EFG – Hermes Holding Company
<u>(Egyptian Joint Stock Company)</u>

Consolidated financial statements
for the year ended 31 December 2015
&
<u>Auditor's Report</u>

Contents | **Page**

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Auditor's Report

To the shareholders of the 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 2015, and the consolidated statements of 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, 2015 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.

Hassan Bas

KPMG ~~Hazem~~ Hassan

Cairo, March 23, 2016

KPMG Hazem Hassan
Accountants and Consultants

Consolidated statement of financial position as at 31 December 2015

(in EGP)	Note no.	31/12/2015	31/12/2014
Assets			
Cash and due from banks	(4)	26,456,336,103	22,305,761,435
Investments at fair value through profit and loss	(5)	584,988,674	843,283,816
Accounts receivables (net)	(6)	1,152,562,684	1,166,525,868
Loans and advances	(7)	22,767,229,109	20,199,656,453
Available -for- sale investments	(8)	1,839,153,380	1,760,862,879
Held-to-maturity investments	(9)	26,776,423,305	21,662,515,820
Investments in associates	(10)	94,043,999	93,116,400
Investment property	(11)	295,444,152	292,305,254
Leased assets (net)	(12)	467,000,589	-
Fixed assets (net)	(13)	1,679,295,854	1,537,798,596
Goodwill and other intangible assets	(14)	4,573,414,469	4,211,585,280
Other assets	(15)	1,714,180,306	1,590,585,824
Total assets		88,400,072,624	75,663,997,625
Liabilities			
Due to banks and financial institutions	(16)	3,855,071,009	2,683,792,497
Customers' deposits	(17)	64,245,803,241	54,556,029,880
Accounts payable - customers' credit balances		1,986,949,572	1,915,838,916
Bonds	(18)	613,917,600	565,767,200
Creditors and other credit balances	(19)	1,877,552,961	1,714,172,153
Other liabilities	(20)	769,999,478	709,699,478
Current tax liability		116,578,675	129,889,294
Deferred tax liabilities	(21)	798,960,213	752,022,642
Provisions	(22)	422,738,071	354,572,626
Loans	(23)	328,680,803	-
Total liabilities		**75,016,251,623**	**63,381,784,686**
Shareholders' equity			
Share capital	(24)	3,074,472,890	2,867,422,500
Legal reserve		1,523,711,250	990,432,067
Share premium	(32)	1,922,267,826	2,697,382,769
Other reserves		2,118,547,403	1,590,213,723
Retained earnings	(32)	858,175,608	926,620,676
		9,497,174,977	9,072,071,735
Treasury shares	(24-1)	-	(426,451,266)
Shareholders' equity		9,497,174,977	8,645,620,469
Net profit for the year		461,428,759	537,764,723
Shareholders' equity including net profit for the year		9,958,603,736	9,183,385,192
Non - controlling interests	(25)	3,425,217,265	3,098,827,747
Total shareholders' equity		**13,383,821,001**	**12,282,212,939**
Total shareholders' equity and liabilities		88,400,072,624	75,663,997,625

The accompanying notes from page (5) to page (55) are an integral part of these financial statements and are to be read therewith.

Auditor's ~~report "attached"~~

Mona Zulficar
Chairperson

karim Awad
Executive Managing Director

Consolidated income statement for the year ended 31 December 2015

(in EGP)	Note no.	For the year ended 31/12/2015	For the year ended 31/12/2014
Fee and commission income		1,358,943,005	1,456,522,804
Fee and commission expense		(273,518,731)	(251,550,609)
Net fee and commission income		1,085,424,274	1,204,972,195
Securities gains		140,441,123	253,156,786
Share of profit of associates	(10)	10,118,400	8,742,756
Changes in the investments at fair value through profit and loss		(1,009,701)	1,950,723
Changes in the fair value of investment property	(11)	-	2,913,629
Revenues from leasing activities		28,447,420	-
Foreign currencies differences		134,047,507	54,127,643
Other income		57,095,257	119,560,703
Non-interest revenue		1,454,564,280	1,645,424,435
Interest and dividend income		4,073,361,407	3,382,790,206
Interest expense		(2,932,898,828)	(2,416,448,148)
Net interest income		1,140,462,579	966,342,058
Total net revenue		2,595,026,859	2,611,766,493
General administrative expenses	(31)	1,587,323,418	1,550,726,668
Net losses on loans and advances	(7)	74,735,400	74,659,464
Provisions	(22)	74,191,007	54,914,498
Depreciation and amortization	(12),(13),(14)	94,611,202	86,210,759
Impairment loss on assets	(28)	3,431,871	15,297,935
Total non-interest expenses		1,834,292,898	1,781,809,324
Net profit before income tax		760,733,961	829,957,169
Income tax expense	(21),(29),(35)	(111,811,218)	(122,972,057)
Net profit for the year		648,922,743	706,985,112
Equity holders of the parent		461,428,759	537,764,723
Non - controlling interests	(25)	187,493,984	169,220,389
		648,922,743	706,985,112
Earnings per share	(33)	0.75	0.87

The accompanying notes from page (5) to page (55) 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 2015

(in EGP)

	Note no.	Share capital	Legal reserve	Share premium	Other reserves: General reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Hedging reserve	Other reserves: Cumulative adjustments	Other reserves: Other reserves	Retained earnings	Treasury Shares	Net (loss) profit for the year	Non - controlling interests	Total
Balance as at 31 December, 2013 (before adjustment)		2 867 422 500	990 432 067	3 289 103 899	373 146	837 436 564	344 000 602	(26 442 387)	(23 115 304)	227 355 936	936 046 512	-	(540 322 092)	2 977 160 430	11 879 451 873
Prior year adjustments		-	-	-	-	-	(73 984 509)	-	-	-	-	-	-	-	(73 984 509)
Balance as at 31 December, 2013 (after adjustments)		2 867 422 500	990 432 067	3 289 103 899	373 146	837 436 564	270 016 093	(26 442 387)	(23 115 304)	227 355 936	936 046 512	-	(540 322 092)	2 977 160 430	11 805 467 364
Foreign currencies translation differences		-	-	-	-	122 663 774	-	-	-	-	-	-	-	-	122 663 774
Transfer to retained earnings	(32)	-	-	(591 721 130)	(214 877)	-	-	-	-	-	591 936 007	-	-	-	-
Net change in the fair value of available -for-sale investments (net of tax)		-	-	-	-	-	108 650 531	-	-	-	-	-	-	-	108 650 531
Carrying 2013 loss forward		-	-	-	-	-	-	-	-	-	(540 322 092)	-	540 322 092	-	-
Transfer to other reserves		-	-	-	-	-	-	-	-	50 374 943	(50 374 943)	-	-	-	-
Cumulative adjustments		-	-	-	-	-	-	-	23 115 304	-	-	-	-	-	23 115 304
Interim dividends		-	-	-	-	-	-	-	-	-	-	-	-	(5 811 144)	(5 811 144)
2013 dividends payout		-	-	-	-	-	-	-	-	-	(10 664 808)	-	-	(114 626 758)	(125 291 566)
Purchasing of treasury shares	(24-1)	-	-	-	-	-	-	-	-	-	-	(426 451 266)	-	-	(426 451 266)
Change in non - controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	72 884 830	72 884 830
Net profit for the year ended 31 December 2014		-	-	-	-	-	-	-	-	-	-	-	537 764 723	169 220 389	706 985 112
Balance as at 31 December 2014		2 867 422 500	990 432 067	2 697 382 769	158 269	960 100 338	378 666 624	(26 442 387)	-	277 730 879	926 620 676	(426 451 266)	537 764 723	3 098 827 747	12 282 212 939
Increase in piad-in capital	(24)	391 833 000	-	-	-	-	-	-	-	-	(391 833 000)	-	-	-	-
Foreign currencies translation differences		-	-	-	-	479 091 733	-	-	-	-	-	-	-	-	479 091 733
Transfer to retained earnings		-	-	-	-	(8 486 169)	-	-	-	-	8 486 169	-	-	-	-
Transfer to legal reserve *		-	533 279 183	(533 279 183)	-	-	-	-	-	-	-	-	-	-	-
Net changes in the fair value of available -for-sale investments (net of tax)		-	-	-	-	-	(44 454 589)	-	-	-	-	-	-	-	(44 454 589)
Carrying 2014 profit forward		-	-	-	-	-	-	-	-	-	537 764 723	-	(537 764 723)	-	-
Transfer to other reserves		-	-	-	-	-	-	-	-	102 182 705	(102 182 705)	-	-	-	-
2014 dividends payout		-	-	-	-	-	-	-	-	-	(58 681 079)	-	-	(61 877 930)	(120 559 009)
Movement on treasury shares		-	-	-	-	-	-	-	-	-	-	(167 104)	-	-	(167 104)
Cancelling treasury shares **		(184 782 610)	-	(241 835 760)	-	-	-	-	-	-	-	426 618 370	-	-	-
Acqusition of NCI without a change in control		-	-	-	-	-	-	-	-	-	(61 999 176)	-	-	-	(61 999 176)
Change in non - controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	200 773 464	200 773 464
Net profit for the year ended 31 December 2015		-	-	-	-	-	-	-	-	-	-	-	461 428 759	187 493 984	648 922 743
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	858 175 608	-	461 428 759	3 425 217 265	13 383 821 001

* According to EFG- Hermes Holding Company's Ordinary General Assembly held on May 17, 2015.

** According to EFG- Hermes Holding Company's Ordinary General Assembly held on November 16, 2015.

The accompanying notes from page (5) to page (55) 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 2015

(in EGP)	31 , December 2 015	2 014
Cash flows from operating activities		
Net profit before income tax	760 733 961	829 957 169
Adjustments to reconcile net profit to net cash provided from operating activities		
Depreciation and amortization	94 611 202	86 210 759
Provisions formed	74 191 007	54 914 498
Provisions used	(21 633 494)	(14 594 422)
Provisions reversed	(1 320 900)	(8 314 488)
Write-back of allowance	(11 092 500)	(26 976 840)
Gains on sale of fixed assets	(728 902)	(14 547 725)
Gains on sale of available -for- sale investments	(77 443 015)	(150 555 076)
Gains on sale of investment property	-	(2 028 283)
Changes in the fair value of investments at fair value through profit and loss	1 009 701	(1 950 723)
Net losses on loans and advances	74 735 400	74 659 464
Impairment loss on assets	3 431 871	15 297 935
Changes in the fair value of investment property	-	(2 913 629)
Foreign currency translation differences	811 014 691	147 263 596
Foreign currencies exchange differences	(134 047 507)	(54 127 643)
Operating profit before changes in working capital	1 573 461 515	932 294 592
(Increase) decrease in other assets	(25 879 980)	87 723 582
Increase (decrease) in creditors and other credit balances	11 712 415	(36 814 672)
Change in loans and advances	(921 741 180)	(1 865 594 500)
Change in customers' deposits	5 079 645 900	4 098 505 261
Decrease (increase) in accounts receivables	17 376 257	(332 339 198)
(Decrease) increase in accounts payables	(41 302 168)	749 172 640
Change in investments at fair value through profit and loss	275 589 470	288 539 440
Change in financial assets (over 3 months)	(174 297 600)	(3 087 491 100)
Income tax paid	(126 117 961)	(38 847 198)
Net cash provided from operating activities	5 668 546 668	795 148 847
Cash flows from investing activities		
Payments to purchase fixed assets and other intangible assets	(118 561 498)	(313 222 095)
Proceeds from sale of fixed assets	4 366 526	29 921 006
Payments to purchase leased assets	(475 042 716)	-
Proceeds from sale of available -for- sale investments	143 650 841	446 922 737
Payments to purchase available -for- sale investments	(163 134 549)	(121 464 040)
Payments to purchase investments in subsidiaries and associates	(139 086 696)	(9 765 349)
Proceeds from investments in associates	6 997 200	-
Payments to purchase / proceeds from sale of held to maturity investments	(3 304 592 700)	541 139 200
Payments for long term lending	-	(2 173 929)
Proceeds from sale of real property held for sale	-	34 748 506
Proceeds from companies' share in Settlement Guarantee Fund	-	1 312 803
Payments to / proceeds from sale of non-current assets held for sale	(2 677 500)	10 628 752
Net cash (used in) provided from investing activities	(4 048 081 092)	618 047 591
Cash flows from financing activities		
Purchasing of treasury shares	-	(426 451 266)
Dividends paid	(132 246 678)	(112 227 742)
Proceeds from long term loans	327 483 878	-
Net cash provided from (used in) financing activities	195 237 200	(538 679 008)
Net change in cash and cash equivalents during the year	1 815 702 776	874 517 430
Cash and cash equivalents at the beginning of the year (note no. 30)	9 766 063 718	8 915 517 481
Cash and cash equivalents at the end of the year (note no. 30)	11 581 766 494	9 790 034 911

The accompanying notes from page (5) to page (55) are an integral part of these financial statements and are to be read therewith.

1- Background

1-1 Incorporation

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

1-2 Purpose of the company

- The company is a universal bank with a lead position in the Arab world in investment banking, securities brokerage, asset management, private equity and research. The purpose of the company also includes the participation in the establishment of companies which issue securities or in increasing their share capitals, custody activities and margin trading.
- **Acquisition of the Credit Libanais SAL (the Bank)**
  During 2010, EFG-Hermes Holding Company purchased 63.739% a controlling stake in Credit Libanais SAL (the Bank) through its wholly owned subsidiary EFG – Hermes CL Holding SAL for an amount of USD 577,8 million. The company obtained the approval of the Central Bank of Lebanon for the acquisition transaction and the transfer of title has been completed.

1-3 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on March 22, 2016.

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 Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are measured at fair value:

- Derivative financial instruments.
- Financial instruments at fair value through profit and loss.
- Available-for-sale financial assets.
- Investment property.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

- Note (21) – Recognition of deferred tax assets and liabilities.
- Note (22) – Provisions.
- Note (26) – Contingent liabilities, valuation of financial instruments.

2.5 Financial assets and liabilities

Recognition and derecognition:

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

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred.

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

Offsetting

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

3- Significant accounting policies applied

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

3-1 Basis of consolidation

The consolidated financial statements include the following companies:

3-1-1 Subsidiaries

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

- The Group loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3-1-2 Associates

Investments in associates are accounted for using the equity method. Under the equity method the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the income statement of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

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

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

3-2 Translation of the foreign currencies transactions

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.

3-3 Translation of the foreign subsidiaries' financials

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

3-4 Derivative financial instruments

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

Cash flow hedges

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

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

Fair value hedges

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

3-5 Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in income statement. Gains are not recognized in excess of any cumulative impairment loss.

3-6 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the financial position net of accumulated depreciation and impairment (note 3-11). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method, the Company reassess the useful lives of fixed assets on regular basis at the end of the financial year, the following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

	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

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

Leased assets are recorded at their historical cost after deducting the accumulated depreciation and any impairment in its value (note 3-11), 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
- Vehicles & transportation means	5 years

3-7 Projects under construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects (note 3-11) Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3-8 Intangible assets

3-8-1 Goodwill

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

- Positive goodwill is stated at cost less impairment losses (note 3-11).
- Negative goodwill arose from business combinations recognized directly in the income statement.
- Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition, accordingly, no fair value adjustments would be recognized.

3-8-2 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses (note 3-11). Amortization is recognized in the income statement on a straight – line basis over the estimated useful lives of intangible assets which have useful lives.

The following are the estimated useful lives, for each class of assets, for amortization calculation purposes:

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

3-8-3 Subsequent expenditure

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

3-9 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.

3-10 Investments

3-10-1 Investments at fair value through profit and loss

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

3-10-2 Available-for-sale financial investments

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale, is based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value can not be measured reliably are valued by accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the Company cannot estimate the fair value, it can be stated at cost less impairment loss.

3-10-3 Held-to-maturity investments

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

3-10-4 Investment property

Investment property is recorded at cost upon initial recognition, the Company valued the investment property at fair value on financial position date, any gain or loss arising from a change in the fair value of investment property shall be recognized in income statement for the period in which it arises.

3-11 Impairment

3-11-1 Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the income statement.

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

3-11-2 Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-12 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.
- The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

3-13 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.

3-14 Interest-bearing borrowings

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

3-15 Other assets

Other assets are recognized at cost less impairment losses (note 3-11).

3-16 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.

3-17 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.

3-18 Share capital

3-18-1 Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

3-18-2 Dividends

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

3-19 Revenue recognition

3-19-1 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.

3-19-2 Dividend income

Dividend income is recognized when declared.

3-19-3 Custody fee

Custody fees are recognized when the service is provided.

3-19-4 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".

3-19-5 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.

3-19-6 Brokerage commission

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

3-19-7 Management fee

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

3-19-8 Incentive fee

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

3-19-9 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.

3-20 Long term lending

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

3-21 Expenses

3-21-1 Employees' pension

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

3-21-2 Taxation

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Taxation is provided for in accordance with the fiscal regulations of the respective countries in which the Company and its subsidiaries operate.

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

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

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

3-22 Earnings per share

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

3-23 Profit sharing to employees

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

3-24 Loans and advances to customers and related provision

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

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

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

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

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

3-25 Unrealized interest on sub-standard, doubtful and bad debts

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

Interests are transferred to the "unrealized interest" account for every loan considered by the management as doubtful in the short run and transferred to the "non ordinary loans" account in accordance with the Lebanon Central Bank Circular No. 58.

3-26 Assets acquired in satisfaction of loans (unquoted assets ready for sale)

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

3-27 Due from banks and other financial institutions

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

3-28 Customers' deposits

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

3-29 Fiduciary assets

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

3-30 Reserves for general banking risks

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

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

3-31 Allowances for credit losses

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

3-32 Segment reporting

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

3-33 Initial application of new Egyptian Accounting Standards "EAS"

On July 9, 2015 the minister Decree No. 110 for the year 2015 was issued to modify the Egyptian Accounting Standards "EAS" by modifying some of the existing and issuing new to replace the old one that was issued by the ministry decree No. 243 for the year 2006 and to start using the new standards after January 1, 2016 to be used by the entities that it's financial year starts in or after that date

In the following table the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the financial statements of the company at the beginning of the implementation thereof:

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
EAS (1) Presentation of Financial Statements	*Statement Of Financial Position* • The standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. • A column shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity.	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the standard.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
EAS (1) Presentation of Financial Statements	*Income Statement (Profit or Loss)/Statement of Comprehensive Income* The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items *(Statement of Comprehensive Income)*.	• Adding a new statement, *'Statement of Comprehensive Income'*, for the current and comparative period.
EAS (10) Property, Plant and Equipment *(PPE)*	• The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.
	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard
EAS (23) Intangible Assets	• The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
EAS (34) Investment Property	• The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.	The fair value of the investment at the beginning of the implementation of this standard shall be considered deemed cost of that investment for the purposes of the subsequent accounting treatment according to EAS (10) "PPE".
EAS (41) Operating Segments	• EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	On the date of implementing the standards, the entity shall re-present the information corresponding to the earlier periods including the interim periods, unless the information is not available and the cost of preparing such information is too high.
EAS (25) Financial Instruments: Presentation	Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A and 16 b) or paragraphs (16 c and 16 d) of the same standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs. The Entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.	Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
EAS (40) Financial Instruments: Disclosures	• A new Egyptian Accounting Standard No.(40) *"Financial Instruments: Disclosures"* was issued including all the disclosures required for the financial instruments. Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the standard became *"Financial Instruments: Presentation"* instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.
Egyptian Standard No. (45) Fair Value Measurement	The new Egyptian Accounting Standard No. (45) *"Fair Value Measurement"* was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value. This standard aims the following: (a) Defining the fair value. (b) Laying down a framework to measure the fair value in one standard. (c) Identifying the disclosure required for the fair value measurements.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.
Egyptian Standard No. (29) Business Combination	The purchase method was cancelled and replaced by the acquisition method; as results: 1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
Egyptian Standard No. (29) Business Combination	2- Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3- Changing the method of measuring goodwill in case of Step Acquisition is made. • The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process.	
Egyptian Standard No.(42): The Consolidated Financial Statements	• The new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* was issued and accordingly Egyptian Accounting Standard No. (17) *"The Consolidated and Separate Financial Statements"* has changed to become *"The Separate Financial Statements"*. Pursuant to the new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* The control model has changed to determine the investee entity that must be consolidated.	Retroactive amendment to all the comparative figures of the consolidated financial statements and financial information presented.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
Egyptian Standard No.(42): The Consolidated Financial Statements	• Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. • Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. • Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.
Egyptian Standard No. (18): Investments in Associates	• The accounting treatment of the joint ventures shall be added to this standard accordingly, the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.	Retroactive amendment to all the comparative figures and financial information presented.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
Egyptian Standard No. (18): Investments in Associates	• The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement . • If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continue to apply the Equity Method and does not re-measure the retained Interest. • If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify to profit or loss the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No.(44) "Disclosure of Interests in Other Entities" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements, and the unconsolidated Structured Entities.	Retroactive amendment to all the comparative figures for the disclosures presented.

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	

4- Cash and due from banks

	31/12/2015 EGP	31/12/2014 EGP
Cash on hand	330,455,059	285,832,262
Central Bank of Lebanon *		
- Demand deposits	2,439,916,500	1,693,828,300
- Time deposits	14,423,916,900	12,107,369,200
Other Central Banks		
- Demand deposits	180,412,500	181,720,800
- Time deposits	91,743,900	75,176,500
Cheques under collection	191,092	1,946,393
Banks - current accounts (net)	3,264,037,258	2,729,798,499
Banks - demand deposits	2,074,277,100	1,783,086,536
Banks - time deposits	3,651,385,794	3,447,002,945
Balance	26,456,336,103	22,305,761,435

* In accordance with Central Bank of Lebanon's regulations, the Bank is required to constitute a mandatory reserve in Lebanese pounds of 15% and 25% of the average weekly customers' deposit accounts denominated in Lebanese pounds. The Bank is also required to constitute mandatory reserve in foreign currency, calculated on the basis of 15% of customers' deposit accounts denominated in foreign currency. Lebanese pounds reserve is non- interest bearing, whereas foreign currency reserve is floating –rate interest.

5- Investments at fair value through profit and loss

	31/12/2015	31/12/2014
	EGP	EGP
Mutual fund certificates	279,857,518	666,659,968
Equity securities	44,918,956	27,451,998
Debt securities	33,802,800	80,909,050
Treasury bills	211,338,900	53,894,900
Financial International Sukuk	15,070,500	14,367,900
Balance	584,988,674	843,283,816

6- Accounts receivables (net)

	31/12/2015	31/12/2014
	EGP	EGP
Accounts receivables (net)	1,161,543,659	1,325,551,980
Other brokerage companies (net)	(8,980,975)	(159,026,112)
Balance	1,152,562,684	1,166,525,868

7- Loans and advances

		31/12/2015	31/12/2014
		EGP	EGP
Loans and advances to customers	(7-1)	22,682,036,365	20,028,503,424
Loans and advances to related parties	(7-2)	84,267,300	168,979,100
Other loans		925,444	2,173,929
Balance		22,767,229,109	20,199,656,453

7-1 Loans and advances to customers

	31/12/2015				31/12/2014
	Gross amount EGP	Unrealized interest EGP	Impairment allowance EGP	Carrying amount EGP	Carrying amount EGP
Regular retail customers					
Cash collateral	634,363,500	--	--	634,363,500	517,206,800
Mortgage loans	8,317,810,579	--	--	8,317,810,579	6,742,975,838
Personal loans	239,133,900	--	--	239,133,900	259,994,600
Credit cards	205,198,500	--	--	205,198,500	179,713,900
Others	1,619,193,900	--	--	1,619,193,900	1,857,162,700
Regular corporate customers					
Corporate	10,292,945,401	--	--	10,292,945,401	9,277,811,455
Classified retail customers					
Watch	188,221,679	--	--	188,221,679	197,173,552
Substandard	215,378,100	(61,761,000)	--	153,617,100	140,760,300
Doubtful	344,168,400	(120,207,000)	(92,264,100)	131,697,300	75,026,100
Bad	108,079,200	(50,209,500)	(57,869,700)	--	--
Classified corporate customers					
Watch	709,012,506	--	--	709,012,506	647,301,579
Substandard	97,292,700	(13,831,200)	--	83,461,500	47,305,500
Doubtful	365,619,000	(64,831,200)	(95,757,600)	205,030,200	171,601,700
Bad	140,862,000	(61,337,700)	(79,524,300)	--	--
Collective provision for retail loans	--	--	(55,559,400)	(55,559,400)	(37,377,460)
Collective provision for corporate loans	--	--	(42,090,300)	(42,090,300)	(48 153 140)
Balance	23,477,279,365	(372,177,600)	(423,065,400)	22,682,036,365	20,028,503,424

7-2 Loans and advances to related parties

	31/12/2015	31/12/2014
	EGP	EGP
Regular retail loans	16,034,400	11,378,700
Regular corporate loans	68,232,900	157,600,400
Balance	84,267,300	168,979,100

8- Available - for- sale investments

	31/12/2015	31/12/2014
	EGP	EGP
Preferred shares	146,747,400	144,073,800
Equity securities	740,682,044	623,734,135
Mutual fund certificates	951,723,936	993,054,944
Balance	1,839,153,380	1,760,862,879

9- Held-to-maturity investments

	31/12/2015	31/12/2014
	EGP	EGP
Lebanese government treasury bills and Eurobonds	18,769,882,679	16,801,290,294
Other sovereign bonds	212,267,100	151,753,600
Certificates of deposit issued by banks	7,493,521,703	4,490,746,551
Other debt instruments	300,751,823	218,725,375
Balance	26,776,423,305	21,662,515,820

10- Investments in associates

	2015 Ownership %	2014 Ownership %	31/12/2015 EGP	31/12/2014 EGP
Agence Générale de Courtage d'Assurance SAL	25.86	25.86	42,304,500	46,337,300
Credit Card Management SAL	28.96	28.96	14,881,800	12,342,200
International Payment Network SAL	20.18	20.18	8,292,600	7,632,800
Net Commerce SAL	21.88	21.88	1,377,000	1,226,700
Hot Spot Properties SAL	48.12	48.12	8,236,500	7,900,700
Dourrat Loubnan Al Iqaria SAL	45	45	18,951,599	17,676,700
Balance			94,043,999	93,116,400

11- Investment property

	31/12/2015	31/12/2014
	EGP	EGP
Balance at 1 January	292,305,254	320,250,709
Change in fair value	--	2,913,629
Disposals	--	(32,720,223)
Foreign currency translation differences	3,138,898	1,861,139
Balance	295,444,152	292,305,254

Investment property amounted EGP 295,444,152 as at 31 December, 2015, represents the following:

- EGP 157,639,818 the fair value of the area owned by EFG – Hermes Holding Company in Nile City Building.
- EGP 96,000,000 the fair value of the area owned by EFG – Hermes Holding Company in the headquarters of the Company in Smart Village Building.
- EGP 3,900,000 the fair value of the area owned by Hermes Securities Brokerage in the Elmanial Branch.
- EGP 37,904,334 the fair value of the area owned by EFG – Hermes UAE Limited, one of the subsidiaries, in the Index Tower – UAE.

12- Leased assets

	Buildings & premises	Equipment	Computer equipment	Cars & transportation means	Total
	EGP	EGP	EGP	EGP	EGP
Additions during the year	317,083,363	35,682,882	2,625,401	119,651,070	475,042,716
Total cost as at 31/12/2015	317,083,363	35,682,882	2,625,401	119,651,070	475,042,716
Depreciation for the year	5,230,877	643,537	47,146	2,120,567	8,042,127
Accumulated depreciation as at 31/12/2015	5,230,877	643,537	47,146	2,120,567	8,042,127
Net carrying amount as at 31/12/2015	311,852,486	35,039,345	2,578,255	117,530,503	467,000,589

- Leased assets (after depreciation) include an amount of EGP 78,611,789 represents leased assets that have not been registered yet in the Egyptian Financial Supervisory Authority and the required procedures to register those assets are currently taking place.

13- Fixed assets

Particular	Land & buildings EGP	Leasehold improvements EGP	Office furniture, equipment & electrical appliances EGP	Computer equipment EGP	Vehicles EGP	* Projects under construction EGP	Total EGP
Balance as at 1/1/2015	871,088,471	262,539,563	377,872,052	80,164,594	19,714,924	656,105,000	2,267,484,604
Additions	290,700	8,035,693	40,071,783	8,977,429	6,781,893	43,714,500	107,871,998
Disposals	(10,977,562)	(4,610,388)	(8,692,383)	(2,410,145)	(2,376,022)	--	(29,066,500)
Reclassification	--	2,866,733	(25,616,914)	33,946,512	38,969	(11,235,300)	--
Foreign currency translation differences	50,809,979	19,217,749	22,312,833	2,384,767	922,163	55,477,900	151,125,391
Total cost as at 31/12/2015	911,211,588	288,049,350	405,947,371	123,063,157	25,081,927	744,062,100	2,497,415,493
Accumulated depreciation as at 1/1/2015	159,437,451	200,954,815	283,993,960	70,842,683	14,457,099	--	729,686,008
Depreciation	23,239,015	13,413,892	31,383,591	5,605,982	1,880,012	--	75,522,492
Disposals' accumulated depreciation	(10,977,562)	(1,790,388)	(8,053,208)	(2,410,145)	(2,197,573)	--	(25,428,876)
Reclassification	--	(4,738,388)	(27,472,025)	32,171,942	38,471	--	--
Foreign currency translation differences	6,338,002	14,301,196	14,766,040	2,341,689	593,088	--	38,340,015
Accumulated depreciation as at 31/12/2015	178,036,906	222,141,127	294,618,358	108,552,151	14,771,097	--	818,119,639
Carrying amount as at 31/12/2015	733,174,682	65,908,223	111,329,013	14,511,006	10,310,830	744,062,100	1,679,295,854
Carrying amount as at 31/12/2014	711,651,020	61,584,748	93,878,092	9,321,911	5,257,825	656,105,000	1,537,798,596

* Projects under construction are represented in the following:

	31/12/2015 EGP	31/12/2014 EGP
Office spaces in Egypt	9,784,500	9,784,500
Preparation of new headquarters – Credit Libanais SAL "the Bank" - Lebanon	734,277,600	646,320,500
Balance	744,062,100	656,105,000

14- Goodwill and other intangible assets

		31/12/2015 EGP	31/12/2014 EGP
Goodwill	(14-1)	195,309,571	195,309,571
Other intangible assets	(14-2)	4,378,104,898	4,016,275,709
Balance		4,573,414,469	4,211,585,280

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

	31/12/2015 EGP	31/12/2014 EGP
EFG- Hermes Oman LLC	5,921,803	5,921,803
EFG- Hermes IFA Financial Brokerage Company (KSC) – Kuwait	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Balance	195,309,571	195,309,571

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

	31/12/2015 EGP	31/12/2014 EGP
Branches network - Credit Libanais Bank	4,344,286,589	3,984,821,688
Key money	1,076,100	1,184,400
Licenses & franchise	23,063,540	21,949,976
Software	9,678,669	8,319,645
Balance	4,378,104,898	4,016,275,709

- Amortization of other intangible assets amounted EGP 11,046,583 for the year ended December 31, 2015 versus EGP 10,599,808 for the year ended December 31, 2014.

15- Other assets

		31/12/2015 EGP	31/12/2014 EGP
Deposits with others	(15-1)	47,854,400	45,057,312
Downpayments to suppliers		299,910	1,536,228
Prepaid expenses		133,954,610	122,314,707
Employees' advances		15,414,994	13,575,861
Accrued revenues		742,890,543	609,341,304
Taxes withheld by others		13,347,142	9,796,219
Payments for investments	(15-2)	5,768,590	102,899,661
Re-insurers' share of technical reserve		95,109,900	68,385,000
Infra Egypt Fund		3,959,279	3,749,018
Settlement Guarantee Fund		30,881,735	27,311,388
Unquoted assets - ready for sale acquired in satisfaction of loans		164,138,400	148,797,300
Due from EFG- Hermes Employee Trust		263,989,219	277,594,632
Due from Ara Inc. Company		274,349	756,681
Due from related parties		13,550,700	11,862,800
Re-insurance accrued commission		18,309,000	16,873,000
Cards transaction on ATM		14,948,100	11,538,500
Re-insurance debtors		1,591,200	1,955,200
Sundry debtors		147,898,235	117,241,013
Balance		1,714,180,306	1,590,585,824

15-1 Deposits with others include an amount of EGP 30,676,500 (equivalent to LBP 6,015 million) represents deposit blocked by Credit Libanais SAL (the Bank) with the Ministry of Finance of Lebanon , in addition to an amount of EGP 12,779,297 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:

	31/12/2015	31/12/2014
	EGP	EGP
Arab Visual Company	3,749,500	3,749,500
IDEAVELOPERS	25,000	25,000
AAW Company for Infrastructure	1,887,590	1,895,071
EFG –Hermes Direct Fund Management	--	640,000
Kuwait Invest Real Estate	--	96,590,090
Vortex Energy Investments II	106,500	--
Balance	5,768,590	102,899,661

16- Due to banks and financial institutions

	31/12/2015	31/12/2014
	EGP	EGP
Due to Central Bank of Lebanon	2,939,160,600	1,867,545,000
Current deposits of banks	156,294,600	188,714,400
Time deposits	38,168,400	34,662,500
Financial institutions	294,089,450	252,346,875
Bank overdraft	427,357,959	340,523,722
Balance	3,855,071,009	2,683,792,497

17- Customers' deposits

	31/12/2015 EGP	31/12/2014 EGP
Deposits from customers (private sector):		
Saving accounts	33,931,427,100	29,722,841,980
Time deposits	19,028,397,441	15,168,516,800
Current accounts	5,814,484,500	5,211,092,100
	58,774,309,041	50,102,450,880
Deposits from customers (public sector):		
Time deposits	2,542,401,000	1,929,993,900
Current accounts	473,183,100	338,536,300
	3,015,584,100	2,268,530,200
Others:	228,158,700	176,160,700
	228,158,700	176,160,700
	62,018,051,841	52,547,141,780
Deposits from related parties:		
Long term saving accounts	721,956,000	623,741,700
Long term deposits	1,367,610,900	1,239,479,300
Short term deposits	138,184,500	145,667,100
	2,227,751,400	2,008,888,100
Balance	64,245,803,241	54,556,029,880

18- Bonds

On November 11, 2010 Credit Libanais SAL issued US.$ 75,000,000, 6.75% Subordinated Bonds due January 15, 2018 at an issue price of 100% of their principal amount. The bonds have been fully underwritten. The net proceeds from the sale of bonds will be used for general corporate purposes, and the obligation of the issuer in respect of the bonds constitutes direct, unsecured and general obligation of the issuer. The arranger of the offering is Credit Libanais Investment Bank SAL (an affiliate) and the bonds will not be listed on any stock exchange. The bonds balance are equivalent to EGP 613,917,600 as at December 31 , 2015 versus EGP 565, 767, 200 as at December 31, 2014.

19- Creditors and other credit balances

	31/12/2015 EGP	31/12/2014 EGP
Margins held against documentary credits	124,455,300	181,001,700
Technical reserve for insurance companies	541,033,500	446,382,500
Social Insurance Association	805,996	644,832
Unearned revenues	10,770,337	3,750,679
Suppliers	202,536,381	140,583,183
Accrued expenses	643,506,178	607,633,799
Clients' coupons- custody activity	11,248,960	7,900,800
Due to Industry Modernization Center	5,773,294	5,284,836
Dividends payable	154,466,265	125,844,918
Cards transaction on ATM	15,835,500	18,753,000
Re-insurance creditors	118,513,800	133,136,900
Lease settlement account	14,169,044	--
Sundry creditors	34,438,406	43,255,006
Balance	1,877,552,961	1,714,172,153

20- Other liabilities

	31/12/2015 EGP	31/12/2014 EGP
Preferred shareholders in subsidiaries *	768,825,000	708,525,000
Others	1,174,478	1,174,478
Balance	769,999,478	709,699,478

* On 16 September 2013, the extraordinary general meeting of Credit Libanais SAL (the Bank) approved to issue 1,000,000 preferred shares at a price of LBP 11,000 per share with total amount of LBP 11,000 million (equivalent to EGP 56,100,000). These shares were issued and fully paid.

The extraordinary general meeting of the Bank approved at the same date to issue the preferred shares with premium amounting to LBP 139,750 per share with total amount of LBP 139,750 million (equivalent to EGP 712,725,000), settled in cash by the subscribers according to the terms set by the extraordinary general meeting on 4 July 2013.

21- Deferred tax liabilities

	Balance as at 31 December 2015					
	Balance at 1/1/2015	Recognized in profit or loss	Recognized in equity	Net	Deferred tax assets	Deferred tax liabilities
	EGP	EGP	EGP	EGP	EGP	EGP
Fixed assets depreciation	(7,235,659)	(165,549)	--	(7,401,208)	--	(7,401,208)
Expected claims provision	2,770,997	(2,160,747)	--	610,250	610,250	--
Impairment loss on assets	1,349,326	1,802,207	--	3,151,533	3,151,533	--
Prior year losses carried forward	2,816,589	(448,307)	--	2,368,282	2,368,282	--
Fair value adjustments *	(650,265,774)	(521,580)	(55,504,816)	(706,292,170)	--	(706,292,170)
Changes in fair value of cash flow hedges **	6,612,597	--	--	6,612,597	6,612,597	--
Fair value of available-for-sale financial assets ***	(108,070,718)	--	10,061,221	(98,009,497)	--	(98,009,497)
	(752,022,642)	(1,493,976)	(45,443,595)	(798,960,213)	12,742,662	(811,702,875)

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

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

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

22- Provisions

		31/12/2015	31/12/2014
		EGP	EGP
Expected claims provision	(22-1)	190,387,261	152,870,697
Severance pay provision	(22-1)	230,973,810	200,409,429
Other provisions		1,377,000	1,292,500
Balance		422,738,071	354,572,626

22-1	Expected claims provision	Severance pay provision	Total
	EGP	EGP	EGP
Balance at the beginning of the year	152,870,697	200,409,429	353,280,126
Formed during the year	41,715,997	32,475,010	74,191,007
Foreign currency differences	641,793	16,177,039	16,818,832
Provisions reversed	(1,275,000)	(45,900)	(1,320,900)
Transfer to collective allowance	25,500	--	25,500
Amounts used during the year	(3,591,726)	(18,041,768)	(21,633,494)
Balance at the end of the year	190,387,261	230,973,810	421,361,071

23- Loans

Loans as at 31 December 2015 represent the loans from banks to EFG-Hermes Leasing (wholly owned subsidiary). EFG-Hermes Leasing Company is committed to settle the finance granted by waiving the rental value of the finance lease contracts to the banks within those limit of the facility amount.

Currency	Financial limit	Finance contract date	Maturity date	31/12/2015 EGP
EGP	150 million	10/6/2015	10/6/2023	139,904,817
EGP	80 million	4/6/2015	4/6/2022	70,811,772
EGP	200 million	14/7/2015	14/7/2022	101,381,149
EGP	200 million	4/11/2015	4/11/2022	16,583,065
				328,680,803

	31/12/2015 EGP
Current	54,142,170
Non-current	274,538,633
Balance	328,680,803

24- Share capital

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

24-1 Treasury shares

- The company's board of directors meeting held on January 8, 2014 approved to purchase treasury shares with a billion Egyptian pounds during the first nine months of the year 2014 through two phases, the first phase have been implemented through purchase of 36,956,522 shares at an average exercising price of EGP 11,5 per share with a total cost of EGP 426,451,266 and the second phase aims to purchase shares with an amount of approximately EGP 575 million during the period between the end of the second quarter or the third quarter of 2014, on October 1, 2014 the company's board of directors agreed to extend the period of implementation of the second phase of purchasing treasury shares program until the end of the second quarter of 2015, the Board also approved expanding the scope of the program to include the option of a dividend distribution.

- On July 22, 2014 the company's board of directors decided to sell the 36,956,522 treasury shares owned by the company to EFG- Hermes IB Limited company (wholly owned subsidiary of the Group) at a price of EGP 15,32 per share, the procedures of selling have been taken on July 31, 2014. Egyptian Accounting Standards require presenting the above mentioned sold shares as treasury shares in the consolidated financial statements as the parent company and its subsidiary are one entity.
- On January 29, 2015 the company announced its intention to proceed with all the necessary steps to cancel the treasury shares owned by its subsidiary EFG Hermes IB once the decision is taken by the board of directors and the general assembly of the company in the light of the Egyptian Financial Supervisory Authority's decision dated August 19, 2014 pertaining to treasury shares held by listed companies or their subsidiaries, which force the company to whether cancel the treasury shares or sell them within one year, as the sale to a subsidiary is not considered a sale to an other party.
- On August 31, 2015, The company's board of directors approved the re-acquisition of 36,956,522 shares of the holding company from EFG-Hermes IB Limited company (wholly owned subsidiary of the Group), the re-acquisition took place on September 17, 2015 and the company's Extraordinary General Assembly approved in it's session held on November 16, 2015 to cancel the treasury shares and the Egyptian Financial Supervisory Authority approved the cancellation on December 15, 2015. The required procedures have been taken for this decrease and the registration in the Commercial Register took place on December 20, 2015.

25- Non - controlling interests

	31/12/2015 EGP	31/12/2014 EGP
Share capital	423,420,239	437,215,446
Legal reserve	164,513,308	153,742,824
Other reserves	875,611,621	737,738,896
Retained earnings	206,077,866	181,678,631
Other equity	111,613,500	85,330,892
Increase in fair value of net assets	1,456,486,747	1,339,711,813
Net profit for the year	187,493,984	169,220,389
Interim dividends	--	(5,811,144)
Balance	3,425,217,265	3,098,827,747

26- 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:

	31/12/2015	31/12/2014
AED	118,670,000	153,670,000
equivalent to EGP	251,877,075	299,164,756

- Group off-balance sheet items :

	31/12/2015	31/12/2014
Financing commitments given to financial institutions	1,101,375,600	1,175,996,400
Commitments to customers	2,622,165,000	2,345,755,900
Guarantees given to customers	965,450,400	896,412,200
Restricted and non – restricted fiduciary accounts	54,197,700	50,153,700
Commitments of signature received from financial intermediaries	194,218,200	156,571,100
Securities' commitments	411,131,400	467,006,100
Other commitments received	42,128,590,800	36,980,300,300
Assets under management	28,218,132,733	30,133,757,058

27- Incentive fee revenue

Due to inadequate assurance concerning the revenue recognition conditions and collection of the incentive fee on managing investment funds and portfolios, the assets management companies (subsidiaries) deferred the recognition of incentive fee with an amount of EGP 2,755,516 till December 31, 2015 versus EGP 59,818 till December 31, 2014 as no revenues are recognized if there are any uncertainties regarding the recovery of the consideration due.

Subsidiary's name	For the year ended	
	31/12/2015	31/12/2014
	EGP	EGP
Egyptian Portfolio Management Group	2,750,549	59,818
EFG- Hermes Financial Management (Egypt) Ltd.	4,967	--
Total	2,755,516	59,818

28- Impairment loss on assets

	For the year ended	
	31/12/2015	31/12/2014
	EGP	EGP
Impairment loss on accounts receivables & debit accounts	2,037,207	8,940,579
Impairment loss on available –for– sale investments	1,394,664	6,357,356
Total	3,431,871	15,297,935

29- Income tax expense

	For the year ended	
	31/12/2015	31/12/2014
	EGP	EGP
Current income tax	113,305,194	126,228,672
Deferred tax	(1,493,976)	(3,256,615)
Total	111,811,218	122,972,057

30- Cash and cash equivalents

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

	31/12/2015	31/12/2014
	EGP	EGP
Cash and due from banks	26,456,336,103	22,305,761,435
Due to banks and financial institutions	(3,855,071,009)	(2,683,792,497)
Less: assets – maturity more than three months	(11,019,498,600)	(9,989,952,727)
Effect of exchange rate	--	134,047,507
Cash and cash equivalents	11,581,766,494	9,766,063,718

31- General administrative expenses

	For the year ended	
	31/12/2015	31/12/2014
	EGP	EGP
Wages , salaries and similar items	1,063,168,442	1,023,092,536
Consultancy	31,335,310	55,658,123
Travel , accommodation and transportation	44,439,229	42,397,066
Leased line and communication	57,613,910	52,329,082
Rent and utilities expenses	76,524,458	81,329,433
Other expenses	314,242,069	295,920,428
Total	1,587,323,418	1,550,726,668

32- Retained earnings

On May 17, 2014 the Ordinary General Assembly meeting decided to use the amount of EGP 591,721,130 of share premium reserve shown in the separate financial statements for the year ended 31 December 2013 to cover the retained losses of the holding company.

33- Earnings per share

	For the year ended	
	31/12/2015	31/12/2014
	EGP	EGP
Net profit for the year	648,922,743	706,985,112
Net profit for equity holders of the parent company	461,428,759	537,764,723
Weighted average number of shares	614,894,578	618,337,103
Earnings per share	0.75	0.87

34- Segment reporting

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

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

For the year ended December 31, 2015

	Investment banking	Commercial banking	Elimination	Total
	EGP	EGP	EGP	EGP
Fee and commission income	852,451,805	506,491,200	--	1,358,943,005
Fee and commission expense	(48,731,131)	(224,787,600)	--	(273,518,731)
Net fee and commission income	803,720,674	281,703,600	--	1,085,424,274
Securities gains	99,355,523	41,085,600	--	140,441,123
Share of profit of associates	--	10,118,400	--	10,118,400
Changes in the investments at fair value through profit and loss	(668,001)	(341,700)	--	(1,009,701)
Revenues from leasing activities	28,447,420	--	--	28,447,420
Foreign currencies differences	107,726,407	26,321,100	--	134,047,507
Other income	35,501,857	21,593,400	--	57,095,257
Non-interest revenue	1,074,083,880	380,480,400	--	1,454,564,280
Interest and dividends income	123,515,673	4,029,770,100	(79,924,366)	4,073,361,407
Interest expense	(52,738,776)	(2,823,171,300)	(56,988,752)	(2,932,898,828)
Net interest income	70,776,897	1,206,598,800	(136,913,118)	1,140,462,579
Total net revenue	1,144,860,777	1,587,079,200	(136,913,118)	2,595,026,859
Total non-interest expenses	(829,314,758)	(992,393,700)	(12,584,440)	(1,834,292,898)
Net profit before income tax	315,546,019	594,685,500	(149,497,558)	760,733,961
Income tax expense	(31,890,639)	(82,553,700)	2,633,121	(111,811,218)
Net profit for the year	283,655,380	512,131,800	(146,864,437)	648,922,743
Total assets	11,274,798,128	75,719,266,500	1,406,007,996	88,400,072,624
Total liabilities	3,587,395,327	69,903,731,400	1,525,124,896	75,016,251,623
Total shareholders' equity	7,687,402,801	5,815,535,100	(119,116,900)	13,383,821,001
Total shareholders' equity and liabilities	11,274,798,128	75,719,266,500	1,406,007,996	88,400,072,624

For the year ended December 31, 2014

	Investment banking	Commercial banking	Elimination	Total
	EGP	EGP	EGP	EGP
Fee and commission income	989,621,028	466,901,776	--	1,456,522,804
Fee and commission expense	(50,843,861)	(200,706,748)	--	(251,550,609)
Net fee and commission income	938,777,167	266,195,028	--	1,204,972,195
Securities gains	206,561,710	46,595,076	--	253,156,786
Share of profit of associate	--	8,742,756	--	8,742,756
Changes in the investments at fair value through profit and loss	6,093,763	(4,143,040)	--	1,950,723
Foreign currencies differences	18,450,419	35,677,224	--	54,127,643
Other income	63,973,347	55,587,356	--	119,560,703
Change in the fair value of investment property	2,913,629	--	--	2,913,629
Non-interest revenue	1,236,770,035	408,654,400	--	1,645,424,435
Interest and dividends income	165,437,708	3,350,594,148	(133,241,650)	3,382,790,206
Interest expense	(29,891,621)	(2,337,865,684)	(48,690,843)	(2,416,448,148)
Net interest income	135,546,087	1,012,728,464	(181,932,493)	966,342,058
Total net revenue	1,372,316,122	1,421,382,864	(181,932,493)	2,611,766,493
Total non-interest expenses	(868,779,747)	(901,582,000)	(11,447,577)	(1,781,809,324)
Net profit before income tax	503,536,375	519,800,864	(193,380,070)	829,957,169
Income tax expense	(61,414,209)	(63,929,932)	2,372,084	(122,972,057)
Net profit for the year	442,122,166	455,870,932	(191,007,986)	706,985,112
Total assets	10,625,835,786	63,974,736,200	1,063,425,639	75,663,997,625
Total liabilities	3,035,184,032	58,914,532,900	1,432,067,754	63,381,784,686
Shareholders' equity	7,590,651,754	5,060,203,300	(368,642,115)	12,282,212,939
Total equity and liabilities	10,625,835,786	63,974,736,200	1,063,425,639	75,663,997,625

35- Tax status (the holding company)

- As to Income Tax, the years till 31/12/2010 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee and as to years 2011 / 2012 have been inspected and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2013 the competent Tax Inspectorate inspected the parent company's books and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2014, it has not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2008 and all the disputed points have been settled with the Internal Committee and the due amount has been paid and as to years 2009/2012 company's books had been examined and the settlement procedures are currently taking place, and as to years 2013 / 2014 , the parent company's books have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from 1998 till 31/7/2006 and paid the due tax according to the resolution of appeal committee which was objected thereon in the court, and the period from 1/8/2006 till 31/12/2013 has been inspected and the company was notified by form no. (19) which was objected thereon on the due date and the settlement procedures are currently taking place and as to year 2014, it has not been inspected yet.
- On June 4, 2014 a new law No. 44/2014 has imposed a 5% temporary additional annual tax on amounts exceed EGP 1 million from the tax base on the income of natural persons or the profits of Corporate Buddies in accordance with income tax law , and it has been proven and collected in accordance with this provisions . This law start working from June 5, 2014 for 3 years beginning from the current taxation period.
- On June 30, 2014 a Presidential Decree has issued law No. 53 for the year 2014, this law has amended some articles of the law on Income Tax promulgated by law No. 91/2005 the most important of these amended rules are :

  1- Impose taxes on dividends.

  2- Impose taxes on capital gains resulted from selling shares and securities.

  On April 6, 2015 the Ministry Decree No. 172 for the year 2015 was issued, amending the provisions of the Executive Regulations of the Income Tax law issued by the Decree of the Minister of Finance No.991/2005.

- On August 20, 2015 President Decree No. 96 for the year 2015 was issued, amending some provisions of the income tax laws No. 91 for the year 2005 and No. 44 for the year 2014 charging temporary additional income tax, taking effect the day after the decree is published. Significant changes included in the decree are presented in the following:
  1. Reducing the income tax to 22.5% from net annual profits.
  2. Duration of imposed temporary tax (5%) is amended.
  3. Tax on dividends is amended.
  4. Imposed capital tax on the output from dealing in securities listed in the stock exchange ceasing for 2 years starting from 17/5/2015.

36- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99,88	0,04
Egyptian Fund Management Group	88,51	11,49
Egyptian Portfolio Management Group	66,33	33,67
Hermes Securities Brokerage	97,58	2,42
Hermes Fund Management	89,95	10,05
Hermes Corporate Finance	99,37	0,53
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99,88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96,3	3,7
EFG- Hermes Private Equity	1,59	63,41
EFG- Hermes Brokerage – UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99,33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74,92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73,1	26,9
October Property Development Ltd.	--	100

	Direct ownership	Indirect ownership
	%	%
EFG- Hermes Lebanon	99	0,97
Mena Opportunities Management Limited	--	95
EFG- Hermes Mena (Caymen) Holding	--	100
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG - Hermes Qatar LLC	100	--
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC	--	50
EFG- Hermes IFA Financial Brokerage	--	57.723
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC	49	20,37
Sindyan Syria LLC	97	--
Talas & Co. LLP	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd.	--	100
Mena Long-Term Value Master Holdings Ltd.	--	90
Mena Long-Term Value Management Ltd.	--	90
EFG - Hermes CL Holding SAL	--	100
Credit Libanais SAL "the Bank"	--	63,739
Credit Libanais Investment Bank SAL	--	63,65
Lebanese Islamic Bank SAL	--	63,64
Credit International SA	--	59,16
Cedar's Real Estate SAL	--	63,69
Soft Management SAL	--	29,96
Hermes Tourism & Travel SAL	--	63,73
Crédit Libanais d'Assurances et de Réassurances SAL	--	42,69
Business Development Center SARL	--	62,86
Capital Real Estate SAL	--	62,46
Credilease SAL	--	63,27
Collect SAL	--	28,64
EFG - Hermes Investment Funds Co.	99,998	--

	Direct ownership	Indirect ownership
	%	%
EFG-Hermes IB Limited	100	--
Meda Access Cayman Holdings Limited	--	100
EFG- Hermes Mutual Funds Co.	100	--
Beaufort Investments Company	100	--
EFG-Hermes Leasing	99	1
EFG Hermes-Direct Investment Fund	64	--

37- Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Notes (no. 2&3) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

37-1 Market risk

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

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

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

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

37-2 Foreign currencies risk

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

- The company has used the prevailing exchange rates to revaluate assets and liabilities at the financial position date as disclosed in note (3-2).

37-3 Risk management

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

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

37-4 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk. Note (7) of this report shows the distribution of loan portfolio by nature of facility, by economic sector.

37-5 Liquidity risk

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

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

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

37-6 Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

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

37-7 Equity price risk

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

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

37-8 Operational risk

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

37-9 Fair value of financial instruments

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

37-10 Derivative financial instruments and hedge accounting

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value, according to the valuation basis applied, in accounting policies to derivative financial instruments, (note no. 3-4).
- In accordance with an arrangement between the subsidiary, EFG-Hermes Mena Securities Limited Co. and its customers ("the customers"), the Company from time to time enters into fully paid Shares Swap Transaction Contracts ("the contracts") with the customers. Under the contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the contracts can be terminated at any time by either of the parties, which shall be the affected party.

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

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

38- Corresponding figures

Certain reclassification and adjustments have been made to some comparative figures in order to conform with the current year presentation. These adjustments are attributable to the following:

	(As reported) for the year ended 31/12/2014	Adjustments	(Amended) for the year ended 31/12/2014
	EGP	EGP	EGP
Cash and due from banks	22,466,294,635	(160,533,200)	22,305,761,435
Loans and advances	20,271,853,153	(72,196,700)	20,199,656,453
Available -for- sale investments	1,770,624,779	(9,761,900)	1,760,862,879
Held-to-maturity investments	22,011,645,921	(349,130,101)	21,662,515,820
Other assets	998,963,923	591,621,901	1,590,585,824
Due to banks and financial institutions	2,686,306,997	(2,514,500)	2,683,792,497
Customers' deposits	54,853,116,880	(297,087,000)	54,556,029,880
Creditors and other credit balances	1,414,570,653	299,601,500	1,714,172,153

39- Subsequent events

- On 16 March 2016, the Company's Board of Directors approved to:
  Proceed with all necessary steps required to complete the sale of approximately 40% of shares of Credit Libanais S.A.L. Bank (indirect subsidiary) at price of US$ 33 per share (prior to payment of associated fees) to a consortium of Lebanese and Arab Investors. This sale process is subject some conditions precedent, including the approval of the Central Bank of Lebanon; with targeted execution no later than 30 June 2016.

  Enter into an Irrevocable Underwriting Agreement with Credit Libanais Investment Bank S.A.L. ("CLIB"), a wholly owned subsidiary of Credit Libanais, which will guarantee the sale of the remaining stake of the bank at the same price, on or before 31 May 2017.

- On 24 February 2016, the company announced that it has signed buying agreements to acquire 76.7 % of Tanmeyah Micro Enterprise Services S.A.E. stocks through acquiring 70 % of Financial Unlimited Company – a subsidiary of Qalaa Holding Company – and acquiring 6.7% of the shares held by Tanmeyah's management, in a transaction with an amount of EGP 345 million, The procedures of transferring of the title are currently taking place.