

EFG – Hermes Holding Company
(Egyptian Joint Stock Company)

Consolidated interim financial statements
for the period ended 31 March 2022
&
Review Report

Contents	Page
Review report	
Consolidated statement of financial position	1
Consolidated income statement	2
Consolidated statement of comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the consolidated interim financial statements	6-37
Significant accounting policies applied	38-64



Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Review Report

To the Board of Directors of EFG - Hermes Holding Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of EFG – Hermes Holding Company as at 31 March 2022 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

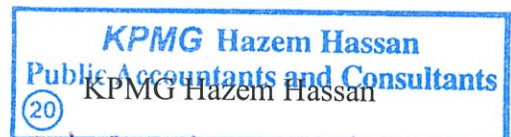
Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo, May 25, 2022



Consolidated statement of financial position

(in EGP)	Note no.	31/3/2022	31/12/2021
Assets			
Cash and cash equivalents	(6)	35,907,367,941	30,876,257,819
Loans and facilities to customers	(9)	24,524,461,677	19,625,924,145
Accounts receivables	(8)	6,916,237,263	5,611,375,904
Investments at fair value through profit and loss	(7)	6,749,867,840	8,002,539,778
Investments at fair value through OCI	(10)	9,588,657,631	16,820,480,365
Investments at amortized cost	(12)	10,271,864,116	10,050,278,918
Assets held for sale	(5)	367,976,605	305,541,145
Equity accounted investees	(11)	476,365,513	461,315,552
Investment property	(13)	123,893,214	125,529,472
Fixed assets	(14)	1,014,002,046	999,401,918
Goodwill and other intangible assets	(15)	1,115,403,268	1,107,396,952
Deferred tax assets	(22)	50,977,039	47,607,209
Other assets	(16)	2,926,918,595	2,561,079,667
Total assets		<u>100,033,992,748</u>	<u>96,594,728,844</u>
Liabilities			
Due to banks and financial institutions	(17)	14,849,522,481	17,736,580,111
Customer Deposits	(18)	41,490,604,985	38,564,737,371
Loans and borrowings	(24)	7,696,673,709	5,963,333,876
Creditors and other credit balances	(21)	2,796,506,433	2,695,731,002
Accounts payable - customers credit balance at fair value through profit and loss	(19)	1,645,354,506	3,890,060,348
Accounts payable - customers credit balance		10,949,910,905	8,537,833,096
Short term bonds	(20)	550,000,000	550,000,000
Provisions	(23)	754,886,550	690,001,941
Current tax liability		471,543,715	363,572,503
Deferred tax liabilities	(22)	326,616,545	296,588,621
Total liabilities		<u>81,531,619,829</u>	<u>79,288,438,869</u>
Equity			
Share capital	(25)	4,865,353,355	4,865,353,355
Legal reserve		867,454,520	840,272,556
Share premium		1,668,623,811	1,668,623,811
Other reserves		1,552,174,131	783,420,592
Retained earnings		6,627,618,379	6,390,395,096
Equity attributable to owners of the Company		<u>15,581,224,196</u>	<u>14,548,065,410</u>
Non - controlling interests	(26)	2,921,148,723	2,758,224,565
Total equity		<u>18,502,372,919</u>	<u>17,306,289,975</u>
Total equity and liabilities		<u>100,033,992,748</u>	<u>96,594,728,844</u>

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

" review's report attached "

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

Consolidated income statement

(in EGP)	Note no.	For the period ended	
		31/3/2022	31/3/2021 (Restated*)
Interest income	(33)	2,092,356,061	825,873,394
Interest Expense		<u>(1,229,968,418)</u>	<u>(270,548,627)</u>
Net Interest Income		<u>862,387,643</u>	<u>555,324,767</u>
Fee and commission income	(33)	989,491,338	640,008,500
Fee and commission expense		<u>(98,565,195)</u>	<u>(66,130,148)</u>
Net Fees and commission Income		<u>890,926,143</u>	<u>573,878,352</u>
Securities Loss		(709,906,508)	(6,325,740)
Changes in Investments at Fair Value through Profit & Loss		110,780,577	109,688,108
Dividend Income	(33)	104,636	2,088
Other Revenues	(28)	28,082,981	17,363,838
Foreign Currencies Exchange Differences		739,730,364	(1,859,170)
Share of profit from equity accounted investees		<u>13,757,461</u>	<u>-</u>
Revenue		<u>1,935,863,297</u>	<u>1,248,072,243</u>
General administrative expenses	(32)	(1,159,813,799)	(769,865,547)
Financial Guarantee Provision	(23)	(3,607,679)	-
Impairment loss on assets	(29)	(9,415,053)	(18,440,359)
Provisions	(23)	(21,259,531)	(9,583,895)
Depreciation and amortization	(13,14,15)	<u>(65,120,804)</u>	<u>(44,092,712)</u>
Profit before tax		<u>676,646,431</u>	<u>406,089,730</u>
Income tax expense	(30)	<u>(228,536,916)</u>	<u>(93,959,524)</u>
Profit for the period		<u>448,109,515</u>	<u>312,130,206</u>
Profit attributable to:			
Owners of the Company		345,278,279	291,709,329
Non - controlling interests	(26)	<u>102,831,236</u>	<u>20,420,877</u>
		<u>448,109,515</u>	<u>312,130,206</u>

* See note (35)

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of comprehensive income

	For the period ended	
	31/3/2022	31/3/2021
<i>(in EGP)</i>		
Profit for the period	448,109,515	312,130,206
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	1,130,723,739	(10,230,771)
Foreign currency translation differences - reclassified to profit or loss	(417,608,176)	1,702,100
Investments at fair value through OCI - net change in fair value	(1,337,303)	(47,318,198)
Investments at fair value through OCI - net change in fair value - reclassified to profit or loss	44,767,400	(1,354,246)
Investment at Fair Value through OCI - reclassified to Retained Earnings	(67,971)	-
Actuarial (loss) gain re-measurement of employees' benefits obligations	(857)	164,472
Related tax	<u>3,285,961</u>	<u>2,618,099</u>
Other comprehensive income, net of tax	<u>759,762,793</u>	<u>(54,418,544)</u>
Total comprehensive income	<u><u>1,207,872,308</u></u>	<u><u>257,711,662</u></u>
Total comprehensive income attributable to:		
Owners of the Company	1,044,948,150	236,596,162
Non - controlling interests	<u>162,924,158</u>	<u>21,115,500</u>
	<u><u>1,207,872,308</u></u>	<u><u>257,711,662</u></u>

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of changes in equity as at March,2022

	Attributable to owners of the Company											Total equity
	Share capital	Legal reserve	Share premium	Other reserves					Retained earnings	Total	Non - controlling interests	
				General reserve	Translation reserve	Fair value reserve	Empolyee stock Ownership plan reserve	Operational Risk Reserve				
<i>(in EGP)</i>												
Balance as at 1 January, 2022	4,865,353,355	840,272,556	1,668,623,811	158,269	1,810,570,071	(1,176,954,690)	149 646 942	-	6,390,395,096	14,548,065,410	2,758,224,565	17,306,289,975
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	345,278,279	345,278,279	102,831,236	448,109,515
Other comprehensive income	-	-	-	-	648,994,394	50,676,333	-	-	67,113	699,737,840	60,092,922	759,830,762
Total comprehensive income	-	-	-	-	648,994,394	50,676,333	-	-	345,345,392	1,045,016,119	162,924,158	1,207,940,277
Transactions with owners of the Company												
Contributions and distributions												
Dividends	-	-	-	-	-	-	-	-	(49,269,069)	(49,269,069)	-	(49,269,069)
Transferred to legal reserve	-	27,181,964	-	-	-	-	-	-	(27,181,964)	-	-	-
Empolyee stock ownership plan (ESOP)	-	-	-	-	-	-	37 411 736	-	-	37 411 736	-	37 411 736
Operational risk reserve	-	-	-	-	-	-	-	31 671 076	(31,671,076)	-	-	-
Balance as at 31 March 2022	4,865,353,355	867,454,520	1,668,623,811	158,269	2,459,564,465	(1,126,278,357)	187,058,678	31,671,076	6,627,618,379	15,581,224,196	2,921,148,723	18,502,372,919
Balance as at 31 December 2020	3,843,091,115	833,933,867	1,922,267,826	158,269	1,992,709,994	(1,201,044,391)	-	-	6,235,979,897	13,627,096,577	310,846,608	13,937,943,185
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	291,709,329	291,709,329	20,420,877	312,130,206
Other comprehensive income	-	-	-	-	(9,329,590)	(45,948,038)	-	-	164,472	(55,113,156)	694,612	(54,418,544)
Total comprehensive income	-	-	-	-	(9,329,590)	(45,948,038)	-	-	291,873,801	236,596,173	21,115,489	257,711,662
Transactions with owners of the Company												
Contributions and distributions												
Transferred to legal reserve	-	6,338,689	-	-	-	-	-	-	(6,338,689)	-	-	-
Balance as at 31 March 2021	3,843,091,115	840,272,556	1,922,267,826	158,269	1,983,380,404	(1,246,992,429)	-	-	6,521,515,009	13,863,692,750	331,962,097	14,195,654,847

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of cash flows

	Note no.	For the period ended	
		31/03/2022	31/03/2021
<i>(in EGP)</i>			
Cash flows from operating activities			
Profit before income tax		676,646,431	406,089,730
Adjustments for:			
Depreciation and amortization	(13,14,15)	65,120,804	44,092,712
Provisions formed	(23)	24,867,210	9,583,895
Provisions used	(23)	(678,232)	(2,063,164)
Provisions reversed	(23)	(1,500,000)	(1 278 072)
Gains on sale of fixed assets		(515,321)	(949,197)
Loss on sale of investment at FVTOCI		727,672,033	1,354,246
Amortization of premium/ issue discount		(41,140,126)	-
Changes in the fair value of investments at fair value through profit and loss		(110,780,578)	(109,688,108)
Share of gain of equity-accounted investees		(13,757,461)	-
Impairment loss on assets	(29)	9,415,053	18,440,359
Share-based payment	(32,20-39)	37,411,735	-
Foreign currency translation differences		379,804,745	4,175,679
Foreign currencies exchange differences		(739,730,364)	1,859,170
Operating profit before changes in current assets and liabilities		1,012,835,929	371,617,250
Changes in:			
Other assets		(390,778,333)	(158,060,625)
Creditors and other credit balances		(274,506,599)	365,552,814
Accounts receivables		(1,212,873,653)	(595,782,378)
Accounts payable		2,199,126,560	84,320,941
Accounts payable - customers credit balance at fair value through profit and loss		(2,244,705,842)	1,086,280,603
Loans and facilities to customers		(4,775,814,254)	(56 984 975)
Due from banks		(2,074,761,628)	-
Due to banks		3,607,303,797	-
Customers deposits		2,925,866,615	-
Investments at fair value through profit and loss		1,740,084,712	(1,236,717,412)
Income tax paid		(90,125,414)	(4,200,625)
Net cash used in operating activities		421,651,890	(143,974,407)
Cash flows from investing activities			
Payments to purchase fixed assets and other intangible assets		(51,629,418)	(13,973,264)
Proceeds from sale of fixed assets		1,514,594	1,209,854
Proceeds from sale of assets held for sale		-	59,640,898
Proceeds from sale of investment FVTOCI		12,980,361,038	2,513,857,211
Payments to purchase investment FVTOCI		(7,672,198,251)	(3,955,793,476)
Net cash provided from investing activities		5,258,047,963	(1,395,058,777)
Cash flows from financing activities			
Dividends paid		(133,252,889)	-
Payment for / proceeds from financial institutions		(7,141,124,885)	843 031 186
Proceeds from loans and borrowings		2,015,488,390	575,236,148
Payment for loans and borrowings		(476,795,359)	(523,678,642)
Net cash provided from (used in) financing activities		(5,735,684,743)	894,588,692
Net change in cash and cash equivalents		(55,984,890)	(644,444,492)
Cash and cash equivalents at 1 January	(31)	4,995,913,535	2,460,213,290
Cash and cash equivalents at 31 March	(31)	4,939,928,645	1,815,768,798

The accompanying notes and accounting policies from page (6) to page (64) are an integral part of these financial statements and are to be read therewith.

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March 2022

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

1- Background

1-1 Incorporation

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

1-2 Purpose of the company

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

2- Basis of preparation

2-1 Statement of compliance

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

2-2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on May 24, 2022.

3- Functional and presentation currency

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

4- Use of estimates and judgments

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

- Estimates and assumptions about them are re-viewed on regular basis.

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

- The change in accounting estimates is recognized in the period where the estimate is changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

4-1 Fair value measurement

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

5- Assets held for sale

- Assets held for sale represented in the assets that has been acquired by EFG Hermes Corp-Solutions and Arab Investment Bank (aiBank) amounted to EGP 367,976,605 in exchange of debt account receivables.

Assets held for sale is relating to the acquisition of the following assets:

- Land and buildings.
- Machines and equipment.

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

6- Cash and cash equivalents

	31/3/2022	31/12/2021
Cash on hand	223,843,560	173,138,322
Cheques under collection	140,001	140,001
Banks - current accounts	10,732,856,528	10,740,937,558
Obligatory reserve balance with CBE	1,784,517,313	897,426,113
Banks - time deposits	23,168,544,281	19,066,529,533
	<hr/>	<hr/>
Balance	35,909,901,683	30,878,171,527
Impairment loss	(2,533,742)	(1,913,708)
	<hr/>	<hr/>
Balance	35,907,367,941	30,876,257,819
	=====	=====

7- Investments at fair value through profit and loss

	31/3/2022	31/12/2021
Mutual fund certificates	3,403,645,634	3,094,960,043
Equity securities	275,060,118	144,330,891
Debt securities	1,211,707,573	670,915,045
Treasury bills	214,100,003	202,273,451
Structured notes	1,645,354,512	3,890,060,348
	<hr/>	<hr/>
Balance	6,749,867,840	8,002,539,778
	=====	=====

8- Accounts receivables

	31/3/2022	31/12/2021
Accounts receivables	8,407,049,492	5,684,065,407
Other brokerage companies	(1,356,333,730)	39,939,670
	<hr/>	<hr/>
Balance	7,050,715,762	5,724,005,077
Impairment loss	(134,478,499)	(112,629,173)
	<hr/>	<hr/>
Balance	6,916,237,263	5,611,375,904
	=====	=====

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

9- Loans and facilities to customers

	31/3/2022	31/12/2021
Micro finance	1,730,809,119	1,669,477,709
Finance lease	6,437,635,977	4,753,314,394
Consumer finance	2,474,258,066	1,590,233,225
Factoring	1,988,187,434	1,884,359,760
Commercial bank (Arab Investment Bank)	13,466,903,454	11,125,847,297
Other loans	451,712,422	572,771,302
	<u>26,549,506,472</u>	<u>21,596,003,687</u>
Impairment loss	(2,025,044,795)	(1,970,079,542)
	<u>24,524,461,677</u>	<u>19,625,924,145</u>
	=====	=====
Current	7,435,378,337	9,723,113,493
Non-current	17,089,083,340	9,902,810,652
	<u>24,524,461,677</u>	<u>19,625,924,145</u>
	=====	=====

10- Investments at fair value through OCI

	31/3/2022	31/12/2021
Non-current investments		
Equity securities	110,118,042	105,064,479
Mutual fund certificates	99,767,815	98,972,870
Debt instruments	2,434,942,720	1,820,633,725
	<u>2,644,828,577</u>	<u>2,024,671,074</u>
	-----	-----
Current investments		
Debt instruments	6,943,829,054	14,795,809,291
	<u>9,588,657,631</u>	<u>16,820,480,365</u>
	=====	=====

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

11- Equity accounted investees

	Company's location	Shareholding Percentage %	31/3/2022	31/12/2021
Interest in joint venture				
Bedaya Mortgage Finance Co	Egypt	33.34	61,253,690	61,253,690
EFG-EV Finech	Egypt	50	21,081,052	21,081,052
Paytabs Egypt solutions	Egypt	51	1,459,594	1,459,594
RX Capital limited	UAE	50	8,142,829	6,850,329
Interest in associate				
Kaf Life Insurance takaful Zahraa Elmaadi Company*	Egypt	37.5	21,599,015	21,599,015
Middle East Land Reclamation Company*	Egypt	20.30	291,638,279	278,655,628
Prime for investment fund management*	Egypt	24	--	--
Enmaa Financial Leasing company*	Egypt	20	502,492	474,060
		31.40	70,688,562	69,942,184
Balance			<u>476,365,513</u>	<u>461,315,552</u>

* Equity accounted investees acquired during the year through the acquisition of Arab Investment Bank (aiBank).

12- Investment at amortized cost

	31/3/2022	31/12/2021
Debt instruments-Listed	10,293,562,047	10,069,806,653
Impairment loss	(21,697,931)	(19,527,735)
Balance	<u>10,271,864,116</u>	<u>10,050,278,918</u>

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

13- Investment property

Particular	Buildings
Cost	
Balance as at 1/1/2022	169,539,818
Total cost as at 31/3/2022	<u>169,539,818</u>
Total cost as at 31/3/2021	<u>169,539,818</u>
Accumulated depreciation	
Accumulated depreciation as at 1/1/2022	44,010,346
Depreciation for the period	1,636,258
Accumulated depreciation as at 31/3/2022	<u>45,646,604</u>
Accumulated depreciation as at 1/1/2021	37,465,316
Depreciation for the period	1,636,258
Accumulated depreciation as at 31/3/2021	<u>39,101,574</u>
Carrying amount	
Net carrying amount as at 31/3/2022	123,893,214
	=====
Net carrying amount as at 31/3/2021	130,438,244
	=====
Net carrying amount as at 31/12/2021	125,529,472
	=====

Investment property net carrying amounted to EGP 123,893,214 as at 31 March 2022, represents the following:-

- EGP 118,229,864 the book value of the area owned by EFG – Hermes Holding Company in Nile City building, and with a fair value of EGP 434,275,000.
- EGP 3,053,954 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch and with a fair value of EGP 10,400,000.
- EGP 2,609,397 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch and with a fair value of EGP 17,894,190.

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

14- Fixed assets

Particular	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Cost							
Balance as at 1/1/2022	673,993,023	254,999,703	357,745,013	530,566,631	46,410,744	307,814,379	2,171,529,493
Additions	--	5,539,049	12,486,716	22,972,717	2,368,943	15,119,708	58,487,133
Disposals	--	(234,489)	(457,777)	(2,201,058)	(2,206,983)	(3,611,761)	(8,712,068)
Adjustments	--	--	--	--	--	20,579,215	20,579,215
Foreign currency translation differences	42,219	346,542	24,133,486	20,534,927	1,675,786	19,328,715	66,061,675
Total cost as at 31/3/2022	674,035,242	260,650,805	393,907,438	571,873,217	48,248,490	359,230,256	2,307,945,448
Balance as at 1/1/2021	362,407,398	83,402,127	286,142,241	416,056,748	37,707,264	206,667,992	1,392,383,770
Additions	--	916,333	2,355,856	6,309,666	3,421,980	5,017,060	18,020,895
Disposals	--	--	(65,585)	(143,768)	(2,916,138)	(61,710)	(3,187,201)
Reclassification to intangible assets	--	--	--	(20,501,846)	--	--	(20,501,846)
Foreign currency translation differences	17,709	(9,622)	(72,012)	(11,261)	41,016	(42,626)	(76,796)
Total cost as at 31/3/2021	362,425,107	84,308,838	288,360,500	401,709,539	38,254,122	211,580,716	1,386,638,822

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

Particular	Land & Buildings	Leasehold improvements	Office furniture, & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Accumulated depreciation							
Accumulated depreciation as at 1/1/2022	161,770,804	204,877,398	268,843,655	390,299,899	29,809,691	116,526,128	1,172,127,575
Depreciation	6,047,417	6,461,289	8,391,170	18,339,602	1,760,488	14,758,863	55,758,829
Disposals accumulated depreciation	--	(234,335)	(395,428)	(1,730,629)	(1,741,104)	(3,611,761)	(7,713,257)
Adjustments	--	--	--	--	--	19,318,866	19,318,866
Foreign currency translation differences	22,154	281,943	21,944,223	18,682,440	984,506	12,536,123	54,451,389
Accumulated depreciation as at 31/3/2022	167,840,375	211,386,295	298,783,620	425,591,312	30,813,581	159,528,219	1,293,943,402
Accumulated depreciation as at 1/1/2021	71,590,759	50,821,888	222,900,649	303,533,370	23,505,224	68,073,812	740,425,702
Depreciation	2,381,749	2,898,013	6,832,511	13,622,927	1,460,872	10,554,290	37,750,362
Disposals' accumulated depreciation	--	--	(65,585)	(133,577)	(2,665,629)	--	(2,864,791)
Reclassified to intangible assets	--	--	--	(18,172,969)	--	--	(18,172,969)
Foreign currency translation differences	8,369	(5,520)	(116,077)	(2,496)	35,432	(12,035)	(92,327)
Accumulated depreciation as at 31/3/2021	73,980,877	53,714,381	229,551,498	298,847,255	22,335,899	78,616,067	757,045,977
Carrying amount							
Carrying amount as at 31/3/2022	506,194,867	49,264,510	95,123,818	146,281,905	17,434,909	199,702,037	1,014,002,046
Carrying amount as at 31/3/2021	288,444,230	30,594,457	58,809,002	102,862,284	15,918,223	132,964,649	629,592,845
Carrying amount as at 31/12/2021	512,222,219	50,122,305	88,901,358	140,266,732	16,601,053	191,288,251	999,401,918

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

15- Goodwill and other intangible assets

		31/3/2022	31/12/2021
Goodwill	(15-1)	994,145,243	994,145,243
Customer relationships		43,221,944	38,882,258
Licenses		4,388,644	3,839,378
Software		73,647,437	70,530,073
Balance		<u>1,115,403,268</u>	<u>1,107,396,952</u>
		=====	=====

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

		31/3/2022	31/12/2021
EFG- Hermes IFA Financial Brokerage Company			
Kuwait – (KSC)		179,148,550	179,148,550
IDEAVELOPERS – Egypt		1,600,000	1,600,000
EFG- Hermes Jordan		8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E		365,398,862	365,398,862
Frontier Investment Management Partners LTD		325,800,740	325,800,740
Arab Investment Bank *		113,557,873	113,557,873
Balance		<u>994,145,243</u>	<u>994,145,243</u>
		=====	=====

* The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities, the company has a grace period of 12 months ending October 2022 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable asset and liabilities according to the Egyptian Accounting Standards.

16- Other assets

		31/3/2022	31/12/2021
Deposits with others	(16-1)	42,852,776	57,133,978
Down payments to suppliers		924,511,585	899,769,920
Prepaid expenses		145,654,236	83,360,970
Employees' advances		59,603,461	61,420,556
Accrued revenues		1,251,477,681	989,851,567
Taxes withheld by others		26,294,152	23,615,895
Payments for investments	(16-2)	1,373,856	1,373,856
Settlement Guarantee Fund		26,987,197	22,898,787
Due from Egypt Gulf Bank- Tanmeyah Clients		19,634,581	17,314,143
Receivables-sale of investments		69,073,566	16,854,902
Securitization surplus		31,045,330	31,045,330
Sundry debtors		353,060,367	393,243,155
Total		<u>2,951,568,788</u>	<u>2,597,883,059</u>
Deduct: Impairment loss		(24,650,193)	(36,803,392)
Balance		<u>2,926,918,595</u>	<u>2,561,079,667</u>
		=====	=====

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

16-1 Deposits with others include an amount of EGP 16,439,495 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

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

	31/3/2022	31/12/2021
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
	<u> </u>	<u> </u>
Balance	1,373,856	1,373,856
	=====	=====

17- Due to banks and financial institutions

	31/3/2022	31/12/2021
Financial institutions	720,583,021	7,861,707,906
Bank overdraft *	9,465,341,538	8,818,578,082
Deposits**	2,481,630,560	1,008,686,945
Current account**	2,181,967,362	47,607,178
	<u> </u>	<u> </u>
Balance	14,849,522,481	17,736,580,111
	=====	=====

* Banks overdraft include the credit facilities granted from one of the banks which represents the following:

- A pledged governmental bond contract to secure a credit facility amounted to EGP 1,057,000,000.
- A pledged Treasury bills contract to secure a credit facility amounted to EGP 737,000,000.

** Relate to Arab Investment Bank (aiBank).

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

18- Customer Deposits

	31/3/2022	31/12/2021
Call deposits	14,206,979,120	13,590,506,782
Term deposits	16,131,954,642	14,545,755,376
Saving and deposit certificates	8,614,055,910	7,881,255,045
Saving deposits	1,216,401,049	1,316,791,217
Other deposits	1,321,214,264	1,230,428,951
	-----	-----
Balance	41,490,604,985	38,564,737,371
	=====	=====
Corporate deposits	15,528,193,384	14,820,936,371
Individual deposits	25,962,411,601	23,743,801,000
	-----	-----
Balance	41,490,604,985	38,564,737,371
	=====	=====
Current	11,296,235,453	19,160,002,371
Non-current	30,194,369,532	19,404,735,000
	-----	-----
Balance	41,490,604,985	38,564,737,371
	=====	=====

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

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

20- Short term bonds

- During December 2021 Hermes Securities Brokerage (a subsidiary -100%) issued short-term bonds with a value of EGP 550 million (Third issuance) that are tradable and non-convertible to shares and it's for the period of 12 months at a par value of EGP 100 (one hundred Egyptian pounds only) for the bond to be paid at the end of the period with a fixed rate of 11.15 % that will be paid at the end of the issuance period. And it's non-expedited payment, the bonds proceeds will be used to finance different company activities and pay it's financial obligations.

21- Creditors and other credit balances

	31/3/2022	31/12/2021
Accrued expenses	1,116,645,421	1,725,048,720
Dividends payable (prior years)	223,937,146	297,364,906
Deferred revenues	80,733,771	50,637,002
Suppliers	685,867,714	347,141,373
Clients' coupons - custody activity	8,514,940	12,489,264
Tax authority	176,787,649	68,525,079
Social Insurance Association	20,192,581	18,217,043
Payables- purchase of investments	54,162,856	--
Medical takaful insurance tax	18,609,192	12,837,396
Deposits due to others –finance lease contracts *	4,110,945	4,136,184
Sundry creditors	406,944,218	159,334,035
	<hr/>	<hr/>
Balance	2,796,506,433	2,695,731,002
	<hr/>	<hr/>

- * Deposits due to others amounted to EGP 4,110,945 as at 31 March 2022 versus EGP 4,136,184 as at 31 March 2021 represents the deposits collected from the lessees of EFG Hermes Corp- Solutions.

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

22- Deferred tax assets (liabilities)

	Balance at 1/1/2022	Recognized in profit or loss	Recognized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets							
depreciation	6,085,785	2,006,626	--	19,597	8,112,008	8,112,008	--
Claims provision	(398,302)	--	--	548,198	149,896	149,896	--
Impairment loss on assets	1,180,104	--	--	(6,449)	1,173,655	1,173,655	--
Prior year losses carried forward	29,241,747	313,224	--	2,344,309	31,899,280	31,899,280	--
Investment at fair value	(290,607,350)	(26,003,950)	3,285,961	--	(313,325,339)	--	(313,325,339)
Foreign currency translation differences	1,457,373	(9,226,320)	--	60,710	(7,708,237)	--	(7,708,237)
Revaluation of investment property	1,867,147	--	--	--	1,867,147	1,867,147	--
Investment in Associates	(5,582,969)	--	--	--	(5,582,969)	--	(5,582,969)
ESOP deferred	7,775,053	--	--	--	7,775,053	7,775,053	--
	<u>(248,981,412)</u>	<u>(32,910,420)</u>	<u>3,285,961</u>	<u>2,966,365</u>	<u>(275,639,506)</u>	<u>50,977,039</u>	<u>(326,616,545)</u>

23- Provisions

		31/3/2022	31/12/2021
Claims provision	(23-1)	382,427,463	372,814,069
Commercial bank (aiBank) contingent liabilities	(23-1)	65,331,492	56,117,796
Severance pay provision	(23-1)	269,067,038	226,617,198
Financial guarantee for contingent liabilities	(23-1)	38,060,557	34,452,878
Balance		<u>754,886,550</u>	<u>690,001,941</u>

23-1

	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Commercial bank contingent liabilities	Total
Balance at the beginning of the year	372,814,069	226,617,198	34,452,878	56,117,796	690,001,941
Formed during the period	8,315,949	4,890,426	3,607,679	8,053,156	24,867,210
Foreign currency differences	3,290,917	37,743,317	--	1,160,540	42,194,774
Amounts used during the period	(493,472)	(184,760)	--	--	(678,232)
Actuarial of employees' benefits obligations	--	857	--	--	857
No longer needed	(1,500,000)	--	--	--	(1,500,000)
Balance at the end of the period	<u>382,427,463</u>	<u>269,067,038</u>	<u>38,060,557</u>	<u>65,331,492</u>	<u>754,886,550</u>

* Related to group entities outside Egypt.

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

24- Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	31/3/2022	31/12/2021
EFG Hermes Corp- Solutions *	220 million	16/7/2020	16/7/2027	172,145,258	169,630,189
„	150 million	27/2/2020	27/2/2027	39,666,743	43,728,117
„	500 million	12/12/2019	12/12/2026	390,305,128	412,389,761
„	400 million	29/3/2022	31/3/2023	305,321,010	315,766,871
„	1 billion	9/8/2015	9/8/2023	935,207,947	682,796,686
„	635 million	06/03/2022	31/3/2027	443,805,191	177,724,571
„	325 million	14/3/2016	14/3/2023	36,736,910	69,696,583
„	233 million	13/7/2020	13/7/2023	138,480,643	26,822,749
„	200 million	12/6/2017	12/6/2025	19,142,647	19,209,706
„	501 thousand	28/3/2022	18/2/2025	501,452	653,831
„	450 million	9/3/2022	30/9/2023	299,375,580	397,029,955
„	250 million	8/11/2022	30/5/2022	105,258,310	114,928,127
„	300 million	20/2/2022	30/9/2027	162,845,780	81,305,409
„	1.2 million	24/4/2017	24/4/2023	1,022,489	1,226,987
„	86 million	25/5/2021	25/5/2028	86,036,262	99,346,583
„	130 million	4/4/2021	4/4/2028	90,248,690	21,052,491
„	374.1 million	19/10/2017	19/10/2022	374,132,750	7,069,500
„	150 million	6/5/2021	6/5/2028	53,187,085	8,834,128
„	225 million	7/2/2018	7/2/2023	85,090,676	97,590,676
„	500 million	19/5/2020	19/5/2027	145,522,024	164,578,428
„	600 million	28/8/2018	8/5/2028	358,603,709	357,425,443
„	750 million	6/2/2022	30/3/2024	733,504,492	260,283,150
„	100 million	26/11/2020	26/11/2027	64,825,530	66,287,873
Arab Investment bank	10.3 million	13/4/2017	1/8/2023	3,630,198	3,630,198
„	25.4 million	13/4/2018	31/7/2023	9,482,840	10,001,430
EFG – Hermes Pakistan Limited	37.2 million	12/5/2017	11/5/2023	37,245,750	32,990,250
„	44.6 million	29/10/2021	28/10/2024	44,694,900	39,588,300
Tanmeyah Micro Enterprise Services S.A.E	50 million	4/5/2018	3/5/2023	25,346,378	43,633,026
„	81.3 million	4/11/2019	12/2/2022	20,328,250	27,104,333
Valu	100 million	27/11/2017	12/1/2023	16,030,685	16,120,232
EFG - Hermes Advisory Inc.	370 million	18/11/2021	18/5/2022	360,228,046	370,497,531
EFG Finance Holding	250 million	13/8/2020	13/8/2027	250,000,000	250,000,000
„	400 million	21/12/2021	21/12/2028	375,175,828	375,175,828
„	250 million	30/8/2021	30/8/2028	--	123,946,345
„	150 million	6/2/2022	20/2/2027	150,000,000	--
EFG Hermes Int. Fin Corp	50 million	21/5/2021	21/5/2023	914,750,000	613,004,200
Lease liabilities**				448,794,528	462,264,389
	Balance			<u>7,696,673,709</u>	<u>5,963,333,876</u>

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

Current	3,043,678,668	2,682,374,853
Non-current	<u>4,652,995,041</u>	<u>3,280,959,023</u>
Balance	<u>7,696,673,709</u>	<u>5,963,333,876</u>

- * EFG Hermes Corp Solutions (wholly owned subsidiary), is committed to settle the credit granted by waiving the rental value of the finance lease contracts to the banks within the credit amount.
- ** Lease liabilities include an amount of EGP 217,868,356 in the name of EFG-Hermes Holding and Tanmeyah Micro Enterprise Services S.A.E that represents sale and lease back agreement.

25- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,843,091,115 distributed on 768,618,223 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 20, 2021 to increase the company's issued capital from EGP 3,843,091,115 to EGP 4,611,709,340 distributed on 922,341,868 shares with an increase amounting to EGP 768,618,225 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company retained earnings that presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- On 28th September 2021, the Company's General Assembly approved the increase in issued capital from EGP 4,611,709,340 to EGP 4,865,353,355 representing an increase of EGP 253,644,015 and distributed on 50,728,803 shares having a par value of EGP 5 per share, The issuance of the capital increase shares were financed from the share premium reserve for the purpose of the Remuneration & Incentive Program of the Employees, Managers & Executive Board Members of the Company and its subsidiaries. The commercial register was updated and the issued shares were allocated under the Remuneration & Incentive Program of the Employees of the Company, and the Beneficiary of the program will be entitled to attend the Ordinary and Extraordinary General Shareholders of the Company and to vote on its resolutions upon the transfer of ownership of the Granted Shares to the Beneficiary.

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

26- Non - controlling interests

	31/3/2022	31/12/2021
Share capital	2,618,870,616	2,618,870,616
Additional paid-in capital	120,463,104	120,463,104
Legal reserve	37,776,812	37,775,135
Other reserves	166,627,005	106,534,088
Retained (losses)	(125,420,050)	(243,860,630)
Profit for the period	102,831,236	118,442,252
Balance	<u>2,921,148,723</u>	<u>2,758,224,565</u>

27- Contingent liabilities

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

	31/3/2022	31/12/2021
AED	83,670,000	83,670,000
Equivalent to EGP	416,743,536	357,864,957

Group off-financial position items:

- Assets under management	81,567,381,781	71,407,412,524
- Securitization and Sukuk transactions		

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

The assets and liabilities related to those transactions are represented in :

Client portfolios related to securitization transactions	3,633,482,530
Balances with custodians	644,156,730
Land and Buildings related to Sukuk transactions	2,600,000,000
Total Assets	<u>6,877,639,260</u>
Bonds	<u>3,260,021,333</u>
Sukuk	2,600,000,000
Total liabilities	<u>5,860,021,333</u>

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

27- Arab Investment Bank Contingent liabilities are as follows:

A- Capital commitments

Financial investments

The value of commitments related to financial investments for which payments was not requested until the date of the financial position as at 31 March 2022:

	Contribution amount USD	Amount paid USD	Residual amount USD
African Export -Import Bank	1,066,000	586,000	480,000

B- Commitments on loans, guarantees and facilities

The bank's commitments on loans and facilities are as follows:

	31 March 2022 EGP
Letters of guarantees	1,439,864,308
Letters of credit (Export and Import)	783,595,011
Acceptances of supplier facilities	283,553,258
Balance	<u><u>2,507,012,577</u></u>

28- Other Revenues

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

29- Impairment loss on assets

	For the period ended	
	31/3/2022	31/3/2021
Accounts receivables	13,278,401	--
Loans and facilities to customers	4,524,730	17,411,871
Cash and cash equivalents	499,175	(824,842)
Other Debit Accounts	(13,879,948)	1,856,878
Financial Investment	4,992,695	(3,548)
Total	<u><u>9,415,053</u></u>	<u><u>18,440,359</u></u>

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

30- Income tax expense

	For the period ended	
	31/3/2022	31/3/2021
Current income tax	(195,626,496)	(65,158,512)
Deferred tax	(32,910,420)	(28,801,012)
Total	<u>(228,536,916)</u>	<u>(93,959,524)</u>
	=====	=====

31- Cash and cash equivalents

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

	31/3/2022	31/12/2021
Cash and due from banks	14,313,457,036	11,355,533,830
Bank overdraft	(9,465,341,538)	(8,818,578,082)
Treasury bills less than 90 days	91,813,147	2,177,404,414
Effect of exchange rate	--	281,553,373
Cash and cash equivalents	<u>4,939,928,645</u>	<u>4,995,913,535</u>
	=====	=====

32- General administrative expenses

	For the period ended	
	31/3/2022	31/3/2021
Wages , salaries and similar items *	790,081,425	584,275,295
Consultancy	64,502,176	28,621,178
Travel , accommodation and transportation	3,656,635	1,525,039
Leased line and communication	46,683,740	33,265,261
Rent and utilities expenses	18,522,167	12,245,641
Other expenses	236,367,656	109,933,132
Total	<u>1,159,813,799</u>	<u>769,865,547</u>
	=====	=====

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

* **Share-based payments.**

The Company introduced an Employees Share Ownership plan (ESOP) in accordance with the shareholder's approval at the extraordinary general assembly meeting by issuing Free shares representing 5.5% of the issued capital of the Company shall be granted to employees, managers and executive board members of the Company and its subsidiaries

The duration of this program is five years starting as of 1 January 2021 till 31 December 2025, the vesting period is 3-4 years starting from 1 January 2021 till 31 December 2024. The beneficiary entitled to shares granted to 4 equal installments.

The equity instruments for share-based payment are recognized at fair value on the grant date and are record in the income statement with a corresponding increase in equity. The value of expenses charged to the income statement during the period amounted EGP 37,411,736.

Equity instruments during the period represents the following:

	For the period ended 31/3/2022
	No. of Shares
Total at the beginning of the period	48,504,101
Total at the end of the period	<u>48,504,101</u>

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

33- Operating segment

(a) Basis for operating segment

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

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

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

For the period ended March 31, 2022

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commercial bank (aiBank)	Adjustments	Total
Interest income	310,486,853	121,927,093	45,768	7,444,359	3,470,468	1,056,053	145,310,315	272,728,799	52,069,016	46,622,656	1,146,031,761	(14,837,080)	2,092,356,061
Interest Expense	(123,273,045)	(44,422,892)	--	(2,106,383)	--	--	(116,565,253)	(79,487,306)	(31,753,393)	(35,569,582)	(804,887,753)	8,097,189	(1,229,968,418)
Net Interest income	187,213,808	77,504,201	45,768	5,337,976	3,470,468	1,056,053	28,745,062	193,241,493	20,315,623	11,053,074	341,144,008	(6,739,891)	862,387,643
Fee and commission income	100	399,269,240	106,602,556	58,549,406	22,815,538	239,434	19,590,077	199,570,772	122,838,311	7,011,664	54,042,416	(1,038,176)	989,491,338
Fees and commission expense	(1,248,254)	(65,788,621)	(17,347,588)	--	(2,501,630)	(656,246)	(4,000,000)	(67,761)	(277,556)	(6,855)	(7,708,860)	1,038,176	(98,565,195)
Net fees & commission income	(1,248,154)	333,480,619	89,254,968	58,549,406	20,313,908	(416,812)	15,590,077	199,503,011	122,560,755	7,004,809	46,333,556	--	890,926,143
Securities loss	(733,444,036)	3,916,001	--	--	(202,323)	--	--	--	--	--	19,823,850	--	(709,906,508)
Changes in the investments at fair value through profit and loss	118,280,208	(7,001,079)	--	--	(498,552)	--	--	--	--	--	--	--	110,780,577
Dividend income	--	104,636	--	--	--	--	--	--	--	--	--	--	104,636

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commercial bank (aiBank)	Adjustments	Total
Other Revenues	9,918,199	14,105,373	438,926	12,285	20,967	--	239,434	1,781,253	--	--	1,566,544	--	28,082,981
Foreign currencies exchange differences	713,403,277	8,328,193	--	--	--	--	--	--	--	--	17,998,894	--	739,730,364
Share of loss from equity accounted investees	--	--	--	--	--	--	--	--	--	--	13,757,461	--	13,757,461
Total revenues	294,123,302	430,437,944	89,739,662	63,899,667	23,104,468	639,241	44,574,573	394,525,757	142,876,378	18,057,883	440,624,313	(6,739,891)	1,935,863,297
General administrative expenses	(178,352,614)	(268,928,940)	(51,340,618)	(47,427,190)	(24,339,909)	(87,427,553)	(18,242,252)	(184,102,741)	(120,277,290)	(5,414,528)	(195,134,062)	21,173,898	(1,159,813,799)
Financial guarantee provision	--	--	--	--	--	--	--	(3,607,679)	--	--	--	--	(3,607,679)
Impairment loss on assets	976,400	4,258,244	(324,856)	--	(3,278,401)	418,457	--	3,528,597	(7,770,488)	--	(7,547,862)	324,856	(9,415,053)
Provisions	(34,448)	(4,591,039)	(88,020)	--	(162,155)	(14,764)	--	(14,801)	--	--	(16,354,304)	--	(21,259,531)
Depreciation and amortization	(7,313,662)	(5,907,721)	(2,219,839)	(89,601)	(170,472)	(3,139,592)	(77,089)	(12,498,181)	(2,167,174)	(447,959)	(16,330,651)	(14,758,863)	(65,120,804)
Profit before income tax	109,398,978	155,268,488	35,766,329	16,382,876	(4,846,469)	(89,524,211)	26,255,232	197,830,952	12,661,426	12,195,396	205,257,434	--	676,646,431
Income tax expense	(75,594,827)	(22,318,385)	(704,421)	(2,662,112)	(52,522)	(196,708)	(11,821,282)	(45,992,664)	(974,416)	(3,326,030)	(64,893,549)	--	(228,536,916)
Profit for the period	33,804,151	132,950,103	35,061,908	13,720,764	(4,898,991)	(89,720,919)	14,433,950	151,838,288	11,687,010	8,869,366	140,363,885	--	448,109,515
Total assets	12,251,097,214	18,969,983,827	1,132,814,384	123,365,490	407,122,642	232,444,943	6,871,060,696	2,740,771,938	2,559,062,498	2,052,490,113	52,693,779,003	--	100,033,992,748
Total liabilities	5,607,374,941	15,874,837,092	275,182,238	126,426,195	326,475,478	30,163,626	5,987,552,774	1,961,103,830	2,138,633,608	1,919,366,660	47,284,503,387	--	81,531,619,829

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

For the period ended March 31, 2021

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
Interest income	299,258,518	100,077,165	136,196	9,276,897	3,347,922	7,696,350	134,577,699	223,606,994	37,796,600	20,974,769	(10,875,716)	825,873,394
Interest Expense	(47,068,131)	(42,326,361)	--	(2,222,198)	(342,620)	(6,806,062)	(87,761,918)	(63,168,552)	(9,694,839)	(17,217,949)	6,060,003	(270,548,627)
Net Interest income	252,190,387	57,750,804	136,196	7,054,699	3,005,302	890,288	46,815,781	160,438,442	28,101,761	3,756,820	(4,815,713)	555,324,767
Fee and commission income	--	275,018,285	99,223,395	35,157,490	26,459,572	--	9,122,064	162,707,424	28,580,485	4,541,310	(801,525)	640,008,500
Fees and commission expense	(863,051)	(48,648,664)	(16,123,976)	(117,857)	--	(270)	(6,762)	(67,761)	(1,084,302)	(19,030)	801,525	(66,130,148)
Net fees & commission income	(863,051)	226,369,621	83,099,419	35,039,633	26,459,572	(270)	9,115,302	162,639,663	27,496,183	4,522,280	--	573,878,352
Securities loss	(1,281,340)	(5,044,400)	--	--	--	--	--	--	--	--	--	(6,325,740)
Changes in the investments at fair value through profit and loss	125,579,607	(15,587,226)	--	--	(304,273)	--	--	--	--	--	--	109,688,108
Dividend income	2,088	--	--	--	--	--	--	--	--	--	--	2,088
Other Revenues	12,041,244	1,665,831	282,985	--	159,632	--	294,516	2,919,630	--	--	--	17,363,838
Foreign currencies exchange differences	(1,862,226)	3,056	--	--	--	--	--	--	--	--	--	(1,859,170)
Total revenues	385,806,709	265,157,686	83,518,600	42,094,332	29,320,233	890,018	56,225,599	325,997,735	55,597,944	8,279,100	(4,815,713)	1,248,072,243

EFG-Hermes Holding Company
(Egyptian Joint Stock Company)

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Adjustments	Total
General administrative expenses	(169,138,695)	(224,676,794)	(44,087,136)	(33,645,574)	(17,914,742)	(80,273,479)	(14,052,429)	(168,925,591)	(28,602,242)	(3,918,868)	15,370,003	(769,865,547)
Impairment loss on assets	579,874	--	--	--	--	248,517	(10,439,167)	(814,421)	(5,037,060)	(2,978,102)	--	(18,440,359)
Provisions	(2,223,053)	(5,835,411)	(33,760)	--	--	(952,737)	--	(538,934)	--	--	--	(9,583,895)
Depreciation and amortization	(7,472,788)	(5,594,099)	(2,009,647)	(78,969)	(83,409)	(3,208,947)	(71,122)	(13,137,425)	(1,440,398)	(441,618)	(10,554,290)	(44,092,712)
Profit before income tax	207,552,047	29,051,382	37,388,057	8,369,789	11,322,082	(83,296,628)	31,662,881	142,581,364	20,518,244	940,512	--	406,089,730
Income tax expense	(29,313,579)	(13,176,848)	(121,561)	(2,445,418)	306,938	--	(9,300,581)	(40,024,461)	474,586	(358,600)	--	(93,959,524)
Profit for the period	178,238,468	15,874,534	37,266,496	5,924,371	11,629,020	(83,296,628)	22,362,300	102,556,903	20,992,830	581,912	--	312,130,206
Total assets	15,657,241,101	14,928,090,538	782,195,317	127,030,901	390,761,838	136,187,287	5,031,063,938	2,547,035,299	855,170,083	833,097,819	--	41,287,874,121
Total liabilities	4,610,161,841	14,367,024,264	189,907,309	75,680,103	357,368,942	24,143,795	4,455,151,919	1,771,075,247	508,874,850	732,831,004	--	27,092,219,274

(b) Geographical segments

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

March 31,2022

	Egypt	GCC	Other	Total
Total revenues	1,569,448,931	304,551,480	61,862,886	1,935,863,297
Segment assets	84,379,802,984	15,288,274,018	365,915,746	100,033,992,748

March 31,2021

	Egypt	GCC	Other	Total
Total revenues	1,016,024,361	186,826,119	45,221,762	1,248,072,243
Segment assets	29,335,985,217	11,481,775,626	470,113,278	41,287,874,121

34- Tax status (the holding company)

- As to Income Tax, the years till 2019 the competent Tax Inspectorate inspected the parent company's books and all the disputed points have been settled with the Internal Committee. And as to year 2020, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2019 and all the disputed points have been settled with the Internal committee and as to years 2020/2021 have not been inspected yet.
- As to Stamp Tax, the parent company's books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019/2021 have not been inspected yet.
- As to Property Tax, for Smart Village building the company paid tax till December 31,2021 and for Nile City building the company paid tax till December 31,2021.

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

35- Corresponding figures

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

	(As reported) for the period ended 31/3/2021 EGP	Reclassifications EGP	(Restated) for the period ended 31/3/2021 EGP
Income Statement			
Interest Income	620,064,085	205,809,310	825,873,394
Interest Expense	275,082,985	(4,534,358)	270,548,627
Fees and commission income	698,574,684	(58,566,184)	640,008,500
Fees and commission expense	66,866,459	(736,311)	66,130,148
Revenues from leasing activities	142,701,815	(142,701,815)	--
Other revenues	21,905,148	(4,541,310)	17,363,838
General & Administrative expense	764,594,878	(5,270,669)	769,865,547

36- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.87	0.09
Egyptian Fund Management Group	88.51	11.49
Hermes Portfolio and Fund Management	78.81	21.19
Hermes Securities Brokerage	97.58	2.42
Hermes Corporate Finance	99.42	0.48
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96.3	3.7
EFG- Hermes Private Equity	1.59	63.41
EFG- Hermes UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

	Direct ownership	Indirect ownership
	%	%
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73.3	26.7
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG- Hermes Oman LLC	--	51
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC **	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	52
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Syria LLC *	49	20.37
Sindyam Syria LLC *	97	--
Talas & Co. LLP *	--	97
EFG - Hermes Jordan	100	--
Mena Long-Term Value Feeder Holdings Ltd. **	--	50
Mena Long-Term Value Master Holdings Ltd. **	--	45
Mena Long-Term Value Management Ltd. **	--	45
EFG - Hermes CL Holding SAL	--	100
EFG-Hermes IB Limited	100	--
Financial Group for Securitization	100	--
Beaufort Investments Company	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	100
EFG – Hermes Frontier Holdings LLC	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	65
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100

**EFG-Hermes Holding Company
(Egyptian Joint Stock Company)**

Translation of consolidated financial
statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 31 March, 2022 (Continued)
(In the notes all amounts are shown in EGP unless otherwise stated)

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

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

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

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

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.

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.
- 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- Subsequent events

- On 12 May 2022, valU Consumer Finance S.A.E. ("valU"), a fully owned subsidiary of EFG Hermes Holding S.A.E., entered into an Agreement with Amazon for the Provision of Consumer Financing by valU as a Payment Method on amazon.eg (the "Commercial Agreement"). Pursuant to the terms of the Commercial Agreement, valU will make some of its consumer financing products available to eligible customers on amazon.eg, providing these customers the option to split the total cost of purchases into multiple payments by using valU.

On the same date and in connection with the entry into the Commercial Agreement, EFG and Amazon entered into an Option Agreement (the "Transaction Agreement") whereby Amazon agreed to acquire USD10 million in EFG GDRs with the option to replace that investment into valU at a future date, translating into a stake of 4.255% of the issued share capital of valU, based on a current post-money valuation of valU of USD 235 million. The option is valid for 5 years, and will be exercisable prior to or upon the occurrence of a qualified liquidity event (subject to any applicable regulatory approvals) at the level of valU, in the form of an independent investment involving third party investors, a sale, or an initial public offering or other listing event, based on the terms and conditions of the Transaction Agreement, regardless of the price of EFG GDRs or EFG shares at the time of exercise.

39- Significant accounting policies applied

39-1- Basis of consolidation

39-1-1 Business combination

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

39-1-2 Subsidiaries

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

39-1-3 Non-controlling interests

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

39-1-4 Loss of control

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

39-1-5 Interests in equity-accounted investees

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

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

39-1-6 Transactions eliminated on consolidation

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

39-2 Foreign currency

39-2-1 Foreign currency transactions

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

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

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

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

39-2-2 Foreign operations

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

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

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

39-3 Discontinued operation

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

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

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

39-4 Revenue

39-4-1 Gain (loss) on sale of investments

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

39-4-2 Dividend income

Dividend income is recognized when declared.

39-4-3 Custody fee

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

39-4-4 Interest income and expenses

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

39-4-5 Fee and commission income

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

39-4-6 Brokerage commission

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

39-4-7 Management fee

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

39-4-8 Incentive fee

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

39-4-9 Investment property rental income

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

39-4-10 Revenue from micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the

effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.

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

39-4-11 Gains from securitization

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

39-5 Income tax

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

39-5-1 Current tax

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

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

39-5-2 Deferred tax

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

Deferred tax is not recognized for:

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are

reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

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

39-6 Property, plant and equipment

39-6-1 Recognition and measurement

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

39-6-2 Subsequent expenditure

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

39-6-3 Depreciation

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

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

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

39-6-4 Reclassification to investment property

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

39-7 Projects under construction

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

39-8 Intangible assets and goodwill

- Goodwill

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

- Research and development

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

- Other intangible assets

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

39-9 Investment property

Investment property is measured at cost on initial recognition.

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

39-10 Assets held for sale

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

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

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

39-11 Financial instruments

39-11-1 Recognition and initial measurement

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

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

39-11-2 Classification and subsequent measurement

Financial assets

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

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

39-11-3 Financial assets – Business model assessment

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

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

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

39-11-4 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest

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

39-11-5 Financial assets – Subsequent measurement and gains and losses

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

39-11-6 Financial liabilities – Classification, subsequent measurement and gains and losses

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

39-11-7 Derecognition

Financial assets

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

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

Financial liabilities

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

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

39-11-8 Offsetting

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

39-11-9 Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

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

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

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

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

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is

recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

39-12 Share capital

39-12-1 Ordinary shares

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

39-12-2 Repurchase and reissue of ordinary shares (treasury shares)

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

39-13 Legal reserve

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

39-14 Impairment

39-14-1 Non-derivative financial assets

Financial instruments and contract assets

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

- Financial assets measured at amortised cost;

- Debt investments measured at FVOCI;
- contract assets.

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

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

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

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

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

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

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

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

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

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

39-14-2 Measurement of ECLs

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

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

39-14-3 Credit-impaired financial assets

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

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

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

39-14-4 Presentation of allowance for ECL in the statement of financial position

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

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

39-14-5 Write-off

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

39-14-6 Non-financial assets

- At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
- For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
- An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

39-15 Provisions

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

39-16 Treasury bills

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

39-17 Trade, and notes receivables, debtors and other debit balances

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

39-18 Cash and cash equivalents

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

39-19 Profit sharing to employees

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

39-20 Employees benefits

39-20-1 Share based payments

Equity settled transactions

For equity-settled share-based payment transactions, the company measure the services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognized for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition.

The company recognize an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested

39-21 Micro-enterprises Receivables

39-21-1 Credit policy

Funding Consideration

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.

- Funding are granted to the client which it's installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the branches specialists of the company on the prepared form for this purpose(financial study form and credit decision).
- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the company which reveal client's activity (visit form & Inquiry form).
- The company prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Company before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client's revenue and expenses.

Client's Life Insurance

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

Client's Following up

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

Impairment loss of micro financed loans

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

39-22 Leases

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

39-22-1 As a lessee

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

fixed payments, including in-substance fixed payments;
variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
amounts expected to be payable under a residual value guarantee;
and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

39-22-2 As a lessor

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

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

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

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

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

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

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

39-23 Operating segment

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