Translation of financial statements originally issued in Arabic

Contact Financial Holding (S.A.E)
(formerly known as Sarwa Capital Holding for Financial Investments)

Consolidated interim financial statements

For the period ended March 31, 2021

And review report thereon

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KPMG

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Review report on consolidated interim financial statements

To the Board of Directors of Contact Financial Holding (formerly known as Sarwa Capital Holding for Financial Investments) (S.A.E)

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Contact Financial Holding (formerly known as Sarwa Capital Holding for Financial Investments) -an Egyptian joint stock company- as of 31 March 2021, and the related consolidated interim statements of income, comprehensive income, cash flows and changes in equity for the three- months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements (2410), "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A 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 review procedures. A 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 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 Group as at 31 March 2021, and of its consolidated financial performance and cash flows for the three-months period then ended in accordance with the Egyptian Accounting Standards.

KPMG

Hazem Hassan

Explanatory paragraph

Without considering this as a qualification to our opinion, as detailed in Note No. (46) of the notes to the financial statements, most countries around the world , including Egypt, were exposed to the outbreak of the novel Coronavirus disease (Covid-19) whose impact extended until this date, and as indicated in the aforementioned note , the Group's Management is in the process of taking several measures to encounter this risk and mitigate its impact on its financial position. The Group confirms that the values of assets and liabilities presented in the financial statements were determined based on the best estimate of the most recent data available therewith.

KPMG Hazem Hassan
Public Accountants and Consultants

(KPMG Hazem Hassan)
Public accountants and consultants
Cairo, 11 May ,2021.

Translation of the Financial Statements Originally Issued in Arabic

Contact Financial Holding (S.A.E) (Sarwa Capital Holding for Financial Investments previously)

Consolidated Statement of Financial Position as at March 31,2021

(In EGP)	Note No.	31-Mar-21	31-Dec-20
Assets			
Cash on hand and at banks	(30)	167 405 349	133 775 238
Loans and receivables	(28)	2 722 863 594	2 402 166 654
Investments in associates	(25)	28 410 020	44 904 478
Financial investments	(26)	1 078 108 424	1 184 308 078
Securitization surplus	(29)	20 810 600	29 507 782
Due from related parties	(37)	15 325 205	23 319 698
Debtors and other debit balances	(27)	352 341 662	261 933 306
Work in process		17 555 589	15 622 874
Property plant and equipment	(22)	143 805 405	135 726 350
Right of use assets	(23)	252 275 988	-
Goodwill	(24)	25 302 524	25 302 524
Deferred tax assets	(20)	275 242	301 313
Total assets		**4 824 479 602**	**4 256 868 295**
Liabilities			
Loans and overdrafts	(34)	1 544 157 649	1 344 965 348
Suppliers and other credit balances	(35)	437 699 008	307 252 388
Current tax liabilities		164 623 480	131 983 385
Other provisions	(38)	32 696 607	34 543 171
Lease liability	(36)	248 786 099	-
Insurance policyholders' rights		129 197 703	115 855 238
Deferred tax liabilities	(20)	25 848 395	22 657 182
Total liabilities		**2 583 008 941**	**1 957 256 712**
Shareholders' equity			
Paid-in capital	(31)	191 515 840	191 515 840
Reserves	(32)	980 912 515	957 765 033
Retained earnings	(33)	997 038 424	1 080 876 062
Equity attributable to the shareholders of the parent company		**2 169 466 779**	**2 230 156 935**
Non-Controlling Interest		72 003 882	69 454 648
Total shareholders' equity		**2 241 470 661**	**2 299 611 583**
Total shareholders' equity and liabilities		**4 824 479 602**	**4 256 868 295**

* The accompanying notes and accounting policies from page (6) to page (65) are an integral part of these financial statements and are to be read therewith.

Mohamed Said
Financial Manager

Ayman El Sawy
Chief Financial Officer

Said Zaatar
Chief Executive Officer

Cairo May 11, 2021

Auditor's report "Attached"

Translation of the Financial Statements Originally Issued in Arabic

Contact Financial Holding (S.A.E) (Sarwa Capital Holding for Financial Investments previously)

Consolidated Statement of Income for the period ended March 31,2021

(In EGP)	Note No.	31-Mar-21	31-Mar-20
Sales revenue - goods and services	(8)	115 829 238	840 320 378
Income from financing activities	(9)	110 352 225	133 209 047
Securitization Gain	(11)	-	115 546 265
Interest income (cash surplus)		21 677 645	32 005 720
Interest income (cash surplus insurance)		4 072 221	4 577 502
Surplus (deficit) from insurance activities	(14)	14 054 598	(6 098 214)
Discounting Gain	(12)	15 932 190	-
Net revenue from portfolio transferred	(13)	60 215 708	-
Portfolio management fees (securitization issuances)		23 659 196	22 138 664
Portfolio management fees (discounting issuances)		8 875 554	-
Fee income	(16)	20 876 770	12 797 214
Profit share from associates	(19)	6 849 964	10 666 930
Portfolio management fees from associates		1 462 224	1 987 806
Income from financial portfolio		1 095 741	2 989 653
Other operating revenue		1 572 515	974 165
Other revenue		2 976 092	169 154
Website revenue		2 895 545	921 095
Income from mutual funds (life insurance)		407 900	-
Portfolio management fees	(37-3)	1 025 668	55 000
Total Revenue		**413 830 994**	**1 172 260 379**
Cost of sales - goods and services	(10)	(107 916 435)	(831 787 522)
General and administrative expenses	(18)	(98 547 517)	(75 961 914)
Interest expense		(31 149 524)	(62 628 432)
Interest expense (lease liability)		(1 102 207)	-
Sales and distribution expense		(11 396 816)	(7 480 781)
ESOP expenses		(6 031 241)	(4 037 460)
Impairment of financial assets		(1 265 260)	(22 742 733)
Securitization Profit /(loss)	(15)	760 615	(31 518 256)
Operating expense	(17)	(2 593 530)	(2 120 071)
Contingent provision		1 535 168	(2 173 324)
Insurance services Cost		(1 994 975)	(1 329 452)
Board of directors' allowances		(319 000)	(140 000)
Foreign currency differences		74 492	(33 988)
Total Expenses		**(259 946 230)**	**(1 041 953 933)**
Net profit for the period before tax		**153 884 764**	**130 306 446**
Income tax	(20)	(39 108 585)	(36 521 881)
Net profit for the period after tax		**114 776 179**	**93 784 565**
Distributed as follows:			
Owners of the company		109 290 438	90 658 827
Non-controlling interest		5 485 741	3 125 738
		114 776 179	**93 784 565**
Earnings per share for the period	(21)	**0.09**	**0.08**

* The accompanying notes and accounting policies from page (6) to page (65) are an integral part of these financial statements and are to be read therewith.

Contact Financial Holding (S.A.E) (Sarwa Capital Holding for Financial Investments previously)

Consolidated Statement of Comprehensive Income for the period ended March 31,2021

(In EGP)	31-Mar-21	31-Mar-20
Net profit for the period after income tax	114 776 179	93 784 565
Other comprehensive income items that is or may be reclassified to the profit or loss		
Fair value reserve - Financial instruments measured at fair value through other comprehensive income (debt instruments):		
Financial instruments at fair value - Net change in fair value through other comprehensive income	14 958 021	-
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	(3 161 510)	-
Total other comprehensive income items for the period, after tax	**11 796 511**	-
Total comprehensive income for the period	**126 572 690**	**93 784 565**
Total comprehensive income distributed as follows:		
Owners of the company	119 841 826	90 658 827
Non-controlling interest	6 730 864	3 125 738
	126 572 690	**93 784 565**

* The accompanying notes and accounting policies from page (6) to page (65) are an integral part of these financial statements and are to be read therewith.

Contact Financial Holding (S.A.E) (Sarwa Capital Holding for Financial Investments previously)
Consolidated Statement of Changes in Equity for the period ended March 31,2021

(In EGP)

		Reserves						
	Paid in capital	**Legal reserve**	**Share premium reserve**	**Fair Value reserve (Net)**	**Retained earnings**	**Total owners of the company**	**Non-controlling interest**	**Total**
Balance at 1 January 2020	191 515 840	53 034 169	750 409 142	-	968 294 254	1 963 253 405	66 401 653	2 029 655 058
Net profit for the period	-	-	-	-	90 658 827	90 658 827	3 125 738	93 784 565
Total comprehensive income for the period	-	-	-	-	90 658 827	90 658 827	3 125 738	93 784 565
Transactions with the owners of the company:								
Legal reserve	-	10 137 980	-	-	(10 137 980)	-	-	-
ESOP	-	-	4 037 460	-	-	4 037 460	-	4 037 460
Dividends	-	-	-	-	(161 341 342)	(161 341 342)	(11 720 724)	(173 062 066)
Total transactions with the owners of the company	-	10 137 980	4 037 460	-	(171 479 322)	(157 303 882)	(11 720 724)	(169 024 606)
Balance at 31 March 2020	**191 515 840**	**63 172 149**	**754 446 602**	-	**887 473 759**	**1 896 608 350**	**57 806 667**	**1 954 415 017**
Balance at 31 December 2020 as issued before	191 515 840	63 172 149	766 590 522	128 002 362	1 080 876 062	2 230 156 935	69 454 648	2 299 611 583
Effect of implementing EAS 48 on 1 January 2021	-	-	-	-	(15 707 848)	(15 707 848)	(3 926 962)	(19 634 810)
Balance at 1 January 2021 after implementing EAS 48	191 515 840	63 172 149	766 590 522	128 002 362	1 065 168 214	2 214 449 087	65 527 686	2 279 976 773
Net profit for the period	-	-	-	-	109 290 438	109 290 438	5 485 741	114 776 179
Comprehensive income for the period	-	-	-	10 551 388	-	10 551 388	1 245 123	11 796 511
Total comprehensive income for the period	-	-	-	10 551 388	109 290 438	119 841 826	6 730 864	126 572 690
Transactions with the owners of the company:								
Share premium reserve ESOP	-	-	6 031 260	-	-	6 031 260	-	6 031 260
legal reserve	-	6 564 834	-	-	(6 564 834)	-	-	-
The share of non-controlling interest in subsidiaries' capital	-	-	-	-	-	-	4 900 000	4 900 000
Dividends	-	-	-	-	(170 855 394)	(170 855 394)	(5 154 668)	(176 010 062)
Total transactions with the owners of the company	-	6 564 834	6 031 260	-	(177 420 228)	(164 824 134)	(254 668)	(165 078 802)
Balance at 31 March 2021	**191 515 840**	**69 736 983**	**772 621 782**	**138 553 750**	**997 038 424**	**2 169 466 779**	**72 003 882**	**2 241 470 661**

* The accompanying notes and accounting policies from page (6) to page (65) are an integral part of these financial statements and are to be read therewith.

Contact Financial Holding (S.A.E) (Sarwa Capital Holding for Financial Investments previously)
Consolidated Statement of Cash Flows for the period ended March 31,2021

(In EGP)

	Note No.	31-Mar-21	31-Mar-20
Cash flows from operating activities			
Net profit for the period before taxes		153 884 764	130 306 446
Adjustments for			
Property, plant and equipment depreciation	(22)	6 736 165	5 110 992
Right of use depreciation		7 167 638	-
Impairments of financial assets		1 265 260	22 742 733
Interest income		(25 749 866)	(36 583 222)
Interest expense		32 251 731	62 628 432
Securitization Gain		-	(115 546 265)
Discounting gain		(24 807 744)	-
Gain from portfolio transfer		(60 215 708)	-
Profit share from associates		(6 849 964)	(9 068 595)
ESOP expenses		6 031 241	4 037 460
Gain from sale of property, plant and equipment		(7 937)	-
Contingent provision		(1 535 168)	2 173 324
		88 170 412	**65 801 305**
Changes in:			
Accounts receivable		(1 419 213 410)	(1 267 146 999)
Proceeds from sale of receivable portfolios		1 204 241 227	1 806 135 537
Suppliers and other credit balances		(39 294 239)	(79 532 123)
Debtors and other debit balances		(111 158 282)	(76 379 261)
Related parties-debit		7 994 493	1 984 079
Related parties-credit		-	(244 191)
Insurance policyholders' rights		13 342 465	26 306 157
Surplus of securitization process		8 697 182	21 597 627
Cash (used in) provided by operating activities		**(247 220 152)**	**498 522 131**
Financing interest paid		(25 471 414)	(41 668 289)
Changes in income tax liability		(89 696)	(12 566 193)
Net cash (used in) provided by operating activities		(272 781 262)	444 287 649
Cash flows from investing activities			
Purchase of property, plant and equipment	(22)	(14 897 632)	(8 947 199)
Proceeds from sale of property, plant and equipment		90 349	12 351
Works in progress		(1 932 715)	(1 210 392)
Changes in financial investments		106 199 654	(384 767 393)
Proceeds from interest revenue		45 127 270	35 515 576
Changes in investment in associates		23 344 422	41 849 680
The share of non-controlling interest in subsidiaries' capital		4 900 000	-
Net cash provided by (used in) investing activities		**162 831 348**	**(317 547 377)**
Cash flows from financing activities			
Paid dividends		(46 144 444)	(55 312 586)
Changes in lease liability		(9 198 084)	-
Changes from banks and overdrafts		199 192 301	(91 833 316)
Net cash provided by (used in) financing activities		**143 849 773**	**(147 145 902)**
Net change in cash and cash equivalent during the period		33 899 859	(20 405 630)
Cash and cash equivalent at the beginning of the period		133 775 238	126 623 828
Cash and cash equivalent at the end of the period		**167 675 097**	**106 218 198**
Cash and cash equivalents represented as follows:			
Banks - Current accounts		147 705 350	92 332 244
Cash on hand		15 469 747	7 706 350
Time deposits		4 500 000	6 179 604
		167 675 097	**106 218 198**

* The accompanying notes and accounting policies from page (6) to page (65) are an integral part of these financial statements and are to be read therewith.

Contact financial holding (Sarwa Capital Holding for Financial Investments (S.A.E) previously)
Notes to the translated consolidated financial statements
For the period ended March 31,2021

1. Reporting entity

1-1 Legal Entity and Activity

- Sarwa Capital Holding for Financial Investments (S.A.E) an Egyptian joint stock company was established pursuant to Law No: 159 for year 1981 and its executive regulations as amended by law No. 3 for year 1998 and was registered in the commercial register under No. 37933 on March 30th 2009.
- The group's name was changed according to the decision of the Extraordinary General Assembly Meeting held on June 12 2017 to become "Sarwa Capital Holding for Financial Investments" and annotation was made to this effect in the commercial register of the company under number 78317 on March 18 2018 in addition the legal entity of the company changed from being subjected to law No. 159 for year 1981 to be subject to the provisions of Capital Market Law No.95 for year 1992
- The Company's name changed pursuant to the resolution of the Extraordinary General Assembly Meeting held on February 15, 2021 to be "Contact Financial Holding" and changed in the Company's commercial register on March 28,2021.

1-2 Purpose of the group

- The Group's purpose is represented in participating in the establishment or the capital increase of companies that issue securities in accordance with the applicable laws and regulation provided that the license necessary for practicing such activities must be obtained. The Group may have an interest or participate in any manner with companies and other entities practicing similar activities or that may assist the Group in achieving its purpose in Egypt or abroad. The Group may also merge into the said entities purchase them or affiliate them thereto according to the provisions of law and its executive regulations.
- The following schedule determines the subsidiaries of Contact financial Holding along with the ownership (control) percentage over these companies which are consolidated as part of the consolidated financial statements as at March 31, 2021:

	Control percentage	
Company Name	**Direct**	**Indirect**
Contact Credit	99.999%	-
Sarwa Asset Management	99.96%	-
Sawa Payment Systems	50.997%	-
Contact Leasing	99.9998%	-
Contact Factoring	74.99%	25%
Sarwa Insurance	84.980%	-
Sarwa Life Insurance	75.090%	-

Sarwa Promotion and Underwriting	99.996%	-
Sarwa sukuk	99.98%	-
*Contact Mortgage Finance	-	99.9998%
*Wadi Degla Financial	-	50%
*Modern Finance	-	50%
*Get Go Credit Service	-	99.9996%
*Contact Insurance Brokerage	-	80%
*Sarwa Securitization	-	99%
*Capital Real Estate	-	99.7%
*Contact Egyptian International Motor Credit	-	50%
*Contact Specialized Consulting	1%	99%
*SMG Auto credit	-	50%

* Represent the ownership percentage of Contact credit in its subsidiaries which are indirectly controlled by contact financial holding.

2- **Basis of Accounting**

- The consolidated financial statements were prepared according to the Egyptian Accounting Standards relevant Egyptian laws and regulations.
- This is the first set of the Group's financial statements in which standard No. (48) Revenue from Contracts with Customers and standard No. (49) Lease Contracts was applied.
- The Board of Directors approved the issuance of the translated consolidated financial statements on May 11, 2021.

3- **Functional and Presentation Currency**

These consolidated financial Statements are presented in Egyptian Pound which represents the Group's functional currency.

4- **Use of Judgments and Estimates**

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires Management to make professional judgments estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
- The Judgments and Estimates are reviewed periodically. Review of estimates are recognized prospectively.

- Changes to accounting estimates are recognized in the period in which the estimate changes if the change affects only that period or in the year of the change and future periods if the change affects both current and future periods.
- Classification of Financial Assets: assessment of the business model through which the assets are held, and assessment is made regarding whether the contractual terms of the financial asset are solely payments of principal and interest on the principal outstanding amount (SPPI).
- Establishing criteria for determining whether the credit risk associated with the financial asset has increased significantly since initial recognition determining methodology for incorporating forward-looking information into the measurement of ECL selecting and approving of models used to measure expected credit losses ECL.

Expected credit losses

- The accounting estimates and judgments related to the impairment of Financial Assets is a critical accounting estimate because the underlying assumptions used can change from period to period and may significantly affect the Group's results of operations.
- In assessing assets for impairments, the Management's judgment is required particularly in projecting future economic information and scenarios where circumstances of economic and financial uncertainty exist as developments and changes to expected cash flows can occur both faster and with less predictability. The actual amount of the future cash flows and their timing may differ from the estimates used by Management and consequently may cause actual losses that differ from reported allowances.

5- Changes in Accounting Policies

- On March 28, 2019 the Minister of Investment and International Cooperation introduced amendments to some of the existing accounting standards including issuance of new standards and amendments to some of the existing standards.
- The Group has adopted the New Egyptian Accounting standard No. (48) Revenue from Contracts with Customers and standard No. (49) Lease Contracts according to the transition method applied by the Group and the comparative information were not restated.

5-1 Standard No. (48) Revenue from Contracts with Customers

Standard No. (48) Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced EAS 11 Revenue, EAS 8 Construction Contracts and related interpretations. Under Standard No. (48) Revenue from Contracts with Customers, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time- requires judgement.

The Group has adopted Standard No. (48) Revenue from Contracts with Customers using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (January 1, 2021). Accordingly, the information presented for 2020 has not been restated. it is presented, as previously reported, under EAS 8, EAS 11 and related interpretations. Additionally, the disclosure requirements in Standard No. (48) Revenue from Contracts with Customers have not generally been applied to comparative information.

The group applied Egyptian Accounting Standard 48, which resulted in amendments to some of the financial statement balances. The group applied exemptions from the requirements for re-presentation of contracts expiring before January 1, 2021 and applied Egyptian Accounting Standard 48 only for contracts that were not completed on the date of initial application January 1, 2021.

The following table summarizes the impact of the transition to Egyptian Accounting Standard 48

	December 31, 2020	**Adjustments**	**As at January 1, 2021 after adjustments**
Deferred revenue	892 857	19 634 810	20 527 667
Retained earnings	1 080 876 062	(15 707 848)	1 065 168 214
Non-Controlling Interest	69 454 648	(3 926 962)	65 527 686

5-2 Egyptian Accounting standard No (49) Lease Contracts

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group applied Egyptian Accounting Standard No. 49 on the date of its initial application on January 1, 2021, with retrospective effect at the beginning of the initial application.

Details of the changes in accounting policies are disclosed below: -

A. Definition of a lease contract

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under Egyptian Accounting standard No (20). Under Egyptian Accounting standard No (49), the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 45.

On transition to Egyptian Accounting standard No (49), the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Egyptian Accounting standard No (49) only to contracts that were previously identified as leases. Contracts that were not identified as leases under Egyptian Accounting standard No (20) were not reassessed for whether there is a lease. Therefore, the definition of a lease under Egyptian Accounting standard No (49) was applied only to contracts entered into or changed on or after 1 January 2021.

B. As a lessee

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Egyptian Accounting standard No (49), the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2021. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments Related to the lease recognized in the statement of financial position immediately prior to the date of initial application.

The Group used the following practical expedients when applying Egyptian Accounting standard, no (49) to leases previously classified as operating leases under Egyptian Accounting standard No (20) in particular:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with the value of the underlying asset is small.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

C. The impact on the financial statements:

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2021.

The following is a summary of the impact of the initial application:

	As at December 31,2020	Adjustments	As at January 1,2021
Assets			
Right of use assets	-	234 761 482	234 761 482
Prepaid expenses	46 390 067	(2 574 887)	43 815 180
Liabilities			
Lease liability contracts	-	-	232 186 595

Lease liability contracts

Lease liability as at December 31,2020	407 051 680
Discounting with the group incremental borrowing rate	(174 865 085)
Lease liability contracts as at January 1,2021	**232 186 595**

6- Fair value measurement

A. Valuation Models

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

– Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

– Level 3: Inputs that are unobservable (which the group minimize its use as much as possible). This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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 security prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset at the measurement date.

The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments the group uses in-house valuation models. Some or all of the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain instruments for which there is no active market. Valuation models that employ significant unobservable inputs require a degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used the determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties; to the extent that the group believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group entity and the counterparty where appropriate.

Model inputs and values are calibrated against historical data and published forecasts and where possible against current or recent observed transactions in different instruments and against market quotes. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value. Management uses judgement to select the most appropriate point in the range.

B. Financial Instruments Measured at Fair Value – Fair Value Hierarchy

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 categorized.

The amounts are based on the values recognized in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Financial Assets	31 March 2021	31 December 2020	Level of Fair Value	Valuation Techniques and Main Entries
	EGP	EGP		
Debt instruments measured at FVOCI	1 067 963 168	1 174 162 819	First/Second	Quoted prices/other valuation techniques
Loans and receivables measured at FVOCI	1 888 255 187	1 680 318 807	Third	Discounted cash flow

Due to the absence of active markets for certain securities observable market inputs were used along with the available information to measure their fair values.

C. Unobservable Inputs Used in Measuring Fair Value

The following table sets out information about significant unobservable inputs used as at March 31, 2021 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair values as at March 31 2021	Valuation Technique	Significant Unobservable Input
Financial portfolios of loans and receivables measured at FVOCI	1 888 255 187	Discounted cash flow	• Risk-adjusted discount rate. • Probability of default. • Expected prepayment rate. • Transaction cost.

Significant Unobservable Inputs Are Developed as Follows:

- Expected prepayment rates are derived from historical client prepayment trends after being adjusted to reflect current conditions.
- The probabilities of defaults and loss severities of commercial assets derived from historical data and collection performance are adjusted according to the current conditions.
- Risk adjusted spreads are derived from historical defaults and prepayment trends are adjusted to reflect the current conditions.
- Transaction costs are derived from historical trends after being adjusted to reflect the current conditions.

Although the Group believes that its estimates of fair value are appropriate the use of different methodologies or assumptions could lead to

7- Operating segments

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. Segment results assets and liabilities include items directly attributable to a segment, The group has 8 operating segments that are being financially reported to the management and these reports are exposing different products and services that are being managed separately because it required different technological and market strategies ,The revenue & expense and assets & liabilities analysis in the table below is based on the type of business activities and services that are distinguishable component.

March 31, 2021	Car Finance	Consumer Goods	Finance Leasing	Mortgage	Factoring	Securitization& sukuk	Others	Total financing	Insurance &Insurance Brokerage	Total
Sales revenue - goods and services	107 658 110	-	-	-	-	-	95 555	107 753 665	8 075 573	115 829 238
Income from financing activities	59 336 114	(1 391 520)	31 240 778	18 205 240	2 961 613	-	-	110 352 225	-	110 352 225
Interest income (cash surplus)	7 549 442	164 903	2 315 160	2 742 171	2 275 073	2 497 117	4 133 779	21 677 645	-	21 677 645
Interest income (cash surplus insurance)	-	-	-	-	-	-	-	-	4 072 221	4 072 221
Surplus (deficit) from insurance activities	-	-	-	-	-	-	-	-	14 054 598	14 054 598
Discounting Gain	15 932 190	-	-	-	-	-	-	15 932 190	-	15 932 190
Net revenue from portfolio transferred	60 215 708	-	-	-	-	-	-	60 215 708	-	60 215 708
Portfolio management fees (securitization issuances)	8 887 376	-	-	-	-	14 771 820	-	23 659 196	-	23 659 196
Portfolio management fees (discounting issuances)	8 875 554	-	-	-	-	-	-	8 875 554	-	8 875 554
Fee income	16 660 697	-	1 916 961	1 093 374	910 714	37 902	-	20 619 648	257 122	20 876 770
Profit share from associates	-	-	-	-	-	-	6 849 964	6 849 964	-	6 849 964
Portfolio management fees from associates	1 462 224	-	-	-	-	-	-	1 462 224	-	1 462 224
Income from financial portfolio	1 095 741	-	-	-	-	-	-	1 095 741	-	1 095 741
Other operating revenue	399 660	66 232	694 193	99 500	-	306 989	5 941	1 572 515	-	1 572 515
Other revenue	2 115 946	11 759	-	116 988	203 935	500 000	27 464	2 976 092	-	2 976 092
Website revenue	2 895 545	-	-	-	-	-	-	2 895 545	-	2 895 545
Income from mutual funds (life insurance)	-	-	-	-	-	-	-	-	407 900	407 900
Portfolio management fees	1 025 668	-	-	-	-	-	-	1 025 668	-	1 025 668
Total revenue	**294 109 975**	**(1 148 626)**	**36 167 092**	**22 257 273**	**6 351 335**	**18 113 828**	**11 112 703**	**386 963 580**	**26 867 414**	**413 830 994**
Cost of sales - goods and services	(107 658 110)	-	-	-	-	-	-	(107 658 110)	(258 325)	(107 916 435)
General and administrative expenses	(65 046 409)	(228 939)	(4 152 538)	(5 471 154)	(162 500)	(12 864 777)	(5 171 173)	(93 097 490)	(5 450 027)	(98 547 517)
Interest expense	(3 432 096)	(653 750)	(15 446 514)	(9 064 275)	(2 360 122)	-	(192 767)	(31 149 524)	-	(31 149 524)
Interest expense (lease contract liability)	(545 257)	-	-	-	-	-	-	(545 257)	(556 950)	(1 102 207)
Sales and distribution expense	(10 831 416)	-	(299 261)	(266 139)	-	-	-	(11 396 816)	-	(11 396 816)
ESOP expenses	(4 031 714)	-	-	(1 999 527)	-	-	-	(6 031 241)	-	(6 031 241)
Impairment of financial assets	(2 856 545)	3 350 392	(108 734)	(231 055)	(108 305)	886 049	(4 597)	927 205	(2 192 465)	(1 265 260)
Securitization Profit / loss	-	-	-	-	-	760 615	-	760 615	-	760 615
Operating expense	(1 206 941)	(47 613)	(325 564)	(160 233)	-	(749 644)	(103 535)	(2 593 530)	-	(2 593 530)
Contingent provision	2 450 768	562	(91 134)	(55 644)	(16 098)	(481 690)	(20 061)	1 786 703	(251 535)	1 535 168
Insurance services Cost	(1 712 742)	-	-	-	(282 233)	-	-	(1 994 975)	-	(1 994 975)
Board of directors' allowances	-	-	(48 000)	-	-	(235 000)	(36 000)	(319 000)	-	(319 000)
Foreign currency differences	-	-	-	-	-	-	17 775	17 775	56 717	74 492
Total Expenses	(194 870 462)	2 420 652	(20 471 745)	(17 248 027)	(2 929 258)	(12 684 447)	(5 510 358)	(251 293 645)	(8 652 585)	(259 946 230)
Net profit for the period before tax	99 239 513	1 272 026	15 695 347	5 009 246	3 422 077	5 429 381	5 602 345	135 669 935	18 214 829	153 884 764
Income Tax	(25 275 458)	(23 979)	(3 953 536)	(1 842 776)	(893 776)	(4 130 715)	(1 029 183)	(37 149 423)	(1 959 162)	(39 108 585)
Net profit for the period after tax	**73 964 055**	**1 248 047**	**11 741 811**	**3 166 470**	**2 528 301**	**1 298 666**	**4 573 162**	**98 520 512**	**16 255 667**	**114 776 179**
Distributed as follows:										
Owners of the company	71 858 707	1 248 033	11 741 794	3 166 464	2 528 209	1 244 688	4 422 614	96 210 509	13 079 929	109 290 438
Non-Controlling interest	2 105 348	14	17	6	92	53 978	150 548	2 310 003	3 175 738	5 485 741
	73 964 055	**1 248 047**	**11 741 811**	**3 166 470**	**2 528 301**	**1 298 666**	**4 573 162**	**98 520 512**	**16 255 667**	**114 776 179**

March 31, 2020	Car Finance	Consumer Goods	Finance Leasing	Mortgage	Factoring	Securitization& sukuk	Others	Total financing	Insurance &Insurance Brokerage	Total
Sales revenue - goods and services	789 498 850	36 487 018	-	-	-	-	9 248 455	835 234 323	5 086 055	840 320 378
Income from financing activities	72 319 934	7 626 135	26 810 249	18 355 354	8 089 932	-	7 443	133 209 047	-	133 209 047
Securitization Gain	115 546 265	-	-	-	-	-	-	115 546 265	-	115 546 265
Interest income (cash surplus)	13 660 624	390 720	1 741 045	2 470 211	2 268 854	1 310 690	10 163 576	32 005 720	-	32 005 720
Interest income (cash surplus insurance)	-	-	-	-	-	-	-	-	4 577 502	4 577 502
Surplus (deficit) from insurance activities	-	-	-	-	-	-	-	-	(6 098 214)	(6 098 214)
Portfolio management fees (securitization issuances)	-	-	-	-	-	22 138 664	-	22 138 664	-	22 138 664
Fee income	10 410 739	-	1 207 865	322 124	628 905	141 500	-	12 711 133	86 081	12 797 214
Profit share from associates	-	-	-	-	-	-	10 666 930	10 666 930	-	10 666 930
Portfolio management fees from associates	1 987 806	-	-	-	-	-	-	1 987 806	-	1 987 806
Income from financial portfolio	-	-	-	-	-	-	2 989 653	2 989 653	-	2 989 653
Other operating revenue	-	113 426	843 589	17 150	-	-	-	974 165	-	974 165
Other revenue	935 254	5 819	-	74 372	-	-	74 804	1 090 249	-	1 090 249
Portfolio management fees	55 000	-	-	-	-	-	-	55 000	-	55 000
Total revenue	**1 004 414 472**	**44 623 118**	**30 602 748**	**21 239 211**	**10 987 691**	**23 590 854**	**33 150 861**	**1 168 608 955**	**3 651 424**	**1 172 260 379**
Cost of sales - goods and services	(789 498 850)	(36 487 018)	-	-	-	-	(5 021 000)	(831 006 868)	(780 654)	(831 787 522)
General and administrative expenses	(51 807 664)	(870 095)	(3 340 672)	(4 116 701)	(191 943)	(6 362 320)	(6 911 046)	(73 600 441)	(2 361 473)	(75 961 914)
Interest expense	(27 687 959)	(1 737 554)	(17 677 297)	(8 986 301)	(4 520 043)	-	(2 019 278)	(62 628 432)	-	(62 628 432)
Sales and distribution expense	(7 113 066)	(226 734)	-	(134 536)	(5 040)	-	(1 405)	(7 480 781)	-	(7 480 781)
ESOP expenses	(2 274 971)	-	-	(1 762 489)	-	-	-	(4 037 460)	-	(4 037 460)
Impairment of financial assets	20 546	(20 806)	(13 609 635)	(2 286 565)	(1 505 344)	(5 335 164)	(5 765)	(22 742 733)	-	(22 742 733)
Securitization Profit /(loss)	-	-	-	-	-	(31 518 256)	-	(31 518 256)	-	(31 518 256)
Operating expense	(215 872)	(824 143)	(702 881)	(82 790)	-	-	(224 238)	(2 049 924)	(70 147)	(2 120 071)
Contingent provision	(1 263 107)	(21 479)	(76 693)	(53 098)	(27 498)	(546 273)	(60 535)	(2 048 683)	(124 641)	(2 173 324)
Insurance services Cost	(1 114 322)	-	-	-	(215 130)	-	-	(1 329 452)	-	(1 329 452)
Board of directors' allowances	-	-	-	-	-	(110 000)	(30 000)	(140 000)	-	(140 000)
Foreign currency differences	-	-	-	-	-	-	(38 285)	(38 285)	4 297	(33 988)
Total Expenses	**(880 955 265)**	**(40 187 829)**	**(35 407 178)**	**(17 422 480)**	**(6 464 998)**	**(43 872 013)**	**(14 311 552)**	**(1038 621 315)**	**(3 332 618)**	**(1 041 953 933)**
Net profit for the period before tax	**123 459 207**	**4 435 289**	**(4 804 430)**	**3 816 731**	**4 522 693**	**(20 281 159)**	**18 839 309**	**129 987 640**	**318 806**	**130 306 446**
Income Tax	(22 204 171)	(1 002 750)	(225 610)	(1 429 803)	(424 981)	(7 101 442)	(2 975 196)	(35 363 953)	(1 157 928)	(36 521 881)
Net profit for the period after tax	**101 255 036**	**3 432 539**	**(5 030 040)**	**2 386 928**	**4 097 712**	**(27 382 601)**	**15 864 113**	**94 623 687**	**(839 122)**	**93 784 565**
Distributed as follows:										
Owners of the company	98 193 620	3 432 527	(5 030 030)	2 386 923	4 097 715	(27 476 474)	15 752 605	91 356 886	(698 059)	90 658 827
Non-Controlling interest	3 061 416	14	(11)	5	(5)	93 873	111 508	3 266 800	(141 062)	3 125 738
	101 255 036	**3 432 541**	**(5 030 041)**	**2 386 928**	**4 097 710**	**(27 382 601)**	**15 864 113**	**94 623 686**	**(839 121)**	**93 784 565**

8- Sales revenue - goods and services

	31-Mar-21	31-Mar-20
Goods sold	107 658 110	825 985 867
Service Rendered	8 171 128	14 334 511
Total	**115 829 238**	**840 320 378**

* Contact Credit Company S.A.E. (Previously called Contact Auto Credit)- a subsidiary of Sarwa Capital Group – received the first consumer finance license by virtue of which the Company shall be subject to the provisions of Law No. 18 of the year 2020 instead of the Companies Act No. 159 of the year 1981 therefore accounting was made based on the Company's activity and its purpose consequently revenues from goods sold pertaining to Contact Credit Company - with a total amount of EGP 1 419 578 795 were not recognized for the period starting from January 1, 2021 until March 31, 2021 taking into account that goods sold and services rendered were not derecognized from the previous periods.

9- Income from Financing Activities

	31-Mar-21	31-Mar-20
Auto credit	47 138 192	70 245 517
Mortgage	18 205 240	18 355 354
Factoring	2 961 612	8 089 932
Leased assets contracts	31 240 779	26 810 249
Consumer goods instalments	10 042 011	7 626 135
Others	764 391	2 081 860
Total	**110 352 225**	**133 209 047**

10- Cost of Sales - Goods and Services

	31-Mar-21	31-Mar-20
Cost of goods sold	107 658 107	825 985 866
Cost of services Rendered	258 328	5 801 656
Total	**107 916 435**	**831 787 522**

Contact Credit Company S.A.E. (Previously called Contact Auto Credit)- a subsidiary of Sarwa Capital Group – received the first consumer finance license by virtue of which the Company shall be subject to the provisions of Law No. 18 of the year 2020 instead of the Companies Act No. 159 of the year 1981 therefore accounting was made based on the Company's activity and its purpose consequently the cost of goods sold pertaining to Contact Credit Company - with a total amount of EGP 1 419 578 795 was not recognized for the period starting from

January 1, 2021 until March 31,2021 taking into account that goods sold and services rendered were not derecognized from the previous periods.

11- Securitization Gain

The item represents the value of the proceeds from securitization operations carried out by the Group through the transfer of financial debts in return for the issuance of securitization bonds. Under this transfer the risk and rewards of the transferred portfolios are transferred substantially to the bondholders. The securitization gain is represented in the difference between the securitization proceeds including the financing cost borne by the portfolio transferor until subscription in bonds is closed and the book value of the assigned rights on the date of the transaction.

12- Discounting Gain

The item represents the gain from discounting financial portfolios through the transfer of the risks and rewards of the portfolios that were subject to discounting to financial institutions. The discounting gain represent the difference between the proceeds of the discounting process and the book value of the financial assets that were subject to discounting on the date of the transaction.

13- Net revenue from portfolio transferred

The item represents the value of the proceeds from issuing financial rights portfolios at present value which were performed through the assignment of financial rights in return for issuing Modaraba sukuk in compliance with the provisions and principles of Islamic Sharia law. According to this assignment, the rights and obligations of the transferred portfolios are substantially transferred to the sukuk holders. The sukuk profit is represented in the difference between the fair value proceeds of the private sukuk and the group including the amounts in return for the financing cost which were borne by the assignor of the portfolio until the process of the sukuk subscription is closed and the present value of the rights assigned at the date of the transaction.

14- Surplus (deficit) From Insurance Activities

	31-Mar-21	31- Mar -20
Direct premiums	124 707 947	74 762 875
Outward reinsurance premiums	(37 922 277)	(22 279 707)
Provision of unearned premiums at beginning of the period	98 955 778	49 211 279
Provision of unearned premiums at end of the period	(113 846 640)	(67 784 378)
Provision for outstanding claims at beginning of the period	37 749 172	10 482 436
Provision for outstanding claims at end of the period	(33 084 051)	(18 408 435)
Outward reinsurance commissions income	6 696 500	1 846 408
Investment income	808 233	1 012 474
Other operating income	1 427 409	1 013 674
Direct claims paid	(42 715 225)	(12 202 679)
Less: outward reinsurance claims income	16 209 587	3 051 052
Provision for retrograde fluctuations at end of the period	(126 982)	-
Direct commissions	(18 289 295)	(10 083 718)
Production costs	(9 864 884)	(4 752 244)
General & administrative expenses	(18 157 452)	(12 348 659)
Impairment loss on receivable from insurance policyholders	(2 811 934)	(1 593 699)
Net income from designated investments	4 318 712	1 975 107
Surplus (deficit) of Insurance activity	**14 054 598**	**(6 098 214)**

15- Securitization Profit / (Loss)

	31-Mar-21	31-Mar-20
Interest income from financial rights portfolio	162 714 760	173 653 578
Proceeds from surplus of investments at custody	10 961 407	13 940 647
Interest of bond loan and the amortization of securitization cost	(144 239 566)	(162 853 997)
Insurance policy cost	(3 920 006)	(3 701 713)
Collector fees	(60 000)	(55 000)
Custody fees	(1 292 225)	(1 499 071)
securitization portfolio acquisition cost	-	(29 664 371)
Issuance fees	(23 403 755)	(21 338 329)
Securitization Profit / (Loss)	**760 615**	**(31 518 256)**

16- Fee Income

The revenues in return for administrative services rendered amounted to EGP 20 876 770 on March 31,2021 compared to an amount of EGP 12 797 214 on March 31, 2020 whereas a percentage of the value of the loan granted to clients was collected as administrative fees to pay for the salesmen commissions and some of the other administrative fees borne upon concluding the contract.

17- Operating Expenses

	31-Mar-21	31- Mar -20
Rent expense	30 000	804 047
Experts fees	-	33 218
I-score fees	813 390	515 776
Other operating expenses	1 750 140	767 030
Total	**2 593 530**	**2 120 071**

18- General and Administrative Expenses

	31-Mar-21	31- Mar -20
Salaries wages and medical Care	65 029 456	47 399 313
Insurance	1 659 569	1 328 734
Property plant and equipment depreciation	6 736 165	5 110 992
Professional and consultant fees	4 472 312	3 963 361
Branches and cars rent	271 631	4 673 300
Bank charges	276 552	500 231
Advertising administrative expenses and stock exchange renewal	570 544	1 498 994
Vehicles related expenses	267 724	222 209
Miscellaneous expenses	12 095 928	11 264 780
Right of use depreciation	7 167 636	-
Total	**98 547 517**	**75 961 914**

19- Profit share from associates

31 March 2021	Bavarian Contact	Star	EZZ Elarab	Egyptian international for credit services	Motor Care Egypt	Motor Care Services	total
Sales Revenue - goods and services	161 163 281	-	-	-	4 003 000	1 233 588	166 399 869
Income from financing activities	5 388 046	516 704	1 858 645	61 000	-	-	7 824 395
Discounting gain	3 977 837	-	702 070	-	-	-	4 679 907
Sukuk gain	4 468 481	-	1 201 175	-	-	-	5 669 656
Interest Expense	(1 694 829)	(42 982)	(433 816)	(4 000)	-	-	(2 175 627)
Cost of sales - good and services	(161 163 281)	-	-	-	(1 292 000)	(1 057 176)	(163 512 457)
Gross Profit	**12 139 535**	**473 722**	**3 328 074**	**57 000**	**2 711 000**	**176 412**	**18 885 743**
Fee income	1 404 609	-	568 799	-	-	-	1 973 408
Other Operating Income	304 313	424 023	158 140	332 000	-	-	1 218 476
Total Operating Income	**1 708 922**	**424 023**	**726 939**	**332 000**	-	-	**3 191 884**
Other Operating Expenses	(124 591)	(4 907)	(51 849)	-	-	-	(181 347)
Portfolio management fees	(2 350 104)	(63 791)	(433 699)	-	-	-	(2 847 594)
G&A	(1 271 167)	-	(741 355)	-	-	-	(2 012 522)
Operating Expenses	(578 579)	(109 814)	(87 882)	(258 523)	(1 540 356)	(301 731)	(2 876 885)
Contingent Provisions	(213 863)	(2 352)	(11 503)	-	-	-	(227 718)
Financial Asset Impairment	607 104	(203 799)	5 119	-	-	-	408 424
Earnings Before Taxes	**9 917 257**	**513 082**	**2 733 844**	**130 477**	**1 170 644**	**(125 319)**	**14 339 985**
Income Taxes	(2 206 947)	(162 992)	(621 683)	-	-	-	(2 991 622)
Net Income	7 710 310	350 090	2 112 161	130 477	1 170 644	(125 319)	11 348 363
Contact's Share	49%	33,40%	49%	49,99%	40,1%	49,20%	
Company share before elimination	**3 778 052**	**116 930**	**1 034 959**	**65 225**	**469 428**	-	**5 464 595**
Portfolio management fees& dividends Elimination	1 151 551	21 306	212 512	-	-	-	1 385 369
Profit share from associate	**4 929 603**	**138 236**	**1 247 471**	**65 225**	**469 428**	-	**6 849 964**

31 March 2020	Bavarian Contact	Star	EZZ Elarab	Motor Care Egypt	Motor Care Services	Total
Sales Revenue - goods and services	163 616 604	-	39 959 667	2 768 299	873 736	207 218 306
Income from financing activities	11 060 694	854 162	2 305 583	-	-	14 220 439
Securitization Gain	13 721 071	-	3 322 576	-	-	17 043 647
Interest Expense	(5 437 332)	(42 990)	(1 116 653)	-	-	(6 596 975)
Cost of sales - good and services	(163 616 604)	-	(39 959 667)	(1 840 836)	(986 622)	(206 403 729)
Gross Profit	**19 344 433**	**811 172**	**4 511 506**	**927 463**	**(112 886)**	**25 481 688**
Fee income	1 596 763	-	556 062	-	-	2 152 825
Other Operating Income	592 670	3 055 951	215 147	3 724	-	3 867 492
Total Operating Income	**21 533 866**	**3 867 123**	**5 282 715**	**931 187**	**(112 886)**	**31 502 005**
Other Operating Expenses	(107 196)	(30 316)	(35 742)	-	-	(173 254)
Portfolio management fees	(3 402 000)	(90 508)	(377 129)	-	-	(3 869 637)
G&A	(1 615 102)	-	(291 752)	-	-	(1 906 854)
Operating Expenses	(345 938)	(81 087)	(81 804)	(624 566)	(28 656)	(1 162 051)
Contingent Provisions	(170 872)	(9 775)	(23 661)	(6 930)	(2 184)	(213 422)
Financial Asset Impairment	(12 850)	(18 067)	(1 529)	-	-	(32 446)
Earnings Before Taxes	**15 879 908**	**3 637 370**	**4 471 098**	**299 691**	**(143 726)**	**24 144 341**
Income Taxes	(3 607 480)	(779 576)	(1 008 635)	(35)	(1 354)	(5 397 080)
Net Income	**12 272 428**	**2 857 794**	**3 462 463**	**299 656**	**(145 080)**	**18 747 261**
Contact's Share	49%	33,4%	49%	40,1%	-	-
Company share before elimination	**6 013 490**	**954 503**	**1 696 607**	**120 162**	-	**8 784 762**
Portfolio management fees& dividends Elimination	1 667 145	30 230	184 793	-	-	1 882 168
Profit share from associate	**7 680 635**	**984 733**	**1 881 400**	**120 162**	-	**10 666 930**

20- Income Tax

Charged to Income Statement	31-Mar-21	31-Mar-20
Current income tax	31 487 546	28 272 107
Deferred income tax	55 774	(528 777)
Treasury Bills Tax	7 565 265	8 778 551
Total	**39 108 585**	**36 521 881**

Deferred Tax Assets

	31-Mar-21	31-Dec-20
Property plant and equipment (depreciation)	275 242	301 313
Total	**275 242**	**301 313**

Deferred Tax Liability

	31-Mar-21	31-Dec-20
Financial portfolio (FVOCI)	25 848 395	22 657 182
Total	**25 848 395**	**22 657 182**

Deferred tax assets for the following items were not recognized due to lack of sufficient assurance that they are to be realized in the future.

	31-Mar-21	31-Dec-20
Impairment in debtors and other debit balances	4 550 648	4 342 308
Impairment in accounts receivable	2 760 492	3 356 837
Total	**7 311 140**	**7 699 145**

Effective tax rate

	31-Mar-21	31-Mar-20
Net profit (before tax)	153 884 764	130 306 446
Tax rate	22.50%	22.50%
Income tax calculated based on net income	34 624 071	29 318 950
Tax adjustments effect	4 484 514	7 202 931
Income tax	**39 108 585**	**36 521 881**
Effective tax rate	25.41%	28.03%

21- Earnings Per Share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the period.

	31-Mar-21	31-Mar-20
Net Profit for the period after taxes for owners of the company	109 290 438	90 658 827
weighted average No. of ordinary shares	1 175 086 067	1 167 530 798
Earnings per share	**0.09**	**0.08**

22- Property Plant and Equipment

	Lands	Buildings	Vehicles	Furniture and fixture	Machinery & Equipment	Computers and software	Leasehold Improvement	Total
Cost	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2020	29 662 500	2 593 854	4 875 443	22 584 149	12 760 155	38 326 698	67 616 854	178 419 653
Additions for the period	-	-	710 000	509 188	895 274	1 649 706	5 183 031	8 947 199
Disposals during the period	-	-	-	-	(14 825)	-	-	(14 825)
Total cost in 31 March 2020	**29 662 500**	**2 593 854**	**5 585 443**	**23 093 337**	**13 640 604**	**39 976 404**	**72 799 885**	**187 352 027**
Balance at 1 January 2021	29 662 500	2 593 854	6 706 175	26 541 646	17 877 431	46 990 446	87 865 966	218 238 018
Additions for the period	-	-	1 706 657	1 246 680	1 605 584	6 619 954	3 718 757	14 897 632
Disposals during the period	-	-	-	-	(150 781)	-	-	(150 781)
Total cost in 31 March 2021	**29 662 500**	**2 593 854**	**8 412 832**	**27 788 326**	**19 332 234**	**53 610 400**	**91 584 723**	**232 984 869**
Accumulated Depreciation								
Accumulated depreciation in 1 January 2020	-	453 925	275 135	7 106 407	4 762 200	26 299 390	21 320 719	60 217 776
Depreciation for the period	-	32 423	320 876	495 845	560 190	1 667 019	2 034 639	5 110 992
Accumulated depreciation for disposals	-	-	-	-	(2 474)	-	-	(2 474)
Total Accumulated depreciation in 31 March 2020	**-**	**486 348**	**596 011**	**7 602 252**	**5 319 916**	**27 966 409**	**23 355 358**	**65 326 294**
Accumulated depreciation in 1 January 2021	-	583 618	1 685 904	9 123 729	7 202 944	33 412 955	30 502 518	82 511 668
Depreciation for the period	-	32 423	423 530	555 883	844 145	2 100 182	2 780 002	6 736 165
Accumulated depreciation for disposals	-	-	-	-	(68 369)	-	-	(68 369)
Total Accumulated depreciation in 31 March 2021	-	**616 041**	**2 109 434**	**9 679 612**	**7 978 720**	**35 513 137**	**33 282 520**	**89 179 464**
Net as at 31 December 2020	**29 662 500**	**2 010 236**	**5 020 271**	**17 417 917**	**10 674 487**	**13 577 491**	**57 363 448**	**135 726 350**
Net as at 31 March 2020	**29 662 500**	**2 107 506**	**4 989 432**	**15 491 085**	**8 320 688**	**12 009 995**	**49 444 527**	**122 025 733**
Net as at 31 March 2021	**29 662 500**	**1 977 813**	**6 303 398**	**18 108 714**	**11 353 514**	**18 097 263**	**58 302 203**	**143 805 405**

23- Right of use assets

	Buildings EGP	Total EGP
Cost		
Balance at 1 January 2021	234 761 482	234 761 482
Additions for the period	24 682 144	24 682 144
Total cost in 31 March 2021	**259 443 626**	**259 443 626**
Accumulated Depreciation		
Balance at 1 January 2021	-	-
Depreciation for the period	7 167 638	7 167 638
Total Accumulated depreciation in 31 March 2021	**7 167 638**	**7 167 638**
Net book value		
Net as at 31 March 2021	**252 275 988**	**252 275 988**

24- Goodwill

Company	Description
Sarwa Securitization	*On Sep.2006 Contact Credit company (Contact Auto Credit) previously acquired Contact Egyptian International for Trade and Investment in a manner that its share capital participation percentage reached 96.8 % (the latter owns %81 of the capital of Sarwa Securitization) *On Dec. 26 2013 Contact Credit sold (transferred the ownership of) Egyptian International for Trade and Investment at 99.9% to Sarwa Capital for financial investments (parent company) *On May 20 2020 Sarwa Securitization merged into Egyptian International for Trade and Investment.
Contact Auto Credit	On Nov.10 2013 the Company acquired 999 990 shares from minority shareholders with a total share capital participation percentage of 99.9%
Contact Leasing	On 31 March 2015 the Company acquired 1 999 990 shares representing 99.995% of the share capital participation percentage.

The total goodwill amounted to EGP 25 302 524 as at the acquisition dates on March 31, 2021 compared to EGP 25 302 524 on December 31, 2020.

25- Investments in Associates

Company's Name	Capital Participation 31-Mar-21	% of Capital Participation	Capital Participation 31-Dec-20	% of Capital Participation
Bavarian Contact Car Trading	11 468 628	%49	23 246 803	%49
Star Auto Credit	5 151 009	%33.4	5 935 879	%33.4
Ezz El-Arab - Contact Financial	6 786 882	%49	10 783 521	%49
Egyptian Credit Service	5 003 501	%49.9	4 938 275	%49.9
Total	**28 410 020**		**44 904 478**	

31-Mar-21	Bavarian Contact Car Trading	Star Auto Credit	Ezz Elarab/Contact Financial	Egyptian Credit Service
Total assets	90 223 880	26 417 270	38 856 828	10 793 095
Total liabilities	(63 374 784)	(9 183 131)	(24 651 535)	(784 093)
Net assets	**26 849 096**	**17 234 139**	**14 205 293**	**10 009 002**

31-Dec-20	Bavarian Contact Car Trading	Star Auto Credit	Ezz Elarab/Contact Financial	Egyptian Credit Service
Total assets	126 516 519	26 208 520	50 577 016	10 342 076
Total liabilities	(72 603 176)	(6 481 310)	(27 779 604)	(463 550)
Net assets	**53 913 343**	**19 727 210**	**22 797 412**	**9 878 526**

Note:

The share of (Contact credit Company) a subsidiary of the parent company, the losses in both Motor Care Services and Motor Care Egypt exceeded the share capital participation percentage.

26- Financial Investments

	31-Mar-21	31-Dec-20
Financial investments measured at fair value through other comprehensive income (equity instruments)	10 145 256	10 145 259
Financial investments measured at fair value through other comprehensive income (debt instruments)	1 067 963 168	1 174 162 819
	1 078 108 424	**1 184 308 078**

A) Financial Investments Measured at Fair Value Through Other Comprehensive Income (FVOCI) (Equity Instruments)

	31-Mar-21	31-Dec-20
Egyptian Mortgage Refinancing company	6 413 750	6 413 750
A I venture	3 731 506	3 731 509
	10 145 256	**10 145 259**

* It is a mandatory investment valued at cost since it is not listed in an active market and its fair value cannot be reliably determined considering the following:
Companies which are not listed in the stock exchange.
The group owns a small stake in these companies a matter which restricts access to detailed and accurate information to conduct the evaluation process and measure the fair value.
Net equity is positive as per the financial statements a matter which reflects the absence of any indicators of impairment in the investment value.

B) Financial Investments Measured at Fair Value Through Other Comprehensive Income (Debt Instruments)

	31-Mar-21	31-Dec-20
Treasury bills	967 454 290	1 071 593 769
Securitization bonds	8 235 566	11 448 639
Treasury bonds	92 273 312	91 120 411
	1 067 963 168	**1 174 162 819**

27- Debtors and Other Debit Balances

	31-Mar-21		31-Dec-20	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Insurance Companies - debit balances	7 797 055	-	7 797 055	-
Prepaid expenses	33 622 542	5 767 897	30 401 166	15 988 901
Advance payments to suppliers	10 095 101	-	34 800 810	-
Accrued revenue	37 315 902	-	28 803 495	1 844 055
Advances and Imprest	8 573 134	-	7 646 968	-
Tax authority - Current accounts	4 531 984	-	3 837 979	-
Other debit balances	48 910 787	4 353 880	40 020 121	4 306 408
Insurance operations receivables	47 232 997	-	18 394 411	-
Deposits with third party	894 520	175 780	869 520	200 780
Acquired assets	8 823 985	-	-	-
Discounting debit balances	154 471 199	-	86 320 786	-
Less: Impairment	(20 225 101)	-	(19 299 149)	-
Net	**342 044 105**	**10 297 557**	**239 593 162**	**22 340 144**
Total	**352 341 662**		**261 933 306**	

The summary for the movement of provision for doubtful debts is as follows

	31-Mar-21	31-Dec-20
1 January	19 299 149	7 797 055
Provided during the period	925 952	11 502 094
31 March	20 225 101	**19 299 149**

28- Loans and Receivables

	31-Mar-21	31-Dec-20
Loans and Receivables measured at fair value through other comprehensive income	1 888 255 187	1 680 318 807
Loans and Receivables measured at amortized cost	834 608 407	721 847 847
	2 722 863 594	**2 402 166 654**

A-Loans and Receivables Measured at Fair Value Through Other Comprehensive Income

	31-Mar-21	31-Dec-20
Receivables-goods	840 288 213	803 831 553
Leasing- accounts receivable	797 596 323	642 599 986
Receivables-mortgage	250 370 651	233 887 268
	1 888 255 187	**1 680 318 807**

B-Loans and Receivables Measured at Amortized Cost

	31-Mar-21		31-Dec-20	
	Within a year	More than one year	Within a year	More than one year
Receivables-goods	161 343 732	42 149 287	140 206 434	18 202 103
Receivables-services	6 058 202	-	4 498 366	-
Leasing- accounts receivable	72 556 348	66 965 721	65 857 030	59 055 775
Factoring -accounts receivable	146 744 544	5 635 210	121 929 330	729 434
Receivables-mortgage	52 620 160	642 286 426	45 368 553	586 873 731
Transferred financial rights	28 286 253	1 987	36 247 824	532 957
Less:				
Deferred Interest & deferred Insurance	(115 174 127)	(260 879 676)	(99 381 810)	(243 352 603)
Allowance for impairment	(13 985 660)	-	(14 919 277)	-
Net	**338 449 452**	**496 158 955**	**299 806 450**	**422 041 397**
Total	**834 608 407**		**721 847 847**	

29- Securitization Surplus

In the ordinary course of business activity; Contact Credit Group perform securitization process of Loans and Receivables resulting in some financial assets being transferred to Sarwa Securitization (Special Purpose Entity) on behalf of the bondholders.
The following is a list of the financial assets and liabilities pertaining to the outstanding securitization transactions of Sarwa Securitization.

Description of transferred financial assets/liabilities that were disposed (derecognized)	**31-Mar-21**	**31-Dec-20**
Financial Rights Portfolios	3 642 328 680	4 253 155 591
Amounts collected for custodian	26 481 937	24 512 191
Cash held with custodian	273 743 870	344 129 814
Total Financial Assets transferred	**3 942 554 487**	**4 621 797 596**
Less: bonds issue	(3 921 743 887)	(4 592 289 814)
Surplus of securitization processes	**20 810 600**	**29 507 782**

The financial assets transferred to Sarwa Securitization meets the financial assets derecognition criteria offset between financial assets and liabilities was made for the group's consolidated financial statements.

Bank's Escrow Account

	31-Mar-21	**31-Dec-20**
Treasury bills	5 859 849	8 940 566
Reserve account	6 929 028	3 993 291
Proceeds from discounting process	8 008 224	4 591 767
Less: Allowance for impairment of financial assets	(20 797 101)	(17 525 624)
Total	-	-

Represents a reserve account relating to receivables discounted at banks. The reserve is managed (whether increased or decreased) in line with the contractual terms related thereto.

30- Cash on hand and at Banks

	31-Mar-21	31-Dec-20
Banks - current accounts	147 705 350	124 608 977
Cash on hand	15 469 747	4 903 749
Time deposit*	4 500 000	4 417 967
Expected credit losses	(269 748)	(155 455)
Total	**167 405 349**	**133 775 238**

- There is a restriction on the use of these deposits with a total amount of EGP 4 500 000 by the Egyptian financial regulatory authority in return for granting a license to the group to practice some insurance activities.

31- Paid in Capital

- Authorized capital amounts to EGP 600 Million with par value 10 EGP per share.
- Paid in and issued capital amounts to EGP 69 601 510 distributed over 6 960 151 shares with a par value of EGP 10 per share. All shares are ordinary shares and all issued shares are paid in full.
- On 14 April 2016 the capital was increased by 1 750 161 shares with a total par value of EGP 17 501 610 and was recorded in the commercial register.
- On 5 April 2017 the capital was increased by 968 378 shares with a total par value of EGP 9 683 780 and was recorded in the commercial register.
- On 14 May 2018 the extraordinary general assembly approved increasing the authorized capital by EGP 400 million to EGP 1 billion and the paid in capital by EGP 3 213 100 to EGP 100 million in addition to a share split of 62.5:1 changing the par value from EGP 10 per share to EGP 0.16 per share making the total number of shares 625 million instead of 10 million. This was recorded in the commercial register.
- The company's extraordinary general assembly dated 14 August 2018 approved the initial public offering of the company on the Egyptian Stock Exchange through a private and public placement.

  The offering was executed on 11 October 2018 with a total of 295 170 731 shares owned by some of the company's shareholders by 47.2% with total proceeds of EGP 2 172 456 581 EGP 700 million of which are to be reinvested in the company in a capital increase at the same price of the offering.

- On 17 October 2018 the Board of Directors with an authorization from the extraordinary general assembly dated on 14 August 2018 approved the increase of the issued and paid –in capital by 95 108 696 shares at EGP 7.36 per share which represent EGP 0.16 nominal value per share and EGP 7.2 increase in premium reserve per share for a total amount of EGP 700 000 003 which is represented in .
- The increase took place on 5 November 2018 the total proceeds were recorded as EGP 15 217 391 in the share capital account with the balance of EGP 684 782 612 recorded in the share premium account.
- On May 9, 2019 the issued and paid-in capital have increased by a decision of the Company's Board of Directors held on March 3, 2019. The increase of the Company's capital through the issuance of 28 million shares at nominal value of LE 0.16 amounted to EGP 4 480 000 the total value of the increase is fully funded from the balance of retained earnings. The 28 million shares issued for the bonus and incentive system approved by the Egyptian financial regulatory Authority (FRA) on 26 February 2019. The issued and paid-in capital amounted to LE 119 697 391.
- On October 3 2019 the issued and paid-in capital have increased by a decision of the Company's Board of Directors held on May 13, 2019 and authorized by companies extraordinary general assembly dated September 8, 2019 through distribution of free shares to shareholders according to their investment percentage by 3 shares for every 5 shares to be financed from retained earning balance with nominal value 0.16 Egyptian pound. The issued and paid-in capital amounted to 191 515 840 EGP distributed by 1 196 974 000 shares.
- On February 15, 2021 the issued capital was adjusted to be 950 million EGP rather than 1 billion EGP and was recorded in the commercial register on March 28, 2021.
- The following schedule represents the ownership structure at the financial position date:

Company Name	**No. of Shares**	**Amount**	**Percentage**
Consolidated Financial Holding	724 601 986	115 936 318	60.53%
Orascom investment holding	350 088 786	56 014 206	29.25%
Other shareholders	77 419 140	12 387 062	6.47%
ESOP-unassigned	21 887 933	3 502 069	1.829%
ESOP-assigned	22 976 155	3 676 185	1.921%
	1 196 974 000	**191 515 840**	**100%**

32- Reserves

	31-Mar-21	31-Dec-20
Legal reserve	69 736 983	63 172 149
Fair value reserve	138 553 750	128 002 362
Share premium reserve	772 621 782	766 590 522
	980 912 515	**957 765 033**

32-1- Legal Reserve

Legal reserve balance on March 31, 2021 amounted to EGP 69 736 983 compared to EGP 63 172 149 as of December 31, 2020. According to Law 159 for the year 1981 and the Company's articles of association 5% of annual net profit is transferred to the legal reserve. Upon the approval of the general assembly the Company may stop such transfer when the legal reserve reaches 50% of the issued capital.

32-2 Fair value reserve

	31-Mar-21	31-Dec-20
Opening balance	128 002 362	-
Effect of implementing EAS 47	-	242 343 027
Other comprehensive income for the period	10 551 388	(114 340 665)
Ending Balance	**138 553 750**	**128 002 362**

32-3 Share premium reserve

The company's capital was increased on April 14, 2016 April 5, 2017 November 5, 2018 and October 3, 2019 which resulted in share premium reserve as follows:

	Description	
Share premium reserve as at December 31 2015	-	
No. of increase in shares	1 750 161	shares
Value of increase in capital	17 501 610	EGP
Share premium amount	28 780 324	EGP
Share premium reserve as at December 31 2016	**28 780 324**	**EGP**
No. of increase in shares	968 378	shares
Value of increase in capital	9 683 780	EGP
Share premium amount	35 486 386	EGP
Share premium reserve as at December 31 2017	**64 266 710**	**EGP**
No. of increase in shares	95 108 696	shares
Value of increase in capital	15 217 391	EGP
Share premium amount	684 782 612	EGP
Share premium reserve as at December 31 2018	**749 049 322**	**EGP**
No. of increase in shares	448 865 304	shares
Value of increase in capital	71 818 449	EGP
Share premium amount	1 359 820	EGP
Share premium reserve as at December 31 2019	**750 409 142**	**EGP**
Share premium ESOP	16 181 380	EGP
Share premium reserve as at December 31 2020	**766 590 522**	**EGP**
Share premium ESOP	6 031 260	EGP
Share premium reserve as at March 31 2021	**772 621 782**	**EGP**

According to law No.159 for year 1981 and its executive regulations the amount of share premium is to be added to the legal reserve of the company up to reaching 50% of the issued capital. Any excess is recognized as a special reserve and cannot be distributed as dividends.

33- Retained Earnings

The retained earnings include legal reserves and general reserves of subsidiaries which were classified as retained earnings for the purpose of the preparation of the consolidated financial statements however they should not be distributed. And their amount reached EGP 64 054 656 as at March 31, 2021 and EGP 48 470 248 as at December 31, 2020.

In addition, the retained earnings include the value of the retained earnings for Sarwa Securitization company with an amount of EGP 23 299 317 as at March 31, 2021 and EGP 19 132 158 as at December 31 2020 the prospectus of the various securitization issuances stipulated that Sarwa Securitization company is not allowed to distribute any dividends unless after all the liabilities of the bondholders are completely paid through the custodian bank without prejudice to its rights in distributing dividends resulting from surplus in other securitization portfolios.

34- Loans and Overdrafts

	31-Mar-21		31-Dec-20	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Loans	254 352 304	673 172 208	285 735 140	577 483 186
Short term facilities	251 718 767	-	118 050 377	-
Egyptian Mortgage Refinancing Company	6 907 437	358 006 933	6 329 810	340 878 172
Syndication loan	-	-	770 814	15 717 849
	512 978 508	**1 031 179 141**	**410 886 141**	**934 079 207**
Total	**1 544 157 649**		**1 344 965 348**	

35- Suppliers and Other Credit Balances

	31-Mar-21		31-Dec-20	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Suppliers	41 699 438	-	44 659 720	-
Accounts Receivables - Credit balances	11 210 772	-	17 252 349	-
Tax authority - Current account	18 022 904	-	35 243 829	-
Custodian*	36 382 504	-	25 895 465	-
Accrued interest	6 780 317	-	11 155 086	-
Insurance and reinsurance companies	37 453 801	-	25 674 041	-
Accrued expenses	28 269 555	-	45 653 450	-
Deposits held with third party	5 043 830	-	5 134 498	-
Insurance companies- credit balances	3 053 718	-	1 250 746	-
Default reserve-discounting portfolios	54 301 747	-	51 770 935	-
Dividends payable	129 865 618	-	1 618 498	-
Other credit balances	34 819 637	4 904 876	30 819 016	4 949 160
Deferred revenues	25 890 291	-	892 857	5 282 738
	432 794 132	**4 904 876**	**297 020 490**	**10 231 898**
Total	**437 699 008**		**307 252 388**	

* According to the custody agreement concluded between the group and the custodian it was agreed that the group will collect the installments related to customers' contracts which are transferred to Sarwa Securitization company on its behalf. They shall be subsequently transferred to the custodian; the aforementioned balance represents the amounts collected till the financial position date that were transferred to the custodian in the subsequent period.

36- Lease liability

	Lease liability contracts	Total
Balance at 1 January 2021	232 186 595	232 186 595
Additions for the period	24 682 144	24 682 144
Interest expense	1 102 207	1 102 207
Payment in the period	(9 184 847)	(9 184 847)
Total lease liability at 31 March 2021	**248 786 099**	**248 786 099**

37-Related Parties

37-1 Financial Position Balances

Related Party		**31-Mar-21**	**31-Dec-20**
Due from Related Parties	**Relation Nature**		
Star Auto Credit	Associate 33.4%	4 058 856	2 904 184
Motor Care Egypt	Associate 40.1%	2 909 629	2 440 201
Bavarian Contact Car Trading	Associate 49%	7 430 001	15 801 018
Ezz El-Arab - Contact Financial	Associate 49%	896 436	2 144 012
Other shareholders		30 283	30 283
Total		**15 325 205**	**23 319 698**

37-2 Income Statement Transactions

		31-Mar-21	**31-Mar-20**
		Expense (Revenue)	
Bavarian Contact Car Trading	Associate 49%		
Operating Income - Management and incentive fees		(1 198 553)	(4 243 148)
Star Auto Credit	Associate 33.4%		
Operating Income - Management fees		(42 485)	(209 265)
Ezz El-Arab / Contact Financial	Associate by 49%		
Operating Income - Management fees		(221 186)	(769 344)

37-3 Portfolio Management Fees

Contact Credit collects the financial rights of the customers of Sarwa Securitization Company in accordance with the service and collection contracts concluded with Sarwa Securitization Company then the collected amounts are remitted to the custodian in return for monthly collection fees (for the 27, 28, 30, 32, 33 and 34 bond issuances). The total amount of such fees as at March 31, 2021 amounted to EGP 1 025 668 compared to EGP 55 000 as at March 31, 2020.

37-4 Bonus and Salaries for Executive Management:

The value of bonus and salaries for the executive management of the group as at March 31, 2021 amounted to EGP 10 528 912.

38- Other provisions

	31-Mar-21	**31-Dec-20**
Beginning balance	34 543 171	32 516 412
Provided during the period	1 578 900	6 542 301
No longer required	(3 001 008)	-
Provision used during the period	(424 456)	(4 515 542)
Ending balance	**32 696 607**	**34 543 171**

- Other provisions relate to legal tax and other exposures - see accounting policy in note 45-23

39- Tax Position

First: Corporation income tax:

- Tax returns of Contact financial holding (Sarwa Capital Holding for Financial Investments (S.A.E) previously) were submitted for the years since the inception of the business activity till 2019 on the due dates according to law No. 91 for year 2005.
- Years 2010-2014: are currently being inspected by the Tax the Inspectorate.

Second: Salary tax:

- The Company regularly settles the tax pay on the legal due dates and preparation of the data required for inspection is in process.

Third: Stamp tax

- The inspection was completed until 2016 and the due tax differences were paid.

40- Letter of Guarantee

	31-Mar-21	31-Dec-20
Letter of Guarantee - Suppliers	3 000 000	3 000 000
Total	**3 000 000**	**3 000 000**

41- Commitments and Liabilities

Minimum payments for future leases expected for future trade centers under lease are due as follows:

	31-Mar-21	31-Dec-20
First year	32 441 330	35 100 851
Second year	39 411 929	35 896 904
Third year	39 944 061	36 344 698
Fourth year	41 156 092	37 472 518
Above 5-year	295 311 994	262 236 709
Ending balance	**448 265 406**	**407 051 680**

42- Guarantees and Securities

- Contact Auto Credit provided joint guarantees for each of the associated and subsidiary companies operating under the credit sale system and the credit limit is granted in the name of Contact Auto Credit provided that the purpose of such credit limit and the use thereof shall be directed towards financing the activity of the Group and/or financing the activity of any of the associated companies. Borrowing shall be carried out in the name of each company that uses the credit facility separately and within the limit of the total credit facility granted to Contact Auto Credit.
- Each company remains committed to pay the liabilities and assume any losses and risks resulting from nonpayment. The balance of credit facilities and loans granted to the companies in consideration of the joint guarantee amounted to EGP 308 050 238 as at March 31, 2021 compared to EGP 327 056 503 as at December 31, 2020.

43- Objective and Policies of Financial Risks Management

This disclosure presents information about to the extent to which the group is subject to the following risks resulting from using the financial instruments the group's goals policies and operations regarding the measurement and management of such risks and the group's capital management as well.
The group's board of director is responsible for setting the framework for the risk management process and its monitoring. The group's top management is the responsible for setting and monitoring the risk management policies.

The internal audit committee monitor the compliance of the group's top management with policies and procedures adopted for the financial risk management process and the adequacy of the current policies and procedures to the expected financial risks.

43-1 Credit Risk

Credit risks are the financial losses incurred by the Company in the event that customer or the counterparty do not fulfill a or his/its obligations under of the terms and conditions of the financial instruments contract

The group mainly faces credit risks from clients' receivables notes receivable sundry debtors other debit balances dues from related parties as well as its financing activities including deposits at banks and financial institutions.

First: Receivables Balances

- The credit risk is managed through the group's policies procedures and control structure related to risk management. As the credit worthiness is being measured for each client separately through conducting field survey to assure good reputation and credit worthiness of client and his ability to repay all his financial liabilities. The credit limit is determined according to this evaluation. The client's outstanding accounts are monitored on continuous basis. Impairment study is conducted at the financial position date.
- As for the financial Assets that are considered to be credit-impaired the ECL provision covers the amount of loss expected to be incurred by the Group. The evaluation of ECLs is carried out on a case-by-case basis for non-homogeneous portfolios or through applying portfolio-based standards in respect of individual Financial Assets in these portfolios via the Group's ECL Model for homogeneous portfolios.
- Future economic forecasts are to be considered while calculating ECLs. The lifetime expected losses are estimated based on the probability-weighted present value in respect of the difference between the contractual cash flows that are due to the Group under the contract; and the cash flows that the Group expects to receive.

Amount arising from expected credit loss (ECL)

Inputs Assumptions and Techniques used for estimating

Significant increase in credit risks

When determining whether the risk of default in payment pertaining to a financial instrument increased significantly since initial recognition the group considers reasonable and supportable information that is relevant available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the group's historical experience and experts credit assessment submitted as a kind of forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk occurred due to an exposure to credit risk or not.

Credit Risk Grades

The group allocates a grade for each exposure to a credit risk based on a variety of data that is determined to be predictive of the risk of default in payment applying experienced credit judgements and sound recovery process. In some cases, the group allocates a grade exposure to credit risk using the flow rate methodology. These factors vary depending on the nature of the exposure.

Risk grades are defined and calibrated in a manner that the risk of default increases exponentially as the credit risk deteriorates so for example the difference in risk of default between credit risk for buckets 1 and 2 is smaller than the difference between credit risk for buckets 2 and 3.

The table below shows the group's grades and their risk definitions;

Rating Grades	Bucket	Description
1	Current	Stage 1
2	1-30	Stage 1
3	31-89	Stage 2
4	>90	Stage 3

Structure of probability of default (PD) Model

By applying the flow rate methodology; default in payment of dues is deemed as fundamental input for determining the structure of PD for each bucket. The Group collects performance and default information about its credit risk exposures customers based on the historical analysis for each kind of asset and line of business.

The Group employs statistical models to analyze the data collected by the Group and generate estimates to determine he remaining lifetime PD on exposures and how that outcome is ta expected to change by the passage of time.

These analyses include identifying and comparing the relationships between changes in default rates and changes related to key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) pertaining to the risk of default and most exposures are related to the main factors of macroeconomics.

The management team should annually identify the macroeconomic variables that may impact the group's financial assets.

The Management Team of the Group will assess the base case, best case and worst-case forecasts of the selected macroeconomic indicators and how likely they are expected to improve based on trends in the indicators and macro-economic commentaries.

In determining the ECL for other assets the group applies the loss ratio model to estimate ECLs.

Determining whether credit risk has increased significantly or not

The criteria for determining whether credit risk has increased significantly vary according to the kind of financial assets portfolio and the quantitative and qualitative factors including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition as follows:

The group considers that a significant increase in credit risk occurs when the default in payment is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The group monitors the effectiveness of the criteria used to identify significant increases in credit risk by performing regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risks before classifying the financial instrument as being i in default;
- The criteria do not align with the point in time when the defaulting asset becomes 30 days past due; and
- There is no unwarranted volatility in provision for loss due to the transfer of the financial instrument from 12-month PD (stage 1) to lifetime PD (stage 2).

The contractual terms of a loan may be amended for a number of reasons including changing market conditions customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms were modified may be derecognized and the renegotiated loan shall be recognized as a new loan at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified, and the modification does not result in derecognition the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD which is estimated based on data at initial recognition and the original contractual terms.

The group renegotiates the issue of loans granted to customers who encounter financial difficulties (referred to as 'forbearance activities) to maximize collection opportunities and minimize the risk of default. Under The group's forbearance policy loan forbearance is granted on a selective basis if the debtor is currently in default of its debt or if there is a high risk of default there is an evidence that the debtor exerted all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the amended terms.

The amended terms usually include extending the maturity date changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

As for financial assets modified as part of the group's forbearance policy the estimate of PD reflects whether the modification has improved or restored the group's ability to collect interest and principal and the group's previous experience of similar forbearance action. As part of this process the group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Definition of default

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

- The borrower is past due for a period of equal / more than 90 days regarding any obligation towards the group
- Relying on data developed internally and obtained from external sources.

Inputs of assessment regarding whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Group's definition of default is in line with the definition applied by the Company for the statutory (regulatory) capital purposes

Measurement of ECL

The key inputs into the measurement of ECL are the terms structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical model's external data and other historical data. They are adjusted to reflect forward looking information as described above.

Probability of Default is a measure of the likelihood that an obligor will default on a contractual obligation. PD estimate are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Generally, the Group uses two approaches in estimating PDs: Internally generated PDs (where internal data is available) and External PDs (where internal data is unavailable). For the purposes of PD estimation for financial assets it was adopted as the basis for each category of similar characteristics.

As a result, every category with similar line of business would have the same PD.

In case of External PDs market data are used to derive the PDs for counterparties. (if the data are not available)

If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

Loss Given Default is the measure of the percentage of the outstanding balance that the Group may lose in the event of a default. The Group estimates LGD based on the history of recovery rates of claims against defaulting counterparties.
Exposure at default is an estimate of the outstanding remaining loan balance at the time of default. Multi-period EADs are a collection of EAD values referring to different time periods over the lifetime of a financial asset.
The group estimates the multi-period EAD for on-balance sheet exposures based on the contractual repayment cash flows and expectation of future prepayment.

For off-balance sheet exposures the EAD includes the amount drawn as well as potential future amounts that may be drawn under the contract. In this case the group will estimate the credit exposure equivalent (CEE) of all off-balance sheet exposures. This is performed using the credit conversion factor (CCF). CCF is the rate at which off-balance sheet commitments crystalize and become on-balance sheet exposures.
Where modelling of a parameter is carried out on a collective basis the financial instruments are ranked on the basis of shared risk characteristics that include:

- Instrument type;
- Buckets gradings (categorizing portfolios in groups or classes);
- Collateral type;
- Default in payment
- Date of initial recognition;
- Remaining term to maturity;
- Line of business

As for portfolios in respect of which the group has limited historical data such as investment securities - debts Money market balances kept at other banks selected external rating agencies are used to -complete the internally available data.

Incorporation of Forward-Looking Information (FLI)

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the management team and consideration of a variety of external actual and forecasted information the group formulates a forecast of the future trend of relevant economic variables as well as a range of other possible forecast scenarios. This process involves developing one or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts made available by external sources.

The base case represents a most-likely outcome and is aligned with information used by the group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more prudent outcomes. Where there are no significant correlations between the macroeconomic variable and default the group performs - this analysis according to expert judgement. In cases where the group uses expert judgment due to the imposed restrictions it shall keep exploring other options to arrive at a statistical basis for incorporating FLI into its ECL computation.

Furthermore, the group periodically carries out stress testing in respect of the economic changes in a more prudent manner to measure the repercussions of ECL

The group identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments using an analysis of historical data and estimated relationships between macro-economic variables credit risk and credit losses. The economic scenarios used as at 31 Dec 2020 and 31 March 2021 are as follows:

	31 December 2020	31 March 2021
Average actual wages (% change pa)	-	-
Domestic Credit Growth (%)	-	-
Exchange rate LCU: $ (end-period)	Base 15.69 (Stressing by 1 %Standard Deviation)	Base 15.69 (Stressing by 1 %Standard Deviation)
Exchange rate LCU:US$ (av)	Base 15.81 (Stressing by 1 %Standard Deviation)	Base 15.81 (Stressing by 1 %Standard Deviation)
Government consumption (% of GDP)	Base 7.971 (Stressing by 1 %Standard Deviation)	Base 7.971 (Stressing by 1 %Standard Deviation)
Gross domestic product constant prices	Base 3994.315 (Stressing by 1 %Standard Deviation)	Base 3994.315 (Stressing by 1 %Standard Deviation)
Gross fixed investment contribution to actual growth of GDP (% points)	Base -3.6 (Stressing by0 .5 %Standard Deviation)	Base -3.6 (Stressing by0 .5 %Standard Deviation)
Growth in average wages (LCU; annual %)	-	-
Import prices (% annual change pa; US$)	Base -21.8 (Stressing by 1 %Standard Deviation)	Base -21.8 (Stressing by 1 %Standard Deviation)
Inland direct investment (US$)	-	-
Inward FDI flow (% of fixed investment)	Base 11.8 (Stressing by 1 %Standard Deviation)	Base 11.8 (Stressing by 1 %Standard Deviation)
Lending interest rate (%)	Base 11 (Stressing by 1 Standard Deviation)	Base 11 (Stressing by 1 Standard Deviation)
Private consumption (% of GDP)	Base 85.799 (Stressing by 1 %Standard Deviation)	Base 85.799 (Stressing by 1 %Standard Deviation)
Private consumption contribution to actual GDP growth (% points)	Base 1.7 (Stressing by 1% Standard Deviation)	Base 1.7 (Stressing by 1% Standard Deviation)
Public debt (% of GDP)	-	-
actual effective exchange rate	Base 105.7 (Stressing by 1 %Standard Deviation)	Base 105.7 (Stressing by 1 %Standard Deviation)

Actual GDP (% change pa)	Base 3.57 (Stressing by Standard Deviation)	Base 3.57 (Stressing by Standard Deviation)
Unemployment rate	Base 8.296 (Stressing by 1 %Standard Deviation) Range Between 8: 8.296	Base 8.296 (Stressing by 1 %Standard Deviation) Range Between 8: 8.296

Predicted relationships between the key indicators default and loss rates on various portfolios of financial assets were developed based on analyzing historical data over the past 5 years if available.

43-2 Liquidity Risk

The liquidity risk is represented in the factors that could affect the ability of the Group to repay all or part of its liabilities.

The management of the group observes the cash flows and the financing and liquidity requirements of the group. The aim of the group is summarized in striking a balance between the continuity of finance and flexibility through borrowings from banks. The Group manages liquidity risk by maintaining adequate reserves and obtaining facilities pertaining to loans; the matter which is performed through monitoring expected and actual cash flows and matching the maturities of financial assets and liabilities.

The group has enough cash to pay for the expected operating expenses which include financial liabilities.

43-3 Market risk

Market risk arises from the instability of the fair value of future cash flows in respect of the financial instrument as a result of the changes in market prices. Examples for foreign currency risk and interest rate risk these risks may affect the income of the Group. The financial instruments that are affected by market risk include interest bearing loans and deposits. The purpose of managing market risk is to manage and control risks within acceptable limits and at the same time achieve rewarding returns. The group does not keep or issue derivative financial instruments.

43-3-1 Interest rate risk

Interest rate risk arises due to the fluctuations in the fair value of the future cash flows of the financial instruments as a result of the changes in the market interest rates. The management of the group reduces the interest rate risk through matching the similarity between the nature of interest rates applied by the Group to its clients (fixed/variable interest rate) and the nature of interest rates the liabilities (borrowings) of the group towards the lending financial institutions.

43-3-2 Foreign currency risk

This risk is considered to be limited as the value of the financial instruments in foreign currencies and the various transactions that take place in a currency other than the presentation and functional currency are not deem end as relatively influential from a Management perspective.

44- Bases of Measurements

- The financial statements are prepared on a historical cost basis except for financial instruments that are measured at fair value amortized cost or cost as appropriate.

45- Significant accounting policies

- The accounting policies described below have been applied consistently during the years presented in these financial statements.

45-1 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.

45-2 Non-controlling interests

- Non-controlling interest are measured initially at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.
- Changes in the group's interest in subsidiaries which do not result in a loss of control are accounted for as equity transactions.

45-3 Loss of control

- When the group loses control over a subsidiary it derecognizes the assets and liabilities of the subsidiary and any related Non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

45-4 Investments accounted with equity method

- 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 whereby 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 other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases.

45-5 Transactions eliminated on consolidation

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

45-6 Financial instruments

Classification and Measurement

The Group determines the nature of the business model by considering the way in which the financial assets are managed to achieve the business objective as determined by management.

At initial recognition financial assets have been classified and measured according to:

- Amortized cost
- Fair value through other comprehensive income. (FVTOCI) and
- Fair value through profit or loss (FVTPL).

The financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics.

Subsequent Measurement

A financial asset is classified as subsequently measured at: amortized cost fair value through other comprehensive income (FVOCI) or FVTPL on the basis of both the Group's business model for managing the financial asset and the contractual cash flows characteristics of the financial asset.

- A debt instrument is measured at amortized cost if it meets both of the following conditions:
  - The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt instrument is measured at FVOCI only if it meets both of the following conditions:
  - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- All other debit instruments assets will be classified as fair value through profit or loss.

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.

The Group may irrevocably elect to measure equity investment which is not classified as trading investments to be as a fair value through other comprehensive income at initial recognition. And this choice will be made on an instruments by instruments basis.

- All other equity instruments will be classified as fair value through profit or loss.

In addition to that the group may irrevocably elect to designate a financial asset that will be measured at amortized cost or fair value through other comprehensive income to be measured at fair value through profit or loss in the initial recognition if in such a case this reclassification will lead to prevent accounting mismatch.

Business Model Assessment

The Group makes an assessment of the objective of a 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 especially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with the financial liabilities period which finance these assets or target cash flow from selling 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.

The frequency volume and timing of sales in prior periods the reasons for such sales and its expectations about future sales activity.

Meanwhile the scope of the Group is not limited to the information related to sales activity separately but the overall assessment of how the goal that was announced by the Group to manage financial assets can be achieved as well as how to realize cash flow must be taken into account.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of 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 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 the amount of contractual cash flows such that it would not meet this condition.

Financial assets – Subsequent measurement 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.

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.

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 could enter 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 derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes 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 recognized 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 recognized in profit or loss.

Impairment

The Group applies both the general and simplified approaches to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Impairment losses on financial assets are recognized in the Consolidated Income Statement within the credit losses expenses.

Simplified approach model

With regards to trade receivables related to fees and commission the simplified approach model for determining the impairment is performed in two steps:

- Any trade receivable in default is individually assessed for impairment; and
- A general reserve is recognized for all other trade receivables (including those not past due) based on the determined historical loss rates and carry forward losses expectations.

General approach model

The general model impairment requirements of EAS No. (47) apply to all credit exposures that are measured at amortized cost or FVOCI except the positions covered by simplified model as abovementioned.

For purposes of the impairment policy below these instruments are referred to as ("Financial Assets").

The determination of impairment losses and allowance moves from an incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under previous accounting standard to an expected credit loss model under EAS No. (47) where allowances are taken upon initial recognition of the Financial Asset based on expectations of potential credit losses at the time of initial recognition

EAS No. (47) introduces a three-stage approach to impairment for Financial Assets that are not credit-impaired at the date of origination or purchase. This approach is summarized as follows:

Stage 1: 12 months expected credit loss:

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets expected credit loss is recognized on the gross carrying amount of the asset based on the expected credit losses. For these assets expected credit loss is a result of default events that are possible within 12 months after the reporting date.

Stage 2: Lifetime expected credit loss - not credit impaired:

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets' lifetime expected credit loss is recognized but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime expected credit loss - credit impaired:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets' lifetime expected credit losses are recognized.

45-7 Segment reporting

- An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with any of the group's other components whose operating results are regularly reviewed by the group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

45-8 Foreign currency transaction

- Transactions in foreign currencies are translated into the functional currencies of the group 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 financial statements 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 foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

45-9 Lease contracts

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

Policies applied from 1 January 2021

- At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in EAS 49. This policy is applied to contract entered in to, or after 1 Jan 2021.

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 amortized 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 premeasured 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 recognize right-of-use assets and lease liabilities for leases of low – value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policies applied before 1 January 2021

Rental expense is recognized in the income statement on a straight-line basis over the term of the contract.

45-10 Revenue recognition

Policies applied from 1 January 2021

The Group recognizes revenue under Standard No. (48) Revenue from Contracts with Customers using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Interest income

- Interest income is recognized in the income statement on the accrual basis using the Effective Interest Rate Method.

Effective interest rate method

- This is a method for computing the amortized cost of a financial asset or a financial liability (or a combination of financial assets or financial liabilities) and allocating the interest expenses and interest income over the lifetime of the financial asset or financial liability using the effective interest rate.

Effective interest rate

- This is an accurate rate used to discount future payments expected to be paid or collected over the expected lifetime of the financial instrument (and a shorter period where appropriate) in order to determine the present value of financial asset or financial liability).

Dividends income

- Revenues from dividends resulting from group investments are recognized on income statement on the date on which the right of the company to collect the value of these profits arises.

Securitization profit

- The revenue from securitization transactions is recognized when the terms of derecognition of the financial asset for the asset that has been securitized are fulfilled. The revenue from securitization process is measured by the value in the increase in the consideration compared to the book value of the securitization portfolios on the date of transfer.

Insurance Premium Revenues:

- The insurance premium revenues are recognized starting from the date of issuing the insurance policy revenue is recorded within the limits of the value of insurance premium related to the period/year.

Policies applied before 1 January 2021

a- Cars goods sold and rendered services

- Revenues from selling cars and goods are recognized in the Income Statement when the significant risks and rewards of ownership is transferred to the purchaser. The revenues from rendered services are recorded in income statement when the services are rendered. No revenue shall be recognized in case there is a doubt in respect of the reimbursement of the amount in consideration of this revenue or the related costs or in case the administrative connection regarding the sold cars and goods shall continue to exist.

- Sales are represented in the value of cars and goods to be sold to customers at the cash selling price; however the difference between the cash selling price and the total sale value are recognized as deferred interest income that are presented as a deduction from the total indebtedness due from customers . These interests shall be recorded as revenues in the income statement at the effective interest rate until the maturity date
- The same basis shall be applied in recording the revenues of other services represented in providing insurance services and maintenance for the customers (Contact Service Club) through other companies specialized in this field and revenues from financial consulting services.
- The value of the revenue is measured at fair value of the received or accrued consideration of the group.

b- Interest income

- Interest income is recognized in the income statement on the accrual basis using the Effective Interest Rate Method.

c- Effective interest rate method

- This is a method for computing the amortized cost of a financial asset or a financial liability (or a combination of financial assets or financial liabilities) and allocating the interest expenses and interest income over the lifetime of the financial asset or financial liability using the effective interest rate.

d- Effective interest rate

- This is an accurate rate used to discount future payments expected to be paid or collected over the expected lifetime of the financial instrument (and a shorter period where appropriate) in order to determine the present value of financial asset or financial liability).

e- Dividends income

- Revenues from dividends resulting from group investments are recognized on income statement on the date on which the right of the company to collect the value of these profits arises.

f- Securitization profit

- The revenue from securitization transactions is recognized when the terms of derecognition of the financial asset for the asset that has been securitized are fulfilled. The revenue from securitization process is measured by the value in the increase in the consideration compared to the book value of the securitization portfolios on the date of transfer.

g- Insurance Premium Revenues:

- The insurance premium revenues are recognized starting from the date of issuing the insurance policy revenue is recorded within the limits of the value of insurance premium related to the period/year.

45-11 Expenses

Interest expense

- Interest expense on loans is recognized in the income statement using the effective interest rate method.

45-12 Employee benefit

- Employee Stock Ownership Plan (ESOP)
- According to the decision of the Extraordinary General Assembly Meeting of the Group held on May 14 2018 the articles of association of the Group were amended in a manner that allows the Extraordinary General Assembly Meeting of the group to adopt one or more of the following systems to reward employees managers and executive board members of the group and its subsidiaries:
- -Granting bonus shares
- -Granting shares with special prices or easy way payments.
- -A promise to sell shares after a specified period or periods of time and certain conditions are fulfilled in accordance with the group 's promise to sell.
- The General Assembly Meeting determines how to provide the shares necessary for the implementation of any of these - (ESOP) systems whether through the issuance of new shares through the group's purchase of its shares or through the transfer of cash reserve - or part of it as well as converting the retained earnings into shares whose value - is used to increase the issued capital. The decision of the extraordinary general assembly meeting determines the conditions for entitlement to the prescribed shares in accordance with the (ESOP) including the conditions related to the tenure of the position the degree the competence and other conditions.

The group may entrust the management of the system to any of the following:

- Licensed custodians
- One of the companies working in securities field
- labour union of employees holding capital participations.

Short – term employee benefits

- Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plans

- Obligations of defined contribution plans are recognized as an expense when the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is made.
- The group pays contributions to the Public -Social Insurance Authority for their employees based on Social Insurance Law No 79 for the year 1975. The employees and employers contribute to this plan under this law with a fixed percentage of wages. The group's commitment is -confined to the value of their contribution. and. The group's contribution amount shall be charged as an expense to the income statement - according to accrual basis.

Employees' Share in Profits

- The holding Group pays 10% of its cash dividends to its employees as a share in profits provided that it must not exceed the total employees' annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability during the fiscal period - wherein the group's shareholders approved these dividends.

45-13 Income tax

- The recognition of the current tax and deferred tax as income or expense in the profit or loss for the period except in cases in which the tax comes from process or event recognized - at the same time or in a different period - outside profit or loss whether in other comprehensive income or in equity directly or business combination.

Current income tax

- The recognition of the current tax for the current period and prior periods and that have not been paid as a liability but if the taxes have already been paid in the current period and prior periods in excess of the value payable for these periods this increase is recognized as an asset. The current taxable liabilities (assets) for the current period and prior periods measured at expected value paid to (recovered from) the tax authority using the current tax rates (and tax laws) or in the process to issue in the end of the financial period. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

Deferred tax

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.
- Deferred tax is not recognized for:
  - Taxable temporary differences arising on the initial recognition of goodwill.
  - Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:

1. A business combination.
2. And not affects neither accounting nor taxable profit nor 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.

- 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 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 using current tax rate or future expecting rate.
- 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.
- Deferred tax assets and liabilities are offset only if certain criteria are met.

45-14 Property, plant and equipment and depreciation

1) Recognition and measurement
- Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
- 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.

2) Subsequent expenditure
- Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

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 for each item and is generally recognized in profit or loss.
- Land is not depreciated.

Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

Asset	Depreciation years
Building	20
Furniture	10
Computers	3-5
Machinery & equipment	5
Fixtures	10
vehicles	5

- Leasehold improvements are depreciated - over the lease contract period or the useful life of the asset whichever is lower.
- Depreciation methods useful lives and residual values are reviewed at each reporting date and adjusted if -necessary.

45-15 Projects in Progress

- Projects in progress are recorded at cost less accumulated impairment in their value if any. Costs include all costs directly related to - the acquisition of the asset and bringing it to be ready for its intended use and to be used in the purposes for which it is acquired. Projects -in progress are charged to fixed assets when they become ready for their intended use.
- Then the group starts its depreciation using the same bases used to depreciate the same types of assets.

45-16 Goodwill

- Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the acquired assets at the acquisition date. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
- For the purpose of impairment testing goodwill is allocated to each of the Group's cash-generating units expected to generate cash and benefit from this combination. Cash-generating units are tested for impairment annually or more frequently when there is an indication that the unit may be impaired.
- If the recoverable amount of the cash-generating unit is less than its carrying amount the impairment loss is allocated first to reduce the carrying amount of any goodwill previously allocated to the unit and then to reduce the value of the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Taking into account that an n impairment loss recognized for goodwill is not reversed in a subsequent period.

- On disposal of a subsidiary or a jointly controlled entity the attributable amount of goodwill is included in the determination of the profit or loss on sale. This applies as well on investments in associates where goodwill is included within the carrying amount of the investment.

45-17 Earnings per share

- Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the parent group (for their participation in the company's ordinary shares) over the weighted average number of ordinary shares outstanding during the period/year.

45-18 Dividends

- Dividends distribution is recognized as a liability in the financial statements in the period in which the dividends are declared.

45-19 Impairment

Impairment of non-financial Assets

- At each reporting date the reviews the carrying amounts of its non-financial assets (other than biological assets inventories 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 cash generating units. Goodwill arising from a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. 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 cash generating unit.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount.
- Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis.

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

45-20 Cash flows

- The statement of cash flows is prepared using the indirect method. For the purpose of preparing the cash flows cash and cash equivalents consists of cash on hand, bank current accounts demand deposit which not exceed three months. Bank overdraft balance "that is settled when it is required or considered part of company's cash management" is considered as items that presented as a deduction for the purpose of calculating cash and cash on hands.

45-21 Legal reserve

- According to the requirements of Companies law No. 159 for the year 1981 ;the group's statutes provides for deduction of a sum equals to at least 5% of the annual net profit for the formation of the legal reserves such deduction will be ceased when the total reserve reaches an amount equals to at least half of the group's issued capital. Once the reserve falls below this amount deduction shall resume.

45-22 Capital

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 No. (24) "Income Tax".

45-23 Provisions

- Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation. The provisions balances are revised at the financial position date and is adjusted when it is necessary to present best estimate of these provisions.
- The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date taking into account the risks and uncertainties surrounding the obligation.

46- Significant events – COVID 19

Many countries around the world including Egypt were exposed during 2020 to a state of slowdown and economic contraction as a result of the Covid-19 pandemic and the governments of the world including the Egyptian government made packages of precautionary measures to prevent the spread of the epidemic. These procedures led to a state of economic slowdown at the global and local levels which affected its impact on all activities in different ways.

Regarding to the group's activities the effects are:

1- Reducing the number of employees working at the group's headquarters and branches.
2- Collection rates for some clients working in sectors directly affected by the crisis are potentially impacted.
3- The group's volumes of new financing to clients are impacted.
4- The finances of corporate clients have been affected.
5- The suspension of services by some government agencies in particular notary public services new vehicle registration and Courts.

Regulatory precautions measures taken as follows:

1- The Financial Regulatory Authority took measures to ease the impact on clients of mortgage leasing and factoring companies directing companies to provide an option to clients to defer all their obligations for a period of six months without delay penalties.
2- On March 22, 2020 the Central Bank instructed banks to defer clients' loan obligations for a period of six months without delay penalties. This is within the framework of the precautionary measures taken by the Central Bank of Egypt to confront the effects of the Corona virus.

And based on the specific effects referred to above, it may have a significant impact on the assets, liabilities and business results of the company's financial statements during the year of 2020 and the following periods.

The size and nature of the most significant or potential financial impacts of this risk on the items of the financial statements and the group's activities during the following periods are summarized in:

- Clients' credit default risk.
- Defaults or breaches in the financial obligations with lenders.

However besides the measures taken by the government to support these activities such as reducing the interest rate and postponing the payment of debts the group's management has taken several measures to mitigate the above risks and reduce and mitigate the impact on its financial position as follows:

1- The group has provided the necessary technological infrastructure for employees so that they can perform their work outside the group's headquarters and branches.

2- All group's financial covenants have been tested and the group's ability to fulfill its commitment to all financial covenants with lenders has been verified.

3- The group has measured the possible delay rates and appropriate provisions have been made to mitigate any potential increase in default rates that may arise with the management periodically reviewing collection rates.

4- In coordination with the Financial Regulatory Authority and other companies operating in the securitization market Sarwa Securitization on behalf of the bond holders moved to adjust the tenors of outstanding securitization bonds to enable various underlying portfolio's services to adjust the terms of their contracts without affecting the credit rating of issuances.

5- The group approached the clients of finance leasing real estate mortgages and factoring portfolios to determine whether they want to defer their financial dues in order to proceed in implementing the FRA's decision after fulfilling all necessary documentation.

6- The group coordinated with lenders regarding the Central Bank's decision to defer loans in case such a step is needed.

47- Comparative figures

Comparative figures have been reclassified to match with the changes in the presentation used in the current period.