EFG – Hermes Holding Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the year ended 31 December 2020
&
Auditor's Report

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KPMG

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Auditor's Report

To the shareholders of EFG – Hermes Holding Company

We have audited the accompanying consolidated financial statements of EFG – Hermes Holding Company which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion
In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of the company as of December 31, 2020 and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of Matter
Without qualifying our opinion, as detailed in note No. (37) of the consolidated interim financial statements, most of the world countries, including Egypt, were exposed during 2020 to the new Covid-19 pandemic, causing disruption to most of commercial and economic activities in general and to the financial investments activities in Egypt in particular.
The Company has adjusted the assumptions used in calculating the expected credit loss, thus, it is possible that this will have a significant impact on the pre-defined operational and marketing plans, future cash flows associated with it , the associated elements of assets, liabilities and business results in the consolidated financial statements of the company during the following periods.
As indicated in the above-mentioned clarification, the company's management is currently taking several procedures to counter this risk and reduce its impact on its financial position and support its ability to continue. However, in light of the instability and the state of uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the time period of the continuation of those effects at which the event is expected to end and its related effects and the company's ability to achieve its plans to confront this danger, Which it is difficult to determine at the present time.

KPMG Hazem Hassan
Public Accountants and Consultants
(20)
KPMG Hazem Hassan

Cairo, March 17, 2021

Consolidated statement of financial position

(in EGP)	Note no.	31/12/2020	31/12/2019 Restated *
Assets			
Non - current assets			
Investments at fair value through OCI	(11)	179,492,675	3,074,949,208
Equity accounted investees	(12)	103,095,770	55,000,000
Investment property	(13)	132,074,502	205,498,422
Fixed assets	(14)	651,958,068	524,799,639
Goodwill and other intangible assets	(15)	984,353,914	999,077,802
Deferred tax assets	(21)	24,995,255	93,647,802
Loans receivables	(10)	4,242,390,964	2,777,895,325
Total non - current assets		6,318,361,148	7,730,868,198
Current assets			
Cash and cash equivalents	(7)	7,397,790,093	9,984,123,272
Loans receivables	(10)	3,947,288,179	3,147,441,793
Investments at fair value through profit and loss	(8)	5,744,078,663	5,745,442,237
Investments at fair value through OCI	(11)	9,918,149,380	12,664,375,755
Accounts receivables	(9)	4,734,488,970	4,533,115,955
Other assets	(16)	621,212,320	529,278,412
Assets held for sale	(6)	59,640,898	-
Total current assets		32,422,648,503	36,603,777,424
Total assets		38,741,009,651	44,334,645,622
Equity			
Share capital	(24)	3,843,091,115	3,843,091,115
Legal reserve		833,933,867	803,102,208
Share premium		1,922,267,826	1,922,267,826
Other reserves		791,823,872	2,758,679,077
Retained earnings		6,235,979,897	4,330,582,531
Equity attributable to owners of the Company		13,627,096,577	13,657,722,757
Non - controlling interests	(25)	310,846,608	362,757,134
Total equity		13,937,943,185	14,020,479,891
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(21)	301,270,105	211,537,049
Loans and borrowings	(23)	3,564,494,432	2,451,620,265
Total non - current liabilities		3,865,764,537	2,663,157,314
Current liabilities			
Due to banks and financial institutions	(17)	9,235,466,908	10,427,808,365
Loans and borrowings	(23)	1,033,616,102	1,432,435,583
Accounts payable - customers credit balance		5,486,303,627	7,677,341,560
Accounts payable - customers credit balance at fair value through profit and loss	(18)	2,022,981,775	5,086,573,832
Short term bonds	(19)	500,000,000	400,000,000
Creditors and other credit balances	(20)	1,927,757,515	1,868,337,640
Current tax liability		164,219,351	189,128,550
Provisions	(22)	566,956,651	569,382,887
Total current liabilities		20,937,301,929	27,651,008,417
Total liabilities		24,803,066,466	30,314,165,731
Total equity and liabilities		38,741,009,651	44,334,645,622

* See note (34) from the accompanying notes and accounting policies.

The accompanying notes and accounting policies from page (6) to page (70) are an integral part of these financial statements and are to be read therewith.

" Auditor's report attached "

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

Consolidated income statement

(in EGP)	Note no.	For the year ended 31/12/2020	31/12/2019
Revenues			
Fee and commission income	(32)	2,922,038,065	3,066,836,823
Securities gains		371,758,025	485,380,880
Revenues from leasing activities		490,547,721	523,562,579
Interest and dividend income		2,247,248,364	2,576,352,851
Changes in the investments at fair value through profit and loss		576,420,133	11,232,779
Other income	(27)	156,912,385	76,313,533
Total revenues		6,764,924,693	6,739,679,445
Expenses			
Fee and commission expense		(237,680,811)	(329,069,400)
Interest expense		(1,102,679,260)	(1,289,194,772)
General administrative expenses	(31)	(3,217,700,365)	(2,933,133,961)
Provisions	(22)	(42,554,818)	(160,605,066)
Depreciation and amortization	(13,14,15)	(171,143,524)	(109,832,178)
Impairment loss on assets	(28)	(303,872,865)	(82,632,630)
Share of profit of equity-accounted investees		(4,237,980)	-
Foreign currencies exchange differences		(15,282,497)	(309,982,969)
Total expenses		(5,095,152,120)	(5,214,450,976)
Profit before income tax		1,669,772,573	1,525,228,469
Income tax expense	(29)	(329,046,528)	(128,067,515)
Profit for the year		1,340,726,045	1,397,160,954
Profit attributable to:			
Owners of the Company		1,305,403,129	1,378,102,955
Non - controlling interests	(25)	35,322,916	19,057,999
		1,340,726,045	1,397,160,954

The accompanying notes and accounting policies from page (6) to page (70) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of comprehensive income

	For the year ended	
	31/12/2020	**31/12/2019**
(in EGP)		
Profit for the period	1,340,726,045	1,397,160,954
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	(96,787,059)	(869,066,150)
Foreign currency translation differences - reclassified to profit or loss	(32,212,643)	88,869,430
Investments at fair value through OCI - net change in fair value	(678,272,788)	36,724,275
Investments at fair value through OCI - net change in fair value - reclassified to profit or loss	(474,568,773)	(436,794,148)
Investment at FVTOCI - reclassified to Retained Earnings	(2,176,473)	-
Actuarial loss re-measurement of employees' benefits obligations	(2,002,429)	-
Related tax	12,221,624	32,014,376
Other comprehensive income, net of tax	(1,273,798,541)	(1,148,252,217)
Total comprehensive income	66,927,504	248,908,737
Total comprehensive income attributable to:		
Owners of the Company	34,980,736	267,862,247
Non - controlling interests	31,946,768	(18,953,510)
	66,927,504	248,908,737

The accompanying notes and accounting policies from page (6) to page (70) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of changes in equity as at December 31,2020

	Attributable to owners of the Company										
				Other reserves							
(in EGP)	**Share capital**	**Legal reserve**	**Share premium**	**General reserve**	**Translation reserve**	**Fair value reserve**	**Hedging reserve**	**Retained earnings**	**Total**	**Non - controlling interests**	**Total equity**
Balance as at 31 December, 2018, as previously reported	3,843,091,115	773,338,368	1,922,267,826	158,269	2,862,298,138	1,025,754,218	(26,442,387)	3,597,789,315	13,998,254,862	437,723,286	14,435,978,148
Effect of change in accounting policies	-	-	-	-	-	7,151,547	-	(20,254,702)	(13,103,155)	(9,734)	(13,112,889)
Restated balance as at 31 December, 2018	3,843,091,115	773,338,368	1,922,267,826	158,269	2,862,298,138	1,032,905,765	(26,442,387)	3,577,534,613	13,985,151,707	437,713,552	14,422,865,259
Total comprehensive income											
Profit	-	-	-	-	-	-	-	1,378,102,955	1,378,102,955	19,057,999	1,397,160,954
Other comprehensive income	-	-	-	-	(743,123,068)	(367,117,640)	-	-	(1,110,240,708)	(38,011,509)	(1,148,252,217)
Total comprehensive income	-	-	-	-	(743,123,068)	(367,117,640)	-	1,378,102,955	267,862,247	(18,953,510)	248,908,737
Transactions with owners of the Company											
Transferred to legal reserve	-	29,763,840	-	-	-	-	-	(29,763,840)	-	-	-
Dividends	-	-	-	-	-	-	-	(594,519,147)	(594,519,147)	(56,287,566)	(650,806,713)
Changes in ownership interests											
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	(772,050)	(772,050)	2,400,911	1,628,861
Share of NCI in the increase/(decrease) of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	(2,116,253)	(2,116,253)
Balance as at 31 December 2019, as previously reported	3,843,091,115	803,102,208	1,922,267,826	158,269	2,119,175,070	665,788,125	(26,442,387)	4,330,582,531	13,657,722,757	362,757,134	14,020,479,891
Effect of change in accounting policies	-	-	-	-	-	(724,877,627)	26,442,387	671,741,648	(26,693,592)	(5,885,828)	(32,579,420)
Balance as at 1 January, 2020	3,843,091,115	803,102,208	1,922,267,826	158,269	2,119,175,070	(59,089,502)	-	5,002,324,179	13,631,029,165	356,871,306	13,987,900,471
Total comprehensive income											
Profit	-	-	-	-	-	-	-	1,305,403,129	1,305,403,129	35,322,916	1,340,726,045
Other comprehensive income	-	-	-	-	(126,465,076)	(1,141,954,889)	-	174,044	(1,268,245,921)	(3,376,147)	(1,271,622,068)
Total comprehensive income	-	-	-	-	(126,465,076)	(1,141,954,889)	-	1,305,577,173	37,157,208	31,946,769	69,103,977
Transactions with owners of the Company											
Contributions and distributions											
Dividends	-	-	-	-	-	-	-	(40,851,169)	(40,851,169)	(81,738,080)	(122,589,249)
Transferred to legal reserve	-	30,831,659	-	-	-	-	-	(30,831,659)	-	-	-
Changes in ownership interests											
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	(238,627)	(238,627)	3,766,613	3,527,986
Share of NCI in the increase/(decrease) of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	3,843,091,115	833,933,867	1,922,267,826	158,269	1,992,709,994	(1,201,044,391)	-	6,235,979,897	13,627,096,577	310,846,608	13,937,943,185

The accompanying notes and accounting policies from page (6) to page (70) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of cash flows

	Note no.	For the year ended 31/12/2020	31/12/2019
(in EGP)			
Cash flows from operating activities			
Profit before income tax		1,669,772,573	1,525,228,469
Adjustments for:			
Depreciation and amortization	(13,14,15)	171,143,524	109,832,178
Provisions formed	(22)	42,554,818	160,605,066
Provisions used	(22)	(8,684,029)	(30,774,632)
Provisions reversed	(22)	(35,255,180)	-
Gains on sale of fixed assets		(836)	(1,312,253)
Gains on sale of investment at FVTOCI		(474 568 773)	(436,794,148)
Changes in the fair value of investments at fair value through profit and loss		(576,420,133)	(11,232,779)
Share of profit of equity-accounted investees		4,237,980	-
Impairment loss on assets	(28)	303,872,865	82,632,630
Foreign currency translation differences		(27,818,033)	(290,871,047)
Foreign currencies exchange differences		15,282,496	309,982,970
Operating profit before changes in current assets and liabilities		1,084,117,272	1,417,296,454
Changes in:			
Other assets		(53,187,325)	169,821,624
Creditors and other credit balances		94,960,732	81,797,760
Accounts receivables		(258,963,589)	(2,889,353,659)
Accounts payable		(1,995,952,225)	5,587,368,506
Accounts payable - customers credit balance at fair value through profit and loss		(3,063,592,057)	4,102,638,104
Investments at fair value through profit and loss		2,208,024,926	(3,909,802,860)
Income tax paid		(173,872,403)	(188,929,693)
Net cash (used in) provided from operating activities		(2,158,464,669)	4,370,836,236
Cash flows from investing activities			
Loans receivables		(2,477,553,478)	(479,670,207)
Payments to purchase fixed assets and other intangible assets		(101,158,922)	(125,857,883)
Proceeds from sale of fixed assets		152,699	1,449,760
Proceeds from sale of assets held for sale		-	313,425,000
Proceeds from sale of investment FVTOCI		17,567,402,835	6,361,664,555
Payments to purchase investment FVTOCI		(14,767,315,832)	(12,316,939,303)
Payments to purchase equity accounted investees		(52,333,749)	(50,000,000)
Acquisition of subsidiary (net of cash acquired)		-	(1,360,716)
Net cash provided from (used in) investing activities		169,193,553	(6,297,288,794)
Cash flows from financing activities			
Dividends paid		(132,802,448)	(614,008,582)
Proceeds from short term bonds		500,000,000	400,000,000
Payments for short term bonds		(400,000,000)	-
Proceeds from loans and borrowings		1,538,044,191	1,003,034,395
Payment for loans and borrowings		(981,195,693)	(554,805,028)
Net cash provided from financing activities		524,046,050	234,220,785
Net change in cash and cash equivalents		(1,465,225,066)	(1,692,231,773)
Cash and cash equivalents at 1 January	(30)	(333,600,555)	1,291,482,285
Cash and cash equivalents at 31 December	(30)	(1,798,825,621)	(400,749,488)

The accompanying notes and accounting policies from page (6) to page (70) are an integral part of these financial statements and are to be read therewith.

1- Background

1-1 Incorporation

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

1-2 Purpose of the company

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

2- Basis of preparation

2-1 Statement of compliance

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

2-2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on March 16, 2021.

3- Functional and presentation currency

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

4- Use of estimates and judgments

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

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

4-1 Fair value measurement

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

5- Change in accounting policies

- On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019.
- As per the Financial Regulatory Authority (FRA) decree on April 12,2020, the implementation of the new Egyptian Accounting Standards and the accompanied amendments issued in decree No.69 of 2019 was postponed for the interim financial statements of year 2020, due to the outbreak of COVID-19 pandemic. This was issued in view of the current circumstances and the resulting economic and financial implications as well as the application of precautionary measures including restrictions on the presence of human resources with its full capacity on regular basis in face of the widespread of the pandemic.
- As per the Prime minister decision No 1871 for the year ended 2020 dated 20 September 2020 the application of the accounting standards No. (47) "Financial Instruments", No. (48) - “Revenue from Contracts with Customers” and No (49) " Lease Contracts" have been postponed till1 January 2021.
- The group has early adopted the new standards EAS 47 (Note no.38-11, 38-14), EAS 48 (Note no. 38-4) and EAS 49 (Note no. 38-21) including any consequential amendments to other standards as it’s also required to apply EAS (1),(25),(26),and (40) at the same date.

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

Changes in accounting policies resulting from the adoption of EAS 47 and EAS 49 have been applied using the modified retrospective approach, and therefore the comparative information has not been restated.

- The following tables show the effects of applying the new standards on the opening balances on 1 January 2020:

A- The following table shows the effect of applying the new standards on retained earnings opening balance.

	Retained Earnings
Balance as at December 31, 2019	4,330,582,531
Effect of applying EAS 47	680,784,118
Effect of applying EAS 49	(9,042,470)
Balance as at January 1,2020	**5,002,324,179**

B- The following table shows the settlement between the items of the balance sheet and the classification of financial instruments on January 1, 2020:

Financial assets	**FVTOCI -debit Instrument**	**FVTOCI -Equity**	**FVTPL -debit Instrument**	**FVTPL -Equity**	**Amortized Cost**	**Total**
Cash and Cash equivalents	--	--	--	--	9,984,123,272	9,984,123,272
Loans Receivables	--	--	--	--	5,925,245,600	5,925,245,600
Investments	12,704,250,778	898,748,229	5,450,713,122	2,430,202,287	--	21,483,914,416
Accounts Receivables	--	--	--	--	4,521,946,503	4,521,946,503
Other assets	--	--	--	--	524,534,183	524,534,183
Total	**12,704,250,778**	**898,748,229**	**5,450,713,122**	**2,430,202,287**	**20,955,849,558**	**42,439,763,974**

C- The following table shows the classifications and book value of the financial assets according to old and new standards on January 1, 2020:

Financial assets	**Old classification EAS No. (26)**	**New classification EAS No. (47)**	**Book Value EAS No. (26)**	**Book Value EAS No. (47)**
Cash and Cash equivalents	Held to Maturity	Amortized Cost	9,984,123,272	9,984,123,272
Loans Receivables	Held to Maturity	Amortized Cost	5,925,337,118	5,925,245,600
Investments	Available for sale	FVTOCI	15,739,324,963	13,602,999,007
Investments	Trading	FVTPL	5,745,442,237	7,880,915,409
Accounts Receivables	Held to Maturity	Amortized Cost	4,533,115,955	4,521,946,503
Other assets	Held to Maturity	Amortized Cost	529,278,412	524,534,183
Total Financial assets			**42,456,621,957**	**42,439,763,974**

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

D- The following table shows the settlement between the book value of the financial assets according to EAS No. (26) and EAS No. (47) on January 1, 2020:

Financial Assets	**Book Value EAS 26 31 Dec 2019**	**Reclassification**	**Impairment loss on assets**	**Book Value EAS 47 01 January 2020**
Amortized Cost				
Cash and Cash equivalents	9,984,123,272	--	--	9,984,123,272
Loans Receivables	5,925,337,118	--	(91,518)	5,925,245,600
Accounts Receivables	4,533,115,955	--	(11,169,452)	4,521,946,503
Other assets	529,278,412	--	(4,744,229)	524,534,183
Total Amortized Cost	**20,971,854,757**	**--**	**(16,005,199)**	**20,955,849,558**
FVTOCI				
Investment equity /debt instrument	15,739,324,963	(2,135,473,172)	(852,784)	13,602,999,007
Total FVTOCI	**15,739,324,963**	**(2,135,473,172)**	**(852,784)**	**13,602,999,007**
FVTPL				
Investment equity /debt instrument	5,745,442,237	2,135,473,172	--	7,880,915,409
Total FVTPL	**5,745,442,237**	**2,135,473,172**	**--**	**7,880,915,409**
Total Financial assets	**42,456,621,957**	**--**	**(16,857,983)**	**42,439,763,974**

6- Assets held for sale

- On 29 December 2020, EFG – Hermes UAE Limited, (one of the subsidiaries) committed to a plan to sell its investment property (Index Tower) which has been classified as an asset held for sale, Efforts to sell the disposal group have started and a sale is expected by March 2021.
- The fair value of the asset as at 31 December 2020 has been determined by in pursuance of a Sale and Purchase Agreement ("the Agreement") signed on 5th January 2021. According to the Agreement, the sale price of the property has been determined at USD 3,790,334 equivalent to EGP 59,640,898. (note 13).

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

7- Cash and cash equivalents

	31/12/2020	31/12/2019
Cash on hand	34,596,734	43,812,994
Cheques under collection	465,001	5,960,252
Banks - current accounts	6,062,014,232	8,860,641,238
Banks - time deposits	1,301,851,385	1,073,708,788
Balance	7,398,927,352	9,984,123,272
Impairment loss	(1,137,259)	--
Balance	7,397,790,093	9,984,123,272

8- Investments at fair value through profit and loss

	31/12/2020	31/12/2019
Mutual fund certificates	2,786,033,100	266,399,637
Equity securities	128,071,075	28,329,478
Debt securities	660,445,570	815,671
Treasury bills	146,547,143	185,874,315
Structured notes	2,022,981,775	5,264,023,136
Balance	5,744,078,663	5,745,442,237

9- Accounts receivables

	31/12/2020	31/12/2019 Restated
Accounts receivables	4,115,936,535	7,318,317,170
Other brokerage companies	618,552,435	(2,785,201,215)
Balance	4,734,488,970	4,533,115,955

10- Loans receivables

	31/12/2020	31/12/2019 Restated
Micro finance receivables	1,472,517,097	1,911,963,284
Vortex Solar Investments Sarl	--	108,208,650
Finance lease receivables	4,681,487,371	3,033,094,455
Consumer finance receivables	678,470,013	305,948,541
Factoring receivables	765,476,795	331,442,135
Other loans	591,727,867	234,680,053
Balance	8,189,679,143	5,925,337,118

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

Current	3,947,288,179	3,147,441,793
Non-current	4,242,390,964	2,777,895,325
Balance	8,189,679,143	5,925,337,118

11- Investments at fair value through OCI

	31/12/2020	31/12/2019
Non-current investments		
Equity securities *	33,933,001	1,153,515,079
Mutual fund certificates	59,012,925	1,880,706,322
Debt instruments	86,546,749	40,727,807
	179,492,675	3,074,949,208
Current investments		
Debt instruments	9,919,679,373	12,664,375,755
Impairment loss	(1,529,993)	--
	9,918,149,380	12,664,375,755
Balance	10,097,642,055	15,739,324,963

* As the economic situation in Lebanon continued to worsen in 2020, in addition to potential additional defaults on debt, an overvalued currency, an economy that continues to contract by double digits and followed by a public health crisis with the outbreak of the COVID-19; management further assessed the situation in Lebanon and took a prudent decision to write-down 100% of the remaining investment in the Lebanese Bank Credit Libanais amounted to EGP 753,511,936 as at 31 December 2019.

12- Equity accounted investees

	Percentage %	31/12/2020	31/12/2019
Interest in joint venture			
EFG- EV Finech	50	12,955,277	5,000,000
Bedaya Mortgage Finance Co	33.34	54,848,370	50,000,000
Interest in associate			
Tokio Marine Egypt Family Takaful S.A.E	37.50	35,292,123	--
Balance		103,095,770	55,000,000

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

13- Investment property

Particular	**Buildings**
Cost	
Balance as at 1/1/2019	256,628,710
Foreign currency translation differences	(9,068,720)
Total cost as at 31/12/2019	247,559,990
Reclassification to assets held for sale	(76,148,076)
Foreign currency translation differences	(1,872,096)
Total cost as at 31/12/2020	169,539,818
Accumulated depreciation	
Accumulated depreciation as at 1/1/2019	33,702,500
Depreciation for the year	9,467,141
Foreign currency translation differences	(1,108,073)
Accumulated depreciation as at 31/12/2019	42,061,568
Depreciation for the year	9,085,335
Reclassification to assets held for sale	(16,507,178)
Impairment loss	3,384,491
Foreign currency translation differences	(558,900)
Accumulated depreciation as at 31/12/2020	37,465,316
Carrying amount	
Net carrying amount as at 31/12/2019	205,498,422
Net carrying amount as at 31/12/2020	132,074,502

Investment property net carrying amount amounted EGP 132,074,502 as at 31 December 2020, represents the following:-

- EGP 126,111,854 the book value of the area owned by EFG – Hermes Holding Company in Nile City building, and with a fair value of EGP 404,820,000.
- EGP 3,223,213 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch and with a fair value of EGP 9,750,000.
- EGP 2,739,435 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch and with a fair value of EGP 11,292,450.

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

14- Fixed assets

Particular	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Cost							
Balance as at 1/1/2019	362,557,982	56,923,015	268,704,586	319,618,165	27,215,851	--	1,035,019,599
Additions	--	19,935,978	27,081,269	56,665,271	6,853,588	--	110,536,106
Disposals	--	--	(1,136,107)	(610,545)	(2,472,656)	--	(4,219,308)
Acquisition from subsidiaries	--	--	--	525,470	--	--	525,470
Foreign currency translation differences	(98,586)	(304,790)	(17,950,297)	(17,455,934)	(1,233,533)	--	(37,043,140)
Total cost as at 31/12/2019	362,459,396	76,554,203	276,699,451	358,742,427	30,363,250	--	1,104,818,727
Balance as at 1/1/2020	362,459,396	76,554,203	276,699,451	358,742,427	30,363,250	167,924,399	1,272,743,126
Additions	--	7,091,994	12,921,684	61,240,291	7,905,514	42,464,093	131,623,576
Disposals	(30,230)	--	(186,628)	(204,298)	(359,655)	--	(780,811)
Foreign currency translation differences	(21,768)	(244,070)	(3,292,266)	(3,721,672)	(201,845)	(3,720,500)	(11,202,121)
Total cost as at 31/12/2020	362,407,398	83,402,127	286,142,241	416,056,748	37,707,264	206,667,992	1,392,383,770

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

Particular	**Land & Buildings**	**Leasehold improvements**	**Office furniture, equipment & electrical appliances**	**Computer Equipment**	**Vehicles**	**Right of use assets**	**Total**
Accumulated depreciation							
Accumulated depreciation as at 1/1/2019	52,571,963	29,824,408	187,559,272	240,614,826	18,099,952	--	528,670,421
Depreciation	9,538,074	9,776,111	25,585,226	37,390,470	4,361,603	--	86,651,484
Disposals' accumulated depreciation	--	--	(1,116,853)	(601,345)	(2,246,648)	--	(3,964,846)
Acquisition from subsidiaries	--	--	--	35,031	--	--	35,031
Foreign currency translation differences	(33,769)	(99,706)	(14,146,558)	(16,101,749)	(991,220)	--	(31,373,002)
Accumulated depreciation as at 31/12/2019	62,076,268	39,500,813	197,881,087	261,337,233	19,223,687	--	580,019,088
Accumulated depreciation as at 1/1/2020	62,076,268	39,500,813	197,881,087	261,337,233	19,223,687	25,312,706	605,331,794
Depreciation	9,523,050	11,442,455	28,322,789	46,737,787	4,806,857	43,387,821	144,220,759
Disposals' accumulated depreciation	--	--	(115,309)	(153,984)	(359,655)	--	(628,948)
Reclassified to intangible assets	--	--	(623,068)	(1,260,480)	--	--	(1,883,548)
Foreign currency translation differences	(8,559)	(121,380)	(2,564,850)	(3,127,186)	(165,665)	(626,715)	(6,614,355)
Accumulated depreciation as at 31/12/2020	71,590,759	50,821,888	222,900,649	303,533,370	23,505,224	68,073,812	740,425,702
Carrying amount							
Carrying amount as at 31/12/2019	300,383,128	37,053,390	78,818,364	97,405,194	11,139,563	--	524,799,639
Carrying amount as at 31/12/2020	290,816,639	32,580,239	63,241,592	112,523,378	14,202,040	138,594,180	651,958,068

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

15- Goodwill and other intangible assets

		31/12/2020	31/12/2019
Goodwill	(15-1)	890,091,108	896,012,911
Customer relationships		46,024,888	54,151,875
Licenses		10,550,653	11,049,814
Software		37,687,265	37,863,202
Balance		984,353,914	999,077,802

15-1 Goodwill is relating to the acquisition of the following subsidiaries:

	31/12/2020	31/12/2019
EFG- Hermes Oman LLC	--	5,921,803
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E	365,398,862	365,398,862
EFG - Hermes Pakistan Limited	9,503,738	9,503,738
Frontier Investment Management Partners LTD	325,800,740	325,800,740
Balance	890,091,108	896,012,911

16- Other assets

		31/12/2020	31/12/2019
Deposits with others	(16-1)	38,910,748	42,270,033
Down payments to suppliers		89,543,602	37,048,024
Prepaid expenses		60,270,163	60,145,356
Employees' advances		56,309,877	67,812,584
Accrued revenues		257,587,316	172,093,322
Taxes withheld by others		19,983,975	35,542,115
Payments for investments	(16-2)	1,623,856	11,623,856
Settlement Guarantee Fund		21,480,174	27,213,955
Due from Ara Inc. Company		553,794	564,705
Due from Egypt Gulf Bank- Tanmeyah Clients		23,306,020	14,290,786
Receivables-sale of investments		9,826,622	36,242,640
Securitization surplus	(16-3)	15,331,670	9,363,743
Sundry debtors		47,511,555	15,067,293
Total		642,239,372	529,278,412
Deduct: Impairment loss		(21,027,052)	--
Balance		621,212,320	529,278,412

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

16-1 Deposits with others include an amount of EGP 15,052,172 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

16-2 Payments for investments are represented in the following:

	31/12/2020	**31/12/2019**
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
Paytabs Egypt Solutions	250,000	250,000
EFG Hermes for Sukuk	--	10,000,000
Balance	1,623,856	11,623,856

16-3 Securitization surplus amounted to EGP 15,331,670 related to the surplus of securitization transactions executed by Tanmeyah Micro Enterprise Services S.A.E .

17- Due to banks and financial institutions

	31/12/2020	**31/12/2019**
Financial institutions	4,242,605,354	6,806,369,720
Bank overdraft	4,992,861,554	3,621,438,645
Balance	9,235,466,908	10,427,808,365

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

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

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

19- Short term bonds

- During December, 2019 Hermes Securities Brokerage (a subsidiary -100%) issued short-term bonds with a value of EGP 400 million that are tradable and non-convertible to shares and it's for the period of 12 months at a par value of EGP 100 (one hundred egyptian pounds only) for the bond to be paid at the end of the period with a fixed rate of 12.6 % that will be paid at the end of the issuance period. And it's non-expedited payment, within a two-year issuance program with a total value of EGP 2 billion, the bonds proceeds used to finance different company activities and pay it's financial obligations and the bond is fully paid during December 2020.
- During December, 2020 Hermes Securities Brokerage (a subsidiary -100%) issued short-term bonds with a value of EGP 500 million (Second issuance) that are tradable and non-convertible to shares and it's for the period of 12 months at a par value of EGP 100 (one hundred egyptian pounds only) for the bond to be paid at the end of the period with a fixed rate of 11.38 % that will be paid at the end of the issuance period. And it's non-expedited payment, the bonds proceeds will be used to finance different company activities and pay it's financial obligations.

20- Creditors and other credit balances

	31/12/2020	**31/12/2019 Restated**
Accrued expenses	1,324,420,865	1,280,583,052
Dividends payable (prior years)	212,075,506	229,732,294
Deferred revenues	38,914,452	73,702,962
Suppliers	160,997,015	111,183,920
Clients' coupons - custody activity	11,696,426	12,685,918
Tax authority	25,486,546	34,590,794
Social Insurance Association	16,109,322	10,285,853
Medical takaful insurance tax	9,605,682	11,136,578
Deposits due to others –finance lease contracts *	14,639,821	11,976,990
Sundry creditors	113,811,880	92,459,279
Balance	1,927,757,515	1,868,337,640

* Deposits due to others amounted to EGP 14,639,821 as at 31 December 2020 versus EGP 11,976,990 as at 31 December 2019 represents the deposits collected from the lessees of EFG Hermes Corp Solutions.

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

21- Deferred tax assets (liabilities)

	Balance at 1/1/2020	Recognized in profit or loss	Recognized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(10,198,671)	(474,999)	--	4,032	(10,669,638)	--	(10,669,638)
Claims provision	874,803	--	--	(25,644)	849,159	849,159	--
Impairment loss on assets	1,224,794	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	6,411,486	12,628,942	--	1,098,709	20,139,137	20,139,137	--
Changes in fair value of cash flow hedges	6,612,597	--	(6,612,597)	--	--	--	--
Investment at fair value	(201,338,378)	(101,168,260)	11,906,171	--	(290,600,467)	--	(290,600,467)
Foreign currency translation differences	76,656,975	(75,736,143)	--	(5,814)	915,018	915,018	--
Revaluation of investment property	1,867,147	--	--	--	1,867,147	1,867,147	--
	(117,889,247)	(164,750,460)	5,293,574	1,071,283	(276,274,850)	24,995,255	(301,270,105)

22- Provisions

		31/12/2020	31/12/2019
Claims provision	(22-1)	312,567,570	344,922,430
Severance pay provision	(22-1)	213,356,835	193,507,962
Financial guarantee for contingent liabilities	(22-1)	41,032,246	30,952,495
Balance		566,956,651	569,382,887

22-1

	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the year	344,922,430	193,507,962	30,952,495	569,382,887
Formed during the year	5,182,810	27,292,257	10,079,751	42,554,818
Foreign currency differences	(526,103)	(2,518,171)	--	(3,044,274)
Amounts used during the year	(1,756,387)	(6,927,642)	--	(8,684,029)
Actuarial of employees' benefits obligations	--	2,002,429	--	2,002,429
No longer needed	(35,255,180)	--	--	(35,255,180)
Balance at the end of the year	312,567,570	213,356,835	41,032,246	566,956,651

* Related to group entities outside Egypt.

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

23- Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	31/12/2020	31/12/2019
EFG Hermes Corp-Solutions *	250 million	10/6/2015	10/6/2023	74,473,883	34,989,495
,,	150 million	4/6/2015	4/6/2022	77,230,237	92,310,061
,,	500 million	14/7/2015	14/9/2022	464,514,612	430,517,065
,,	400 million	4/11/2015	4/11/2022	354,726,305	239,586,874
,,	1 billion	9/8/2015	9/8/2023	638,994,688	159,899,712
,,	200 million	30/9/2015	30/9/2025	33,305,064	62,790,183
,,	325 million	14/3/2016	14/3/2023	250,074,996	187,516,809
,,	50 million	1/6/2016	1/6/2023	39,618,461	40,989,880
,,	200 million	12/6/2017	12/6/2025	78,310,630	81,980,207
,,	100 million	28/11/2016	31/10/2021	39,823,216	42,358,582
,,	120 million	15/12/2016	30/9/2021	1,061,181	3,208,767
,,	450 million	12/2/2017	28/2/2022	375,701,258	158,366,708
,,	250 million	19/2/2017	30/8/2024	195,170,136	63,916,082
,,	200 million	15/12/2016	30/9/2021	129,412,374	75,705,687
,,	20 million	24/4/2017	24/4/2023	2,044,979	2,862,971
,,	250 million	25/5/2017	25/5/2022	109,383,304	85,383,750
,,	200 million	29/5/2017	29/5/2024	139,283,053	152,647,995
,,	35.4 million	19/10/2017	19/10/2022	14,161,500	21,660,750
,,	90 million	1/12/2017	1/6/2022	22,375,602	43,681,257
,,	175 million	7/2/2018	7/2/2023	140,000,000	160,000,000
,,	500 million	24/9/2018	24/9/2025	140,730,595	165,876,506
,,	600 million	5/9/2018	5/9/2028	296,740,523	360,180,671
,,	100 million	3/5/2020	19/9/2021	98,796,378	--
,,	100 million	26/11/2020	26/11/2027	2,057,775	--
EFG – Hermes Pakistan Limited	36.8 million	12/5/2017	11/5/2023	36,833,250	38,859,750
Tanmeyah Micro Enterprise Services S.A.E	100 million	30/3/2019	30/9/2020	--	36,012,019
,,	50 million	1/6/2018	31/10/2021	34,358,483	36,166,173
,,	500 million	18/6/2017	18/6/2022	--	14,814,753
,,	81.3 million	10/3/2020	12/12/2022	54,208,666	81,313,000
Valu	140 million	10/11/2017	9/11/2023	24,340,549	69,121,051
EFG-Hermes Int. Fin Corp	802 million	7/11/2019	6/10/2020	--	561,575,000
EFG Finance Holding	1 billion	8/11/2020	27/10/2027	250,000,000	--
Lease liabilities**				480,378,836	379,764,090
	Balance			4,598,110,534	3,884,055,848

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

Current	1,033,616,102	1,432,435,583
Non-current	3,564,494,432	2,451,620,265
Balance	4,598,110,534	3,884,055,848

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

** Lease liabilities include an amount of EGP 320,184,603 in the name of EFG-Hermes Holding and Tanmeyah Micro Enterprise Services S.A.E that represents sale and lease back agreement.

24- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,843,091,115 distributed on 768,618,223 shares of par value EGP 5 per share which is fully paid.

25- Non - controlling interests

	31/12/2020	31/12/2019
Share capital	173,095,207	173,443,584
Additional paid-in capital	120,463,104	137,607,690
Legal reserve	20,012,721	16,960,569
Other reserves	8,243,820	11,619,967
Retained earnings	(46,291,160)	4,067,325
Profit for the year	35,322,916	19,057,999
Balance	310,846,608	362,757,134

26- Contingent liabilities

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

	31/12/2020	31/12/2019
AED	83,670,000	83,670,000
Equivalent to EGP	358,425,546	365,487,294

Group off-financial position items:

- Assets under management	55,489,735,019	54,780,900,131

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

- Securitization and Sukuk transactions

  The group has entered into some securitization and Sukuk transactions, the assets and liabilities related to those transactions do not qualify for the recognition criteria under Egyptian accounting standards, accordingly the group has not recognized those assets or liabilities.

  The assets and liabilities related to those transactions represents in :

Client portfolios related to securitization transactions	308,043,699
Balances with custodians	242,216,718
Land and Buildings related to Sukuk transactions	2,600,000,000
Total Assets	3,150,260,417
Bonds	480,937,181
Sukuk	2,600,000,000
Total liabilities	3,080,937,181

27- Other income

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

28- Impairment loss on assets

	For the year ended	
	31/12/2020	**31/12/2019**
Accounts receivables	63,234,718	16,139,267
Loans receivables	213,211,453	66,493,363
Cash and cash equivalents	918,321	--
Other Debit Accounts	16,540,748	--
Investment Through OCI	661,330	--
Good will	5,921,804	--
Investment property	3,384,491	--
Total	303,872,865	82,632,630

29- Income tax expense

	For the year ended	
	31/12/2020	**31/12/2019**
Current income tax	(164,296,068)	(201,050,305)
Deferred tax	(164,750,460)	72,982,790
Total	(329,046,528)	(128,067,515)

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

30- Cash and cash equivalents

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

	31/12/2020	31/12/2019
Cash and due from banks	7,398,927,352	9,984,123,272
Due to banks and financial institutions	(9,235,466,908)	(10,427,808,365)
Treasury bills less than 90 days	37,713,935	42,935,605
Effect of exchange rate	--	67,148,933
Cash and cash equivalents	(1,798,825,621)	(333,600,555)

31- General administrative expenses

	For the year ended	
	31/12/2020	31/12/2019
Wages , salaries and similar items *	2,326,480,742	2,144,181,550
Consultancy	132,583,223	78,495,164
Travel , accommodation and transportation	16,443,710	68,516,047
Leased line and communication	136,288,932	123,136,658
Rent and utilities expenses	57,693,419	115,421,571
Other expenses	548,210,339	403,382,971
Total	3,217,700,365	2,933,133,961

* In 2018 the group based on the compensation committee recommendation approved enrolling a number of employees in a three years retention program whereby these employees would receive a cash bonus during the company’s annual bonus cycle that is based on the share price of EFG- Hermes Holding at the end of the relevant year. The line item (Wages, salaries and similar items) includes an amount of EGP 180,185,535 relevant to this program for the period ended December 31, 2020.

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

32- Operating segment

(a) Basis for operating segment

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

The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

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

For the year ended December 31, 2020

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission income	--	1,265,460,421	413,076,406	225,434,765	444,171,336	--	536,274,421	54,588,689	--	(16,967,973)	2,922,038,065
Securities gains	403,312,836	(31,467,136)	--	--	(87,675)	--	--	--	--	--	371,758,025
Revenues from leasing activity	--	--	--	--	--	490,547,721	--	--	--	--	490,547,721
Interest and dividend income	1,086,692,660	143,792,700	606,176	16,021,380	24,308,668	3,180,130	859,127,089	82,595,145	48,684,740	(17,760,324)	2,247,248,364
Changes in the investments at fair value through profit and loss	575,158,504	1,231,882	--	--	29,747	--	--	--	--	--	576,420,133
Other income	97,286,213	19,876,391	465,140	752,079	1,671,500	1,253,632	18,791,741	--	16,815,689	--	156,912,385
Total revenues	2,162,450,213	1,398,894,258	414,147,722	242,208,224	470,093,576	494,981,483	1,414,193,251	137,183,834	65,500,429	(34,728,297)	6,764,924,693

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

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission expense	(1,494,846)	(226,093,744)	(1,314,329)	(323,748)	(564,167)	(2,612,218)	(14,884,820)	(220,170)	(584,184)	10,411,415	(237,680,811)
Interest expense	(195,672,687)	(173,354,069)	--	(5,173,532)	(1,791,368)	(308,708,192)	(322,727,393)	(26,251,405)	(39,541,724)	(29,458,890)	(1,102,679,260)
Share of profit of equity-accounted investees	(4,237,980)	--	--	--	--	--	--	--	--	--	(4,237,980)
Foreign currencies exchange differences	(22,893,994)	7,611,497	--	--	--	--	--	--	--	--	(15,282,497)
Net revenues	1,938,150,706	1,007,057,942	412,833,393	236,710,944	467,738,041	183,661,073	1,076,581,038	110,712,259	25,374,521	(53,775,772)	5,405,044,145
General administrative expenses	(970,234,712)	(981,432,265)	(326,453,108)	(172,934,963)	(137,403,236)	(72,843,791)	(526,341,179)	(81,313,451)	(15,080,473)	66,336,813	(3,217,700,365)
Provisions	(3,032,863)	(28,062,060)	(466,968)	(933,940)	--	--	(10,058,987)	--	--	--	(42,554,818)
Depreciation and amortization	(50,885,785)	(36,704,951)	(13,976,321)	(306,430)	(322,262)	(210,462)	(61,886,315)	(5,096,107)	(1,754,891)	--	(171,143,524)
Impairment loss on assets	(4,870,664)	(8,276,685)	175,756	--	(61,092,982)	(42,399,645)	(159,912,923)	(12,058,428)	(2,876,253)	(12,561,041)	(303,872,865)
Total expenses	(1,253,323,531)	(1,446,312,277)	(342,034,970)	(179,672,613)	(201,174,015)	(426,774,308)	(1,095,811,617)	(124,939,561)	(59,837,525)	34,728,297	(5,095,152,120)
Profit (loss) before income tax	909,126,682	(47,418,019)	72,112,752	62,535,611	268,919,561	68,207,175	318,381,634	12,244,273	5,662,904	--	1,669,772,573
Income tax expense	(164,829,374)	(16,482,044)	5,706,662	(3,673,562)	(44,649,431)	(13,132,095)	(89,794,554)	--	(2,192,130)	--	(329,046,528)
Profit (loss) for the year	744,297,308	(63,900,063)	77,819,414	58,862,049	224,270,130	55,075,080	228,587,080	12,244,273	3,470,774	--	1,340,726,045
Total assets	15,235,530,517	12,970,294,465	732,519,271	486,365,824	549,470,933	4,436,713,125	2,840,234,466	709,545,695	780,335,355	--	38,741,009,651
Total liabilities	4,370,594,109	12,430,741,458	183,059,976	217,864,954	412,085,009	3,875,767,975	2,173,064,286	466,958,499	672,930,200	--	24,803,066,466

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

For the year ended December 31, 2019

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Fee and commission income	--	1,417,472,976	321,927,365	262,729,077	461,066,552	--	592,791,043	18,411,961	940,420	(8,502,571)	3,066,836,823
Securities gains	466,155,933	19,222,177	--	--	2,770	--	--	--	--	--	485,380,880
Revenues from leasing activities	--	--	--	--	--	523,187,579	--	--	--	375,000	523,562,579
Interest and dividend income	1,394,200,324	168,666,381	701,063	84,995,463	15,773,204	8,382,967	926,042,338	19,745,249	27,923,052	(70,077,190)	2,576,352,851
Changes in the investments at fair value through profit and loss	10,934,043	836,423	--	--	--	--	--	--	--	(537,687)	11,232,779
Other income	54,550,426	12,915,594	679,255	659,052	1,851,374	(4,945,513)	3,463,849	--	7,139,496	--	76,313,533
Total revenues	1,925,840,726	1,619,113,551	323,307,683	348,383,592	478,693,900	526,625,033	1,522,297,230	38,157,210	36,002,968	(78,742,448)	6,739,679,445
Fee and commission expense	(6,755,678)	(188,413,564)	(2,048,041)	(1,111,399)	(138,105,643)	(1,514,725)	(15,674,866)	(114,476)	(1,601,006)	26,269,998	(329,069,400)
Interest expense	(181,777,105)	(227,210,296)	17,317	(19,679,654)	--	(367,619,455)	(458,562,913)	(13,003,349)	(25,290,383)	3,931,066	(1,289,194,772)
Foreign currencies exchange differences	(315,222,841)	4,702,185	--	--	--	--	--	--	--	537,687	(309,982,969)
Net revenues	1,422,085,102	1,208,191,876	321,276,959	327,592,539	340,588,257	157,490,853	1,048,059,451	25,039,385	9,111,579	(48,003,697)	4,811,432,304

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

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
General administrative expenses	(851,044,925)	(1,045,510,499)	(267,412,826)	(185,263,487)	(118,437,119)	(46,121,939)	(411,442,605)	(55,307,196)	(16,236,255)	63,642,890	(2,933,133,961)
Provisions	(106,264,261)	(27,042,458)	(5,148,188)	(2,397,778)	--	--	(19,752,381)	--	--	--	(160,605,066)
Depreciation and amortization	(38,930,355)	(17,526,027)	(11,390,071)	(275,177)	(258,672)	(164,990)	(35,573,727)	(4,310,807)	(1,402,352)	--	(109,832,178)
Impairment loss on assets	--	(242,124)	(175,756)	(82,194)	--	(6,500,000)	(50,577,728)	(5,733,768)	(3,681,867)	(15,639,193)	(82,632,630)
Total expenses	(1,499,995,165)	(1,501,242,783)	(286,157,565)	(208,809,689)	(256,801,434)	(421,921,109)	(991,584,220)	(78,469,596)	(48,211,863)	78,742,448	(5,214,450,976)
Profit (loss) before income tax	425,845,561	117,870,768	37,150,118	139,573,903	221,892,466	104,703,924	530,713,010	(40,312,386)	(12,208,895)	--	1,525,228,469
Income tax expense	68,970,232	(43,526,684)	51,924	1,613,578	(10,458,859)	(21,113,627)	(123,755,180)	(33,916)	185,017	--	(128,067,515)
Profit (loss) for the year	494,815,793	74,344,084	37,202,042	141,187,481	211,433,607	83,590,297	406,957,830	(40,346,302)	(12,023,878)	--	1,397,160,954
Total assets	16,433,431,241	19,056,514,911	601,046,969	502,453,810	846,494,582	3,186,660,224	2,985,570,472	380,298,063	342,175,350	--	44,334,645,622
Total liabilities	5,140,047,337	18,769,259,300	105,968,407	237,246,845	346,513,406	2,801,782,335	2,329,467,605	259,439,164	324,441,332	--	30,314,165,731

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

(b) Geographical segments

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

December 31, 2020

	Egypt	GCC	Lebanon	Other	Total
Total revenues	5,678,667,673	910,836,902	--	175,420,118	6,764,924,693
Segment assets	28,170,967,092	10,093,748,380	1,354,003	474,940,176	38,741,009,651

December 31, 2019

	Egypt	GCC	Lebanon	Other	Total
Total revenues	4,942,337,465	1,448,694,530	69,758,255	278,889,195	6,739,679,445
Segment assets	26,168,809,351	16,959,809,628	754,676,026	451,350,617	44,334,645,622

33- Tax status (the holding company)

- As to Income Tax, the years till 2017 the competent Tax Inspectorate inspected the parent company’s books and all the disputed points have been settled with the Internal Committe. And as to years 2018/2019, have not been inspected yet.
- As to Salaries Tax, the parent company’s books had been examined till 2017 and all the disputed points have been settled with the Internal committee and as to years 2018/2020 have not been inspected yet.
- As to Stamp Tax, the parent company’s books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019/2020 had been examined and the settlement procedures are currently taking place.
- As to Property Tax, for Smart Village building and Nile City building the company paid tax till December 31,2020.

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

34- Corresponding figures

Certain reclassification and adjustments have been made to some comparative figures in order to conform with the current period presentation as following:

	(As reported) for the year ended 31/12/2019 EGP	Reclassifications EGP	(Restated) for the year ended 31/12/2019 EGP
Balance sheet			
Assets			
Loans receivables	5,287,946,442	637,390,676	5,925,337,118
Account receivables	5,211,753,787	(678,637,832)	4,533,115,955
liabilities			
Creditors and other credit balances	1,909,584,796	(41,247,156)	1,868,337,640

35- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.87	0.09
Egyptian Fund Management Group	88.51	11.49
Egyptian Portfolio Management Group	66.33	33.67
Hermes Securities Brokerage	97.58	2.42
Hermes Fund Management	89.95	10.05
Hermes Corporate Finance	99.42	0.48
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96.3	3.7
EFG- Hermes Private Equity	1.59	63.41
EFG- Hermes UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96

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

	Direct ownership	**Indirect ownership**
	%	**%**
Flemming CIIC Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73.1	26.9
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC **	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC *	49	20.37
Sindyan Syria LLC *	97	--
Talas & Co. LLP *	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd. **	--	50
Mena Long-Term Value Master Holdings Ltd. **	--	45
Mena Long-Term Value Management Ltd. **	--	45
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99.998	--
EFG-Hermes IB Limited	100	--
Financial Group for Securitization	100	--
Beaufort Investments Company	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	93.518
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100

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

	Direct ownership %	Indirect ownership %
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD **	--	50
EFG-Hermes SP limited	--	100
Valu	--	100
EFG Hermes Corp-Solutions	--	100
Beaufort Asset Managers LTD	--	100
EFG Hermes Bangladesh Limited	--	100
EFG Hermes FI Limited	--	100
EFG Hermes Securitization	--	100
EFG Hermes PE Holding LLC	100	--
Etkan for Inquiry and Collection and Business Processes	0.002	95.196
RX Healthcare Management	--	52.5
FIM Partners KSA **	--	50
Egypt Education Fund GP Limited	--	80
EFG Hermes Nigeria Limited	--	100
EFG-Hermes Int. Fin Corp	100	--
FIM Partners UK Ltd	--	50
EFG Hermes Sukuk	90	10

* Due to the political situation in Syria, the Group lost its control on the Syrian entities. In 2016, the Group deconsolidated the Syrian companies and changed them to a fully impaired investments at fair value through OCI.

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

36- Financial instruments and management of related risks:

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

36-1 Market risk

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

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

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

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

36-2 Foreign currencies risk

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

36-3 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.

36-4 Credit risk

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

36-5 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.

36-6 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.

36-7 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.

36-8 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.

36-9 Fair value of financial instruments

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

36-10 Derivative financial instruments and hedge accounting

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

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

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

36-11 Accounting classifications and fair values

The following table shows the settlement between the items of the balance sheet and the classification of financial instruments as at 31 December 2020:

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

Financial assets	**FVTOCI -debit Instrument**	**FVT OCI -Equity**	**FVTPL -debit Instrument**	**FVTPL -Equity**	**Amortized Cost**	**Total**
Cash and Cash equivalents	--	--	--	--	7,397,790,093	7,397,790,093
Loans Receivables	--	--	--	--	8,189,679,143	8,189,679,143
Investments	10,004,696,129	92,945,926	2,829,974,488	2,914,104,175	--	15,841,720,718
Accounts Receivables	--	--	--	--	4,734,488,970	4,734,488,970
Other assets	--	--	--	--	621,212,320	621,212,320
Total Financial assets	**10,004,696,129**	**92,945,926**	**2,829,974,488**	**2,914,104,175**	**20,943,170,526**	**36,784,891,244**

37- Significant events

With the outbreak of COVID-19 pandemic all over the world, including Egypt, year 2020 witnesses a slowdown in the economic activities. The Egyptian government introduced a number of precautionary measures to prevent the spread of the pandemic. These measures include:

First: Procedures from Central bank of Egypt and Financial regulatory authority

- The central bank of Egypt “CBE” has applied exceptional measures in response to the pandemic situation such as:
  1)- lowering interest rates by 3%;
  2)- instructing all banks to postpone due instalments for 6 months with no delay penalties, when applicable.
- The financial regulatory authority “FRA” has taken exceptional procedures to relief the financial burden of its clients dealing with companies under its supervision by postponing all due installment for six months without any delay penalties, when applicable. This applies to the Leasing and Factoring businesses only. Other directive measures were applied to the Micro-finance which included grace periods for repayments.

Second: Precautionary procedures from the Group

Business continuity

- The Group approved a plan to split the employee work force whereby 50% of the employees will work from the office in different locations, while the remaining 50% will work remotely from home. The management is closely monitoring the situation to ensure the safety of the Group's employees.

Business decisions

In response to the COVID-19 pandemic, the Group's NBFIs platform has offered various financial relief solutions to different businesses, as follows:

- Pricing adjustment in-line with the CBE rate cut; where applicable;
- Offer new products & programs with different tenors and reduced or without admin fees;
- Postpone & reschedule due instalments for 6 months, after receiving clients' consent;
- Waive delay & early settlement penalties/fees;
- Grace period for new loans issued.

Expected Credit Losses

The outbreak of pandemic COVID-19 all over the world has stifled economic activities and shaken financial markets. Moreover, the spread of the virus and the heighten uncertainties continued to be an overhang on markets. Amid that, the assumptions used in models to calculate the Expected Credit Loss "ECL" are adjusted to reflect a judgement of what the future economic conditions might convey and taking into consideration measures taken by governments and policy makers in an attempt to mitigate and relief industries. This has resulted in businesses taking a more prudent approach, which was reflected in the level of impairment loss on assets (ECL) booked by different segment amid the current ambiguity of what the future might hold.

The Group is currently closely monitoring and evaluating all developments related to the spread of the emerging virus considering our current knowledge and available information, we do not expect that the new (COVID-19) virus to be a threat to the continuance in the upcoming future.

38- Significant accounting policies applied

38-1- Basis of consolidation

38-1-1 Business combination

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

38-1-2 Subsidiaries

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

38-1-3 Non-controlling interests

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

38-1-4 Loss of control

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

38-1-5 Interests in equity-accounted investees

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

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

38-1-6 Transactions eliminated on consolidation

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

38-2 Foreign currency

38-2-1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are
recognised in OCI:

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

38-2-2 Foreign operations

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

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

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

38-3 Discontinued operation

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

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

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

38-4 Revenue

38-4-1 Gain (loss) on sale of investments

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

38-4-2 Dividend income

Dividend income is recognized when declared.

38-4-3 Custody fee

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

38-4-4 Interest income and expenses

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

38-4-5 Fee and commission income

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

38-4-6 Brokerage commission

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

38-4-7 Management fee

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

38-4-8 Incentive fee

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

38-4-9 Investment property rental income

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

38-4-10 Revenue from micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.

- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.
- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

38-4-11 Gains from securitization

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

38-5 Income tax

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

38-5-1 Current tax

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

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

38-5-2 Deferred tax

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

Deferred tax is not recognized for:

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

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

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

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

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

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

38-6 Property, plant and equipment

38-6-1 Recognition and measurement

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

38-6-2 Subsequent expenditure

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

38-6-3 Depreciation

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

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

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

38-6-4 Reclassification to investment property

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

38-7 Projects under construction

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

38-8 Intangible assets and goodwill

- **Goodwill**

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

- **Research and development**

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

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

- **Other intangible assets**

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

38-9 Investment property

Investment property is measured at cost on initial recognition.

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

38-10 Assets held for sale

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

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

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

38-11 Financial instruments

Policy applicable from 1 January 2020

38-11-1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

38-11-2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument‑by‑instrument basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

38-11-3 Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

38-11-4 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early
termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

38-11-5 Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

38-11-6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held‑for‑trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

38-11-7 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non‑cash assets transferred or liabilities assumed) is recognised in profit or loss.

38-11-8 Offsetting

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

38-11-9 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or,

For other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Policy applicable before 1 January 2020

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

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

38-11-10 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

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

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

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

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

38-11-11 Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

38-11-12 Non-derivative financial liabilities – Measurement

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

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

38-11-13 Derivative financial instruments and hedge accounting

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

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

Cash flow hedges

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

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

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

38-12 Share capital

38-12-1 Ordinary shares

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

38-12-2 Repurchase and reissue of ordinary shares (treasury shares)

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

38-13 Legal reserve

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

38-14 Impairment

Policy applied from January 1, 2020

38-14-1 Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Loss (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI;
- contract assets.

The Group also recognises loss allowances for ECLs on loans receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12‑month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. unless it can be rebutted.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due unless it can be rebutted.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

38-14-2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

38-14-3 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit‑impaired. A financial asset is 'credit‑impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit‑impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

38-14-4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

38-14-5 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write‑off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

38-14-6 Non-financial assets

- At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
- For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
- An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Policy applied before January 1, 2020

38-14-7 Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;

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

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

Financial assets measured at amortized cost

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

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

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

Available-for-sale financial assets

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

Equity-accounted investees

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

38-14-8 Non-financial assets

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

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

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

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

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

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

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

38-15 Provisions

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

38-16 Treasury bills

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

38-17 Trade, and notes receivables, debtors and other debit balances

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

38-18 Cash and cash equivalents

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

38-19 Profit sharing to employees

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

38-20 Micro-enterprises Receivables

38-20-1 Credit policy

Funding Consideration

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.
- Funding are granted to the client which it’s installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the branches specialists of the company on the prepared form for this purpose(financial study form and credit decision).

- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the company which reveal client's activity (visit form & Inquiry form).
- The company prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Company before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client's revenue and expenses.

Client's Life Insurance

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

Client's Following up

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

Impairment loss of micro financed loans

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

38-21 Leases

The Group has applied EAS 49 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under EAS 20. The details of accounting policies under EAS 20 are disclosed separately.

Policy applicable from 1 January 2020

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in EAS 49.

This policy is applied to contract entered in to, or after 1 Jan 2020.

38-21-1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand‑alone prices. However, for the leases of property the Group has elected not to separate non‑lease components and account for the lease and non‑lease components as a single lease component.

The Group recognises a right‑of‑use asset and a lease liability at the lease commencement date. The right‑of‑use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement

date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right‑of‑use asset is subsequently depreciated using the straight‑line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right‑of‑use asset reflects that the Group will exercise a purchase option. In that case the right‑of‑use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right‑of‑use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments, including in-substance fixed payments;

variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right‑of‑use assets and lease liabilities for leases of low – value assets and short‑term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight‑line basis over the lease term.

38-21-2 As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies EAS 11 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in EAS 47 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

Policy applicable before 1 January 2020

For contracts entered into before 1 January 2020, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

38-21-3 As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent

to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight‑line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

38-21-4 As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

38-22 Operating segment

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