the unwavering efforts of its people. We work to continuously perfect our people management by means of a strategic talent acquisition process, world-class development programs, and a fastidious focus on employee servicing and satisfaction. Our people continue to be the driving force behind the Firm's increasing successes, as we continue to harness the brain power of more than 4,400 employees in driving growth across our footprint.

Our dedicated and skilled Human Resources (HR) team, which boasts seven SHRM Certified Professionals, works diligently to develop programs and enhance processes and policies to support the Firm's business expansion. By constantly raising the bar and a deep commitment to excellence with every passing year, the HR team remains a pillar of the Firm.

With presence in 13 markets across four continents as well as being home to employees from even more geographies, the HR team consistently exerts its efforts for the benefit of employees and Firm alike.

## Highlights of 2019

As the Firm continues to expand, HR is challenged to expand its mindset and approach to accommodate an expanding workforce, be it geographic or NBF-related. We are constantly challenged to innovate both operationally and strategically and 2019 was no exception, seeing innovations in our learning and development strategy, our development programs,

our talent management practices as well as our continuing integration with Tanmeyah.

### Catering to a Diverse Workforce

Our geographical integration for 2019 was our newly acquired operation in Nigeria, which represented uncharted waters for HR and required a quick and thorough ramp up of our knowledge of the Nigerian labor market, local laws, regulations, norms, and service providers.

The implementation of talent management frameworks in Tanmeyah was another key focus in 2019 that will serve as a basis for much of the remaining areas of integration. The talent management team was able to develop a corporate level framework and competency models well-suited to the nature of Tanmeyah, and also in sync with the Group's approach.

### Employee Development

We're especially proud of our change in strategy on the learning and development front, where we've handed over the reins of growth to our employees. Our Development Needs Assessment (DNA) now puts employees in the driver's seat when it comes to their learning, and our DNA Architects help them map out their growth course, in conjunction with their line managers and in line with the department's strategy. In addition to any development requirements outlined during performance appraisals, an employee's DNA serves as the blueprint for their learning opportunities each year. The 2019 launch involved a three-day event in the Firm's headquarters in Cairo, with smart sessions

being streamed live to other locations, and sessions with DNA Architects scheduled virtually, allowing employees in all EFG Hermes locations the opportunity to participate.

The Academy programs continue to push the envelope, bringing new assessment techniques to the Firm, and new learning styles. The first class of the Leadership Development Programme (LDP) was selected in 2019, through the administration of an assessment center administered by Willis Towers Watson — the first time EFG Hermes has utilized this selection methodology, which is now firmly embedded in our selection toolbox. The five-day residential program was held in El Gouna and was designed and delivered by the world-renowned Center for Creative Leadership (CCL).

### Performance Management Enhancements

EFG Hermes also recalibrated its approach to employee appraisals in 2019. Aiming for a more streamlined approach, simpler methods of assessment and time optimization, the team delivered on its mandate and successfully completed the Firm's annual appraisal cycle in four weeks (down from 12+ in previous years). The new methodology placed a strong emphasis on the appraisal meeting, and managers received hands-on training and coaching at the hands of the international learning provider Vantage Partners.

### 2020 Outlook

As EFG Hermes continues to grow in footprint, business lines, and employee numbers, it becomes



critical for HR to refine its policies, programs, and response times. 2020 will see the team focus on reassessing policies and programs to ensure they appropriately support the ever-evolving EFG Hermes in all locations and business lines. We hope to digitize more services to give the HR team more time to work on value-add projects. We will continue to refine our DNA strategy and will launch more Academy programs. We will also refine our talent acquisition strategy, and in doing so, will also initiate an Employer Branding project, which we hope will translate into a multiplicity of benefits that will impact all areas of HR and beyond.



# VALU LAUNCHED

# 2017

The Firm's NBFI platform expands to include valU, an innovative fintech platform that allows customers to make purchases and pay in installments.



# Board of Directors



**Mona Zulficar**  
Chairperson, EFG Hermes

Ms. Mona Zulficar has served as non-executive Chairperson of EFG Hermes since April 2008. She is a Founding Partner and Chairperson of Zulficar & Partners Law Firm, a specialized law firm of 11 partners and more than 50 associates, which was established in June 2009 and grew into one of the best ranked law firms in Egypt. She was previously Senior Partner at Shalakany Law Firm and Chair of its Executive Committee for many years.

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

Ms. Zulficar has also played an instrumental role in modernizing and reforming economic and banking laws and regulations as a former member of the board of the Central Bank of Egypt and as a prominent member of national drafting committees. She is also a leading human rights activist recognized locally and internationally and has initiated several successful campaigns for new legislation including women's rights, freedom of opinion, and family courts. She served as VP of the Constitutional Committee of 50, played a key role in drafting the 2014 Egyptian Constitution, and is currently member of the National Council for Human Rights.

She has recently been elected President of the first Egyptian Microfinance Federation and has been chairing several NGOs active in social development and microfinance to underprivileged 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 in Economics and Political Science from Cairo University and an LLM from Mansoura University as well as an honorary doctorate degree in law from the University of Zurich.



**Yasser El Mallawany**  
Vice Chairman of the Board, 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. Mr. El Mallawany holds a Bachelor's degree in Accounting from Cairo University.



**Karim Awad**  
Group CEO and Chairman of the Executive Committee

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

By the beginning of 2016, Mr. Awad also drove the company into a new strategic shift based on an extended geographic presence that aims to transform EFG Hermes from a MENA house into a finance house that has reach across frontier markets. He also initiated an

increased emphasis on product diversification in the Firm's traditional business lines as well as through the creation of a parallel non-bank finance platform, EFG Hermes Finance — a platform that was formed in 2015 and currently encompasses leasing, microfinance, consumer finance, and factoring businesses.

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

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



### **Efstratios Georgios (Takis) Arapoglou**

**Non-Executive Board member of EFG-Holding**

Mr. Takis Arapoglou is a consultant with an earlier career in International Capital Markets and Corporate & Investment banking and later in managing, restructuring, and advising publicly listed Financial Institutions and Corporates, primarily in SE Europe and the Middle East.

Most recent executive assignments include: Managing Director and Global Head of the Banks and Securities Industry for Citigroup, Chairman and CEO of the National Bank of Greece, Chairman of the Hellenic Banks Association, and CEO of Commercial Banking at EFG Hermes Holding SAE.

He currently holds the following non-executive board positions: Chairman of Bank of Cyprus Group, Chairman of Titan Cement International S.A., Chairman of Tsakos Energy Navigation (TEN) Ltd, Independent Board Member of EFG Hermes Holding SAE, and a Board Member of Bank Alfalah Ltd., representing the International Finance Corporation (IFC).

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

He has degrees in mathematics, engineering and management from Greek and British Universities.



### **Marwan Elaraby**

**Managing Partner – Europe, Middle East & Africa, Shearman & Sterling LLP**

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

Mr. Elaraby is a New York-qualified lawyer. He holds a BA in Economics from the American University in Cairo and a JD from Columbia University School of Law.



### **Jean Cheval**

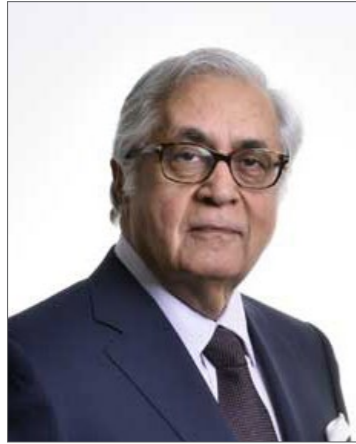
**Senior Advisor, NATIXIS**

Mr. Jean Cheval is a Non-Executive Member of the EFG Hermes Board. He joined Natixis in June 2009. Between 2009 and 2012, he was in charge of the Debt and Finance Department (Structured Finance) of Natixis CIB and of the European Area between 2011 and 2012. He became Head of Finance and Risk, member of Natixis Senior Management Committee, and second Senior Manager of Natixis, from September 2012 to October 2017.

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

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

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



### Zubyr Soomro

**Chairman of the National Bank of Pakistan**

Mr. Zubyr Soomro is a Non-Executive Member of the EFG Hermes Board. He has recently moved on from his role as the Chairman of the Pakistan Microfinance Investment Company, a market-based entity majority owned by KfW and a DFID subsidiary, and a company that has been established as the apex for the 45 microfinance lenders in Pakistan. His engagement with the microfinance sector extends over 20 years and has involved equity and debt investments, advisory work and board roles in the Pakistan Poverty Alleviation Fund, Acumen Pakistan, and Grameen Foundation USA. He has also been on the Board of Directors of Pakistan's central bank, the State Bank of Pakistan, and its Securities and Exchange Commission. In addition, he is on the board of governors of the Layton Rahmatulla Benevolent Trust, a leading eye-care provider handling a million patients per year, and Aitchison College, an institution set up in the 19th century to groom leaders for the subcontinent.

Pakistan's new government recently appointed him as the Chairman of the National Bank of Pakistan, one of the largest banks in the country. It is majority government owned with a global network and over 1,500 domestic branches. In addition, he has been appointed to the board of Sarmaya Pakistan, a sovereign fund set up in March 2019 to take on the oversight of the country's 204 government-owned corporate entities, of which 33 are in the financial sector.

Mr. Soomro spent the majority of his career at Citibank in international corporate, investment, consumer, and private banking, with over 33 years at the bank including work across the Middle East, Turkey, Africa, the UK, and Pakistan. He retired in 2008 as Managing Director and Country Head for Pakistan. During his Citibank career, Mr. Soomro took a three-year leave of absence to become the Chairman and President of United Bank Ltd, a 1,800 branch government-owned institution with presence in 10 countries. He was tasked with restructuring the bank for privatization. In 2004, the central bank awarded him the Quaid e Azam Centenary Gold Medal for his work at United Bank Ltd and his contribution to financial sector reform as Chairman of the Pakistan Bank's Association.

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

He has a BSc from the London School of Economics, an MA from the School of Oriental and African Studies, and graduated from Executive Education Programs in 2015 and 2017 on Financial Inclusion from Harvard Business School and Harvard Kennedy School.

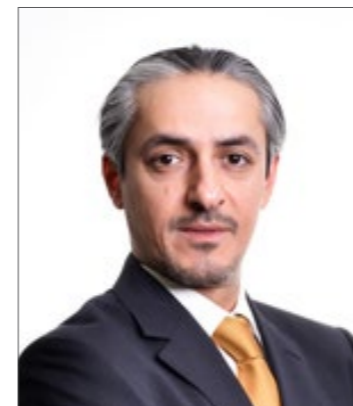


### Abdulla Khalil Al Mutawa

**General Manager - The Private Office of H. E. Sheikh Suroor Bin Mohammed Al Nahyan**

Mr. Abdulla Khalil Al Mutawa is a non-executive Member of the EFG Hermes Board. He is a competent and dedicated investment professional with more than 35 years of experience and a comprehensive background in Finance and Administration. He holds a B.Sc. degree in Business Administration from the University of North Carolina, USA. Mr. Al Mutawa is currently the General Manager of the Private Office of H.E. Sheikh Suroor Bin Mohammad Al Nahyan.

He has been a Member of the Board of Directors of ADCB since 1997. His ADCB Committees Memberships include Member – Board Audit & Compliance Committee. Mr. Al Mutawa has also been a Member of the Board of Directors of Bank Alfalah Limited, Pakistan, since 1997, in the following Committees: Chairman Board Audit Committee (BAC), Member, Board of Directors, Remuneration & Nomination Committee (BHR&NC), Chairmen, Board Strategy & Finance Committee (BS&FC), Member, Board Risk Management Committee (BRMC), Member, Board Compensation Committee (BCC), Member, Board Information Technology Committee (BITC). He is also the Chairman of Makhazen Investment Company, Abu Dhabi and a Board Member of Abu Dhabi National Hotels Company – Abu Dhabi.



### Khalid Mana Saeed Al Otaiba

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

Mr. Khalid Mana Saeed Al Otaiba is a Non-Executive Member of the EFG Hermes Board. He has been Office Manager for His Excellency Dr. Mana Saeed Al Otaiba, the personal advisor to His Highness the President of the UAE Sheikh Khalifa bin Zayed Al Nahyan, since 2005. He also holds the post of Deputy Chairman of the Al Otaiba Group of Companies. Mr. Al Otaiba leverages his over 17-year career spanning numerous industries to serve as the Director of Alfalah Insurance Company Limited, Pakistan, Chairman of Liwa International Investment Tourism and Royal Mirage Hotel & Resort Ltd, Morocco, and Chairman of Ghantout International and Bank Alfalah and Director of Royal Mirage Masdar Abu Dhabi. Mr. Al Otaiba holds a BA in International Economics from Suffolk University in Boston, Massachusetts.



### **Ramsay Zaki**

**Founder Wafra Export**

Mr. Ramsay Zaki is a Non-Executive Member of the EFG Hermes Board. In 2014, he founded Wafra Export, a fruit export company that owns a state-of-the-art packing house and grows its products on a 360-acre plot. Mr. Zaki was part of the EFG Hermes team for 18 years, starting as Head of Operations Brokerage in 1995 and ending his tenure as Chief Operating Officer. As COO, Mr. Zaki was responsible for managing operational matters, including compliance-related functions. Mr. Zaki's contribution to EFG Hermes included growing the backbone of the firm in all countries and lines of business, allowing it to grow rapidly while maintaining the highest degree of corporate governance and ethics and weather major economic and political events in the region. He was also part of the Firm's Board through to 2013. Prior to joining EFG Hermes, Mr. Zaki worked for five years at Commercial International Bank (CIB) where he headed the team responsible for extending credit to the Egyptian pharmaceutical industry. During his time at CIB, he was able to more than double loans to the sector and capture a 70% market share of all private sector pharmaceutical companies operating in Egypt. He was also heavily involved in the merger negotiations between the two biggest private sector pharmaceutical companies in the country. He holds a Bachelor of Commerce from Cairo University.



### **Timothy C. Collins**

**CEO and senior MD of Ripplewood Advisors LLC**

Mr. Timothy Collins is a Non-Executive Member of the EFG Hermes Board. He is the CEO and senior managing director of Ripplewood Advisors, the successor to Ripplewood Holdings, which he founded in 1995. Ripplewood has successfully invested in and built companies globally, including in Asia, Europe, and the Middle East. It has consistently delivered superior returns from investments totaling an enterprise value of over USD 40 billion.

Ripplewood has played an instrumental role in transforming and strengthening prominent financial institutions including: AS Citadele banka of Latvia, Commercial International Bank of Egypt, and Shinsei Bank of Japan and has invested in a broad range of industries including automotive, chemicals, consumer electronics, food, real estate, and telecommunications. Ripplewood's investment in Internet provider Gogo began the revolution in in-flight connectivity that is now becoming pervasive.

Many Ripplewood investments remain public companies. Before founding Ripplewood, Mr. Collins worked for Onex, Lazard Frères, Booz Allen Hamilton, and Cummins. He formerly served on several public-company

boards, including Advance Auto Parts, Asbury Automotive, Citigroup (after it accepted public funds), Commercial International Bank, Gogo, Rental Services Corporation, and Shinsei Bank. He also served as an independent director at Weather Holdings, a large private emerging-markets telecom operator that was sold to VimpelCom.

Mr. Collins also sits on the Board of Directors of Banque Saudi Fransi and SODIC. He is the Chairman of AS Citadele banka and is involved in several not-for-profit and public sector activities, including the Trilateral Commission and the Council on Foreign Relations, NEOM, McKinsey, and Yale Divinity School Advisory Boards. He is Chairman of the Advisory Board for the Yale School of Management, co-chair of the Advisory Council of the NYU Global Institute for Advanced Study and a member of the Investment Advisory Committee to the New York State Common Retirement Fund.

Mr. Collins has a BA in Philosophy from DePauw University and an MBA in Public and Private Management from Yale University's School of Management. Mr. Collins received an honorary Doctorate of Humane Letters from DePauw University in 2004 and has been an Adjunct Professor and Visiting Fellow at New York University. He has served as a Visiting Lecturer at the Yale Law School and is Senior Fellow and Director of the Henry P. Becton Fellowship Program at the Yale School of Management.



### **Elizabeth Critchley**

**Partner of Ripplewood Advisors Limited**

Mrs. Elizabeth Critchley is a Non-Executive Member of the EFG Hermes Board. She is a Partner of Ripplewood and runs the day-to-day operations. Before joining Ripplewood, Mrs. Critchley was a Founding Partner of Resolution Operations which raised GBP 660 million via a listed vehicle at the end of 2008 and went on to make three acquisitions in financial services (Friends Provident plc for USD 2.7 billion, most of Axa's UK life businesses for USD 4 billion, and Bupa for USD 0.3 billion). This consolidation strategy was financed through a combination of debt and equity raisings, as well as structured vendor financing. Until forming Resolution Operations, Mrs. Critchley was a Managing Director at Goldman Sachs International where she ran the European FIG Financing business. Mrs. Critchley has structured, advised, or invested in transactions with more than fifty global financials and corporates. Mrs. Critchley has a First Class Honors Degree in Mathematics from University College London.



**EFG  
HERMES**  
Factoring  
inaugurated



**2018**

The Firm marks the fourth addition to its NBF platform with EFG Hermes Factoring.





# Executive Committee



## Karim Awad

Group CEO and Chairman of the Executive Committee

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

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

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

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



## Mohamed Ebeid

Co-CEO of the Investment Bank, EFG Hermes

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

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



### **Karim Moussa**

**CO-CEO EFG Hermes Investment Bank, Head of Asset Management and Private Equity, CEO Vortex Energy**

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 PE 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. He led the creation of the Vortex Energy Platform and raised and deployed over USD 500 million in equity in yielding renewable energy assets across Europe. In 2019, he completed an exit of a portfolio of net c. 457 MW of onshore wind assets in France, Spain, Portugal, and Belgium to funds managed by J.P. Morgan, realizing attractive divestment returns and paying net cash yields in excess of 8% p.a. to investors. Karim recently led the launch of an education fund in partnership with GEMS Education, dedicated to investing in K-12 schools in Egypt, closing the fund at commitments of c. USD 133 million.

Since the beginning of 2017, Karim has been appointed Co-CEO of EFG Hermes Investment Bank, responsible for the entire buy-side business of the Group. Karim sits on the Investment Committee of several EFG Hermes' sponsored funds and on InfraMed's Investors Board, with combined AUM of c. USD 3.5 billion. He is also a Member of the Board of Directors of various portfolio companies.

Prior to joining EFG Hermes, Karim 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. He moved to Dubai in 2005 with the CEO of Deutsche Bank MENA to help establish the bank's regional business. Prior to Deutsche Bank, Karim worked as an Investment Analyst at Berlin Capital Fund, a Venture Capital Fund managed by the Berliner Bank.

Karim holds a Masters in Business Administration and Mechanical Engineering (Diplom Wirtschaftsingenieur) from the Technical University of Berlin.



### **Mohamed El Wakeel**

**Group Chief Operating Officer**

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

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



### **Abdel Wahab Mohamed Gadayel**

**Group Chief Risk and Compliance Officer**

Mr. Abdel Wahab Mohamed Gadayel is EFG Hermes Holding's Group Chief Risk and Compliance Officer, 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 procedures and enhancing the group's compliance framework.

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

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



### **Mohamed Abdel Khabir**

#### **Group Chief Financial Officer**

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

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

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

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



### **Walid Hassouna**

#### **Chief Executive Officer of EFG Hermes Finance and Group Head of Debt Capital Markets**

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

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 19-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 honors. He also holds an MBA from J. Mack Robinson College of Business, Georgia State University as well as Islamic Finance Qualification from CISI-UK.



### **Inji Abdoun**

#### **Group Chief Human Resources Officer**

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

In 2009, Ms. Abdoun became the Group Head of Human Resources overseeing the full spectrum of the department's functions across the Group while working closely with the Firm's management team providing HR insight to business issues. As of 2017, Inji is the Group Chief Human Resources Officer, continuing to oversee the Group's HR activities and working with the executive team as part of the group's Executive Committee.

Prior to joining EFG Hermes, Ms. Abdoun assumed HR management roles at LINKdotNET (an OT subsidiary), Fayrouz International (a Heineken subsidiary), as well as a role in career advising and placement at the Career Advising and Placement Office (CAPS) of the American University in Cairo, accumulating more than 19 years of experience in the field.

Ms. Abdoun is a SHRM Senior Certified Professional and a certified Myers-Briggs practitioner, and holds an MBA from the MIT Sloan School of Management.

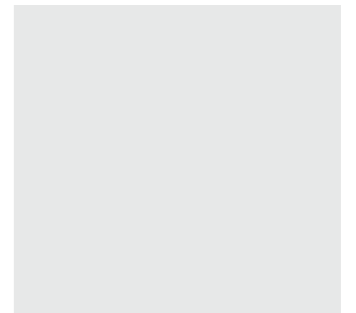


# FIRM ENTERS NIGERIA



# 2018

EFG Hermes enters Nigeria through the acquisition of 100% of Primera Africa, a top-ranked brokerage house in the country.



# Corporate Social Responsibility

EFG Hermes understands that as a leading financial services corporation across FEMs, our success as a business is determined not only by our profitability, but also by the impact we have on improving lives in the communities we do business. As a pioneer in sustainability, we believe we have a primary responsibility to lead the market when it comes to initiatives that promote shared value for all. In doing so, we hope to promulgate change in the countries in which we operate by transforming the relationship of corporations with broader society into one that instigates positive change and prosperity.

We have worked hard to integrate sound environmental, social, and governance (ESG) practices into the fabric of our operations and align them with the UN Sustainable Development Goals (SDGs). Since 2011, EFG Hermes has been a member of the UN Global Compact (UNGC) and has worked to ensure policies line up with its 10 principles of human rights, labor, environment, and anti-corruption, culminating in our 2017 ESG policy. In 2018, we became the first financial services corporation in Egypt to sign the United Nations Principles for Responsible Investment (UNPRI), an initiative developed by international investors to promote a more sustainable financial system across the globe.

In doing so, we have identified three main pillars of change that can help us achieve optimal levels of impact: responsible investment, corporate social responsibility, and advocacy. Since the launch of our Social Purpose in 2014, we have ensured that our products and services are able to create value for all of our stakeholders, and have directed our investments to resolve global, social, economic, and environmental challenges. Additionally, our business operations are supported by our Corporate Social Responsibility (CSR) department, which spearheads multiple initiatives to

curb our environmental footprint as well as the EFG Hermes Foundation for Social Development, which works tirelessly to support vulnerable segments of our society by engaging in projects that contribute to an improvement in their quality of life. EFG Hermes has also undertaken efforts to engage with key stakeholders including peers, policymakers, and regulators to promote good governance and sound corporate practices that promote community welfare.

## Responsible Investment Strategies

We have long sought to develop products and make investments that are aligned with our ESG standards and sustainability commitments. As ESG standards become regulatorily mandated in several jurisdictions, investors have become finely attuned to the importance of integrating sustainable initiatives into investment strategies. As such, we organized a two-day ESG advanced training workshop for 27 investment professionals from across our lines of business that sought to highlight responsible investment mechanisms and the ways in which they can be integrated into traditional investment analyses. The workshop cemented the Firm's commitment to evaluating investment opportunities through the lens of responsibility and long-term value creation for all stakeholders, particularly when it comes to FEM markets where ESG regulations are in their infancy and where the Firm, as a pioneer in this regard, has an established footprint.

## Energy

EFG Hermes spearheaded its investments in renewable energy through Vortex in 2014, turning it into the largest renewable energy focused investment manager in Europe. Vortex is directly invested in a 365 MW UK solar PV portfolio with plans to invest in further projects across North America, Europe, and Latin America as it seeks to bolster the renewable

energy sector in these regions. Before the divestiture of a 49% stake in a 998 MW pan-European wind energy portfolio, Vortex managed solar and wind assets, deploying c. USD 1.4 billion in the European renewables market.

## Healthcare

Given the growing need for high quality, affordable healthcare across Egypt, EFG Hermes Private Equity established Rx Healthcare Management (RxHM). In 2019, RxHM acquired United Pharma, a leading Egyptian provider of medical solutions, to expand its product portfolio to include a number of generic categories in underserved therapeutic areas as well as increase the production of IVs.

## Education

EFG Hermes believes education is by large, the cornerstone of sustainable community development. Accordingly, our private equity arm entered into an exclusive partnership with Global Education Management Systems (GEMS), one of the world's leading providers of private English-language education for students from kindergarten to twelfth grade (K-12) to establish a new USD 300 million platform targeting Egypt's underserved K-12 education sector. Through this, EFG Hermes Private Equity and GEMS aim to build Egypt's largest institutional education service provider featuring state-of-the-art educational facilities. As it stands, the platform has an aggregated capacity to serve c. 9,000 students after having signed a deal during the year to acquire an international school in the city of Rehab, bringing the total number of schools under its purview to five. The year also saw the platform gain a majority stake in Option Travel, a leading transportation provider, to offer its current 6,000 students safe and efficient transportation services, with plans to roll the service out to third-party schools down the line.



## Financial Inclusion

As part of our underlying commitment to promote sustainable development in our local communities, and in line with our commitment to the SDGs and Egypt's Vision 2030, EFG Hermes developed a range of products and services aimed at promoting financial inclusion through our rapidly growing NBFI platform EFG Hermes Finance.

Tanmeyah, Egypt's leading microfinance solutions provider has grown consistently since its acquisition in 2016, with 271 operational branches in 25 governorates serving more than 360,000 clients today. Throughout the year, Tanmeyah worked to enhance its services, upgrading its physical branches as well as adopting a digitalization strategy to streamline exchanges with its clients and properly disseminate information to current and prospective borrowers. Additionally, Tanmeyah now offers micro-insurance and group lending services to provide it with a comprehensive suite of tools to grow their businesses.

During the year, EFG Hermes Leasing increased its SME portfolio to 16% and worked with funders to further enhance its financing options by working



to extend low-cost credit to its SME clients. EFG Hermes will also look to merge its newly established factoring business with EFG Hermes Leasing to offer its clients a well-rounded support base as they enhance their operations.

As part of EFG Hermes' efforts to diversify its range of financing solutions to provide support to a large segment of the population, our subsidiary valU continues to operate its Uber financing program. Launched in 2017 with support from the Saudi Development Fund, the program offers best-in-market vehicle financing programs at an interest rate well below the market average. In doing so, the program aims to remove barriers posed by the cost of purchasing a vehicle to facilitate employment opportunities for individuals seeking to join Uber.

EFG EV, Egypt's first fintech startup accelerator launched in collaboration with Egypt Ventures, began operations in 2019. The company is expected to invest in more than 30 startups by 2023 to foster innovation among Egypt's entrepreneurial ecosystem.

EFG Hermes also launched two new ventures during the year, a mortgage finance enterprise as well as an insurance venture, further adding to its ever-growing list of services that will offer clients traditionally left behind when it comes to traditional banking services to access vital capital, support their livelihoods, and bring them into the formal economy.

## Sustainable Business Practices

### Investing in Human Capital

EFG Hermes constantly strives to invest in its human capital in line with its commitment to the people who keep the Firm running every day. As part of its efforts to create a more open culture and target its investments in its staff capabilities, EFG Hermes launched its first Development Needs Assessment in

April 2019, creating an open platform for employees to share their views on the most pressing talent development needs at the Firm. Our HR team works tirelessly to develop programs that will bolster these skills through its learning platform, The Academy. Additionally, ESG training has been incorporated into The Academy to ensure practices are further integrated into all of our operations. For more information on our talent development initiatives, please refer to the Our People section of this report.

### Anti-corruption and Corporate Governance

EFG Hermes believes that our success is supported by the importance we attribute to good governance. Robust frameworks incorporating sound ESG practices are what allow us to drive value for stakeholders in a sustainable, ethical manner. Furthermore, our commitment to the UNPRI has resulted in deeper monitoring of our operations and further integration of ESG practices into our operations. This commitment has also led us to develop new policies on climate change as well as on modern slavery and human trafficking to further enhance ethical practices across the Firm.

### Corporate Social Responsibility

EFG Hermes' CSR department is responsible for formulating the Firm's strategic ESG direction and disseminating it throughout the group. Since its establishment in 2016, the department has worked closely with the Firm's business lines to further cement the ESG commitments across all operational policies as well to promote awareness among staff members about pressing issues including water conservation, ethical governance practices, and diversity and inclusion in the workplace.

### EFG Hermes Foundation for Social Development

The EFG Hermes Foundation for Social Development was established in 2006 to serve as the primary

channel through which the Firm seeks to generate positive impact on local communities. The Foundation adopts a sustainable integrated approach which has allowed it to garner support from a number of key partners, further enabling it to affect change.

The Foundation launched a EGP 70 million sustainable integrated development project in 2017 benefiting the Naga' El Fawal and El Deir villages in the Luxor governorate with the aim of building the former to serve as a developed base for the village's 75,000 residents.

In late 2019, the Foundation announced the inauguration of the first phase of the project. Key to this phase is the launch of the Young Scholars Academy preschool, which offers 70 children in the area a solid educational and social base as well as a special program catering to 20 children with special needs. Teachers at the preschool have received training in the Montessori philosophy of early education since 2017. The inauguration of the preschool has generated 27 sustainable jobs, including 23 teaching positions for the residents in the area. Additionally, the first phase also saw the completion of a water network set to benefit 10,000 residents in Naga' El Fawal, and the delivery of the first batch of houses to the residents.

The project's future phases will include a sanitation and wastewater treatment plant, upgraded housing for all residents, as well as economic empowerment projects benefiting women and youth.

### Advocacy

The Firm seeks to regularly engage with an array of key stakeholders including peers, policymakers, and regulators within the community to promote sound ESG policies including good governance, responsible investment, as well as socially and environmentally sustainable practices. Throughout the year, the Firm made use of a number of channels in this regard, including the Firm's One-on-One conference in Dubai

and the London Conference in the UK. Through these now vital FEM conferences, EFG Hermes is able to offer a platform that brings together fund managers, institutional investors, government representatives, and industry leaders to promote partnerships and strategic investments as well as to offer a forum for knowledge sharing between key experts to highlight the opportunities and challenges facing sustainable investment in FEMs.

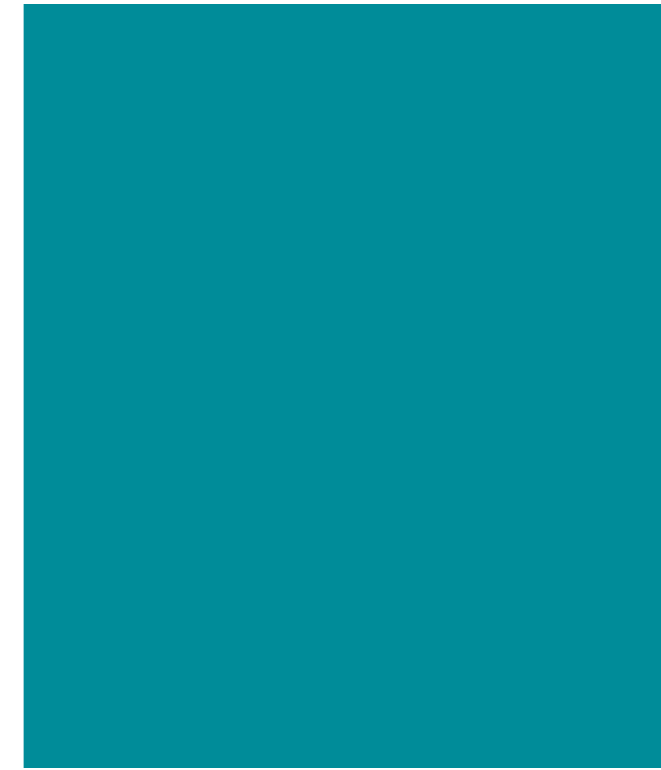
### 2020 Outlook

Moving forward, EFG Hermes will continue to build on the strides it has taken to weave sound, ethical, and responsible ESG practices into the fabric of its operations. It will also seek to further engage community stakeholders as it promotes greater action among other industry players to benefit the communities in which it operates and create a platform that will catapult their sustainable and economic development.





# 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 2019, 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

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 December 31, 2019 and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to note no (10) to the consolidated financial statements which describe the fact that the Group has an investment in a bank in Lebanon classified as available for sale investment in the Consolidated financial position amounted to EGP 753,511,936 as at 31 December 2019 and due to the fact that Lebanon is facing political instability which generally affected the Lebanese economy and led to the deterioration in the economic activities, this might have a significant effect on the fair value of the investment.

Currently, it is not possible to quantify this effect on the fair value of the investment.

KPMG Hazem Hassan  
Cairo, March 18, 2020



# Consolidated Statement of Financial Position

(in EGP)	Note no.	31/12/2019	31/12/2018
			Restated *
<b>Assets</b>			
<b>Non - current assets</b>			
Available -for- sale investments	(10)	14,380,725,633	10,543,320,857
Equity accounted investees - investments in associates	(11)	55,000,000	5,000,000
Investment property	(12)	205,498,422	222,926,210
Fixed assets	(13)	524,799,639	506,349,178
Goodwill and other intangible assets	(14)	999,077,802	1,005,542,907
Deferred tax assets	(20)	93,647,802	22,442,751
Loans receivables	(9)	2,670,457,288	2,395,590,134
<b>Total non - current assets</b>		<b>18,929,206,586</b>	<b>14,701,172,037</b>
<b>Current assets</b>			
Cash and cash equivalents	(6)	9,984,123,272	6,507,881,367
Loans receivables	(9)	2,617,489,154	2,469,763,829
Investments at fair value through profit and loss	(7)	5,745,442,237	2,127,056,168
Available -for- sale investments	(10)	1,358,599,330	-
Accounts receivables	(8)	5,211,753,787	2,563,271,748
Other assets	(15)	529,278,412	690,711,261
Assets held for sale	(5)	-	313,425,000
<b>Total current assets</b>		<b>25,446,686,192</b>	<b>14,672,109,373</b>
<b>Total assets</b>		<b>44,375,892,778</b>	<b>29,373,281,410</b>
<b>Equity</b>			
Share capital	(23)	3,843,091,115	3,843,091,115
Legal reserve		803,102,208	773,338,368
Share premium		1,922,267,826	1,922,267,826
Other reserves		2,758,679,077	3,868,919,785
Retained earnings		4,330,582,531	3,577,534,613
Equity attributable to owners of the Company		13,657,722,757	13,985,151,707
Non - controlling interests	(24)	362,757,134	437,713,552
<b>Total equity</b>		<b>14,020,479,891</b>	<b>14,422,865,259</b>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Deferred tax liabilities	(20)	211,537,049	253,754,559
Loans and borrowings	(22)	2,451,620,265	2,289,186,575
<b>Total non - current liabilities</b>		<b>2,663,157,314</b>	<b>2,542,941,134</b>
<b>Current liabilities</b>			
Due to banks and financial institutions	(16)	10,427,808,365	4,951,196,332
Loans and borrowings	(22)	1,432,435,583	792,627,413
Accounts payable - customers credit balance		7,677,341,560	2,545,472,314
Accounts payable - customers credit balance at fair value through profit and loss	(17)	5,086,573,832	1,600,190,506
Short term bonds	(18)	400,000,000	-
Creditors and other credit balances	(19)	1,909,584,796	1,881,071,645
Current tax liability		189,128,550	175,418,860
Provisions	(21)	569,382,887	461,497,947
<b>Total current liabilities</b>		<b>27,692,255,573</b>	<b>12,407,475,017</b>
<b>Total liabilities</b>		<b>30,355,412,887</b>	<b>14,950,416,151</b>
<b>Total equity and liabilities</b>		<b>44,375,892,778</b>	<b>29,373,281,410</b>

\* See note (33) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar  
Chairperson

Karim Awad  
Group Chief Executive Officer

# Consolidated Income Statement

(in EGP)	Note	For the year ended	
		31/12/2019	31/12/2018
			Restated *
<b>Revenues</b>			
Fee and commission income	(31)	3,066,836,823	2,451,151,796
Securities gains		485,380,880	72,881,193
Revenues from leasing activities		523,562,579	503,133,424
Interest and dividend income		2,576,352,851	1,664,182,123
Changes in the investments at fair value through profit and loss		11,232,779	(22,337,586)
Provision reserved	(21-1)	-	73,100,433
Other income	(26)	76,313,533	146,169,142
<b>Total revenues</b>		<b>6,739,679,445</b>	<b>4,888,280,525</b>
<b>Expenses</b>			
Fee and commission expense		(329,069,400)	(149,302,633)
Interest expense		(1,289,194,772)	(1,059,857,418)
General administrative expenses	(30)	(2,933,133,961)	(2,571,582,826)
Provisions	(21)	(160,605,066)	(83,154,146)
Depreciation and amortization	(12),(13),(14)	(109,832,178)	(75,421,373)
Impairment loss on assets	(27)	(82,632,630)	(48,424,377)
Foreign currencies exchange differences		(309,982,969)	359,142,423
<b>Total expenses</b>		<b>(5,214,450,976)</b>	<b>(3,628,600,350)</b>
Profit before income tax		1,525,228,469	1,259,680,175
Income tax expense	(28)	(128,067,515)	(211,680,024)
<b>Profit for the year</b>		<b>1,397,160,954</b>	<b>1,048,000,151</b>
<b>Profit attributable to:</b>			
Owners of the Company		1,378,102,955	1,012,345,462
Non - controlling interests	(24)	19,057,999	35,654,689
		<b>1,397,160,954</b>	<b>1,048,000,151</b>

\* See note (33) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

# Consolidated Statement of Comprehensive Income

(in EGP)	For the year ended	
	31/12/2019	31/12/2018 Restated *
Profit for the year	1,397,160,954	1,048,000,151
<b>Other comprehensive income:</b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Foreign operations - foreign currency translation differences	(869,066,150)	(98,911,649)
Available -for- sale investments - net change in fair value	36,724,275	(220,815,448)
Available -for- sale investments - net change in fair value - reclassified to profit or loss	(436,794,148)	(70,504,218)
Foreign currency translation differences - reclassified to profit or loss	88,869,430	(313,311,732)
Related tax	32,014,376	33,383,150
<b>Other comprehensive income, net of tax</b>	<b>(1,148,252,217)</b>	<b>(670,159,897)</b>
<b>Total comprehensive income</b>	<b>248,908,737</b>	<b>377,840,254</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	267,862,247	345,909,334
<b>Non - controlling interests</b>	<b>(18,953,510)</b>	<b>31,930,920</b>
	<b>248,908,737</b>	<b>377,840,254</b>

\* See note (33) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

# Consolidated Statement of Changes In Equity

(in EGP)	Attributable to owners of the Company				Other reserves		Fair value reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Other reserves						
<b>Balance as at 31 December, 2017, as previously reported</b>	<b>3,074,472,890</b>	<b>1,537,236,445</b>	<b>1,922,267,826</b>	<b>158,269</b>	<b>3,272,626,898</b>	<b>1,281,604,371</b>	<b>(26,442,387)</b>	<b>2,585,659,132</b>	<b>13,647,583,444</b>	<b>273,241,999</b>	<b>13,920,825,443</b>	
Effect of change in accounting policies	-	-	-	-	-	7,151,547	-	(8,704,132)	(1,552,585)	-	(1,552,585)	
Impact of purchase price allocation on subsidiary	-	-	-	-	257,215	-	-	(1,996,875)	(1,739,660)	37,940,625	36,200,965	
<b>Restated balance as at 31 December, 2017</b>	<b>3,074,472,890</b>	<b>1,537,236,445</b>	<b>1,922,267,826</b>	<b>158,269</b>	<b>3,272,884,113</b>	<b>1,288,755,918</b>	<b>(26,442,387)</b>	<b>2,574,958,125</b>	<b>13,644,291,199</b>	<b>311,182,624</b>	<b>13,955,473,823</b>	
<b>Total comprehensive income</b>												
Profit	-	-	-	-	-	-	-	1,012,345,462	1,012,345,462	35,654,689	1,048,000,151	
Other comprehensive income	-	-	-	-	(410,585,975)	(255,850,153)	-	(666,436,128)	(3,723,769)	(670,159,897)	(670,159,897)	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(410,585,975)</b>	<b>(255,850,153)</b>	<b>-</b>	<b>1,012,345,462</b>	<b>345,909,334</b>	<b>31,930,920</b>	<b>377,840,254</b>	
<b>Transactions with owners of the Company</b>												
<b>Contributions and distributions</b>												
Increase in paid- in capital	768,618,225	(768,618,225)	-	-	-	-	-	(11,262,468)	(11,262,468)	(55,345,920)	(66,608,388)	
Dividends	-	-	-	-	-	-	-	(4,720,148)	(4,720,148)	-	-	
Transferred to legal reserve	-	-	-	-	-	-	-	-	-	-	-	
<b>Changes in ownership interests</b>												
Share of NCI in the increase of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	6,213,642	6,213,642	(3,130,707)	3,082,935	
<b>Restated balance as at 31 December 2018 *</b>	<b>3,843,091,115</b>	<b>773,338,368</b>	<b>1,922,267,826</b>	<b>158,269</b>	<b>2,862,298,138</b>	<b>1,032,905,765</b>	<b>(26,442,387)</b>	<b>3,577,534,613</b>	<b>13,985,151,707</b>	<b>437,713,552</b>	<b>14,422,865,259</b>	
<b>Total comprehensive income</b>												
Profit	-	-	-	-	-	-	-	1,378,102,955	1,378,102,955	19,057,999	1,397,160,954	
Other comprehensive income	-	-	-	-	(743,123,068)	(367,117,640)	-	(1,110,240,708)	(38,011,509)	(1,148,252,217)	(1,148,252,217)	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(743,123,068)</b>	<b>(367,117,640)</b>	<b>-</b>	<b>1,378,102,955</b>	<b>267,862,247</b>	<b>(18,953,510)</b>	<b>248,908,737</b>	
<b>Transactions with owners of the Company</b>												
Transferred to legal reserve	-	29,763,840	-	-	-	-	-	(29,763,840)	-	-	-	
Dividends	-	-	-	-	-	-	-	(594,519,147)	(594,519,147)	(56,287,566)	(650,806,713)	
<b>Changes in ownership interests</b>												
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	(772,050)	(772,050)	2,400,911	1,628,861	
Share of NCI in the increase/(decrease) of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	(2,116,253)	(2,116,253)	
<b>Balance as at 31 December 2019</b>	<b>3,843,091,115</b>	<b>803,102,208</b>	<b>1,922,267,826</b>	<b>158,269</b>	<b>2,119,175,070</b>	<b>665,788,125</b>	<b>(26,442,387)</b>	<b>4,330,582,531</b>	<b>13,657,722,757</b>	<b>362,757,134</b>	<b>14,020,479,891</b>	

\* See note (33) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) are an integral part of these financial statements and are to be read therewith.

# Consolidated Statement of Cash Flows

(in EGP)	Note no.	For the year ended	
		31/12/2019	31/12/2018 Restated *
<b>Cash flows from operating activities</b>			
Profit before income tax		1,525,228,469	1,259,680,175
<b>Adjustments for:</b>			
Depreciation and amortization	(12),(13),(14)	109,832,178	75,542,584
Provisions formed	(21)	160,605,066	83,154,146
Provisions used	(21)	(30,774,632)	(62,109,819)
Provisions reversed		-	(73,100,433)
(Gains) loss on sale of fixed assets		(1,312,253)	563,277
Gains on sale of investment property		-	1,542,900
Gains on sale of available -for- sale investments		(436,794,148)	(70,504,218)
Changes in the fair value of investments at fair value through profit and loss		(11,232,779)	22,337,586
Impairment loss on assets	(27)	82,632,630	48,424,377
Foreign currency translation differences		(290,871,047)	39,251,801
Foreign currencies exchange differences		309,982,970	(365,806,588)
<b>Operating profit before changes in current assets and liabilities</b>		<b>1,417,296,454</b>	<b>958,975,788</b>
<b>Changes in:</b>			
Other assets		169,821,624	(212,376,000)
Creditors and other credit balances		81,797,760	294,394,129
Accounts receivables		(2,889,353,659)	5,366,400,511
Accounts payable		5,587,368,506	(2,885,220,987)
Accounts payable - customers credit balance at fair value through profit and loss		4,102,638,104	(8,956,117,858)
Investments at fair value through profit and loss		(3,909,802,860)	12,683,740,072
Income tax paid		(188,929,693)	(282,706,362)
<b>Net cash provided from operating activities</b>		<b>4,370,836,236</b>	<b>6,967,089,293</b>
<b>Cash flows from investing activities</b>			
Loans receivables		(479,670,207)	(1,484,627,592)
Payments to purchase fixed assets and other intangible assets		(125,857,883)	(192,782,660)
Proceeds from sale of fixed assets		1,449,760	240,016,529
Payments to purchase assets held for sale		-	(627,287,814)
Proceeds from sale of assets held for sale		313,425,000	313,862,814
Payments to purchase leased assets		-	(1,258,029,195)
Proceeds from sale of leased assets		-	111,995,835
Proceeds from securitization transaction		-	315,000,000
Proceeds from sale of available -for- sale investments		6,361,664,555	1,978,284,963
Payments to purchase available -for- sale investments		(12,316,939,303)	(8,586,312,316)
Payments to purchase investment in associate		(50,000,000)	-
Acquisition of subsidiary (net of cash acquired)		(1,360,716)	-
<b>Net cash used in investing activities</b>		<b>(6,297,288,794)</b>	<b>(9,189,879,436)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(614,008,582)	(134,286,637)
Proceeds from short term bonds		400,000,000	-
Proceeds from loans and borrowings		1,003,034,395	1,370,922,218
Payment for loans and borrowings		(554,805,028)	(338,577,027)
<b>Net cash provided from financing activities</b>		<b>234,220,785</b>	<b>898,058,554</b>
Net change in cash and cash equivalents		(1,692,231,773)	(1,324,731,589)
Cash and cash equivalents at 1 January	(29)	1,291,482,285	2,922,758,219
<b>Cash and cash equivalents at 31 December</b>	<b>(29)</b>	<b>(400,749,488)</b>	<b>1,598,026,630</b>

\* See note (33) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (57) 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, 2019

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

## 1. Background

### 1.1. Incorporation

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

### 1.2. Purpose of the company

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

## 2. Basis of preparation

### 2.1. Statement of compliance

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

### 2.2. Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on March 17, 2020.

## 3. Functional and presentation currency

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

## 4. Use of estimates and judgments

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

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

**4.1. Fair value measurement**

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

**5. Assets held for sale**

- On May 20, 2018 EFG-Hermes, via its private equity arm, announced that it entered into an exclusive partnership with GEMS Education, one of the world's leading providers of private English-language education for students from kindergarten to twelfth grade (K-12), to jointly establish a new platform focused on Egypt's K-12 education sector. Accordingly on May 27, 2018, the Group acquired 100% of the issued and fully paid up share capital of the leading Egyptian Company for Educational and Intellectual service which holds the operational licensees and real property of 4 schools (BISM, MILS, MLS and TBS) as part of its merchant banking activities. On December 30, 2018 the Group sold 50 % of its stake to GEMS Education and during first quarter 2019 Egypt Education Fund acquired the remaining stake of the group.

**6. Cash and cash equivalents**

	31/12/2019	31/12/2018
Cash on hand	43,812,994	25,849,194
Cheques under collection	5,960,252	323,685
Banks - current accounts	8,860,641,238	5,506,725,717
Banks - time deposits	1,073,708,788	974,982,771
<b>Balance</b>	<b>9,984,123,272</b>	<b>6,507,881,367</b>

**7. Investments at fair value through profit and loss**

	31/12/2019	31/12/2018
Mutual fund certificates	266,399,637	125,503,510
Equity securities	28,329,478	104,230,323
Debt securities	815,671	187,025,819
Treasury bills	185,874,315	41,341,595
Structured notes	5,264,023,136	1,668,954,921
<b>Balance</b>	<b>5,745,442,237</b>	<b>2,127,056,168</b>

**8. Accounts receivables**

	31/12/2019	31/12/2018
		Restated *
Accounts receivables	7,996,955,003	2,539,167,383
Other brokerage companies	(2,785,201,216)	24,104,365
<b>Balance</b>	<b>5,211,753,787</b>	<b>2,563,271,748</b>

\*Note no (33).

**9. Loans receivables**

	31/12/2019	31/12/2018
		Restated *
Micro financial loans	1,911,963,284	1,260,642,171
Vortex II Holding Sarl	--	237,632,234
Vortex Solar Investments Sarl	108,208,650	116,614,967
Finance Lease Receivables	3,033,094,455	2,524,477,431
Other loans	234,680,053	725,987,160
<b>Balance</b>	<b>5,287,946,442</b>	<b>4,865,353,963</b>
Current	2,617,489,154	2,469,763,829
Non-current	2,670,457,288	2,395,590,134
<b>Balance</b>	<b>5,287,946,442</b>	<b>4,865,353,963</b>

\*Note no (33).

## 10. Available - for- sale investments

	31/12/2019	31/12/2018
<b>Non-current investments</b>		
Equity securities *	1,153,515,079	2,027,151,574
Mutual fund certificates	1,880,706,322	2,047,570,768
Debt instruments	11,346,504,232	6,468,598,515
	<b>14,380,725,633</b>	<b>10,543,320,8577</b>
<b>Current investments</b>		
Debt instruments	1,358,599,330	--
<b>Balance</b>	<b>15,739,324,963</b>	<b>10,543,320,8577</b>

\*Equity securities includes 2,062,242 shares of Credit Libanais Bank S.A.L (the Bank), Lebanese company representing approximately 8.813% of the total shares of the bank with the fair value of EGP 753,511,936 as at 31 December 2019 versus EGP 1,218,846,889 as at 31 December 2018.

Lebanon has recently faced unrest that has significant impact on the economic sectors in general. These events may lead to significant decline in economic activities during the upcoming period, consequently this might have further impact on the value of the Group's investment in Credit Libanais Bank.

Further, the continuity of the unrest situation and its impact on the valuation parameters and the prolonging of the decline of the fair value of the investment is unforeseen to the group at the current stage.

Therefore going forward, the Group will be closely monitoring the situation in Lebanon and would consider affecting the fair value of its investment in Credit Libanais Bank with any new developments in the political and economical situation in Lebanon , changes in FV (upwards or downwards) could be triggered at any point in the near future.

## 11. Equity accounted investees - investments in associates

	31/12/2019	31/12/2018
EFG- EV Fintech	5,000,000	5,000,000
Bedaya Mortgage Finance Co	50,000,000	--
<b>Balance</b>	<b>55,000,000</b>	<b>5,000,000</b>

## 12. Investment property

Particular	Buildings
<b>Cost</b>	
Balance as at 1/1/2018	255,850,696
Foreign currency translation differences	778,014
<b>Total cost as at 31/12/2018</b>	<b>256,628,710</b>
Foreign currency translation differences	(9,068,720)
<b>Total cost as at 31/12/2019</b>	<b>247,559,990</b>
<b>Accumulated depreciation</b>	
Accumulated depreciation as at 1/1/2018	23,992,921
Depreciation for the year	9,638,006
Foreign currency translation differences	71,573
<b>Accumulated depreciation as at 31/12/2018</b>	<b>33,702,500</b>
Depreciation for the year	9,467,141
Foreign currency translation differences	(1,108,073)
<b>Accumulated depreciation as at 31/12/2019</b>	<b>42,061,568</b>
<b>Carrying amount</b>	
Net carrying amount as at 31/12/2018	222,926,210
<b>Net carrying amount as at 31/12/2019</b>	<b>205,498,422</b>

Investment property net carrying amount amounted EGP 205,498,422 as at 31 December 2019, represents the following:-

- EGP 132,417,447 the book value of the area owned by EFG – Hermes Holding Company in Nile City building, and with a fair value of EGP 345,910,000.
- EGP 66,878,891 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE, and with a fair value of EGP 76,661,629.
- EGP 3,358,621 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch.
- EGP 2,843,463 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch.

## 13. Fixed assets

Particular	Land & Buildings	Leasehold improvements	Office furniture, electrical appliances & equipment	Computer Equipment	Vehicles	const Proj-ects under ruction	Total
<b>Cost</b>							
Balance as at 1/1/2018 *	270,187,690	38,875,956	208,104,521	260,369,535	26,838,747	13,144,249	817,520,698
Additions *	92,500,000	18,784,509	65,488,158	61,428,511	5,014,455	--	243,215,633
Disposals	--	(829,830)	(5,327,285)	(3,642,810)	(3,844,911)	(13,144,249)	(26,789,085)
Foreign currency translation differences	(129,708)	92,380	439,192	1,462,929	(792,440)	--	1,072,353
<b>Total cost as at 31/12/2018*</b>	<b>362,557,982</b>	<b>56,923,015</b>	<b>268,704,586</b>	<b>319,618,165</b>	<b>27,215,851</b>	<b>--</b>	<b>1,035,019,599</b>
Balance as at 1/1/2019	362,557,982	56,923,015	268,704,586	319,618,165	27,215,851	--	1,035,019,599
Additions	--	19,935,978	27,081,269	56,665,271	6,853,588	--	110,536,106
Disposals	--	--	) 1,136,107 (	(610,545)	(2,472,656)	--	(4,219,308)
Acquisition from subsidiaries	--	--	--	525,470	--	--	525,470
Foreign currency translation differences	(98,586)	(304,790)	(17,950,297)	(17,455,934)	(1,233,533)	--	(37,043,140)
<b>Total cost as at 31/12/2019</b>	<b>362,459,396</b>	<b>76,554,203</b>	<b>276,699,451</b>	<b>358,742,427</b>	<b>30,363,250</b>	<b>--</b>	<b>1,104,818,727</b>
<b>Accumulated depreciation</b>							
Accumulated depreciation as at 1/1/2018 *	43,578,611	24,604,782	179,845,857	217,392,127	17,114,250	--	482,535,627
Depreciation *	9,017,728	5,509,698	12,067,417	25,835,420	4,311,964	--	56,742,227
Disposals' accumulated depreciation	--	(300,656)	(5,299,541)	(3,614,814)	(3,013,991)	--	(12,229,002)
Foreign currency translation differences	(24,376)	10,584	945,539	1,002,093	(312,271)	--	1,621,569
<b>Accumulated depreciation as at 31/12/2018*</b>	<b>52,571,963</b>	<b>29,824,408</b>	<b>187,559,272</b>	<b>240,614,826</b>	<b>18,099,952</b>	<b>--</b>	<b>528,670,421</b>
Accumulated depreciation as at 1/1/2019	52,571,963	29,824,408	187,559,272	240,614,826	18,099,952	--	528,670,421
Depreciation	9,538,074	9,776,111	25,585,226	37,390,470	4,361,603	--	86,651,484
Disposals' accumulated depreciation	--	--	(1,116,853)	(601,345)	(2,246,648)	--	(3,964,846)
Acquisition from subsidiaries	--	--	--	35,031	--	--	35,031
Foreign currency translation differences	(33,769)	(99,706)	(14,146,558)	(16,101,749)	(991,220)	--	(31,373,002)
<b>Accumulated depreciation as at 31/12/2019</b>	<b>62,076,268</b>	<b>39,500,813</b>	<b>197,881,087</b>	<b>261,337,233</b>	<b>19,223,687</b>	<b>--</b>	<b>580,019,088</b>
<b>Carrying amount</b>							
Carrying amount as at 31/12/2018 *	309,986,019	27,098,607	81,145,314	79,003,339	9,115,899	--	506,349,178
<b>Carrying amount as at 31/12/2019</b>	<b>300,383,128</b>	<b>37,053,390</b>	<b>78,818,364</b>	<b>97,405,194</b>	<b>11,139,563</b>	<b>--</b>	<b>524,799,639</b>

\*Note no (33).

## 14. Goodwill and other intangible assets

	31/12/2019	31/12/2018
Goodwill	(14-1)	896,012,911
Customer relationships		54,151,875
Licenses		11,049,814
Software		37,863,202
<b>Balance</b>	<b>999,077,802</b>	<b>1,005,542,907</b>

## 14.1. Goodwill is relating to the acquisition of the following subsidiaries:

	31/12/2019	31/12/2018
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEA DEVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E	365,398,862	365,398,862
EFG - Hermes Pakistan Limited	9,503,738	9,503,738
Frontier Investment Management Partners LTD	325,800,740	325,800,740
<b>Balance</b>	<b>896,012,911</b>	<b>896,012,911</b>

## 15. Other assets

	31/12/2019	31/12/2018
		Restated *
Deposits with others	(15-1)	42,270,033
Down payments to suppliers		37,048,024
Prepaid expenses		60,145,356
Employees' advances		67,812,584
Accrued revenues		172,093,322
Taxes withheld by others		35,542,115
Payments for investments	(15-2)	11,623,856
Settlement Guarantee Fund		27,213,955
Due from Ara Inc. Company		564,705
Due from Egypt Gulf Bank- Tanmeyah Clients		14,290,786
Receivables-sale of investments		36,242,640
Securitization surplus	(15-3)	9,363,743
Sundry debtors		15,067,293
<b>Balance</b>	<b>529,278,412</b>	<b>690,711,261</b>

\* Note no (33).

15.1. Deposits with others include an amount of EGP 15,192,286 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

15.2. Payments for investments are represented in the following:

	31/12/2019	31/12/2018
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
Paytabs Egypt Solutions	250,000	--
EFG Hermes for Sukuk	10,000,000	--
<b>Balance</b>	<b>11,623,856</b>	<b>1,373,856</b>

15.3. On 15/11/2018 EFG-Hermes Leasing (a subsidiary – 100%) has signed a contract to securitize finance lease contracts it's undiscounted cash flows amounted to EGP 407 344 556 and it's discounted cash flows amounted to EGP 329 608 548 to EFG Hermes Securitization Company (a subsidiary – 100%), the financial rights related to the finance lease agreements assigned to EFG Hermes Securitization Company (transferee). EFG Hermes Securitization Company made a special offering for the securitization bonds according to the approval of the Egyptian Financial Supervisory Authority to offering bonds and the underwriting of bonds which amounted to EGP 315 000 000 was paid in full through a special offering that was closed on 3/12/2018, the amount of the securitization surplus as at 31 December 2019 is EGP 9,363,743 represents the present value of the rights of EFG – Hermes Leasing at the end of the securitization process which the custodian is obligated to repay to the Company as the transferor in those issuances at the maturity of the securitization bonds or by its accelerated payment and after the full payment of all entitlements of bondholders both principal and interest and the payment of all other obligations.

## 16. Due to banks and financial institutions

	31/12/2019	31/12/2018
Financial institutions	6,806,369,720	3,010,470,101
Bank overdraft	3,621,438,645	1,940,726,231
<b>Balance</b>	<b>10,427,808,365</b>	<b>4,951,196,332</b>

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

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

## 18. Short term bonds

Hermes Securities Brokerage (a subsidiary -100%) issued short-term bonds with a value of EGP 400 million that are tradable and non-convertible to shares and it's for the period of 12 months at a par value of EGP 100 (one hundred Egyptian pounds only) for the bond to be paid at the end of the period with a fixed rate of 12.6 % that will be paid at the end of the issuance period. And it's non-expedited payment, within a two-year issuance program with a total value of EGP 2 billion, the bonds proceeds will be used to finance different company activities and pay it's financial obligations.

## 19. Creditors and other credit balances

	31/12/2019	31/12/2018 Restated *
Accrued expenses	1,280,583,052	1,110,652,819
Dividends payable (prior years)	229,732,294	209,238,453
Deferred revenues	114,950,118	354,220,414
Suppliers	111,183,920	80,037,687
Due to Industry Modernization Center	--	13,388,123
Clients' coupons - custody activity	12,685,918	11,121,066
Tax authority	34,590,794	13,205,208
Social Insurance Association	10,285,853	4,857,889
Payables- purchase of investments	--	2,000,000
Medical takaful insurance tax	11,136,578	3,235,227
Deposits due to others –finance lease contracts**	11,976,990	4,428,849
Sundry creditors	92,459,279	74,685,910
<b>Balance</b>	<b>1,909,584,796</b>	<b>1,881,071,645</b>

\* Note no (33).

\*\* Deposits due to others amounted to EGP 11,976,990 as at 31 December 2019 versus EGP 4,428,849 as at 31 December 2018 represents the deposits collected from the lessees of EFG-Hermes Leasing.

## 20. Deferred tax assets (liabilities)

	Balance at 1/1/2019	Recognized in profit or loss	Recognized in equity	Acquisition from subsidiaries	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(7,707,007)	(2,491,664)	--	--	--	(10,198,671)	--	(10,198,671)
Claims provision	906,827	--	--	--	(32,024)	874,803	874,803	--
Impairment loss on assets	1,224,794	--	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	11,831,386	(13,877,864)	--	8,894,602	(436,638)	6,411,486	6,411,486	--
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 **	(233,354,371)	--	32,014,376	--	1,617	(201,338,378)	--	(201,338,378)
Foreign currency translation differences	(5,029,029)	81,688,166	--	--	(2,162)	76,656,975	76,656,975	--
Revaluation of investment property	1,867,147	--	--	--	--	1,867,147	1,867,147	--
Deferred capital gain	(7,664,152)	7,664,152	--	--	--	--	--	--
	<b>(231,311,808)</b>	<b>72,982,790</b>	<b>32,014,376</b>	<b>8,894,602</b>	<b>(469,207)</b>	<b>(117,889,247)</b>	<b>93,647,802</b>	<b>(211,537,049)</b>

\* Directly deducted from cash flow hedging reserve item presented on the statement of changes in equity.

\*\* Directly deducted from changes in the fair value of available-for-sale investments item presented on the statement of comprehensive income and reserves on the statement of changes in equity.

## 21. Provisions

		31/12/2019	31/12/2018
Claims provision	(21-1)	344,922,430	261,828,886
Severance pay provision	(21-1)	193,507,962	183,758,769
Financial guarantee for contingent liabilities	(21-1)	30,952,495	15,910,292
Balance		569,382,887	461,497,947

### 21.1.

	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the year	261,828,886	183,758,769	15,910,292	461,497,947
Formed during the year	105,856,621	38,357,910	16,390,535	160,605,066
Foreign currency differences	(2,784,544)	(19,160,950)	--	(21,945,494)
Amounts used during the year	(19,978,533)	(9,447,767)	(1,348,332)	(30,774,632)
<b>Balance at the end of the year</b>	<b>344,922,430</b>	<b>193,507,962</b>	<b>30,952,495</b>	<b>569,382,887</b>

\* Related to group entities outside Egypt.



## 22. Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	31/12/2019	31/12/2018 Restated *
EFG – Hermes Leasing**	250 million	10/6/2015	10/6/2023	34,989,495	57,857,503
..	150 million	4/6/2015	4/6/2022	92,310,061	110,556,267
..	492 million	14/7/2015	14/9/2022	430,517,065	397,427,154
..	400 million	4/11/2015	4/11/2022	239,586,874	287,034,097
..	400 million	9/8/2015	9/8/2023	159,899,712	149,596,498
..	200 million	30/9/2015	30/9/2025	62,790,183	82,602,958
..	260 million	14/3/2016	14/3/2023	187,516,809	213,312,910
..	50 million	1/6/2016	1/6/2023	40,989,880	24,572,142
..	200 million	1/6/2016	1/5/2020	81,980,207	92,810,380
..	100 million	28/11/2016	31/10/2021	42,358,582	65,590,555
..	120 million	15/12/2016	30/9/2021	3,208,767	6,879,429
..	300 million	12/2/2017	28/2/2022	158,366,708	121,746,300
..	70 million	19/2/2017	30/8/2024	63,916,082	69,654,724
..	100 million	15/12/2016	30/9/2021	75,705,687	44,787,489
..	50 million	3/4/2017	3/4/2024	--	2,225,451
..	20 million	24/4/2017	24/4/2023	2,862,971	3,680,963
..	175 million	25/5/2017	25/5/2022	85,383,750	83,893,021
..	200 million	29/5/2017	29/5/2024	152,647,995	51,071,656
..	40 million	19/10/2017	19/10/2022	21,660,750	32,238,000
..	90 million	1/12/2017	1/6/2022	43,681,257	61,675,435
..	175 million	7/2/2018	7/2/2023	160,000,000	100,000,000
..	200 million	24/9/2018	24/9/2025	165,876,506	17,941,217
..	600 million	5/9/2018	5/9/2028	360,180,671	137,779,949
EFG – Hermes Pakistan Limited	112.1 million	12/5/2017	11/5/2020	38,859,750	48,037,500
Tanmeyah Micro Enterprise Services S.A.E	100 million	30/3/2019	30/3/2020	36,012,019	98,612,166
..	50 million	4/5/2018	3/5/2023	36,166,173	2,845,387
..	500 million	18/6/2017	18/6/2022	14,814,753	255,236,691
..	72 million	15/10/2018	15/10/2023	69,482,757	72,235,627
..	81.3 million	4/11/2019	12/2/2022	81,313,000	--
Valu	100 million	10/11/2017	9/11/2023	69,121,051	39,801,781
EFG-Hermes Holding	370 million	26/11/2017	25/11/2024	310,281,333	350,110,738
EFG-Hermes Int. Fin Corp	802 million	7/11/2019	6/10/2020	561,575,000	--
<b>Balance</b>				<b>3,884,055,848</b>	<b>3,081,813,988</b>
Current				1,432,435,583	792,627,413
Non-current				2,451,620,265	2,289,186,575
<b>Balance</b>				<b>3,884,055,848</b>	<b>3,081,813,988</b>

\*Note no (33).

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

## 23. Share capital

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

## 24. Non - controlling interests

	31/12/2019	31/12/2018 Restated *
Share capital	173,443,584	172,989,573
Additional paid-in capital	137,607,690	140,177,954
Legal reserve	16,960,569	16,224,736
Other reserves	11,619,967	49,631,476
Retained earnings	4,067,325	23,035,124
Profit for the year	19,057,999	35,654,689
<b>Balance</b>	<b>362,757,134</b>	<b>437,713,552</b>

\*Note no (33).

## 25. Contingent liabilities

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

	31/12/2019	31/12/2018
AED	83,670,000	118,670,000
Equivalent to EGP	365,487,294	578,623,053
<b>Group off-financial position items :</b>		
Assets under management	54,780,900,131	81,462,718,026

## 26. Other income

Other income includes rental income, and non-recurring income.



## 27. Impairment loss on assets

	For the year ended	
	31/12/2019	31/12/2018
Impairment loss on accounts receivables	25,554,902	12,120,924
Impairment loss on loans receivables	57,077,728	36,303,453
<b>Total</b>	<b>82,632,630</b>	<b>48,424,377</b>

## 28. Income tax expense

	For the year ended	
	31/12/2019	31/12/2018
Current income tax	(201,050,305)	(198,219,190)
Deferred tax	72,982,790	(13,460,834)
<b>Total</b>	<b>(128,067,515)</b>	<b>(211,680,024)</b>

## 29. Cash and cash equivalents

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

	31/12/2019	31/12/2018
Cash and due from banks	9,984,123,272	6,507,881,367
Due to banks and financial institutions	(10,427,808,365)	(4,951,196,332)
Treasury bills less than 90 days	42,935,605	41,341,595
Effect of exchange rate	--	(306,544,345)
<b>Cash and cash equivalents</b>	<b>(400,749,488)</b>	<b>1,291,482,285</b>

## 30. General administrative expenses

	For the year ended	
	31/12/2019	31/12/2018
		Restated*
Wages , salaries and similar items **	2,144,181,550	1,841,191,609
Consultancy	78,495,164	76,435,876
Travel , accommodation and transportation	68,516,047	62,954,917
Leased line and communication	123,136,658	123,481,183
Rent and utilities expenses	115,421,571	114,421,458
Other expenses	403,382,971	353,097,783
<b>Total</b>	<b>2,933,133,961</b>	<b>2,571,582,826</b>

\*Note no (33).

\*\*In 2018 the group based on the compensation committee recommendation approved enrolling a number of employees in a three years retention program whereby these employees would receive a cash bonus during the company's annual bonus cycle that is based on the share price of EFG-Hermes Holding at the end of the relevant year. The line item (Wages, salaries and similar items) includes an amount of EGP 227,707,540 relevant to this program for the period ended December 31, 2019.



## 31. 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, 2019										
	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission income	--	1,417,472,976	321,927,365	262,729,077	461,066,552	--	592,791,043	18,411,961	940,420	(8,502,571)	3,066,836,823
Securities gains	466,155,933	19,222,177	--	--	2,770	--	--	--	--	--	485,380,880
Changes in the investments at fair value through profit and loss	10,934,043	836,423	--	--	--	--	--	--	--	(537,687)	11,232,779
Revenues from leasing activities	--	--	--	--	--	523,187,579	--	--	--	375,000	523,562,579
Interest and dividend income	1,382,147,329	168,666,381	12,754,058	84,995,463	15,773,204	8,382,967	926,042,338	19,745,249	27,923,052	(70,077,190)	2,576,352,851
Other income	54,550,426	12,915,594	679,255	659,052	1,851,374	(4,945,513)	3,463,849	--	7,139,496	--	76,313,533
<b>Total revenues</b>	<b>1,913,787,731</b>	<b>1,619,113,551</b>	<b>335,360,678</b>	<b>348,383,592</b>	<b>478,693,900</b>	<b>526,625,033</b>	<b>1,522,297,230</b>	<b>38,157,210</b>	<b>36,002,968</b>	<b>(78,742,448)</b>	<b>6,739,679,445</b>
Fee and commission expense	(6,755,678)	(188,413,564)	(52,216,257)	(1,111,399)	(138,105,643)	(1,514,725)	(15,674,866)	(114,476)	(1,601,006)	76,438,214	(329,069,400)
Interest expense	(181,777,105)	(227,210,296)	17,317	(19,679,654)	--	(367,619,455)	(458,562,913)	(13,003,349)	(25,290,383)	3,931,066	(1,289,194,772)
Foreign currencies exchange differences	(315,222,841)	4,702,185	--	--	--	--	--	--	--	537,687	(309,982,969)
<b>Net revenues</b>	<b>(1,410,032,107)</b>	<b>(1,208,191,876)</b>	<b>(283,161,738)</b>	<b>(327,592,539)</b>	<b>(340,588,257)</b>	<b>157,490,853</b>	<b>1,048,059,451</b>	<b>25,039,385</b>	<b>9,111,579</b>	<b>2,164,519</b>	<b>4,811,432,304</b>
General administrative expenses	(851,044,925)	(1,045,510,499)	(217,244,610)	(185,263,487)	(118,437,119)	(46,121,939)	(411,442,605)	(55,307,196)	(16,236,255)	13,474,674	(2,933,133,961)
Provisions	(106,264,261)	(27,042,458)	(5,148,188)	(2,397,778)	--	--	(19,752,381)	--	--	--	(160,605,066)
Depreciation and amortization	(38,930,355)	(17,526,027)	(11,390,071)	(275,177)	(258,672)	(164,990)	(35,573,727)	(4,310,807)	(1,402,352)	--	(109,832,178)
Impairment loss on assets	--	(242,124)	(175,756)	(82,194)	--	(6,500,000)	(50,577,728)	(3,681,867)	(15,639,193)	(82,632,630)	(218,802,969)
<b>Total expenses</b>	<b>(1,499,995,165)</b>	<b>(1,501,242,783)</b>	<b>(286,157,565)</b>	<b>(208,809,689)</b>	<b>(256,801,434)</b>	<b>(421,921,109)</b>	<b>(991,584,220)</b>	<b>(78,469,596)</b>	<b>(48,211,863)</b>	<b>78,742,448</b>	<b>(5,214,450,976)</b>
Profit (loss) before income tax	413,792,566	117,870,768	49,203,113	139,573,903	221,892,466	104,703,924	530,713,010	(40,312,386)	(12,208,895)	--	1,525,228,469
Income tax expense	68,970,232	(43,526,684)	51,924	1,613,578	(10,458,859)	(21,113,627)	(123,755,180)	(33,916)	185,017	--	(128,067,515)
<b>Profit (loss) for the year</b>	<b>482,762,798</b>	<b>74,344,084</b>	<b>49,255,037</b>	<b>141,187,481</b>	<b>211,433,607</b>	<b>83,590,297</b>	<b>406,957,830</b>	<b>(40,346,302)</b>	<b>(12,023,878)</b>	<b>--</b>	<b>1,397,160,954</b>
Total assets	16,433,431,241	19,056,514,911	601,046,969	502,453,810	846,494,582	3,186,660,224	2,985,570,472	421,545,219	342,175,350	--	44,375,892,778
Total liabilities	5,140,047,337	18,769,259,300	105,968,407	237,246,845	346,513,406	2,801,782,335	2,329,467,605	300,686,320	324,441,332	--	30,355,412,887



For the year ended December 31, 2018											
	Holding & treasury	Brokerage	Asset management	Investment banking	Private Equity	Leasing	Micro finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission income	--	1,273,657,581	424,048,124	300,083,728	81,316,788	--	377,863,121	5,258,826	400,170	(11,476,542)	2,451,151,796
Securities gains	72,991,744	2,928,504	--	(3,039,055)	--	--	--	--	--	--	72,881,193
Revenues from leasing activities	--	--	--	--	--	503,133,424	--	--	--	--	503,133,424
Changes in the investments at fair value through profit and loss	(16,544,454)	(5,793,132)	--	--	--	--	--	--	--	--	(22,337,586)
Interest and dividend income	880,833,316	82,943,143	6,979,230	90,657,639	33,699,126	6,321,863	597,834,651	7,172,950	2,490,299	(44,750,094)	1,664,182,123
Provision reversed	72,761,292	--	--	--	--	--	339,141	--	--	--	73,100,433
Other income	36,222,423	17,989,321	3,682,913	204,876	44,644,425	22,666,944	2,196,407	--	661,833	17,900,000	146,169,142
<b>Total revenues</b>	<b>1,046,264,321</b>	<b>1,371,725,417</b>	<b>434,710,267</b>	<b>387,907,188</b>	<b>159,660,339</b>	<b>532,122,231</b>	<b>978,233,320</b>	<b>12,431,776</b>	<b>3,552,302</b>	<b>(38,326,636)</b>	<b>4,888,280,525</b>
Fee and commission expense	(78,981)	(165,675,585)	(36,305,724)	(310,208)	(238,580)	(26,712)	(9,877)	--	(28,263)	53,371,297	(149,302,633)
Interest expense	(156,661,119)	(171,711,611)	--	(23,470,690)	(13,280,407)	(363,677,938)	(346,908,285)	(552,509)	(437,663)	16,842,804	(1,059,857,418)
Foreign currencies exchange differences	348,620,991	10,521,432	--	--	--	--	--	--	--	--	359,142,423
<b>Net revenues</b>	<b>1,238,145,212</b>	<b>1,044,859,653</b>	<b>398,404,543</b>	<b>364,126,290</b>	<b>146,141,352</b>	<b>168,417,581</b>	<b>631,315,158</b>	<b>11,879,267</b>	<b>3,086,376</b>	<b>31,887,465</b>	<b>4,038,262,897</b>
General administrative expenses	(755,283,594)	(939,247,702)	(261,289,055)	(150,847,479)	(85,923,556)	(46,775,821)	(262,817,203)	(30,780,032)	(6,730,919)	(31,887,465)	(2,571,582,826)
Provisions	(14,199,832)	(40,530,945)	(5,419,097)	(2,857,562)	(8,534,004)	(65,098)	(11,540,172)	(3,865)	(3,571)	--	(83,154,146)
Depreciation and amortization	(27,871,677)	(12,958,189)	(13,247,438)	(213,891)	(166,729)	(458,241)	(18,601,901)	(1,880,048)	(23,259)	--	(75,421,373)
Impairment loss on assets	--	(157,894)	(2,694,569)	--	--	(8,733,123)	(27,570,330)	(9,268,461)	--	--	(48,424,377)
<b>Total expenses</b>	<b>(605,474,212)</b>	<b>(1,319,760,494)</b>	<b>(318,955,883)</b>	<b>(177,699,830)</b>	<b>(108,143,276)</b>	<b>(419,736,933)</b>	<b>(667,447,768)</b>	<b>(42,484,915)</b>	<b>(7,223,675)</b>	<b>38,326,636</b>	<b>(3,628,600,350)</b>
Profit (loss) before income tax	440,790,109	51,964,923	115,754,384	210,207,358	51,517,063	112,385,298	310,785,552	(30,053,139)	(3,671,373)	--	1,259,680,175
Income tax expense	(72,759,828)	(33,810,790)	(5,173,357)	(403,187)	(173,981)	(25,730,002)	(73,161,431)	(453,011)	(14,437)	--	(211,680,024)
<b>Profit (loss) for the year</b>	<b>368,030,281</b>	<b>18,154,133</b>	<b>110,581,027</b>	<b>209,804,171</b>	<b>51,343,082</b>	<b>86,655,296</b>	<b>237,624,121</b>	<b>(30,506,150)</b>	<b>(3,685,810)</b>	<b>--</b>	<b>1,048,000,151</b>
Total assets	10,810,013,187	9,220,727,891	1,503,482,648	205,081,382	2,707,283,608	2,686,652,753	1,967,979,748	177,579,615	94,480,578	--	29,373,281,410
Total liabilities	963,061,615	9,031,476,812	487,962,299	95,494,095	365,014,796	2,366,627,158	1,497,874,592	115,773,845	27,130,939	--	14,950,416,151



### 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, 2019				
	Egypt	GCC	Lebanon	Other	Total
Total revenues	4,942,337,465	1,448,694,530	69,758,255	278,889,195	6,739,679,445
Segment assets	26,210,056,507	16,959,809,628	754,676,026	451,350,617	44,375,892,778
	December 31, 2018				
	Egypt	GCC	Lebanon	Other	Total
Total revenues	3,622,669,462	1,082,963,313	44,396,123	138,251,627	4,888,280,525
Segment assets	17,880,375,375	9,426,774,929	1,223,171,839	842,959,267	29,373,281,410

## 32. Tax status (the holding company)

- As to Income Tax, the years till 2017 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 year 2018, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the Internal committee and as to years 2009/2017 the company's books had been examined and the settlement procedures are currently taking place, and as to years 2018/2019 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2016 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2017/2018 had been examined and the settlement procedures are currently taking place. And as to year 2019, have not been inspected yet.
- As to Property Tax, the Company is providing tax and it's paid till December 2019.

**33. Corresponding figures**

As a result of issuing the new Egyptian Accounting Standard No. (49) "Lease Contracts" (Note no 37), certain adjustments have been made to some comparative figures in order to conform with the current period presentation as following:

	(As reported) for the year ended 31/12/2018 EGP	Adjustments EGP	(Restated) for the year ended 31/12/2018 EGP
<b>Balance sheet</b>			
<b>Assets</b>			
Fixed assets	213,815,107	292,534,071	506,349,178
Leased assets	2,489,934,226	(2,489,934,226)	--
Loans receivables	2,340,876,532	2,524,477,431	4,865,353,963
Account receivables	2,598,363,983	(35,092,235)	2,563,271,748
Other assets	771,523,445	(80,812,184)	690,711,261
<b>Equity and liabilities</b>			
Loans and borrowings	2,659,467,623	422,346,365	3,081,813,988
Accounts payable - customers credit balance	2,561,925,913	(16,453,599)	2,545,472,314
Creditors and other credit balances	2,062,678,665	(181,607,020)	1,881,071,645
Other reserves	3,861,768,238	7,151,547	3,868,919,785
Retained earnings	3,597,789,315	(20,254,702)	3,577,534,613
Non - controlling interests	437,723,286	(9,734)	437,713,552

	for the year ended 31/12/2018 EGP	Adjustments EGP	for the year ended 31/12/2018 EGP
<b>Income statement</b>			
Revenues from leasing activities	770,665,873	(267,532,449)	503,133,424
Other income	170,793,067	(24,623,925)	146,169,142
Foreign currencies differences	365,806,588	(6,664,165)	359,142,423
Interest expense	(1,006,850,241)	(53,007,177)	(1,059,857,418)
General administrative expenses	(2,652,058,528)	80,475,702	(2,571,582,826)
Depreciation and amortization	(335,213,085)	259,791,712	(75,421,373)
Profit for the year	1,059,560,453	(11,560,302)	1,048,000,151
Owners of the Company	1,023,896,030	(11,550,568)	1,012,345,462
Non - controlling interests	35,664,423	(9,734)	35,654,689

**34. 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	99.47	0.45
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96.3	3.7
EFG- Hermes Private Equity	1.59	63.41
EFG- Hermes UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73.1	26.9
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC **	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC *	49	20.37
Sindyan Syria LLC *	97	--
Talas & Co. LLP *	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd. **	-- --	50
Mena Long-Term Value Master Holdings Ltd. **	-- --	45

	Direct ownership %	Indirect ownership %
Mena Long-Term Value Management Ltd.**	--	45
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99.998	--
EFG-Hermes IB Limited	100	--
Financial Group for Securitization	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	94.318
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD **	--	50
EFG-Hermes SP limited	--	100
Valu	--	100
EFG-Hermes Factoring	--	100
Beaufort Asset Managers LTD	--	100
EFG Hermes Bangladesh Limited	--	100
EFG Hermes FI Limited	--	100
EFG Hermes Securitization	--	100
EFG Hermes PE Holding LLC	100	--
Etkan for Inquiry and Collection and Business Processes	0.002	95.196
RX Healthcare Management	--	52.5
FIM Partners KSA **	--	50
Egypt Education Fund GP Limited	--	80
EFG Hermes Nigeria Limited	--	100
EFG-Hermes Int. Fin Corp	100	--
FIM Partners UK Ltd	--	50

\*Due to the political situation in Syria, the Group lost its control on the Syrian entities. In 2016, the Group deconsolidated the Syrian companies and changed them to a fully impaired available for sale investments.

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

### 35. 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.

#### 35.1. 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.

#### 35.2. 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 reevaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

#### 35.3. 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.

#### 35.4. 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.

**35.5. 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.

**35.6. 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.

**35.7. 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.

**35.8. 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.

**35.9. 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.

**35.10. 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.

**36. Significant accounting policies applied****36.1. Business Combination**

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

**36.2. Subsidiaries**

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

**36.2.1. Non-controlling interests**

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

**36.2.2. Loss of control**

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

**36.3. Interests in equity-accounted investees**

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

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

**36.3.1. Transactions eliminated on consolidation**

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

**36.4. Foreign currency****36.4.1. Foreign currency transactions**

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

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

**36.4.2. Foreign operations**

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

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

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

**36.5. Discontinued operation**

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

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

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

**36.6. Revenue****36.6.1. Gain (loss) on sale of investments**

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

**36.6.2. Dividend income**

Dividend income is recognized when declared.

**36.6.3. Custody fee**

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

**36.6.4. Interest income and expenses**

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

**36.6.5 Fee and commission income**

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

**36.6.6. Brokerage commission**

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

**36.6.7. Management fee**

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

**36.6.8. Incentive fee**

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

**36.6.9. Finance lease income**

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

**36.6.10. Investment property rental income**

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

**36.6.11. Revenue from micro-finance services**

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.
- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.

- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

**36.6.12. Gains from securitization**

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

**36.7. Income tax**

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

**36.7.1. Current tax**

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

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

**36.7.2. Deferred tax**

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

Deferred tax is not recognized for:

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

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



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

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

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

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

### 36.8. Property, plant and equipment

#### 36.8.1. Recognition and measurement

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

#### 36.8.2. Subsequent expenditure

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

#### 36.8.3. Depreciation

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

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

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

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

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

#### 36.8.4. Reclassification to investment property

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

### 36.9. Projects under construction

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

### 36.10. Intangible assets and goodwill

#### Goodwill

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

#### Research and development

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

#### Other intangible assets

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

### 36.11. Investment property

Investment property is measured at cost on initial recognition.

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

**36.12. Assets held for sale**

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

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

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

**36.13. Financial instruments**

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

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

**36.13.1. Non-derivative financial assets and financial liabilities – Recognition and Derecognition**

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

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

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

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

**36.13.2. Non-derivative financial assets – Measurement****Financial assets at fair value through profit or loss**

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

**Held-to-maturity financial assets**

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

**Loans and receivables**

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

**Available-for-sale financial assets**

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

**36.13.3. Non-derivative financial liabilities – Measurement**

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

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

**36.13.4. Derivative financial instruments and hedge accounting**

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

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

**36.13.4.1. Cash flow hedges**

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

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

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

**36.14. Share capital****36.14.1 Ordinary shares**

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

**36.14.2. Repurchase and reissue of ordinary shares (treasury shares)**

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

**36.15. Legal reserve**

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

**36.16. Impairment****36.16.1. Non-derivative financial assets**

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

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

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

**Financial assets measured at amortized cost**

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

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

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

**Available-for-sale financial assets**

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

**Equity-accounted investees**

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

**36.16.2. Non-financial assets**

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

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

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

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

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

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

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

**36.17. Provisions**

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

**36.18. Treasury bills**

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

**36.19. Trade, and notes receivables, debtors and other debit balances**

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

**36.20. Cash and cash equivalents**

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

**36.21. Profit sharing to employees**

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

**36.22. Micro-enterprises Receivables****36.22.1. Credit policy****Funding Consideration**

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

**Client's Life Insurance**

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

**Client's Following up**

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

**36.22.2. Impairment loss of micro financed loans**

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

**36.23. Operating segment**

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

### 37. Initial application of new Egyptian Accounting Standards "EAS"

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1.The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2.Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3. When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4.based on the requirements of this standard the following standards were amended :</p> <p>1- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.</p> <p>2- Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".</p> <p>3- Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</p> <p>4- Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".</p> <p>5- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "</p>	<p>This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No. (1), (25), (26) and (40) are to be simultaneously applied.</p>	<p>-These ammdments are effective as of the date of implementing Standard No. (47)</p>
	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>Standard No. (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted</p>	

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	<p>1-The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <p>Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</p> <p>Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.</p> <p>For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>Expanding in the presentation and disclosure requirements</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No. (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted</p>



New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
		The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.</p> <p>As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis</p> <p>As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>	
		The Group has applied the standard No. (49) to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and also The financial leasing as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018	



New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (38) as amended " Employees Benefits "	A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> <li>• (ESA 15) Related Party Disclosures</li> <li>• (ESA 17) Consolidated and Separate Financial Statements</li> <li>• (ESA 18) Investments in Associates</li> <li>• (ESA 24) Income Taxes</li> <li>• (ESA 29) Business Combinations</li> <li>• ESA (30) Periodical Financial Statements</li> <li>• EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019.</p>

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