

≡ EFGHERMES

2017
Annual Report

Transformation



Transformation

In 2017 EFG Hermes completed its transformation from a MENA-focused investment bank into the premier provider of financial solutions for retail, high-net-worth and institutional clients across MENA and Frontier Emerging Markets. We have successfully executed on our expansion strategy by adding Pakistan, Kenya, the UK and the US to our geographic footprint and diversified our product offering with merchant banking, structured products and non-bank financial services including a new innovative FinTech solution.

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The region's leading financial services corporation



Our more than three decades of experience in some of the MENA region's most compelling and challenging markets has prepared us well for our next phase of growth in the emerging frontier. Today EFG Hermes is making significant headway in expanding both its product offering and geographical footprint in some of the world's most rapidly growing markets in Sub-Saharan Africa and Southeast Asia.

What We Do

With more than 30 years of unparalleled regional experience and a footprint that spans more than seven countries, 2017 saw EFG Hermes expand into multiple markets and establish new on-the-ground presence in Pakistan, Kenya, the US and the UK while significantly broadening our brokerage execution capabilities into Asia and Sub-Saharan Africa.

Today, EFG Hermes provides a wide spectrum of financial services to a growing base of institutional investors and retail clients through two verticals: the Investment Bank and our Non-Bank Financial Services.

The Investment Bank

Securities Brokerage

EFG Hermes Securities Brokerage is the leading brokerage house in MENA, catering to a variety of investors from local and foreign institutions to individual, high-net-worth individuals and family offices. Our clients benefit from our strong network of contacts and state-of-the-art systems, designed with the needs and security concerns of institutions in mind, as well as our track record of successfully structuring and executing large, complex transactions on behalf of an assortment of different kinds of investors. We have a direct presence across 4 continents and execution capabilities spanning more than 60 countries in MENA and the frontier emerging through a network of trusted partners.

We are currently expanding our coverage with plans to leverage our award-winning emerging and frontier market research offerings. In line with this vision, EFG Hermes inaugurated its first office in Pakistan through the acquisition of Pakistani Brokerage Invest & Finance Securities Ltd., making it the first foreign broker to have a local footprint in the country since 2008. Within two months of our entry into Pakistan, we entered the securities brokerage space in Kenya and began trading on the NSE from our office in Nairobi in July 2017. The opening of an office in New York in September 2017 was the Firm's third consecutive geographic expansion in less than a year.

Investment Banking

EFG Hermes Investment Banking deploys the largest and most diverse group of investment banking professionals in the region with the deepest knowledge of MENA companies, markets, economies and investment drivers. Since 1995, the Investment Banking team has successfully executed some of the largest cross-border transactions in the region including c. USD 55.3 billion in M&A transactions and more than USD 23.6 billion as lead advisors on initial public offerings, rights issues, secondary offerings and private placements. 2017 was another record-breaking year for EFG Hermes Investment Banking, with 15 ECM, M&A and DCM transactions amounting in value to USD 3.1 billion – the division's largest number of transactions in a single year.

Asset Management

EFG Hermes Asset Management is a leading MENA asset manager with USD 3.1 billion in assets under management (AUMs), including USD 2.4 billion in regional AUMs and EGP 12.5 billion in Egypt AUMs as of 31 December 2017. The division has a history of excellence and superior performance, managing mutual funds and discretionary portfolios in both country-specific and regional mandates for a client base that includes multinational corporations, endowments, foundations and family offices. EFG Hermes Asset Management offers both conventional and Sharia-compliant mandates with products tailored to varying investor objectives and risk appetites. In 2017 the division was recognised for its consistently outperforming funds with multiple awards from the EMEA Finance African Banking and MENA Fund Manager.

Private Equity

EFG Hermes Private Equity has successfully transformed from a private equity group raising money from across the region to invest predominantly in Egypt to a group raising money worldwide to invest throughout MENA and Europe. The division is now a globally recognised specialist in infrastructure private equity, and has become recognised as the fourth-largest manager of renewable energy assets in Europe. Through its award-winning Vortex platform EFG Hermes Private Equity has AUMs of EUR 1.3 billion and manages energy generation capacity of 822 MW. The platform includes: Vortex I, a 49% stake in EDPR France Wind Portfolio (334 MW), Vortex II, a 49% stake in EDPR's Pan-European Wind Portfolio (664 MW in Spain, Portugal, France and Belgium) and Vortex Solar, a 100% ownership of a 365 MW UK Solar PV portfolio. The Private Equity team is also investing in the healthcare sector and are currently engaged in the fundraising and closing of Rx Healthcare Fund's first investment warehoused by EFG Hermes.

Research

EFG Hermes Research is globally recognised as the leading provider of high-quality in-depth coverage of MENA and frontier markets. The division's 29 professional analysts are on-the-ground — in Cairo, Dubai, Pakistan, Kenya, the UK and Singapore — covering 224 stocks including 168 MENA and 56 frontier equities and encompassing all Arab countries with an active stock market as well as five frontier markets. Our research analysis combines equities research, macro research, strategy and index research that offers fair, unbiased, comprehensive coverage commanding the attention of a diverse range of buy-side clients, corporations and industry media.

The Non-Bank Financial Institution

EFG Hermes Leasing

EFG Hermes Leasing was launched in June 2015 as part of the Firm's drive to diversify its revenue streams and create value for its clients and vendor partners. The subsidiary specializes in comprehensive financial leasing solutions and value-added advisory that help corporations meet their business goals. The division collaborates with an exceptional network of vendor partners and calls on deep industry knowledge in all aspects of the business from origination to the credit process. EFG Hermes Leasing serves corporations and SMEs in a variety of sectors including but not limited to turnkey solutions for building owners, construction, energy systems, industrial equipment and waste management. In less than two years of operations, EFG Hermes Leasing became Egypt's fourth largest player by market share of contracts booked.

Tanmeyah

Tanmeyah Microenterprise Services offers private-sector microfinancing solutions to small businesses across Egypt who otherwise lack access to finance. Established in 2009 by a team of industry veterans, and acquired in 2016 by EFG Hermes, Tanmeyah's branch network, well-established procedures and systems, and track record of lending in a highly under-penetrated market fits perfectly with EFG Hermes' strategy of expanding the services of its NBFi Group. Tanmeyah currently serves approximately 166,649 active borrowers across a network of 150 branches nationwide, which includes 31 new branches opened in 2017.

valU

The latest addition to EFG Hermes' NBFi Group is valU, the Firm's first FinTech solution which launched in 2017. valU allows consumers to use their smartphones to make purchases from over 700 stores and pay in installment programmes ranging from 3 to 24 months. The launch of valU marks an important milestone in EFG Hermes' push towards diversifying its revenue stream through innovative financial products.

Chairperson's Foreword

Dear Shareholders,

Before we reflect on what has been another eventful year for both EFG Hermes and the region in which we operate, I would like to take note of the general mood of optimism that has started to prevail. We have always been cautiously optimistic about Egypt's long-term growth prospects but I think it is now safe to say that in Egypt, our home market, business conditions have seen a marked improvement after a prolonged period of volatility. We have witnessed significant progress with the government's reform program in 2017 and as a result, macroeconomic stability is returning. Challenges were particularly acute in the first half of the year as the market struggled to adjust to the impact of devaluation but I'm happy to report that we ended the year on a positive note.

Both international investors and the local business community expect the Egyptian economy to perform well in 2018 with El Zohr gas field expected to have the biggest positive impact on the economy, followed by new FDI and an uptick in tourism. Output from El Zohr alone is expected to save state coffers approximately USD 720 million per year which can hopefully be redistributed to other services, including healthcare, education and transportation. While inflation, high interest rates and unemployment will continue to pose challenges, we are confident that Egypt is headed in the right direction.

In the GCC we continue to witness geopolitical instability and unprecedented change as governments come to term with the reality of lower oil prices. All the countries in the GCC are in the midst of restructuring their economies and have taken difficult steps to reduce subsidies, implement VAT and diversify their economies away from oil. In Kuwait and KSA, an ambitious set of capital market reforms are also being implemented in an attempt to gain inclusion on the MSCI and FTSE Emerging Markets Indices, a step that will allow those markets to attract much-needed foreign in-flows.

In early 2017 we announced the accelerated expansion of our frontier markets drive with the appointment of a new dedicated CEO for frontier operations with more than two decades of experience in emerging markets.

Our diversification strategy has served us well; we now have a strong foothold and first-mover advantage not only in MENA but in multiple emerging frontier markets across the globe including Pakistan and Kenya.

In May 2017 we officially inaugurated our office in Pakistan followed by the addition of new premises in Kenya shortly thereafter. The push to frontier has thus far been focused on brokerage services but it also includes our research division which expanded its coverage universe to initiate coverage in more frontier markets, and our corporate access program which has seen an increasing number of frontier-based companies attend our flagship investor events, the EFG Hermes London and One on One conferences.

Our diversification strategy has served us well because we now find ourselves in a position where we have a strong foothold and first-mover advantage not only in MENA but in multiple emerging frontier markets across the globe. The successful implementation of this diversification strategy underscores the strength, dedication and forward-looking vision of our management team. They took steps to establish EFG Hermes' MENA and frontier presence early-on; rightfully predicting that these markets would turn the corner at the end of 2017. With this backdrop in place, all three of the Firm's verticals, including the investment bank, the non-bank financial institutions platform and the merchant banking platform are perfectly positioned to capture the upside of new growth in both Egypt and the region at large.

I'm extremely proud to report that we continue to achieve remarkable progress on Vortex, our renewable energy platform. I personally consider this to be a vital project for EFG Hermes because it embodies our core values and what we have set out to achieve as a company. Today, Vortex, which is managed by EFG Hermes' private equity division, includes a portfolio of 23 wind farms in Portugal, Spain, France and Belgium as well as solar assets in the UK, giving it a total net capacity of 822 MW of renewable energy. Vortex has exceeded its forecasted profitability and proven that investing in a sustainable business model can create value for multiple stakeholders on many different levels.

Another aspect of our business which has seen us deliver on both our commitment to profitability and public responsibility is our NBFi (non-bank financial institutions) platform which includes our rapidly-growing leasing and microfinance divisions along with valU, our newly-launched FinTech solution that offers Egyptian consumers the opportunity to pay-on-installment through an innovative App on their smart phones. Tanmeyah Microenterprise Services and EFG Hermes Leasing are providing individuals and businesses with otherwise unattainable access to finance that will ultimately contribute to economic development in Egypt. At the end of 2017, Tanmeyah had 150 branches throughout Egypt serving approximately 166,649 active borrowers, while EFG Hermes Leasing doubled the size of its portfolio Y-o-Y and moved up in the rankings, closing the year as one of Egypt's top-ranked leasing companies.



CHAIRPERSON'S FOREWORD

In an effort to maximize our impact on the public responsibility front, the EFG Hermes Foundation entered into an important new partnership in 2017 with the Sawiris Foundation for Social Development to develop the El Deir village in Luxor. This EGP 53 million integrated development project aims to improve the lives of 60,000 underprivileged citizens through investments in infrastructure development, educational opportunities and economic empowerment. We look forward to working with the Sawiris Foundation and other NGO's who are active in the area along with various government entities whose cooperation and support will be integral in making this project a success. I am confident that our shared values and commitment to integrated development will make this a fruitful endeavour.

The 3 companies that make up our NBF Group: Tanmeyah, EFG Hermes Leasing and valU, our FinTech solution, are providing both individuals and businesses with otherwise unattainable access to finance that will ultimately contribute to the growth of the Egyptian economy.

I am extremely proud of all of our achievements in 2017 and I look forward to an even more successful 2018. None of these accomplishments would have been possible without the hard work and dedication of the remarkable team that we have at EFG Hermes. Across all our lines of business we are honoured and privileged to have been able to recruit and retain the best talent that the region has to offer.

This year we are also very proud to announce that we had four new non-executive board members join us; two from the UAE, our second-largest market outside Egypt and one of the most important global financial hubs, one from Pakistan, one of our newest and most promising markets, and an EFG Hermes veteran from Egypt. I would like to take this opportunity to welcome Mr. Abdulla Khalil Al Mutawa, the General Manager of the Private Office of His Excellency Sheikh Suroor Bin Mohammad Al Nahyan, a senior member of the Ruling Family of Abu Dhabi; Mr. Khalid Mana Saeed Al Otaiba who has been Office Manager for His Excellency Dr. Mana Saeed Al Otaiba, the personal advisor to His Highness the President of the UAE Sheikh Khalifa bin Zayed Al Nahyan, since 2005; Mr. Zubyr Soomro, the Chairman of the Pakistan Microfinance Investment Company and member of the board of directors at the State Bank of Pakistan. Last but not least, Mr. Ramsay Zaki, founder of Wafra Export. Mr. Zaki was part of the EFG Hermes team for 18 years, starting as Head of Operations Brokerage in 1995 and ending his tenure as Chief Operating Officer. We are very happy to have him back on the Board.

The diverse experience and backgrounds of these gentlemen will no doubt add tremendous value to our esteemed Board which continues to provide management with steadfast support and guidance as they embark on a number of exciting new ventures in the months and years ahead.



Mona Zulficar,
Chairperson



A NOTE FROM OUR GROUP CEO

Dear Shareholders,

EFG Hermes has certainly had an eventful year. With the dedication and hard work of the Firm's employees, we were able to effectively deal with capital market conditions that remain unfavourable and successfully navigate difficult geopolitical contexts in some of the markets in which we operate.

Through it all, we are on track to achieve our vision of becoming the premier provider of financial solutions for retail, high-net-worth and institutional clients in MENA and frontier markets. We continue to forge ahead towards this goal with a strategy that focuses on delivering growth within our three verticals: (1) the Investment Bank Group (IBG), (2) the Non-Bank Financial Institutions (NBFI) Group and (3) the Merchant Bank Group (MBG).

Our "Six Ps" continue to provide the guiding principles for our strategic direction and the yardstick by which we evaluate our performance across the three verticals every year. With that in mind, let me share some of our achievements on each Principle during 2017:

People:

Our most important asset, our employees will always be the driving force of this business. Our ambitious expansion plan has resulted in the growth of the EFG Hermes family during 2017, adding expertise to our frontier market operations as well as our growing NBFI platform. This is in addition to the new hires in our traditional IBG business and the ever-important business partner functions who provide the necessary foundations of support across the group. With this growth, it became vital for the organization to streamline its senior management structure to ensure centralised reporting for our key functions as well as a more efficient Executive Committee; a step that we successfully took at the beginning of 2017. An expanding business means additional career and

We are on track to achieve our vision of becoming the premier provider of financial solutions for retail, high-net-worth and institutional clients in MENA and frontier markets.

growth prospects for our best and brightest employees, whom we will increasingly focus on during the coming period by bringing them the EFG Hermes Academy and offering them important development and retention initiatives. The aim here is to prepare the next generation of proficient, home-grown employees to lead this organization into the future;

Positioning:

2017 saw EFG Hermes maintain its position as the region's number one investment bank:

- Our brokerage platform continues to enjoy leading market shares across MENA and was even able to improve its market share in our most challenging market, KSA. Furthermore, our market shares in Pakistan and Kenya have been growing steadily;
- The EFG Hermes top-ranked research division has significantly expanded its focus to cover more than 200 companies thereby providing our institutional clients with the widest, highest-quality research coverage in the region today;
- IBG had a stellar year executing over 15 equity, M&A and debt transactions in Egypt, the UK, Kuwait and the UAE, helping place it at the top of the regional equity league tables for the year 2017;
- Following our investment in FIM, we have reclaimed our position as the region's largest asset manager with USD 4.8 billion of AUMs in public and private funds that we manage on behalf of our clients in Egypt, the wider MENA region, frontier markets and Europe;
- Our NBFI business continues to grow with EFG Hermes Leasing ending the year with the fourth-largest share of the market and a doubling of their portfolio Y-o-Y to reach over EGP 2 billion;
- Tanmeyah continues to hold its rank as Egypt's largest private sector micro-finance house with a branch network that has expanded to just under 150 branches, a workforce of over 2,000 employees and a portfolio that has surpassed EGP 1.2 billion at the end of 2017;



Presence:

We have followed through on our commitment to expand our geographical footprint thereby helping transform EFG Hermes from a MENA-focused financial services corporation to a frontier house. In addition to establishing a physical on-the-ground presence in Pakistan and Kenya, we established a representative office in the UK, and obtained our FINRA license in the US. We have also significantly expanded our brokerage execution capabilities in 2017. In fact, our brokerage clients today can execute through EFG Hermes in 60 markets in the MENA and frontier region backed by research coverage that includes companies in Pakistan, Vietnam, Nigeria, Tanzania and Kenya, among others. While we continue to eye new markets in 2018, we also remain focused on improving our positioning and expanding our service offerings beyond brokerage and research in the new markets that we have entered. IBG, for one, should start to see some activity in our new markets during 2018.

Products:

While we have accomplished a lot in 2017, the achievement of which I am proudest is the expansion of our product offering. I have always felt that we are doing a disservice to our large client base by selling them just plain vanilla products, which is why 2017 saw the very successful launch of our structured products offering. Since inception our structured products desk has gathered USD 961 million of AUMs, a number that is expected to grow in 2018 as we launch new offerings currently in the pipeline. In addition to the existing M&A and equity activities, our IBG has added a debt capital markets practice that will see them advise clients on everything from new debt issuances to refinancing and bond offerings. Towards the end of the year, our NBFI group launched its consumer finance FinTech solution valU. Although very early in the product cycle, we are very excited about the potential that this product will have for NBFI in the medium term. I remain very optimistic that 2018 will see us add more products to our arsenal, a strategy that should help us increase our cross-selling capabilities as well as enhance our client acquisition efforts across all businesses.

Profitability:

In 2017, EFG Hermes reported very strong profits of nearly EGP 1.2 billion. The less-than-favourable capital market conditions meant that the contribution of the investment bank to overall profitability took a backseat to the NBFI and Merchant Bank Group. Our Merchant Bank Group, in particular, had a very strong year; prudently using our balance sheet liquidity to make multiple yielding investments as well as underwrite products including a USD 100 million equity ticket for Vortex Solar, an investment that was offloaded in late 2017 at lucrative returns to EFG Hermes Holding, thanks to the great efforts of our Private Equity team. Despite our strong reported profits in 2017, there is more room to improve our ROE through the Investment Bank Group benefiting from stronger capital markets and the Firm continuing the ramp-up of its NBFI platform in 2018.

2017 saw the very successful launch of our structured products offering; since inception our structured products desk has gathered USD 961 million of AUMs, a figure that we expect to grow in 2018.

Public Responsibility:

Our primary responsibility towards our shareholders is the delivery of strong profits. Nevertheless, we also feel a great sense of pride from the work that is carried out by the EFG Hermes Foundation. Our commitment to return some of our good fortune to communities in our country of origin (Egypt) is unwavering and extends all the way to our Board of Directors. As a follow-on to their highly commendable efforts to renovate some of the underprivileged villages in Egypt, the Foundation just announced the signature of a MOU that will see us lead the effort to renovate a third village in Luxor. The project will cover the reconstruction of homes, provide basic infrastructure and more importantly, help create sustainable employment opportunities for more than 60,000 local residents. This is just one of the many projects that our incredible Foundation team is currently working on.

Outlook

With a few months of 2018 now behind us, we are laser-focused in pursuing our stated vision through a careful implementation of our 6P strategic pillars. We will do this in 2018 as we did in 2017, by focusing on the delivery of tangible results across our three verticals: the Investment Banking Group, our Non-Bank Financial Institution Group and the Merchant Banking Group.

We enter 2018 feeling very optimistic about the opportunities in Egypt, our home market, where we will continue to pursue mandates for our investment banking vertical and opportunities for the merchant bank. We are similarly eager to pursue opportunities to advise on transactions in a number of new regional markets that we have never concluded transactions in before and are very bullish on the future of our (for now) Egypt-focused non-bank financial institution. 2018 will also see us launch new products that will complete our service offering for institutional, retail and high-net-worth individuals. In doing so, we will drive a strategy that should help us improve our ability to cross-sell and enhance our client acquisition efforts across all businesses. As we expand our presence and our product offering, we are not just "planting flags"; we want to become market leaders in the new markets we entered, like Kenya and Pakistan, just as we are in several MENA markets. We hope the strategic steps we are taking will help us reach that goal in the near future.

Once more, I am honoured to work with a team of more than 2,000 professionals across four continents all of whom are dedicated to creating outstanding value for both our shareholders and for the communities in which we do business.



Karim Awad,
Group Chief Executive Officer

EGP **1.2** BN

Net Profits FY17

EGP **3.6** BN

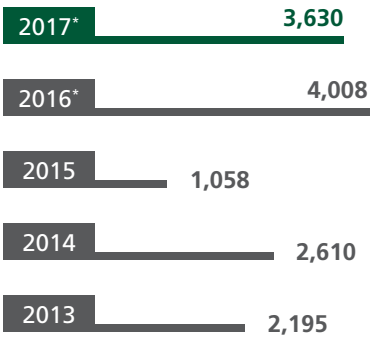
Revenues FY17

Management Discussion & Analysis



Management Discussion & Analysis

Group Revenues (EGP mn)



* Group revenue represents investment bank revenue after the deconsolidation of the commercial bank in 2Q16.

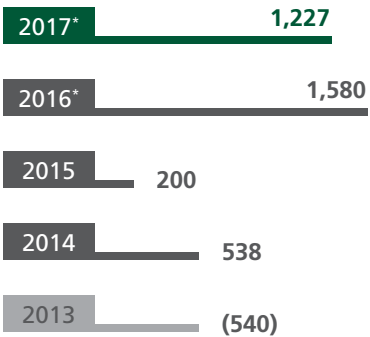
EFG Hermes records robust growth in 2017 at both the investment bank and the non-bank financial institution, driven by its product diversification strategy and ongoing geographic expansion

In 2017, EFG Hermes made significant progress on its strategy of transforming the Firm from a MENA-focused investment bank into the premier provider of financial solutions for retail, high-net-worth and institutional clients across MENA and Frontier Emerging Markets. During the year the Group expanded its product base by launching a structured products desk, a merchant banking division and debuting its innovative FinTech platform, valU, that offers installment sale service and is the latest addition to EFG Hermes’ non-bank financial institution (NBFI). In parallel, the Firm executed on its expansion strategy by adding Pakistan, Kenya, the United Kingdom and the United States to its geographic footprint, allowing the Firm to maintain close access to its clients across markets where it operates.

Meanwhile, EFG Hermes’ traditional lines of business under the investment bank reinforced the Firm’s regional leadership with Investment Banking topping the Middle East table for equity capital markets transactions, Securities Brokerage leading on several regional exchanges, and buy-side AUMs growing almost threefold. Additionally, operating arms under the NBFI platform including EFG Hermes Leasing and Tanmeyah continued to grow their loan portfolios, and together contributed c.25% to the Firm’s fee and commission income, up from c.19% in 2016.

The Firm’s operational performance translated into robust growth with operating revenues recording EGP 3.6 billion in FY17, up 186% Y-o-Y after adjusting for foreign exchange (FX) gains of EGP 2.7 billion recorded in 2016. Excluding FX gains in 2016, fee and commission income increased 111% Y-o-Y in FY17 to EGP 2.3 billion, reflecting strength in the Group’s

Group Net Profit (EGP mn)



* Group net profits represents continuing operations only after the deconsolidation of the commercial bank in 2Q16

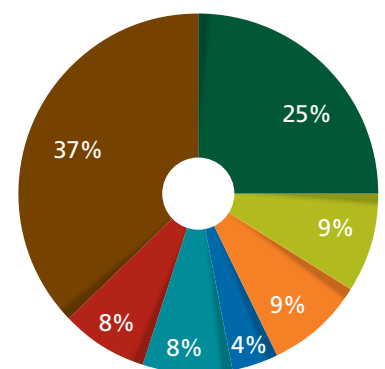
core business across its traditional investment bank platform, its NBFI as well as contributions from new products and services introduced in 2017.

Meanwhile, revenues from capital markets and treasury operations posted EGP 1.4 billion in FY17, up 605% Y-o-Y after factoring out FX gains recorded in the previous year. The increase in division revenues was primarily driven by healthy growth in treasury operations, additional contributions from the Firm’s newly introduced merchant banking activities and a one-off gain of EGP 348 million from the sale of Credit Libanais shares as well as additional capital gains.

Group operating expenses rose 12% Y-o-Y to EGP 2.1 billion in FY17, driven by an increase in Other Operating Expenses including costs associated with the Firm’s regional offices and dollar-based expenses in Egypt following the float of the Egyptian pound. Additionally, one-off legal and third-party fees largely related to the Firm’s venture into new markets and its FIM acquisition also contributed to higher operating expenses. Nonetheless, employee expenses remained flat Y-o-Y in FY17 at EGP 1.4 billion, as the Firm offset higher employees’ fixed costs with lower variable/discretionary income. This allowed EFG Hermes to deliver on its target of maintaining its employee expenses/operating revenue ratio below the 50% mark, closing the year for 2017 at 39%.

The Group posted a normalized net operating profit of EGP 1.5 billion in FY17, up from a loss of EGP 618 million and a normalised Group net profit after tax and minority interest of EGP 1.2 billion in FY17, versus a net loss of EGP 1.2 billion in the prior year.

Group Revenue by LOB (FY17)



EGP MN	
Securities Brokerage	909
Investment Banking	336
Asset Management	324
Private Equity	130
Leasing	295
Tanmeyah	280
Capital Markets & Treasury Operations	1,355

Group Financial Highlights*			
EGP mn	2017	2016	Change
Total Operating Revenue	3,630	4,008	-9%
Total Operating Expenses	2,121	1,889	12%
Net Operating Profit	1,509	2,119	-29%
Net Operating Profit Margin	42%	53%	
Net Profit After Tax & Minority Interest (Continuing Operations)	1,227	1,580	-22%
Net Profit After Tax & Minority Interest (Continuing & Discontinued Operations)	1,227	1,414	-13%

The Investment Bank

Securities Brokerage

EFG Hermes Securities Brokerage reported a 9% Y-o-Y rise in executions to USD 33.1 billion in FY17, with execution nearly doubling in Kuwait, while new frontier markets and the launch of structured products also added to total execution value. It is worth noting that the magnitude of executions growth in value on the Egyptian market (+64%) was largely muted by the float of the Egyptian pound. EFG Hermes finished the year as the top-ranked broker on the Egyptian Exchange (38.2%), the Abu Dhabi Exchange (28.0%) and Nasdaq Dubai (55.3%). Meanwhile, the division was the third-largest broker in Kuwait (24.2%), fourth-largest in Oman (18.9%), second in Jordan (18.4%) and the fifth-largest broker only in Saudi Arabia (1.6%). The division's frontier operation traded for 63 institutions in 17 markets, and can now execute in 95% of the MSCI Frontier and MSCI Emerging Frontier indices with over 75 additional markets having been added. Moreover, Structured Products executions reached USD 961 million by the end of the year.

Securities Brokerage booked higher commissions from all markets – particularly in Egypt where the division also recorded higher margin income – and saw increased contributions from structured products and frontier markets help drive the division's revenues to EGP 909 million in FY17, up 62% Y-o-Y.

Investment Banking

EFG Hermes Investment Banking closed its largest number of transactions in a single year, executing 15 equity capital market, M&A and debt transactions during 2017 with a combined value of USD 3.1 billion, including a USD 70 million debt deal, USD 2.8 billion for 10 ECM transactions and USD 188 million in 4 M&A advisory mandates. EFG Hermes became the

first regional financial institution to act as Sole Global Coordinator for an LSE offering with the USD 280 million IPO for ADES International Holding. In the UAE, 2017 saw the Group undertake its first mandate as a joint global coordinator on a DFM listing with the initial public offering of Emaar Development in a deal worth USD 1.3 billion. EFG Hermes has now successfully completed all three Emaar IPOs conducted in both the UAE and Egypt since 2014. The Group was also joint bookrunner on the USD 851 million initial public offering of ADNOC Distribution on the Abu Dhabi Stock Exchange. 2017 also saw the Group offer Accelerated Bookbuild Offering as a key product, successfully executing the first internationally marketed accelerated book build on Bursa Kuwait for Al Imtiaz Investment Company's 10% stake in Human Soft in a transaction worth USD 120 million, in addition to three accelerated book builds in Egypt.

On the M&A side, the division acted as buy-side advisor on Al Futtaim Group's acquisition of a 38% stake in Cairo Festival City and executed the sale of Native Markets to Intro Investments Holdings as well as the sale of Sahara North Bahariya to PICO Cheiron.

Finally, on the heels of the division's new DCM strategy, the team acted as Sole Financial Advisor in Al Futtaim Group's USD 70 million debt refinancing to fund the asset deployment plan for Cairo Festival City.

Investment Banking delivered a 126% Y-o-Y increase in revenues to EGP 336 million in FY17.

Asset Management

EFG Hermes Asset Management's total public AUMs stood at USD 3.1 billion at the end of FY17, up 106% Y-o-Y, with growth being driven by the Firm's investment in regional asset manager Frontier Investment Management (FIM), as well as growth in the Egyptian asset base. Egypt's total public AUMs were up 19% Y-o-Y, reaching EGP 12.5 billion for the year. Egypt AUM growth was largely attributed to the appreciation of the Egyptian equity market, adding 8% to total Egypt AUMs, and positive performance of money market funds which gained 31% in 4Q17 on the back of improving macro-economic outlook and an expected decline in interest rates.

Regional AUMs stood at USD 2.4 billion at the end of FY17, up 163% Y-o-Y as FIM's acquisition added an additional USD 1.6 billion in AUMs. Asset Management recorded revenues of EGP 324 million, up 88% Y-o-Y thanks to higher management fees from the division's regional business and higher incentive fees for Egypt and the region.

Private Equity

EFG Hermes Private Equity's Vortex platform reported both stable AUM of EUR 1.3 billion and stable managed capacity of 822 MW at the end of

FY17. Vortex's assets include wind portfolios Vortex I – a 49% stake in EDPR France's wind portfolio (334 MW) – and Vortex II – a 49% stake in EDPR's pan-European wind portfolio (664 MW in Spain, Portugal, France and Belgium) as well as Vortex Solar, a 365 MW UK solar PV portfolio acquired in May 2017. Through its award-winning Vortex platform, EFG Hermes Private Equity has now become one of the largest managers of renewable energy investments in Europe.

Vortex I and II are jointly owned by Beaufort (an EFG Hermes Holding subsidiary) and a Gulf SWF, with economic ownership at 5% and 95%, respectively. Vortex Solar is now owned by Beaufort (5%), Tenaga Nasional Berhad (50%) and Malaysian Pension Fund KWAP (45%) following a sell down by Beaufort in 4Q17. Beaufort is the investment and asset manager of the entire Vortex platform.

The Wind Portfolio (Vortex I & II) during FY17 generated EBITDA of c. EUR 153 million, in line with the budget, while Vortex Solar's performance exceeded budgeted figures for FY17 with EBITDA reaching EUR 36 million. Overall, revenues from the Firm's Private Equity line of business climbed 8% Y-o-Y in FY17 to EGP 130 million despite the comparable period including FX gains and incentive fees.

Meanwhile on the healthcare front, the team is actively engaged in the fundraising and the closing of Rx Healthcare Fund's first investment, warehoused by EFG Hermes.

Research

EFG Hermes Research's coverage universe expanded to 224 companies at the end of 2017 as the division initiated coverage on 70 companies since the start of the year when total coverage stood at 154 stocks. EFG Hermes Research made considerable progress in its expansion into the emerging frontier, initiating coverage of stocks in Pakistan (26), Kenya (9), Nigeria (6), Vietnam (5) and Tanzania (4). Meanwhile, the division made a substantial leap into frontier markets with new research offices in Karachi, Nairobi and London supporting coverage of Pakistan, sub-Saharan Africa and Southeast Asia. On the MENA front, the division also grew its presence in the region, launching coverage of 20 stocks including small and mid-cap companies in Egypt as well as the insurance sector in KSA. The team also introduced a new Egypt product portfolio that is actively managed by the strategy team and is used as a structure product, as well as ramping up the frequency of index-related (passive) research as index events have become huge stock price movers in the region.

The division's efforts during the year saw it rank first on the Institutional Investor EMEA poll and recognised in the Thomson Reuters 2017 Extel Survey of MENA Markets Coverage, ranking second out of 33 global and regional research houses for the second year running.

Non-Bank Financial Institution

EFG Hermes Leasing

EFG Hermes Leasing solidified its position in the industry's Big Five with a fourth-place ranking by the end of FY17 and a 10% market share of lease value under new contracts booked. The division was also ranked second in terms of number of contracts booked, reaching 165 contracts throughout 2017.

The division continued to diversify its funding, allowing it to offer a full-fledged range of facilities that meet the needs of all business types/sizes and across different sectors. Offerings include special structured and subsidized funds for SMEs – accounting for 8% of total portfolio at year-end – as well as medium-term loans to large corporate enterprises to cover all types of CAPEX in both local and foreign currencies. EFG Hermes Leasing is also developing new vendor programs in renewables, medical & healthcare and the transportation sectors.

The Leasing business maintained healthy margins despite challenging market conditions and remained focused on its collection process to ensure a sound cash position. EFG Hermes Leasing delivered revenues of EGP 295 million in FY17, up 151% Y-o-Y.

Tanmeyah

In FY17, Tanmeyah maintained its position as Egypt's leading non-bank provider of microfinance solutions, turning in solid results for the year with KPI growth across the board. Total active borrowers grew 74% Y-o-Y in FY17 and total portfolio outstanding climbed 122% Y-o-Y. Meanwhile, the company continued to expand its reach, adding 31 new branches to its network to reach 150 at the end of 2017, while total headcount grew to 2,358 employees at year-end versus 1,802 in 2016.

The strong performance was largely driven by higher productivity levels from Tanmeyah's loan officers, an increase in appetite for Tanmeyah's products, and an increase in the number of loan officers. Additionally, Tanmeyah's average ticket size increased during 2017 on the back of management's decision to increase ticket size as well as the effect of the prevailing inflationary environment. Tanmeyah recorded revenues of EGP 280 million in FY17, up 147% Y-o-Y.

Sell-Side Platform



EFG Hermes' sell-side business identifies new and compelling investment opportunities for our global client base

Sell-Side Overview

2017 was a remarkable year for capital markets across our Frontier Emerging Markets (FEM) platform — one that saw emerging markets outperform, with the MSCI Emerging Markets Index advancing 34.2% in the twelve months ending 31 December 2017. Looking ahead, we expect a 2018 that will be significantly more challenging, but no less interesting.

Our sell-side platform includes the Firm's Investment Banking, Securities Brokerage, Structured Products and Research divisions. These divisions have led the Firm's expansion into frontier and emerging markets outside our traditional Middle East and North Africa footprint, working closely with other business units to lead our expansion this past year into Pakistan, Kenya and the US, where we obtained our Financial Industry Regulatory Authority (FINRA) license.

As it has been for decades, our Securities Brokerage divisions was again the largest securities brokerage in our footprint by market share. We closed the year as the top-ranked brokerage across key regional exchanges and improved our market share in Saudi Arabia, where we are a top choice for international institutional investors. Our market shares in newly-entered markets, including Pakistan and Kenya, continued to grow month-over-month throughout the year.

We led the 2017 Middle East league table for equity capital market transactions thanks to a deep and diverse pipeline executed across our footprint. Our Investment Banking division closed 15 equity, M&A and debt capital market transactions over the course of the year in Egypt, the UAE, the UK and Kuwait.

Meanwhile, our top-ranked Research division has expanded to cover 224 companies across and beyond our footprint, providing our institutional clients with the widest, highest-quality research coverage of compelling emerging markets. The Research team has supported the steady growth of our brokerage execution

capabilities, which at the end of 2017 covered a total of 30 markets in MENA and the frontier, backed by research coverage that includes companies in Pakistan, Vietnam, Nigeria, Tanzania, Kenya and (as of January 2018) Bangladesh, where we opened a representative office to serve the needs of our international clients.

Looking across our footprint, we expect a similarly interesting — if much more challenging — 2018. The potential upgrade of Saudi Arabia to emerging market status and stabilizing oil prices, for example, are balanced off by the reverberations of the potential postponement of Saudi Aramco's initial public offering, positioned to be the largest ever globally. Moreover, we see elections taking place across our footprint this year and into 2019; from Egypt to Bangladesh, Pakistan to Zimbabwe and Nigeria.

We are particularly excited by the recent announcement of the details of the government of Egypt's IPO programme for state assets, which will see both secondary sales of shares in already-listed companies and new issuers going to market. Along with persistent demand for Egyptian equities, this will see average daily volumes rise beyond the EGP 1-1.2 billion range which we saw in 2017 to EGP 2 billion or more in 2018.

We're looking forward to an interesting year in Saudi Arabia, as we have a number of active Investment Banking mandates; and also very excited with our first Frontier IPO which we expect to execute this year, market conditions permitting.

2018 also has us encouraged by signs that foreign ownership limits may be relaxed in the UAE, raising hopes that other markets, including Saudi Arabia and Vietnam, could follow suit in the fullness of time. Broadly speaking, we see positive sentiment on Egypt, our Research team's top pick for 2018, on the back of declining inflation and interest rates that should help drive quality earnings growth and prompt the re-rating of the market. It is a story we have written before, with Egypt having been the world's top-performing market for multiple years running after the devaluation of 2003.

The upcoming year will also witness the launch of more products, under the Firm's product diversification strategy, such as fixed income trading in Frontier Emerging Markets.

Mohamed Ebeid

Co-CEO for the Investment Bank, EFG Hermes





Frontier

60

FEM markets covered

3

newly-inaugurated offices
in FEM

EFG Hermes Frontier continues to expand market share
to secure leadership positions in the countries that it has
entered in 2017

Frontier Overview

EFG Hermes' vision to become the premier frontier markets finance institution is well on its way to becoming a reality. The past year saw the Firm make significant headway into expanding coverage of high-potential frontier emerging markets to include an on-the-ground presence in Pakistan and Kenya. In addition to these two newly inaugurated offices, we now have execution capability across 95% of Frontier Emerging Markets, including the key markets of Bangladesh, Botswana, Ghana, Ivory Coast, Kenya, Mauritius, Morocco, Namibia, Nigeria, Pakistan, the Philippines, Sri Lanka, Tanzania, Tunisia, Vietnam and Zambia for a total of 60 markets.

Our team currently consists of the most experienced frontier market professionals in the market, ensuring the best execution and sourcing of liquidity. In 2017, we created a frontier trading hub in Dubai with distribution in London, Cairo and New York. In markets where we don't have our own team, we have access to a network of over 40 trusted local brokers.

Despite the difficult operating environment in FEM, EFG Hermes has been able to leverage the full cycle of its experience in navigating market volatility in MENA. With a dedicated frontier platform now in place, the Firm has been able to differentiate itself by using its existing distribution platform to offer a more comprehensive and integrated set of products than its competitors. In key markets, we are also taking steps to vertically integrate our OMS into trading platforms, as well as offering balance sheet solutions to clients who are new investors to these markets.

In a relatively short period of time, EFG Hermes managed to gain significant market share in Pakistan, closing out the year with a 3.07% share of the market. The Firm opened its office in Pakistan in May 2017 after acquiring Investment & Finance Securities Limited (IFSL), a publicly listed financial services firm with brokerage, corporate finance and research arms, and re-launching it as EFG Hermes Pakistan. Lately, the country's landscape has become less competitive, with a number of regional competitors exiting the market and few global competitors trying to enter due to low liquidity. While Pakistan has several strong domestic competitors,

they lack the global reach offered by EFG Hermes, which positions us well to capture even more growth going forward.

We are very excited to have launched our first Sub-Saharan Africa office in Nairobi in August 2017. As both foreign institutional interest increases and the domestic institutional client base continues to grow, we are making significant progress, albeit our market share of less than 1% at the end of 2017. Despite challenging market conditions and strong competition with local and regional brokers, EFG Hermes has achieved steady growth. Going forward, we will be working to expand our on-the-ground research capabilities in Kenya to better service the growing domestic institutional client base, and leverage our retail experience in the MENA region to launch a retail offering as well.

In early 2018 EFG Hermes' newest rep office launched in Dhaka, Bangladesh, a key market that has achieved healthy growth during the past year and will give us a client-servicing edge. We chose to establish a presence in Dhaka in response to clear demand from our global institutional clients who were interested in having direct corporate access to explore compelling opportunities in the Bangladeshi economy and on the Dhaka Stock Exchange. With economic growth projected to continue at a rate of 6-7% in 2018, we are optimistic about our ability to bring in additional foreign investment, and to deepen our involvement in the Bangladeshi market.

Growing in parallel with our expanding geographic presence in FEM, EFG Hermes Research coverage has also broadened its scope to include more than 60 stocks across the FEM with an increasing presence of many of these companies at the Firm's annual investor conferences in London and Dubai. Frontier Research rollout will leverage our existing team as well as new hires that will allow us to eventually cover c.150 frontier companies and provide unparalleled corporate access in all of the markets that we cover.

As we head into 2018 EFG Hermes is actively exploring opportunities in both Sub-Saharan Africa and Southeast Asia with a view to enter at least one additional market before the end of the year.

Investment Banking

16

ECM, M&A & DCM transactions
FY17

USD 3.1 BN

aggregate value of transactions
FY17

Our Investment Banking Division has been able to execute a record number of ECM, M&A and DCM transactions across multiple markets throughout 2017

Investment Banking

USD **3.1** BN

Aggregate value of transactions FY17

USD **2.8** MN

ECM transactions FY17

USD **188** MN

M&A transactions FY17

USD **70** MN

Debt transactions FY17

Overview

As part of the number one investment banking platform in the MENA region, the EFG Hermes Investment Banking Division has leveraged its unique deal-sourcing efforts, and ability to raise considerable demand from global investors to consistently execute landmark transactions across an expanding geographical footprint. Despite market adversities, the division's flexibility and unique capacity to adapt its business model to shifting market dynamics has seen it remain a market leader with the ability to deliver value.

Driven by a first-rate team encompassing one of the largest and most diverse group of investment banking professionals in the region, the division has had a record-breaking year with over USD 3.1 billion in transactions in 2017, including some of the largest cross-border transactions in the region through a distribution network of well over 120,000 investors worldwide.

Having set its sights in 2016 on creating a one-stop-shop with the ability to provide clients with a full suite of financial services from best-in-class M&A advisory, ECM and DCM capital raising, to merchant banking, the division went on to diversify its product base and expand into high-growth markets. The successful deployment of this strategy has not only created significant value for shareholders, but was in fact the cornerstone of EFG Hermes Investment Banking's success in 2017.

Operational Highlights of 2017

The operating environment in 2017 posed significant challenges given Egypt's aggressive reform program, low oil prices, and subsidy reforms in the GCC. Despite the obstacles, the division managed to break records across its KPIs, posting revenues of EGP 336 million — the highest since 2007 and second-highest in the history of the Firm — and completing the largest deal count across both new and existing markets.

The division successfully executed landmark transactions across its product offerings in 2017, closing a total of 15 ECM, M&A and DCM transactions at an aggregate value of USD 3.1 billion, including a USD 70 million debt deal, USD 2.8 billion for 10 ECM transactions and USD 188 million in 4 M&A advisory mandates. The investment banking team managed to capture over 30% share of regional ECM fees — the highest in its history — earning them a prestigious first-place finish on Thomson Reuters' MENA ECM Rankings.

In 2017, EFG Hermes became the first regional financial institution to act as Sole Global Coordinator for an LSE offering with the USD 280 million IPO

of ADES International Holding. In the UAE, the division acted as joint global coordinator and joint bookrunner on the IPO of Emaar Development in a deal worth USD 1.3 billion. The offering was the Dubai's largest IPO since 2014, and marks EFG Hermes' first mandate as a joint global coordinator on a DFM listing. EFG Hermes has now successfully completed all three Emaar IPOs conducted in both the UAE and Egypt since 2014. Similarly, the division was joint bookrunner on the USD 851 million initial public offering of ADNOC Distribution on the Abu Dhabi Stock Exchange.

In Egypt, EFG Hermes Investment Banking acted as sole global coordinator and bookrunner on the USD 42.4 million initial public offering of DICE Sport & Casual Wear – a leading Egyptian garment manufacturer and exporter and sole global coordinator and bookrunner on the USD 45 million initial public offering of Raya Contact Center on the Egyptian Stock Exchange.

The year also witnessed the division's first solid steps into highlighting Accelerated Bookbuild Offerings as a key product. The team successfully executed the first internationally marketed accelerated book build on Boursa Kuwait for Al Imtiaz Investment Company's 10% stake in Human Soft in a transaction worth USD 120 million. Similarly, the division acted as joint global coordinator on the USD 105 million initial public offering of ENBD REIT on NASDAQ Dubai in addition to completing three accelerated book builds in Egypt, including raising c. USD 50 million for Actis' remaining 8% stake in Edita in a deal worth USD 50 million and acting as sole bookrunner on the accelerated book build of a 2% stake in Global Telecom Holding in a deal worth USD 36 million.

The division successfully completed a number of M&A and debt deals in Egypt, the UAE and Kuwait, acting as buy-side advisor on Al Futtaim Group's acquisition of a 38% stake in Cairo Festival City. The investment banking team also executed the sale of Native Markets – a leading Egyptian F&B platform – to Intro Investments Holdings as well as the sale of Sahara North Bahariya to PICO Cheiron.

Under the Investment Banking Division's new DCM strategy, 2017 saw the team act as Sole Financial Advisor in Al Futtaim Group Group's USD 60 million debt refinancing to fund the asset deployment plan for Cairo Festival City. The deal followed its successful execution of ADES' acquisition and financing of three operational rigs from Hercules Offshore through a USD 55 million debt syndication in 2016.

2018 OUTLOOK

- After outperforming on every metric in 2017, EFG Hermes Investment Banking hopes to continue the same momentum in 2018, particularly as the macro picture in Egypt is set to improve. The division plans to increase its deal count in Egypt as the market becomes comparatively more attractive in the region. Potential deal sizes are expected to grow along with the number of smaller offerings, both of which the Firm plans to capitalize on next year. Import replacement and export businesses will be a segment to watch in 2018 as they are expected to benefit significantly from Egypt's current market demographics.

- In the GCC, the Firm plans to continue to adapt and tweak its business model in response to changing market dynamics to maximize opportunities, particularly in light of the challenges it expects to face in Saudi Arabia in the year ahead. As such, it plans to continue offering new and diverse products and enter

(continues on p. 34)

Landmark Deals in 2017

EFG Hermes Investment Banking completed the largest deal count across both new and existing markets and posted in highest revenues since 2007

March 2017

ENBD Reit

April 2017

Actis

April 2017

Raya Contact Center

April 2017

Global Telecom Holding

April 2017

Human Soft

May 2017

ADES International Holding

May 2017

Sahara North Bahariya

August 2017

Native Markets Limited

November 2017

DICE Sport & Casual Wear

November 2017

Emaar Development

December 2017

ADNOC Distribution

ADES International Holding – became first MENA-based bank to act as Sole Global Coordinator for an LSE offering, closing the USD 280 million IPO for ADES International Holding, in addition to acting as Joint Bookrunner for the transaction.

Raya Contact Center – acted as Sole Global Coordinator and Bookrunner for Raya Contact Center’s IPO on the EGX with a 4.6x oversubscription and a transaction value of c. USD 45 million.

Dice Sport & Casual Wear – acted as Sole Global Coordinator and Bookrunner in Dice Sport & Casual Wear’s IPO, the institutional offering of which was c. 3.1x oversubscribed, having generated USD 112 million in demand.

Emaar Developments – acted as Global Coordinator for the first time on a DFM listing for Emaar Development’s IPO, which was the largest in Dubai since 2014.

ADNOC – acted as Joint Bookrunner for Abu Dhabi National Oil Co.’s USD 851 million IPO, the first IPO in Abu Dhabi in six years and the largest in a decade.

ENBD REIT – acted as Joint Global Coordinator for the USD 105 million IPO of ENBD REIT on NASDAQ Dubai, which was 1.6x oversubscribed with a positive response from regional investors.

Human Soft – raised c. USD 120 million for Al Imtiaz Investment in a secondary sale of 10% in Human Soft, the first accelerated book building process on Boursa Kuwait.

Actis – raised c. USD 50 million for Actis’ 7.5% stake in Edita, representing the largest equity offering on the Egyptian stock market since Domty went public in 2016.

Global Telecom Holding – EFG Hermes sold c. USD 36 million in Global Telecom Holding shares in the division’s third official accelerated book building transaction.

Amer Group Holding Company – acted as Sole Financial Advisor to Amer Group Holding Company in coordinating and establishing a Depository Receipts program traded on the LSE that accommodated the conversion of up to 33% of the company’s current outstanding share capital to GDRs. The team successfully fast-tracked the setup of the GDR program by introducing an Admission to Trading on the LSE program to the Egyptian market.

Al Futtaim Group – acted as Buy-side Advisor on Al Futtaim Group’s USD 10 million acquisition of a 38% stake in Cairo Festival City and Sole Financial Advisor in the Group’s USD 60 million refinancing of its debt to fund the asset deployment plan for Cairo Festival City.

Native Markets Limited – acted as sole Sell-side Advisor in the sale of 51% stake in Native Markets Limited, the company that owns The Bakery Shop (TBS), to Intro Investments Holding.

Sahara North Bahareya – advised a group of investors, including EFG Hermes Private Equity, on the sale of 100% of their stake in Sahara North Bahareya to an SPV indirectly controlled by the shareholders of PICO International Petroleum in a transaction worth USD 79 million.

Key Financial Highlights of 2017

Total revenues in FY17 came in at EGP 336 million, up 126% versus the FY16 figure of EGP 149 million. The division contributed c.15% of EFG Hermes’ total revenue from fees and commissions in 2017.

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into transactable businesses that will help the division maintain a healthy pipeline of regional deals, even without a pool of capital from the Kingdom.

- The division also plans to venture into frontier markets during 2018 and capitalize on their considerable upside potential, with an anticipated frontier-based equity listing on LSE already in the pipeline.

Securities Brokerage



countries with on-the-ground
presence by the end of 2017

EGP 000 MN

FY17 revenues



The MENA region's largest securities brokerage has
expanded its execution capabilities across multiple
global markets in 2017

Securities Brokerage

Average Daily Commissions
(USD thousands)



Overview

The leading equity house in the MENA region, EFG Hermes Securities Brokerage is growing its coverage to include the most compelling frontier emerging markets (FEM) across the globe. Currently, the division has on-the-ground presence in Egypt, Kuwait, the UAE, Saudi Arabia, Oman, Jordan, Pakistan and Kenya as well as offices in the US and the UK. While making significant achievements in terms of expansion, EFG Hermes Securities Brokerage has maintained its leadership position across prominent regional markets in 2017. It closed the year as the number one brokerage by share of market execution on three regional exchanges including the Egyptian Exchange (EGX), the Abu Dhabi Exchange (ADX) and NASDAQ Dubai.

EFG Hermes provides a diverse client base of institutions, individual and high-net-worth clients with an exceptional portfolio of products and services as well as access to a growing number of markets. Clients are provided with real-time market intelligence and award-winning research through a variety of channels including a new online multi-asset trading platform offering seamless multi-market access from desktops, laptops or mobile phones. Clients also gain unique corporate access through the Firm's signature investor conferences in London and Dubai, among other events.

This year, the division's coverage has grown to include over 60 countries across Frontier Emerging Markets in Europe, the Middle East, Asia, Africa and the Americas.

Operational Highlights of 2017

EFG Hermes Securities Brokerage performed well across all markets in 2017 despite a volatile environment marked by increasing political tensions in the GCC and ongoing waves of economic reform across many of the Firm's markets. While regional markets began to show signs of recovery in terms of liquidity early in the year posting strong performances across the board, the trend did not continue in the second and third quarters.

With the Egyptian economy clearly turning a corner in 2017 after the successful execution of major economic reforms, the EGX recorded robust volumes ahead of a number of public sector IPO's that are expected to further boost the market. EFG Hermes Brokerage closed out 2017 strong, increasing its market share to 38.2% from 37.2% in 2016 and maintaining its first place ranking for the 11th consecutive year.

The division captured a 24.2% market share in Kuwait, with a third-place ranking. Kuwait's inclusion in the FTSE Emerging Market (FTSE EM) Index, which will take place in September 2018, is expected to lead to fresh inflows of USD 850 million to USD 1 billion from passive funds, assuming a 0.5%

weight on the index. Additionally, there is a possibility of Kuwait being added to the EM watchlist in the coming MSCI country classification review in June 2018 (for implementation in 2020). Capturing around 65% of the foreign institutional flow in the market, EFG Hermes IFA is very well-positioned to benefit from Kuwait's inclusion in the FTSE EM index and a prospective inclusion on the MSCI EM watchlist in June.

EFG Hermes UAE ended the year with a first-place ranking on the ADX and Nasdaq Dubai with a market share of 28.0% and 55.3% respectively. As for the DFM, the Firm came in at 5th place with a market share of 15.2%, largely in response to the significant activity witnessed on speculative stocks among retail investors.

The launch of the EFG Hermes One online trading platform will position the Brokerage division well to grow its market shares in the UAE through more aggressive acquisitions of VIP retail clients. The Firm also served as joint global coordinators and bookrunners for two major IPOs in the UAE in the second half of 2017, Emaar Development's USD 1.3 billion IPO in November, and state-owned oil distribution company ADNOC's USD 851 million offering in December.

EFG Hermes Securities Brokerage continued to target high-net-worth investors in Saudi Arabia in 2017, with significant client acquisition during the course of the year leading to a significant increase in our market share in the

Brokerage Rankings (Percent of total market executions)

	2017			2016	
	Market Share		Rank	Market Share	Rank
Egypt	38.2%	▲	1st	37.2%	1st
UAE-ADX	28.0%	▲	1st	31.2%	2nd
UAE-Nasdaq Dubai	55.3%	▲	1st	61.4%	1st
Jordan	18.4%	▲	2nd	14.5%	7th
Kuwait	24.2%	▼	3rd	21.2%	1st
Oman	18.9%	▼	4th	28.4%	3rd
UAE-Dubai	15.2%	▲	5th	14.6%	5th
Saudi Arabia*	1.6%	▲	5th	1.2%	6th
Pakistan	2.8%	▲	n/a	n/a	n/a
Kenya	1.2%	▲	n/a	n/a	n/a

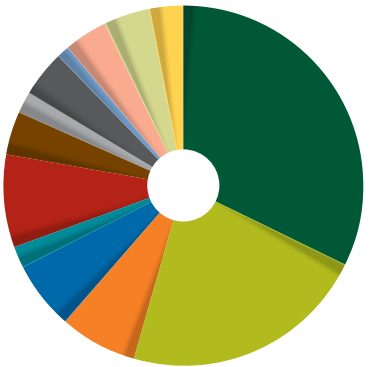
* Among independent brokers not affiliated with commercial banks

AWARDS

In recognition of the dedication and hard work of the division's exceptionally talented team, EFG Hermes Securities Brokerage was honored with two prestigious awards in 2017:

- Broker of the Year in Kuwait, Egypt and the UAE – Global Investor MENA Awards
- Best Broker in Egypt – EMEA Finance African Banking Awards

Commissions Breakdown
by Market (FY17)



■ Egypt	32%
■ Structured Products	22%
■ Kuwait	7%
■ KSA	6%
■ Oman	2%
■ DFM	8%
■ ADX	4%
■ Nasdaq Dubai	2%
■ Qatar	4%
■ Jordan	1%
■ Pakistan	4%
■ Frontier Markets	4%
■ Others	3%

fourth quarter. The Brokerage division finished 2017 with a 2nd place ranking among foreign brokers, a 5th place ranking among independent (non-bank) brokers, an 18th place ranking overall. Market share is expected to increase in 2018 when KSA is upgraded to EM status on both the MSCI and FTSE indices. With 50% of foreign institutional client business in Jordan EFG Hermes continued to deliver a strong performance with market share increasing to 18.4% from 14.5% in 2016, with the Firm coming in second-place for FY17. This shows a remarkable improvement in the Company's performance compared from when we first established our on-the-ground operations in Jordan and were ranked 40th.

In Oman, our market share declined slightly to 18.9%, and the Brokerage division finished the year with a fourth-place ranking, largely as the result of slower institutional activity in the country.

EFG Hermes Securities Brokerage maintained a stable position in the regional markets in which it trades but does not have an on-the-ground presence, such as Qatar, Bahrain and Lebanon.



EFG Hermes opened an office in Nairobi, Kenya in July 2017

Frontier Emerging Markets

EFG Hermes' coverage of frontier markets expanded significantly in 2017 to include an on-the-ground presence in Pakistan and Kenya, and the ability to trade in Sri Lanka, Ghana, Rwanda, Uganda, Mauritius, Namibia, Zimbabwe, Namibia, Tanzania, Botswana, Tunisia, Morocco, the Philippines and Vietnam for a total of 16 frontier markets.

Despite the difficult operating environment in FEM, EFG Hermes has been able to leverage the full cycle of its experience in navigating volatility in MENA.

With a seasoned dedicated frontier team in place, the Firm's frontier services have expanded rapidly since the acquisition of its Pakistan office. EFG Hermes has been able to differentiate itself in FEM by using its existing distribution platform to offer a more comprehensive and integrated set of products than its competitors. In key markets, it is also taking steps to vertically integrate its OMS into trading platforms.

Despite recent market entry, EFG Hermes managed to gain a significant market share of 2.8% in Pakistan at the end of 2017. The Firm opened its office in Pakistan in May 2017 after acquiring Investment & Finance Securities Limited (IFSL), a publicly listed financial services firm with brokerage, corporate finance and research arms, and relaunching it as EFG Hermes Pakistan. The landscape in the country has been less competitive as of late, as a number of regional competitors have exited the market and few global competitors have tried to enter, due to low liquidity. While Pakistan has several strong domestic competitors, they lack the global reach offered by EFG Hermes.

Since launching its office in Nairobi at the end of July, EFG Hermes has made significant progress, attaining an 1.2% market share by the end of 2017. While the market remains competitive with local and regional brokers, EFG Hermes' foreign and domestic institutional client base continues to grow steadily. Going forward, the Firm hopes to expand its on-the-ground research capabilities in Kenya and leverage its retail experience in the MENA region to launch a retail offering.

EFG Hermes Research coverage has also expanded to include more than 60 stocks across frontier markets with an increasing presence of many of these companies at the Firm's annual investor conferences in London and Dubai.



EFG Hermes One on One, Dubai

2018 OUTLOOK

Going forward into 2018, EFG Hermes Securities Brokerage plans to pursue a strategy of diversification in terms of both coverage and products and services offered. The division will continue to expand into promising FEM. At the same time, the division will continue to develop new structured products to better serve its clients.

With investors regarding Egypt as a safe haven in the wake of regional geopolitical events, EFG Hermes Securities Brokerage also looks forward to more activity in the Egyptian market as the economy recovers in response to reforms.

Brokerage Revenue
(EGP millions)



	FY17	FY16
Egypt	491	399
UAE	134	91
Saudi Arabia	40	25
Oman	18	12
Kuwait	78	15
Jordan	19	19
Pakistan	30	-
Frontier	40	-
Structured Products	58	-
Total	909	562

EFG Hermes One

April marked the soft launch of EFG Hermes One, a new online multi-asset trading platform developed by EFG Hermes Securities Brokerage in partnership with Saxo Bank. This platform grants users one-click access to multiple global markets and seamlessly integrates the SaxoTraderGo platform to expand access and capabilities. EFG Hermes One will allow local and regional investors to explore new opportunities in global capital markets as well as trade multiple asset classes from a single account.

The platform was launched in stages over June, July and August to ensure smooth functioning. In November EFG Hermes launched a 12-month digital campaign to raise awareness in the market. The platform’s launch has played a key role in solidifying EFG Hermes’ regional leadership position and facilitating its expansion into frontier markets.

Structured Products

EFG Hermes Brokerage launched its structured products desk in 2017 which has helped to enhance the division’s product mix, enabling it to access return payoffs to meet risk requirements. Clients were able to access investment solutions with growth and income payoffs across the MENA region and take advantage of the opportunities exhibited in these markets. By the end of 2017, structured products were already a strong contributor to brokerage revenue at USD 58 million and generated AUMs standing at USD 961 million in FY17.

Going forward, the Firm will continue to enhance both products and payoffs to meet the investment and financing requirements of its clients. The structured product business will also complement the Firm’s expanding footprint in frontier and emerging markets by providing multi asset-class opportunities to meet client needs.

Unique Corporate Access

2017 marked another successful year for EFG Hermes’ signature conferences, with both the One on One in Dubai and the London Conferences boasting larger turnouts in terms of presenting companies and global investors.

EFG Hermes also hosted a conference in its home market of Egypt. At the Egypt Day Conference held in January 2017, global and regional institutional investors representing more than USD 3.5 trillion in assets under management met with members of the Egyptian government including H.E. President Abdel Fattah El Sisi, the Governor of the Central Bank of Egypt, and members of the Egyptian Council of Ministers’ economic group as well as top executives from the country’s leading companies in the banking, real estate, construction, manufacturing and food industries. In a key session, President El Sisi discussed the impact of bold reforms on the improved outlook for Egypt’s economy as well as the government’s policy to encourage global investment

in the private sector.

The EFG Hermes 7th Annual London Conference enjoyed its largest turnout yet, with 290 global fund managers from 165 financial institutions meeting international investors and senior management from 130 top-listed companies from over 20 MENA and frontier countries. Attendees represented USD 9 trillion in AUMs. The conference also featured a panel discussion with the Chairman of the Nigeria, Kenya and Pakistan stock exchanges and a presentation and discussion with the Chairman of the Egyptian Stock Exchange Mohamed Farid.

Featuring an expanded roster of FEM companies, the 2017 One on One Conference in Dubai saw 510 international fund managers representing USD 10 trillion in assets meet with investors and senior management from 147 top-listed companies listed on Middle Eastern, African and Southeast Asian stock exchanges. Key speakers included Emaar Properties Chairman H.E. Mohamed Alabbar and Egyptian Minister of Investment and International Cooperation H.E. Sahar Nasr.



Key Financial Highlights of 2017

Full-year revenues contributed by EFG Hermes Securities Brokerage rose 62% Y-o-Y to EGP 909 million. Egypt remained the highest contributor to Brokerage revenue while Kuwait was the second highest contributor. The division contributed 40% of total revenue from fees and commissions in 2017.

Research

224

companies under coverage

26

economies covered from a
macro level

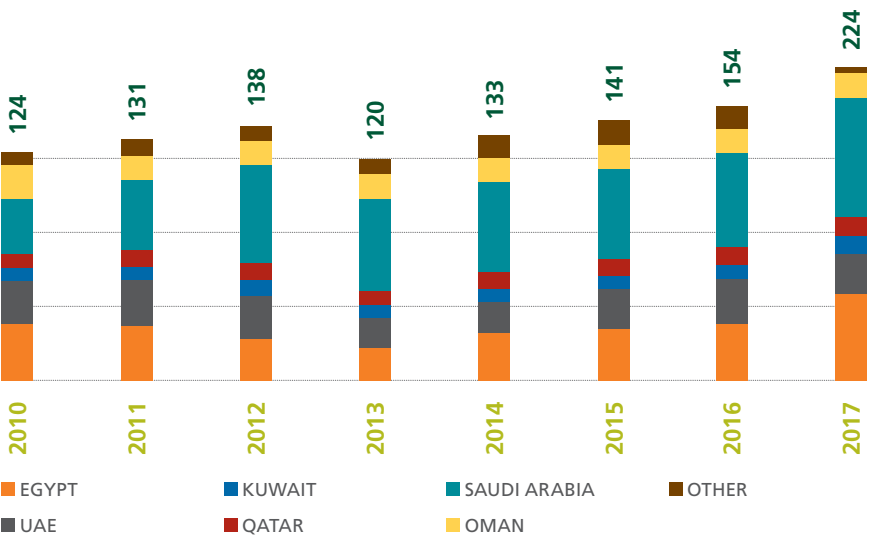
EFG Hermes' world-renowned Research Division has
garnered leadership positions on global investor polls
and rankings

Research

Overview

The EFG Hermes Research Division is powered by a team of 29 award-winning analysts, located across seven countries who provide in-depth research coverage of MENA and Frontier Emerging Markets (FEM), tailored to meet the specific needs of the Firm's clients. In 2017, the division expanded its coverage to include 224 stocks, up from 154 at the end of 2016. Today the division's coverage is composed of 168 regional and 56 frontier equities, which encompasses all Arab countries with an active stock market as well as five frontier markets.

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



Operational Highlights of 2017

2017 saw EFG Hermes' Research division lead the region in producing world-class research as well as innovative products and tools designed to enhance investors' experience. The division continued to execute on its coverage expansion strategy, diversifying its product offering and restructuring its services to offer powerful and unique insights into stocks and markets, keeping our clients at the forefront of change to ultimately generate better investment returns. EFG Hermes Research's new portal was launched in August 2017 and includes the perspectives of a diverse range of expert analysts from fundamental and quantitative to economic and strategic. Their common focus is identifying opportunities and providing better investment solutions and results for our clients, as well as providing access to a library of all research produced by the division in the past fifteen years. In addition to the new design and layout, functionality has been greatly enhanced to ensure a smoother and more user-friendly browsing experience that allows our clients to navigate our award-winning research reports via an optimised navigation structure.

The division has also significantly expanded its reporting on passive funds and index events, a development which has been very well received by the Firm's clients.

In response to the implementation of the Markets in Financial Directive (MiFID) II for banks and financial institutions operating in the European Union, EFG Hermes Research has unbundled its pricing from the Firm's brokerage services and restructured its operations to maintain direct relationships with clients. To this end, the Firm is implementing IPREO, a new customer relationship management system that will make it possible to track client interactions from a regulatory standpoint, while also enhancing the ability to analyse client data and tailor products to meet specific needs. While the MiFID II change will create uncertainty in the market and pricing will likely fluctuate for years to come, EFG Hermes is confident that by building relationships with EU clients and generating substantive, targeted research on multiple markets in MENA and Frontier, the regulatory changes will positively impact the Firm in the long term.

Frontier Expansion

EFG Hermes Research also made considerable progress in its expansion into FEM, initiating coverage of stocks in Pakistan (26), Kenya (9), Nigeria (6), Vietnam (5) and Tanzania (4). Over the course of the year, nine new analysts were recruited including four based in the company's Pakistan office, which was launched in May 2017. By the end of 2017, the EFG Hermes Research team included 29 analysts across six countries, including Egypt, the UAE, Kenya, the UK, Pakistan and Singapore.

While undertaking Frontier expansion efforts, EFG Hermes Research also grew its presence in the MENA region, initiating coverage of 20 new equities, including small and mid-cap companies in Egypt as well as initiating insurance sector coverage in KSA. In Egypt, where retail is a key focal area for research, the division has launched a retail-specific web portal that provides the broadest and most in-depth coverage compared to any research house in the region. The research team also provided written research material and client support for several high-profile IPOs including those of ENDB REIT, Raya Contact Center, ADES, Dice, Emaar Development and ADNOC Distribution.

For the first time ever, the EFG Hermes Research Division was also ranked first in Institutional Investor's annual poll of research in MENA. The efforts of EFG Hermes Research were also recognised in the 2017 Extel Survey of MENA Markets in which the division ranked second out of 33 global and regional research houses for the second year running. Notably, three of EFG Hermes' analysts were ranked in the top ten amongst more than 130 analysts covering the MENA region.

2018 OUTLOOK

- The Research division will continue to expand its coverage with a focus on FEM. EFG Hermes Research plans to cover at least 300 equities by year-end, including 50 to 80 additional stocks in FEM, and initiate coverage in Sri Lanka, Uganda, Bangladesh, Rwanda, Ghana and Zimbabwe.
- As the Firm has brought its new CRM system online, this will help deepen relationships with clients across EFG Hermes' footprint by tracking readership, assessing areas of high interest, producing personalised research and developing account strategies for individual clients.
- 2018 will see the EFG Hermes Research Division enhance its daily coverage to create a one-stop platform that includes market data and inflows, a market chatter section and key news stories.
- Coverage will continue to expand in 2018, with plans to initiate on Small and Mid-Cap coverage in KSA and produce more event-driven, thematic and index-related research. Notably, the team will also begin producing specific-country portfolios for markets in MENA.

RESEARCH

New Products in 2017



Core Views: In response to clients’ increased interest in tailored products, EFG Hermes Research has expanded the production of thematic, stock-driven research that can give clients an advantage in today’s market.



Egypt Small- and Mid-Cap Coverage: Within the region, coverage of small and mid-cap stocks is lacking, and it represents a key potential business driver. In 2017, the division initiated coverage in Egypt and plans to expand to other MENA countries in 2018, with a focus on Saudi Arabia.



KSA Insurance Sector Coverage: Building on the 2016 move to resume coverage of the regional insurance sector, EFG Hermes Research initiated coverage of insurance companies in KSA, covering Tawuniya, Bupa and four other insurance companies.



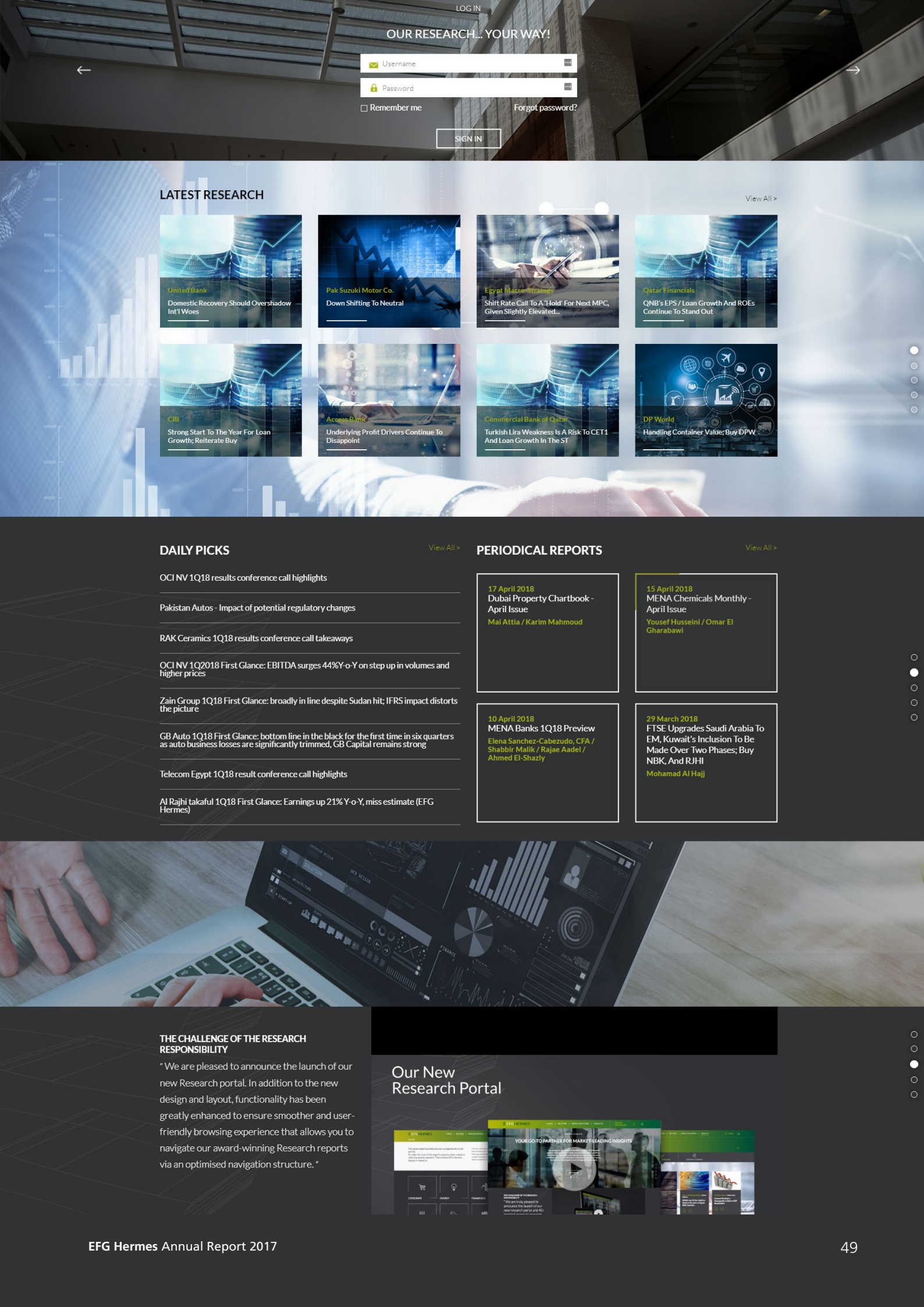
Expansion of Passive-Related Research: As investor interest has grown, the division expanded coverage of passive funds and introduced products such as ‘Ebb and Flow’ and ‘Index Matters’.



Initiation of FEM Coverage: The Firm’s most significant progress in 2017 was its expansion into FEM, with the opening of its Pakistan and Kenya offices and the initiation of 56 stocks in five markets.



Retail Research Portal: The division also launched institutional-quality retail research products through a state-of-the-art digital portal that is fully compatible with most devices and browsers.





Buy-Side Platform

EFG Hermes' buy-side business has been a beacon for cross-border investments and has aggressively expanded its fundraising capabilities to new markets

BUY-SIDE OVERVIEW

EFG Hermes Buy-Side combines the Firm's core Asset Management (AM) and Private Equity (PE) activities under a single umbrella, allowing us to centralise operations and adapt to the new and evolving needs of our clients. Investors today are increasingly looking for tailored opportunities that go beyond traditional borders, and for investment managers that can handle complexity across multiple jurisdictions. Recognizing this change, the Firm began its transformation into an investment manager capable of providing private equity and asset management opportunities around the globe. In 2017, we built on this strategy and grew the platform both horizontally – by adding new and unique products – and vertically – by seeking out new investors beyond the MENA region.

On the Asset Management front, 2017 saw us take significant steps in executing our growth strategy with a USD 21.5 million investment for a 50% stake in Frontier Investment Management Partners Ltd. (FIM), a leading investment manager with experience in emerging and frontier markets. This investment represents an additional offering of regional products for our clients, and FIM will continue to invest in the emerging frontier in line with EFG Hermes' strategy to expand its footprint in these markets. At the close of 2017, total assets under management (AUMs) by our AM activities stood at USD 3.1 billion, including USD 2.4 billion in regional AUMs and EGP 12.5 billion in Egypt AUMs.

The division's success this year has been noted among our peers, as we were named Egypt Asset Manager of the Year for the fifth consecutive year at the MENA Fund Manager Performance Awards 2017.

On the Private Equity side, Vortex acquired new solar assets and expanded its total power generation capacity to 822 MW, while helping the Firm deliver on its strategy of expanding its global reach. In May of 2017, the platform closed on its 100% acquisition of 365 MW of 24 solar assets in the UK worth GBP 470 million. The platform negotiated the terms of the deal with TerraForm Power's US parent company, SunEdison, and 50% of the equity capital share of the investment was funded by Tenaga Nasional Berhad, one of the largest utility players in Asia. Notably, none of the parties involved in this transaction were MENA-based, demonstrating Vortex's ability to use the Firm's balance sheet effectively.

Later in the year, we also sold a 45% equity stake in Vortex Solar Investments worth GBP 67.5 million to KWAP, a leading Malaysian pension fund. In recent years many Asian investors have shown an increased appetite for opportunities in MENA and other global markets, and they represent a high potential source of capital for future investments.

Our FIM investment along with AUM growth at both the AM and PE divisions brought EFG Hermes' total buy-side AUMs to USD 4.8 billion by the end of 2017, up 192% from USD 2.5 billion at the end of 2016 and positioning us as the region's largest asset manager. EFG Hermes Asset Management accounted for c.65% of total buy-side AUMs while Private Equity has contributed c.35%.

Overall, 2017 saw us make significant progress in executing our strategy and has positioned us well to achieve additional success in the coming year. We will continue to integrate our Buy-Side platform and drive growth through new product offerings and increasingly capture opportunities in global markets as we seek to continue creating value to all our stakeholders.

Karim Moussa

Co-Chief Executive Officer, EFG Hermes Investment Bank



Asset Management



2017 saw EFG Hermes invest in a regional asset management arm to capture new opportunities in emerging and frontier markets

USD **3.1** BN

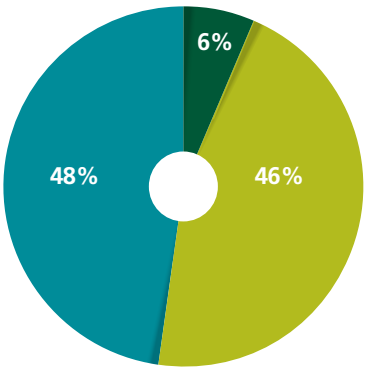
AUM FY17

106 %

increase in AUM Y-O-Y

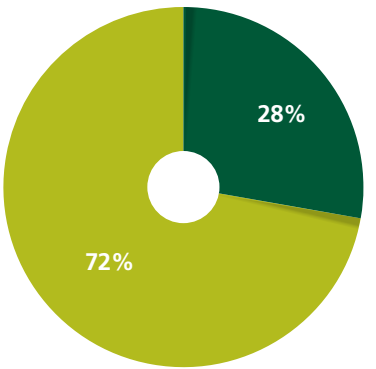
Asset Management

Egyptian AUMs (in EGP billions)



■ Egypt Equity Funds	0.9
■ MMFs & Fixed Income	5.7
■ Portfolios	5.9

Regional AUMs (in USD billions)



■ Regional Equity Funds	0.7
■ Regional Equity Portfolios	1.8

Overview

In 2017 EFG Hermes consolidated its buy-side platform with the Asset Management Division in accordance with the Firm's strategy to target asset management opportunities around the globe by adding new and unique products to expand its clients base. Throughout this transformation the division maintained its award-winning track record and solid reputation as a consistent outperformer among its peers.

EFG Hermes Asset Management grew its AUMs to USD 3.1 billion with mutual funds and discretionary portfolios in both country-specific and regional mandates serving a diversified client base with a special focus on long-term and institutional clients. Funds and discretionary offerings include equity, money market, fixed income, indexed, Sharia- and UCITS-compliant mandates individually tailored to suit a variety of needs, targeted objectives, and risk appetites.

EFG Hermes Asset Management is currently the only asset manager in the region with a 15-year track record as an investment manager. In the last 10 years, all our funds have consistently outperformed regional benchmarks by an average of c. 5% per year. Today the division is perfectly positioned to capture more clients as it expands its diversified product offering in both MENA and new frontier markets.

On the Egypt front, local mutual funds managed by EFG Hermes Asset Management have outperformed market averages over the past 5 years. Active returns achieved by the division for conventional equity, Sharia-compliant and balanced mutual funds reached 41%, 30% and 13% respectively compared to the average performance of similar mutual funds managed by local market peers. The Egypt Asset Management Division was also able to top performance rankings for all government-owned discretionary portfolios and outperform their competitors.

Operational Highlights of 2017

The biggest milestone of 2017 was EFG Hermes' investment in Frontier Investment Management (FIM), one of the region's leading portfolio managers with expertise in frontier markets. The acquisition was part of the buy-side platform's strategy to transform the Asset Management Division into a product-driven platform through the centralisation of distribution and client relationships.

In July 2017, the Firm invested USD 21.5 million in FIM, effectively consolidating the company as a regional asset management arm. The acquisition gave EFG Hermes an additional USD 1.6 billion in AUM and exposure to FIM's specialized product portfolio. EFG Hermes is now better positioned as the manager of choice for institutional investors seeking specialised active fund managers with a strong on-the-ground knowledge of MENA and frontier markets.

Following the investment, the Asset Management Division reclaimed its position as the region's largest asset manager with nearly USD 3.1 billion of AUMs in public and private funds that it manages on behalf of clients in Egypt, the wider MENA region, frontier markets, Europe and East Asia. The AUM growth was also driven by an increase in the Egypt asset base, with Egypt's total public AUMs up 19% Y-o-Y, reaching EGP 12.5 billion. This was largely attributed to the appreciation of the Egyptian equity market and the positive performance of money market funds. Regional AUMs stood at USD 2.4 billion at the end of FY17.

With Egypt's capital market gaining momentum and investors regaining their appetite to deploy capital, the division managed the short-term dislocations by continuing to secure mandates, leverage its outstanding team of fund managers, and remaining in strict compliance with global best practices.

As of FY17, the division had USD 3.1 billion in AUMs, including mutual funds and discretionary portfolios in both country-specific and regional mandates for a diversified client base.



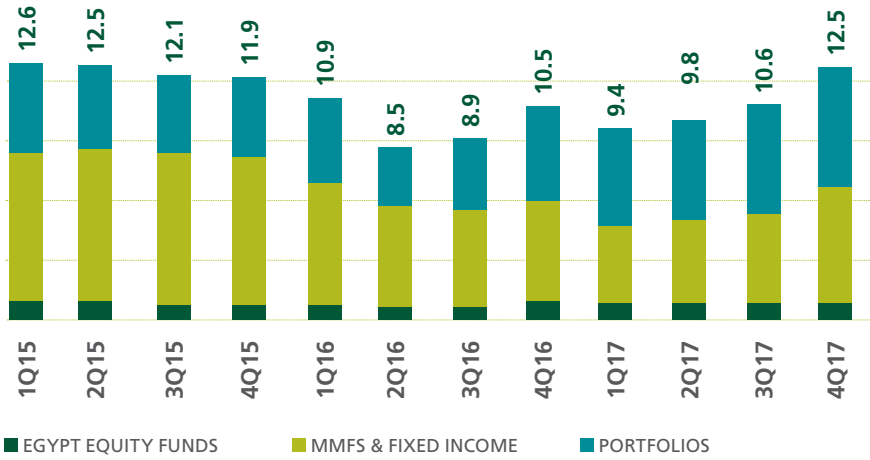
EFG Hermes Asset Management was named “Egypt Asset Manager of the Year” by MENA Fund Manager Awards for the fifth consecutive year, marking the sixth win in seven years.

EFG Hermes Asset Management was awarded mandates from Ahli United Bank - Egypt to manage two funds. The addition of the Ahli United Bank money market fund “Tharwa” and the Egyptian equity fund “Alpha” brings the total number of local funds managed by EFG Hermes Asset Management in Egypt up to 18, in addition to the Firm's flagship offshore fund (The EFG Hermes Egypt Fund). Tharwa and Alpha mark the first partnership between EFG Hermes Asset Management and Ahli United Bank - Egypt. EFG Hermes Asset Management now manages a total of 7 out of the 27 conventional money market funds currently available in Egypt.

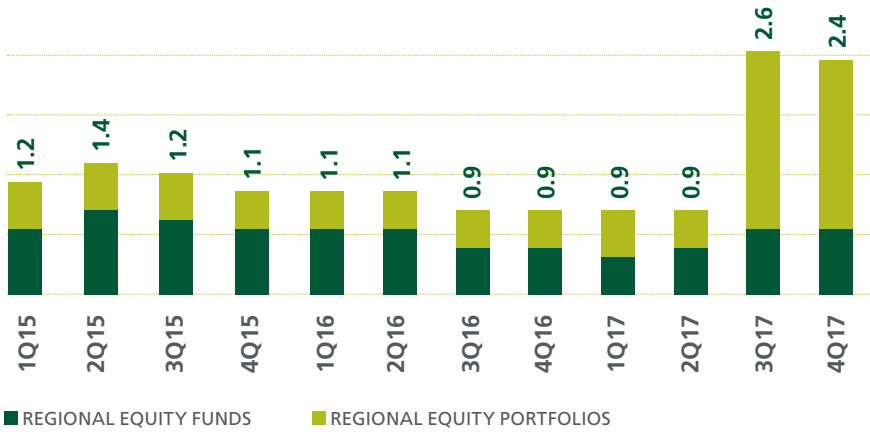
Awards and Accolades

In a testament to the world-class calibre of our Asset Management team, the division won several awards and gained numerous accolades as it continues to top the leaderboards amongst its peers in both Egypt and the region. In 2017, Asset Management was named Best Asset Manager in Egypt and the Best Asset Manager in Pan-Africa in the EMEA Finance African Banking Awards 2017, outperforming both local and regional competition at the prestigious awards. The division's Bank of Alexandria III Fund was named Fixed Income Fund of the Year (based on three years of performance) and the Al Baraka Islamic Equity Fund was named Sharia-Compliant Fund of the Year at the MENA Fund Manager Performance Awards 2018. The division as a whole also received a nod for Outstanding Performance from Business Today's bt100 Awards 2018. The European Magazine also named the division "Best Asset Manager Solutions Provider" in 2017.

Egyptian AUMs (EGP bn)



Regional AUMs (USD bn)



Key Financial Highlights of 2017

Asset Management revenue soared 88% Y-o-Y to EGP 324 million in FY17 on the back higher management and incentive fees books by FIM. Total revenues from the division accounted for 14% of the Investment Bank's EGP 2.3 billion fee and commission income in 2017

2018 OUTLOOK

While we expect to see short-term regional volatility, Egypt has strong potential to deliver superior risk-adjusted returns in the short, medium and long term. It is against this backdrop that we have historically delivered consistent long-haul performance across fund types, from money market funds to fixed income and equities.

With the promising dynamics of Egyptian capital markets, we plan to continue expanding our activities in Egypt and strive to increase our regional market share, reinvesting more funds from new relationships we have built in Asia and continuing to tap into Middle East markets through our products.

We plan to continue building our AUMs in 2018, while also creating returns by monetizing part of the asset base through discrete liquidity events.

As the Firm continues to consolidate its buy-side platform, launching targeted funds and implementing segregated portfolio management, it is also centralising distribution and client coverage as well moving ahead with regional expansion. The Firm has a healthy pipeline of mandates across various asset classes that are expected to be launched during the year.

Private Equity



EUR **1.3** BN

Vortex AUM

822 MW

Vortex generation capacity

EFG Hermes' Vortex Platform generates enough renewable energy to power more than 300,000 households across Western Europe

Private Equity

Overview

EFG Hermes Private Equity is one of the region's leading private equity houses with a track record spanning more than two decades. The division has significantly strengthened its competitive position and achieved rapid growth over the past five years by leveraging the combined experience of its dedicated management team and maintaining a well-balanced portfolio that focuses on investments tailored to both the needs of its investors and the dynamics of the region.

By identifying near-term initiatives and long-term strategic opportunities for value creation, EFG Hermes Private Equity has become one of the largest managers of renewable energy investments in Europe through its award-winning Vortex platform. At the end of 2017, Vortex had EUR 1.3 billion AUMs and 822 MW of managed capacity which includes the following:

- **Vortex I**, a 49% stake in EDPR France Wind Portfolio (334 MW), completed in December 2014.
- **Vortex II**, a 49% stake in EDPR's Pan-European Wind Portfolio (664 MW) in Spain, Portugal, France and Belgium, completed in June 2016.
- **Vortex Solar**, a 100% ownership of a (365 MW) UK Solar PV portfolio, completed in May 2017.

While the Private Equity Division has focused its efforts and developed its expertise in infrastructure investing in Europe, they are also working in parallel to capture new opportunities in other geographies. EFG Hermes Private Equity has proven its unique strength and capability in structuring successful, innovative deals and raising funds across the globe, growing its investments Y-o-Y and venturing into new high-growth sectors.

Operational Highlights of 2017

Vortex

With a successful 4-year track record in the global renewable energy sector, the EFG Hermes Private Equity division continued to deliver a strong performance in 2017 increasing its total AUMs to EUR 1.3 billion, up from EUR 730 million at the end of FY16.

In May 2017, the division completed the financial close of Vortex Solar's joint acquisition with Malaysia's Tenaga Nasional Berhad of a 100% stake in a 365 MW UK solar PV portfolio making Vortex one of Europe's top-ten

renewable energy investment managers.

EFG Hermes subsidiary, Beaufort completed the setup of its subsidiary, Beaufort Asset Managers (BAM), in 3Q17. BAM now has its own team of investment professionals based out of the company's newly established London office. In the fourth quarter of 2017, Beaufort completed the sale of EFG Hermes' underwritten equity stake in Vortex Solar (45% of the total equity injected) to KWAP, in line with a strategy that it set at the beginning of the year. After the sale, Beaufort's ownership stake was reduced to 5% in Vortex Solar, similar to other Vortex investments within the platform and fulfilling the overall investment strategy adopted by the Vortex platform.

Rx Healthcare Fund (RxHF)

EFG Hermes Private Equity's Rx Healthcare Fund is poised to capitalise on the rapidly-growing need for affordable, high-quality healthcare services across the African continent; while delivering attractive private equity returns to investors and achieving significant developmental impacts to the African population.

With the lineup of anchor investors complete and AfDB and GE Healthcare on the roster, the Fund is pursuing a strategy predicated on building an integrated portfolio of strategic healthcare assets that have the potential for replication and expansion across Sub-Saharan markets. In 2017, the team was actively engaged in fundraising and closing the Fund's first investment, warehoused by EFG Hermes.

EFG Hermes Capital Partners III Fund

In the first quarter of 2017, the EFG Hermes Capital Partners III Fund completed the sale of their stake in Sahara North Bahariya Limited to an SPV indirectly controlled by the shareholders of PICO International Petroleum.

Key Financial Highlights of 2017

Private Equity revenue rose by 8% Y-o-Y to EGP 130 million by the end of 2017, despite the previous year's FX gains and incentive fees as the final quarter included revenue reallocated to Private Equity post the sell down of Vortex Solar. In line with budget projections, the wind portfolio owned by Vortex I and II generated EBITDA of c. EUR 153 million for FY17 while Vortex Solar's performance exceeded budgeted figures for FY17 with EBITDA reaching EUR 36 million.

2018 OUTLOOK

EFG Hermes Private Equity will continue to create value and capture new opportunities as the Firm expands its geographic footprint beyond MENA and into Sub-Saharan Africa and Asia. The division will also continue to look for deal flow in its home market of Egypt with planned investments in critical sectors of the Egyptian economy such as healthcare and education.

Non-Bank Financial Services Platform



EFG Hermes Finance has grown significantly in 2017 to become one of Egypt's most innovative financial solutions providers

Non-Bank Financial Services Overview

Through EFG Hermes Finance, the Firm's NBFI platform, we have developed a rapidly expanding and constantly evolving portfolio of products and services including consumer finance, financial leasing and microfinance solutions. In 2017 we were proud to report that our NBFI platform continued its stellar growth trajectory, with a remarkable 121% increase in revenue Y-o-Y for Leasing and a 150% increase in revenue Y-o-Y for Tanmeyah microfinance. I believe that our success can be attributed to the fact that we have approached this area of financial services with a comprehensive strategy and a focus on utilizing innovative technological platforms to create unique and exceptional products.

In the fourth quarter of 2017, we launched valU, our first foray into FinTech and a key element in the Firm's strategy to diversify its products. valU is a state-of-the-art consumer financing solution that allows clients to purchase, make and track payments on products using a convenient app that can be downloaded on a smartphone of their choice. The EGP 250 million investment represents an important milestone for EFG Hermes as the Firm transforms from being a traditional investment bank and to a financial services corporation with unrivalled product offerings.

For the past three years, we have witnessed the robust growth of EFG Hermes Leasing, which has rapidly become the fourth largest leasing company in Egypt with a total market share of 10% in a very fragmented market. In only three years, EFG Hermes Leasing's portfolio has reached the EGP 2.9 billion mark, a direct result of the diligent work of our team of industry professionals who have successfully recruited and delivered high-quality solutions to a growing number of SMEs and corporate customers in all sectors of the Egyptian economy.

Going forward, EFG Hermes Leasing will continue to diversify its client base, developing SME-specific products and serving corporate clients through club deals. In 2017, EFG Hermes Leasing's SME clients accounted for 8% of the total portfolio. The division also took steps to establish a product development desk in preparation for shifting client demands, changes in the regulatory environment and the expected economic revival in Egypt.

Tanmeyah, EFG Hermes' microfinance platform acquired in 2016, is an essential component of our NBFI platform. The division recorded excellent performance in its first full year of operation as a part of EFG Hermes, with the number of active borrowers, applications processed and loans issued all posting significant increases. Tanmeyah's total outstanding loan portfolio more than doubled in 2017, up 122% Y-o-Y. This growth was largely the result of the company consistently exceeding all sales targets thanks to improved loan officer productivity and management interventions to raise the ceiling of the initial ticket size limit for new customers. Additionally, Tanmeyah opened 31 new branches in 5 new governorates over the course of 2017 and added research and project management functions to its head office in Cairo to drive future growth.

Our continued growth and success throughout the year has left us well positioned to achieve even greater gains in 2018. Our highly talented teams across EFG Hermes Leasing, Tanmeyah, and valU – the latter of which consists of an entirely new 48-member team of consumer finance professionals – will continue to innovate and deliver new products and services to drive EFG Hermes' expansion and growth. I am incredibly excited to see what the future has in store for our NBFI platform.

Walid Hassouna

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



Leasing

EGP 2.0 BN

lease value of contracts booked at
the end of 2017

10.1 %

market share at the end of 2017
with a 4th place ranking

EFG Hermes Leasing is the partner of choice helping to
fuel the growth of Egyptian companies of all sizes



Leasing

Overview

Established in 2015 as an integral component of EFG Hermes' NBFi platform, EFG Hermes Leasing caters to the growing demand for financing among both corporations and SMEs in Egypt. The company has succeeded in establishing itself as an industry leader within a very short period of time. Backed by a team of highly-qualified professionals, EFG Hermes Leasing has rooted its success in innovation and diversification.

The company provides tailored and comprehensive leasing solutions and value-added advisory services for multiple areas including but not limited to technology systems and medical equipment as well as vehicles and machinery. Additionally, the company offers turnkey solutions for building owners, construction projects, energy systems, industrial equipment and waste management. The Leasing team has leveraged its multi-disciplinary expertise to help an expansive pool of clients meet their business objectives with the fastest turnaround time in the industry.

In its third year of operations, the company has continued to climb in the rankings, positioning itself at the end of 2017 as second in terms of number of contracts booked, with 165 contracts attained throughout the year. The company was also fourth in terms of total lease value with EGP 2.9 billion in aggregate leases.

EFG Hermes Leasing's accomplishments have set it apart from the competition as it continues to develop innovative products and services, diversify its client base, and build lasting relationships with both customers and vendor partners.

Operational Highlights of 2017

Despite the year's challenges, which saw the Central Bank of Egypt (CBE) hike borrowing costs by 700 bps, EFG Hermes Leasing witnessed increased activity in 2017, as the team worked diligently to diversify and grow its client portfolio as well as increase contributions of its higher-margin SME business.

In the first six months of 2017 alone, the company managed to accumulate bookings and enhance profitability as a result of its ability to respond dynamically to market shifts and pursue avenues outside traditional channels. Despite higher interest rates and an arguably stagnant market, the company maintained healthy margins by focusing on its collection process. 2017 also saw EFG Hermes Leasing increase its revenues by 151% Y-o-Y to reach EGP 295 million. To match its growing business, EFG Hermes Leasing's team

grew to 44 people, up from 33 team members in 2016.

SMEs

Capitalizing on the CBE's efforts to provide SMEs with access to funding, EFG Hermes Leasing partnered with a number of banks to extend low-cost credit to their SME clients. It became the first leasing company in Egypt to offer clients a 5-7% interest rate. The company signed partnership agreements with the Egyptian Arab Land Bank and Al Ahli Bank of Kuwait to finance capital assets and equipment for Egyptian small and medium businesses.

SMEs currently make up 8% of EFG Hermes Leasing's portfolio; the company has set a 20% target for 2018. This goal is a testament to the company's efforts to deliver on its diversification strategy as it works to meet aggressive growth targets. In line with this strategy, EFG Hermes Leasing has also been able to access funding from finance institutions to provide leasing solutions for SMEs, including an EGP 20 million credit line from the Social Fund for Development (SFD).

Vendor Programs

Building upon the success of its first vendor program in the renewable energy sector with KarmSolar in 2016, EFG Hermes Leasing has continued to pursue new vendor programs in both the healthcare and transportation sectors. In October 2017, a new agreement with Philips Egypt was concluded to provide leasing solutions for healthcare professionals including both SMEs and corporate hospitals. The collaboration will encourage sustainable growth across the healthcare industry in Egypt and facilitate the acquisition of medical imaging systems, digital x-ray suites, diagnostic ECGs and other products.

Key Financial Highlights of 2017

EFG Hermes Leasing contributed total revenues of EGP 295 million to EFG Hermes' consolidated results in FY17, compared with EGP 118 million in 2016 — the company's first full year of operations. The company contributed c.13% of total Group revenue from fees and commissions in 2017.

2018 OUTLOOK

After a promising year, EFG Hermes Leasing plans to grow its portfolio in 2018, as it anticipates that the market landscape will improve once interest rates begin to drop and regulatory amendments to the Egyptian Leasing Law take place. The amendments, which are expected to take effect during the first half of 2018, will open new doors for the industry in Egypt, allowing more products such as factoring, mortgages, operating leases, and individual retail leases.

The company expects to see the launch of additional vendor programs in the medical and healthcare, renewables and transportation sectors. We will also pursue our objective of having SMEs reach 20% of the business's total portfolio.

Going forward, EFG Hermes Leasing anticipates that the SME push could also have a trickle-down effect on its renewables business. We believe this business will pick up further in 2018 as demand for renewable energy rises in response to increased costs of conventional electricity.

Also in the pipeline are plans to open new channels through existing EFG Hermes Brokerage branches in governorates across Egypt.

Tanmeyah

160

branches

166,649

active borrowers

Egypt's leading private sector microenterprise lender
helps grow local economies across several Egyptian
governorates

Tanmeyah

Overview

Since its founding in 2009, Tanmeyah Microenterprise Services has grown to become Egypt's leading non-bank provider of microfinance solutions and the number two micro-lender overall. Founded by a team of industry veterans, Tanmeyah caters to owners of micro and very small businesses across Egypt who lack access to financing from the traditional banking sector. The company provides a comprehensive suite of microfinance solutions and targets high-need areas across the country.

Tanmeyah produces strong financial returns for EFG Hermes while providing individuals with life-changing access to finance and facilitating economic development and financial inclusion in Egypt. By distributing small loans of no more than EGP 30,000 for microenterprises and EGP 100,000 for very small enterprises, Tanmeyah empowers its clients to develop their businesses in order to achieve social mobility and find a path out of poverty.

As of the end of 2017, Tanmeyah operates through 150 branches nationwide serving approximately 166,649 active borrowers. Since its founding, Tanmeyah has served over 746,000 clients across Egypt, 38% of whom are women, and issued more than EGP 5.95 billion in loans.

Tanmeyah has managed to maintain its position as market leader despite increasing competition largely because of its strategic positioning of branches across Egypt. Tanmeyah has not only expanded its operations in 5 new governorates but also increased the depth of its outreach in 11 governorates. Tanmeyah distinguishes itself with the speed and efficiency of its loan disbursement process. Of Tanmeyah's 150 branches, 53% are located in Upper Egypt and 44% are in the Delta, while only 3% are located in Cairo and Giza. By situating its branches on the main streets of low income areas, and hiring reputable loan officers from its areas of service, Tanmeyah achieves excellent visibility and establishes a one-to-one relationship with its customers.

Tanmeyah has established a well-respected brand name and a reputation for excellent service and on-the-ground experience.

Operational Highlights of 2017

2017 has been one of Tanmeyah's most remarkable years since inception in terms of growth, an achievement made possible by the successful management of challenging conditions that have prevailed since 2011. The past 5 years have seen the company achieve steady yet impressive growth culminating in the surpassing of all targets in 2017. Tanmeyah has issued over 179,000 loans, 6.4% more than its target. The total value of active loans broke the EGP 1.2 billion threshold and exceeded targets by 15%, reaching EGP 1.25 billion by end of year. The size of the company's outstanding portfolio increased 122% Y-o-Y, in part as the result of executing multiple changes to its credit policy to adapt to changing market dynamics.

Tanmeyah has also pressed forward with its ambitious plans for expansion, opening an additional 31 branches (a 26% increase in the total number) while expanding the depth of its outreach in Upper Egypt and the Delta. Tanmeyah now operates in 5 new governorates, Port Said, Ismailia, Suez, Red Sea and New Valley. Today, it serves the under-privileged through a network of 150 branches in 22 governorates.

In parallel with branch expansion, the company's number of employees has increased from 1,800 in December 2016 to 2,358 at the end of 2017. Hiring has largely focused on increasing the number of loan officers which, in addition to raising productivity, has increased client recruitment rates and decreased the amount of time required to process and distribute loans from 3.8 days in January to 3 days at the end of December. This is by far the fastest loan-processing time on the market.

Notably, Tanmeyah has also built project management and research teams that will play key roles in facilitating the company's future growth. The project management team has already taken steps to rejuvenate and expand physical and IT infrastructure. Meanwhile, Tanmeyah's research function will conduct necessary market research in order to develop plans that will help the company introduce new lines of business and products without compromising its existing operations.

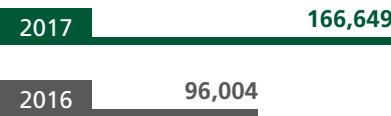
Despite challenges including inflation and the Central Bank of Egypt raising corridor rates by 10% (in turn more than doubling operating costs), Tanmeyah managed to maintain its profit margins by increasing its portfolio yield, decreasing its operational expense, and lowering its average borrowing margin. The company has also obtained new funding as the result of successful negotiation processes. This achievement has been crucial in weathering increased corridor rates.

Many of Tanmeyah's successes in 2017 can be attributed to the maturity of its management team and the expertise of its board of directors, who gained valuable experience under the incredibly challenging operating conditions following 2011. Tanmeyah's management team has focused on different variables to improve performance. Opening new branches, hiring more loan officers, improving productivity, raising ticket size, and increasing liquidity have contributed to exceptional performance in 2017.

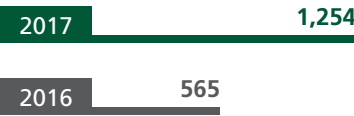
Key Financial Highlights of 2017

Tanmeyah's revenues rose 147% Y-o-Y contributing total revenues of EGP 280 million to EFG Hermes consolidated results in FY17, and it contributed 12.3% of total Group revenues from fees and commissions in 2017.

Total Number of Active Borrowers



Total Portfolio Outstanding (EGP millions)



2018 OUTLOOK

2018 will be the year of revamping Tanmeyah's infrastructure. By further establishing its geographical footprint, renovating new branches, investing in IT software, and developing FinTech solutions, Tanmeyah intends to develop a resilient market presence and maintain its position as a market leader.

Going forward into 2018, Tanmeyah will continue with its strategy of expansion, with plans to open 50 new branches. The company continues to develop itself through proper market study in order to develop new products catering to its customers' needs.

valU



+700

stores across Cairo, Giza and
Alexandria

EGP 250 MN

FinTech investment

A state-of-the-art FinTech solution designed to empower
Egyptian consumers with the means to bridge the gap
between their aspirations and purchasing power

valU Powered by EFG Hermes

Utilizing technology to bridge the gap between consumer demand and purchasing power

In December 2017, EFG Hermes' NBFI platform launched its first FinTech solution under the brand name valU. The EGP 250 million investment is the first solution in Egypt that allows consumers to use their smartphones to make purchases from over 700 stores and pay in installment programmes ranging from 3 to 24 months. valU clients are also able to receive instant approval on their limits.

The launch of valU marks an important milestone in EFG Hermes' push towards diversifying its revenue stream through innovative financial products – and a solid step in its expansion and product diversification strategy. This new product offering is also in line with global financial industry trends that focus on developing innovative FinTech solutions that leverage the potential of large consumer markets such as Egypt with a growing number of smartphone users.

For the first time in Egypt, customers can download, register and activate an installment program of their choice in 20 minutes. valU is an unrivalled offering that provides users with 1) a hassle-free experience in terms of paperwork, 2) the fastest financial service in Egypt and 3) a new, innovative payment solution that is convenient, practical and accessible.

The easy-to-use app allows customers to access a wide network of more than 700 merchants, calculate and select tailored installment programs, and instantly make purchases in stores. valU also offers a variety of online and offline repayment methods.

EFG Hermes will continue to invest in developing additional functionalities for valU as its client base and vendor network expand. The product was launched in Greater Cairo, and it will be gradually rolled out to other Egyptian governorates throughout 2018.

valU has also partnered with Uber and the Ministry of Investments and International Cooperation to extend an auto-loan programme for Uber partners, leveraging the technological edge provided on both platforms.



Corporate Governance

EFG Hermes' growth has been supported by a strong corporate governance structure and the strategic leadership of its esteemed Board of Directors

Corporate Governance

EFG Hermes has always held the belief that prudent management is the only way to ensure the long-term growth and success of any institution, particularly those who operate in the financial sector. Thus we have always endeavoured to adhere to international best practices and global standards of governance within all facets of our organization.

The rigorous rules that we have set and the procedures that our staff follows have kept us ahead of the curve and established us as regional leaders in the area of corporate governance. Similarly scrupulous is the quality and nature of documentation we require of our clients. As a result, EFG Hermes has succeeded in maintaining its reputation and market leadership as it expands into new countries and launches new products. With a solid base in place and a committed board that provides the Firm with invaluable guidance and support, we are confident that we have the rules, systems and procedures that will guarantee our success as we embark on a new phase of growth and expansion.

In 2017, EFG Hermes completed a new Corporate Governance Framework to address new country-specific policies and develop an overarching strategy for EFG Hermes and its subsidiaries. The new framework builds upon our clearly defined management processes, structures and policies which not only provide channels for appropriate decision-making and accountability, but also reassure shareholders and clients that their investments are in safe hands. The framework sets out the minimum standards expected of both the Group and its subsidiary companies while applying local laws or regulations that imply a higher level of stringency.

Under this new framework, the Board of Directors was restructured during the year to comply with the Egyptian Financial Regulatory Authority's (FRA) corporate governance regulations released in 2016, which stipulate the appointment of two independent board members for all regulated Egyptian subsidiaries. EFG Hermes is fully compliant with FRA regulations and EGX listing rules, which require companies to appoint new board members every three years. To better instil sound corporate governance practices, the Firm restructured its Board committees, splitting the Audit and Risk functions into two independent committees and adding a Corporate Governance and Nomination Committee and Business Risk and Compliance Committee.

Management and Control Structure

Board of Directors

EFG Hermes' Board of Directors is responsible for providing the Firm with strategic leadership, financial soundness, governance, management supervision and control. The Board is comprised of 11 members, 10 of whom are non-executive.

Without exception, EFG Hermes' Directors possess a broad spectrum of experience and expertise, directly related to EFG Hermes' different lines of business and divisions, with a strong emphasis on professionalism and integrity. Directors are selected based on contributions they can make to the Board and Management in addition to their ability to represent the interests of shareholders. EFG Hermes welcomed four new board members in 2017: Mr. Abdulla Khalil Al Mutawa, the General Manager of the Private Office of His Excellency Sheikh Suroor Bin Mohammad Al Nahyan, a senior member of the Ruling Family of Abu Dhabi; Mr. Khalid Mana Saeed Al Otaiba, Office Manager for His Excellency Dr. Mana Saeed Al Otaiba, the personal advisor to His Highness the President of the UAE Sheikh Khalifa bin Zayed Al Nahyan; Mr. Zubyr Soomro, the Chairman of the Pakistan Microfinance Investment Company; and Mr. Ramsay Zaki, founder of Wafra Export.

The Board of Directors met 5 times throughout 2017.

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

Compliance with Laws, Rules and Regulations

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

Conflicts of Interest

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

Safeguarding and Proper Use of Company Assets

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

Fair Dealing

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

Code of Conduct

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

Standards and Policies

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

Confidentiality

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

Corporate Opportunities

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

Audit

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

Corporate Governance Committees

Audit Committee

The Audit Committee is comprised of 4 members, all of which are non-executive. The committee meets at least once per quarter or as required. In 2017 they met 4 times. The committee is responsible for the oversight of financial statements and financial reporting, internal control and governance systems, compliance with laws and regulations, whistleblowing and fraud, internal audit function, and compliance with the Code of Conduct established by management and the Board. The committee ensures free and open communication between the committee members, internal auditors, management and the external auditor once a year.

Risk Committee

The Risk Committee is comprised of 4 members, all of which are non-executive. The committee meets at least once per quarter or as required. In 2017 they met 4 times. The committee oversees compliance, risk, legal, and operational issues across the Group, advising the Board on risk appetite and tolerance in accordance to the Group's strategic objectives. It is responsible for advising the Board on risks associated with strategic acquisitions or disposals and to review comprehensive reporting on Group Enterprise Risk Management, including reports on credit, investments, market, liquidity and operational risks, business continuity, and regulatory compliance.

Remuneration and Compensation Committee

The Compensation Committee is comprised of four non-executive board members. The committee meets once a year to study compensation within the Group as a whole (and for Senior Management in particular). This not only safeguards shareholder interests, but also ensures that Management's interests are fully aligned with those of the Firm. The committee directly manages the allocations within the Management Incentive Scheme for Senior Management as approved by the General Assembly. The committee met twice in 2017.

Corporate Governance and Nomination Committee

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

Executive Committee

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

Its purview includes:

1. Identifying matters required or appropriate for escalation to the Board.
2. Developing the Firm's strategic plans and goals for Board approval while managing issues that emerge that are material to the business.
3. Approving transactions within its authority limit in relations to investments, acquisitions, and disposals in addition to considering and approving expansions into new geographies and product lines.

4. Reviewing the Group's annual capital, revenue, and cost budgets while monitoring performance against financial objectives in addition to approving cost-cutting measures as needed.
5. Overseeing the management of the Group's current and future balance sheet in line with its business strategy and risk appetite.
6. Considering material joint ventures, strategic projects or investments and new businesses from a capital perspective while monitoring and managing capital and liquidity positions.
7. Acting on all material and enterprise wide risk and control matters.
8. Aligning investment spend across the Group functions with its investment plan and strategic objectives and consider business commitments for Board approval.
9. Assessing the strategic and financial merits, as well as the risk profile, of any proposal relating to strategic merger and acquisition or other transactional activity involving the Group.
10. Receiving and considering reports on operational matters material to the Group or have cross divisional implications.
11. Reviewing issues related to executive succession planning and promotions to managing director levels across the Group.
12. Promoting the Group's culture and values and monitoring overall employee morale and working environment.
13. Identifying ESG matters that affect the operations of EFG Hermes, monitoring ESG integration throughout EFG Hermes and passing ESG resolutions while suggesting updates to the ESG policy for Board approval.

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

The Business Risk and Compliance Committee

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

Shareholder Information

Shareholders

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

Significant Shareholders

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

Shareholder Structure

As of 31 December 2017, a total of 11,226 shareholders were listed in the Firm's share register.

Executive Holdings and Management Transactions

As of 31 December 2017, the EFG Hermes Board of Directors and Executive Board held a total of 544,805 EFG Hermes shares, representing 0.09% of the total 614,894,578 shares of EFG Hermes.

Share Ownership Information

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

Risk & Compliance



In loving memory of Marwan Fouad, one of our heroes
who served the Firm honorably throughout the years

Risk & Compliance

As EFG Hermes embarks on an accelerated expansion plan to diversify both its unique product offerings and its global operations, its need for sound and strict compliance and risk policies becomes amplified. While the Firm grows its footprint, the team has taken concrete steps to manage the various rules and regulations governing these new sectors and geographies, allowing us to develop solid frameworks that govern the Firm's compliance and risk strategies across MENA and frontier markets in accordance with global best practices.

2017 was one of the busiest years for the department as it continued on its path to incorporate active risk management and monitoring to provide independent oversight of the Firm's control framework as it realizes its growth plans. The 32-person strong team of talented and dedicated compliance officers worked diligently throughout the year to ensure every line of business adhered to appropriate statutory provisions, official regulations, and internal policies. The Firm's 28-member Risk Management team also made sure all operational, market, and credit risks were identified, assessed, and mitigated throughout the year using adequate controls. Both teams report to the Group Chief Risk & Compliance officer.

Internal Audit

The Internal Audit universe covers EFG Hermes Group and its subsidiaries, business lines and support functions. We perform regular reviews and spot checks according to our annual plan pre-approved by the Audit Committee. Our annual audit plan is risk-based. The frequency of review depends on a department's level of risk and their previous internal audit score (of the last audit engagement): high and medium-risk departments are reviewed annually, low-risk departments with an 'effective' rating are reviewed every two years. The finance platform is fully integrated in the plan.

2017 saw us exert significant efforts to enhance and automate the Internal Audit function. The Firm adopted internationally recognised internal audit management software TeamMate during the year to increase the efficiency and productivity of the entire internal audit process, including Engagement Planning, Automated Follow-ups, Performance Analysis & Dashboards. To better accommodate growth across the Group, two new members were added to the Internal Audit team for both EFG Hermes Finance and the Investment Bank while working to add at least two more members to cover the Firm's subsidiaries.

2017 Highlights

- Renewed its ISO certification, after becoming the first regional investment bank to receive the ISO 22301 certification from the BSI in 2016.
- Completed the first phase of the Cyber Security Compromise Assessment for all EFG Hermes networks and systems.
- Began GAP analysis for all networks and systems, with a focus on out-sourced systems such as the newly launched valU, EFG Hermes Leasing, and HR in 2Q18.
- Conduct a separate cybersecurity assessment for the Kuwait and KSA offices to integrate local regulatory requirements.
- Set up the Firm's newly launched Structured Products Desk that delivers investment strategies to both institutional and retail clients.
- Obtained a license from FINRA for EFG Hermes USA.
- Complied with Markets in Financial Instruments Directive (MiFID II), an EU law that seeks to boost investor protection and market transparency.
- Complied with the Common Reporting Standards Regulations.
- Completed the legal and regulatory frameworks for EFG Hermes One.
- Completed annual update of all policies and procedures.

Development of Policies and Procedures

Frontier Market Expansion

To support the Firm's active push into frontier markets, both departments participated in setting up a network of 36 local, independent brokers across at least 10 markets to allow the Firm's clients to trade in new geographies. The division assisted in setting up operations for EFG Hermes' newly-launched Kenya office, which marks the Firm's first foray into Sub-Saharan Africa. EFG Hermes Kenya will serve as the Firm's East African hub and entryway into neighboring markets. Throughout the year, Risk & Compliance also worked to integrate operations at EFG Hermes Pakistan with the rest of the Group.

MENA Market Developments

The division continued to make headway on expanding the Firm's MENA presence and bolstering the Firm's current standing in the region. In addition to conducting regulatory risk reviews in six jurisdictions, EFG Hermes obtained a license as an authorized participant for exchange-traded funds (ETFs) and as a securities lending and borrowing agent on the Dubai Financial Market, and also gained a license in Jordan as an introducing broker, which allows EFG Hermes to introduce clients to other brokerage affiliates.

EFG Hermes obtained a Category I investment license from the Central Bank of Bahrain for OLT Investment International Company, EFG Hermes' Bahraini subsidiary, which provides online access for EFG Hermes clients to trade global markets through EFG Hermes One.

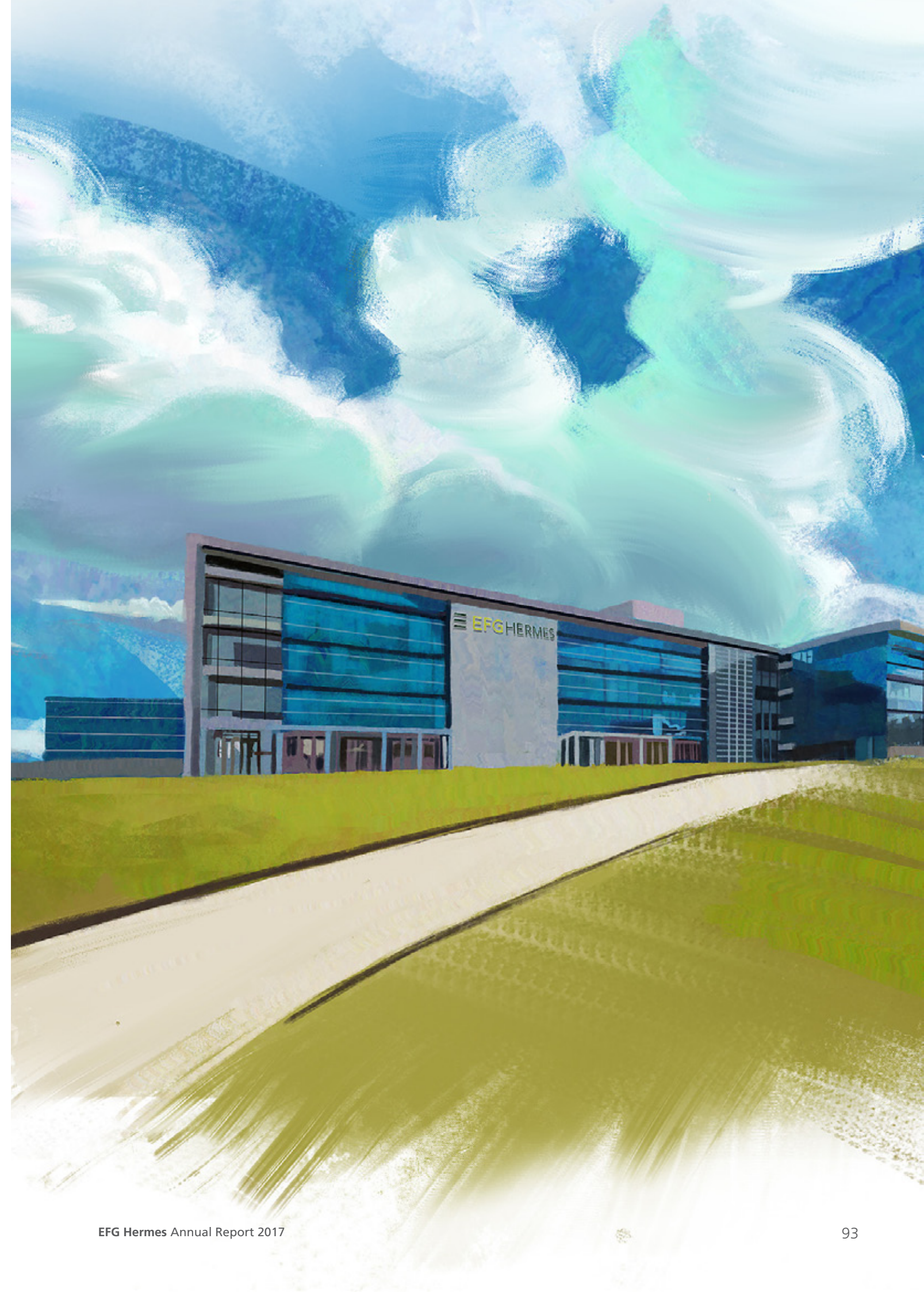
valU

At the end of 2017, EFG Hermes launched a state-of-the-art FinTech solution under the brand name valU, offering Egyptian consumers payment-on-installment programs. Through a team dedicated entirely to the application launch, the team played a key role in the inauguration of the project, setting up the groundwork and infrastructure and managing the required workflow. The risk & compliance teams also oversaw IT system protocols integral to the application as well as the staff required for its launch.

Employee Awareness

The successful continuity of the compliance function is largely dependent upon being able to effectively communicate the Firm's strategy, policies, and procedures to employees. In 2017, the Firm continued to conduct the four mandatory training courses on AML, anti-fraud, cybersecurity and the sustainability awareness course that employees must take and be evaluated on annual basis. The training process is monitored by Compliance.

In an effort to align all employees and new hires at newly acquired companies, the team continues to take part in the newly developed HR onboarding package that sees us orient staff on key audit, compliance, and risk issues at least once a year or on an as-needed basis in the event that a high-risk situation arises.



Our People



EFG Hermes' talented team of employees are driving our growth accross the globe, and we in turn are committed to investing in their development and success

Facilitating Growth & Fostering Connections

The importance of investing in our people has only increased as EFG Hermes continues to transform itself from a MENA-based investment bank to a leading financial services corporation providing access to frontier emerging markets across the globe. Our track record of creating and unlocking value for our clients is a direct result of the diligent efforts of our 1,049 dedicated and talented employees. They are the Firm's most valuable asset and the key to sustainable expansion.

As EFG Hermes continues to grow, our Human Resources department has risen to the challenge of developing new strategies and tools to equip our new divisions and offices with the required talents that will lay the foundation for future success and support their growth within the Firm.

2017 In Review

Integration of new employees continued to be a key area of focus across EFG Hermes in 2017, as the Firm finalized its acquisition of EFG Hermes Pakistan, previously Invest and Finance Securities Limited (IFSL), while also launching new offices in the United Kingdom, the United States and Kenya. Working largely from scratch, EFG Hermes has established HR functions that have been adapted to fit local conditions and requirements within these offices, while also upholding the Firm's values and corporate culture.

In a similar vein, the HR department continued to oversee the post-acquisition integration of Tanmeyah, the Firm's microfinance arm. This ambitious, multi-year project has necessitated the enhancement of Tanmeyah's HR structures as both teams work on identifying synergies between the HR practices of both organisations.

HR played its part in EFG Hermes' expansion into consumer finance, lending its expertise to source, hire and onboard 53 new team members to support valU, the Firm's revolutionary new consumer financing solution that allows people to receive an instant credit decision, purchase items, and make and track payments through a new, state-of-the-art FinTech application. It required creativity and agility to successfully source.

Reinforcing Connections

In tandem with establishing connections with new employee groups in all new international locations, the HR team was also keen to further enhance relationships closer to home, having initiated monthly visits to all the Firm's retail branches throughout Egypt to answer any questions, assist with any issues and provide support in general to the employees.

HR has also partnered with the IT department to upgrade its HR technology and is currently working on the implementation of a top-of-the-line HR Management System that will allow HR to offer a self-service option to all employees for some of their regular requests, thus ensuring quicker turnaround times.

Creating a Landmark in Employee Development

In 2017, EFG Hermes finalized plans for the launch of The Academy, its new internal learning and development platform; which will equip the Firm's employees with the skills and knowledge needed to harness their talents and lead transformation within their departments, divisions and in turn, the Firm as a whole. The Academy by EFG Hermes consists of multiple stages tailored to the needs of employees at every level of the Firm. Initial rounds of the first 3 levels were held in the first quarter of 2018.

Creating valuable learning opportunities that directly impact employees' output was, as usual, key for us in 2017. Notably, and for the first time, our learning opportunities extended to our blue collar support staff with very rewarding results, which has encouraged us to continue to build similar programmes for this segment of the EFG Hermes population.

Our internship programme also continued to operate in 2017, with opportunities provided at our offices globally and a number of permanent employment offers made to exceptional interns.

The end of 2017 saw us prepare for a management offsite held in January 2018, with the goal of bringing together our managing directors and other senior employees to share updates and engage in round table discussions about timely business issues that the Firm is encountering; thus allowing everyone to share ideas, thoughts and concerns across disciplines and geographies. Our rapid growth and global expansion in recent years only increased the need for dialogue between our key stakeholders, and the Firm intends to make this an annual event.

2018 OUTLOOK

2018 promises to be yet another busy year for HR at EFG Hermes. Now that our new locations are up and running and receiving all the necessary HR support, we hope to extend our HR offering and enhance our location-specific benefits portfolio where possible. We also hope to create different opportunities that enable us to further integrate all employees in our newer offices, providing opportunities for them to participate in Group-wide learning initiatives.

The coming year will also see the roll out of more rounds of The Academy, as well as a revamp of the Firm's performance management process, with the aim of enhancing the output of performance-related discussions.

Board of Directors



Board of Directors

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

Mona Zulficar Chairperson, EFG Hermes

Ms. Zulficar has served as Non-Executive Chairperson of EFG Hermes since 2008. She is one of the founding partners of Zulficar & Partners Law Firm, a specialised law firm of eight partners and more than 35 associates, which was established in June 2009 and grew into one of the best ranked law firms in Egypt. She was previously senior partner at Shalakany Law Firm and Chair of its Executive Committee for many years.

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

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



Yasser El Mallawany Vice Chairman of the Board, EFG Hermes

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

He began his career with 17 years at Commercial International Bank (CIB), formerly Chase National Bank, finally serving as the General Manager of the Corporate Banking Division. Mr. El Mallawany joined EFG Hermes at the time of the Firm's merger with CIIC. Mr. El Mallawany holds a Bachelor's degree in Accounting from Cairo University.



Karim Awad Group CEO and Chairman of the Executive Committee

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

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

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

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



Takis Arapoglou

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

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

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

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

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

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

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



Marwan Elaraby

Managing Partner - Middle East, Shearman & Sterling LLP

Marwan Elaraby is based in Abu Dhabi where he serves as the Middle East Managing Partner of Shearman & Sterling. Marwan first joined Shearman & Sterling in New York in 1995 and became a partner in 2004.

He previously served as Managing Director at Citadel Capital, one of the leading private equity firms in the Middle East and Africa. Marwan also served as Executive Director in EFG Hermes' Investment Banking Group, where he worked as an investment banker advising clients on numerous capital markets and M&A transactions in the Middle East.

In recent years Marwan has focused on sourcing and executing investments in a variety of sectors, with a particular emphasis on energy. Prior to moving to the Middle East, Marwan worked extensively with investment banking and corporate clients on a wide range of public and private corporate finance transactions.



His practice focused on exempt offerings of high yield securities and has also included registered equity offerings, corporate governance advisory work and financial restructurings.

Marwan is a New York-qualified lawyer. He holds a bachelor's degree in Economics from the American University in Cairo and a Juris Doctor (J.D.) from Columbia University

Jean Cheval

Senior Advisor, Natixis, Member of Natixis Executive Committee

Jean Cheval joined Natixis in June 2009. Between 2009 and 2012, he was in charge of the Debt and Finance Department (Structured Finance) of Natixis CIB and of the European Area between 2011 and 2012. He has been appointed Head of Finance and Risk in September 2012, member of Natixis Senior Management Committee and 2nd Senior Manager of Natixis.

Previously, he spent most of his career (1983-2001) at Credit Agricole Indosuez, where he was successively Chief Economist, Head of Strategic Planning and Budget, Head of Structured Financing, Head of the Middle East and Asia before being appointed General Manager. He has been a Director of Al Bank Al Saudi Al Fransi (Kingdom of Saudi Arabia), WAFA Bank (Morocco), Banque Libano-Franaise and Audi-Saradar Bank (Lebanon) for many years. He has also been Head of Banque Audi France and Chairman of Banque Audi Switzerland (2001- 2005).

He previously worked for the Ministry of Industry and the French Planning Agency.

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



Simon Eedle

Senior Country Manager, Natixis, Dubai

Simon Eedle joined Natixis as Senior Country Manager Dubai and Corporate and Investment Bank Regional Head Middle East in 2012. Since then he has overseen a development of the bank's franchise in the region, focusing on Structured Finance, Global Markets, Trade and Islamic Finance, driven with a strong client focus.

Simon has a career of more than 31 years in banking, 16 of which have been in the Middle East. He spent 22 years at Credit Agricole Corporate and Investment Bank, predominantly in senior global markets positions in Bahrain, Singapore, London and New York. He also set up their Global Islamic Banking franchise.

Simon Eedle began his career in 1977 as an Accountant at British Rail.



Zubyr Soomro

Chairman of the Pakistan Microfinance Investment Company

Mr. Zubyr Soomro is a Non-Executive Member of the EFG Hermes Board. He is currently the Chairman of the Pakistan Microfinance Investment Company, a market-based entity majority owned by KfW and a DFID subsidiary. He is also on the Board of Directors of State Bank of Pakistan. His other board roles include Acumen Pakistan, Grameen Foundation USA, the Layton Rahmatulla Benevolent Trust, and Aitchison College.

Mr. Soomro spent the majority of his career at Citibank in international corporate, investment, consumer and private banking, with over 33 years at the bank including work across the Middle East, Turkey, Africa, the UK and Pakistan. He retired in 2008 as Managing Director and Country Head for Pakistan. In 2004, the Pakistan State Bank awarded him the Quaid e Azam Centenary Gold Medal for his assignment as Chairman and President of United Bank Ltd. where he ran and restructured the bank for privatisation.

He held the position of Chairman of the Karachi Stock Exchange from 2010 to 2011 and was on the Policy Board of the Securities and Exchange Commission of Pakistan from 2004 to 2007. Prior to this, he was Chairman of the Pakistan Bank's Association, President of the American Business Council, and President of the Overseas Chamber of Commerce and Industry. He has a Bachelor of Science degree from the London School of Economics, a Master's degree from the School of Oriental and African Studies, and graduated from an Executive Education Program in 2015 on Strategic Leadership in Inclusive Finance from Harvard.



Abdulla Khalil Al Mutawa

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

Mr. Abdulla Khalil Al Mutawa is a Non-Executive Member of the EFG Hermes Board. He is currently General Manager of the Private Office of His Excellency Sheikh Suroor Bin Mohammad Al Nahyan, senior member of the Ruling Family of Abu Dhabi. As a dedicated and highly competent investment professional with over 30 years of experience in finance and administration, Mr. Al Mutawa has been a member on Abu Dhabi Commercial Bank (ADCB)'s Board of Directors since 1997, having held membership posts on the bank's Nomination, Compensation & HR Committee and Audit & Compliance Committee.

He has also been a member on Pakistan-based Bank Alfalah Limited's Board of Directors since 1997, chairing the Strategy & Finance Committee, Human Resources & Nomination Committee and Compensation Committee and being part of the Audit Committee and Risk Management Committee.

Mr. Al Mutawa is also the Chairman of Makhazen Investment Company, Abu Dhabi and a Member of the Board of Directors of Alfalah Exchange Company, Abu Dhabi.

He holds a Bachelor of Science degree in Business Administration from the University of North Carolina, US.



Khalid Mana Saeed Al Otaiba

Office Manager for His Excellency Dr. Mana Saeed Al Otaiba

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

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



Ramsay Zaki

Founder, Wafra Export

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

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

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

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

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

Executive Committee



Karim Awad

Group CEO and Chairman of the Executive Committee

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

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

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

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

Mohamed Ebeid

Co-CEO of the Investment Bank

Mohamed Ebeid joined the EFG Hermes team in 1999, as a Retail Broker with HSB, working with high-net-worth clients. After a successful stint on the retail side, Mohamed moved to working with institutional clients, as part of the international institutional sales desk, in 2004. This new assignment saw him focusing on business development and key relationship management. He has been instrumental to the introduction of new products and services that cater to the needs of this sophisticated client base. With more than 11 years of solid and well-rounded equities experience, Mohamed made his next move up the career ladder; as of 2011 he co-heads the Firm's Securities Brokerage division.



Karim Moussa

Co-CEO of the Investment Bank

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

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

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

Mohamed El Wakeel

Group Chief Operating Officer

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

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





Abdel Wahab Mohamed Gadayel Group Chief Risk & Compliance Officer

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

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

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



Mohamed Abdel Khabir Group Chief Financial Officer

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

Previously, he held the position of Financial Planning Manager at Procter and Gamble in the Corporate Finance divisions with a focus on financial planning, budgeting, corporate restructure, integration and profit forecasting. He holds a BA in Business Administration from the American University in Cairo with a concentration in Finance where he graduated with high honors and is a CFA charterholder.

Abdelkhabir's notable transactions during his investment banking tenure include the IPO of Integrated Diagnostics Holding (IDH) -through a secondary offering worth USD 334 million in the London Stock Exchange (LSE), and the sale of a leading hospital in Egypt to the Abraj Group, the merger of Al Borg and Al Mokhtabar laboratories -, ENPC's USD 1.05 billion Syndicated Loan and Issuance of ODH EDRs worth USD 1.8 billion.

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

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

Prior to joining EFG Hermes in 2016, Walid Hassouna was General Manager and Head of Structured Finance and Investment Banking at Bank Audi, where he closed structured and project finance transactions in excess of USD 15 bil-



lion over an 18-year banking career that began at Misr International Bank. He also structured and executed several award-winning deals in project finance and M&A within Egypt and GCC, in addition to several investment banking transactions. He has also been the Head of Structured Finance and Syndication in Banque Misr where he successfully managed to top the league table of the MENA region in syndicated loans.

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



Inji Abdoun Group Chief Human Resources Officer

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

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

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



Corporate Social Responsibility

Public responsibility is an integral pillar of our 6P strategy,
the core driver of our ambitious plans for growth



Corporate Social Responsibility

Corporate social responsibility (CSR) is an integral component of EFG Hermes' culture and strategy. In 2017, we underscored our position as a regional leader in CSR with the adoption of a Firm-wide Environmental, Social and Governance (ESG) Policy addressing responsible investment across our business lines. The coming year will see these policies integrated and reinforced with the development of sustainable curricula for training programmes and workshops in which employees across all levels of the organisation will participate.

As the region's leading financial services corporation, we aspire to do much more than simply upholding a commitment to CSR. Aiming to be on the forefront of global progress, we are proud to report that we have become the first signatory in Egypt to the United Nations Principles for Responsible Investing (UNPRI), placing the Firm at the core of a global community of investors seeking to build a more sustainable financial system. The UNPRI is the world's leading proponent of responsible investment, and we will work diligently to advance its fundamental principles.

CSR speaks to who we are; the initiatives led by our people who have a passion for supporting causes and communities through volunteering and charitable giving enable EFG Hermes to make a difference both a locally and globally. Our commitment to the United Nations Global Compact (UNGC) has been steadfast; and we continue to actively engage with the Global Compact Network Egypt (GCNE), in which we were founding members, and incorporate the Global Compact's ten principles of human rights, labour, environment and anti-corruption into our strategy, culture and daily operations.

Sustainability

We made significant progress in implementing our sustainable strategy in 2017 and we received international recognition for our efforts.

The EFG Hermes Foundation continued its sustainable development work and entered into a new partnership with the Kuwaiti Initiative for the Support of the Egyptian People and the Sawiris Foundation for Social Development to launch an integrated sustainable project in Naga' El Fawal and El Deir Village, Esna, Luxor (upper Egypt) that will rehabilitate the underprivileged village.

The Firm also executed on investment decisions and internal green policies that forwarded financial inclusion and clean energy while rigorously upholding our corporate governance commitments to fair practices and financial transparency.

All of these initiatives are a reflection of our unwavering commitment to develop impactful long-term sustainable business models that protect the environment, create jobs, improve living standards and foster inclusive economic growth.

CSR Department

Official Adoption of ESG Policy

EFG Hermes' dedicated Corporate Social Responsibility Department, established in 2016, is responsible for policy development, reporting and liaising on all sustainability issues together with the Executive Committee and the Green Team – a dynamic action group made up of representatives from different divisions within the Firm. The department works on awareness campaigns to align the Firm with each of the United Nations' 17 Sustainable Development Goals and highlight how businesses can advance the 2030 Agenda for Sustainable Development through their activities and partnerships.

Most noteworthy in 2017, we proudly launched our Firm-wide ESG Policy addressing responsible investment across our business lines. As a leading financial services institution, EFG Hermes understands that ESG issues can pose potential risks to investment performance. Embracing ESG issues will not just make us better global citizens, but also make us more strategically attuned to future scenarios in which these factors come into play. In a fast-paced and highly competitive global marketplace, integrating ESG factors into investment processes is no longer a luxury – it is a necessity.

The implementation of ESG policies will vary across the Firm's business lines. Accordingly, specific guidelines have been developed for our Private Equity, Asset Management, Investment Banking and Research divisions given the divergent impacts ESG factors have on each of their activities. Assuming the role of sustainability ambassadors in our field, EFG Hermes also intends to take a proactive approach with our investee companies, initiating dialogue on these issues in order to manage ESG factors early on in our investment processes.

2018 OUTLOOK

With the official ESG Policy in place, the coming year will see us working to integrate these policies into all areas of our core business through training programmes and workshops for which the CSR Department has developed sustainable curriculums.

These curriculums are designed not just to impart knowledge, but to be more transformational in preparing our people with the knowledge, skills and understanding necessary to make informed decisions based on a comprehensive understanding of environmental, social, cultural and economic implications.

Employees at all levels of the organisation will participate in these activities - from analysts starting their careers to senior executives who shape the Firm's future.

Becoming the first signatory in Egypt to the United Nations Principles for Responsible Investment (UNPRI) marks another milestone in our commitment to a more sustainable future.

ACCESSIBLE FINANCING

Access to Finance for Inclusive Growth

Access to finance is vital to unlocking inclusive economic growth. With our subsidiary Tanmeyah Microenterprises Services, EFG Hermes is at the forefront of the microfinance movement in Egypt offering comprehensive financial solutions to very small business owners across the country that would otherwise have no access to growth capital. Consistent with the Firm's commitment to serving underprivileged communities, Tanmeyah creates employment opportunities and improves the standard of living for thousands of Egyptians. At the heart of Egypt's economy, the microenterprise sector plays a pivotal role in poverty reduction.

Beyond providing financial solutions for its microenterprise clients, Tanmeyah actively engages in local community projects, in particular those that further human capital development and job creation. Focused on inclusive economic growth that reaches the most vulnerable members of the communities it serves, Tanmeyah has contributed to the establishment of vocational training workshops that teach carpentry and pottery to people with special needs so that they, too, have the skills to generate income.

With the 2017 launch of valU, EFG Hermes has introduced a state-of-the-art FinTech solution that furthers the Firm's efforts to ensure equitable access to financing nationwide. Entering the FinTech space, EFG Hermes is participating in a global trend focused on tapping into the potential of a large consumer market, such as Egypt's, while at the same time taking advantage of a growing number of smartphone users. Filling the gap between aspirations and purchasing power, valU provides access to tailored instalment programmes across a wide network of stores. valU clients are able to access these programmes using the fastest approval process in Egypt, without conventional paperwork, through a sophisticated risk assessment logarithm. This new venture creates value for our clients, vender partners and shareholders.

ACCESSIBLE HEALTHCARE

Quality Healthcare for the African Continent

In 2017, EFG Hermes launched the Rx Healthcare Fund, an Africa-focused private equity fund currently under establishment. The Fund will capitalise on the rapidly-growing demand for affordable, high-quality healthcare services across the African continent. Historically, Africa has had to bear c. 25% of the global infectious disease burden; currently non-communicable diseases, most notably cardiovascular disease and diabetes, are also on the rise.

Africa's underdeveloped healthcare infrastructure suffers from a shortage of facilities and providers. Thus, the Rx Healthcare Fund will seek to build an integrated portfolio of strategic assets across the North African countries of Egypt, Tunisia and Morocco that have the potential for expansion and replication in the vastly underserved Sub-Saharan healthcare markets including Kenya, Nigeria and Ethiopia. Targeted investee companies will also be screened for strong commitment to ESG best practices.

CLEAN ENERGY

Investing in Clean Energy

For the past three years, EFG Hermes has been investing in clean energy through Vortex, the European renewable energy platform managed by our Private Equity division. In 2017, Vortex closed a landmark transaction with the acquisition of TerraForm Power, one of the largest portfolios of solar PV assets in the United Kingdom.

In three major transactions in less than four years, Vortex has acquired a sizeable portfolio of European renewable energy assets and is now one of the largest renewable energy-focused investment managers in Europe. With both wind and solar projects in the United Kingdom, France, Spain, Belgium and Portugal, Vortex is currently generating 1,500 GWh of renewable energy — enough to power c. 400,000 households with clean electricity annually. The acquisition of TerraForm Power puts Vortex's total net operational capacity at 822 MW and on track to reach its targeted capacity of 1.5-2.0 GW over the next few years.

EFG Hermes Leasing has penetrated the renewable energy market through its 2016 agreement with KarmSolar, Egypt's largest private off-grid solar integrator. This collaboration – the first of its kind in the industry – addresses the country's growing demand for alternative energy solutions by structuring financial plans custom-tailored to Egyptian businesses. The businesses participating in the programme are not only receiving reasonably priced custom plans to finance their energy needs, but also contributing to the health and sustainability of the communities they serve. In Egypt, EFG Leasing continues to be the only source of alternative energy lease finance solutions providing agribusinesses with access to financing for renewable solutions.

The UNPRI works to achieve a sustainable global financial system by encouraging adoption of its principles and collaboration on their implementation by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

We will work diligently in 2018 to embrace and advance the UNPRI's six principles for responsible investing:

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

GOING GREEN

The dedication of our Green Team and the enthusiastic engagement of our employees who volunteer their time and effort are the heartbeat of our sustainability projects. They have inspired us with innovative ideas on saving energy and reducing waste as well as making healthier choices at work and at home.

We held our 7th Annual Sustainability Competition in 2017, engaging our employees on sustainability issues that champion the environment. The competition was hosted on Felsekka platform, an in-house carpooling initiative that encourages employees to share rides, thereby reducing their carbon footprint. Felsekka was proud to report that the number of rides has increased almost 2,000% since the programme's inception in 2016.

We continued to work to conserve energy and improve the energy efficiency of our equipment and processes at all EFG Hermes premises. We installed solar panels at our corporate headquarters in Egypt with a capacity equal to 2% of our current electric consumption, a clean energy solution that reduced our demand on the power grid. EFG Hermes' IT Department undertook several initiatives that focused in particular on managing our power consumption and ensuring the safe disposal of our electronic equipment by partnering with certified green vendors.

Already-launched green projects are gaining further traction as more of our corporate offices and branches become plastic-free zones, more light bulbs are replaced with LED technology and more vendors sign our "Supplier Code of Conduct." EFG's Connect's app, which provides on-the-go access to timely announcements and news, continues to minimize – and will ultimately reduce – the use of paper Firm-wide.

EMPLOYEE FOCUS

Building a Sustainable Talent Pipeline

EFG Hermes has placed a high priority on investing in both the professional development and well-being of its employees, appreciating that people who are empowered are the driving force behind sustainable businesses and healthy economies. In 2017, the Firm increased training opportunities available to its employees by 41% Y-o-Y, because we fully

understand that superior training and development programmes are an essential underpinning to talent retention and profit growth. Building for the future, we also amplified our Experiential Learning Programme with 38% Y-o-Y growth in the number of interns across all EFG Hermes offices.

Importantly, the Firm substantially increased its training budget in 2017 in preparation for the launch of The Academy, a cutting-edge online platform for professional development that will be available to employees at all levels. The Academy is designed to equip our people with the skills they need to navigate a fast-paced work environment, progress in their career path, and realise their full potential in the compelling and competitive financial market. With The Academy, EFG Hermes aims to build a sustainable talent pipeline of high-impact employees critical to driving the growth of the Firm.

EFG Hermes strives to create a workplace where our employees can perform and develop in a safe and healthy environment. With our well-being initiatives, we hope to translate participation into increased engagement, cohesiveness and productivity. In 2017, we encouraged team-building activities with our World Health Day in-house fitness tournaments and the Bloomberg Square Mile Relay in Dubai. Among other initiatives, we continued to offer our "Fit for Life" Programme, supervised by a certified trainer and nutritionist; and we organized cultural activities that included book fairs and handicraft exhibitions.

Awards and Recognition

We are proud to receive international recognition from The European, which annually presents its Global Banking and Finance Awards. In 2017, EFG Hermes was named Egypt's "Best Sustainable Financial Provider."

In recognition for Best Practices in Sustainability, we were also recognised in 2017 by the Better Business, Better World report's MENA Business & Sustainable Development Commission for our commitment to sustainable business practices.

In recognition of our commitment to sustainable business practices, EFG Hermes was named Egypt's "Best Sustainable Financial Provider" in 2017 by The European's Global Banking and Finance Awards.



The EFG Hermes Foundation

The EFG Hermes Foundation is non-profit, non-governmental organisation that was established in 2006. Throughout the years, the Foundation has disbursed over EGP 100 million to support sustainable, innovative, and high-impact integrated development projects that improve living standards and present a brighter future for Egypt's most disadvantaged citizens. This year, the EFG Hermes Foundation has continued its pioneering integrated development work through a variety of outreach programmes and initiatives.

Improving Lives in Naga' El Fawal and El Deir Village, Luxor

In November of 2017, the EFG Hermes Foundation launched an EGP 53 million integrated development project to rehabilitate Naga' El Fawal and El Deir village, Esna, Luxor (Upper Egypt). The Foundation has partnered with the Sawiris Foundation for Social Development and the Kuwaiti Initiative for the Support of the Egyptian People in this project to improve the lives of around 60,000 underprivileged citizens through investments in infrastructure, education and economic empowerment.

Naga' El Fawal and El Deir village struggle with poverty, high unemployment, limited access to healthcare and poor housing conditions primarily due to rapid population growth and inadequate infrastructure. Consistent with the EFG Hermes Foundation's holistic approach to sustainable development, the focus of the project embraces economic, social and environmental components and aims at zero unemployment. Project goals include rebuilding 90% of existing homes inhabited by an estimated 234 families, constructing a local sewage treatment plant as well as establishing a new bakery, a nursery for early learning and a vocational training centre.

The construction of an agricultural waste recycling facility is expected to have a significant positive impact on the economy of Naga' El Fawal and El Deir Village as well as adjacent villages. Also, as part of the project, a literacy programme is currently being implemented focusing on the economic empowerment of women and youth.

Disease Prevention through Public Awareness

The EFG Hermes Foundation has long been at the forefront in the battle to fight and eradicate the Hepatitis C virus (HCV) in Egypt in collaboration with the Ministry of Health and Population and the National Committee for the Control of Viral Hepatitis. Over the years, the Foundation has combatted the disease with numerous projects to raise awareness as well as establish screening and treatment programmes. The EFG Foundation's role in disease prevention was recognised in 2016 when the Economist Intelligence Unit honoured the Foundation as one of 18 global change-makers in the fight to eradicate the Hepatitis C virus.

The Foundation's work on this front continued in 2017 with the launch of the HCV University Communication Campaign. With no vaccine for Hepatitis C, a strong emphasis must be placed on prevention given that c. 7% of the Egyptian population aged 15 to 59 is infected and 150,000-250,000 new infections occur each year. While promising new treatments have recently been introduced, public awareness is vitally important. The primary purpose of the HCV Communication Campaign is to prevent HCV transmission among Egypt's youth. Accordingly, the campaign was launched in two universities: Ain Shams University, one of the largest universities in the country; and Minia University, located in a high-prevalence governorate.

The HCV University Communication Campaign has three main objectives. The first is prevention education about viral hepatitis, including the discouragement of high-risk behaviours commonly associated with HCV transmission. The second is motivation for screening, which will improve treatment and functional cure rates. Finally, the campaign has a goal to reach 170,000 direct and indirect beneficiaries during 2018.

Developing Our Youth

In 2017, the EFG Hermes Foundation continued to support the MOVE Foundation for Children with Cerebral Palsy, a non-profit organisation for underprivileged disabled children. The Foundation's support for children with cerebral palsy has included assistance in building a new classroom to accommodate their needs and contributions to their operational costs, enabling them to attend the MOVE programmes that help them learn how to sit, stand, walk, read and speak. To date, some children that received support have been successfully mainstreamed into the public school system or private educational centres, providing them with hope of a rewarding future.

On World Cerebral Palsy Day, the EFG Hermes building was lit up in green and employees wore green ribbons to raise awareness of this disabling disorder. In the spirit of the Holy Month of Ramadan, the EFG Hermes Foundation collaborated with the MOVE Foundation through the Firm's Ramadan Wish Tree Initiative. EFG Hermes employees donated EGP 200,000 that went toward purchasing wheelchairs, educational books and cloths as well as the necessary funds for medical care and surgeries.

The Foundation also expanded its efforts to promote financial literacy in 2017. EFG Hermes employees volunteered their time to conduct seven financial literacy tutorials, reaching c. 500 students at the British University in Egypt (BUE), Misr International University (MIU) and Helwan University. These tutorials were developed by volunteers from different departments at EFG Hermes in collaboration with the Green Team.

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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 2017, 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, 2017 and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

KPMG Hazem Hassan
Cairo, March 27, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

(in EGP)	Note no.	31/12/2017	31/12/2016
Assets			
Non - current assets			
Available -for- sale investments	(10)	4,188,533,840	2,647,872,907
Investment property	(11)	231,857,775	332,044,723
Fixed assets	(12)	224,333,498	206,832,514
Leased assets	(13)	1,983,830,519	1,118,296,186
Goodwill and other intangible assets	(14)	948,377,505	591,555,333
Loans receivables	(9)	370,282,483	624,349,183
Total non - current assets		7,947,215,620	5,520,950,846
Current assets			
Cash and cash equivalents	(6)	9,633,777,190	11,507,605,161
Loans receivables	(9)	495,238,580	298,447,071
Investments at fair value through profit and loss	(7)	14,810,796,240	1,980,176,083
Accounts receivables	(8)	7,617,247,233	1,798,032,731
Other assets	(15)	747,427,378	539,699,561
Assets held for sale	(5-1)	-	1,056,920,017
Total current assets		33,304,486,621	17,180,880,624
Total assets		41,251,702,241	22,701,831,470
Equity			
Share capital	(22)	3,074,472,890	3,074,472,890
Legal reserve		1,537,236,445	1,523,711,250
Share premium		1,922,267,826	1,922,267,826
Other reserves		4,527,947,151	4,019,284,955
Retained earnings		2,585,659,132	3,151,351,529
Equity attributable to owners of the Company		13,647,583,444	13,691,088,450
Non - controlling interests	(23)	273,241,999	126,816,081
Total equity		13,920,825,443	13,817,904,531
Liabilities			
Non - current liabilities			
Deferred tax liabilities	(19)	251,298,343	511,680,444
Loans and borrowings	(21)	1,414,434,829	922,687,524
Total non - current liabilities		1,665,733,172	1,434,367,968
Current liabilities			
Due to banks and financial institutions	(16)	6,727,002,816	726,622,841
Loans and borrowings	(21)	420,782,960	184,654,352
Accounts payable - customers credit balance		5,443,458,450	4,312,536,665
Accounts payable - customers credit balance at fair value through profit and loss	(17)	10,556,308,364	-
Creditors and other credit balances	(18)	1,697,172,793	1,611,855,203
Current tax liability		308,729,311	112,307,159
Provisions	(20)	511,688,932	501,582,751
Total current liabilities		25,665,143,626	7,449,558,971
Total liabilities		27,330,876,798	8,883,926,939
Total equity and liabilities		41,251,702,241	22,701,831,470

The accompanying notes and accounting policies from page (6) to page (54) are an integral part of these financial statements and are to be read therewith.

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

For the year ended			
(in EGP)	Note no.	31/12/2017	31/12/2016
Continuing operations			
Revenues			
Fee and commission income	(30)	1,983,827,762	952,807,848
Securities gains		766,002,157	82,744,058
Revenues from leasing activities		560,216,548	218,615,703
Changes in the investments at fair value through profit and loss		9,061,686	(5,558,405)
Interest and dividend income		870,745,851	277,261,733
Foreign currencies exchange differences		52,224,866	2,737,737,149
Other income		116,228,558	42,472,167
Total revenues		4,358,307,428	4,306,080,253
Expenses			
Fee and commission expense		(151,518,371)	(63,898,599)
Interest expense		(536,635,952)	(215,818,990)
General administrative expenses	(29)	(1,982,741,820)	(1,834,338,650)
Provisions	(20)	(53,247,943)	(179,796,721)
Depreciation and amortization	(11),(12),(13)	(216,964,436)	(105,108,009)
Impairment loss on assets	(26)	(40,553,592)	(93,154,630)
Total expenses		(2,981,662,114)	(2,492,115,599)
Profit before income tax		1,376,645,314	1,813,964,654
Income tax expense	(27)	(126,253,024)	(198,101,246)
Profit from continuing operations		1,250,392,290	1,615,863,408
Discontinued operation			
Loss from discontinued operation, net of tax	(5-2)	-	(118,933,552)
Profit for the year		1,250,392,290	1,496,929,856
Profit attributable to:			
Owners of the Company		1,226,762,742	1,414,230,032
Non - controlling interests	(23)	23,629,548	82,699,824
		1,250,392,290	1,496,929,856

The accompanying notes and accounting policies from page (6) to page (54) are an integral part of these financial statements and are to be read therewith.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

Attributable to owners of the Company									
Other reserves									
(in EGP)	Share capital	Legal reserve	Share premium	General reserve	Trans-lation reserve	Fair value reserve	Hedging reserve	Other reserves	Retained earnings
Balance as at 31 December, 2015	3,074,472,890	1,523,711,250	1,922,267,826	158,269	1,430,705,902	334,212,035	(26,442,387)	379,913,584	1,319,604,367
Total comprehensive income									
Profit	-	-	-	-	-	-	-	-	1,414,230,032
Other comprehensive income	-	-	-	-	1,299,516,168	981,134,968	-	-	37,603,546
Total comprehensive income	-	-	-	-	1,299,516,168	981,134,968	-	-	1,451,833,578
Reclassifications	-	-	-	-	-	-	(379,913,584)	-	-
Transactions with owners of the Company									
Changes in ownership interests									
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	-
Disposal of subsidiary with NCI	-	-	-	-	-	-	-	-	-
Balance as at 31 December, 2016	3,074,472,890	1,523,711,250	1,922,267,826	158,269	2,730,222,070	1,315,347,003	(26,442,387)	3,151,351,529	13,691,088,450
Total comprehensive income									
Profit	-	-	-	-	-	-	-	-	1,226,762,742
Other comprehensive income	-	-	-	-	542,404,828	(33,742,632)	-	-	21,821,221
Total comprehensive income	-	-	-	-	542,404,828	(33,742,632)	-	-	1,248,583,963
Transferred to legal reserve	-	13,525,195	-	-	-	-	-	-	(13,525,195)
Transactions with owners of the Company									
Contributions and distributions									
Dividends	-	-	-	-	-	-	-	-	(1,783,069,221)
Changes in ownership interests									
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	(17,681,944)
Share of NCI in the increase of subsidiaries paid in capital	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	3,074,472,890	1,537,236,445	1,922,267,826	158,269	3,272,626,898	1,281,604,371	(26,442,387)	- 2,585,659,132	13,647,583,444
									273,241,999
									13,920,825,443

The accompanying notes and accounting policies from page (6) to page (54) are an integral part of these financial statements and are to be read therewith.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	For the year ended	
(in EGP)	31/12/2017	31/12/2016
Cash flows from operating activities		
Profit before income tax	1,376,645,314	1,813,964,654
Adjustments for:		
Depreciation and amortization	216,964,436	105,108,009
Provisions formed	53,247,943	179,796,721
Provisions used	(43,834,069)	(29,452,415)
Provisions reversed	(5,553,661)	-
Gains on sale of fixed assets	(1,867,175)	(49,594)
Gains on sale of investment property	(814,458)	-
Gains on sale of available -for- sale investments	(758,677,751)	(62,691,129)
Changes in the fair value of investments at fair value through profit and loss	(9,061,686)	5,558,405
Impairment loss on assets	40,553,592	93,154,630
Foreign currency translation differences	33,283,742	4,273,472,449
Foreign currencies exchange differences	(52,224,866)	(2,737,737,149)
Operating profit before changes in current assets and liabilities	848,661,361	3,641,124,581
Changes in:		
Other assets	(156,813,817)	338,499,757
Creditors and other credit balances	(69,913,030)	1,017,697,591
Loans receivables	57,275,191	(778,819,228)
Accounts receivables	(5,819,214,502)	(574,438,757)
Accounts payable	1,130,921,785	(89,101,043)
Accounts payable - customers credit balance at fair value through profit and loss	10,556,308,364	-
Investments at fair value through profit and loss	(13,734,251,840)	(538,162,018)
Income tax paid	(144,128,530)	(28,080,468)
Net cash (used in) provided from operating activities	(7,331,155,018)	2,988,720,415
Cash flows from investing activities		
Payments to purchase fixed assets and other intangible assets	(68,136,572)	(22,404,855)
Proceeds from sale of fixed assets	86,565,847	95,654
Proceeds from sale of investment property	60,405,496	-
Payments to purchase assets held for sale	(1,628,399,924)	-
Proceeds from sale assets held for sale	1,628,399,924	-
Payments to purchase leased assets	(1,151,066,895)	(782,965,193)
Proceeds from sale of leased assets	72,150,232	-
Payments for projects under construction	-	(40,574)
Proceeds from sale of available -for- sale investments	1,299,959,804	114,161,065
Payments to purchase available -for- sale investments	(447,430,877)	(10,937,115)
Proceeds from sale of investments in subsidiaries	-	3,388,677,043
Proceeds from sale of held to maturity investments	-	30,000,000
Acquisition of subsidiary (net of cash acquired)	(310,000,484)	(410,147,119)
Net cash (used in) provided from investing activities	(457,553,449)	2,306,438,906
Cash flows from financing activities		
Dividends paid	(1,710,760,089)	(43,048,977)
Increase in subsidiaries paid - in capital	62,019,912	-
Proceeds from loans	727,875,913	778,661,074
Net cash (used in) provided from financing activities	(920,864,264)	735,612,097
Net change in cash and cash equivalents	(8,709,572,731)	6,030,771,418
Cash and cash equivalents at 1 January (note no. 28)	11,648,310,796	14,318,107,426
Cash transferred to assets held for sale	-	(8,494,330,500)
Cash and cash equivalents at 31 December (note no. 28)	2,938,738,065	11,854,548,344

Non cash transactions:

- An amount of EGP 72,309,131 has been eliminated from creditors and other credit balances represents the amount of dividends not paid.

- An amount of EGP 50,914,000 has been eliminated from other assets represents the amounts not collected from sale of fixed assets and investment property.

- An amount of EGP 82,921,489 has been eliminated from creditors and other credit balances represents the deferred capital gain resulted from sale of fixed assets and investment property.

The accompanying notes and accounting policies from page (6) to page (54) are an integral part of these financial statements and are to be read therewith.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	For the year ended	
(in EGP)	31/12/2017	31/12/2016
Profit for the year	1,250,392,290	1,496,929,856
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	567,193,023	3,732,118,835
Available -for- sale investments - net change in fair value	687,223,527	1,329,000,942
Foreign currency translation differences - reclassified to retained earnings	(15,051,727)	(37,603,546)
Foreign currency translation differences - reclassified to profit or loss	-	(1,978,517,404)
Fair value reserve - reclassified to retained earnings	(6,769,494)	-
Available -for- sale investments - reclassified to profit or loss	(758,677,751)	(130,894,799)
Related tax	46,293,926	(214,806,185)
Other comprehensive income, net of tax	520,211,504	2,699,297,843
Total comprehensive income	1,770,603,794	4,196,227,699
Total comprehensive income attributable to :		
Owners of the Company	1,735,423,955	3,694,881,168
Non - controlling interests	35,179,839	501,346,531
	1,770,603,794	4,196,227,699

The accompanying notes and accounting policies from page (6) to page (54) are an integral part of these financial statements and are to be read therewith.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December, 2017

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

1. Background

1.1 Incorporation

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

1.2 Purpose of the company

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on March 26, 2018.

3. Functional and presentation currency

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

4. Use of estimates and judgments

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

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

4.1 Fair value measurement

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

5. Assets held for sale and discontinued operation

5.1 Assets held for sale

Vortex Sollar Energy Investments S.a.r.l

Vortex Solar (an Entity managed by the private equity division of EFG Hermes) acquired 100% of a 365 MW portfolio of 24 operational solar assets in the United Kingdom from TerraForm Power.

The equity share capital of the transaction was funded during 2017 through a 50% subscription from Tenaga Nasional Berhad TNB, the remaining 50% of the equity was underwritten by one of EFG Hermes' subsidiaries (Beaufort Investments S.a.r.l), On 15 December 2017 the group sold 45% of the equity, retaining only a 5% stake of the equity share capital presented as available for sale investments.

Credit Libanais SAL

- During 2010, EFG-Hermes Holding Company purchased 14,914,883 shares that represents 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL with an amount of USD 577,8 million.
- On March 16, 2016 the company's Board of Directors approved to proceed with all necessary steps required to sell 9,408,749 shares (Phase I) represents approximately 40% of it's indirect subsidiary Credit Libanais Bank S.A.L. (total Bank's shares 23,400,000) at US\$ 33 per share (prior to payment of associated fees) to a consortium of Lebanese and Arab Investors. This sale process is subject to some conditions precedent, including the approval of the Central Bank of Lebanon. The company agreed with Credit Libanais Investment Bank S.A.L. ("CLIB"), a wholly owned subsidiary of Credit Libanais, to sell 5,506,134 shares represent the remaining stake of the Bank on Best Effort basis at the same price (Phase II).
- The company during 2016 sold 9,408,749 shares (Phase I) and 1,976,065 shares from (Phase II) and during 2017 the company sold additional 1,316,308 shares, thus the company's stake on 31 December 2017 became 2,213,761 shares representing approximately 9.4605% of the total shares of the bank. The remaining stake is presented as available -for- sale investments with an amount of EGP 1,296,710,506 on the consolidated statement of financial position as at 31 December 2017.

5.2 Results of discontinued operation

	For the year ended	
	31/12/2017	31/12/2016
Fee and commission income	--	194,769,780
Fee and commission expense	--	(121,841,220)
Securities gains	--	12,791,860
Share of profit of associate	--	3,501,280
Changes in the investments at fair value through profit and loss	--	349,020
Foreign currencies differences	--	10,902,720
Other income	--	10,559,240
Interest and dividend income	--	1,157,701,674
Interest expense	--	(836,197,046)
General administrative expenses	--	(228,087,340)
Net losses on loans and advances	--	(36,730,200)
Other provisions	--	(4,088,520)
Depreciation and amortization	--	(22,529,196)
Loss on sale of investment subsidiaries	--	(120,790,853)
Profit before income tax	--	20,311,199
Income tax expense	--	(139,244,751)
Net loss from discontinued operation	--	(118,933,552)

6. Cash and cash equivalents

	31/12/2017	31/12/2016
Cash on hand	11,947,416	7,666,225
Cheques under collection	1,140,001	195,300
Banks - current accounts	6,555,128,148	5,701,154,305
Banks - time deposits	3,065,561,625	5,798,589,331
Balance	9,633,777,190	11,507,605,161

7. Investments at fair value through profit and loss

	31/12/2017	31/12/2016
Mutual fund certificates	421,153,944	441,730,776
Equity securities	170,643,873	38,151,655
Treasury bills outside Egypt	31,963,691	1,500,293,652
Structured notes	14,187,034,732	--
Balance	14,810,796,240	1,980,176,083

8. Accounts receivables

	31/12/2017	31/12/2016
Accounts receivables	7,903,736,391	2,241,390,350
Other brokerage companies	(286,489,158)	(443,357,619)
Balance	7,617,247,233	1,798,032,731

9. Loans receivables

	31/12/2017	31/12/2016
Micro financial loans	495,238,580	252,992,526
Vortex II Holding Sarl	247,266,773	219,803,728
Vortex Solar Investments Sarl	123,015,710	--
Advanced Energy Systems (ADES) S.A.E	--	450,000,000
Balance	865,521,063	922,796,254
Current	495,238,580	298,447,071
Non-current	370,282,483	624,349,183
Balance	865,521,063	922,796,254

10. Available - for- sale investments

	31/12/2017	31/12/2016
Equity securities	2,265,708,740	869,415,187
Mutual fund certificates	1,922,825,100	1,778,457,720
Balance	4,188,533,840	2,647,872,907

11. Investment property

	Buildings
Balance as at 1/1/2017	345,066,343
Disposals*	(48,000,000)
Reclassification to fixed assets*	(48,000,000)
Reclassification from fixed assets**	8,000,000
Foreign currency translation differences	(1,215,647)
Total cost as at 31/12/2017	255,850,696
Accumulated depreciation as at 1/1/2017	13,021,620
Depreciation for the year	12,708,315
Disposals*	(3,312,000)
Reclassification to fixed assets*	(3,312,000)
Reclassification from fixed assets**	4,939,810
Foreign currency translation differences	(52,824)
Accumulated depreciation as at 31/12/2017	23,992,921
Net carrying amount as at 31/12/2017	231,857,775
Net carrying amount as at 31/12/2016	332,044,723

*On 26 November 2017, the holding company sold the whole company's smart village land and building which presented in fixed assets and investment property to EFG – Hermes leasing (a fully owned subsidiary) and Emirates NBD leasing company equally between them on sale and lease back agreement (note no. 12).

Investment property net carrying amount amounted EGP 231,857,775 as at 31 December 2017, represents the following:-

- EGP 145,028,633 the book value of the area owned by EFG – Hermes Holding Company in Nile City building.
- EGP 80,148,281 the book value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.
- EGP 3,629,340 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch.

**EGP 3,051,521 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch.

Translation of consolidated financial statements originally issued in Arabic

12. Fixed assets

Particular	Land & Buildings	Leasehold improvements	Office furniture, Equipment & electrical Appliances	Computer Equipment	Vehicles	Projects under construction	Total
Cost							
Balance as at 1/1/2016	911,211,588	288,049,350	405,947,371	123,063,157	25,081,927	744,062,100	2,497,415,493
Additions	2,597,100	1,358,416	1,227,883	14,001,302	3,179,580	40,574	22,404,855
Disposals	--	--	(341,890)	(296,745)	(1,571,738)	(145,823)	(2,356,196)
Disposals of subsidiaries	(732,266,717)	(280,547,073)	(306,802,640)	(12,522)	(10,688,200)	(734,277,600)	(2,064,594,752)
Acquisition from subsidiaries	--	19,437,569	6,740,824	14,830,520	538,700	105,249	41,652,862
Foreign currency translation differences	--	364,000	71,606,599	81,111,548	4,869,890	--	157,952,037
Total cost as at 31/12/2016	181,541,971	28,662,262	178,378,147	232,697,260	21,410,159	9,784,500	652,474,299
Balance as at 1/1/2017	181,541,971	28,662,262	178,378,147	232,697,260	21,410,159	9,784,500	652,474,299
Additions	443,325	10,223,965	26,006,086	27,763,547	339,900	3,359,749	68,136,572
Disposals*	(83,378,485)	--	(115,923)	(568,752)	(634,556)	--	(84,697,716)
Reclassification to investment property	(8,000,000)	--	--	--	--	--	(8,000,000)
Reclassification from investment property*	48,000,000	--	--	--	--	--	48,000,000
Acquisition from subsidiaries	229,225	--	8,621,574	987,089	6,623,664	--	16,461,552
Foreign currency translation differences	(26,830)	(10,271)	(4,785,363)	(509,609)	(900,420)	--	(6,232,493)
Total cost as at 31/12/2017	138,809,206	38,875,956	208,104,521	260,369,535	26,838,747	13,144,249	686,142,214
Accumulated depreciation							
Accumulated depreciation as at 1/1/2016	178,036,906	222,141,127	294,618,358	108,552,151	14,771,097	--	818,119,639
Depreciation	4,932,375	1,502,687	4,383,603	7,481,115	2,216,423	--	20,516,203
Disposals' accumulated depreciation	--	--	(316,071)	(257,694)	(1,571,738)	--	(2,145,503)
Disposals of subsidiaries	(146,424,627)	(217,189,772)	(201,497,840)	(12,522)	(7,475,200)	--	(572,599,961)
Acquisition from subsidiaries	--	14,652,122	4,779,841	9,480,055	202,899	--	29,114,917
Foreign currency translation differences	--	364,000	69,310,444	79,533,460	3,428,586	--	152,636,490
Accumulated depreciation as at 31/12/2016	36,544,654	21,470,164	171,278,335	204,776,565	11,572,067	--	445,641,785
Accumulated depreciation as at 1/1/2017	36,544,654	21,470,164	171,278,335	204,776,565	11,572,067	--	445,641,785
Depreciation	4,889,593	3,131,121	5,293,349	14,071,061	3,952,135	--	31,337,259
Disposals' accumulated depreciation	(17,096,450)	--	(108,978)	(540,241)	(503,410)	--	(18,249,079)
Reclassification to investment property	(4,939,810)	--	--	--	--	--	(4,939,810)
Reclassification from investment property	3,312,000	--	--	--	--	--	3,312,000
Acquisition from subsidiaries	153,343	--	4,862,585	701,370	2,727,760	--	8,445,058
Foreign currency translation differences	(11,630)	3,497	(1,479,434)	(1,616,628)	(634,302)	--	(3,738,497)
Accumulated depreciation as at 31/12/2017	22,851,700	24,604,782	179,845,857	217,392,127	17,114,250	--	461,808,716
Carrying amount							
Carrying amount as at 31/12/2016	144,997,317	7,192,098	7,099,812	27,920,695	9,838,092	9,784,500	206,832,514
Carrying amount as at 31/12/2017	115,957,506	14,271,174	28,258,664	42,977,408	9,724,497	13,144,249	224,333,498

*Note no. (11).

**Projects under construction are represented in preparation of new branches –office spaces in Egypt with an amount of EGP 13,144,249 as at December 31, 2017 versus EGP 9,784,500 as at December 31, 2016.

13. Leased assets

Particular	Land	Buildings & property	Equipment	Computer equipment	Vehicles	Total
Cost						
Balance as at 1/1/2016	47,104,210	278,564,535	27,097,500	2,625,401	119,651,070	475,042,716
Additions	396,154,985	111,514,080	50,827,727	2,540,306	221,928,096	782,965,194
Disposals	--	--	--	--	(122,850)	(122,850)
Total cost as at 31/12/2016	443,259,195	390,078,615	77,925,227	5,165,707	341,456,316	1,257,885,060
Additions	170,881,247	333,811,020	432,744,138	924,550	212,705,940	1,151,066,895
Disposals	(26,429,429)	(35,636,250)	(15,580,053)	--	(1,240,200)	(78,885,932)
Total cost as at 31/12/2017	587,711,013	688,253,385	495,089,312	6,090,257	552,922,056	2,330,066,023
Accumulated depreciation						
Accumulated depreciation as at 1/1/2016	--	3,600,065	779,238	47,148	1,984,864	6,411,315
Depreciation for the year	--	17,271,568	9,763,664	1,580,773	44,343,196	72,959,201
Disposals accumulated depreciation	--	--	--	--	(18,428)	(18,428)
Accumulated depreciation as at 31/12/2016	--	20,871,633	10,542,902	1,627,921	46,309,632	79,352,088
Depreciation for the year	--	25,895,779	53,262,882	1,824,630	91,935,571	172,918,862
Disposals accumulated depreciation	--	(3,298,903)	(2,958,244)	--	(478,553)	(6,735,700)
Accumulated depreciation as at 31/12/2017	--	43,468,509	60,847,540	3,452,551	137,766,650	245,535,250
Impairment loss on leased assets as at 31/12/2017	(5,374,753)	(5,942,242)	(4,757,236)	(33,275)	(7,392,494)	(23,500,000)

Carrying amount

Carrying amount as at 31/12/2016	443,259,195	369,206,982	67,382,325	3,537,786	295,146,684	1,178,532,972
Carrying amount as at 31/12/2017	582,336,260	638,842,634	429,484,536	2,604,431	407,762,912	2,061,030,773
Lease settlement account as at 31/12/2016	(20,888,223)	(40,355,121)	(303,575)	559,462	750,671	(60,236,786)
Lease settlement account as at 31/12/2017	3,972,284	(82,862,931)	3,151,057	1,060,460	(2,521,124)	(77,200,254)
Carrying amount as at 31/12/2016 (net of lease settlement account)	422,370,972	328,851,861	67,078,750	4,097,248	295,897,355	1,118,296,186
Carrying amount as at 31/12/2017 (net of lease settlement account)	586,308,544	555,979,703	432,635,593	3,664,891	405,241,788	1,983,830,519

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14. Goodwill and other intangible assets

	31/12/2017	31/12/2016
Goodwill (14-1)	935,693,196	584,031,766
Licenses	12,684,309	7,523,567
Balance	948,377,505	591,555,333

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

	31/12/2017	31/12/2016
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E	365,398,862	388,722,195
EFG - Hermes Pakistan Limited*	9,503,738	--
Frontier Investment Management Partners LTD**	365,481,025	--
Balance	935,693,196	584,031,766

* The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities, the Company has a grace period of 12 months ending March 2018 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.

**The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities. The Company has a grace period of 12 months ending September 2018 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.

15. Other assets

	31/12/2017	31/12/2016
Deposits with others (15-1)	47,789,292	19,746,684
Down payments to suppliers	34,793,522	8,792,738
Prepaid expenses	55,301,204	36,409,465
Employees' advances	50,347,780	44,336,521
Accrued revenues	116,541,464	64,380,552
Taxes withheld by others	43,885,855	19,904,319
Payments for investments (15-2)	11,393,856	10,379,956
Settlement Guarantee Fund	22,493,984	41,261,355
Due from EFG- Hermes Employees Trust	237,097,017	235,735,728
Due from Ara Inc. Company	624,711	633,511
Due from Egypt Gulf Bank- Tanmeyah Clients	2,467,778	2,339,999
Receivables-sale of fixed assets and investment property *	50,914,000	--
Receivables-sale of investments	8,931,744	--
Sundry debtors	64,845,171	55,778,733
Balance	747,427,378	539,699,561

*Note no. (11 &12).

15.1 Deposits with others include an amount of EGP 15,668,936 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

15.2 Payments for investments are represented in the following:

	31/12/2017	31/12/2016
EFG-Fintech	5,000,000	--
EFG-Hermes Securitization	5,000,000	--
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
EFG Finance Holding	--	5,000,000
Arab Visual Company	--	3,749,500
Vortex Energy Investments II	--	256,600
Sherketak	20,000	--
Balance	11,393,856	10,379,956

16. Due to banks and financial institutions

	31/12/2017	31/12/2016
Financial institutions	5,761,264,680	11,670,425
Bank overdraft	965,738,136	714,952,416
Balance	6,727,002,816	726,622,841

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

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

18. Creditors and other credit balances

	31/12/2017	31/12/2016
Accrued expenses	988,954,759	1,214,720,613
Dividends payable (prior years)	266,376,877	193,216,929
Deferred revenues	176,999,309	80,020,061
Deferred capital gain *	82,921,489	--
Suppliers	35,191,979	--
Due to Industry Modernization Center	13,202,783	13,353,615
Clients' coupons - custody activity	9,876,310	10,566,061
Tax authority	5,810,226	11,209,419
Social Insurance Association	1,485,532	1,258,677
Payables- purchase of investments	44,375,000	--
Sundry creditors	71,978,529	87,509,828
Balance	1,697,172,793	1,611,855,203

* Note no. (11&12).

19. Deferred tax liabilities

	Balance at 1/1/2017	Recognized in profit or loss	Recognized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(9,796,409)	6,696,286	--	--	(3,100,123)	--	(3,100,123)
Claims provision	587,750	379	--	--	588,129	588,129	--
Impairment loss on assets	1,224,794	--	--	--	1,224,794	1,224,794	--
Prior year losses carried forward	1,114,221	6,132,197	--	(209,483)	7,036,935	7,036,935	--
Changes in fair value of cash flow hedges*	6,612,597	--	--	--	6,612,597	6,612,597	--
Fair value of available-for-sale financial assets**	(313,029,836)	--	46,293,926	--	(266,735,910)	--	(266,735,910)
Foreign currency translation differences	(198,393,561)	208,579,657	--	--	10,186,096	10,186,096	--
Revaluation of investment property	--	1,867,147	--	--	1,867,147	1,867,147	--
Deferred capital gain	--	(8,978,008)	--	--	(8,978,008)	--	(8,978,008)
	(511,680,444)	214,297,658	46,293,926	(209,483)	(251,298,343)	27,515,698	(278,814,041)

* Directly deducted from cash flow hedging reserve item presented on the consolidated statement of comprehensive income.

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

20. Provisions

		31/12/2017	31/12/2016
Claims provision	(20-1)	333,168,227	333,011,812
Severance pay provision	(20-1)	172,223,971	166,230,290
Financial guarantee for contingent liabilities	(20-1)	6,296,734	2,340,649
Balance		511,688,932	501,582,751

20.1

	Claims provision	Severance Pay Provision*	Financial guarantee for contingent liabilities	Total
Balance at the beginning of the year	333,011,812	166,230,290	2,340,649	501,582,751
Acquisition of subsidiaries	--	10,863,999	--	10,863,999
Formed during the year	18,336,740	29,895,751	5,015,452	53,247,943
Foreign currency differences	(278,770)	(4,339,261)	--	(4,618,031)
Amounts used during the year	(13,407,261)	(30,426,808)	--	(43,834,069)
Provision reversed	(4,494,294)	--	(1,059,367)	(5,553,661)
Balance at the end of the year	333,168,227	172,223,971	6,296,734	511,688,932

*Related to group entities outside Egypt.

21. Loans and borrowings

The borrower	Credit limit	Contract date	Maturity Date	31/12/2017	31/12/2016
EFG – Hermes Leasing*	250 million	10/6/2015	10/6/2023	190,710,008	199,274,290
..	100 million	4/6/2015	4/6/2022	127,289,601	81,967,775
..	280 million	14/7/2015	14/9/2022	148,807,789	112,230,509
..	300 million	4/11/2015	4/11/2022	282,109,568	185,858,610
..	200 million	9/8/2015	9/8/2023	63,630,480	47,176,941
..	200 million	30/9/2015	30/9/2025	108,057,091	86,352,695
..	175 million	14/3/2016	14/3/2023	126,363,303	70,975,564
..	50 million	1/6/2016	1/6/2023	41,556,795	48,973,891
..	100 million	1/6/2016	1/5/2020	94,230,870	93,496,233
..	100 million	28/11/2016	31/10/2021	91,831,604	20,504,086
..	80 million	15/12/2016	30/9/2021	25,463,555	10,531,282
..	100 million	12/2/2017	28/2/2022	88,959,090	--
..	70 million	19/2/2017	30/8/2024	69,672,390	--
..	100 million	15/12/2016	30/9/2021	42,108,977	--
..	50 million	3/4/2017	3/4/2024	16,748,119	--
..	20 million	24/4/2017	24/4/2023	5,000,000	--
..	100 million	25/5/2017	25/5/2022	64,294,114	--
..	65 million	29/5/2017	29/5/2024	58,729,430	--
..	44 million	19/10/2017	19/10/2022	39,937,500	--
..	90 million	1/12/2017	1/6/2022	22,367,850	--
EFG – Hermes Holding	150 million	29/2/2016	28/2/2021	--	150,000,000
EFG – Hermes Pakistan Limited	112.1 million	12/5/2017	11/5/2020	60,112,500	--
Tanmeyah Micro Enterprise Services S.A.E	50 million	30/3/2017	30/3/2018	22,008,821	--
..	500 million	18/6/2017	18/6/2022	4,800,937	--
Valu	100 million	10/11/2017	9/11/2018	40,427,397	--
Balance				1,835,217,789	1,107,341,876
Current				420,782,960	184,654,352
Non-current				1,414,434,829	922,687,524
Balance				1,835,217,789	1,107,341,876

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

22. Share capital

The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,074,472,890 distributed on 614,894,578 shares of par value EGP 5 per share which is fully paid.

23. Non - controlling interests

	31/12/2017	31/12/2016
Share capital	160,090,883	72,136,666
Legal reserve	16,037,802	18,344,483
Other reserves	13,323,755	(4,403,698)
Retained earnings (losses)	60,160,011	(5,137,939)
Goodwill of subsidiaries	--	23,323,331
Interim dividend	--	(13,656,958)
Profit for the year	23,629,548	36,210,196
Balance	273,241,999	126,816,081

24. Contingent liabilities

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

	31/12/2017	31/12/2016
AED	118,670,000	118,670,000
Equivalent to EGP	573,508,376	581,554,202

Group off-financial position items :

	31/12/2017	31/12/2016
Assets under management	84,772,447,382	45,316,848,744

25. Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of incentive fee with an amount of EGP 1,614,265 till December 31, 2017 versus EGP 2,970,687 till December 31, 2016 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

	For the year ended	
Subsidiary's name	31/12/2017	31/12/2016
Egyptian Portfolio Management Group	1,614,265	2,970,687
Total	1,614,265	2,970,687

26. Impairment loss on assets

	For the year ended	
	31/12/2017	31/12/2016
Impairment loss on accounts receivables & debit accounts	38,726,322	5,588,277
Impairment loss on available –for– sale investments	1,827,270	87,566,353
Total	40,553,592	93,154,630

27. Income tax expense

	For the year ended	
	31/12/2017	31/12/2016
Current income tax	340,550,682	(7,329,688)
Deferred tax	(214,297,658)	205,430,934
Total	126,253,024	198,101,246

28. Cash and cash equivalents

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

	31/12/2017	31/12/2016
Cash and due from banks	9,633,777,190	11,507,605,161
Due to banks and financial institutions	(6,727,002,816)	(726,622,841)
Treasury bills less than 90 days	31,963,691	1,073,566,024
Effect of exchange rate	--	(206, 237, 548)
Cash and cash equivalents	2,938,738,065	11,648,310,796

29. General administrative expenses

	For the year ended	
	31/12/2017	31/12/2016
Wages , salaries and similar items *	1,402,678,086	1,405,600,463
Consultancy	84,934,176	79,681,607
Travel , accommodation and transportation	46,495,597	23,748,676
Leased line and communication	104,156,388	58,771,256
Rent and utilities expenses	91,481,088	45,465,756
Other expenses	252,996,485	221,070,892
Total	1,982,741,820	1,834,338,650

* In 2016 the group based on the compensation committee recommendation approved enrolling a number employees in a two 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 period. The line item (Wages, salaries and similar items) includes an amount of EGP 252,376,263 relevant to this program.

30. Operating segment

A. Basis for operating segment

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

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

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

For the year ended December 31, 2017									
	Holding & treasury	Brokerage	Asset management	Investment banking	Private equity	Leasing	Micro finance	Adjustments	Total
Fee and commission income	10,895	1,065,226,477	333,272,624	335,056,350	73,884,049	--	176,377,367	--	1,983,827,762
Securities gains	756,241,922	14,149,780	--	(4,389,545)	--	--	--	--	766,002,157
Revenues from leasing activities	--	--	--	--	--	560,216,548	--	--	560,216,548
Changes in the investments at fair value through profit and loss	12,064,210	(3,002,524)	--	--	--	--	--	--	9,061,686
Interest and dividend income	544,844,272	93,578,826	245,792	28,624,870	102,678,585	4,749,606	236,691,392	(140,667,492)	870,745,851
Foreign currencies differences	52,224,866	--	--	--	--	--	--	--	52,224,866
Other income	76,388,132	31,947,695	800,164	5,196,415	59,595	303,988	1,532,569	--	116,228,558
Total revenues	1,441,774,297	1,201,900,254	334,318,580	364,488,090	176,622,229	565,270,142	414,601,328	(140,667,492)	4,358,307,428
Fee and commission expense	(215,321)	(151,272,728)	(9,890,261)	(18,186,657)	(209,724)	--	(38,105)	28,294,425	(151,518,371)
Interest expense	(86,765,835)	(141,773,007)	--	(9,858,305)	(46,429,688)	(269,922,255)	(134,382,194)	152,495,332	(536,635,952)
Net revenues	1,354,793,141	908,854,519	324,428,319	336,443,128	129,982,817	295,347,887	280,181,029	40,122,265	3,670,153,105
General administrative expenses	(613,615,390)	(810,851,803)	(239,195,882)	(66,024,446)	(44,523,203)	(26,337,278)	(142,071,553)	(40,122,265)	(1,982,741,820)
Provisions	(17,937,038)	(17,086,230)	(8,906,253)	(1,855,786)	(379,684)	--	(7,082,952)	--	(53,247,943)
Depreciation and amortization	(23,373,675)	(10,413,192)	(2,243,936)	(233,309)	(105,694)	(173,626,764)	(6,967,866)	--	(216,964,436)
Impairment loss on assets	--	(2,227,270)	(3,040,544)	--	(4,447,356)	(23,500,000)	(7,338,422)	--	(40,553,592)
Total expenses	(741,907,259)	(1,133,624,230)	(263,276,876)	(96,158,503)	(96,095,349)	(493,386,297)	(297,881,092)	140,667,492	(2,981,662,114)
Profit before income tax	699,867,038	68,276,024	71,041,704	268,329,587	80,526,880	71,883,845	116,720,236	--	1,376,645,314
Income tax expense	(30,138,051)	(45,391,410)	(6,302,361)	3,019,208	(796,467)	(19,717,503)	(26,926,440)	--	(126,253,024)
Profit from continuing operations	669,728,987	22,884,614	64,739,343	271,348,795	79,730,413	52,166,342	89,793,796	--	1,250,392,290
Total assets	8,580,984,642	25,681,825,961	1,789,133,317	228,430,762	1,856,181,864	2,109,468,096	1,005,677,599	--	41,251,702,241
Total liabilities	1,907,425,105	22,081,222,110	514,171,826	77,082,427	403,490,593	1,872,545,192	474,939,545	--	27,330,876,798

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For the year ended December 31, 2016									
	Holding & Treasury	Brokerage	Asset Man- agement	Investment Banking	Private Equity	Leasing	Micro Finance	Adjust- ments	Total
Fee and commission income	2,116,328	547,544,754	153,663,366	105,253,539	72,902,776	--	71,327,085	--	952,807,848
Securities gains	77,281,428	5,462,630	--	--	--	--	--	--	82,744,058
Revenues from leasing activities	--	--	--	--	--	218,615,703	--	--	218,615,703
Changes in the investments at fair value through profit and loss	27,867	(3,448,287)	--	--	(2,137,985)	--	--	--	(5,558,405)
Interest and dividend income	146,570,756	58,846,882	164	12,087,836	11,398,298	2,957,755	90,029,989	(44,629,947)	277,261,733
Foreign currencies differences	2,580,328,272	83,417,718	17,302,073	18,245,682	38,303,980	5,350	134,074	--	2,737,737,149
Other income	15,299,698	13,204,638	1,981,910	15,179,827	542,592	--	(3,736,498)	--	42,472,167
Total revenues	2,821,624,349	705,028,335	172,947,513	150,766,884	121,009,661	221,578,808	157,754,650	(44,629,947)	4,306,080,253
Fee and commission expense	(176,133)	(78,108,824)	(470,621)	(842,571)	(134,690)	(65,707)	(3,575,638)	19,475,585	(63,898,599)
Interest expense	(49,130,972)	(65,032,534)	--	(1,080,000)	18,028	(103,674,012)	(40,818,037)	43,898,537	(215,818,990)
Net revenues	2,772,317,244	561,886,977	172,476,892	148,844,313	120,892,999	117,839,089	113,360,975	18,744,175	4,026,362,664
General administrative expenses	(860,416,182)	(489,242,576)	(109,558,582)	(151,324,684)	(104,343,344)	(26,794,640)	(73,914,467)	(18,744,175)	(1,834,338,650)
Provisions	(113,666,436)	(25,446,175)	(11,472,876)	(10,968,196)	(12,221,209)	--	(6,021,829)	--	(179,796,721)
Depreciation and amortization	(20,619,973)	(6,663,648)	(571,298)	(291,765)	(118,752)	(73,636,953)	(3,205,620)	--	(105,108,009)
Impairment loss on assets	(81,387,250)	(6,682,867)	(878,202)	(870,933)	(3,335,378)	--	--	--	(93,154,630)
Total expenses	(1,125,396,946)	(671,176,624)	(122,951,579)	(165,378,149)	(120,135,345)	(204,171,312)	(127,535,591)	44,629,947	(2,492,115,599)
Profit (loss) before income tax	1,696,227,403	33,851,711	49,995,934	(14,611,265)	874,316	17,407,496	30,219,059	--	1,813,964,654
Income tax expense	(118,217,011)	(58,699,662)	(3,575,049)	(4,817,283)	(2,402,556)	(3,380,966)	(7,008,719)	--	(198,101,246)
Profit (loss) from continuing operation	1,578,010,392	(24,847,951)	46,420,885	(19,428,548)	(1,528,240)	14,026,530	23,210,340	--	1,615,863,408
Total assets	10,267,328,959	7,387,023,100	1,746,689,735	7,868,307	1,425,481,920	1,174,674,232	692,765,217	--	22,701,831,470
Total liabilities	1,539,281,438	5,301,833,684	287,198,349	126,760,819	450,852,971	1,007,085,051	170,914,627	--	8,883,926,939

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, 2017					
	Egypt	GCC	Lebanon	Other	Total
Total revenues	2,748,887,937	1,069,533,763	397,696,250	142,189,478	4,358,307,428
Segment assets	13,330,496,779	24,940,913,449	2,616,321,715	363,970,298	41,251,702,241
December 31, 2016					
	Egypt	GCC	Lebanon	Other	Total
Total revenues	3,577,505,675	662,230,802	33,417,027	32,926,749	4,306,080,253
Segment assets	11,426,102,696	7,188,878,983	3,907,767,768	179,082,023	22,701,831,470

31. Tax status (the holding company)

- As to Income Tax, the years till 31/12/2010 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee and as to years 2011 / 2013 have been inspected and all the disputed points have been settled with the Internal Committee. And as to years 2014 / 2015 have been inspected and all the disputed points have been settled with the Internal Committee. As to year 2016, according to tax form of tax law no. 91 of 2005 the company has submitted the tax returns and paid the due tax.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the Internal Committee and as to years 2009 / 2012 company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2017 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from 1/1/1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the court, and the period from 1/8/2006 till 31/12/2013 has been inspected and all the disputed points have been settled with the competent Tax Inspectorate as to years 2014/2017 have not been inspected yet.

32. Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99,87	0,09
Egyptian Fund Management Group	88,51	11,49
Egyptian Portfolio Management Group	66,33	33,67
Hermes Securities Brokerage	97,58	2,42
Hermes Fund Management	89,95	10,05
Hermes Corporate Finance	99,37	0,53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99,88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96,3	3,7
EFG- Hermes Private Equity	1,59	63,41
EFG- Hermes Brokerage – UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99,33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74,92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73,1	26,9
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.	--	100
Mena Long-Term Value Master Holdings Ltd.	--	90
Mena Long-Term Value Management Ltd.	--	90
EFG - Hermes CL Holding SAL	--	100
EFG - Hermes Investment Funds Co.	99,998	--
EFG-Hermes IB Limited	100	--
EFG- Hermes Mutual Funds Co.	100	--

	Direct ownership %	Indirect ownership %
Beaufort Investments Company	100	--
EFG-Hermes Leasing	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	94
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99	1
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD **	--	50
EFG-Hermes SP limited	--	100
Valu	--	100
EFG-Hermes Factoring	--	100
Beaufort Asset Managers LTD	--	100

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

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

33. 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.

33.1 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.

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33.2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.

- The company has revalue assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

33.3 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.

33.4 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.

33.5 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.

33.6 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.

33.7 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.

33.8 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.

33.9 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.

33.10 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.

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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.

34. Significant accounting policies applied

34.1 Business Combination

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

34.2 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.

34.2.1 Non-controlling interests

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

34.2.2 Loss of control

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

34.3 Interests in equity-accounted investees

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

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

34.3.1 Transactions eliminated on consolidation

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

34.4 Foreign currency

34.4.1 Foreign currency transactions

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

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

34.4.2 Foreign operations

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

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

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

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34.5 Discontinued operation

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

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

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

34.6 Revenue

34.6.1 Gain (loss) on sale of investments

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

34.6.2 Dividend income

Dividend income is recognized when declared.

34.6.3 Custody fee

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

34.6.4 Interest income and expenses

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

34.6.5 Fee and commission income

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

34.6.6 Brokerage commission

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

34.6.7 Management fee

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

34.6.8 Incentive fee

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

34.6.9 Finance lease income

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

34.6.1 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.

34.6.11 Revenue from micro-finance services

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

34-7 Income tax

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

34.7.1 Current tax

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

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

34.7.2 Deferred tax

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

Deferred tax is not recognized for:

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

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

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

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

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

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

34.8 Property, plant and equipment

34.8.1 Recognition and measurement

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

34.8.2 Subsequent expenditure

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

34.8.3 Depreciation

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

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

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

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

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

34.8.4 Reclassification to investment property

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

34.9 Projects under construction

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

34.10 Intangible assets and goodwill

- Goodwill

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

- Research and development

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

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

- Other intangible assets

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

34.11 Investment property

Investment property is measured at cost on initial recognition.

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

34.12 Assets held for sale

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

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

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

34.13 Financial instruments

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

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

34.13.1 Non-derivative financial assets and financial liabilities – Recognition and Derecognition

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

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

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

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

34.13.2 Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

34.13.3 Non-derivative financial liabilities – Measurement

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

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

34.13.4 Derivative financial instruments and hedge accounting

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

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

34.13.4.1 Cash flow hedges

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

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

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

34.14 Share capital

34.14.1 Ordinary shares

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

34.14.2 Repurchase and reissue of ordinary shares (treasury shares)

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

34.15 Legal reserve

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

34.16 Impairment

34.16.1 Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortized cost

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

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

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

Available-for-sale financial assets

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

Equity-accounted investees

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

34.16.2 Non-financial assets

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

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

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

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any good-will 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.

34.17 Provisions

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

34.18 Treasury bills

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

34.19 Trade, and notes receivables, debtors and other debit balances

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

34.20 Cash and cash equivalents

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

34.21 Profit sharing to employees

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

34.22 Micro-enterprises Receivables

34.22.1 Credit policy

Funding Consideration

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

Client's Life Insurance

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

Client's Following up

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

34.22.2 Impairment loss of micro financed loans

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

34.23 Operating segment

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

Disclaimer

In this annual report EFG Hermes may make forward-looking statements, including, for example, statements about future new product launches, future fundraising, investment banking transactions, private equity exits, nonbank finance business outlook and the overall business strategy of the firm. Such forward looking statements by their nature may involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. Examples may include financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions; and the effect of current, pending and future legislation, regulations and regulatory actions. Furthermore, forward looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue. EFG Hermes does not undertake any obligation to update or revise any forward looking statements.

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EFG Hermes Holding SAE has its address at Building No. B129, Phase 3, Smart Village –km 28 Cairo Alexandria Desert Road, 6 October and has an issued capital of EGP 3,074,472,890.

