EFG Holding Company
(EFG – Hermes Holding Company "previously")
(Egyptian Joint Stock Company)

Consolidated interim financial statements
for the period ended 30 September 2023
&
Review Report

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KPMG

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Review Report

To the Board of Directors of EFG Holding Company (EFG – Hermes Holding Company "previously")

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of EFG Holding Company (EFG – Hermes Holding Company "previously") as at 30 September 2023 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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 30 September 2023, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants
23

Cairo, November 15, 2023

EFG Holding Company
EFG - Hermes Holding Company"previously" (Egyptian Joint Stock Company)

Translation of consolidated financial statements originally issued in Arabic

Consolidated statement of financial position

(in EGP Thousands)	Note no.	30/9/2023	31/12/2022 *(Restated)
Assets			
Cash and cash equivalents	(6)	41,660,634	26,214,250
Loans and faciltites to customer	(9)	36,686,179	33,222,142
Accounts receivables	(8)	1,168,745	5,569,133
Investments at fair value through profit and loss	(7)	9,329,923	6,772,893
Investments at fair value through OCI	(10)	8,606,366	14,080,121
Investments at amortised cost	(12)	14,971,882	11,518,692
Assets held for sale	(5)	348,238	349,701
Equity accounted investees	(11)	797,873	606,433
Investment property	(13)	114,076	118,984
Property, plant and equipment	(14)	2,070,748	1,636,043
Goodwill and other intangible assets	(15)	2,351,021	1,947,232
Deferred tax assets	(22)	96,932	64,486
Other assets	(16)	4,369,041	3,401,911
Total assets		122,571,658	105,502,021
Liabilities			
Due to banks and financial institutions	(17)	13,148,601	12,371,836
Customer Deposits	(18)	51,845,087	48,130,172
Loans and borrowings	(24)	7,189,434	5,408,502
Creditors and other credit balances	(21)	4,852,159	4,570,192
Accounts payable - customers credit balance at fair value through profit and loss	(19)	789,667	379,039
Accounts payable - customers credit balance		14,883,196	9,595,446
Issued bonds	(20)	748,058	500,000
Provisions	(23)	1,035,170	903,716
Current tax liability		511,359	473,873
Deferred tax liabilities	(22)	1,149,029	800,661
Total liabilities		96,151,760	83,133,437
Equity			
Share capital	(25)	7,298,030	5,838,424
Legal reserve		972,344	867,455
Share premium		1,668,624	1,668,624
Other reserves		4,925,342	3,125,556
Retained earnings		7,689,374	7,423,239
Equity attributable to owners of the Company		22,553,714	18,923,298
Non - controlling interests	(26)	3,866,184	3,445,286
Total equity		26,419,898	22,368,584
Total equity and liabilities		122,571,658	105,502,021

* See note (35)

The accompanying notes and accounting policies from page (6) to page (73) are an integral part of these financial statements and are to be read therewith.

" Review report attached "

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

Consolidated income statement

(in EGP Thousands)	Note no.	2023 For the period from 1/7/2023 to 30/9/2023	2023 For the period from 1/1/2023 to 30/9/2023	2022 For the period from 1/7/2022 to 30/9/2022 *(Restated)	2022 For the period from 1/1/2022 to 30/9/2022 *(Restated)
Interest income	(33)	3,444,357	9,504,436	2,285,196	6,568,912
Interest expense		(2,316,928)	(6,359,628)	(1,459,408)	(4,033,120)
Net Interest Income		1,127,429	3,144,808	825,788	2,535,792
Fee and commission income	(33)	1,521,162	4,659,392	1,100,007	3,253,827
Fee and commission expense		(190,328)	(508,667)	(126,042)	(351,577)
Net Fees and commission Income		1,330,834	4,150,725	973,965	2,902,250
Securities gain (loss)		59,144	141,328	30,639	(635,838)
Changes in investments at fair value through profit & loss		138,486	1,243,456	(32,096)	(107,838)
Dividend income	(33)	5,617	57,506	2,196	5,452
Other revenues	(28)	292,672	557,673	175,541	231,363
Foreign currencies exchnage differences		(599)	1,148,410	332,712	1,328,965
Gains on selling assets held for sale		-	9,530	-	2,056
Share of profit from equity accounted investees	(33)	4,647	36,676	18,225	49,688
Revenue		2,958,230	10,490,112	2,326,970	6,311,890
General administrative expenses	(32)	(1,759,028)	(6,135,441)	(1,415,381)	(3,765,850)
Financial guarantee provision	(23)	(7,868)	(30,199)	(4,459)	(13,388)
Impairment loss on assets	(29)	(166,041)	(771,934)	(174,894)	(344,544)
Provisions	(23)	(18,668)	(76,107)	(8,898)	(30,976)
Depreciation and amortization	(13,14,15)	(122,409)	(350,973)	(94,549)	(241,931)
Profit before tax		884,216	3,125,458	628,789	1,915,201
Income tax expense	(30)	(277,556)	(1,028,103)	(238,721)	(630,052)
Profit for the period		606,660	2,097,355	390,068	1,285,149
Profit attributable to:					
Owners of the company		395,480	1,684,697	319,843	1,000,551
Non - controlling interests	(26)	211,180	412,658	70,225	284,598
		606,660	2,097,355	390,068	1,285,149

* See note (35)

The accompanying notes and accounting policies from page (6) to page (73) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of comprehensive income

(in EGP Thousands)	2023 For the period from 1/7/2023 to 30/9/2023	2023 For the period from 1/1/2023 to 30/9/2023	2022 For the period from 1/7/2022 to 30/9/2022 *(Restated)	2022 For the period from 1/1/2022 to 30/9/2022 *(Restated)
Profit for the period	606,660	2,097,355	390,068	1,285,149
Other comprehensive income:				
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	(71,351)	1,913,722	196,466	1,443,822
Foreign currency translation differences - reclassified to profit or loss	-	(97,374)	(142,263)	(680,265)
Investments at fair value through OCI - net change in fair value	265,012	(26,437)	(91,078)	(244,166)
Investments at fair value through OCI - net change in fair value - reclassified to profit or loss	(160,560)	(21,926)	(45,598)	(831)
Investment at fair value through OCI - reclassified to retained earnings	-	-	-	(68)
Share of OCI of equity accounted investees	1,726	1,590	-	-
Actuarial loss re-measurement of employees' benefits obligations	(195)	(543)	(122)	(273)
Related tax	4,561	15,394	19,243	25,089
Other comprehensive income, net of tax	39,193	1,784,426	(63,352)	543,308
Total comprehensive income	645,853	3,881,781	326,716	1,828,457
Total comprehensive income attributable to:				
Owners of the company	496,236	3,378,289	269,679	1,549,900
Non - controlling interests	149,617	503,492	57,037	278,557
	645,853	3,881,781	326,716	1,828,457

* See note (35)

The accompanying notes and accounting policies from page (6) to page (73) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of changes in equity as at September 30,2023

(in EGP Thousands)	Attributable to owners of the Company											
				Other reserves								
	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Fair value reserve	Empolyee stock Ownership plan reserve	Operational Risk Reserve	Retained earnings	Total	Non - controlling interests	Total equity
Balance as at 31 December 2022, as previously reported	5,838,424	867,455	1,668,624	158	3,979,862	(1,224,388)	289,009	80,915	7,460,140	18,960,199	3,415,904	22,376,103
Effect of purchase price allocation on subsidiary	-	-	-	-	-	-	-	-	(36,901)	(36,901)	29,382	(7,519)
Restated Balance as at 31 December 2022	5,838,424	867,455	1,668,624	158	3,979,862	(1,224,388)	289,009	80,915	7,423,239	18,923,298	3,445,286	22,368,584
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	1,684,697	1,684,697	412,658	2,097,355
Other comprehensive income	-	-	-	-	1,767,488	(73,353)	-	-	(543)	1,693,592	90,834	1,784,426
Total comprehensive income	-	-	-	-	1,767,488	(73,353)	-	-	1,684,154	3,378,289	503,492	3,881,781
Transactions with owners of the Company												
Contributions and distributions												
Dividends	1,459,606	-	-	-	-	-	-	-	(1,742,238)	(282,632)	(138,847)	(421,479)
Transferred to legal reserve	-	104,889	-	-	-	-	-	-	(104,889)	-	-	-
Empolyee stock ownership plan (ESOP)	-	-	-	-	-	-	97,238	-	-	97,238	-	97,238
Operational risk reserve	-	-	-	-	-	-	-	8,413	(8,413)	-	-	-
Changes in ownership interests												
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	3,110	3,110
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	-	437,521	437,521	53,143	490,664
Balance as at 30 September 2023	7,298,030	972,344	1,668,624	158	5,747,350	(1,297,741)	386,247	89,328	7,689,374	22,553,714	3,866,184	26,419,898
Balance as at 31 December2021, as previously reported	4,865,353	840,273	1,668,624	158	1,810,570	(1,176,955)	149,647	-	6,390,395	14,548,065	2,758,225	17,306,290
Effect of purchase price allocation on subsidiary	-	-	-	-	-	-	-	-	96,524	96,524	201,674	298,198
Restated Balance as at 31 December 2021	4,865,353	840,273	1,668,624	158	1,810,570	(1,176,955)	149,647	-	6,486,919	14,644,589	2,959,899	17,604,488
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	1,000,551	1,000,551	284,598	1,285,149
Other comprehensive income	-	-	-	-	695,067	(145,444)	-	-	(341)	549,282	(6,041)	543,241
Total comprehensive income	-	-	-	-	695,067	(145,444)	-	-	1,000,210	1,549,833	278,557	1,828,390
Transactions with owners of the Company												
Contributions and distributions												
Dividends	973,071	-	-	-	-	-	-	-	(1,088,678)	(115,607)	(94,326)	(209,933)
Transferred to legal reserve	-	27,182	-	-	-	-	-	-	(27,182)	-	-	-
Empolyee stock ownership plan (ESOP)	-	-	-	-	-	-	112,235	-	-	112,235	-	112,235
Operational risk reserve	-	-	-	-	-	-	-	48,962	(48,962)	-	-	-
Changes in ownership interests												
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	31,745	31,745
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	-	337,825	337,825	40,380	378,205
Balance as at 30 September 2022	5,838,424	867,455	1,668,624	158	2,505,637	(1,322,399)	261,882	48,962	6,660,132	16,528,875	3,216,255	19,745,130

* See note (35)

The accompanying notes and accounting policies from page (6) to page (73) are an integral part of these financial statements and are to be read therewith.

Consolidated statement of cash flows

(in EGP Thousands)	Note no.	For the period ended 30/9/2023	30/9/2022 *(Restated)
Cash flows from operating activities			
Profit before income tax		3,125,458	1,915,201
Adjustments for:			
Depreciation and amortization	(13,14,15)	350,973	241,931
Provisions formed	(23)	106,306	44,364
Provisions used	(23)	(74,582)	(16,383)
Provisions reversed	(23)	(11,606)	(3,897)
Gains on sale of property, plant and equipment		(2,744)	(2,238)
Gain from securitization		(342,130)	(151,078)
Loss on sale of investment at FVTOCI		7,314	683,013
Gains on sale of assets held for sale		(9,530)	(2,056)
Amortization of premium / issue discount		(839,893)	(142,833)
Changes in the fair value of investments at fair value through profit and loss		(1,243,456)	107,838
Share of profit of equity-accounted investees		(36,676)	(49,688)
Impairment loss on assets	(29)	771,934	344,544
Share-based payment	(32,40-20)	97,238	112,217
Foreign currency translation differences		920,500	1,440,399
Foreign currencies exchange differences		(1,148,410)	(1,328,965)
Gains on selling of investments in subsidiaries and associates		(23,594)	-
Operating profit before changes in current assets and liabilities		1,647,102	3,192,369
Changes in:			
Other assets		(1,311,837)	(1,034,143)
Creditors and other credit balances		(174,077)	739,134
Securitization surplus		(126,752)	(82,710)
Accounts receivables		5,341,484	3,723,156
Accounts payable		3,137,645	(5,831,341)
Accounts payable - customers credit balance at fair value through profit and loss		410,628	(3,089,258)
Loans and facilities to customers		(6,310,001)	(14,540,067)
Due from banks		(3,386,844)	15,073,355
Due to banks		1,506,913	442,440
Customers deposits		3,714,915	6,215,349
Investments at fair value through profit and loss		(613,131)	3,682,010
Income tax paid		(651,679)	(505,738)
Net cash provided from operating activities		3,184,366	7,984,556
Cash flows from investing activities			
Payments to purchase property, plant and equipment and other intangible assets		(524,323)	(245,429)
Proceeds from sale of property, plant and equipment		23,959	4,072
Proceeds from sale of assets held for sale		-	15,000
Proceeds from sale of investment FVTOCI		19,471,848	16,405,841
Payments to purchase investment FVTOCI		(14,859,069)	(12,224,456)
Payments to purchase investment in subsidiaries		-	(870,812)
Proceeds from sale investment in subsidiaries		12,404	378,226
Payments to purchase equity accounted investees		-	(50,000)
Dividends collected		10,448	17,848
Net cash provided from investing activities		4,135,267	3,430,290
Cash flows from financing activities			
Dividends paid		(407,186)	(324,399)
Proceeds from securitization		3,401,800	2,532,600
Proceeds from Issued bonds		248,058	500,000
Proceeds from / Payment for financial institutions		111,745	(8,674,894)
Proceeds from loans and borrowings		2,339,548	1,572,339
Payment for loans and borrowings		(892,070)	(3,045,392)
Net cash provided from (used in) financing activities		4,801,895	(7,439,746)
Net change in cash and cash equivalents		12,121,528	3,975,100
Cash and cash equivalents at 1 January	(31)	13,910,181	5,297,592
Cash from acquisition from subsaidiaries		3,670	5,136
Cash and cash equivalents at 30 September	(31)	26,035,379	9,277,828

* See note (35)

The accompanying notes and accounting policies from page (6) to page (73) are an integral part of these financial statements and are to be read therewith.

1- Background

1-1 Incorporation

EFG Holding Company (EFG-Hermes Holding Company "previously") 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.
The name of the company have been changed to EFG Holding based of the General Assembly’s approved dated May 24, 2023 and was reflected in the commercial register on June 14, 2023.

1-2 Purpose of the company

EFG Holding Company (EFG-Hermes Holding Company "previously") 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 Sukuk Issuance. 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 November 14, 2023.

3- Functional and presentation currency

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

4- Use of estimates and judgments

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

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

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

5- Assets held for sale

- Assets held for sale represented in the assets that has been acquired by EFG Corp-Solutions and Arab Investment Bank (aiBank) amounted to EGP Thousands 348,238 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.

6- Cash and cash equivalents

	30/9/2023	**31/12/2022**
Cash on hand	564,394	209,095
Cheques under collection	21,391	140
Banks - current accounts	11,173,412	10,943,423
Obligatory reserve balance with CBE	5,287,691	1,906,215
Banks - time deposits	24,619,812	13,158,396
Balance	41,666,700	26,217,269
Impairment loss	(6,066)	(3,019)
Balance	41,660,634	26,214,250

7- Investments at fair value through profit and loss

	30/9/2023	**31/12/2022**
Mutual fund certificates	7,290,376	5,231,021
Equity securities	106,843	165,787
Debt instruments	804,824	660,607
Treasury bills	338,213	336,439
Structured notes	789,667	379,039
Balance	9,329,923	6,772,893

8- Accounts receivables

	30/9/2023	**31/12/2022**
Accounts receivables	10,227,909	5,613,136
Other brokerage companies	(8,585,688)	271,045
Balance	1,642,221	5,884,181
Impairment loss	(473,476)	(315,048)
Balance	1,168,745	5,569,133

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

9- Loans and facilities to customers

	30/9/2023	31/12/2022
Micro finance	3,673,587	3,081,637
Finance lease	6,940,903	6,842,562
Consumer finance	4,440,652	3,900,888
Factoring	2,151,792	2,553,049
Commercial bank (Arab Investment Bank)	24,135,215	20,841,231
Other loans	1,861,790	1,441,312
Unearned interest	(4,631,574)	(3,678,020)
Balance	38,572,365	34,982,659
Impairment loss	(1,886,186)	(1,760,517)
Balance	36,686,179	33,222,142
Current	18,619,788	12,894,738
Non-current	18,066,391	20,327,404
Balance	36,686,179	33,222,142

10- Investments at fair value through OCI

	30/9/2023	31/12/2022
Non-current investments		
Equity securities	182,861	159,532
Mutual fund certificates	139,132	116,119
Debt instruments	4,753,734	5,117,914
	5,075,727	5,393,565
Current investments		
Debt instruments	3,530,639	8,686,556
Balance	8,606,366	14,080,121

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

11- Equity accounted investees

September 30, 2023

	Company's location	Company's asset	Company's liabilities	Company's net gain (losses)	Company's gross profit (losses)	Shareholding Percentage %	Shareholding value
Interest in joint venture							
Bedaya Mortgage Finance Co	Egypt	2,186,483	1,956,148	(7,523)	36,050	33.34	81,819
EFG-EV Fintech	Egypt	57,289	5,179	14,651	20,006	50	26,118
Paytabs	Egypt	32,807	27,206	(5,440)	4,611	51	51,818
API Capital Management Limited	UAE	25,121	6,545	(3,343)	512	50	10,749
Interest in associate							
Kaf Life Insurance takaful	Egypt	354,159	221,277	(8,481)	24,792	37.5	57,393
Zahraa Elmaadi Company *	Egypt	2,445,802	885,519	117,038	170,107	20.3	328,004
Middle East Land Reclamation Company *	Egypt	47,974	192,215	(24,763)	--	24.47	--
Prime for investment fund management *	Egypt	2,487	141	165	(20)	20	485
Enmaa Financial Leasing company *	Egypt	1,746,491	1,444,257	51,249	96,325	31.4	94,988
Paytech 3100 BV	Netherlands	486,875	923	(505)	--	40.66	146,499
Balance							797,873

December 31, 2022

	Company's location	Company's asset	Company's liabilities	Company's net gain (losses)	Company's gross profit	Shareholding Percentage %	Shareholding value
Interest in joint venture							
Bedaya Mortgage Finance Co	Egypt	2,363,820	2,108,838	89,692	147,297	33.34	84,814
EFG-EV Finech	Egypt	62,329	5,442	15,460	24,595	50	18,449
Paytabs	Egypt	55,817	41,912	(10,859)	3,518	51	41,929
API Capital Management Limited	UAE	18,582	3,742	(2,180)	--	50	10,248
Interest in associate							
Kaf Life Insurance takaful	Egypt	340,318	196,555	(25,517)	12,521	37.5	62,030
Zahraa Elmaadi Company *	Egypt	2,563,500	1,032,639	216,266	307,688	20.3	311,285
Middle East Land Reclamation Company*	Egypt	47,974	192,215	(24,763)	--	24.47	--
Prime for investment fund management *	Egypt	2,752	199	377	265	20	511
Enmaa Financial Leasing company*	Egypt	1,982,674	1,737,141	22,113	52,041	31.4	77,167
Balance							606,433

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

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

12- Investment at amortised cost

	30/9/2023	31/12/2022
Debt instruments-Listed	8,236,051	10,964,941
Debt instruments-Non Listed	6,782,601	581,157
	15,018,652	11,546,098
Impairment loss	(46,770)	(27,406)
Balance	14,971,882	11,518,692

13- Investment property

Particular	**Buildings**
Cost	
Balance as at 1/1/2023	169,540
Total cost as at 30/9/2023	169,540
Total cost as at 30/9/2022	169,540
Accumulated depreciation	
Accumulated depreciation as at 1/1/2023	50,555
Depreciation for the period	4,909
Accumulated depreciation as at 30/9/2023	55,464
Accumulated depreciation as at 1/1/2022	44,010
Depreciation for the period	4,909
Accumulated depreciation as at 30/9/2022	48,919
Carrying amount	
Net carrying amount as at 30/9/2023	114,076
Net carrying amount as at 30/9/2022	120,621
Net carrying amount as at 31/12/2022	118,984

Investment property net carrying amounted to EGP Thousands 114,076 as at 30 September 2023, represents the following:-

- EGP Thousands 108,772 the book value of the area owned by EFG Holding Company (EFG-Hermes Holding Company "previously") in Nile City building, and with a fair value of EGP Thousands 493,185 .
- EGP Thousands 2,851 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 Thousands 11,050.
- EGP Thousands 2,453 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 Thousands 19,979.

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

14- Property, plant and equipment

Particular	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Cost							
Balance as at 1/1/2023	1,220,153	282,242	521,282	690,847	53,351	440,943	3,208,818
Additions	103,471	146,047	143,507	107,890	15,168	151,875	667,958
Disposals	(46)	--	(56,978)	(20,293)	(6,605)	(7,212)	(91,134)
Adjustments	--	--	(505)	--	--	2,550	2,045
Acquisition from subsidiaries	--	--	376	844	--	--	1,220
Foreign currency translation differences	(8)	137	54,583	38,241	3,085	51,975	148,013
Total cost as at 30/9/2023	1,323,570	428,426	662,265	817,529	64,999	640,131	3,936,920
Balance as at 1/1/2022	1,199,531	255,000	357,745	530,567	46,411	307,813	2,697,067
Additions	21,000	20,622	54,152	105,613	5,102	73,624	280,113
Disposals	(395)	(234)	(3,220)	(17,631)	(4,038)	(8,959)	(34,477)
Adjustments	--	--	--	--	--	20,579	20,579
Acquisition of subsidiaries	--	--	686	12,108	--	2,910	15,704
Foreign currency translation differences	(8)	391	34,766	28,660	2,202	27,718	93,729
Total cost as at 30/9/2022	1,220,128	275,779	444,129	659,317	49,677	423,685	3,072,715

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

Accumulated depreciation							
Accumulated depreciation as at 1/1/2023	204,595	229,324	374,819	492,495	36,205	235,337	1,572,775
Depreciation	32,177	24,184	39,307	72,932	7,072	72,919	248,591
Disposals' accumulated depreciation	(46)	--	(41,489)	(17,407)	(4,262)	(3,526)	(66,730)
Adjustments	--	--	--	--	--	(12,912)	(12,912)
Acquisition from subsidiaries	--	--	365	733	--	--	1,098
Foreign currency translation differences	(6)	103	51,367	34,055	1,824	36,007	123,350
Accumulated depreciation as at 30/9/2023	236,720	253,611	424,369	582,808	40,839	327,825	1,866,172
Accumulated depreciation as at 1/1/2022	164,398	204,877	268,844	390,300	29,810	116,526	1,174,755
Depreciation	30,247	18,060	26,546	61,078	5,655	47,569	189,155
Disposals' accumulated depreciation	(394)	(235)	(3,138)	(16,978)	(2,899)	(7,076)	(30,720)
Adjustments	--	--	--	--	--	20,091	20,091
Acquisition of subsidiaries	--	--	191	2,719	--	829	3,739
Foreign currency translation differences	(6)	323	32,106	26,371	1,299	18,540	78,633
Accumulated depreciation as at 30/9/2022	194,245	223,025	324,549	463,490	33,865	196,479	1,435,653
Carrying amount							
Carrying amount as at 30/9/2023	1,086,850	174,815	237,896	234,721	24,160	312,306	2,070,748
Carrying amount as at 30/9/2022	1,025,883	52,754	119,580	195,827	15,812	227,206	1,637,062
Carrying amount as at 31/12/2022	1,015,558	52,918	146,463	198,352	17,146	205,606	1,636,043

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

15- Goodwill and other intangible assets

Particular	Goodwill	Customer Relationships	Retailer list	Licenses	Brand Name	Software	Total
Cost							
Balance as at 1 January 2023, as previously reported	1,777,559	127,113	--	21,926	--	270,334	2,196,932
Effect of purchase price allocation on subsidiary	(495,846)	366,644	53,825	--	34,704	72,418	31,745
Balance as at 1 January 2023	1,281,713	493,757	53,825	21,926	34,704	342,752	2,228,677
Additions	--	--	--	--	--	8,634	8,634
Acquisition	460,293	--	--	--	--	17,289	477,582
Foreign currency translation differences	--	31,488	--	2,635	--	11,486	45,609
Total cost as at 30 September 2023	**1,742,006**	**525,245**	**53,825**	**24,561**	**34,704**	**380,161**	**2,760,502**
Balance as at 1 January 2022	896,013	70,690	--	10,368	--	174,720	1,151,791
Additions	--	12,574	--	7,796	--	17,948	38,318
Acquisition	373,639	366,644	53,825	--	34,704	72,417	901,229
Foreign currency translation differences	--	17,240	--	917	--	6,403	24,560
Total cost as at 30 September 2022	**1,269,652**	**467,148**	**53,825**	**19,081**	**34,704**	**271,488**	**2,115,898**
Accumulated amortisation and impairment							
Balance as at 1 January 2023, as previously reported	25,665	62,564	--	7,523	--	146,429	242,181
Effect of purchase price allocation on subsidiary	--	30,555	4,485	--	--	4,224	39,264
Balance as at 1 January 2023	25,665	93,119	4,485	7,523	--	150,653	281,445
Amortisation	--	52,606	5,767	1,841	--	37,259	97,473
Acquisition	--	--	--	--	--	6,256	6,256
Foreign currency translation difference	--	15,571	--	265	--	8,471	24,307
Total accumulated amortisation and impairment as at 30 September 2023	**25,665**	**161,296**	**10,252**	**9,629**	--	**202,639**	**409,481**
Balance as at 1 January 2022	15,426	31,808	--	6,529	--	104,189	157,952
Amortisation	--	23,970	2,563	524	--	20,810	47,867
Foreign currency translation difference	--	7,730	--	150	--	5,542	13,422
Total accumulated amortisation and impairment as at 30 September 2022	**15,426**	**63,508**	**2,563**	**7,203**	--	**130,541**	**219,241**
Carrying amount as at 30 September 2023	**1,716,341**	**363,949**	**43,573**	**14,932**	**34,704**	**177,522**	**2,351,021**
Carrying amount as at 30 September 2022	**1,254,226**	**403,640**	**51,262**	**11,878**	**34,704**	**140,947**	**1,896,657**
Carrying amount as at 31 December 2022	**1,256,048**	**400,638**	**49,340**	**14,403**	**34,704**	**192,099**	**1,947,232**

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

	30/9/2023	**31/12/2022**
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148	179,148
Tanmeyah Micro Enterprise Services S.A.E	365,399	365,399
Frontier Investment Management Partners LTD	325,801	325,801
Fatura Netherlands B.V	373,698	373,698
Noutah for electronic commerce*	12,002	12,002
Paynas BV**	460,293	--
Balance	1,716,341	1,256,048

* The acquiree’s financial statements have been consolidated based on the book value of the identifiable assets and liabilities, the company has a grace period of 12 months ending September 2023 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable asset and liabilities according to the Egyptian Accounting Standards.

** **Acquisition of Paynas BV**

In September 2023 U Consumer Finance – ValU (previously) (one of subsidiaries) acquired 94.96% of Paynas BV shares with an acquisition cost amounting to EGP Thousands 401,675.

The Company’s share in the acquired net assets and liabilities on the date of acquisition amounted to EGP Thousands (58,618). Accordingly the goodwill will represents the difference which amounts to EGP Thousands 460,293.

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

The following represents the assets and liabilities on the acquisition date:

Description	EGP
Cash and cash equivalents	3,670
Loans and facilities to customer	306,756
Accounts receivables	34,944
Investments at fair value through profit and loss	1,539
Property, plant and equipment	122
Intangible assets	11,033
Deferred tax assets	522
Other assets	596
Due to related parties	(418,379)
Creditors and other credit balances	(2,531)
Net assets (liabilities) acquired	(61,728)
Non- controlling Interest	(3,110)
Company's share in the acquired net assets (liabilities)	(58,618)
Paid in acquisition	401,675
Goodwill	460,293

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 August 2024 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

		30/9/2023	31/12/2022
Deposits with others	(16-1)	403,066	47,488
Down payments to suppliers		1,137,462	1,188,540
Prepaid expenses		300,265	197,725
Employees' advances		124,064	117,224
Accrued revenues		1,631,176	1,236,759
Taxes withheld by others		29,882	27,083
Payments for investments	(16-2)	1,354	19,354
Settlement guarantee fund		22,967	26,790
Due from Egypt Gulf Bank- Tanmeyah Clients		6,082	10,582
Receivables-sale of investments		17,240	39,000
Due from custodian		139,785	--
Securitization surplus		305,319	178,567
Sundry debtors		270,207	331,407
Total		4,388,869	3,420,519
Deduct: Impairment loss		(19,828)	(18,608)
Balance		4,369,041	3,401,911

16-1 Deposits with others include an amount of EGP Thousands 18,269 in the name of the subsidiaries, EFG-Hermes International Securities Brokerage -Financial Brokerage Group Company (Previously) 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.

Deposits with others include an amount of EGP Thousands 348,536 in the name of the subsidiary, EFG- Hermes KSA. This represents margin deposited with the General Clearing Member (GCM) as required by the Clearing House (Muqassa) .

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

	30/9/2023	31/12/2022
AAW Company for Infrastructure	1,349	1,349
IDEAVELOPERS	5	5
Paynas for payment and digital solutions	--	18,000
Balance	1,354	19,354

17- Due to banks and financial institutions

	30/9/2023	31/12/2022
Financial institutions	157,010	41,546
Bank overdraft *	10,698,719	11,544,331
Deposits**	1,915,391	515,900
Current account**	377,481	270,059
Balance	13,148,601	12,371,836

* 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 Thousands 1,066,057.
- A pledged Treasury bills contract to secure a credit facility amounted to EGP Thousands 742,532.

** Relate to Arab Investment Bank (aiBank).

18- Customer deposits

	30/9/2023	31/12/2022
Call deposits	22,016,374	15,239,776
Term deposits	19,420,253	22,111,560
Saving and deposit certificates	8,635,049	8,651,603
Saving deposits	1,013,083	1,140,599
Other deposits	760,328	986,634
Balance	51,845,087	48,130,172
Corporate deposits	36,600,795	35,927,785
Individual deposits	15,244,292	12,202,387
Balance	51,845,087	48,130,172
Current	46,068,540	40,923,835
Non-current	5,776,547	7,206,337
Balance	51,845,087	48,130,172

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- Issued bonds

- During June 2022 EFG Corp-Solutions (a subsidiary - 100%) issued the first issuance of unsecured long-term bonds with a value of EGP 500 million for two years. The issuance is part of a three years issuance program with total value of EGP 3 billion. The bonds are tradable and non-convertible to shares but it can be expedited to payment starting from coupon number 5 (seventh month of the issuance). The bonds proceeds will be used to finance different company activities and pay it's financial obligations.
- During April 2023 Hermes Securities Brokerage (a subsidiary - 100%) issued short-term bonds with a value of EGP 250 million (First issuance of second program) 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 a bond to be paid at the end of the period with a fixed rate of 18.77%, 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

	30/9/2023	**31/12/2022**
Accrued expenses	3,012,866	2,851,514
Dividends payable (prior years)	296,900	215,380
Deferred revenues	110,391	147,777
Suppliers	296,882	382,771
Clients' coupons - custody activity	243,827	205,948
Tax authority	52,031	43,748
Social Insurance Association	16,683	13,507
Payables- purchase of investments	17,152	5,263
Medical takaful insurance tax	19,543	25,590
Deposits due to others –finance lease contracts *	3,886	4,041
Pre collected Installments	437,554	462,032
Sundry creditors	344,444	212,621
Balance	4,852,159	4,570,192

* Deposits due to others amounted to EGP Thousands 3,886 as at 30 September 2023 versus EGP Thousands 4,041 as at 31 December 2022 represents the deposits collected from the lessees of EFG Corp- Solutions.

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

22- Deferred tax assets (liabilities)

	Balance at 1/1/2023	Acquisition of subsidiaries	Recognized in profit or loss	Recognized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(110,329)	522	(31,386)	--	(74)	(141,267)	--	(141,267)
Claims provision	185	--	--	--	(16)	169	169	--
Impairment loss on assets	1,421	--	30,874	--	8	32,303	32,303	--
Prior year losses carried forward	51,804	--	(18,018)	--	11,183	44,969	44,969	--
Investment at fair value	(469,494)	--	(266,208)	15,394	--	(720,308)	--	(720,308)
Foreign currency translation differences	(213,621)	--	(56,411)	--	24	(270,008)	--	(270,008)
Revaluation of investment property	1,867	--	--	--	--	1,867	1,867	--
Investment in Associates	(7,217)	--	(4,022)	--	--	(11,239)	--	(11,239)
ESOP deferred	9,209	--	8,415	--	--	17,624	17,624	--
Securitization Surplus Revaluation	--	--	(6,207)	--	--	(6,207)	--	(6,207)
	(736,175)	522	(342,963)	15,394	11,125	(1,052,097)	96,932	(1,149,029)

23- Provisions

		30/9/2023	31/12/2022
Claims provision	(23-1)	428,296	406,954
Commercial bank (aiBank) contingent liabilities	(23-1)	48,816	55,414
Severance pay provision	(23-1)	523,722	405,701
Financial guarantee for contingent liabilities	(23-1)	34,336	35,647
Balance		1,035,170	903,716

23-1

	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Commercial bank contingent liabilities	Total
Balance at the beginning of the year	406,954	405,701	35,647	55,414	903,716
Formed during the period	43,574	32,533	30,199	--	106,306
Foreign currency differences	9,289	99,947	--	1,557	110,793
Amounts used during the period	(28,070)	(15,002)	(31,510)	--	(74,582)
Actuarial of employees' benefits obligations	--	543	--	--	543
No longer needed	(3,451)	--	--	(8,155)	(11,606)
Balance at the end of the period	428,296	523,722	34,336	48,816	1,035,170

* Related to group entities outside Egypt.

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

24- Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	30/9/2023	31/12/2022
EFG Corp-Solutions *	335 million	16/07/2020	16/07/2027	79,220	71,975
,,	150 million	27/02/2020	27/02/2027	21,036	27,332
,,	600 million	12/12/2019	12/12/2026	477,655	314,593
,,	540 million	29/03/2023	31/03/2030	479,596	472,734
,,	2 billion	22/08/2022	22/08/2028	583,128	715,726
,,	971 million	1/05/2023	31/03/2027	280,691	374,366
,,	17.7 million	14/03/2016	30/06/2023	14,234	24,020
,,	333 million	13/07/2020	13/07/2027	105,946	135,448
,,	--	18/07/2023	18/07/2028	--	168
,,	450 million	9/03/2022	30/09/2023	155,640	141,154
,,	150 million	25/06/2023	30/05/2024	52,752	75,527
,,	300 million	20/02/2022	30/09/2027	183,331	173,766
,,	--	24/04/2017	24/04/2023	--	409
,,	35 million	26/10/2022	25/05/2028	28,662	36,194
,,	256 million	4/04/2021	4/04/2028	241,342	50,700
,,	16 million	19/10/2017	19/10/2022	492,800	493,700
,,	240 million	6/04/2023	6/05/2028	174,696	196,836
,,	45 million	7/02/2018	7/02/2023	32,591	57,591
,,	73,5 million	19/05/2020	19/05/2027	73,572	101,407
,,	600 million	15/08/2022	15/08/2028	45,469	61,293
,,	750 million	6/02/2022	30/03/2024	495,134	386,920
,,	100 million	26/11/2020	26/11/2027	59,991	62,677
,,	100 million	11/07/2023	11/07/2030	37,710	--
Arab Investment bank	10.3 million	13/04/2017	1/08/2023	--	1,556
,,	25.4 million	13/04/2017	31/07/2023	--	5,001
EFG – Hermes Pakistan Limited	40.3 million	12/5/2017	11/05/2026	40,000	40,833
,,	48.3 million	29/10/2021	28/10/2024	48,000	49,000
Tanmeyah Micro Enterprise Services S.A.E	75 million	16/10/2022	15/10/2023	73,209	59,481
U Consumer finance (Valu "previously")	100 million	11/12/2017	1/12/2023	4,000	8,000
,,	350 million	15/06/2022	31/12/2023	349,684	253,949
,,	225 million	5/09/2022	30/11/2023	123,128	172,774
,,	375 million	6/07/2022	30/09/2024	276,228	430,899
,,	150 million	30/01/2023	28/02/2024	135,219	--
,,	100 million	2/02/2023	28/02/2024	18,732	--
,,	300 million	5/02/2023	5/02/2024	289,025	--
,,	300 million	15/08/2023	15/08/2025	291,222	--
,,	100 million	4/01/2023	4/01/2024	83,765	--
,,	340 million	13/07/2022	7/08/2025	320,266	--
,,	600 million	13/06/2023	13/06/2024	601,074	--
Lease liabilities**				420,686	412,473
Balance				7,189,434	5,408,502

Current	3,972,888	1,589,604
Non-current	3,216,546	3,818,898
Balance	7,189,434	5,408,502

* 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 Thousands 84,728 in the name of EFG Holding Company (EFG-Hermes Holding Company "previously") 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 Thousands 3,843,091 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 Thousands 3,843,091 to EGP Thousands 4,611,709 distributed on 922,341,868 shares with an increase amounting to EGP Thousands 768,618 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 Thousands 4,611,709 to EGP Thousands 4,865,353 representing an increase of EGP Thousands 253,644 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.
- The company's General Assembly approved in its session held on May 19, 2022 to increase the company's issued capital from EGP Thousands 4,865,353 to EGP Thousands 5,838,424 distributed on 1,167,684,806 shares with an increase amounting to EGP Thousands 973,071 by issuing 194,614,135 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, 2021 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

- The company's General Assembly approved in its session held on May 24, 2023 to increase the company's authorized capital from EGP 6 billion to EGP 30 billion and increase the company's issued capital from EGP Thousands 5,838,424 to EGP Thousands 7,298,030 distributed on 1,459,606,008 shares with an increase amounting to EGP Thousands 1,459,606 distributed on 291,921,202 shares with par value EGP 5 through the issuance of one free share for every four shares. This increase is transferred from the company retained earnings that presented in December 31, 2022 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

26- Non - controlling interests

	30/9/2023	31/12/2022
Share capital	2,628,555	2,629,160
Additional paid-in capital	156,282	120,463
Legal reserve	52,195	35,867
Other reserves	597,420	489,870
Treasury shares	--	(1,904)
Retained gains (losses)	19,074	(180,176)
Profit for the period /year	412,658	352,006
Balance	3,866,184	3,445,286

27- Contingent liabilities

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

	30/9/2023	31/12/2022
AED	83,670	83,670
Equivalent to EGP Thousands	701,615	562,363

Group off-financial position items:

- Assets under management	140,492,297	108,911,766

- 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.

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

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

Client portfolios related to securitization transactions	13,416,943
Balances with custodians	1,622,526
Land and Buildings related to Sukuk transactions	600,000
Total Assets	15,639,469
Bonds	12,619,631
Sukuk	540,000
Total liabilities	13,159,631

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 30 September 2023:

	Contribution amount USD	Amount paid USD	Residual amount USD
African Export -Import Bank	4,890	2,116	2,775

	Contribution amount EGP	Amount paid EGP	Residual amount EGP
Long-Term Assets	970,091	767,264	202,827

B- Commitments on loans, guarantees and facilities

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

	30 September 2023 EGP
Letters of guarantees	2,561,787
Letters of credit (Export and Import)	28,669
Acceptances of supplier facilities	477,690
Balance	3,068,146

28- Other Revenues

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

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

29- Impairment loss on assets

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
Accounts receivables	306	131,890	36,762	69,075
Loans and facilities to customers	124,716	578,565	143,420	296,007
Cash and cash equivalents	1,957	2,315	361	754
Other Debit Accounts	4,014	9,354	(908)	(13,324)
Financial investments	35,048	49,810	(6,683)	(9,910)
Investment Property	--	--	1,942	1,942
Total	166,041	771,934	174,894	344,544

30- Income tax expense

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	For the period from 1/1/2023 to 30/9/2023	For the period from 1/7/2022 to 30/9/2022	For the period from 1/1/2022 to 30/9/2022
Current income tax	(278,851)	(685,140)	(216,800)	(559,086)
Deferred tax	1,295	(342,963)	(21,921)	(70,966)
Total	(277,556)	(1,028,103)	(238,721)	(630,052)

31- Cash and cash equivalents

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

	30/9/2023	31/12/2022
Cash and due from banks	36,379,008	24,311,055
Bank overdraft	(10,698,719)	(11,544,331)
Treasury bills less than 90 days	355,090	312,861
Effect of exchange rate	--	830,596
Cash and cash equivalents	26,035,379	13,910,181

32- General administrative expenses

	2023		2022	
	For the period from 1/7/2023 to 30/9/2023	**For the period from 1/1/2023 to 30/9/2023**	**For the period from 1/7/2022 to 30/9/2022**	**For the period from 1/1/2022 to 30/9/2022**
Wages, salaries and similar items*	1,130,543	4,248,505	936,515	2,540,669
Consultancy	147,765	378,646	81,191	200,548
Travel , accommodation and transportation	14,820	50,097	9,984	24,448
Leased line and communication	92,951	253,384	50,197	140,450
Rent and utilities expenses	32,406	99,142	27,344	63,235
Other expenses	340,543	1,105,667	310,150	796,500
Total	1,759,028	6,135,441	1,415,381	3,765,850

* **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 Thousands 97,238.

Equity instruments during the period represents the following:

	For the period ended 30/9/2023 No. of Shares	**For the year ended 31/12/2022 No. of Shares**
Total at the beginning of the period/year	56,204,722	48,504,101
Free shares distributed during the period/year	13,657,274	9,700,821
Forfeited shares during the period/year	(1,575,626)	(2,000,200)
Total at the end of the period/year	68,286,370	56,204,722

(In the notes all amounts are shown in EGP Thousands 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 September 30, 2023

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commercial bank (aiBank)	Adjustments	Total
Interest income	655,742	712,902	2,885	27,149	18,706	4,212	823,221	1,042,996	555,832	285,618	5,450,696	(75,523)	9,504,436
Interest Expense	(521,629)	(205,655)	--	(21,093)	--	--	(694,488)	(557,592)	(504,466)	(251,129)	(3,648,374)	44,798	(6,359,628)
Net Interest income	134,113	507,247	2,885	6,056	18,706	4,212	128,733	485,404	51,366	34,489	1,802,322	(30,725)	3,144,808
Fee and commission income	--	1,828,284	604,498	430,993	175,690	1,131	25,989	442,562	410,128	48,383	696,794	(5,060)	4,659,392
Fees and commission expense	(6,453)	(309,782)	(80,628)	--	(4,947)	(661)	(90)	(6,357)	(1,069)	(45)	(98,635)	--	(508,667)
Net fees & commission income	(6,453)	1,518,502	523,870	430,993	170,743	470	25,899	436,205	409,059	48,338	598,159	(5,060)	4,150,725
Securities Gain	14,668	9,460	--	--	149	34	--	--	2,278	--	114,739	--	141,328
Changes in the investments at fair value through profit and loss	1,336,926	(4,306)	(89,369)	--	205	--	--	--	--	--	--	--	1,243,456
Dividend income	16,843	30,763	--	--	--	--	--	--	--	--	9,900	--	57,506

EFG Holding Company
EFG - Hermes Holding Company "previously"
(Egyptian Joint Stock Company)

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 30 September 2023 (Continued)
(In the notes all amounts are shown in EGP Thousands 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	155,317	16,691	2,189	207	5,273	--	28,035	12,554	316,825	--	20,582	--	557,673
Foreign currencies exchange differences	1,244,431	2,177	--	--	--	419	--	(3,167)	(4,785)	--	(90,665)	--	1,148,410
Gains on selling Assets held for sale	--	--	--	--	--	--	--	--	--	--	9,530	--	9,530
Share of profit from equity accounted investees	--	--	--	--	(2,556)	(730)	--	--	--	--	39,962	--	36,676
Total revenues	2,895,845	2,080,534	439,575	437,256	192,520	4,405	182,667	930,996	774,743	82,827	2,504,529	(35,785)	10,490,112
General administrative expenses	(1,728,901)	(1,484,119)	(297,418)	(290,154)	(142,249)	(57,701)	(85,629)	(722,326)	(492,113)	(25,863)	(917,544)	108,576	(6,135,441)
Financial guarantee provision	--	--	--	--	--	--	--	(30,199)	--	--	--	--	(30,199)
Impairment loss on assets	(55,534)	(119,025)	(956)	--	(11,386)	(3,198)	(13,920)	(61,942)	(61,144)	(39,000)	(405,958)	129	(771,934)
Provisions	(274)	(30,071)	(279)	(827)	(2,206)	(14)	--	(119)	--	--	(42,317)	--	(76,107)
Depreciation and amortisation	(31,767)	(28,643)	(17,834)	(264)	(2,936)	(1,692)	(324)	(101,688)	(19,840)	(1,394)	(71,671)	(72,920)	(350,973)
Profit before income tax	1,079,369	418,676	123,088	146,011	33,743	(58,200)	82,794	14,722	201,646	16,570	1,067,039	--	3,125,458
Income tax expense	(363,375)	(198,064)	(26,738)	(29,388)	(1,885)	(821)	(35,944)	(38,015)	(47,563)	(6,073)	(280,237)	--	(1,028,103)
Profit for the period	715,994	220,612	96,350	116,623	31,858	(59,021)	46,850	(23,293)	154,083	10,497	786,802	--	2,097,355
Total assets	17,020,340	23,362,659	1,223,181	432,288	387,575	319,828	4,939,131	4,889,595	4,707,252	2,143,333	63,146,476	--	122,571,658
Total liabilities	6,990,222	18,640,310	365,411	165,280	229,624	14,621	4,811,685	3,495,331	4,353,816	1,400,837	55,684,623	--	96,151,760

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Notes to the consolidated interim financial statements for the period ended 30 September 2023 (Continued)
(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

For the period ended September 30, 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	571,736	379,006	514	22,043	10,733	1,906	515,890	848,882	283,173	162,497	3,843,493	(70,961)	6,568,912
Interest Expense	(314,177)	(154,043)	--	(8,310)	--	--	(452,776)	(297,990)	(157,641)	(137,409)	(2,561,500)	50,726	(4,033,120)
Net Interest income	257,559	224,963	514	13,733	10,733	1,906	63,114	550,892	125,532	25,088	1,281,993	(20,235)	2,535,792
Fee and commission income	--	1,218,172	357,707	552,561	79,809	1,248	36,642	557,572	208,367	23,736	219,051	(1,038)	3,253,827
Fees and commission expense	(2,997)	(245,721)	(52,685)	--	(6,280)	(656)	--	(379)	(996)	(17)	(42,884)	1,038	(351,577)
Net fees & commission income	(2,997)	972,451	305,022	552,561	73,529	592	36,642	557,193	207,371	23,719	176,167	--	2,902,250
Securities loss	(706 966)	15,728	--	--	(227)	125	--	--	--	--	55,502	--	(635,838)
Changes in the investments at fair value through profit and loss	(79,875)	(27,818)	--	--	(145)	--	--	--	--	--	--	--	(107,838)
Dividend income	624	1,642	--	--	--	--	--	--	--	--	3,186	--	5,452
Other Revenues	34,211	26,889	2,036	25	95	--	112,746	12,561	33,934	--	8,866	--	231,363
Foreign currencies exchange differences	1,291,690	15,099	--	--	--	--	--	(3,344)	--	--	25,520	--	1,328,965
Gains on selling Assets held for sale	--	--	--	--	--	--	1,562	--	--	--	494	--	2,056
Share of profit from equity accounted investees	--	--	--	--	(606)	17,599	--	--	--	--	32,695	--	49,688

EFG Holding Company
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(Egyptian Joint Stock Company)

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated interim financial statements for the period ended 30 September 2023 (Continued)
(In the notes all amounts are shown in EGP Thousands 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
Total revenues	794,246	1,228,954	307,572	566,319	83,379	20,222	214,064	1,117,302	366,837	48,807	1,584,423	(20,235)	6,311,890
General administrative expenses	(712,836)	(883,714)	(176,232)	(171,120)	(80,059)	(178,291)	(64,848)	(609,155)	(311,498)	(17,149)	(623,828)	62,880	(3,765,850)
Financial guarantee provision	--	--	--	--	--	--	--	(13,388)	--	--	--	--	(13,388)
Impairment loss on assets	1,003	(38,022)	(325)	--	(16,976)	486	(9,275)	12,245	(30,321)	(18,371)	(249,911)	4,923	(344,544)
Provisions	(135)	(15,443)	(91)	(253)	(597)	(29)	--	(1,079)	--	--	(13,349)	--	(30,976)
Depreciation and amortisation	(26,037)	(18,747)	(8,254)	(274)	(326)	(5,834)	(252)	(62,921)	(8,108)	(1,352)	(62,258)	(47,568)	(241,931)
Profit before income tax	56,241	273,028	122,670	394,672	(14,579)	(163,446)	139,689	443,004	16,910	11,935	635,077	--	1,915,201
Income tax expense	(119,839)	(84,337)	(2,059)	(21,508)	(104)	(523)	(34,041)	(121,524)	316	(4,431)	(242,002)	--	(630,052)
Profit for the period	(63,598)	188,691	120,611	373,164	(14,683)	(163,969)	105,648	321,480	17,226	7,504	393,075	--	1,285,149
Total assets	10,923,209	16,978,136	1,036,717	278,856	377,602	310,359	5,309,614	4,156,139	3,470,918	1,630,465	53,094,145	--	97,566,160
Total liabilities	5,035,126	13,094,621	206,932	90,085	241,729	16,426	4,520,641	2,741,134	3,120,789	1,330,367	47,423,180	--	77,821,030

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

(b) Geographical segments

- The Group operates in main geographical areas: Egypt, GCC. 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.

September 30, 2023

	Egypt	GCC	Other	Total
Total revenues	8,763,441	1,615,699	110,972	10,490,112
Segment assets	95,664,864	19,696,130	7,210,664	122,571,658

September 30, 2022

	Egypt	GCC	Other	Total
Total revenues	4,949,223	1,248,191	114,476	6,311,890
Segment assets	83,189,413	13,831,374	545,373	97,566,160

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. as to years 2020/2022, have not been inspected yet.
- As to Salaries Tax, the parent company's books had been examined till 2020 and all the disputed points have been settled with the Internal committee and as to years 2021/2022 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 2019/2022 have not been inspected yet.
- As to Property Tax, for Smart Village building the company paid tax till December 31, 2022 and for Nile City building the company paid tax till December 31, 2022.

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

35- Corresponding figures

- Certain adjustments have been made to some comparative figures as a result to the Purchase price allocation (PPA) of Arab Investment Bank and Fatura Netherlands B.V as following:

- Consolidated statement of financial position :-

	(As reported) 31/12/2022	Adjustments	(Restated) 31/12/2022
Goodwill and other intangible assets	1,954,751	(7,519)	1,947,232
Retained earnings	7,460,140	(36,901)	7,423,239
Non - controlling interests	3,415,904	29,382	3,445,286

- Consolidated income statement :-

	(As reported) for the period ended 30/9/2022	Adjustments	(Restated) for the period ended 30/9/2022
Depreciation and amortisation	(207,561)	(34,370)	(241,931)
Profit before tax	1,949,571	(34,370)	1,915,201
Income tax expense	(632,737)	2,685	(630,052)
Profit for the period	1,316,834	(31,685)	1,285,149
Owners of the Company	1,026,356	(25,805)	1,000,551
Non - controlling interests	290,478	(5,880)	284,598

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

36- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
EFG Hermes International Securities Brokerage - Financial Brokerage Group (previously)	99.87	0.09
EFG Hermes Fund Management - Egyptian Fund Management Group (previously)	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	--	100
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 - 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 Regional Investment Ltd.	100	--
Offset Holding KSC *	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	81
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
EFG - Hermes Jordan	100	--

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

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	--
EFG Hermes Securitization -		
Financial Group for Securitization (previously)	100	--
Beaufort Investments Company	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	93.983
EFG – Hermes Brokerage Holdings Ltd -		
EFG-Hermes Frontier Holdings Ltd (previously)	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	100
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
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD *	--	50
EFG-Hermes SP limited	--	100
U Consumer Finance - Valu (previously)	--	94.961
EFG Corp - Solutions -		
EFG Hermes Corp-Solutions (previously)	--	100
Beaufort Asset Managers LTD	--	100
EFG Hermes Bangladesh Limited	--	100
EFG Hermes FI Limited	--	100
EFG Securitization -		
EFG Hermes Securitization (previously)	--	100
EFG Hermes PE Holding LLC	100	--
Etkan for Inquiry and Collection and Business Processes	--	100
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

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

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
Lighthouse Energy GP Limited	--	100
Beaufort SLP II Limited	--	100
Lighthouse Energy GP II	--	100
Beaufort Management Spain	--	100
EFG Singapore PTE LTD	--	100
Fatura Netherlands B.V	--	93.983
Fatura L.L.C	--	93.983
ASASY FOR DIGITAL CONTENT	--	93.983
EFG Payment	--	100
FIM Partners Muscat SPC	--	50
Noutah for electronic commerce	--	93.983
EFG National Holding Limited	--	100
EFG RMBV National Investco Limited	--	100
EFG IB Holdco Limited	--	100
EFG IB Investco Limited	--	100
EFG For SME Financing	--	100
Beaufort Managers SLP Limited	--	100
EFG Finance B.V	--	100
EFG SMEs B.V	--	100
Valu for payments and Digital Solutions - Paynas (previously)	--	94.961
Paynas BV	--	94.961
Vortex Energy IV Luxembourg GP S.à.r.l	--	100

* 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- Measurement of fair value

- A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
- When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

  • Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

  • Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

  • Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates.
- The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

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

30 September 2023

Financial assets	**Note no**	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual fund certificates	(7,10)	39,654	-	7,389,854	**7,429,508**
Equity securities	(7,10)	29,431	-	260,273	**289,704**
Structured notes	(7)	-	789,667	-	**789,667**
Treasury bills	(7,10)	-	3,868,852	-	**3,868,852**
Debt instruments	(7,10)	5,558,558	-	-	**5,558,558**
		5,627,643	**4,658,519**	**7,650,127**	**17,936,289**
Financial Liabilities					
Accounts payable - customers credit balance at fair value through profit and loss	(19)	-	789,667	-	**789,667**
		-	**789,667**	**-**	**789,667**

31 December 2022

Financial assets	**Note no**	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual fund certificates	(7,10)	-	-	5,347,140	**5,347,140**
Equity securities	(7,10)	77,624	-	247,695	**325,319**
Structured notes	(7)	-	379,039	-	**379,039**
Treasury bills	(7,10)	-	9,022,995	-	**9,022,995**
Debt instruments	(7,10)	5,778,521	-	-	**5,778,521**
		5,856,145	**9,402,033**	**5,594,836**	**20,853,014**
Financial Liabilities					
Accounts payable - customers credit balance at fair value through profit and loss	(19)	-	379,039	-	**379,039**
		-	**379,039**	**-**	**379,039**

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

38- Classification of financial assets and financial liabilities

30 September 2023

Financial assets	**Note no**	**Amortised Cost**	**FVTPL**	**FVTOCI**
Mutual fund certificates	(7,10)	--	7,290,376	139,132
Equity securities	(7,10)	--	106,843	182,861
Treasury bills	(7,10,12)	6,761,479	338,213	3,530,639
Structured notes	(7)	--	789,667	--
Debt instruments	(7,10,12)	8,210,403	804,824	4,753,734
Cash and cash equivalents	(6)	41,660,634	--	--
Loans and facilities to customer	(9)	36,686,179	--	--
Accounts receivables	(8)	1,168,745	--	--
Other assets	(16)	4,369,041	--	--
		98,856,481	9,329,923	8,606,366

Financial Liabilities				
Due to banks and financial institutions	(17)	13,148,601	--	--
Customer Deposits	(18)	51,845,087	--	--
Loans and borrowings	(24)	7,189,434	--	--
Creditors and other credit balances	(21)	4,852,159	--	--
Accounts payable - customers credit balance at fair value through profit and loss	(19)	--	789,667	--
Accounts payable - customers credit balance		14,883,196	--	--
Issued bonds	(20)	748,058	--	--
		92,666,535	789,667	--

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

31 December 2022

Financial assets	**Note no**	**Amortised Cost**	**FVTPL**	**FVTOCI**
Mutual fund certificates	(7,10)	--	5,231,021	116,119
Equity securities	(7,10)	--	165,787	159,532
Treasury bills	(7,10,12)	581,157	336,439	8,686,556
Structured notes	(7)	--	379,039	--
Debt instruments	(7,10,12)	10,937,535	660,607	5,117,914
Cash and cash equivalents	(6)	26,214,250	--	--
Loans and facilities to customer	(9)	33,222,142	--	--
Accounts receivables	(8)	5,569,133	--	--
Other assets	(16)	3,401,911	--	--
		79,926,128	6,772,893	14,080,121

Financial Liabilities				
Due to banks and financial institutions	(17)	12,371,836	--	--
Customer Deposits	(18)	48,130,172	--	--
Loans and borrowings	(24)	5,408,502	--	--
Creditors and other credit balances	(21)	4,570,192	--	--
Accounts payable - customers credit balance at fair value through profit and loss	(19)	--	379,039	--
Accounts payable - customers credit balance		9,595,446	--	--
Issued bonds	(20)	500,000	--	--
		80,576,148	379,039	--

39- 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.

39-1 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.

39-2 Foreign currencies risk

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

39-3 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.

39-4 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.

39-5 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.

39-6 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.

39-7 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.

39-8 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.

39-9 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.

39-10 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.

40- Significant accounting policies applied

40-1- Basis of consolidation

40-1-1 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.

40-1-2 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.

40-1-3 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.

40-1-4 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.

40-1-5 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.

40-1-6 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.

40-2 Foreign currency

40-2-1 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.

40-2-2 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.

40-3 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.

40-4 Revenue

40-4-1 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.

40-4-2 Dividend income

Dividend income is recognized when declared.

40-4-3 Custody fee

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

40-4-4 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".

40-4-5 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.

40-4-6 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.

40-4-7 Management fee

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

40-4-8 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.

40-4-9 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.

40-4-10 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 amortised 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.

40-4-11 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.

40-5 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.

40-5-1 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.

40-5-2 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.

40-6 Property, plant and equipment

40-6-1 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.

40-6-2 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.

40-6-3 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	20 - 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.

40-6-4 Reclassification to investment property

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

40-7 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.

40-8 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.

40-9 Investment property

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

40-10 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.

40-11 Financial instruments

40-11-1 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.

40-11-2 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.

40-11-3 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.

40-11-4 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.

40-11-5 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.

40-11-6 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.

40-11-7 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.

40-11-8 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.

40-11-9 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.

40-12 Share capital

40-12-1 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.

40-12-2 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.

40-13 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.

40-14 Impairment

40-14-1 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.

40-14-2 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.

40-14-3 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.

40-14-4 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.

40-14-5 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.

40-14-6 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.

40-15 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.

40-16 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.

40-17 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.

40-18 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.

40-19 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.

40-20 Employees benefits

40-20-1 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

40-21 Micro-enterprises Receivables

40-21-1 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.

40-22 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.

40-22-1 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.

40-22-2 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’.

40-23 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.

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

41- New Editions and Amendments to Egyptian Accounting Standards:

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) “Insurance Contracts"	1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company’s financial position, financial performance, and cash flows. 2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". 3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: − Egyptian Accounting Standard No. (10) "Fixed Assets ". − Egyptian Accounting Standard No. (23) "Intangible Assets". − Egyptian Accounting Standard No. (34) " Investment property".		