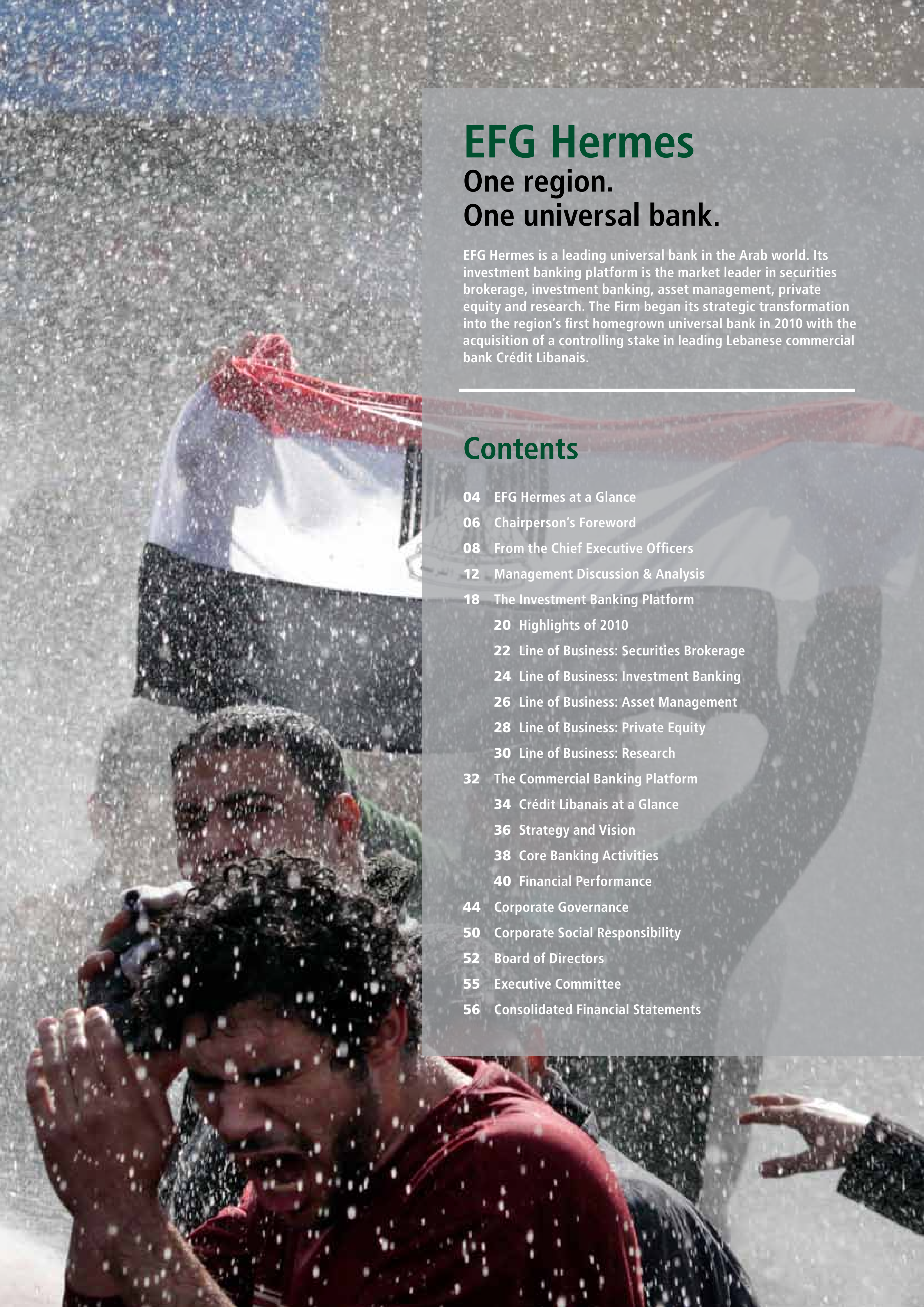
THE POWER OF PEOPLE

EFG Hermes Annual Report 2010

المجموعة المالية هيرميس

EFG HERMES

since 1984



EFG Hermes

One region.
One universal bank.

EFG Hermes is a leading universal bank in the Arab world. Its investment banking platform is the market leader in securities brokerage, investment banking, asset management, private equity and research. The Firm began its strategic transformation into the region's first homegrown universal bank in 2010 with the acquisition of a controlling stake in leading Lebanese commercial bank Crédit Libanais.

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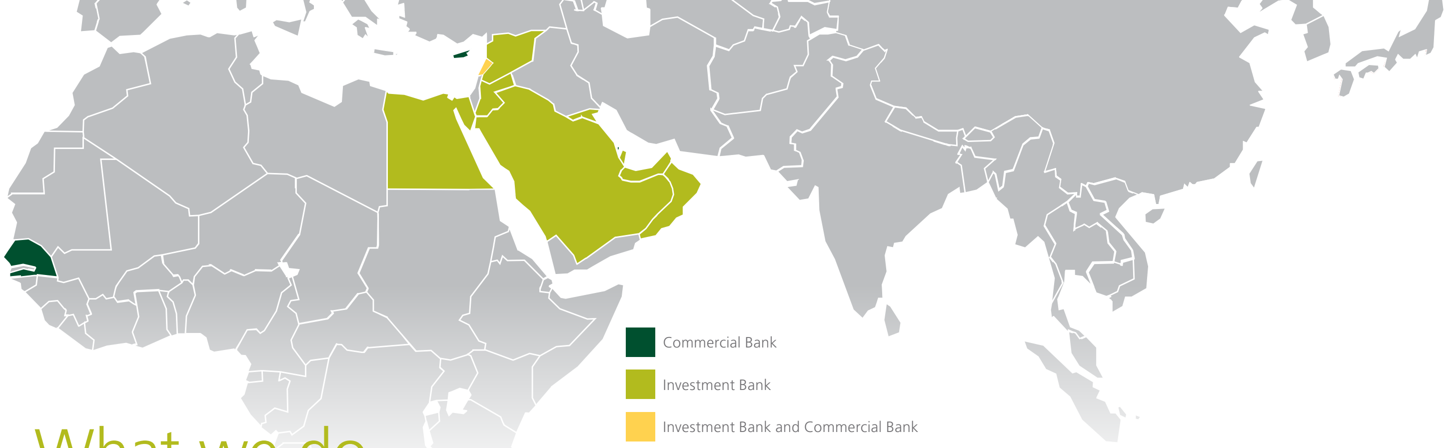
THE POWER OF PEOPLE



What we do

THE INVESTMENT BANK

Securities Brokerage

The largest and most diverse securities brokerage house in the Arab world, EFG Hermes Securities Brokerage today serves more than 52,000 individual clients and over 5,400 institutional, broker dealer, fund manager and high net worth clients. The Division offers clients direct access to six regional countries and indirect access to a further five generating USD 223,000 in average daily commissions last year. For an in-depth look at this division's performance in 2010, please see page 22.

Investment Banking

Combining extensive regional knowledge with proven global expertise, EFG Hermes Investment Banking is the trusted partner of businesses, multinational corporations and governments across the Arab world. The Division has executed some of the largest cross border transactions in the region through a distribution network across North America, Europe, the Middle East and Africa. Investment Banking has advised on equity, M&A and debt transactions worth a total of USD 38.4 billion since 1995. For an in-depth look at this division's performance in 2010, please see page 24.

Asset Management

The leading asset manager in the region, EFG Hermes Asset Management serves a client base that ranges from individuals of all investment profiles to endowments such as universities, charities and foundations, from small businesses to multinational corporations and governments. The Division manages country specific and regionally dedicated funds and discretionary portfolios including traditional and alternative investment solutions: equity, fixed income, money market, indexed, capital guaranteed, and Shariah compliant (Islamic) mandates. For an in-depth look at this division's performance in 2010, please see page 26.

Private Equity

With unparalleled knowledge of the Arab world, its business climate and its opportunities, EFG Hermes Private Equity leverages the power of the Firm's regional distribution platform and research. The Division manages funds that invest across a diverse spectrum of GDP-driving sectors including tourism and real estate, financial services, manufacturing, industrials, building materials, oil and gas, food and agriculture, FMCG and retail. For an in-depth look at this division's performance in 2010, please see page 28.

Research

EFG Hermes Research provides the highest quality and most comprehensive coverage of any research house in the Middle East and Africa. The Team has on the ground presence in four major regional cities — Cairo, Dubai, Riyadh and Muscat — where its analysts cover more than 60 percent of the regional market capitalisation, 11 countries, and the 8 industrial sectors that most drive regional economies. For an in-depth look at this division's performance in 2010, please see page 30.

THE COMMERCIAL BANK

EFG Hermes now owns a 65 percent stake in Crédit Libanais, a major commercial bank based in Lebanon. The acquisition marks a milestone in the Firm's ambition to become the first homegrown MENA universal bank. Crédit Libanais closed 2010 with USD 6,491 million in total assets, USD 561 million in total equity and a strong profit performance. For an in-depth look at this Platform's performance in 2010, please see page 32.

Where we do it

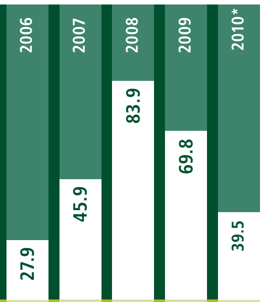
Investment Banking Platform						Commercial Banking Platform
Country	Securities Brokerage	Investment Banking	Asset Mgmt	Private Equity	Research	
Egypt	✓	✓	✓	✓	✓	
UAE	✓	✓	✓	✓	✓	
KSA	✓	✓	✓	✓	✓	
Qatar	✓	✓	✓	✓	✓	
Kuwait	✓	✓	✓	✓	✓	
Oman	✓	✓	✓	✓	✓	
Lebanon	✓				✓	✓
Jordan	✓	✓	✓	✓	✓	
Morocco	✓	✓	✓	✓	✓	
Bahrain	✓	✓	✓	✓	✓	✓
Syria	✓	✓	✓	✓	✓	
Senegal						✓
Cyprus						✓

Physical presence ✓ 2005 ✓ June 2011

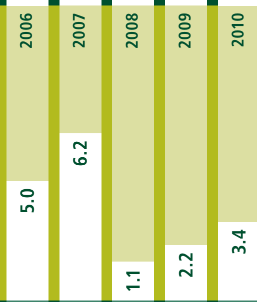
Brokerage Executions *(USD bn)*

#1 brokerage house in Egypt and the UAE; #2 in Kuwait; Strong regional rankings

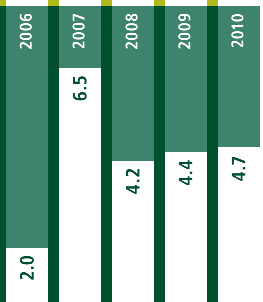
*Note that in 2010, markets across the region dropped at a similar rate.



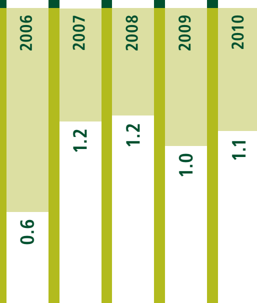
Value of Investment Banking Equity, M&A and Debt Transactions by Year *(USD bn)*



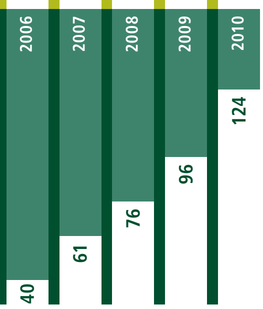
Assets Under Management *(USD bn)*



Private Equity Funds Under Management *(USD bn)*



Companies Under Active Coverage *(No. of Companies)*



	2006	2007	2008	2009	2010
Total Revenues (USD mn)	210	460	415	265	436
Investment Bank Fee & Commission Income (USD mn)	157	305	298	139	151
Net Income (USD mn)	122	229	172	99	124
Total Employees (No. of employees)	597	710	929	990	2,571
Shareholders' Equity (USD mn)	1,402	1,710	1,483	1,603	1,664

A Catalyst for Change

Amid a region wide call for additional corporate transparency, EFG Hermes once again leads the way

The people of the Arab world have collectively called for change and their voices have been heard. The revolutions in Tunisia and Egypt and the popular uprisings that continue to take place in almost every country in our region have shown us that the power of the people is invincible. While each country has its own issues and circumstances to come to grips with, there is one common theme that unites all of the uprisings: human dignity, and all that it entails from freedom to social justice. This universal principle — which has been absent from the political landscape for so long — can no longer be ignored. It will be the driving force behind any new regime that comes to power and must be respected not only in the realm of politics but also in the corporate world.

Immediately after the January 25th Revolution that toppled Egypt's political leadership, a public outcry to address widespread corruption in the business community was heard and heeded. Businesses that could once function without proper governance and transparency are now being forced to come clean. A total lack of accountability was at the heart of Egypt's problems, both political and economic. It is clear that the Revolution will not only change Egypt's political future, it will also entirely transform the way we conduct business.

At EFG Hermes we have always held the belief that at the core of any sound operation is good governance; it is the only way to ensure accountability, transparency and stability, which is in essence the foundation of any democratic system. I believe that we are way ahead of the game in this respect. The Firm has always abided by international best practices for corporate governance. Our non-executive board members, who are also members of the Audit and Risk Committee and the Compensation Committee, work diligently to ensure that Executive Management is both accountable and transparent.

The Board meets more and more frequently every year and has become increasingly involved in all of the Firm's strategic decisions. Throughout the early months of the Revolution we had biweekly calls to update the Board on events as they unfolded.

The first few months of 2011 have been so eventful that it is sometimes easy to forget that the year just past was one that was full of important milestones for EFG Hermes. After the successful sale of our stake in Bank Audi in early 2010, we wasted no time in entering into another prudent investment in the commercial banking sector. By the end of 2010, we had completed the acquisition of a controlling 65 percent stake in Crédit Libanais, an extremely well-managed medium sized bank with a leading retail franchise in Lebanon and a presence in Bahrain, Cyprus, and Senegal. The acquisition is our first step towards achieving our goal of transforming EFG Hermes into the first universal bank in the Arab world.

The sale of our Bank Audi stake and the acquisition of controlling interest in Crédit Libanais are both remarkable achievements that we can be extremely proud of and they could not have come at a better time. Owning a commercial bank will give us the earnings stability that we need to counterbalance the volatility of the capital markets.

In 2010, we have also continued with our expansion in Jordan and Syria. While Syria is on hold for now, we still have high hopes for the potential that the country holds and hope to resume our business plans there once the political situation stabilises.

With economic growth forecasts for Egypt indicating a significant contraction in the coming year, businesses are bracing themselves for a tough ride ahead. While we do expect some temporary setbacks in the coming period, the Firm is already coming into 2011 well-prepared with two major transactions that have gone ahead as planned.

In April 2011, the Investment Banking Team closed the largest M&A transaction in its history, advising Wind Telecom of Italy and its shareholders on their merger with Russia's VimpelCom in a transaction worth an enterprise value of USD 25.7 billion. This deal, which has created the world's sixth largest mobile phone company, is very significant for the Firm not only in terms of timing, but also because it has established our Investment Banking Division as a strong global contender in the M&A advisory sector.

The second transaction also involved a major global player in the whitegoods sector. EFG Hermes Investment Banking acted as sell side advisor to Paradise Capital on the sale of their 52 percent stake in Olympic Group to Swedish whitegoods manufacturer Electrolux.

The fact that these two transactions have taken place during such a volatile time in Egypt's history gives me great hope that serious FDI will see its way through the current transitional period. Having a free and just Egypt — one in which people have their fair share of resources — will eventually create a much more sustainable and stable environment that will reinforce and improve the investment outlook as opposed to the previous situation, where the regime was forcing stability through oppression.

Our commitment to corporate social responsibility through the EFG Hermes Foundation has never been more important than it is today as we rebuild our country on so many different levels. In 2010, we completed the Ro'ya 2008 project in Ezbet Yacoub and decided on a strategy to develop five surrounding villages with the vision of making the Beni Suef area a source of hope and enlightenment. Sustainable projects like these will be of vital importance because they not only offer better living conditions for the residents of impoverished areas, but they also help initiate income generating projects that encourage people to aspire to better standards of living.

We have weathered several downturns in our 25 year history and we are confident that our solid structure and proficiency at strategising to accommodate both good times and bad will give us the resiliency we need to emerge as an even stronger entity once all is said and done. Change doesn't come easily and it doesn't necessarily happen smoothly, but at the end of this cleansing process that the country is currently going through we will hopefully emerge with a more level playing field that will allow us to conduct business openly and fairly.


Mona Zulficar

Finally, I would like to thank our board, our executive team and most importantly our people who are our most valuable asset. During these extremely difficult and challenging times they kept their heads up and remained confident and forward looking. ☰

Mona Zulficar
Non-Executive Chairperson

Powered by People

A strong year of operational results in 2010 leaves us well-positioned to navigate unprecedented change

EFG Hermes, like so many across the Arab world, will pay a price for recent regional events in the form of lower growth this year, a fact that we choose to view as an insurance premium for solid long term economic prospects that should be created as our region begins a transition to democracy. As Winston Churchill once reminded us, "…democracy is the worst form of government except all those other forms that have been tried from time to time." Democracies, we believe, are fundamentally more transparent and more predictable than Mr. Churchill's "other forms" — and generally more business-friendly, too.

This does not mean that we see entirely clear sailing ahead, but we are delighted to report to our shareholders that the Firm has weathered the storm and will continue to do so until the clouds finally part.

IMPACT OF RECENT EVENTS

Throughout the late January / early February crisis in Egypt, which saw capital markets shuttered for 55 days and the banking system closed for the better part of a month, EFG Hermes continued to serve clients across our 9-country footprint. Our investment in continuity of business planning and training over the years paid off, as we routed IT, compliance, risk management and other tasks to back-up offices. Our world class executive committee, backed by senior managers throughout the Firm, worked around the clock to monitor developments, manage our response to unfolding events and — on 6 February 2011 — resume full operations from our new Cairo headquarters, to which we moved beginning in March 2010.

Within eight weeks, we helped signal to the world that Egypt is open for business as we hosted the Fourth Annual Egypt Capital Markets Day in association with the London Stock Exchange. Held just 41 days after the transfer of power in Egypt, the ECMD brought together 70 buy side investors with senior management from 16 top Egyptian presenting companies for a frank dialogue about investment prospects — and the opportunity to hear directly from Egypt's Minister of Finance that the nation is committed to being a market economy.

The ECMD, which replaced this year's EFG Hermes One on One, is just the first in this year's series of global investor events that will build through our back to back London and Manhattan MENA conferences this fall to culminate with the Ninth One on One in March 2012.

As rapid political change swept first across Tunisia and then into our base in Egypt, EFG Hermes found itself once again drawing strength from its very healthy, very liquid balance sheet and from the simple fact that we derive the lion's share of our revenues from fee-based agency businesses and not proprietary trading activities. Moreover, we entered 2011 having delivered last year on our long standing ambition to become first true universal bank born of the Arab world through the divestment of our non-controlling stake in Bank Audi and our acquisition of a 65 percent stake in leading Lebanese bank Crédit Libanais.

The implications of the Egyptian Revolution for our Firm are numerous, but at the risk of over-simplification, we feel confident of being on the correct track, believing that we have "been here before." To a very real degree, the impact of recent regional events and our response to it echo 2008-09, when the effects of the Great Recession spilled over into our markets.

What does this mean in practical terms? First and foremost, we will have a smaller wallet with which to operate given the reduction in volumes on regional markets, a drying up of incentive fees in our asset management franchise, and the challenge of executing investment banking transactions going forward (despite the Investment Banking Division's having built a substantial pipeline of mandates heading into this year).

In this environment, we have prioritised substantial reductions in operating costs while remaining mindful that we cannot cut so deep as to prevent us from quickly capitalising on the region's inevitable return to growth. To do so, we are targeting a 20-25 percent reduction in costs at the Investment Bank (along with select cost reductions at the Commercial Bank), primarily through measures including reduction of head count, cuts to (or deferral of) bonuses, streamlining within some of the businesses, and the relocation of certain support functions to Cairo.

We will also draw substantial strength this year from the very stable earnings base provided to us by the Commercial Bank, which continues to perform well. Crédit Libanais continues to gain market share in a very competitive environment. It is a highly liquid institution with a loans-to-deposit ratio of 29.3 percent, and it is guided by a solid management team that enjoys the full confidence of EFG Hermes' Board of Directors and senior staff.

Events still unfolding and as yet unimagined will continue to have a substantial impact on EFG Hermes and the tens of thousands of institutional and individual clients we serve. While the potential downside is reasonably clear to us all, EFG Hermes will look to capitalise on its balance sheet, its reputation and its outstanding teams in all lines of business as we look to make the most of the opportunities that will inevitably present themselves this year. We will aim in 2011 to grow our brokerage market share even in a low volume environment. We will continue to build an unrivaled investment banking pipeline, buoyed by having closed earlier this year the USD 25.7 billion Wind-VimpelCom merger, a global landmark and the largest M&A transaction to originate in the Arab world.

We will also look to begin delivering considerable revenue and cost synergies between the Investment and Commercial banks — in effect seeking to reduce costs while increasing our total share of our clients' spending on financial services by dovetailing the offerings of the two platforms into a coherent whole. This effort will be led by Takis Arapoglou, a global veteran of the banking industry who joined us from the National Bank of Greece and, prior to that, Citigroup.

As Chief Executive Officer of our Commercial Banking platform (and in his capacity as a newly appointed member of our Board of Directors), Arapoglou will help lead the creation of a private banking solution for our clients through a joint investment bank-commercial bank product. At the same time, the Commercial Bank will target the opening of two branches in Iraq in 2011 (one in Baghdad and one in Irbil), continue to pursue a greenfield operation in Syria (for which our application has already been filed) while growing its West African business on the back of its existing presence in Senegal.

Yasser El Mallawany (right) and Hassan Heikal (left)

2010 IN REVIEW

Our ability to navigate uncertain waters while seizing new opportunities is derived from a track record of prudent management that stretches back to our founding in 1984. Looking back at 2010, we note that EFG Hermes Securities Brokerage continues to be the broker of choice for sophisticated global and regional institutions — and stands today as the largest retail broker in the region.

As recently as two years ago, individual clients accounted for perhaps 15 percent of Brokerage's business. Today, our client base is almost evenly divided between individuals and institutions, with more than 52,000 individual clients at the end of 2010 having accounted for 53 percent of total Brokerage revenue. Indeed, our expanding retail presence — at our growing network of branches, in our call centres and via online trading alike — has been a key driver in expanding our regional market shares while providing an important cushion against institutions' perceptions of regional risks in times such as those in which we are now living.

Meanwhile, 2010 saw the Investment Banking Division execute a range of notable transactions, among them Egypt's first IPO since 2008 and a landmark cross-border transaction as we directly entered the Syrian market. The Division also became the first Egyptian investment bank to fully underwrite a fixed income product as it took an EGP 1.5 billion bond to market with no resultant balance sheet exposure to EFG Hermes.

On the Asset Management front, 2010 saw the launch of the MENA Long-Term Value Fund with an aggregate capital commitment of USD 250 million. The open-ended USD 500-700 million fund will be a unique product for institutional investors seeking absolute returns in the MENA markets and is a welcome addition to our portfolio alongside the newly launched MENA Fixed Income Fund.

On the Private Equity side, the Firm delivered the EUR 385 million first close of the InfraMed Fund, an innovative infrastructure fund targeting the Southern Mediterranean region sponsored by leading European and regional public-sector institutions and targeting an eventual size of EUR 1 billion. EFG Hermes Capital Partners, a new wholly-owned subsidiary of EFG Hermes, will manage a EUR 100 million share of the first close for the Egypt pocket of the fund.

In this context, we note that all future EFG Hermes Private Equity activities will be carried out through EFG Hermes Capital Partners and reiterate our belief that the stable earnings from advisory fees provided by Private Equity will be of increasing importance in a volatile year likely to be marked by lower Brokerage volumes and an absence of incentive fees from the Asset Management Division.

As noted earlier, we view the crowning achievement of 2010 as being our divestment of our stake in Bank Audi and subsequent acquisition of a controlling stake in Crédit Libanais, making real our transformation into the region's first universal bank.

GOING FORWARD

Our performance in 2010, our ability to navigate this year's currents and our long-term optimism about our business are underpinned by the fact that Management can, at any moment, call on a corporate governance framework that includes an outstanding board of directors headed by a non-executive chairperson and dominated by a majority of non-executive members who bring invaluable insights into the global financial industry to the table.

Against this background, we believe EFG Hermes is uniquely well-positioned for a rebound. We will push forward with the roll-out of a full universal banking service mix. We will continue to grow the Commercial Bank's geographic footprint. We will deliver profitability at the Investment Bank. And we will do this at the same time as smaller competitors — who do not enjoy the advantages of our quality balance sheet — face challenges and as our global peers' commitment to our region remains questionable given what is, to many of them, too high a degree of uncertainty and volatility.

In sum, we will deliver on our new slogan: One region. One universal bank. The waters we now ply are deep and uncharted; so, too, are the opportunities.

Hassan Heikal and Yasser El Mallawany
Chief Executive Officers

14 January 2011

TUNIS, TUNISIA

On 17 December 2010, a distraught young vegetable vendor sets himself on fire in public as a protest against poor treatment by police. Public outrage over the tragedy ignites simmering tensions over massive unemployment, rising prices, police brutality, social injustice and corruption. The population mobilises, and protests calling for the departure of President Ben Ali and his regime lead to fierce clashes with police and security forces. On 14 January 2011, Ben Ali flees Tunisia.

The success of the Tunisian people's call for change inspires similar protests around the region.

Behind the Figures

Diversification of Securities Brokerage's client base, strong performance from Investment Banking and Asset Management innovation lead strong growth

The year just past was as transformational for EFG Hermes as 2011 is proving for the region. The Firm ended 2010 with systems and people in place across an expanded footprint that includes a direct presence in nine countries and an indirect presence in three other markets, facts that will help the Firm weather the economic fallout from the wave of people-driven change now sweeping the Arab world.

The crowning achievement of 2010 was the November acquisition of a 65 percent stake in Crédit Libanais for a value of USD 542 million. The decision to acquire Crédit Libanais represents a milestone in the Firm's long-term growth strategy, positioning the Firm to be the first universal bank based out of the Arab world. The Firm will continue to target acquisitions of additional commercial banks, with the goal of offering comprehensive commercial banking services alongside existing investment banking services in each of the markets in which the Firm maintains a physical presence.

Crédit Libanais fulfilled a number of the criteria that the Firm had set for its Commercial Banking acquisition targets; The Bank promised to be immediately earnings accretive based on a history of profitability, is run by top-notch management who actively supported the Bank's acquisition by EFG Hermes and who had already begun implementing a strategy that will see the Bank expand operations outside Lebanon, primarily in Francophone Africa.

Indeed, the acquisition made an immediate positive impact on the Firm's bottom line. In 2010, the Commercial Banking platform contributed 23 percent of total Group operating revenues. Crédit Libanais' 52 percent year-on-year surge in net earnings reflects the strong performance of both the Lebanese banking sector and of Crédit Libanais itself.

From a post-Arab Spring perspective, the Firm's revenue stream diversification in late 2010 was particularly timely. Revenues from the Commercial Banking platform in 2011 will help the Firm weather the regional slowdown in investment banking activity and allow the Firm to emerge in a strong position relative to the competition as markets recover.

Meanwhile, careful geographical expansion of the Investment Banking platform bore fruit in 2010, with regional operations accounting for 63 percent of total Group revenues, a sharp rise from 5 percent in 2005. Targeting an increase in individual clients, Securities Brokerage expanded its range of products with the development of its online trading platform, the introduction of Mobile Trading in Egypt and Oman, and the launch of Market Beat.

The Firm also directly entered two new markets in 2010 — Jordan and Syria — achieving remarkable growth in Jordan as Securities Brokerage jumped 29 places in the rankings in just under six months. In Syria, the Firm acquired a license to offer its full range of Investment Banking, Brokerage, and Asset Management out of its new office in Damascus, while Private Equity opened the Syria Fund, which will provide growth capital to established businesses as well as greenfield investments. In Lebanon, the Firm continues to integrate its Investment Banking services with Crédit Libanais' existing Private Banking services, to better serve and expand the Bank's customer base of high net worth individuals.

BUSINESS LINE HIGHLIGHTS

Securities Brokerage

EFG Hermes Securities Brokerage closed 2010 as the top-ranked broker by executions in both Egypt and the United Arab Emirates and was the second-largest broker in Kuwait. The Firm was the third-largest broker in Oman and posted strong market share performances in Qatar and Bahrain, despite those being markets in which the Firm has no physical presence.

Securities Brokerage was also ranked as the third-largest independent broker in Saudi Arabia and climbed from fiftieth place in Jordan at acquisition to close the fourth quarter of the year 2010 as the forty-second overall broker in the Jordanian market.

Investment Banking

The Investment Banking Team closed 11 transactions in FY 2010 with a value of approximately USD 3.4 billion including key equity and debt capital market transactions and M&A activities. In January 2011, the Division was advisor to Orascom Telecom on the USD 1.2 billion sale of its 50 percent stake in Tunisia's second mobile operator (Tunisiana) to Qatar Telecom.

Asset Management

Public assets under management rose 11 percent over the year to reach USD 4.7 billion. EFG Hermes Asset Management closed several new discretionary portfolios / injections by existing clients during the year.

Private Equity

Private Equity funds under management stood at USD 1,125 million. The Division saw the EUR 385 million first close of the InfraMed Fund in 3Q 2010, of which EFG Hermes Private Equity's share was EUR 100 million.

Research

The Research Team had 124 companies and 60 percent of the region's market capitalisation under coverage at the close of 2010. The Team offers macro-level coverage of 11 economies and regular strategy notes on eight. New products introduced in 2010 include the MENA Dashboard, MENA Quarterly Strategy and MENA Quarterly Macro publications.

Commercial Banking

In FY 2010, Crédit Libanais successfully increased its market share in both deposits and loans despite the fierce competition in the Lebanese banking sector.

It boosted its loan book by 28 percent, and its deposits by 17 percent pushing the loans-to-deposits ratio up to 29.29 percent at the end of FY 2010 from 26.8 percent the previous year.

Additionally, return on average equity increased from about 15 percent to 21 percent. Thanks to the management's cost management measures, this year witnessed a substantial decrease in the cost to income ratio, reaching 46 percent down from about 53 percent.

GROUP OPERATING REVENUES

Group operating revenue rose 72 percent year-on-year to EGP 2,463 million in FY 2010, with the Commercial Bank contributing 23 percent of the total revenues. Notably, the Commercial Bank's figures were only consolidated with the Group's financials in 3Q 2010, meaning that only 2H 2010 commercial bank revenues are included

Group Operating Revenue

All revenue figures in EGP mn; see important notes (below) to this table

	FY 2010*	percent of total	FY 2009	percent of total	% chg y-o-y
Investment Bank Fee and Commission Revenue	855	35	792	55	8
Investment Bank Capital Market and Treasury Operations Revenue	1,052	43	202	14	419
of which:					
Net Interest Income**	307	12	116	8	164
Capital Gain (Loss) on Investments***	745	30	86	6	763
Revenue from Bank Audi****	0	0	436	30	N/A
Commercial Bank Revenue	556	23	0	0	N/A
Total Revenue	**2,463**	**100**	**1,431**	**100**	**72**

* Only 2H 2010 revenue from the commercial bank (Crédit Libanais) is included in consolidated FY 2010 revenue

** Net of bank interest paid, bank charges, FX differences and intercompany revenue (expenses)

*** Represents realised & unrealised gains / losses on trade facilitation account, includes EGP 716.6 million in capital gains on sale of Bank Audi stake in 1Q 2010

**** Being share of the profits of associates in 4Q 2009 and FY 2009 in the Group's FY 2010 figures. Total revenues from the Investment Banking platform rose 92 percent year-on-year to EGP 1,907 million in FY 2010, a figure which includes a capital gain of EGP 716.6 million from the sale of EFG Hermes' stake in Bank Audi.

Fee and commission revenue rose 8 percent year-on-year to EGP 855 million in FY 2010, largely driven by strong investment banking revenues — which increased 287 percent year-on-year, accounting for 19.5 percent of Fee and Commission revenue in 2010 — and to a lesser degree, by gains in Asset Management and Private Equity revenues. These three lines of business mitigated the effect of the decline in Brokerage operations, illustrating the Firm's flexibility, diversity and ability to maximise revenues in challenging markets conditions.

Revenue from capital markets and treasury operations stood at EGP 1,052 million in the year just ended, reflecting both the Bank Audi-related capital gain and strong revenue generated from foreign exchange and net interest income. Even after excluding the one-off capital gain of EGP 716.6 million realised from the sale of Bank Audi, revenue from capital markets and treasury operations would have amounted to EGP 335 million, a 66 percent year-on-year increase over EGP 202 million in 2009. Net interest income represents the largest portion of revenue generated from the treasury department, at EGP 307 million in 2010, a 164 percent increase year-on-year. Of the EGP 307 million booked, EGP 157 million relates to foreign exchange gains and EGP 142 million relates to net interest earned.

On the other hand, the Commercial Bank reported a EGP 556 of operating revenues for the second half of the year (which is when EFG Hermes acquired Crédit Libanais), where net interest earned acted as the main contributor. In addition to strong performance of recurring revenue streams, the 2010 results are bolstered by two extraordinary events in the year: A capital gain of USD 11.3 million from the disposal of a real estate unit, and a gain from the sale of investment securities of USD 10.7 million.

GROUP OPERATING EXPENSES

In light of the consolidation of Crédit Libanais second half figures, the Group's operating expenses rose 55 percent year-on-year to reach EGP 1,133 million in FY 2010, compared to EGP 730 million in FY 2009. However, the management of the Investment Banking Platform has implemented a number of measures intended to cap costs, with the result that non-employee related operating expenses declined in 4Q 2010 for a second consecutive quarter, and ended FY 2010 at EGP 255 million, a 6 percent drop year-on-year.

25 January 2011
CAIRO, EGYPT

Thousands of Egyptian anti-regime demonstrators, rallied by Facebook groups, mark Police Day with protests in Cairo, Alexandria and beyond. Police respond with tear gas, water cannon, rubber bullets and truncheons.

That said, the bulk of total operating expenses is attributable to employee expenses (68 percent of total operating expenses), which rose 67 percent year-on-year to EGP 770 million, reflecting the consolidation of the Commercial Bank's 1,491 employees in addition to the Investment Bank's 9 percent increase in number of employees to support the Group's regional expansion and maintain the ongoing efforts to hire the best calibre employees.

GROUP NET PROFIT

Group net profit after tax and minority interest was EGP 700.4 million, a 27 percent increase year-on-year. With the Investment Bank contribution coming at EGP 557 million and the Commercial Bank making up the balance.

It is worth noting that the Group's net profit before tax and minority interest reached EGP 1.15 billion in 2010, up 86 percent over EGP 617.7 million a year earlier. Net profit after tax and before minority interest was EGP 815.7 million, representing a 36 percent year-on-year increase.

BALANCE SHEET

With the consolidation of Crédit Libanais, EFG Hermes ended FY 2010 with a solid balance sheet, with total assets jumping 325 percent to reach EGP 46.7 billion compared to EGP 11.0 billion by end of 2009. However, after taking into account minority interest, shareholders' equity was essentially unchanged, standing at EGP 8.7 billion.

At the end of FY 2010, available-for-sale investments were EGP 2.8 billion, of which Crédit Libanais' available-for-sale instruments accounted for EGP 1.3 billion. Moreover, the held-to-maturity portfolio, which is attributed to the Commercial Bank, stood at EGP 12.2 billion at year-end; the majority of the Commercial Bank's available-for-sale and held-to-maturity investments are held in Lebanese government treasury bills and Eurobonds. However, on 1 January 2011, the Commercial Bank re-classified all securities to held-to-maturity investments pursuant to instructions from the Central Bank of Lebanon and in compliance with the IFRS-9.

EFG Hermes ended the year with an extremely low debt balance. After the settlement of EGP 3.1 billion for the 65 percent acquisition of Crédit Libanais, creditors and other credit balances fell to EGP 1.0 billion at the end of FY 2010. ☰

Group Performance

All revenue, expense and profit figures in EGP mn

	FY 2010*	FY 2009	% chg y-o-y
Total Operating Revenue	2,463	1,431	72
Total Operating Expenses	1,133	730	55
Net Operating Profit	1,330	701	90
Net Operating Margin	54%	49%	10
Net Profit After Tax & Minority Interest	700	552	27

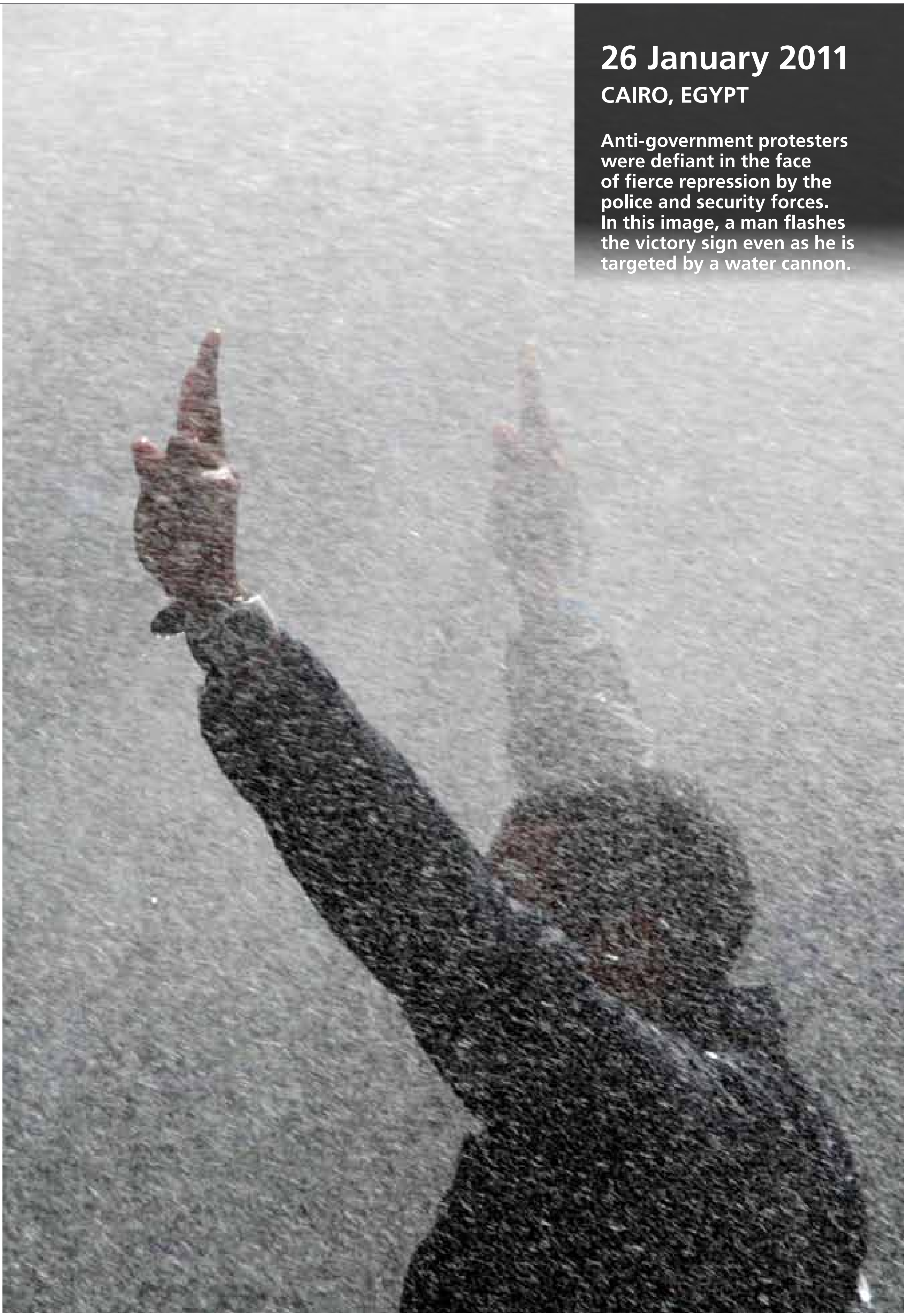
* Only 2H 2010 figures of commercial bank (Crédit Libanais) are included in consolidated FY 2010 results

Key Balance Sheet Indicators

All figures in EGP mn

	Investment Bank	Commercial Bank	Consolidated EFG Hermes
Total Assets	10,409	37,681	46,689
Loans	N/A	9,745	9,796
Deposits	N/A	33,197	33,190
Equity*	8,499	2,793	8,713

* Excluding minority interest



26 January 2011

CAIRO, EGYPT

Anti-government protesters were defiant in the face of fierce repression by the police and security forces. In this image, a man flashes the victory sign even as he is targeted by a water cannon.

27 January 2011

CAIRO, EGYPT

Despite increasingly violent police repression, the number of protesters grows daily.

INTERNET CUTOFF

Graph shows internet traffic to and from Egypt (in MBps), illustrating the effect of the communications shutdown.

Delivering on Promises

The Investment Banking Platform

EFG Hermes is the leading investment bank in the Arab world and the market leader in securities brokerage, investment banking, asset management, private equity and research.

Contents

Delivering on Promises

The EFG Hermes Investment Banking Platform has five distinct lines of business: Securities Brokerage, Investment Banking, Asset Management, Private Equity, and Research.

Revenue from the Investment Banking Platform accounted for 77 percent of total Group revenue in 2010, split as 35 percent from fee-and-commission generating activities and 42 percent from capital markets and treasury operations.

The Securities Brokerage Division was again the largest single contributor to Investment Bank revenues, accounting for 44.1 percent of total Investment Bank fee and commission revenues in 2010, followed by Investment Banking (19.5 percent), Asset Management (19.4 percent), and Private Equity (17.0 percent). The Investment Banking Platform maintained a net operating margin of 54.2 percent in 2010. ☰

Overview of Our Lines of Business

Securities Brokerage

$148 mn
average daily executions

- Remained #1 in terms of executions in the Egyptian and UAE markets; maintained leading position in other regional markets.
- Achieved average daily commissions of USD 223,000 in FY 2010.
- Launched a series of investor education events for individual clients.
- Named Best Brokerage House in the Middle East at the Banker Middle East Industry Awards.
- Hosted back to back transatlantic investor conferences.
- Held 8th Annual One on One Conference, the largest ever.

Investment Banking

$38.4 bn
in equity, M&A and debt transactions since 1995

- Closed 11 transactions in FY 2010 with a value of approximately USD 3.4 billion including key equity and debt capital market transactions and M&A activities.
- Advised Orascom Telecom on the USD 1.2 billion sale of its 50 percent stake in Tunisia's second mobile operator (Tunisiana) to Qatar Telecom.
- Won a number of awards, including The Banker's "Most Innovative Investment Bank in the Middle East 2010" and Global Finance Magazine's "Best Investment Bank Awards 2010."

Asset Management

$4.7 bn
in total assets under management

- Launched 3 new funds: the MENA Long-Term Value Fund, the Arab Investment Bank Money Market Fund and the Bank of Alexandria Fixed Income Fund.
- Took the top 3 slots in Zawya's Egypt Equity category and 1st place in the Egypt Money Market Zawya rankings.
- Received 3 awards from MENA FM for 2010 performance: Egypt Asset Manager of the Year, Balanced Fund of the Year (Al Massy) and Money Market Fund of the Year (Credit Agricole III).

Private Equity

$1.1 bn
in total funds under management

- Completed EUR 385 million first close of the InfraMed Fund, of which EFG Hermes Private Equity's share was EUR 100 million. InfraMed is an innovative fund dedicated to investments in the Southern Mediterranean region
- Launched the EFG Hermes Syria Fund, targeting multiple sectors within the Syrian economy, providing growth capital for established businesses as well as greenfield investments.

Research

124
companies under active research coverage

- Introduced new products including the MENA Dashboard and Monthly Funds Flow publications.
- Reached more than 60 percent of the Arab world's market capitalisation under coverage. Also under coverage are 11 economies at a macro-level, and 8 countries in terms of regular strategy notes. In addition, the Research Team issues regular publications including daily morning round ups, end of session wrap ups and a regional monthly product.

28 January 2011

CAIRO, EGYPT

On the Friday of Rage, individual protestors and huge crowds alike defy the regime's bullies.

EFG Hermes Securities Brokerage 2010 Market Share

Percent of market executions

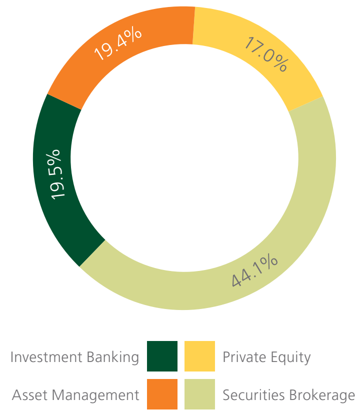
	2009	2010
Egypt	40	28
Kuwait	28	30
Oman	18	21
UAE / Abu Dhabi	16	22
UAE / Dubai	10	12
Qatar	10	12
Bahrain	5	12
Jordan	N/A	2
Saudi Arabia	0.8	1.6
Morocco	N/A	0.3

Performance of Markets in the Arab Region

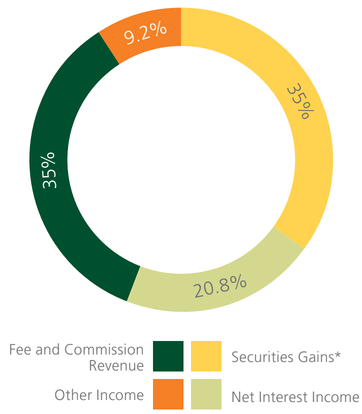
All figures in percent

	Index Performance		Volumes
	FY 2009 vs. FY 2008	FY 2010 vs. FY 2009	FY 2010 vs. FY 2009
Egypt	34.7	15.3	-28.4
Kuwait	-9.9	-0.7	-42.5
Oman	17.1	6.1	-43.4
Abu Dhabi	14.8	-0.9	-52.1
Dubai	10.2	-9.6	-59.9
Qatar	1.1	24.8	-27.1
Bahrain	-19.2	-1.8	-37.9
Jordan	-8.2	-6.3	-30.5
Saudi Arabia	27.5	8.2	-39.5
Morocco	-4.1	21.2	64.6
Lebanon	32.4	-5.8	99.1
Total Weighted Average	**12.7**	**7.6**	**-37.3**

Breakdown of Fee and Commission Income

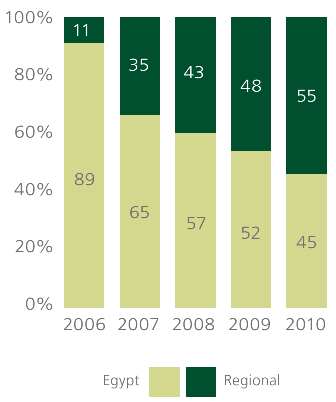


Breakdown of Net Revenue

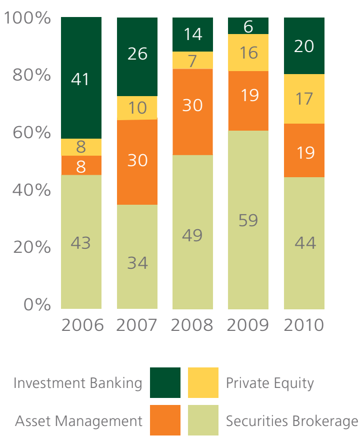


* Includes EGP 739 million of capital gain on the sale of Bank Audi

Fee and Commission Breakdown by Region



Fee and Commission Revenue by Division



Regional Leaders

Growth in individual client base, roll-out of new services across the platform drives growth at the Firm's primary generator of fee and commission revenue

EFG Hermes Securities Brokerage is the Arab world's premier equities house with a direct presence in Egypt, Jordan, Kuwait, Oman, Saudi Arabia, and the United Arab Emirates (Abu Dhabi, Dubai and NASDAQ Dubai). The Firm's strong on the ground presence in these countries allows it to provide a full range of products and services to more than 52,000 individual clients and over 5,400 institutional, broker dealer, fund manager and high net worth clients. The Firm also has a strong indirect presence in five additional markets including Qatar, Morocco, Lebanon, Bahrain and Syria.

For institutional investors, EFG Hermes Securities Brokerage continued to build on the strength of its events offerings in 2010, attracting the largest ever turnout for the eighth annual One on One Conference in Sharm El-Sheikh. More than 260 global institutional investors were in attendance to meet with management from 60 of the most dynamic regional companies, which together represented an aggregate regional market capitalisation of USD 210 billion.

Later in the year the Team hosted its second Saudi Capital Markets Day at the London Stock Exchange. Then, building on its partnership with the LSE, the Firm hosted back to back trans-Atlantic conferences in November: the third Egypt Capital Markets Day at the LSE and the second Manhattan MENA Conference in partnership with Auerbach Grayson.

In March 2011, EFG Hermes Securities Brokerage brought together 70 buy side investors from 55 institutions with C-suite management from 16 top Egyptian companies for the fourth Egypt Capital Markets Day in cooperation with the LSE to deliver the message that Egypt still welcomes both direct and indirect foreign investment.

In the first quarter of 2011 Securities Brokerage withstood one of the most turbulent periods experienced by Arab markets in recent times. While total volumes traded have diminished throughout the region following widespread political unrest, EFG Hermes has continued to expand its share of total executions in practically every geographical market, solidifying its position as the region's largest brokerage house.

Expanding services for individual clients, the Division developed its online trading platform and added new features to Market Beat, a web-based product that allows clients to place their orders directly on streamers.

KEY HIGHLIGHTS

Egypt: In 2010, EFG Hermes Securities Brokerage maintained its strong position as the top ranked brokerage in Egypt by trading volume. A clear market leader, the Division represents 28 percent of total market executions in daily trading on the Egyptian Exchange (EGX).

The Division's individual investors business is now number two in the market, second to sister company Financial Brokerage Group (FBG). As individual investors rose in importance, Securities Brokerage hosted the first in a series of investor forums, bringing together 1,000 individual clients for a face to face discussion with senior members of the EFG Hermes team.

The Division also continued to expand its branch network in Egypt, with the opening of three new branches in 2010 and one in early 2011 for a total of 11 branches.

UAE: For the third consecutive year, the Securities Brokerage Division finished the year as the top ranked broker overall in the UAE in terms of market share of total brokerage executions (ADX and DFM combined).

Also for the third consecutive year, the Division took first place in Abu Dhabi with 21.73 percent market share up from 15.23 percent last year and second place in Dubai with 12.61 percent up from 10.36 percent in 2009. The Firm's diversity of product offerings remains a strong competitive advantage underpinning Securities Brokerage's position in a market that has undergone substantial consolidation over the past year.

KSA: In Saudi Arabia, EFG Hermes Securities Brokerage maintained its ranking as the third largest independent broker, growing its market share to 1.3 percent. The increase in market share came mostly through a 17 percent increase in additions of new GCC investors / institutions as well as a 36 percent increase in the number of access products clients.

The Division's market presence in the Kingdom is also helping EFG Hermes expand across the region, as an increasing number of Saudi investors are benefitting from the Firm's full line of financial services in other regional markets.

Jordan: EFG Hermes Securities Brokerage entered the Jordanian market in June 2010 by acquiring Tadawol Securities and Financial Services. The Division already had extensive experience trading in Jordan, having indirectly executed the largest volume of transactions on the Amman Stock Exchange on behalf of foreign institutional investors since 2007.

Securities Brokerage now delivers the Firm's full range of brokerage services to the Jordanian market, one of the most liberal and developed economies in the region. The Division's ranking was 42 at the end of 2010 with a 1.75 percent market share. By June 2011, Securities Brokerage had jumped 33 places, to be ranked at ninth place and with around a 6.2 percent market share.

Kuwait: In the Kuwaiti market, the Division maintained its second place ranking and increased its market share to 30.12 percent. This increase in market share was the result of an effective client recruitment model across all client categories and facilitated by value added services and a growing online business. The Division executes the lion's share of foreign institutional business on the Kuwait Stock Exchange.

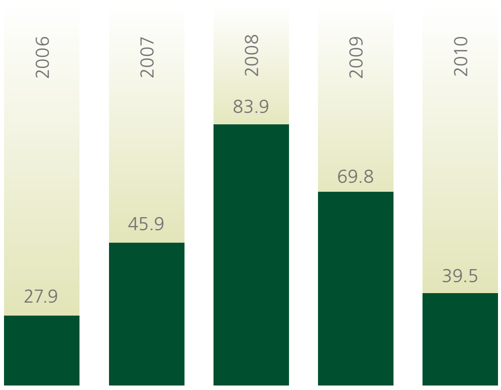
EFG Hermes Kuwait won the "Best Broker in Kuwait" award from Global Investor Magazine in November 2010 and EMEA Finance in February 2011. The back to back honours recognise the remarkable achievements that have been made in the Kuwaiti market during a relatively short period of time. The Division's OMS platform, certified by Nasdaq OMX team, has been at the forefront of local brokerage houses, the newly adopted KSE trading system to go live during the second part of 2011.

Oman: In Oman, the Securities Brokerage Team ranked third with a market share of 20.7 percent in 2010. The Division launched two new services for individual clients in Oman in mid-2010: online trading and mobile trading. In recognition of the milestones that were achieved in the Omani market in 2010 the Division received the EJADA award from the Muscat Securities Market for "Best Brokerage House."

2010 PERFORMANCE

In 2010, fee and commission revenue from EFG Hermes Securities Brokerage stood at EGP 377 million, contributing 44.1 percent of total fee and commission revenue, down 18.8 percent year-on-year (EGP 464 million, 58.6 percent in 2009). Revenues were down on lower regional volumes, while percent contribution to total fee and commission revenue was diluted by the return to growth of other lines of business. Average daily commissions came in at USD 223,000 versus USD 293,000 in 2009.

Brokerage Executions
USD bn



Securities Brokerage 2010 Market Share
Percent of total market executions

	2010
Egypt	28
Kuwait	30
Oman	21
UAE / Abu Dhabi	22
UAE / Dubai	12
Qatar	12
Bahrain	12
Jordan	2
Saudi Arabia	1.6
Morocco	0.3

Advisors of Choice

First IPO in Egypt since 2008, record rights issue and landmark cross-border transaction, regional growth make for a landmark year

EFG Hermes Investment Banking is the Arab world's leading investment bank with an unrivaled transaction record serving leading private companies and listed corporations. The Firm's Investment Banking professionals operating from offices across the Arab world, combine deep knowledge of regional companies, markets and economies with proven global expertise.

With a comprehensive mix of world class services, EFG Hermes Investment Banking has a well-earned reputation as the region's premier financial partner offering a full bouquet of equity, M&A, and debt advisory services. EFG Hermes Investment Banking has an impressive track record as a market leader in M&A transactions that as of December 2010 stood at USD 20.6 billion in transactions successfully completed over the past 14 years. As lead advisor, the Investment Banking Division continues to enhance its portfolio, having raised as of December 2010 nearly USD 13.5 billion through initial public offerings, rights issues, secondary offerings and private placements. EFG Hermes Investment Banking has furthermore advised on USD 4.3 billion in debt transactions.

EFG Hermes Investment Banking is the only investment bank in the region that has managed to successfully break out of its home market, winning the trust of regional companies and multinational corporations. The Division's international clients include British American Tobacco, Italcementi, Kraft Foods, Pirelli, Société Générale, Vodafone and Wind Telecom, among others. The Group also serves regional clients including Arafa Holding, El Sewedy Electric, Etisalat, Olympic Group, Orascom Construction Industries, Orascom Telecom and Telecom Egypt.

KEY HIGHLIGHTS

EFG Hermes Investment Banking closed 11 transactions valued at approximately USD 3.4 billion in a year rife with challenges to regional markets. Capitalising on Investment Banking's previous track record, the Team continued to grow and surmount challenges in 2010 by working on cross-border deals and placing more emphasis on regional transactions and product line diversity.

EFG Hermes Investment Banking closed three major transactions at the start of 2010, beginning with the Team's underwriting of a USD 274 million bond issuance for the Egyptian Company for Mobile Services (Mobinil), which made EFG Hermes the first investment bank in Egypt to underwrite a fixed income product. This was followed by the USD 100 million rights issue for Sixth of October Development and Investment Company (SODIC), the first-ever fully underwritten equity transaction in Egypt. In both cases, our superior sales and distribution capabilities helped market the products to our growing client base, ensuring in the process that neither transaction resulted in an undesired underwriting exposure on the Firm's balance sheet. Also during the first quarter, the Team was one of the lead managers on the USD 800 million Orascom Telecom rights issue, the largest rights issue of its kind in Egypt — another highly successful transaction that attracted the interest of the company's existing shareholder base.

In one of the most notable achievements of 2010, EFG Hermes Investment Banking acted as the sole global coordinator and book runner for the IPO of Juhayna, the leading Egyptian producer of milk, dairy products and juices. The USD 176 million transaction — oversubscribed 1.75 times in the private placement and 6.8 times in the retail tranche — was Egypt's first IPO since May 2008 and one of the very few widely marketed IPOs to take place in the Arab world during the past two years. The Investment Banking Team's ability to price the offering and generate outstanding quality demand in extremely difficult market conditions was a testament to the strength of EFG Hermes Investment Banking and the Firm's unrivaled distribution network.

Furthermore, as the sole financial advisor, lead arranger and sole underwriter for the USD

291 million bond for Orascom Construction Industries, EFG Hermes Investment Banking closed Egypt's largest private sector bond issuance in 2010. This marked the second straight bond to be fully underwritten by EFG Hermes with the fixed rate notes being fully covered by financial investors and institutions with no participation whatsoever from commercial banks. This was unprecedented in the Egyptian market.

The Team's success continued on the M&A front with the closing of two major deals at the end of the year, the first being its role as sole advisor on the 100 percent sale of LinkdotNet, Egypt's largest ISP, for an enterprise value of USD 130 million. The Team then advised on its first M&A transaction in the underpenetrated Syrian market, as the buy side advisor for SODIC's acquisition of 50 percent of Palmyra Real Estate Development Company, a leading Syrian real estate developer with a 2.6 million square metre land bank.

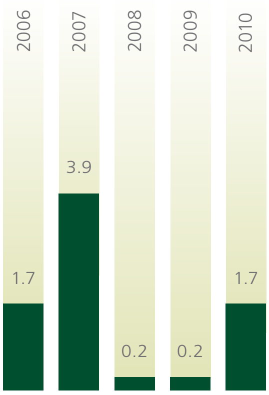
In the fourth quarter, Investment Banking acted as sell side advisor on the sale of 90 percent of Arabeya Online Securities Brokerage to Bank Audi for USD 42.5 million. The transaction, which was the first of its kind in Egypt's online brokerage sector, drew wide attention from local and regional financial institutions.

In spite of the political unrest in the region, the Investment Banking Team's strong performance continued during the first half of 2011, advising Orascom Telecom on the sale of its 50 percent stake in Orascom Telecom Tunisia to Qatar Telecom in a transaction worth USD 1.2 billion that closed in the first weeks of 2011.

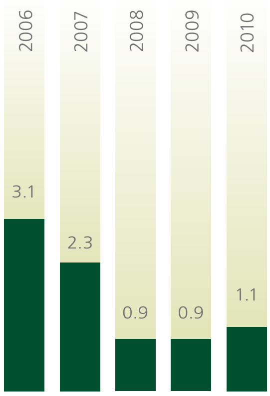
Capping a long process that began in 2010, the Team closed its largest transaction to date in April 2011, advising Wind Telecom of Italy on its merger with Russia's VimpelCom, in one of the largest global M&A transactions in 2011 to date. With an enterprise value of USD 25.7 billion, the transaction created the sixth largest telecom operator worldwide by number of subscribers and is notable for being EFG Hermes' first advisory to an Italian firm. The deal has cemented EFG Hermes Investment Banking's position as the premier regional player in the M&A advisory sector.

Most recently, the Team acted as Sole Sell Side Financial Advisor to Egypt's Paradise Capital on the sale of its 52 percent stake in Olympic Group to Sweden's Electrolux Group, the world's second-largest appliance maker. The deal valued Olympic Group at USD 410 million. The Olympic Group acquisition is the first sizeable foreign direct investment in Egypt following the January 25th Revolution and represents a strong vote of confidence in the Egyptian economy at a significant moment in Egypt's modern history. The Transaction marks Investment Banking's third M&A transaction in the past 6 months, in three different markets, and is a testament to the Division's ability to successfully deliver in the most difficult circumstances.

M&A Advisory by Year
In USD bn



Equity Raised by Year
In USD bn



These three transactions had increased the Team's M&A advisory track record from USD 20.6 billion at the end of 2010 to USD 47.5 billion mid-way through 2011.

The pipeline for 2011 includes a number of additional equity, debt and M&A mandates.

Diversification of revenue streams will continue in 2011 as the Division has active mandates in Qatar and Sudan and at time of writing was in the final stages of obtaining engagement letters in Abu Dhabi, Saudi Arabia and Syria. Recent regional turmoil and the slowdown of dealflow in Egypt presents an opportunity to leverage the Division's exceptional track record to expand and place more focus on regional markets.

The Division's current head count stands at 26 Investment Banking professionals, with plans in 2011 to expand regionally.

2010 PERFORMANCE

EFG Hermes Investment Banking revenues rose 286.5 percent in FY 2010 compared with the previous year to USD 30 million, driven largely by the expansion of business in Egypt. Operations in Egypt accounted for USD 28 million in revenues and 18.2 percent of total fee and commission revenue for the year (up from USD 7 million and 5.1 percent of total fee and commission income in FY 2009), while fees and commissions recorded by regional operations more than tripled to USD 2 million and 1.3 percent of fee and commission income (up from USD 0.5 million and 0.4 percent the previous year). On the whole, Investment Banking accounted for 19.5 percent of total EFG Hermes fee and commission income in FY 2010. ☰

Market Leaders

Strong inflows and new flagship fund follow as Asset Management embarks on a new phase of growth

EFG Hermes Asset Management is among the most trusted investment managers in the Arab world. With USD 4.7 billion in assets under management (AUM), the Team offers both traditional and alternative investment solutions including equity, fixed income, money market, indexed, capital guaranteed, and Shariah compliant (Islamic) mandates via 32 regionally dedicated funds and 5 discretionary portfolios that are tailored to each investor's objectives and risk constraints.

EFG Hermes Asset Management has been a top-ranked regional fund manager since its inception in 1994, consistently managing MENA funds that are among the best performing in the region. The Team is comprised of more than 40 experienced investment professionals across four countries, making it the largest on-the-ground team of any investment manager in the Arab world.

The Team offers full discretionary portfolio management services to institutions, sovereign wealth funds, foundations, endowments, pension and insurance funds, large family groups and regional commercial banks. Through the course of 2010, Asset Management attracted more institutional investors from the GCC, as well as some high net worth individuals from Saudi Arabia; the Team closed the year with its client base skewed towards long term investors, with foundations as well as pensions and insurance funds representing 26.7 percent of the client base, followed by sovereign wealth funds which accounted for 23.6 percent.

KEY HIGHLIGHTS

After focusing on expanding white label offerings in 2009, EFG Hermes Asset Management placed particular emphasis in 2010 on expanding its own offerings.

In July of 2010, Asset Management launched the MENA Long-Term Value Fund with an aggregate capital commitment of USD 250 million, of which USD 200 million was committed from Wellcome Trust and USD 50 million from EFG Hermes. The vehicle will focus on long-term investments in liquid and illiquid securities in the MENA region and is expected to be offered to other investors in 4Q 2011.

In addition to launching new products, EFG Hermes Asset Management actively worked in 2010 to increase the size of existing mutual funds including money markets, fixed income and equity funds throughout the year.

Last year, the EFG Hermes MEDA Fund and the Al Massy Mutual Fund gained 11.7 percent and 18.9 percent, respectively. The Credit Agricole Fund I posted returns of 12.3 percent during 2010, while the Credit Agricole Fund II gained 12.6 percent in 2010. The EFG Hermes Saudi Arabia Equity Fund achieved annual performance of more than 12.5 percent, while the EFG Hermes Telecom Fund gained 9.2 percent, and the EFG Hermes Egypt Fund gained 8.5 percent.

In 2010, the Asset Management Division was honoured with a number of regional awards for outstanding performance. The Division swept the top three Egypt Equity slots in Zawya's three year Funds Ranking in September 2010, and received a second place regional accolade for the MEDA Fund. The Team received three awards from the London-based MENA FM Performance Awards: "Asset Manager of the Year — Egypt," "Balanced Fund of the Year" for Al Massy Fund, and "Money Market Fund of the Year" for the Credit Agricole III Fund.

Looking ahead into 2011, the Division expects to place noted effort on developing new products, both its own offerings as well as white labelled products. To this end, Asset Management has a few mandates in the pipeline.

2010 PERFORMANCE

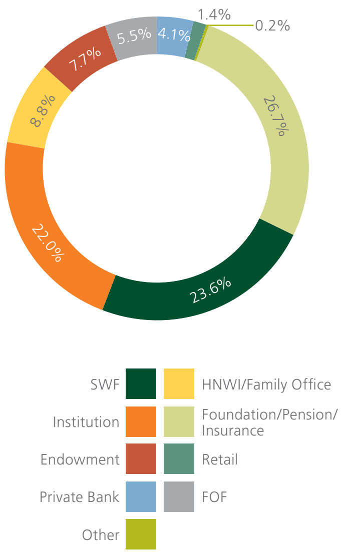
The Division ended 2010 with USD 4.7 billion of assets under management, 6.8 percent higher than USD 4.4 billion in 4Q 2009. This increase in AUMs during the year can be attributed to improvement of both local and regional

29 January 2011
ALEXANDRIA, EGYPT
Crowds swell around the country as calls intensify for a new government.

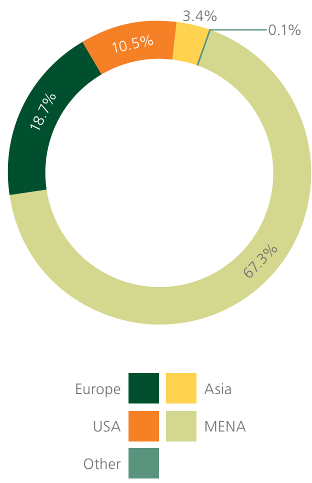
markets' performance as well as to net capital inflows. It is also worth noting that the increase was recorded despite the depreciation of the Egyptian pound against the US dollar (USD 1 = EGP 5.698 in 3Q 2010 and USD 1 = EGP 5.805 in 4Q 2010) which had a negative impact on AUMs in Egypt.

Asset Management contributed 19.4 percent to the Group's consolidated net operating revenues in 2010 as revenues rose 8.0 percent from 2009 levels to EGP 166 million as a result of improved market conditions and net asset inflows. ☰

Total AUM Breakdown
By investor



Total AUM Breakdown
By region



Value Creators

Prospect of advisory income on Egypt pocket of EUR 385 mn first close on InfraMed, exits from historical portfolio drive optimism going forward

EFG Hermes Private Equity is a leading player in the field of regional private equity with a total of USD 1.5 billion raised since inception across ten funds. The invaluable experience that the Firm has gained in over a decade of investing across a broad industrial footprint has given it a strong competitive advantage over its peers. The Private Equity Division has also successfully leveraged the strength of EFG Hermes' regional footprint, including the Firm's network of relationships with major regional corporations and financial institutions, as well as public market intelligence through EFG Hermes' group-wide accrued insight.

With USD 1.1 billion in funds under management, EFG Hermes Private Equity has a strong presence in both Dubai and Cairo. The Division takes a flexible approach to fundraising, employing both traditional funds and transaction-based approaches as it looks to acquire, grow and exit investments in sectors including consumer goods, retail, tourism, real estate, financial services, manufacturing, building materials, oil and gas, food, agriculture and infrastructure, among others.

KEY HIGHLIGHTS

With global markets showing strong signs of recovery in the first quarter of 2010, EFG Hermes Private Equity focused its efforts early in the year on launching InfraMed, an innovative infrastructure fund targeting the Southern Mediterranean region. Sponsored by leading European and regional public sector investment institutions, InfraMed has an eventual fund target size of EUR 1 billion.

As the sole private sector entity and the Fund's manager for activities in Egypt, Private Equity launched InfraMed in 3Q 2010, going on to achieve EUR 385 million at first close, of which up to EUR 100 million is allocated to investments in Egypt. Furthermore, InfraEgypt, a local pocket fund licensed by the Egyptian Financial Supervisory Authority (EFSA), has been set up to co-invest alongside InfraMed in Egypt.

By the end of the year, the Division had entered tenders for four infrastructure projects in Egypt, including an access road, two sewage treatment plants, and an electricity cogeneration facility. InfraMed and InfraEgypt expand our private equity practice beyond traditional sectors, with a focus on infrastructure as an attractive investable segment of the region's economy with a long term stable return potential.

In addition, following EFG Hermes' entrance into Syria in March 2010, Private Equity launched The Syria Private Equity Fund, a USD 250-300 million fund targeting multiple sectors within the Syrian economy and providing growth capital for established businesses as well as greenfield investments. By year end, the Division had secured commitments from several limited partners and agreed to contribute 10 percent of the Fund's total commitments. Given the political unrest in Syria, ongoing at time of writing, the Division has made the decision, in consultation with the Fund's LPs, to postpone the Fund's closing until stability returns. Despite political unrest, however, the Division remains strongly optimistic about the long term potential of the Syrian economy.

The Division also executed three profitable exits in 2010: Nile City, Wadi Holding, and NVO, all investments made under the CIIC portfolio.

The Technology Development Fund continued to support the 14 companies in its portfolio covering different areas of ICT technologies including software products, services and semiconductors. The Fund completed two follow-on investments in software companies, one of which was syndicated to a Saudi venture capital fund. Both companies target global opportunities using Egyptian developed technologies. In addition, the Fund launched a series of well-received events that aims to connect technology entrepreneurs with industry executives focusing on internet and mobile technologies.

Recent political unrest in Egypt and other Arab world countries will decrease the Division's risk appetite for new investments in the remain-

der of 2011. The Division will continue to pursue promising opportunities in fields in which it has demonstrated a competitive edge — oil and gas, tourism, and other natural resource commodity sectors, which trade in US dollars and are supported by global benchmark prices, while selectively targeting investments in Fast Moving Consumer Goods (FMCG) sectors in regional markets that can benefit from increased consumption levels when markets recover.

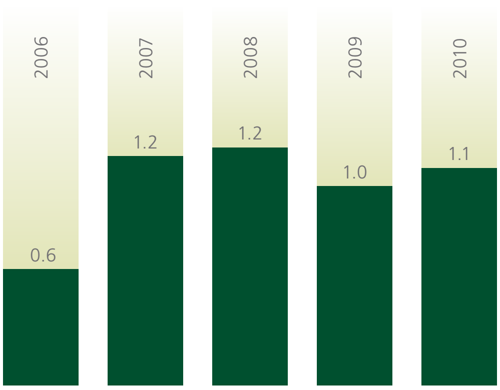
The current regional economic slowdown also represents an opportunity for EFG Hermes Private Equity to restructure its shareholder structure to make the Division 100 percent owned by EFG Hermes Holding, in line with the Firm's other lines of business.

2010 PERFORMANCE

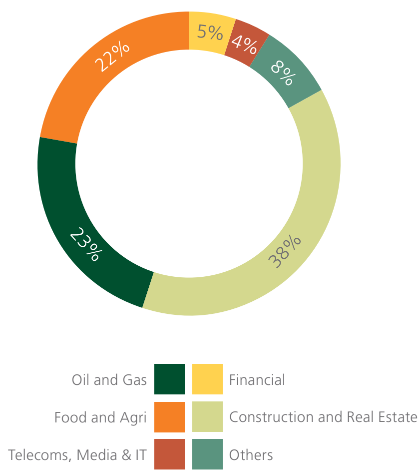
Total revenue earned by Private Equity in 2010 reached EGP 145 million, up from EGP 131 million in 2009. The composition of increase in revenue can be attributed to management fees on funds plus success fees from 2010 exits. Private Equity accounted for 17 percent of operating revenue in 2010, up from 16.5 percent the previous year.

In terms of operational performance, most notable in 2010 was the Division's tendering for four infrastructure projects in Egypt, under its mandate to manage InfraMed's investments in Egypt and InfraEgypt. These projects include the El Rod El Farag Access Road, two sewage treatment plants in Six of October City and an electricity cogeneration facility. ☰

Private Equity Funds Under Management
In USD bn



Breakdown of PE Investments
Percent of total investment capital



Unrivaled Insight

Emphasis on content, commerciality and dissemination to be heightened by launch in 2011 of client-centric Research Portal

EFG Hermes' independent Research Division offers clients unparalleled coverage of the MENA markets. By the end of 2010, Research had steadily expanded its offerings to include coverage of 124 companies (up from 96 at the end of 2009) representing more than 60 percent of the region's market capitalisation.

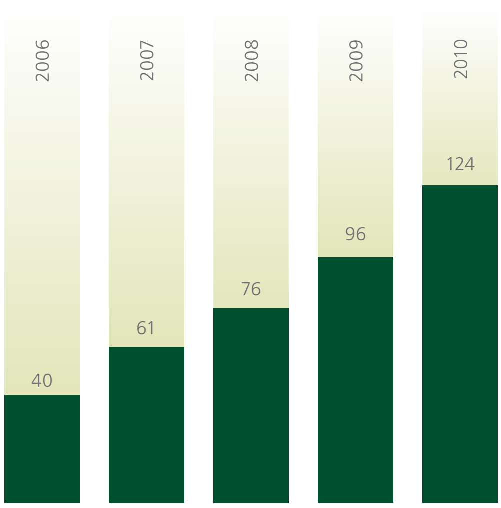
Companies under coverage are drawn from key sectors including finance, real estate and construction, airlines, petrochemicals, building materials, telecoms, consumer goods and utilities across eight countries, including Egypt, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The Division continues to consistently offer investors high-value-added fundamental research. In addition to leading coverage of regional equities, the Research Team offers in-depth economics and strategy coverage of 11 key countries in the Arab world. Its product mix includes equities research, strategy and macro notes, sector overviews, economic notes, and industrial research. The Division now offers more coverage and products than any of its regional competitors.

A key differentiator for EFG Hermes Research is its highly experienced team of analysts, which features more analysts "on the ground" than any of its regional competitors. The Team also benefits from its presence in major regional centres including Cairo, Dubai, Riyadh and Muscat, offering an international standard research approach with local flavours.

Evolution of Companies Under Active Coverage

Number of companies under active coverage at year's end

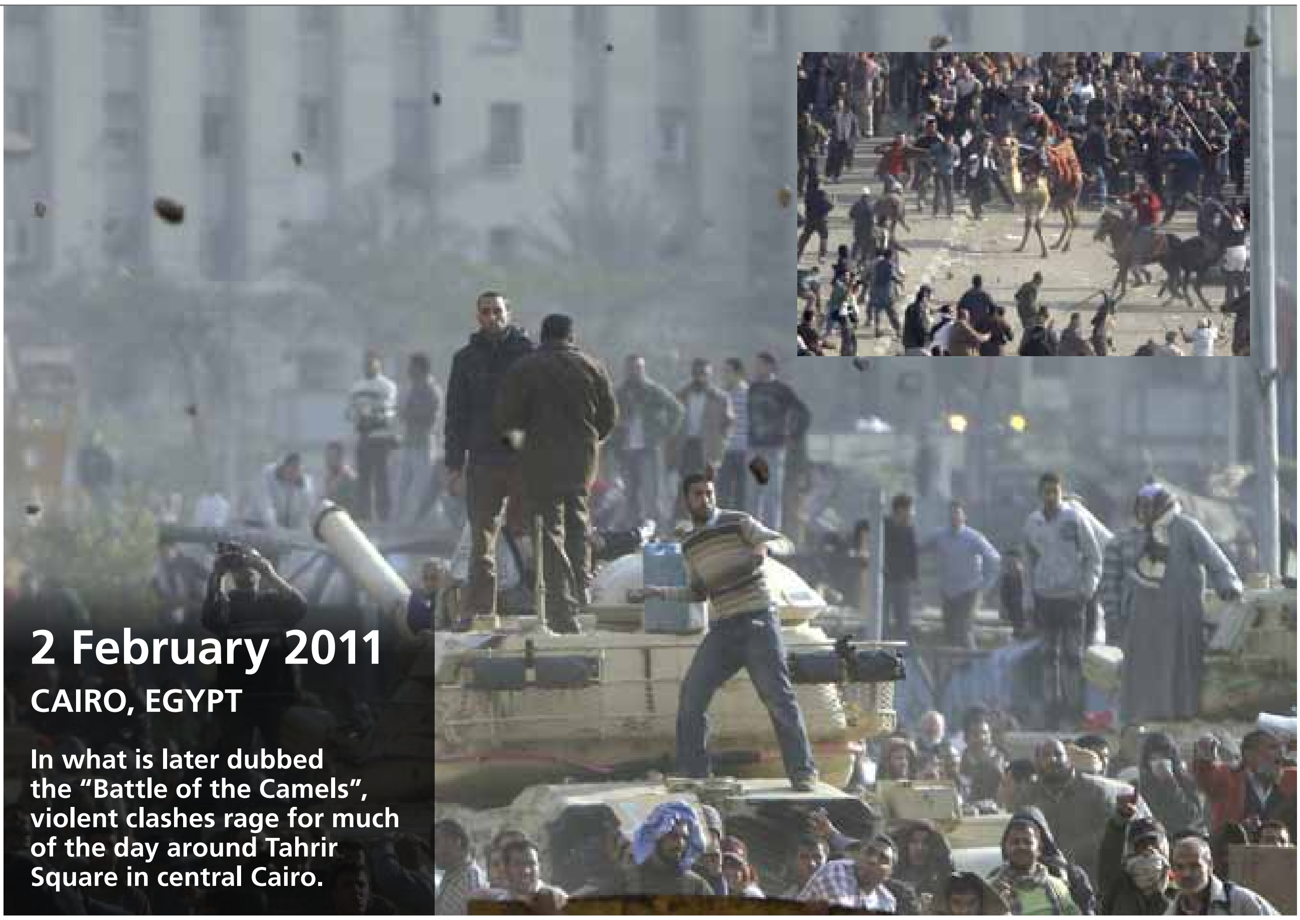


KEY HIGHLIGHTS

Expanding its award-winning coverage of Arab equities, the Research Team has focused its efforts in 2010 toward a consolidated regional product to replace country coverage alongside the issuance of a new range of analytical quantitative tools. These tools include the MENA Dashboard, MENA Quarterly Strategy and MENA Quarterly Macro in addition to more thematic sector-based products.

Maintaining a leadership position in an increasingly competitive landscape required EFG Hermes Research to revisit its product offerings in 2010 with the objective of further enhancing content and dissemination in line with international best practices. The Division's management spearheaded a thorough audit that included every aspect of Research's award-winning products — including the look and feel of research reports — with the ultimate goal of producing a more client friendly, commercially viable product that builds upon and further improves EFG Hermes' stringent quality standards. More importantly, throughout 2010, EFG Hermes Research continued to develop its human resource base through various training programmes.

In 2010, Research finalised nearly 60 percent of its new technology platform, which is expected to completely revamp operations by improv-



2 February 2011
CAIRO, EGYPT

In what is later dubbed the "Battle of the Camels", violent clashes rage for much of the day around Tahrir Square in central Cairo.

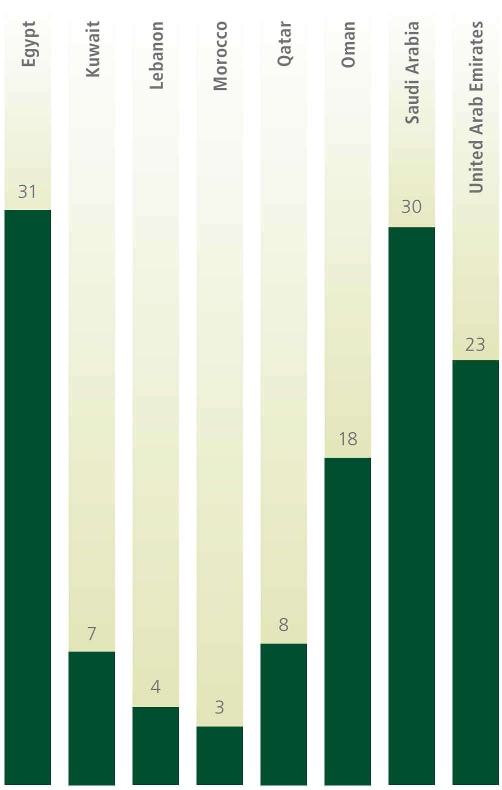
ing time-to-market, allowing for more coverage, enhancing distribution and enabling a higher level of data warehousing for use by clients and in house alike. The Division expects to launch the new technology platform in 2H 2011.

Despite the fact that the current political environment is one that even the most seasoned analysts have never dealt with before, EFG Hermes continues to provide timely research notes that analyse the economic impact of the changing political realities in the entire region. For instance, during the early days of the Egyptian Revolution, the Research Team published an Egypt note entitled "Egypt: Moving to a New Paradigm." The note addressed key issues impacting the country's economy, including ongoing political reform and pressures on the economy in 2011.

In early 2011, the Division also published "MENA: Reappraising Political Risk," a quarterly note that discussed regional protests and varying political risk across MENA and offered a revised regional growth forecast for 2011.

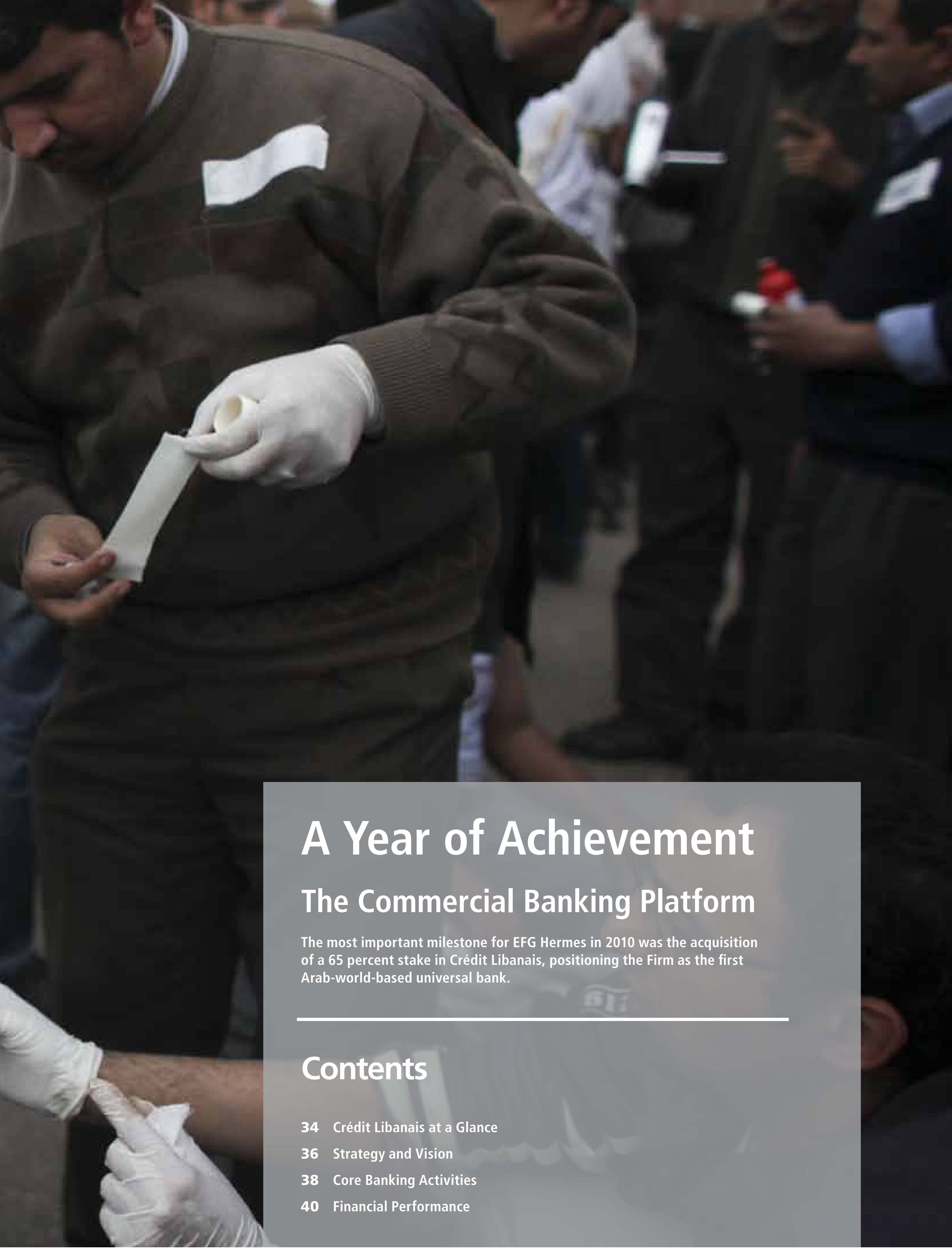
EFG Hermes Research is fully aligned to meet upcoming challenges of 2011, which first and foremost include the continued ability to provide investment ideas in a volatile environment that is challenged by the political unrest that has swept the region. The Team remains committed to further expanding coverage across bastion MENA markets and introducing a new line of coverage which is fixed income research. ≡

Equities Covered by Geography
Number of companies under active coverage at 31 December 2010



2-3 February 2011
CAIRO, EGYPT

Doctors staff volunteer clinics, treating revolutionaries and counter-revolutionaries alike.



A Year of Achievement

The Commercial Banking Platform

The most important milestone for EFG Hermes in 2010 was the acquisition of a 65 percent stake in Crédit Libanais, positioning the Firm as the first Arab-world-based universal bank.

Contents

Corporate Banking

31.6%
of Total Loan Book

The Corporate Banking Division serves medium to large sized corporations with annual turnover of more than USD 2 million. Services offered include corporate accounts and international banking (import / export and money transfers) as well as lending facilities and financial and capital markets solutions.

Retail Banking

51.9%
of Total Loan Book

Crédit Libanais offers a comprehensive range of retail banking products and services, including personal accounts, debit and credit cards, loans and insurance. Individual clients have access to retail banking services through 65 branches and extensive ATM networks in Lebanon, Cyprus, Bahrain and Senegal.

SME Banking

16.5%
of Total Loan Book

Crédit Libanais is committed to increasing its lending activities in the Small and Medium Enterprise (SME) sector. The Bank's objective is to provide SMEs with the proper facilities to expand their contribution to the economy, through the creation of tailored packages for growing businesses in a variety of critical sectors.

Private Banking

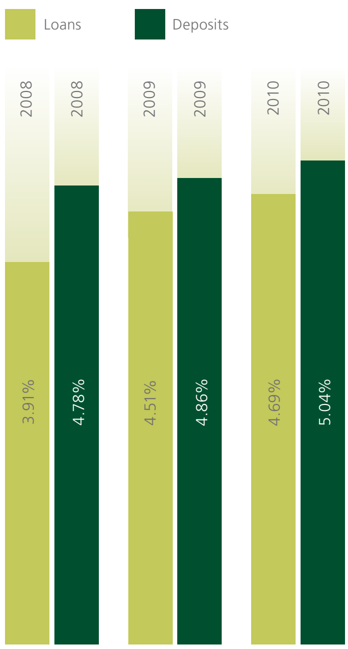
1,626
Clients Served

The Private Banking Division offers personalised portfolio management and investment advice to local and regional high net worth individuals. The Bank leverages its strategic relationships with major international institutions and the expertise of its leading team to advise clients on the best opportunities in the market.

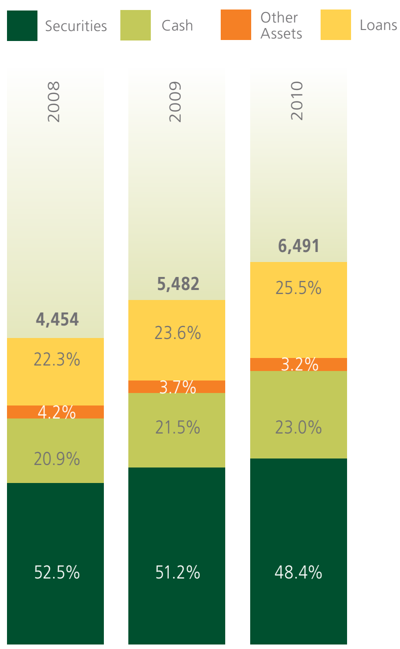
KEY FINANCIAL INDICATORS

$78 mn	21.1%	12.4%	17.0%
Net Income	Return on Average Equity	Core Tier-1 Capital Ratio	Total Capital Adequacy Ratio

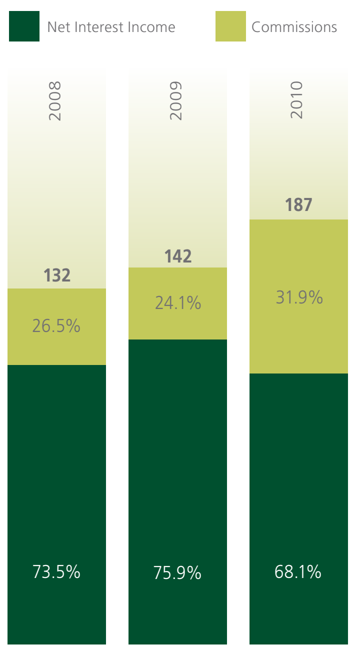
Market Share of Loans and Deposits
In percent



Balance Sheet Composition
In mn USD, content in percent



Contribution to Total Banking Income
Total income in mn USD, contribution in percent



4 February 2011

CAIRO, EGYPT

As protests become less violent, people begin to bring their children to join them in calling for the departure of the Mubarak regime.

65
Branches

284,262
Clients at Year-End 2010

1,491
Employees at Year-End 2010

81
ATM's

1,500
Online Banking Users

Creating a Universal Bank

A superior regional Universal Bank is emerging from simultaneous growth of commercial and investment banking platforms in key strategic geographies

EFG Hermes Group has taken the strategic decision to transform itself from a leading investment bank, brokerage house and asset manager into an integrated financial group, offering its clients universal banking services, including best-in-class commercial and private banking. This will be achieved through a limited number of targeted acquisitions of existing commercial banks and, to a more limited extent, through greenfield projects, in strategic geographies.

This major initiative aims at deploying the Group's solid capital and liquidity resources in earnings accretive acquisitions, to enhance shareholder value by:

1. Offering its clients a broader product range, across its operating region;
2. Broadening its client base to cross-sell more effectively;
3. Capitalising on revenue and cost synergies by integrating the entities to be acquired, both between them and with the investment bank;
4. Increasing its footprint in systemically important, fast growing economies in which it operates; and
5. Increasing the stability, predictability and diversification of group earnings.

The acquisition of a controlling interest in Crédit Libanais, towards the end of 2010, marks the start of the implementation of this vision. Crédit Libanais is immediately earnings accretive and is of a size and profitability that will materially offset a substantial portion of the predicted shortfall in investment banking earnings in 2011 due to the impact of the Revolution in Egypt and beyond.

A major factor in the selection of Crédit Libanais was its top-notch management and employees, at all levels, who have succeeded in growing the bank over the years into a very prudently run and profitable banking group in Lebanon. With nearly USD 7 billion in assets, 284,262 clients, a Core Tier 1 Capital ratio of c. 12.4 percent and a Return on Average Equity after tax of 21.1 percent, the Group produced USD 78 million in net profit in FY 2010.

However, acquiring banks is not the end goal of EFG Hermes. Smoothly integrating acquisitions into the rest of the Group is our ultimate aspiration, in order for the Investment and Commercial Banking platforms to grow together from both the business and the back office aspects. Two examples: We are currently working on creating a unified private bank / brokerage / research operation with Crédit Libanais, focusing on our combined client base of high net worth individuals. We are also focusing on a regional coverage model for top corporate and investment banking clients operating in key countries of the region.

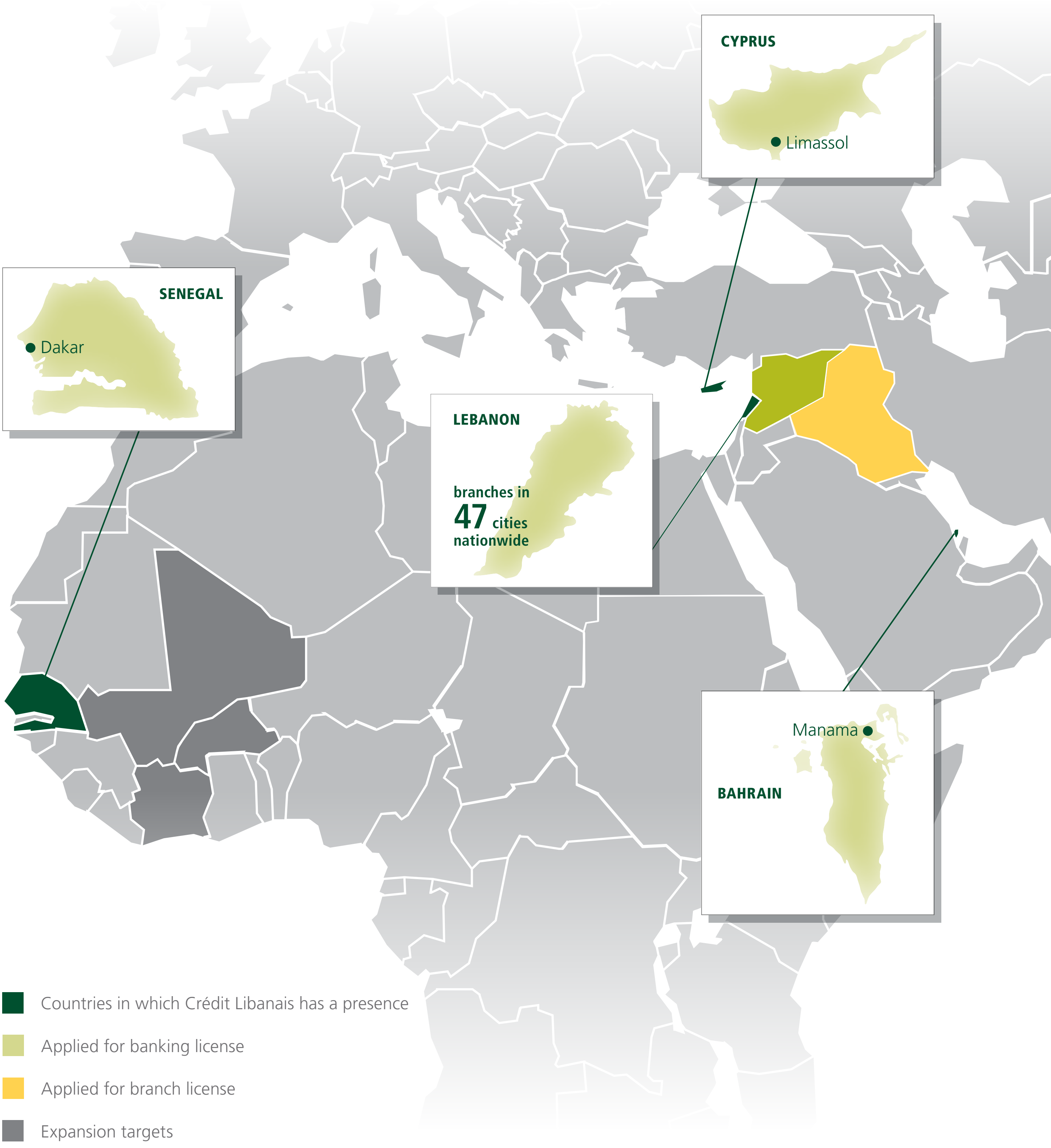
Contrary to most of its peers, Crédit Libanais has not yet developed material earnings outside Lebanon. Yet, as has been the case for EFG Hermes itself in Egypt, the majority of growth prospects for Crédit Libanais are outside Lebanon. For this reason, the Bank acquired a full bank license in Senegal in 2010, which entitles it to expand operations in Francophone Africa, leveraging the support and expertise of a strong Lebanese expatriate community in that region.

Simultaneously, Crédit Libanais will play a critical role in the Group's greenfield entry in the Syrian banking market, where a formal application for a bank license is currently being processed. Finally, through Crédit Libanais the EFG Hermes Group is currently in the process of obtaining a license for opening two branches in the fast growing market of Iraq, in order to secure a niche in cross-border trade finance in the region.

Needless to say, Egypt is clearly our top priority in terms of establishing a commercial banking presence. This is the country where the Group will have the most substantial cost and revenue synergies with its existing operations. Post-Revolution, Egypt is now, more than ever before, a country with tremendous long-term growth prospects.

Clearly, Crédit Libanais was the first step in implementing our strategy. We are closely monitoring a whole range of acquisition opportunities both in Egypt as well as in other strategically important geographic locations. We wish to assure our shareholders and the broader investor community that as we gradually transform the EFG Hermes Group into a Universal Bank, our primary focus remains to enhance shareholder value moving forward.

Our Footprint



Crédit Libanais

Crédit Libanais, a leading Lebanese bank joins the EFG Hermes family, rounding out our product offering and providing a more stable earnings base

RETAIL BANKING

Crédit Libanais offers a full line of retail commercial banking products, with the goal of becoming the retail bank of choice in Lebanon (63 branches), Cyprus (1 branch), and Bahrain (1 branch). In addition, in 2010 Crédit Libanais obtained a full bank license in Senegal, under the name of Credit International.

Accounts

Crédit Libanais features a variety of savings and checking accounts to meet the financial needs and goals of its retail clients.

Basic checking and savings accounts can be opened by sole or joint account holders — resident and nonresident Lebanese as well as foreigners — and may be held in any currency.

Debit and Credit Cards

All Crédit Libanais checking and savings account holders receive a BankerNet debit card, which can be used to withdraw cash from more than 80 ATMs throughout Lebanon.

In addition, Crédit Libanais retail banking clients, as well as clients of other banks, can apply for any of a range of 15 credit cards, which offer a variety of privileges at highly competitive monthly rates.

Loans

Crédit Libanais is one of the leading retail lenders in Lebanon, offering personal loans and commercial retail loans at attractive rates.

Insurance

Crédit Libanais offers its clients a wide range of bancassurance products in coordination with Crédit Libanais d'Assurances et de Reassurances (CLA), including car insurance, travel insurance, medical insurance, life insurance, as well as savings and education plans.

In addition, CLA offers a number of insurance solutions to business owners, covering loss of financial instruments by theft, larceny, burglary, robbery, embezzlement and other types of loss. CLA also offers insurance plans to cover any damage occurring during the construction of business premises, and against the loss of cargo shipping by sea, air, or land.

CORPORATE BANKING

Crédit Libanais Business Banking offers market-leading financial services and solutions for medium and large businesses with an annual turnover of over USD 2 million. It provides a range of dedicated products and services, which vary according to client requirements, regional presence and growth potential.

International Banking Services

Crédit Libanais offers quality international banking services to businesses. Leveraging an ever-growing global network of correspondent banks, the Bank provides innovative solutions in Trade Finance and Money Transfers.

The Bank's Trade Finance services offer support to importers and exporters, as well as outward and inward remittance services.

Financial and Capital Markets

Crédit Libanais offers a unique combination of global markets coverage capabilities and personalised solutions. With access to the most competitive market rates and the best market research and information, the Bank offers access to fixed income securities, comprehensive equity market coverage, Forex services, alternatives to traditional investing, and market research.

Crédit Libanais is a market maker on all Lebanese government fixed income securities, maintaining an important presence on primary and secondary markets for Lebanese Government T-bills and Eurobonds.

Crédit Libanais extensively covers the major regional and international stock markets, namely the US and Europe, operating a seat

5 February 2011
CAIRO, EGYPT

Anti-government protestors, injured and healthy alike, work together to keep Egypt clean.

at the Beirut Stock Exchange (BSE) through its fully owned subsidiary, Crédit Libanais Investment Bank.

The Bank also trades all major foreign currencies, both in-branch and online through its internet banking portal.

Crédit Libanais also offers a number of alternative opportunities to traditional investment and the latest in financial engineering and strategies. These include structured products, hedge funds and Islamic banking products.

Finally, Crédit Libanais offers complimentary daily and weekly market watch research product, both in branch and online, in Arabic and English.

BANKING FOR SMALL AND MEDIUM ENTERPRISES

Over the last few years, Crédit Libanais has rapidly expanded its lending activities into the Small and Medium Enterprises (SME) sector of the Lebanese economy.

Crédit Libanais is committed to facilitating the growth of local small and medium sized enterprises in Lebanon. Through its understanding of the dynamic performance of the different economic sectors in Lebanon, Crédit Libanais' SME Banking team continues to focus on providing growing businesses within growing sectors with structured facilities to allow these companies to grow.

PRIVATE BANKING & ASSET MANAGEMENT

Crédit Libanais offers personalised portfolio management and investment advice to a selective clientele of local and regional high net-worth individuals. The private banking team is represented by highly trained personnel with extensive knowledge and expertise in the field.

The Bank leverages its strategic relationship with major international institutions and the expertise of its private banking team to advise clients on the best opportunities in the market for mid to long-term portfolio growth. ≡

2010 Results

Continued market leadership, strong performance in a difficult economic environment underscore the strength of the Commercial Banking platform

In 2010, Crédit Libanais continued its steady growth pattern. Total Assets grew by 18 percent, slightly below the last three-year CAGR of 21 percent. Clearly, within Total Assets, the trend in the mix between Cash, Securities and Loans in the last three years has been a steady reduction of the Securities portfolio, in favour of growth in the cash and even higher growth in the loans component. Securities holdings grew y-o-y by 12 percent, while Cash and Loans increased y-o-y by 27 percent and 28 percent respectively. As yields in newly issued government securities are steadily declining, we will be growing our loan book more aggressively in order to enhance profitability, with organic banking business.

The vast majority of Securities are held in the HTM book and contain capital gains exceeding USD 140 million, according to a Q1 2011 valuation, which will flow in the form of incremental Net Interest Income throughout the life of these securities.

Client deposits grew by 17 percent y-o-y, below the three-year CAGR of 21 percent. Strong growth in Loans and Deposits reflects continued market share gains in both.

Core Equity, excluding Preferred Shares and Subordinated Debt, grew y-o-y by 15 percent, higher than the respective five-year CAGR, mainly due to our decision not to distribute a dividend for 2010. Net Interest Income grew by 20 percent y-o-y, well above the three-year CAGR, reflecting the continued strong loan growth, while commissions grew 14 percent y-o-y. Net income increased by over 50 percent y-o-y mainly due to a total of USD 21.7 million in extraordinary items, in the form of capital gains from the sale of securities and real estate holdings.

As a result of all the above, Net Interest Margin posted a marginal decline of 0.01 percent y-o-y, the cost-income ratio declined impressively by 6.76 percent y-o-y to 46.06 percent, and the Loans-to-Deposits ratio increased by 2.48 percent to 29.29 percent. Our strong profitability also allowed us to increase provisions in order to cover 99.10 percent of non-performing loans.

The decision not to pay-out a dividend has allowed us to increase Tier 1 capital by 1.6 percentage points to 12.4 percent. This, together with the issuance of Subordinated Debt towards the end of 2010, has increased our total capital ratio by over 4.0 percent to 16.95 percent.

Finally, Return on Average Equity and Average Assets increased by 6 percent and 0.26 percent, to 21.07 percent and 1.32 percent respectively.

Our target for 2011 will be to gradually recalibrate the Crédit Libanais operating model, to improve further its revenue growth, operating efficiency and capital efficiency. ☰

Commercial Bank Key Financial Highlights

In USD mn

	FY 2008	FY 2009	FY 2010	% CHANGE FY 09 VS. FY 10	CAGR
Total Assets	4,454	5,482	6,491	18	21
Cash	933	1,178	1,491	27	26
Securities	2,340	2,808	3,141	12	16
Loans	994	1,292	1,654	28	29
Deposits	3,861	4,821	5,646	17	21
Total Equity	391	428	561	31	20
Net Interest Income	97	106	127	20	15
Commissions	18	25	28	14	26
Net Income	50	51	78	52	24

6 February 2011

CAIRO, EGYPT

Five full days before President Hosni Mubarak transfers his powers to the Egyptian Military, the anti-government demonstrators in Tahrir Square and around the nation are confident that they will be victorious.

Commercial Bank Key Ratios

In percent

	FY 2008	FY 2009	FY 2010
Net interest margin	2.34	2.14	2.13
Cost-to-income	52.80	52.82	46.06
Loans-to-deposits	25.75	26.81	29.29
Provisions Cover	84.30	87.30	99.10
Core Tier-1 Capital Ratio	11.10	10.80	12.40
Total Capital Adequacy Ratio	13.32	12.90	16.95
Return on Average Equity	16.27	15.08	21.07
Return on Assets	1.25	1.06	1.32

9 February 2011
ALEXANDRIA, EGYPT

Graffiti has become the "Art of the Revolution."

Instilling Trust

Embrace of global transparency and accountability standards make EFG Hermes a trusted partner for clients and a known quantity to shareholders

THE INVESTMENT BANKING PLATFORM

An energetic, proactive approach to corporate governance is vital to the integrity of corporations in general and financial institutions in particular, and we at EFG Hermes pride ourselves on voluntarily adhering to international best practices and global standards at all levels — from the Board of Directors to line operations.

Regulators across the Arab world are strengthening corporate governance requirements; notwithstanding this, the standards the Firm has set, and the procedures our staff follow, are often far more stringent than those demanded by most regulators in the markets in which we operate. Similarly rigorous is the quality and nature of the documentation we require of our clients. As a result, EFG Hermes has succeeded in maintaining its reputation and market leadership in the face of such challenges as the global financial crisis of 2008/09, and, more recently, regional geopolitical unrest.

Our clearly defined management processes, structures and policies not only provide channels for appropriate decision-making and accountability, but reassure shareholders and clients that their investments are in safe hands.

Key Highlights

In its ongoing efforts to maintain the highest possible standards of transparency, the Firm introduced several new measures in 2010. The Corporate Infrastructure Development Committee was formed in early 2010, introducing a fresh code of conduct that includes new and improved procedures for EFG Hermes staff to follow. A mandatory staff training policy, tailored to each market in which the Firm does business, has also been introduced.

To date in 2011, we have surpassed even our own expectations with the timeliness and efficiency with which we have complied with the tightened rules set by regulators in response to regional political unrest. From the onset, we have been alert for any breaches; asset freezes have been fully complied with and all documentation has been revised and updated. The Business Continuity Plan was executed flawlessly and resulted in EFG Hermes emerging from the crisis unscathed.

We are proudly associated with the United Nations Global Compact – a nonprofit organisation with strict CSR and Corporate Guidelines. EFG Hermes fully supports and adheres to the UNGC's 10 principles, which cover the areas of human rights, labour, the environment and anti-corruption.

Management and Control Structure

Board of Directors

EFG Hermes' Board of Directors is comprised of 12 members, most of whom are Non-Executive Board members. Without exception, EFG Hermes' Directors possess a broad spectrum of experience and expertise, directly related to EFG Hermes' different Lines of Business and Divisions, with a strong emphasis on professionalism and integrity. Our Directors are selected based on contributions they can make to the Board and Management and for their ability to represent the interests of shareholders. The Board of Directors met 10 times throughout 2010.

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

Compliance with Laws, Rules, and Regulations

Obeying 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, including insider trading laws and management transaction disclosure rules. We comply in general to internal rules and regulations of EFG Hermes Group in addition to laws and regulations of the markets specific to countries in which we operate.

Conflicts of Interest

The members of the Board of Directors shall 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 & Proper Use of Company Assets

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

Fair Dealing

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

Code of Conduct

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

Standards & Policies

The Firm's standards and policies comply with Egyptian and International corporate governance guidelines.

Confidentiality

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

Waivers

Any waivers of the Principles Governing the Conduct of the Board of Directors may be made only by the Board of Directors and all waivers granted to the directors will be disclosed to the Firm's shareholders.

Corporate Opportunities

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

Audit

Auditing forms an integral part of corporate governance at the Firm. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Corporate Governance Committees

Reporting directly to the Board of Directors, the Corporate Governance Committees collectively work to ensure that Executive Management is held accountable at all times and that the rights of shareholders are safeguarded. Due to the events which have swept the region, committee members have been holding more interim meetings than ever before, monitoring the Firm's strategy during these challenging times.

The Executive Committee is appointed by EFG Hermes' Board of Directors to exercise the powers and duties of the Board of Directors between Board meetings and implement the policy decisions of the Board. The Executive Committee is comprised of five members, who are strategically selected to ensure all Divisions are represented. EFG Hermes' Executive Committee has the authority to exercise all powers and authority of the Board, and is responsible for overseeing the risk management structures and policies of the Firm. The Executive Committee meets each week to discuss and follow up on day-to-day operations of the Firm and to address any pressing issues that may arise.

The Compensation Committee is comprised of three Non-Executive, Independent Board members. The Committee meets once a year to study compensation within the Group as a whole (and for Senior Management in particular). This not only safeguards shareholder interests, but also ensures Management's interests are fully aligned with those of the Firm. The Compensation Committee directly manages the allocations within the Management Incentive Scheme for Senior Management as approved by the General Assembly.

The Audit and Risk Committee is comprised of the Chairperson and two Non-Executive, Independent members. The Audit and Risk Committee meets on a quarterly basis, aside from interim conference calls; the Committee met a total of seven times in 2010. In response to civil

unrest in the region beginning in early 2011, the committee has held several emergency meetings in 2011, and its members are in constant communication.

The Chairperson of the Audit and Risk Committee reports directly to the Board of Directors and presents the Committee's recommendations, which must be addressed promptly and are followed up on in subsequent meetings. The Board of Directors is briefed on all Audit and Risk Committee meeting proceedings and resolutions. By ensuring open communication between Internal Risk Officers, External Auditors and the Board of Directors, the Audit and Risk Committee brings a high level of transparency to the Firm.

The Business Risk and Compliance Committee is comprised of five members from Senior Management, and may request the attendance of any Business Head or employee it deems necessary. This Committee monitors adherence to statutory provisions, official regulations and internal policies. The Committee meets at least every quarter.

Shareholders

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

Shareholder Structure

As at 31 December 2010, a total of 11,035 shareholders were listed in our share register.

Significant Shareholders

EFG Hermes is required by law to notify the appropriate parties of shareholders whose holdings are five percent of voting rights. Further notification is made once a multiple of the five percent is exceeded by a shareholder.

Executive Holdings and Management Transactions

As of December 31, 2010, EFG Hermes Board of Directors and Executive Board held a total of 20,833,150 EFG Hermes shares as well as stock options on EFG Hermes shares, representing 5.4 percent of the capital stock of EFG Hermes.

Share Ownership Information

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

10 February 2011

CAIRO, EGYPT

Crowds gather to hear Mubarak's third speech as he stuns the nation by announcing his intention to remain in power.

COMMERCIAL BANKING PLATFORM

Crédit Libanais is committed to safeguarding the interests of its stakeholders and recognises the paramount importance of corporate governance for its proper functioning and for the creation of an optimal operational environment. The Bank recognises that transparent disclosure of its governance helps stakeholders assess the quality of the Bank and its management and assists stakeholders in their investment decisions.

Crédit Libanais aims at fully adhering to the principles set out in international guidelines for corporate governance, specifically the Basel Committee on Banking Supervision (BCBS) standards, including the new consultative requirements. The Crédit Libanais strategy is to respond early and responsibly to the calls for reform at the corporate governance level.

The Bank's corporate governance framework lays the basis for responsible and performance-oriented management and control of Crédit Libanais, which is geared towards sustainable value creation and local and foreign expansion. This framework has four key elements: good relations with shareholders; effective cooperation between the Management and the Board of Directors; a system of performance-related compensation; and transparent and timely reporting.

Bank Committees

The Board of Directors and Senior Management exercise their joint governance duties and authorities through several committees, established with clear missions, authorities and responsibilities. The committees' respective authorities are of a decisive and consultative nature, where all recommendations that require Board approval are submitted through the General Manager for review, decision-making or ratification. The Board remains aware of all the decisions governing the Bank's overall activities as submitted and recommended by the various committees.

The Bank's committees include:

- The Executive Committee
- The Audit Committee
- The Management Committee
- The ISO Executive Committee
- The Sales and Business Development Committee
- The Human Resources and Training Committee
- The Banking Group Information
- Technology Steering Committee
- The Foreign Entities Committee
- The Business Continuity Planning (BCP)
- The Basel II Committee
- The Group Asset and Liability Committee (ACLO)
- The Credit Policy Committee
- Credit Committees
- The Operational Risk Management Committee
- The Group Anti-Money Laundering Committee (AML)
- The Banking Group Information Security Committee

Crédit Libanais' corporate governance policies and procedures are defined in a series of documents, all of which have been made available on both the company intranet and on the Bank's website, for the benefit of current shareholders and potential investors. These documents include:

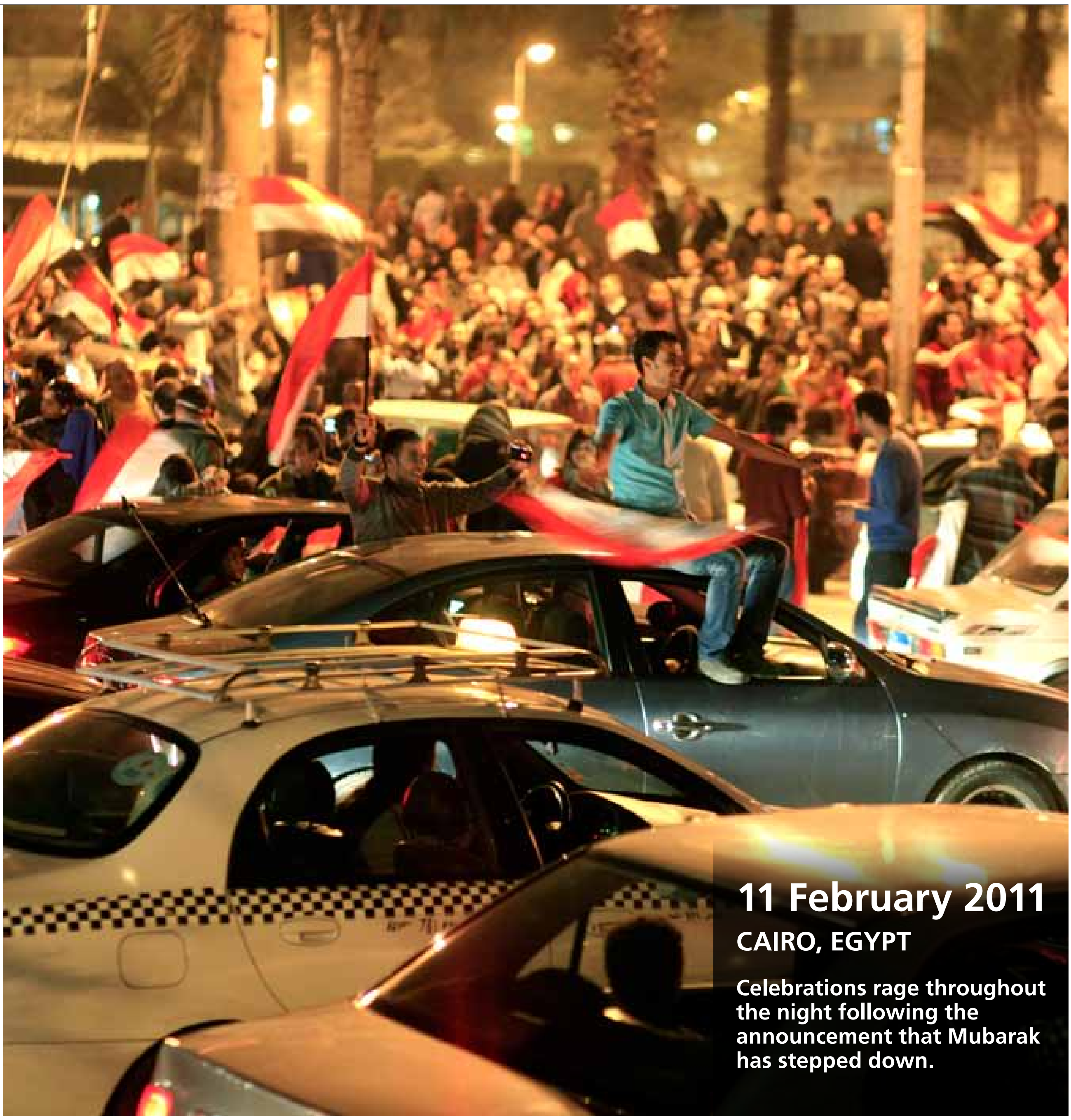
- The Crédit Libanais Group Articles of Association, which define the purpose of the business, the capital structure, and the basic organisational framework;
- The Board of Directors Charter, which outlines the organisation and responsibilities of the Board;
- The Board Committee Charters, which define the full duties and responsibilities of each committee with their mission description;
- The Code of Conduct, which defines the core values that all employees worldwide are required to follow and which are disseminated on the intranet portal of the bank; and
- All other policies and procedures, also disseminated on the intranet portal of the Bank.

The Bank continuously updates its corporate governance policies and procedures in light of new events, statutory requirements and developments in domestic and international standards.

Performance-Based Compensation

Over the past few years, the Bank has conducted a comprehensive review of its compensation policies and instruments and introduced changes in order to ensure adequate consideration of risk in compensation decisions and further align the interests of our employees with the long-term success of the Bank.

In 2009 and 2010, a matrix performance system was implemented in order to keep the



11 February 2011
CAIRO, EGYPT
Celebrations rage throughout the night following the announcement that Mubarak has stepped down.

remuneration of the Bank's quantitative functions transparent. Every quarter, the performance and remuneration of these functions are made public. Branches and other head office departments have seen their performance evaluated according to this performance matrix, which initiated and strengthened the performance culture.

Compliance

Crédit Libanais' reporting is in accordance with International Financial Reporting Standards (IFRS), which provides for a high degree of transparency. In addition, the Bank strives to adhere as closely as possible to the quantitative and qualitative requirements of the third pillar of the Basel II Accord, which facilitates assessment of the Bank by others including investors, analysts, customers, other banks and rating agencies. ≡

A More Just Society

EFG Hermes Foundation wraps Ro'ya 2008, looks forward to new chapter in development with emphasis on health and economic opportunities

EFG Hermes is firmly committed to helping improve quality of life and alleviate poverty in the region with a particular focus on Egypt through funding and implementing strategically integrated development projects. The Firm has a long and well established history of being a good corporate citizen and a partner to worthy causes in areas including healthcare, children's rights and micro-finance.

In early 2007, EFG Hermes established the EFG Hermes Foundation with a mandate to help people overcome financial, educational and health related challenges. The EFG Hermes Foundation hit the ground running with a number of sustainable programmes designed to increase opportunities for those most in need.

Children attending the new Ezbet Yacoub Nursery School. A commitment to sustainable schools and excellence in education are among the hallmarks of the EFG Hermes Foundation's work.

The Foundation's flagship project, Ro'ya 2008, was launched as an integrated development project to provide adequate housing, running water, sanitation facilities and electricity to the 5,200 residents of the village of Ezbet Yacoub in the Upper Egyptian governorate of Beni Suef. The EGP 27 million project, which has achieved tremendous success over the past three and a half years, also provides residents with several income generating programmes and a community service centre that includes a health clinic, a bakery, a dairy facility, a nursery and a vocational training centre for the youth.

In 2010, EFG Hermes became a member of the United Nation's Global Compact. This strategic policy initiative is for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

EFG Hermes has always ensured that it advances and abides by these principles through the work of the EFG Hermes Foundation, internal compliance measures, and other initiatives, and it is an honour to be recognised as a member of an organisation that promotes these principles on an international level.

RO'YA 2008

Ro'ya 2008 reached its final phase of development in 2010. The official completion of the project was announced and celebrated with an on site tree planting ceremony in December 2010. EFG Hermes employees were given the opportunity to engage first-hand in the project by either participating in the tree planting or by making a donation to the tree planting ceremony.

In addition to more than 450 new and refurbished homes, the residents of Ezbet Yacoub today have a new sewage system and a waste-water treatment plant that recycles sewage water for irrigation. For the first time they also have

12 February 2011

CAIRO, EGYPT

Life begins to return to normal, as traffic resumes and the protests cease.

access to a fully operational community centre that includes a bakery, a health clinic and a dairy lab, all of which provide much needed products and services as well as gainful employment for the residents of the village. A fully equipped nursery school, which is highly regarded by local residents who have no other educational facilities available to them within the village, has been established and is well attended.

These basic modern amenities have resulted in a number of people who had left the village for the more developed cities nearby returning there to live and work.

To ensure the sustainability of Ro'ya 2008, the EFG Hermes Foundation has joined forces with a newly established community based NGO to follow up on the project and maintain income generating programmes. This organisation has set up a forum for people from the village to discuss their problems and needs on a regular basis and reach solutions.

The EFG Hermes Foundation intends to leverage the infrastructure work that has already been completed in Ezbet Yacoub to carry out additional community enhancement and poverty alleviation projects in surrounding villages. However, these projects may be put on hold temporarily while the Foundation reassesses its priorities in light of recent events that have taken place in Egypt.

In 2010, EFG Hermes was the winner of the GTM/EGX Best Corporate Social Responsibility Award. The annual award, which is held in partnership with the Egyptian Exchange and in association with Credit Suisse, honours both individual and corporate achievements, rewarding companies that create a culture of entrepreneurship, develop best practices and carve out powerful and sustainable business models.

Previous honours for the Foundation included the 2009 Egyptian Cabinet of Ministers' Social Contract Centre recognition of Ro'ya 2008 as "the model development project of the year." The project was also a finalist for the Schwab Foundation Award for Social Entrepreneurship in the same year.

OTHER PROJECTS

The EFG Hermes Foundation worked on a national Hepatitis B prevention programme that aims to control the spread of the disease by providing vaccinations free of charge to thousands of university students throughout Egypt. Thus far the Foundation has completed vaccinations in eight different universities and has five left to go in order to complete the programme by late 2011.

Providing education to underprivileged children has also been a priority for the Foundation in 2010. The Foundation's financial contribution to an NGO that helps underprivileged children in the Mokkatam area has enabled them to open a new Montessori school for the children of the community.

The Foundation's goal is to have maximum impact in areas where there is the most need. Providing Egyptian youth with employment opportunities is now an area of high priority for the country as well as the Foundation. The Foundation is currently engaging in talks with prominent NGOs that are involved with training and employment to look into areas where cooperation can lead to income generating projects, microfinance initiatives and vocational training programmes.

A Trust to Keep

Shareholder interests are safeguarded by an active board that combines regional experience with world-class standards and track records

Mona Zulficar

Non-Executive Chairperson, EFG Hermes

Ms. Zulficar has served as Non-Executive Chairperson of EFG Hermes since 2008. She is one of the founding partners of Zulficar & Partners Law Firm, a specialised law firm of seven partners and 23 lawyers, which was established in June 2009 and grew into one of the best ranked law firms in Egypt. She was previously senior partner at Shalakany Law Firm and Chair of its Executive Committee for many years. Ms. Zulficar is recognised in local and international legal circles as the precedents maker and one of Egypt's most prominent corporate, banking and project finance attorneys. As an M&A and capital markets transactions specialist, she has led negotiations on some of Egypt'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 modernising and reforming economic and banking laws and regulations as a member of the board of the Central Bank of Egypt and as a prominent member of national drafting committees. She is also a leading human rights activist recognised locally and internationally and has initiated several successful campaigns for new legislation including women's rights, freedom of opinion and family courts. She heads several NGOs active in social development and microfinance to poor women. She was recently elected member of the International Advisory Committee of the United Nations Human Rights Council. She holds a Bachelor of Science in Economics and Political Science from Cairo University and an LLM from Mansoura University.

Khalifa AlDaboos

Director of Investments, Investment Corporation of Dubai

Mr. AlDaboos is a Non-Executive Member of the EFG Hermes Board. He is Director of Investments at the Investment Corporation of Dubai. A company that consolidates the commercial and business assets of the Government of Dubai. Prior to that, he served in the Finance Department of the Government of Dubai as the Director of the Investment Department. Previously, he worked at the Emirates Bank International in Dubai as the forex dealer. Mr. AlDaboos has served as a Board member for many companies and organisations, including D-Clear (Chairman), Emirates Rawabi (Vice-Chairman), Jeema Mineral Water (Vice-Chairman) and Emaar Properties. Mr. AlDaboos holds a Bachelor's degree in Computer Information Systems and Management Science from The Metropolitan State College in Denver, Colorado.

Takis Arapoglou

CEO of Commercial Banking, EFG Hermes

Takis Arapoglou joined EFG Hermes as CEO of Commercial Banking in October 2010. He was Chairman and CEO of the National Bank of Greece Group (NBG) from 2004 to 2009 and Chairman of the Hellenic Bankers Association from 2005 to 2009. Prior to joining NBG, Mr. Arapoglou was Global Head of the Banks & Securities Industry for Citigroup based in London (2000-2004). He has served in several international bank advisory boards in Europe and Africa and on the board of European Educational Foundations and Institutions including the Institute of Corporate Culture Affairs in Frankfurt, as Chairman. He is currently a member of the international board of overseers of Tufts University in Boston and Chairman of the Business Advisory committee of the Athens University of Economics and Business. He has degrees in Mathematics, Engineering and Management from Athens University, Glasgow University and Brunel University.

Sanjeev Doshi
Head of Equity Opportunities, Abu Dhabi Investment Authority

Mr. Doshi is a Non-Executive Member of the EFG Hermes Board. He currently serves as the Head of Equity Opportunities at Abu Dhabi Investment Authority (ADIA), where he is mandated with identifying strategic partners and assuming equity stakes in MENA based and global companies. Prior to his current role, he gained 15 years of equity research experience at buy and sell side institutions in the United Kingdom and Middle East, including Dresdner Kleinwort Wasserstein and JPMorgan Chase. He also holds a Chartered Financial Analyst charter designation. Mr. Doshi holds a degree in Economics and French from the University of Pennsylvania.

Robert Eichfeld ■
Ex-CEO, Samba (Retired)

Mr. Eichfeld is an independent Executive Member of the EFG Hermes Board. He is a former Chief Executive Officer of Samba Financial Services. During his 33 year career with Citigroup, he managed many of Citibank's business, country and regional activities in postings throughout the Caribbean, Brazil, India, Indonesia, New Zealand and Pakistan, as well as two separate periods in Saudi Arabia. Mr. Eichfeld has advised a de novo venture capital fund in the United Arab Emirates and partnered with other investors to establish Unicorn Investment Bank, an Islamic financial institution in Bahrain. He is currently a member of the Advisory Council of his alma mater, the Thunderbird Graduate School of Global Management, Vice Chair of the Grameen Foundation focusing on microfinance, and a member of various philanthropic organisations. Mr. Eichfeld studied at the Thunderbird Graduate School of Global Management, in the Garvin School of International Management.

Yasser El Mallawany
Chief Executive Officer, EFG Hermes

As Chief Executive Officer of EFG Hermes, Mr. El Mallawany has played a key role in driving the consolidation of Egypt's investment banking sector and facilitated the emergence of EFG Hermes as the leading Arab investment bank. He began his career with 16 years at Commercial International Bank (CIB), formerly Chase National Bank, finally serving as the General Manager of the Corporate Banking Division. Mr. El Mallawany joined EFG Hermes at the time of the Firm's merger with CIIC. He is a member of the Emerging Markets Private Equity Association's Advisory Council. Mr. El Mallawany holds a Bachelor's degree in Accounting from Cairo University.

Key to Board Committee Assignments

- ■ Audit & Risk Committee Member
- ■ Compensation Committee Member

D. William J. Garrett ■
Chairman, Redburn Partners

Mr. Garrett is a Non-Executive Member of the EFG Hermes Board. Mr. Garrett is Chairman of Redburn Partners, a brokerage house specialising in European equities and Zephyr Management an emerging markets investment firm. Until recently, He was also Director of T. Rowe Price Group, a global investment management firm. Mr. Garrett worked at Robert Fleming from 1970 to 2000, becoming Chief Executive Officer in 1997. He has extensive international investment experience, having worked as an investment analyst in London, a fund manager in Hong Kong, and General Manager of the Tokyo office. Mr. Garrett earned his degree in law from Queens College, Cambridge, UK.

Hassan Heikal
Chief Executive Officer, EFG Hermes

Serving as Chief Executive Officer since 2005, Mr. Heikal is one of the driving forces that has established EFG Hermes as the largest investment bank in the Arab world. Mr. Heikal joined EFG Hermes in 1995 from Goldman Sachs. While Head of EFG Hermes' Investment Banking Division, he spearheaded the drive that cemented the Firm's reputation as the leading investment banking franchise in the Arab world. He holds a Bachelor of Science from the Faculty of Economics and Political Science at Cairo University.

Marwan Ahmad Lutfi
Deputy CEO & Head of Business Development, DIFC Authority

Mr. Lutfi is a Non-Executive Member of the EFG Hermes Board. He is the Deputy CEO and Head of Business Development of the Dubai International Financial Centre Authority. Prior to his current role at the DIFC Authority, Mr. Lutfi served as a Principal at Abraaj Capital in charge of investor coverage, market relations and business partnerships across the GCC. Previously, he was the Director of Business Development and the Head of Insurance and Reinsurance at the DIFC Authority. Mr. Lutfi holds a Bachelor's degree in Business Administration from Boston University and has completed executive education programmes at Harvard University's Kennedy School of Government and the Institute for Management Development (IMD).

Charles McVeigh III
Chairman, Citigroup Corporate and Investment Banking–Private Banking Partnership

Mr. McVeigh is a Non-Executive Member of the EFG Hermes Board. He is Chairman of Citigroup's Corporate and Investment Banking-Private Banking Partnership. Previously, he was Co-Chairman of Citigroup's European Investment Bank (formerly Schroder Salomon Smith Barney) in 1987. He joined Salomon Brothers in 1971 before moving on to head Salomon Brothers International in 1975, becoming General Partner in 1977. He is a former member of the Fulbright Commission and sits on the Development Board and Advisory Council of the Prince's Trust, as well as serving on the boards of Petropavlovsk, Savills and The Landmark Trust. He is a also a Governor of St Mary's School Shaftesbury. He has formerly served as President of the American Chamber of Commerce (subsequently evolved into BritishAmerican Business Inc, where he was Co-Chairman), on the boards of Witan Investment Company PLC, Clearstream, the LSE and LIFFE, on the Bank of England's City Capital Markets and Legal Risk Review Committees, and on the London School of Economics' Financial Markets Committee. Mr. McVeigh holds a Bachelor's degree from the University of Virginia and an MBA from Long Island University.

Thomas S. Volpe
Managing Partner, Volpe Investments LLC

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

Ramsay Zaki
Chief Operating Officer, EFG Hermes

As the Firm's Chief Operating Officer, Mr. Zaki is responsible for managing the operational issues, including compliance related functions. He joined EFG Hermes in 1995 and has held a number of key positions in the course of his 14 years with the Firm, including CFO. Prior to joining EFG Hermes, Mr. Zaki worked for nine years at Commercial International Bank (CIB). He holds a Bachelor's degree from Cairo University.

14 February 2011
CAIRO, EGYPT

A feeling of solidarity pervades the country as people work together to beautify the nation.

Executive Committee

Mohamed Arafa
Chief Financial Officer

Currently serving as Chief Financial Officer, Mr. Arafa joined EFG Hermes in 1999, where he has led or participated in key projects and transactions throughout the Group. As Group Treasurer, he played leading roles in a capital increase as well as in the merger between EFG Hermes Holding and Commercial International Investment Company (CIIC). He has also led due diligence, pricing and security negotiations for fund raising projects for EFG Hermes. Prior to joining the Firm, Mr. Arafa was an executive with the Egyptian Gulf Bank. He holds a Bachelor of Arts in Commerce and Business Administration from Helwan University, Cairo.

Karim Awad
Head of Investment Banking

Since joining EFG Hermes in 1998, Mr. Awad has focused on equity offerings and M&A transactions in the telecommunications and financial sectors as well as the development of the Division's debt practice. Mr. Awad has participated in and closed deals with an aggregate value of nearly USD 13 billion, including landmark transactions such as advising Telecom Egypt (TE) on its IPO and on TE's acquisition of a 45 percent stake in Vodafone Egypt, advising Société Générale on its acquisition of MIBank, and advising the shareholders of Al-Watany Bank of Egypt on the bank's sale to National Bank of Kuwait. He holds a Bachelor of Arts in Business Administration with a minor in Economics from the American University in Cairo with highest honours.

Yasser El Mallawany
Chief Executive Officer and Board Member

See biography page 53.

Hassan Heikal
Chief Executive Officer and Board Member

See biography page 53.

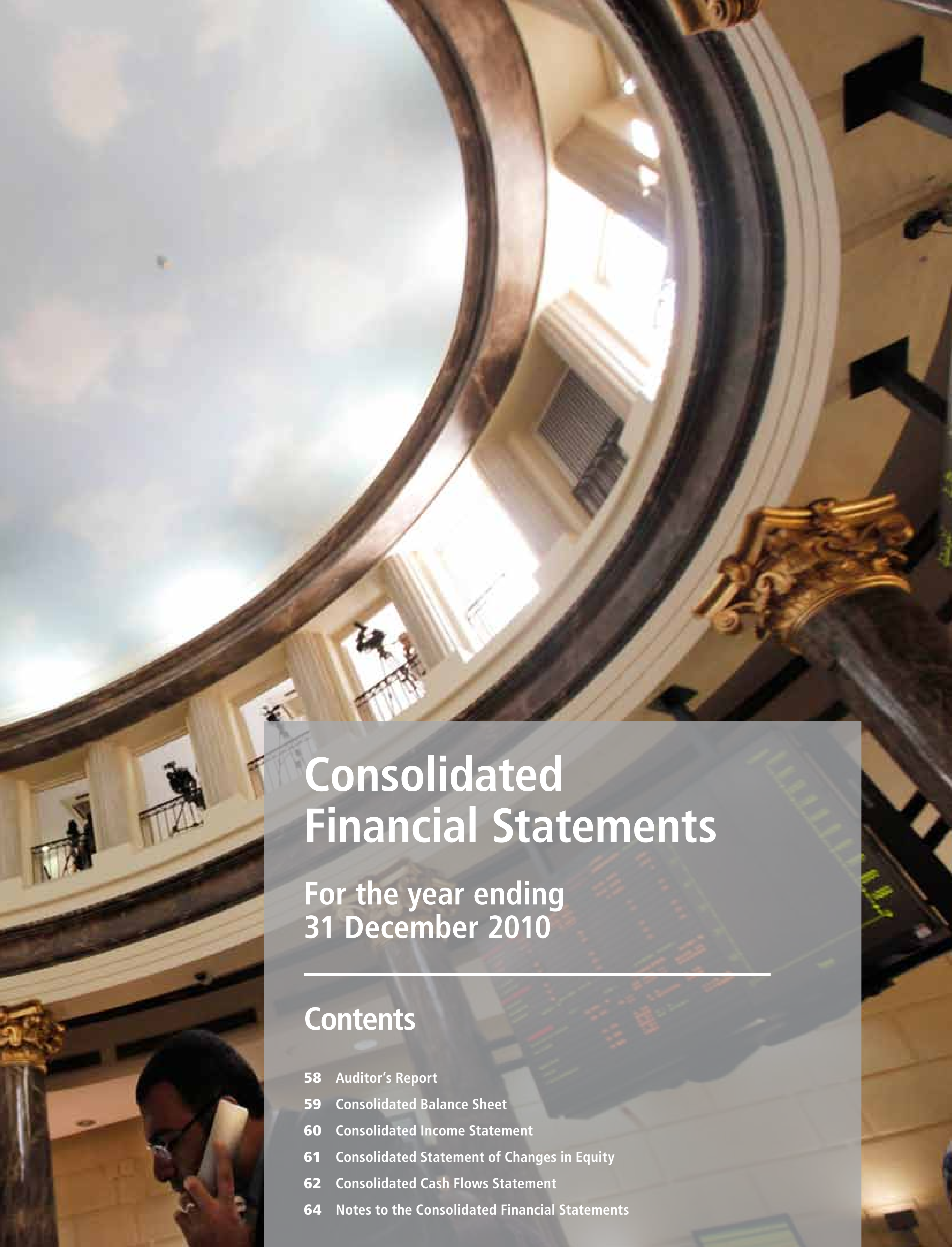
Ramsay Zaki
Chief Operating Officer and Board Member

See biography page 54.

23 March 2011

CAIRO, EGYPT

The Egyptian Exchange re-opens for the first time in nearly 2 months, tumbling more than 9 percent on its first day before recovering on March 27 with a strong 7.1 percent rally.



Consolidated Financial Statements

For the year ending 31 December 2010

Contents

Auditor's Report

To the Board of Directors of the EFG Hermes Holding Company

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of EFG Hermes Holding Company and its subsidiaries which comprise the consolidated balance sheet as at 31 December 2010, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of 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 financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2010 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.

Explanatory paragraph

Without qualifying our opinion, we draw attention to note (35) to the consolidated financial statements which describe the fact that The Arab Republic of Egypt recently faced events have a significant impact on the economic sectors in general, most likely to lead to a significant decline in economic activities during the coming periods, so it is likely that the events referred to have an impact on the group's assets and liabilities, as well as business results through future periods.

Currently, it is not possible to quantify this effect on the assets and liabilities of the company, where the impact depends on the expected time of the events referred and their effects. Ξ

KPMG Hazem Hassan
Cairo, 24 March 2011

Consolidated Balance Sheet

for the year ended 31 December 2010

	Note no.	31/12/2010 EGP	31/12/2009 EGP
Assets			
Cash and due from banks	(4)	10 119 135 577	1 611 733 824
Investments at fair value through profit and loss	(5)	1 085 289 153	975 145 174
Accounts receivables (net)	(6)	777 248 858	631 695 315
Loans and advances	(7)	9 795 643 946	38 959 565
Available-for-sale investments	(8)	2 815 356 135	778 037 826
Financial assets classified as loans and receivables	(9)	5 003 957 400	-
Held-to-maturity investments	(10)	12 164 240 400	-
Investments in associates	(11)	39 175 500	4 729 242 354
Investment property	(12)	163 125 763	178 167 117
Fixed assets (net)	(13)	1 011 791 305	491 898 795
Goodwill and other intangible assets	(14)	2 630 015 297	701 037 040
Other assets	(15)	1 083 586 793	804 772 990
Total assets		**46 688 566 127**	**10 940 690 000**
Liabilities			
Due to banks and financial institutions	(16)	590 818 300	91 334 000
Customers' deposits	(17)	33 189 838 116	-
Accounts payables - customers' credit balances		630 496 550	779 945 169
Bonds	(18)	444 993 900	-
Creditors and other credit balances	(19)	1 040 537 853	278 144 782
Current tax liability		357 426 274	54 076 283
Other provisions	(21)	292 262 353	190 851 153
Long term liabilities	(22)	287 378 531	604 250 968
Total liabilities		**36 833 751 877**	**1 998 602 355**
Shareholders' equity			
Share capital	(23)	1 913 570 000	1 913 570 000
Legal reserve		956 785 000	956 785 000
Share premium		3 294 067 512	3 294 067 512
Other reserves		441 749 680	577 373 286
Other equity	(22)	-	(607 200 000)
Retained earnings		2 180 900 410	2 049 605 610
Shareholders' equity		8 787 072 602	8 184 201 408
Net profit for the year		700 426 814	551 810 628
Interim dividends	(23)	(774 517 396)	-
Shareholders' equity including net profit for the year		8 712 982 020	8 736 012 036
Non-controlling interests		1 141 832 230	206 075 609
Total shareholders' equity		**9 854 814 250**	**8 942 087 645**
Total shareholders' equity and liabilities		**46 688 566 127**	**10 940 690 000**

The accompanying notes from page 64 to page 87 are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Non Executive Chairperson

Yasser El Mallawany
Executive Managing Director

Hassan Heikal
Executive Managing Director

Consolidated Income Statement

To the Board of Directors of the EFG Hermes Holding Company

	Note no.	For the year ended 31/12/2010 EGP	For the year ended 31/12/2009 EGP
Fee and commission income	(25)	916 958 208	772 037 857
Fee and commission expense		(27 369 650)	-
Net fee and commission income		**889 588 558**	**772 037 857**
Securities gains	(11)	888 878 440	112 641 478
Share of profit of associate	(11)	831 600	436 004 934
Foreign currencies differences		189 223 931	1 211 576
Other income	(20)	44 556 806	17 260 483
Noninterest revenue		**2 013 079 335**	**1 339 156 328**
Interest and dividends income		1 318 358 451	130 618 379
Interest expense		(789 342 533)	(43 787 909)
Net interest income		529 015 918	86 830 470
Total net revenue		**2 542 095 253**	**1 425 986 798**
General administrative expenses		1 172 180 792	708 682 438
Changes in the investments at fair value through profit and loss		7 206 462	7 377 000
Net losses on loans and advances	(7)	20 362 650	-
Other provisions	(21)	32 543 494	53 518 421
Depreciation and amortization	(13), (14)	57 527 179	34 154 707
Changes in the fair value of investment property	(12)	46 104 606	-
Impairment loss on assets	(26)	55 764 135	4 592 315
Total noninterest expenses		**1 391 689 318**	**808 324 881**
Net profit before income tax		1 150 405 935	617 661 917
Income tax expense	(27)	(334 688 044)	(19 611 394)
Net profit for the year		**815 717 891**	**598 050 523**
Equity holders of the parent		700 426 814	551 810 628
Non-controlling interests		115 291 077	46 239 895
		815 717 891	**598 050 523**
Earnings per share	(29)	1.72	1.37

The accompanying notes from page 64 to page 87 are an integral part of these financial statements and are to be read therewith.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

					Other reserves													
	Note no.	Share capital EGP	Legal reserve EGP	Share premium EGP	General reserve EGP	Special reserve EGP	Translation reserve EGP	Fair value reserve EGP	Hedging reserve EGP	Cumulative adjustments EGP	Company's share of items recognized in associate equity EGP	Other reserve EGP	Other equity EGP	Retained earnings EGP	Treasury shares EGP	Net profit for the year EGP	Interim dividends EGP	Non-controlling interests EGP	Total EGP
Balance as at 31 December 2008		1 939 320 000	969 660 000	3 345 518 887	158 271	-	5 081 503	(784 971)	5 669 734	(51 314 320)	151 002 944	-	(607 200 000)	1 520 753 047	(239 381 358)	933 497 922	-	213 767 624	8 185 749 283
Foreign currencies translation differences		-	-	-	-	-	(1 975 275)	-	-	-	-	-	-	-	-	-	-	-	(1 975 275)
Effective portion of changes in fair value of cash flow hedges (net of tax)		-	-	-	-	-	-	-	(9 216 001)	-	-	-	-	-	-	-	-	-	(9 216 001)
Company's share of items recognized in associate equity		-	-	-	-	-	-	-	-	-	255 069 236	-	-	-	-	-	-	-	255 069 236
Net changes in the fair value of available-for-sale investments		-	-	-	-	-	-	151 698 160	-	-	-	-	-	-	-	-	-	-	151 698 160
Cumulative adjustments		-	-	-	-	-	-	-	-	(2 330 870)	-	-	-	-	-	-	-	-	(2 330 870)
Purchasing of treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	(30 528 161)	-	-	-	(30 528 161)
Selling of treasury shares		-	-	4 768 788	-	-	-	-	-	-	-	-	-	-	175 064 356	-	-	-	179 833 144
Cancelling of treasury shares		(25 750 000)	(12 875 000)	(56 220 163)	-	-	-	-	-	-	-	-	-	-	94 845 163	-	-	-	-
2008 dividend payout		-	-	-	214 875	74 100 000	-	-	-	-	-	-	-	528 852 563	-	(933 497 922)	-	-	(330 330 484)
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53 931 910)	(53 931 910)
Net profit for the year ended 31 December 2009		-	-	-	-	-	-	-	-	-	-	-	-	-	-	551 810 628	-	46 239 895	598 050 523
Balance as at 31 December 2009		**1 913 570 000**	**956 785 000**	**3 294 067 512**	**373 146**	**74 100 000**	**3 106 228**	**150 913 189**	**(3 546 267)**	**(53 645 190)**	**406 072 180**	**-**	**(607 200 000)**	**2 049 605 610**	**-**	**551 810 628**	**-**	**206 075 609**	**8 942 087 645**
Transfer a part of the special reserve to retaind earnings		-	-	-	-	(32 500 000)	-	-	-	-	-	-	-	32 500 000	-	-	-	-	-
Foreign currencies translation differences		-	-	-	-	-	77 728 486	-	-	-	-	-	-	-	-	-	-	-	77 728 486
Effective portion of changes in fair value of cash flow hedges (net of tax)		-	-	-	-	-	-	-	(22 896 120)	-	-	-	-	-	-	-	-	-	(22 896 120)
Company's share of items recognized in associate equity		-	-	-	-	-	-	-	-	-	(406 072 180)	-	-	-	-	-	-	-	(406 072 180)
Net changes in the fair value of available -for-sale investments		-	-	-	-	-	-	197 160 914	-	-	-	-	-	-	-	-	-	-	197 160 914
Other reserve		-	-	-	-	-	-	-	-	-	-	16 416 281	-	-	-	-	-	-	16 416 281
Other equity		-	-	-	-	-	-	-	-	-	-	-	607 200 000	-	-	-	-	-	607 200 000
Cumulative adjustments		-	-	-	-	-	-	-	-	34 539 013	-	-	-	-	-	-	-	-	34 539 013
2009 dividends payout		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(551 810 628)	-	-	(551 810 628)
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	98 794 800	-	-	-	820 465 544	919 260 344
Net profit for the year ended 31 December 2010		-	-	-	-	-	-	-	-	-	-	-	-	-	-	700 426 814	-	115 291 077	815 717 891
Interim dividends*	(23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(774 517 396)	-	(774 517 396)
Balance as at 31 December 2010		**1 913 570 000**	**956 785 000**	**3 294 067 512**	**373 146**	**41 600 000**	**80 834 714**	**348 074 103**	**(26 442 387)**	**(19 106 177)**	**-**	**16 416 281**	**-**	**2 180 900 410**	**-**	**700 426 814**	**(774 517 396)**	**1 141 832 230**	**9 854 814 250**

* Accordance to the general ordinary assembly meeting of the holding company held on 14 June 2010.

Consolidated Cash Flows Statement

To the Board of Directors of the EFG Hermes Holding Company

	For the year ended 31/12/2010 EGP	For the year ended 31/12/2009 EGP
Cash flows from operating activities		
Net profit before income tax	1 150 405 935	617 661 917
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	57 750 479	34 154 707
Povisions formed	64 789 694	53 518 421
Provisions used	(27 802 799)	(28 616 192)
Provisions no longer needed	(2 548 603)	(1 583 288)
Losses (gains) on sale of fixed assets	253 790	(472 881)
Gains on sale of available-for-sale investments	(6 076 040)	(15 210 680)
Gains on sale of investments in associates	(801 164 804)	-
Gains on sale of unquoted assets ready for sale	(16 420 250)	-
Gains on selling Investment in real property held for sale	(13 975 500)	-
Changes in the fair value of investments at fair value through profit and loss	7 179 462	7 377 000
Changes in the fair value of investment property	46 104 606	-
Impairment loss on assets	55 762 598	4 592 315
Foreign currency translation differences	130 750 994	(13 304 710)
Share of profit of associates	-	(436 004 934)
Operating profit before changes in working capital	**645 009 562**	**222 111 675**
Decrease in other assets	191 888 085	247 377 522
Increase (decrease) in creditors and other credit balances	149 678 642	(191 767 852)
Change in loans and advances	(1 167 468 300)	-
Change in customers' deposits	3 550 177 416	-
Increase in accounts receivables	(58 164 099)	(10 599 359)
Increase in accounts payables	(149 001 351)	(173 264 367)
Increase in investments at fair value through profit and loss	(175 093 767)	(366 509 992)
Change in financial assets (over 3 months)	667 188 600	-
Income tax paid	(32 476 064)	(135 686 180)
Net cash provided from (used in) operating activities	**3 621 738 724**	**(408 338 553)**
Cash flows from investing activities		
Payments to purchase fixed assets	(33 452 131)	(40 604 616)
Proceeds from sale of fixed assets	647 566	578 242
Payments for projects under construction	(66 422 470)	(104 630 153)
Proceeds from redemption treasury bills	-	520 037 696
Proceeds from sale of available-for-sale investments	1 247 401 701	110 711 638
Payments to purchase available-for-sale investments	(614 691 223)	(261 291 956)
Proceeds from sale of investments in subsidiaries and associates	3 860 512 223	-
Payments to purchase investments in subsidiaries and associates	(3 309 229 642)	(15 608 414)
Payments to purchase real property held for sale	(31 063 252)	-
Proceeds from sale real property held for sale	13 975 500	-
Increase in long term lending	(12 085 881)	(38 959 565)
Purchase of financial instruments held to maturity	(1 295 700 900)	-
Purchase of financial instruments classified as loans and receivables	(243 937 200)	-
Proceeds from sale of non-current assets held for sale	8 229 000	-
Net cash (used in) provided from investing activities	**(475 816 709)**	**170 232 872**
Cash flows from financing activities		
Purchasing of treasury shares	-	(30 528 161)
Proceeds from sale of treasury shares	-	179 833 144

Consolidated Cash Flows Statement (cont.)

To the Board of Directors of the EFG Hermes Holding Company

	For the year ended 31/12/2010 EGP	For the year ended 31/12/2009 EGP
Proceeds from bonds	444 993 900	-
Changes in retained earnings	(33 016 306)	115 947 433
Increase (decrease) in bank overdraft	36 279 835	(298 486)
Paid dividends	(1 211 593 360)	(259 541 628)
Payments to long term loans	(112 328 065)	(37 514 000)
Change in non-controlling interests	920 400	-
Changes in reserves	(28 620 150)	(11 520 000)
Net cash used in financing activities	**(903 363 746)**	**(43 621 698)**
Net change in cash and cash equivalents during the year	2 242 558 269	(281 727 379)
Cash from acquisition of subsidiaries	4 537 383 060	2 947 718
Cash and cash equivalents at the beginning of the year	1 611 733 824	1 890 513 485
Cash and cash equivalents at the end of the year (note no. 28)	**8 391 675 153**	**1 611 733 824**

Non cash transactions

For the purpose of preparing the cash flows statement:

An amount of EGP 283 328 271 has been transferred from projects under construction to payments to purchase fixed assets. This amount was excluded from both items.

The accompanying notes from page 64 to page 87 are an integral part of these financial statements and are to be read therewith.

Notes to the Consolidated Financial Statements

To the Board of Directors of the EFG Hermes Holding Company

1- Description of business

1-1 Legal status

- EFG Hermes Holding Company, Egyptian Joint Stock Company, was founded in pursuance of decree No. 106 of 1984.
- The company's extraordinary general meeting held on 22 July 1997 resolved to adjust the company's status and convert it in pursuance to the provisions of law No. 95/1992 and its executive regulation.
- EFG Hermes is the leading investment bank in the Arab world and market leader in securities brokerage, investment banking, asset management, private equity and research.

1-2 Purpose of the company

- The company's purpose is participation in the companies establishment which issue securities or in increasing their share capitals.
- The company's extraordinary meeting held on 14 March 2004 decided to add the Custody Activity to the purpose of the company.
- The company obtained the approval of Capital Market Authority on 5 February 2007 to execute the Marginal Trading Activity.
- EFG Hermes Group has been converted from an investment bank to a universal bank as a result of the acquisition of Credit Libanais SAL (the Bank) group.

1-3 Acquisition of the Credit Libanais SAL (the Bank)

- On 17 August 2010 EFG Hermes Holding Company agreed with the major shareholder of Credit Libanais SAL (the Bank) to purchase 14 228 000 shares a controlling stake in Credit Libanais SAL (the Bank) for an amount of USD 542 million and a Call Option for an additional 25% of the Bank's shares. The call option will be exercisable over the next two years, at the terms including pricing same as those applicable to the initial acquisition.
- The company has obtained the approval of the Central Bank Of Lebanon for the acquisition transaction and the transfer of title has been completed on 8 November 2010.
- On 30 December 2010 the company has obtained the approval of the Central Bank of Lebanon on the purchase of another 686 918 of Credit Libanais S.A.L (the Bank) Shares.
- Credit Libanais SAL (the Bank) has several subsidiaries, so the consolidated financial statements of the company for the year ended 31 December 2010 include the accounts of Credit Libanais SAL and its subsidiaries and affiliates from the acquisition date as detailed below:

Company	% of control
Credit Libanais Investment Bank SAL	99.84
Lebanese Islamic Bank SAL	99.82
Credit International SAL	87.47
Cedar's Real Estate SAL	99.92
Soft Management SAL	46.99
Hermes Tourism & Travel SAL	99.99
Liberty Restaurant SARL (under liquidation)	99.20
Crédit Libanais d'Assurances et de Réassurances SAL	66.97
Business Development Center SARL	98.6
Capital Real Estate SAL	98.00
Liberty Tower SAL	99.89
Credilease SAL	99.24
Collect SAL	44.93

- All subsidiaries were incorporated in Lebanon except for Credit International SA, which was incorporated in Senegal.

2- Basis of preparation

2-1 Statement of compliance

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

2-2 Basis of measurement

- The consolidated financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are measured as fair value:
  - Derivative financial instruments.
  - Financial instruments at fair value through profit and loss.
  - Available-for-sale financial assets.

- The determination of fair values of financial instruments traded in active markets is based on quoted market prices. For financial instruments where there is no quoted price, fair value is determined by using valuation techniques. Valuation techniques include net present value technique, the discounted cash flow method and comparison to similar instruments for which market observable prices exist.

2-3 Functional and presentation currency

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

2-4 Use of estimates and judgments

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 21-Other provisions.
Note 24-Contingent liabilities, valuation of financial instruments.
Note 15-3-Recognition of deferred tax assets and liabilities.

2-5 Financial assets and liabilities

Recognition and derecognition:
The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes 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 on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are set-off and the net amount is presented in the financial position when, and only when, the Group has a legal right to set-off the amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3- Significant accounting policies applied

The accounting policies set out below have been applied consistently with those applied in the previous period presented in these consolidated financial statements and applied consistently by Group's entities.

3-1 Basis of consolidation

The consolidated financial statements include the following companies:

3-1-1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non-controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non-controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3-1-2 Associates

Investments in associates are stated at equity method. Under the equity method the investment in associates is initially recognize at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Company's share of the net faire value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3-2 Translation of the foreign currencies transactions

The holding company and some of its subsidiaries maintain their books of accounts in Egyptian Pound. Transactions denominated in foreign currencies are recorded at the prevailing exchange rate at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the prevailing exchange rates at that date. The foreign currencies exchange differences arising on the settlement of transactions and the translation at the balance sheet date are recognized in the income statement.

3-3 Translation of the foreign subsidiaries' financials

As at the balance sheet date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the prevailing rate as at the year end, and the shareholders' equity accounts are translated at historical rates, where as the income statement items are translated at the average exchange rate prevailing during the year of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the balance sheet as translation reserves adjustments.

3-4 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedges
Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at faire value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

3-5 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (Note 3-10). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

	Estimated useful life
■ Buildings	33.3 - 40 years
■ Office furniture, equipment & electrical appliances	2 - 16.67 years
■ Computer equipment	3.33 - 5 years
■ Transportation means	3.33 - 8 years

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

3-6 Projects under construction

Projects under construction are recognized initially at cost. 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.

3-7 Intangible assets

3-7-1 Goodwill

Goodwill (positive and negative) represents amounts arising on acquisition of subsidiaries, associates. Goodwill (positive and negative) represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired at acquisition date.

- Positive goodwill is stated at cost less impairment losses (note 3-10).
- While negative goodwill arose from business combinations after applying International Financial Reporting Standards (IFRS3) will be recognized directly in the income statement.

- Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition, accordingly, no fair value adjustments would be recognized.

3-7-2 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses (note 3-10). Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets.
The following are the estimated useful lives, for each class of assets, for amortization calculation purposes:

	Estimated useful life
Research and development expenses	3 years
Key money	10 years
License and franchise	5 years
Software	3 years

3-7-3 Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3-8 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 balance sheet net of the unearned income.

3-9 Investments

3-9-1 Investments at fair value through profit and loss

An instrument is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through income statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

3-9-2 Available-for-sale financial investments

Available-for-sale financial investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available for sale, identifies based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value can not be measured reliably, are stated at cost less impairment loss.

3-9-3 Held-to-maturity investments

Held-to-maturity investments are bought with the ability and intention to hold until maturity. They are stated in the statement of financial position at their amortized cost, after taking into account any discount or premium on acquisition, less provision for impairment value. Differences between amortized cost and redemption price are prorated over the period of the securities.

3-9-4 Financial assets classified as loans and receivables

These are securities which are bought directly from the issuer with the ability and intention to hold for more than one year. They are stated in the statement of financial position at their amortized cost, less provision for impairment value. Differences between amortized cost and redemption price are prorated over the period of the securities.

3-9-5 Investment property

Investment property is recorded at fair value, any gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

3-10 Impairment

3-10-1 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3-10-2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

3-11 Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalent are represented in the cash on hand, cheques under collection and due from banks and financial institutions maturing within one year from the date of the financial statements.

3-12 Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, Interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3-13 Other assets

Other assets are recognized at cost less impairment losses (note 3-10).

3-14 Provisions

Provisions are recognized when the group has a legal or constructive 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 balance sheet date and amended (when necessary) to represent the best current estimate.

3-15 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 the deduction.

3-16 Share capital

3-16-1 Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.
Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

3-16-2 Dividends

Dividends are recognized as a liability in the year in which they are declared.

3-17 Revenue recognition

3-17-1 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 associate, 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 profit or loss.

3-17-2 Dividend income

Dividend income is recognized when declared.

3-17-3 Custody fee

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

3-17-4 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 of all instruments bearing interest other than those classified held for trading or which have been classified when at inception fair value through profits and losses.

3-17-5 Fee and commission income

Fee related to servicing the loan or facility are recognized within the 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 balance sheet. Then they are recognized within the income pursuant to the cash basis when the interest income is recognized. 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.

3-17-6 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.

3-17-7 Management fee

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

3-17-8 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.

3-18 Long term lending

Long term lending is recognized at cost net of any impairment loss. The group evaluates the loans at the balance sheet date, and in case of impairment in the redeemable value of the loan the loan is reduced by the value of impairment loss which is recognized in income statement.

3-19 Expenses

3-19-1 Employees' pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to income statement using the accrual basis of accounting.

3-19-2 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Taxation is provided for in accordance with the fiscal regulations of the respective countries in which the Company and its subsidiaries operate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3-20 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3-21 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.

3-22 Loans and advances to customers and related provision

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

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

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

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

3-23 Unrealized interest on sub-standard, doubtful and bad debts

Interest on non performing loans and advances are only recognized in the statement of income upon realization. Interest receivable from sub-standard, doubtful and bad loans is reserved and deducted directly from the loan accounts at the year-end.

Interests are transferred to the "unrealized interest" account for every loan considered by the management as doubtful in the short run and transferred to the "non ordinary loans" account in accordance with the Lebanon Central Bank Circular N° 58.

3-24 Assets acquired in satisfaction of loans (unquoted assets ready for sale)

Real estate property acquired through the enforcement of security over loans and advances to customers is measured at cost less any accumulated impairment losses. The acquisition of such assets is regulated by the Lebanon Banking Authorities which require the liquidation of these assets within 2 years from acquisition. In case of default of liquidation the Group's lead regulator requires an appropriation from the yearly net income to a special reserve that is reflected under equity. This reserve can neither be distributed nor considered as an equity component while calculating the ratios set according to applicable laws, regulations and decisions.

3-25 Due from banks and other financial institutions

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

3-26 Customers' deposits

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

3-27 Fiduciary assets

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

3-28 Reserves for general banking risks

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

3-29 Allowances for credit losses

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

3-30 Segment reporting

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

4- Cash and due from banks

	31/12/2010 EGP	31/12/2009 EGP
Cash on hand	168 591 103	1 147 416
Central Bank of Lebanon*		
▪ Demand deposits	739 354 200	-
▪ Time deposits	2 990 430 300	-
Other Central Banks		
▪ Demand deposits	47 486 400	-
Cheques under collection	825 391	526 795
Banks - current accounts (net)	869 429 911	956 645 345
Banks - demand deposits	520 570 845	5 608 683
Banks - time deposits	4 777 490 527	647 805 585
Accrued interest	4 956 900	-
Balance	**10 119 135 577**	**1 611 733 824**

* Current accounts with Central Bank of Lebanon include non-interest earning cash compulsory reserves in Lebanese Pounds computed on the basis of 25% and 15% of the average weekly sight and term customers' deposits in Lebanese Pounds in accordance with Lebanon banking regulations.

5- Investments at fair value through profit and loss

Trading investment:

	31/12/2010 EGP	31/12/2009 EGP
Mutual Fund certificates	910 004 395	757 112 691
Equity securities	63 252 281	171 715 218
Debt securities	112 032 477	46 317 265
Balance	**1 085 289 153**	**975 145 174**

6- Accounts receivables

	31/12/2010 EGP	31/12/2009 EGP
Accounts receivables (net)	776 868 466	709 416 855
Other brokerage companies (net)	380 392	(77 721 540)
Balance	**777 248 858**	**631 695 315**

7- Loans and advances

		31/12/2010 EGP	31/12/2009 EGP
Loans and advances to customers	(7-1)	9 639 212 700	-
Loans and advances to related parties	(7-2)	105 385 800	-
Other loans		51 045 446	38 959 565
Balance		**9 795 643 946**	**38 959 565**

7-1 Loans and advances to customers

	31/12/2010 Gross Amount EGP	Unrealized Interest EGP	Impairment allowance EGP	Carrying Amount EGP
Regular retail customers				
Cash collateral	406 699 800	-	-	406 699 800
Mortgage loans	3 999 017 100	-	-	3 999 017 100
Personal loans	1 792 763 700	-	-	1 792 763 700
Credit cards	211 894 800	-	-	211 894 800
Other	56 803 500	-	-	56 803 500
Regular corporate customers				
Corporate	2 853 899 100	-	-	2 853 899 100
Classified retail customers				
Watch	57 996 900	-	-	57 996 900
Substandard	82 761 900	(30 084 600)	-	52 677 300
Doubtful	150 945 600	(71 093 100)	(70 270 200)	9 582 300
Bad	27 498 900	(17 979 000)	(9 519 900)	-
Classified corporate customers				
Watch	138 734 700	-	-	138 734 700
Substandard	38 500 800	(11 001 900)	-	27 498 900
Doubtful	264 681 300	(90 979 200)	(157 540 500)	16 161 600
Bad	38 399 400	(23 080 200)	(15 319 200)	-
Accrued interest receivable	15 483 000	-	-	15 483 000
Balance	**10 136 080 500**	**(244 218 000)**	**(252 649 800)**	**9 639 212 700**

7-2 Loans and advances to related parties

	31/12/2010 EGP	31/12/2009 EGP
Regular Retail loans	5 226 000	-
Regular Corporate loans	100 159 800	-
Balance	**105 385 800**	**-**

8- Available-for-sale investments

	31/12/2010 EGP	31/12/2009 EGP
Lebanese Treasury bills	885 128 400	-
Corporate debt securities	18 298 800	-
Preferred shares	171 795 000	-
Equity securities	1 717 389 135	778 037 826
Accrued interest receivable	22 744 800	-
Balance	**2 815 356 135**	**778 037 826**

9- Financial assets classified as loans and receivables

	31/12/2010 EGP	31/12/2009 EGP
Certificates of deposit issued by Central Bank of Lebanon	4 897 257 300	-
Accrued interest receivable	106 700 100	-
Balance	**5 003 957 400**	**-**

10- Held-to-maturity investments

	31/12/2010 EGP	31/12/2009 EGP
Lebanese government treasury bills and Eurobonds	11 782 145 700	-
Certificates of deposit issued by local banks	91 689 000	-
Other debt instruments	87 445 800	-
Accrued interest receivable	202 959 900	-
Balance	**12 164 240 400**	**-**

11- Investments in associates

	Ownership %	31/12/2010 EGP	31/12/2009 EGP
Bank Audi SAL-Lebanon*	-	-	4 729 242 354
Agence Générale de Courtage d'Assurance SAL	25.86	23 782 200	-
Credit Card Management SAL	28.96	8 357 700	-
International Payment Network SAL	18.68	5 643 300	-
Net Commerce SAL	19.10	916 500	-
Hermes Rent a Car SAL	27.47	425 100	-
Liberty Executive Center SAL	6.27	50 700	-
Balance		**39 175 500**	**4 729 242 354**

* On 21 January 2010 the company and its subsidiaries sold the entire investment in Audi Bank-Lebanon (an associate 29.16%) which was represented in 10 037 182 shares with share price of USD 91 each, the consolidated selling gain amounted to EGP 739 403 104 after eliminating the effects of the equity method applied in the accounting for the investment.

12- Investment property

Investment property amounted EGP 163 125 763 as at 31 December 2010 include the following;

- EGP 132 062 511 represents the fair value of the area owned by EFG Hermes Holding Company in Nile City Building (an amount of EGP 46 104 606 represent the changes in its fair value has been charged to the income statement during the current year)
- EGP 31 063 252 represents the fair value of the area owned by EFG Hermes UAE Limited in the Index Tower.

13- Fixed assets

Particular	Land & Buildings EGP	Leasehold Improvements EGP	Office furniture, equipment & electrical Appliances EGP	Computer Equipment EGP	Vehicles EGP	Projects Under Construction* EGP	Total EGP
Balance as at 1/1/2010	112 701 228	16 686 347	92 525 365	55 827 576	12 178 091	311 851 122	601 769 729
Additions through acquisition of subsidiaries	405 923 600	123 888 977	153 670 949	525 223	6 093 668	10 298 000	700 400 417
Additions	420 561 537	22 988 558	38 244 122	22 890 196	2 718 373	83 342 017	590 744 803
Disposals	(118 966 600)	(2 253 547)	(13 526 510)	(270 698)	(2 045 162)	(364 799 773)	(501 862 290)
Foreign currency translation difference	11 804 872	3 662 199	8 250 235	1 401 435	272 165	18 900	25 409 806
Total cost as at 31/12/2010	**832 024 637**	**164 972 534**	**279 164 161**	**80 373 732**	**19 217 135**	**40 710 266**	**1 416 462 465**
Accumulated depreciation as at 1/1/2010	10 571 456	4 548 728	49 122 831	37 130 532	8 497 387	-	109 870 934
Accumulated depreciation through acquisition of subsidiaries	54 017 000	102 467 704	88 666 885	467 232	3 264 500	-	248 883 321
Depreciation	8 654 591	9 784 378	25 841 320	11 502 344	1 899 523	-	57 682 156
Disposals' accumulated depreciation	(11 673 600)	(1 461 801)	(6 720 676)	(259 428)	(1 847 562)	-	(21 963 067)
Foreign currency translation difference	1 499 629	2 844 826	4 709 486	996 829	147 046	-	10 197 816
Accumulated depreciation as at 31/12/2010	**63 069 076**	**118 183 835**	**161 619 846**	**49 837 509**	**11 960 894**	**-**	**404 671 160**
Carrying amount as at 31/12/2010	**768 955 561**	**46 788 699**	**117 544 315**	**30 536 223**	**7 256 241**	**40 710 266**	**1 011 791 305**
Carrying amount as at 31/12/2009	**102 129 772**	**12 137 619**	**43 402 534**	**18 697 044**	**3 680 704**	**311 851 122**	**491 898 795**

* Projects under construction are represented in the following

	31/12/2010 EGP	31/12/2009 EGP
Preparation of new headquarters of the group in Smart Village - Egypt**	1 856 584	219 371 737
Preparation of alternate headquarters in emergency - Egypt		7 934 846
Office spaces in Egypt	16 038 147	17 650 000
New headquarters - United Arab Emirates	-	61 811 787
Preparation of alternate headquarters in emergency - United Arab Emirates	6 756 590	5 082 752
New headquarters-Syrian Arab Republic	778 745	-
Others	15 280 200	-
Balance	**40 710 266**	**311 851 122**

** An amount of EGP 283 328 271 has been transferred from projects under construction to fixed assets due to relocating the headquarters of the company and its subsidiaries to the new headquarters in Smart Village during May 2010, also the preparation of alternate headquarters in emergency - Egypt has been completed.

14- Goodwill and other intangible assets

		31/12/2010 EGP	31/12/2009 EGP
Goodwill	(14-1)	2 607 144 507	698 899 943
Other intangible assets	(14-2)	22 870 790	2 137 097
Balance		**2 630 015 297**	**701 037 040**

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

	31/12/2010 EGP	31/12/2009 EGP
Flemming CIIC group (S.A.E) - Egypt	63 483 756	63 483 756
Vision Securities Co. (LLC) - Oman	66 039 857	66 039 857
EFG Hermes IFA Financial Brokerage Company (KSC) - Kuwait	567 776 330	567 776 330
Ideavelopers - Egypt	1 600 000	1 600 000
EFG Hermes Jordan	8 639 218	-
Credit Libanais SAL*	1 899 605 346	-
Balance	**2 607 144 507**	**698 899 943**

* The financial statements of Credit Libanias SAL group have been consolidated based on the book value of the acquired assets and liabilities, and accordance with the Egyptian Accounting Standards, the Company enjoys 12 months (ending August 2011) to determine the fair value of an acquiree's Credit Libanais SAL (the Bank) identifiable assets and liabilities. The Company is in the process of determining this fair value exercise and adjust accordingly.

14-2 Other intangible assets are represented in the following :

	31/12/2010 EGP	31/12/2009 EGP
Key Money	191 100	-
Licenses & Franchise	4 398 830	2 101 650
Research & Development	18 162 300	-
Software	118 560	35 447
Balance	**22 870 790**	**2 137 097**

15- Other assets

		31/12/2010 EGP	31/12/2009 EGP
Deposits with others	(15-1)	52 181 539	30 244 626
Downpayments to suppliers		2 320 838	13 363 669
Prepaid expenses		48 955 566	21 987 187
Employees' advances		20 212 443	20 532 306
Accrued revenues		20 295 785	41 058 212
Taxes withheld by others		74 172 009	62 613 068
Unrealized swap losses (gains)		46 126	(1 871 508)
Payments for investments	(15-2)	22 464 700	32 518 600
Receivables - sale of investments		72 974 948	68 062 677
Infra Egypt fund		2 856 785	-
Perching Brokerage		2 415 752	5 366 842
Settlement Guarantee Fund		24 377 487	24 109 233
Unquoted assets - Ready for sale acquired in satisfaction of loans		166 502 700	-
Due from EFG Hermes Employee Trust		408 962 440	412 195 612
Due from Ara inc. company		6 961 205	11 117 294
Due from related parties		8 899 800	-
Re-insurance accrued commission		12 944 100	-
Deferred tax assets	(15-3)	8 284 836	3 587 988
Sundry debtors		128 254 938	64 900 683
		1 084 083 997	**809 786 489**
Accumulated impairment		(497 204)	(5 013 499)
Net		**1 083 586 793**	**804 772 990**

15-1 The balance of deposits with others includes an amount of EGP 20 804 500 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents the blocked deposits for Same Day Trading Operations Settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use the amounts without prior approval from Misr Clearance Company , in addition to an amount of EGP 23 458 500 (equivalent to LBP 6 015 million) represents share capital blocked with the Ministry of Finance of Lebanon.

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

	31/12/2010 EGP	31/12/2009 EGP
EFG Hermes Mutual Funds Co.	10 000 000	10 000 000
Financial Group for Real Estate Co.	250 000	250 000
EFG Hermes Securitization Company	5 000 000	5 000 000
Arab Visual Company	3 749 500	3 749 500
Egyptian Company for Funds Investments	400 200	-
Ideavelopers	25 000	10 479 100
AAW company for infrastructure	3 040 000	3 040 000
	22 464 700	**32 518 600**

15-3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

(A) Deferred tax

	31/12/2010 Assets EGP	31/12/2009 Liabilities EGP	Assets EGP	Liabilities EGP
Fixed assets depreciation	-	3 836 086	-	1 772 304
Expected claims provision	3 114 649	-	3 033 049	-
Impairment loss on assets	4 009 430	-	3 893 400	-
Previous years losses forward	882 479	-	-	-
Company's share in affiliate's profits	-	2 498 233	-	2 454 724
Total deferred tax assets / liabilities	**8 006 558**	**6 334 319**	**6 926 449**	**4 227 028**
Net deferred tax assets	**1 672 239**		**2 699 421**	

(B) Deferred tax recognized directly in equity

	31/12/2010 EGP	31/12/2009 EGP
Changes in fair value of cash flow hedges	6 612 597	888 567

16- Due to banks and financial institutions

		31/12/2010 EGP	31/12/2009 EGP
Current deposits of banks		127 038 600	-
Time deposits		74 685 000	-
Financial institutions		332 658 300	-
Long term borrowing	(16-1)	53 956 000	91 334 000
Accrued interest payable		2 480 400	-
Balance		**590 818 300**	**91 334 000**

16-1 Long term borrowings

A- On 28 December 2005, a loan agreement has been signed with International Finance Corporation "IFC" whereby the company is entitled to obtain long term loan with an amount of USD 20 million with an applied annual floating interest rate in order to finance regional expansion of the company. The loan will be repaid on 10 equal semi-annual installments with an amount of USD 2 million for each installment and the first installment was due on 15 May 2007 and the last installment will due on 15 November 2011 and the interest is due on 15 May and 15 November and the first interest was due on 15 November 2006. The loan agreement provides for that some of the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee and the company got the full amount of the loan amounted to USD 20 million on 3 September 2006. The company paid USD 16 million which represents 8 installments accordingly, the loan balance amounted to USD 4 million (equivalent to EGP 23 220 000) as at 31 December 2010 (this amount will due within one year).

B- On 29 December 2005 a loan agreement has been signed with the Foundation of (DEG)- DEUTSCHE INVESTITIONS- UND ENTWICKLUNGSGESELLSCHAFT MBH whereby the company is entitled to obtain a long term loan with an amount of Euro 10 million with a variable annual interest rate in order to finance the regional expansion of the company. The loan will be repaid on 10 equal semi- annual installments with an amount of one million Euro per installment. The first installment was due on 15 May 2008 and the last installment will due on 15 November 2012 and the interest is due on 15 May and 15 November each year. The first interest was due on 15 November 2006.

The loan agreement provides for that some of the company's subsidiaries will guarantee the loan repayment through an irrevocable unconditional guarantee. The company has obtained the full amount of the loan amounted Euro 10 million on 17 September 2006. The company has paid Euro 6 million accordingly, the loan balance as of 31 December 2010 amounted Euro 4 million (equivalent to EGP 30 736 000).

- The current portion (the amount that will due within one year) of the loan amounts to Euro 2 million (equivalent to EGP 15 368 000).

17- Customers' deposits

	31/12/2010 EGP	31/12/2009 EGP
Deposits from customers (private sector):		
■ Saving accounts	20 179 672 500	-
■ Term deposits	7 325 217 900	-
■ Current accounts	3 020 807 016	-
	30 525 697 416	**-**
Deposits from customers (public sector):		
■ Term deposits	948 160 200	-
■ Current accounts	440 505 000	-
	1 388 665 200	**-**
Other	39 760 500	-
	31 954 123 116	-
Accrued interest payable	180 082 500	-
	32 134 205 616	**-**
Deposits from related parties:		
Long term saving accounts	308 279 400	-
Short term saving accounts	100 545 900	-
Long term deposits	639 038 400	-
Accrued interest payable	7 768 800	-
	1 055 632 500	**-**
Balance	**33 189 838 116**	**-**

18- Bonds

On 11 November 2010 Credit Libanais SAL has issued USD 75 000 000 6.75% Subordinated Bonds due 15 January 2018 at an issue price of 100% of their principal amount. The bonds have been fully underwritten. The net proceeds from the sale of Bonds will be used for general corporate purposes, and the obligation of the issuer in respect of the Bonds constitutes direct, unsecured and general obligation of the issuer. The Arranger of the offering is Credit Libanais Investment Bank SAL (an affiliate) and the Bonds will not be listed on any stock exchange.

19- Creditors and other credit balances

	31/12/2010 EGP	31/12/2009 EGP
Margins held against documentary credits	67 895 100	-
Technical reserve for insurance companies	110 514 300	-
Interbranch reconciling items	7 144 800	-
Revaluation of assets acquired in satisfaction of loans	19 390 800	-
Social Insurance Association	603 651	524 675
Unearned revenues	10 802 770	5 667 833
Accrued interest & commission	22 007 637	418 869
Suppliers	97 459	1 656 372
Accrued expenses	314 666 274	167 569 890
Clients' coupons - Custody Activity	8 716 618	18 568 157
Clients' payments under subscription	518 765	25 038 985
Industry Modernization Center	8 423 928	12 635 893
Dividends payable	22 336 201	19 678 875
Due to related parties	15 235 000	15 235 000
Creditors - purchase of investment*	142 116 605	-
Sundry creditors	290 067 945	11 150 233
Balance	**1 040 537 853**	**278 144 782**

* The balance is represented in the equivalent of USD 24 481 758 the value of acquisition of 2.9358 % of Credit Libanais S.A.L (the Bank) which has not been paid till 31 December 2010.

20- Other income

Other income presented in the income statement includes an equivalent amount of:

- EGP 16 424 100 represents gains on sale of non current assets held for sale.
- EGP 13 975 500 represents gains on selling investment in real property held for sale.

21- Other provisions

		31/12/2010 EGP	31/12/2009 EGP
Expected claims provision	(21-1)	199 618 031	169 148 844
Servance pay provision	(21-1)	91 969 622	21 702 309
Other provisions		674 700	-
Balance		**292 262 353**	**190 851 153**

21-1

	Expected claims provision EGP	Severance pay provision EGP	Total EGP
Balance at the beginning of the year	169 148 844	21 702 309	190 851 153
Acquisition of subsidiaries	29 146 000	52 481 800	81 627 800
Formed during the year	30 418 779	20 869 815	51 288 594
Foreign currency differences	907 950	2 999 396	3 907 346
Amounts used during the year	(28 603 542)	(4 841 098)	(33 444 640)
Provision no longer needed	(1 400 000)	(1 242 600)	(2 642 600)
Balance at the end of the year	**199 618 031**	**91 969 622**	**291 587 653**

22- Long term liabilities

	31/12/2010 EGP	31/12/2009 EGP
Excepted consideration to be paid (liability)*	-	603 350 000
Preferred shareholders in subsidiaries**	286 425 000	-
Other liabilities	953 531	900 968
Balance	**287 378 531**	**604 250 968**

* EFG Hermes Regional Investments Ltd. - a wholly owned subsidiary - entered through the parent company, EFG Hermes Holding Company into call/ put option agreement with a minority shareholder of a subsidiary, during December 2010 the parties cancelled the call and put option agreement.

** In August 2004, Credit Libanais SAL (the Bank) issued 1,600,000 cumulative "Series A" preferred shares for an aggregate amount of USD 50 million with a seven-year term expiring on 10 August 2011. The issue was affected at a nominal value of LBP 10,000 for each preferred share, while the aggregate share premium amounted to of LBP 59.37 billion. Preferred shares earn an annual fixed dividend to be paid to holders out of the distributable consolidated profits of the Group, in an amount equivalent to 7.5 % of the total amount of the preferred shares issued. The Bank has the right, in its sole discretion, to redeem the Series A preferred shares, in whole but not in part, on the fifth anniversary of the issue date, at the issue price plus accrued and unpaid dividends and an early redemption premium equivalent to 50% of the value of the annual fixed dividends that would have been payable until the expiry of the term of the Series A preferred shares. As part of its risk management policy, the Bank has established a special purpose investment account (the "Sinking Fund Account"), which is funded on an annual basis in each of the first seven years following the issue date of the Series A preferred shares (assuming no early redemption) with proceeds generated from the annual consolidated profits in amounts equal to one-seventh or 14.285% of the total amount of the Series A preferred shares.

23- Share capital

- The company's authorized capital amounts EGP 3 200 million and issued and paid in capital amounts EGP 1 913 570 000 distributed on 382 714 000 shares of par value EGP 5 per share, after the reduction approved by the company's extraordinary general assembly in its session held on 7 April 2009 from EGP 1 939 320 000 to EGP 1 913 570 000 through cancelling 5 150 000 shares of treasury shares.

- The general assembly of the holding company held on 14 June 2010 declared interim dividends with total amount of EGP 774 517 396.

24- Contingent liabilities

- The company guarantees its subsidiaries - Financial Brokerage Group and Hermes Securities Brokerage against the credit facilities granted from banks and each of EFG Hermes Brokerage - UAE for the purpose of issuance of the letters of guarantee amounting to AED 203 670 000 (equivalent to EGP 322 002 270) and EFG Hermes KSA against the credit facilities granted from banks amounting to SAR 50 million (equivalent to EGP 77 400 000).

- The company has executed C-SWAP contracts to cover its needs of foreign currencies with the banks which will be settled according to specific rates for the foreign currencies implied in such contracts. The mentioned contract is as follows:

Transaction date	Transaction	Amount	Currency	Expiry date
9/12/2010	Selling Euro	Euro 4 000 000	Buying USD	10/1/2011

- Hermes Corporate Finance Company (a subsidiary - 99.37%) issued by a bank a letter of guarantee with an amount of EGP 292 500 in favor of Egyptian Electricity Authority. The issuer bank has blocked the company's time deposit which amounts EGP 321 749 on 31 December 2010 as a margin for this letter of guarantee.

- Credit Libanais SAL (the Bank) (a subsidiary - 63.739%) has the following off-balance sheet assets and liabilities:

Off-Balance sheet items :	31/12/2010 EGP
Financing commitments given to financial institutions	29 854 500
Engagements to customers	2 541 087 900
Guarantees given to customers	279 879 600
Restricted and non-restricted fiduciary accounts	88 190 700
Commitments of signature received from financial intermediaries	2 176 200
Other commitments received	19 659 346 200
Assets under management	2 290 629 900

25- Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of Incentive Fee with an amount of EGP 1 256 540 till 31 December 2010 versus an amount of EGP 3 148 604 till 31 December 2009 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

	For the year ended	
Subsidiary's name	31/12/2010 EGP	31/12/2009 EGP
Egyptian Portfolio Management Group Company	925 271	3 124 735
Hermes Fund Management	331 269	-
EFG Hermes Financial Management (Egypt) Ltd	-	23 869
Total	**1 256 540**	**3 148 604**

26- Impairment loss on assets

	For the year ended	
	31/12/2010 EGP	31/12/2009 EGP
Impairment loss on accounts receivables & debit accounts	8 392 245	4 592 315
Impairment loss on available-for-sale investments	47 371 890	-
Total	**55 764 135**	**4 592 315**

27- Income tax expense

	For the year ended 31/12/2010 EGP	31/12/2009 EGP
Current income tax	333 643 447	20 542 536
Deferred tax	1 044 597	(931 142)
Total	**334 688 044**	**19 611 394**

28- Cash and cash equivalents

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

	31/12/2010 EGP	31/12/2009 EGP
Cash and due from banks	10 119 135 577	1 611 733 824
Due to banks and financial institutions	(590 818 300)	-
Less: Assets - maturity more than one year	(1 136 642 124)	-
Cash and cash equivalents	**8 391 675 153**	**1 611 733 824**

29- Earnings per share

	For the year ended 31/12/2010 EGP	31/12/2009 EGP
Net profit for the year	700 426 814	551 810 628
Employees share	(37 748 996)	(23 404 251)
Board of directors remuneration	(5 224 500)	(4 936 500)
Net	**657 453 318**	**523 469 877**
Weighted average number of shares	**382 714 000**	**382 869 804**
Earnings per share	**1.72**	**1.37**

30- Related party transactions

General administrative expenses item includes an amount of EGP 2 195 320 which represents consultation fees provided to the company by Zulficar & Partners Co. which Mona Zulficar (Chairperson of the Company) participates in its management.

31- Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

For the year ended 31 December 2010

	Investment banking EGP	Commercial banking EGP	Elimination EGP	Total EGP
Fee and commission income	819 641 758	97 316 450	-	916 958 208
Fee and commission expense	-	(27 369 650)	-	(27 369 650)
Net fee and commission income	**819 641 758**	**69 946 800**	**-**	**889 588 558**
Securities gains	819 874 890	69 003 550	-	888 878 440
Share of profit of associate	-	831 600	-	831 600
Foreign currencies differences	174 147 331	15 076 600	-	189 223 931
Other income	12 274 556	32 282 250	-	44 556 806
Noninterest revenue	**1 825 938 535**	**187 140 800**	**-**	**2 013 079 335**
Interest and dividends income	196 724 829	1 122 652 300	(1 018 678)	1 318 358 451
Interest expense	(54 164 167)	(726 002 200)	(9 176 166)	(789 342 533)
Net interest income	**142 560 662**	**396 650 100**	**(10 194 844)**	**529 015 918**
Total net revenue	1 968 499 197	583 790 900	(10 194 844)	2 542 095 253
Total noninterest expenses	**(1 091 731 968)**	**(299 957 350)**	**-**	**(1 391 689 318)**
Net profit before income tax	876 767 229	283 833 550	(10 194 844)	1 150 405 935
Income tax expense	(290 601 694)	(44 086 350)	-	(334 688 044)
Net profit	**586 165 535**	**239 747 200**	**(10 194 844)**	**815 717 891**
Total assets	**10 409 004 950**	**37 681 168 200**	**(1 401 607 023)**	**46 688 566 127**
Total liabilities	1 702 797 811	34 829 601 300	301 352 766	36 833 751 877
Shareholders' equity	8 706 207 139	2 851 566 900	(1 702 959 789)	9 854 814 250
Total equity and liabilities	**10 409 004 950**	**37 681 168 200**	**(1 401 607 023)**	**46 688 566 127**

32- Tax status

- The competent tax inspectorate examined the parent company's books for the period till year 2004 and disputed points have been agreed upon before the Internal Committee.
- As to years 2005/2008, the competent tax inspectorate inspected parent company's books and the company was notified by form no. (19) , which was objected thereon on the due date and the disputed items have been transferred to the Internal Committee with Large Taxpayers Center and as to year 2009, the company's books have not been inspected yet.
- As to salaries tax, the parent company's books had been examined till the year 2004 and all the disputed points have been agreed upon before the Internal Committee and the years 2005/2009 have not been inspected yet.
- As to stamp tax, the parent company's books had been examined from year 1998 till 31 July 2006 and the disputed points had been transferred to Appeal Committee, and the period from 1 August 2006 till 31 December 2009 have not been inspected yet.

33- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.76	0.04
Egyptian Fund Management Group	88.51	11.49
Egyptian Portfolio Management Group	66.33	33.67
Hermes Securities Brokerage	97.58	2.42
Hermes Fund Management	89.95	10.05
Hermes Corporate Finance	99.37	0.53
EFG Hermes Advisory Inc.	100	-
EFG Hermes Financial Management (Egypt) Ltd.	100	-
EFG Hermes Promoting & Underwriting	99.88	-
Bayonne Enterprises Ltd.	-	100
EFG Hermes Fixed Income	99	1
EFG Hermes Private Equity (Egypt)	96.3	3.7
EFG Hermes Private Equity (BVI)	1.59	63.41
EFG Hermes Brokerage - UAE Ltd.	-	90
Flemming CIIC Holding	100	-
Flemming Mansour Securities	-	99.33
Flemming CIIC Securities	-	96
Flemming Corporate Finance	-	74.92
EFG Hermes UAE Ltd.	100	-
EFG Hermes Holding - Lebanon	100	-
EFG Hermes KSA	73.1	26.9
October Property Development Ltd.	94.10	-
EFG Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	-	66.5
EFG Hermes Mena (Caymen) Holding	-	100
Mena (BVI) Holding Ltd.	-	66.5
EFG Hermes Mena Securities Ltd.	-	100
Mena Financial Investments W.L.L	-	100
EFG Hermes Qatar LLC	100	-
Vision Securities Company LLC	-	51
EFG Hermes Regional Investment Ltd.	100	-
Offset Holding KSC	-	50
EFG Hermes IFA Financial Brokerage	-	45
Ideavelopers	-	52
EFG Hermes CB Holding Limited	-	100
EFG Hermes Global CB Holding Limited.	100	-
EFG Hermes Orient Advisory Inc.	-	70
EFG Hermes Syria LLC	-	69.33
Sindyan Syria LLC	-	96.81
Talas & Co. LLP	-	96.81
EFG Hermes Jordan	100	-
Mena Long-Term Value Feeder Holdings Ltd	-	100

	Direct ownership %	Indirect ownership %
Mena Long-Term Value Master Holdings Ltd	-	90
Mena Long-Term Value Management Ltd	-	90
EFG Hermes CL Holding SAL	-	100
Credit Libanais SAL "the Bank"	-	63.739
Credit Libanais Investment Bank SAL	-	63.64
Lebanese Islamic Bank SAL	-	63.62
Credit International SA	-	55.76
Cedar's Real Estate SAL	-	63.69
Soft Management SAL	-	29.95
Hermes Tourism & Travel SAL	-	63.73
Liberty Restaurant SARL	-	63.23
Crédit Libanais d'Assurances et de Réassurances SAL	-	42.69
Business Development Center SARL	-	62.85
Capital Real Estate SAL	-	62.46
Liberty Tower SAL	-	63.67
Credilease SAL	-	63.25
Collect SAL	-	28.64
EFG Hermes Investment Funds Co.	99.998	-

34- Financial instruments and management of related risks

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Note (no. 2) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

34-1 Market risk

Market risk is defined as the potential loss in both on and off balance sheet positions resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices. Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security. According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

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

34-2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As disclosed in note (3-2) the company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.
- As disclosed in note no. (24) the company has executed Currency SWAP agreements and Hedge agreement to cover its needs of foreign currencies and meet the risks of exchange rate and interest rates related thereto.

34-3 Risk management

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

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

34-4 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio over all 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. Note 7 of this report shows the distribution of loan portfolio by nature of facility, by economic sector.

34-5 Liquidity risk

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

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

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

34-6 Interest rate risk

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

34-7 Equity price risk

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

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

34-8 Operational risk

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

34-9 Fair value of financial instruments

The fair value of the financial instruments do not substantially deviated from their book value at the balance sheet date. According to the valuation basis applied, in accounting policies to the assets and liabilities

34-10 Derivative financial instruments and hedge accounting

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value, according to the valuation basis applied, in accounting policies to derivative financial instruments, (note no. 3-4).
- 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 Shares Swap Transactions are measured at fair value based on underlying reference securities under the Contracts.

35- Subsequent events to balance sheet date

The Arab Republic of Egypt recently faced events that have a significant impact on the economic sectors in general, most likely to lead to a significant decline in economic activities during the coming periods, so it is likely that the events referred to have an impact on the group's assets and liabilities and the remedial value, as well as business results through future periods.Currently, it is not possible to quantify this effect on the assets and liabilities of the company, where the impact depends on the expected time of the events referred and their effects.

36- Corresponding figures

Certain corresponding figures have been reclassified to conform with the current year presentation.

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