

Contact Financial Holding (S.A.E)

Consolidated interim financial statements

For the period ended June 30, 2025

And review report thereon

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Translation of financial statements originally issued in Arabic

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Review report on consolidated interim financial statements

To the Board of Directors of Contact Financial Holding (S.A.E)

Introduction

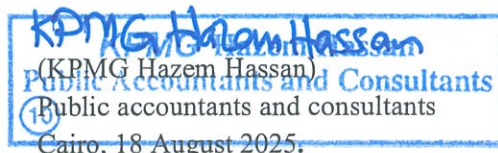
We have reviewed the accompanying consolidated interim statement of financial position of Contact Financial Holding an Egyptian joint stock company as of 30 June 2025, and the related consolidated interim statements of income, comprehensive income, cash flows and changes in equity for the Six months 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 of 30 June 2025, and of its consolidated financial performance and cash flows for the Six months period then ended in accordance with the Egyptian Accounting Standards.



Contact Financial Holding(S.A.E)

Consolidated statement of Financial Position for the period ended 30 June 2025

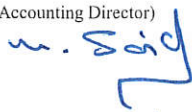
All amounts are in EGP unless otherwise stated

	Note	30-Jun-25	31-Dec-24
	No.	EGP	EGP
Assets			
Cash on hand and at banks	(23)	1,353,726,631	1,500,409,962
Loans and receivables	(24)	10,201,797,291	9,410,593,132
Receivables from insurance policies	(25)	497,948,130	165,044,747
Reinsurance contracts asset	(26)	660,437,598	299,890,812
Equity method investments	(27)	197,496,909	201,651,630
Financial investments	(28)	1,270,390,746	1,198,774,589
Securitization surplus	(29)	6,871,213	40,000,375
Due from related parties	(30)	54,684,707	21,318,158
Debtors and other debit balances	(31)	891,738,719	795,798,775
Projects under construction	(32)	146,551,211	163,236,498
Property, plant and equipment	(33)	354,585,024	281,956,211
Right of use assets	(34)	429,226,340	363,109,917
Goodwill	(35)	32,216,199	32,216,199
Intangible assets	(36)	64,019,784	48,178,661
Deferred tax assets	(21)	10,709,858	10,709,858
Assets held for sale	(37)	25,723,985	27,143,985
Total assets		16,198,124,345	14,560,033,509
Liabilities			
Loans and overdrafts	(38)	8,172,264,446	7,722,184,545
Trade payables and other credit balances	(39)	883,383,469	880,557,994
Current income tax liabilities	(21)	55,565,421	215,555,361
Insurance Contracts liability	(25)	1,455,833,148	1,061,511,556
Reinsurance contracts liability	(26)	458,939,964	140,886,303
Insurance policyholders' rights		27,186,400	18,497,470
Lease liabilities	(40)	570,913,874	486,303,358
Deferred tax liabilities	(21)	169,515,634	71,858,083
Other provisions		1,884,578	1,120,000
Total liabilities		11,795,486,934	10,598,474,670
Shareholders' equity			
Paid-in capital	(41)	191,515,840	191,515,840
Reserves	(42)	1,487,964,598	1,155,453,689
Retained earnings	(43)	2,445,130,258	2,390,924,422
Equity attributable to the shareholders of the parent company		4,124,610,696	3,737,893,951
Non-controlling Interest	(44)	278,026,715	223,664,888
Total shareholders' equity		4,402,637,411	3,961,558,839
Total shareholders' equity and liabilities		16,198,124,345	14,560,033,509
Contingent liabilities			
Letters of guarantee	(45)	59,350,000	59,350,000

The accompanying notes and accounting policies from page (6) to page (66) are an integral part of these financial statements and are to be read therewith.

Mohamed Abo Nawareg

(Accounting Director)



Cairo, 18 August 2025

Review Report "Attached"

John Saad

(Chief Executive Officer)



Contact Financial Holding (S.A.E)
Consolidated statement of profit and loss for the period ended 30 June 2025
All amounts are in EGP unless otherwise stated

		Six Months period Till		Three Months period Till		
	Note No.	30-Jun-25 EGP	30-Jun-24 EGP	30-Jun-25	30-Jun-24	Totals Serial
Financing activities						
Revenue from portfolio transfer	(7) - (50)	318,844,716	273,753,782	260,352,274	177,848,851	
Off balance sheet portfolio management fee	(8)	187,802,211	183,370,070	91,481,861	88,721,403	
Securitization (deficit) surplus	(9)	5,446,280	8,182,121	2,207,328	3,906,530	
Early payment expense - Sukuk/ Discounting		(133,692,282)	(138,668,144)	(58,101,908)	(37,646,265)	
Net Revenue from portfolio transfer		378,400,925	326,637,829	295,939,555	232,830,519	(1/1)
Income from financing activities	(10)	1,384,607,744	1,050,801,085	716,212,560	499,426,155	
Interest expense		(904,960,252)	(678,609,086)	(467,072,427)	(344,570,347)	
Credit interest (cash surplus)		84,779,418	54,527,628	40,105,868	29,383,088	
Other interest expenses		(11,251,134)	(6,795,235)	(5,554,887)	(3,492,706)	
Net interest income		553,175,776	419,924,392	283,691,114	180,746,190	(1/2)
Fees and commissions income	(11)	91,150,238	92,722,169	51,024,157	50,209,777	
Fees and commissions expenses	(12)	(41,103,851)	(58,832,217)	(21,829,131)	(26,666,019)	
Net financing fees and commissions income		50,046,387	33,889,952	29,195,026	23,543,758	(1/3)
Profit share from equity method investments		(2,965,213)	(34,922,384)	216,050	(15,279,344)	(1/4)
Net financing and operating income		978,657,875	745,529,789	609,041,745	421,841,123	(1)
Insurance and insurance brokerage						
Insurance revenue	(13-1)	1,326,700,349	821,899,715	708,004,142	464,663,619	
Insurance expense	(13-2)	(1,257,523,323)	(827,067,734)	(532,799,133)	(383,253,454)	
Net Loss insurance service		69,177,026	(5,168,019)	175,205,009	81,410,165	
Reinsurance revenue	(13-4)	397,134,441	264,229,061	45,291,629	118,648,009	
Reinsurance expense	(13-3)	(426,761,583)	(226,336,015)	(219,658,196)	(137,272,717)	
Net income of reinsurance service		(29,627,142)	37,893,046	(174,366,567)	(18,624,708)	
Insurance cash inflow (outflow)	(13-5)	(34,987,103)	(23,049,044)	(17,183,315)	(10,184,865)	
Reinsurance cash inflow (outflow)	(13-6)	20,065,424	13,821,162	9,347,270	6,400,101	
Finance expenses from insurance contracts issued		(14,921,679)	(9,227,882)	(7,836,045)	(3,784,764)	
Insurance underwriting surplus		24,628,205	23,497,145	(6,997,603)	59,000,693	(2/1)
Net investment income		117,563,617	104,374,095	58,069,401	53,534,018	(2/2)
Fees income insurance	(14)	68,859,995	53,609,559	34,254,002	26,912,109	
Fees expenses insurance	(15)	(53,127,029)	(20,072,721)	(36,884,280)	(10,046,916)	
		15,732,966	33,536,838	(2,630,278)	16,865,193	(2/3)
Net insurance operating income		157,924,788	161,408,078	48,441,520	129,399,904	(2)
Other operating income	(16)	36,235,153	34,293,412	20,724,453	14,185,975	
Other operating expense	(17)	(43,999,977)	(32,373,249)	(24,557,465)	(21,070,838)	
Net other operating (expense)\ income		(7,764,824)	1,920,163	(3,833,012)	(6,884,863)	(3)
Depreciation and amortization	(18)	(81,779,632)	(63,403,082)	(41,848,080)	(31,837,046)	
Personnel expenses		(555,978,140)	(362,206,843)	(292,386,962)	(180,721,211)	
Other expenses	(19)	(104,026,759)	(85,780,997)	(52,196,139)	(41,430,940)	
Marketing expenses		(43,623,665)	(23,532,020)	(26,262,562)	(13,349,152)	
Provisions		961,762	14,800,000	(149,174)	(200,000)	
Interest expense (lease liability)	(40)	(48,841,612)	(33,083,199)	(25,147,551)	(17,510,381)	
Foreign currency differences		(36,038)	370,108	182,467	26,713	
Board of directors' allowances		(2,220,000)	(1,358,000)	(780,000)	(895,000)	
ECL provision	(20)	(31,141,513)	(66,934,821)	(76,325,111)	(26,370,285)	
		(866,685,597)	(621,128,854)	(514,913,112)	(312,287,302)	(4)
Earnings for the period before tax		262,132,242	287,729,176	138,737,141	232,068,862	(1)+(2)+(3)+(4)
Income tax	(21)	(83,921,267)	(94,351,140)	(40,568,617)	(58,265,597)	
Net profit for the period after tax		178,210,975	193,378,036	98,168,524	173,803,265	
Distributed as follows:						
Owners of the company		122,565,605	167,679,366	64,158,747	153,272,468	
Non-controlling interest	(44)	55,645,370	25,698,670	34,009,777	20,530,797	
		178,210,975	193,378,036	98,168,524	173,803,265	
Earnings per share for the period	(22)	0.10	0.14	0.05	0.13	

The accompanying notes and accounting policies from page (6) to page (66) are an integral part of these financial statements and are to be read therewith.

Contact Financial Holding (S.A.E)

Consolidated statement of comprehensive income for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

	Six Months period Till		Three Months period Till	
	<u>30-Jun-25</u>	<u>30-Jun-24</u>	<u>30-Jun-25</u>	<u>30-Jun-24</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period after tax	178,210,975	193,378,036	98,168,524	136,768,545
Other comprehensive income items that are later Reclassified to the profit or loss				
Foreign operations- Foreign currency translation differences	(319,556)	-	-	-
<u>Fair value reserve - Financial instruments measured at fair value through other comprehensive income (debt instruments):</u>				
Financial instruments at fair value - Net change in fair value through other comprehensive income	416,667,449	(352,837,254)	356,725,385	104,821,269
Expected credit loss (ECL) provision for fair value through other comprehensive income (FVOCI) Financial instruments	26,199,522	71,548,853	16,108,671	27,564,542
Tax impact related to other comprehensive income that will be later reclassified to the profit or loss	(93,512,853)	79,685,319	(80,263,212)	(23,410,764)
Other comprehensive income items that are later will not classified to the profit or loss				
Foreign currency exchange	-	(31,216,045)	-	(771,827)
Tax impact related to other comprehensive income that will be later not reclassified to the profit or loss	-	7,957,851	-	173,715
	349,034,562	(224,861,276)	292,570,844	108,376,935
	-	23,258,194	-	598,112
Total other comprehensive income for the period	349,034,562	(201,603,082)	292,570,844	108,975,047
Owners of the company	326,895,313	(194,142,610)	274,623,578	106,880,203
Non-controlling interest	22,139,249	(7,460,472)	17,947,266	1,496,732
Total comprehensive income for the period	527,245,537	(8,225,046)	292,570,844	108,376,935
<u>Total comprehensive income distributed as follows:</u>				
Owners of the company	449,460,918	(26,463,244)	240,613,801	92,435,621
Non-controlling interest	77,784,619	18,238,198	51,957,043	15,941,314
	527,245,537	(8,225,046)	292,570,844	108,376,935

The accompanying notes and accounting policies from page (6) to page (66) are an integral part of these financial statements and are to be read therewith.

Contact Financial Holding(S.A.E)
Consolidated statement of changes in equity for the period ended 30 June 2025
All amounts are in EGP unless otherwise stated

	Reserves								
	<u>Paid in capital</u>	<u>Legal reserve</u>	<u>ESOP reserve</u>	<u>Fair Value reserve (Net)</u>	<u>Reserve for operations-foreign currency translation differences</u>	<u>Retained earnings</u>	<u>Total owners of the company</u>	<u>Non-controlling interest</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Balance at 1 January 2024	191,515,840	95,757,920	834,338,770	102,102,243	-	1,782,742,958	3,006,457,731	106,156,367	3,112,614,098
Effect of implementing EAS (50) on 1 January 2024	-	-	-	-	-	13,688,521	13,688,521	(113,587)	13,574,934
Balance at 1 January 2024 after implementing EAS 50	191,515,840	95,757,920	834,338,770	102,102,243	-	1,796,431,479	3,020,146,252	106,042,780	3,126,189,032
Net income for the period	-	-	-	-	-	167,679,366	167,679,366	25,698,670	193,378,036
Other comprehensive income for the period	-	-	-	(194,142,610)	-	-	(194,142,610)	(7,460,472)	(201,603,082)
Total comprehensive income for the period	-	-	-	(194,142,610)	-	167,679,366	(26,463,244)	18,238,198	(8,225,046)
Transactions with the owners of the company:									
ESOP reserve	-	-	6,954,398	-	-	-	6,954,398	-	6,954,398
Foreign currency exchange	-	-	-	-	-	(17,416,607)	(17,416,607)	(3,342,038)	(20,758,645)
Dividends	-	-	-	-	-	(67,727,141)	(67,727,141)	(2,500,344)	(70,227,485)
Total transactions with the owners of the company	-	-	6,954,398	-	-	(85,143,748)	(78,189,350)	(5,842,382)	(84,031,732)
Balance at 30 June 2024	191,515,840	95,757,920	841,293,168	(92,040,367)	-	1,878,967,097	2,915,493,658	118,438,596	3,033,932,254
Balance at 1 January 2025	191,515,840	95,757,920	847,712,315	212,560,469	(577,015)	2,390,924,422	3,737,893,951	223,664,888	3,961,558,839
Net profit for the period	-	-	-	-	-	122,565,605	122,565,605	55,645,370	178,210,975
Other comprehensive income for the period	-	-	-	327,214,869	(319,556)	-	326,895,313	22,139,249	349,034,562
Total comprehensive income for the period	-	-	-	327,214,869	(319,556)	122,565,605	449,460,918	77,784,619	527,245,537
Transactions with the owners of the company:									
ESOP reserve	-	-	5,615,596	-	-	-	5,615,596	-	5,615,596
Dividends	-	-	-	-	-	(68,359,769)	(68,359,769)	(23,422,792)	(91,782,561)
Total transactions with the owners of the company	-	-	5,615,596	-	-	(68,359,769)	(62,744,173)	(23,422,792)	(86,166,965)
Balance at 30 June 2025	191,515,840	95,757,920	853,327,911	539,775,338	(896,571)	2,445,130,258	4,124,610,696	278,026,715	4,402,637,411

The accompanying notes and accounting policies from page (6) to page (66) are an integral part of these financial statements and are to be read therewith.

Contact Financial Holding(S.A.E)

Consolidated statement of cash flow for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

	Note No.	30-Jun-25	30-Jun-24
<u>Cash flows from operating activities</u>		<u>EGP</u>	<u>EGP</u>
Net profit for the period before tax		262,132,242	287,729,176
Adjustments for:			
Fixed assets depreciation	(33)	41,546,805	32,035,760
Intangible assets amortization	(36)	415,760	64,860
Right of use assets amortization	(34)	39,817,067	31,302,462
ECL provision		31,141,513	66,934,821
Financing expense		947,521,285	688,529,994
Income from financial portfolio transfer		(318,844,716)	-
Profit share from equity method		2,965,213	34,922,384
ESOP expenses		5,615,596	6,954,398
(Loss) from disposal of property, plant and equipment and right of use assets		(291,783)	-
		1,012,018,982	1,148,473,855
Changes in:			
Loans and receivables		(58,288,949)	(131,298,075)
Insurance contract assets		(332,903,383)	230,309,222
Reinsurance contract assets		(360,546,786)	(70,143,936)
Trade payables and other credit balances		(30,059,497)	(6,186,146)
Debtors and other debit balances		(97,362,095)	(152,583,089)
Receivables from insurance policy holders		-	(9,222,578)
Due from related parties		(33,366,549)	(968,811)
Insurance policyholders' rights		8,688,930	(54,709,888)
Insurance contract liability		318,053,661	(344,554,410)
Reinsurance contract liability		394,321,592	469,863,227
Surplus of securitization operations		33,129,162	1,935,596
Other provision		764,578	(13,880,000)
insurance and reinsurance companies		-	(28,716,496)
Cash flows provided by operating activities		854,449,646	1,038,318,471
Financing interest paid		(898,679,673)	(655,446,795)
Income tax paid		(214,521,606)	(244,135,479)
Net cash flows (Used in) provided by operating activities		(258,751,633)	138,736,197
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets	(33)	(82,293,403)	(33,029,949)
Proceeds from disposal of fixed assets		1,651,462	8,296
Payments for purchase of intangible assets		(5,729,912)	(4,002,284)
Projects under construction		(27,375,361)	(38,682,524)
Proceeds from the sale of asset held for sale		1,420,000	473,298
Payments to acquire financial investments in associates and subsidiaries		-	(35,187,954)
Payments to acquire financial investments measured at FVOCI (Debt instruments)		(525,531,383)	(6,755,411,247)
proceeds from financial investments measured at FVOCI (Debt instruments)		428,667,886	6,617,605,905
Net cash flows (used in) investing activities		(209,190,711)	(248,226,459)
<u>Cash flows from financing activities</u>			
Paid dividends		(58,897,589)	(70,227,485)
Payments for lease liabilities	(40)	(69,872,803)	(44,011,703)
Proceeds from loans and overdrafts		(17,556,910,210)	(15,164,696,671)
Payments for loans and overdrafts		18,006,990,111	15,024,598,546
Net cash provided by financing activities		321,309,509	(254,337,313)
Net change in cash and cash equivalent during the period		(146,632,835)	(363,827,575)
Cash and cash equivalent at 1 January		1,500,714,722	1,066,067,249
Cash and cash equivalent at the end of the period		1,354,081,887	702,239,674
<u>Cash and cash equivalents represented as follows:</u>			
Banks - Current accounts		1,243,693,330	640,566,359
Cash on hand		11,291,608	13,669,321
Time deposits - less than 3 months		99,096,949	48,003,994
		1,354,081,887	702,239,674

The accompanying notes and accounting policies from page (6) to page (66) are an integral part of these financial statements and are to be read therewith.

Contact financial holding (S.A.E)
Notes to the consolidated financial statements.
For the financial period ended 30 June 2025

1. Reporting entity

1-1 Legal Entity and Activity

- Contact Financial 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 Company's name was changed according to the decision of the Extraordinary General Assembly Meeting held on September 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 Company

- The group's purpose is represented in participating in the establishment or the capital increase of companies that issuance securities in accordance with the applicable laws and regulations 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 of June 30, 2025:

<u>Company Name</u>	<u>Activity</u>	<u>Country</u>	<u>Control percentage</u>	
			<u>Direct</u>	<u>Indirect</u>
Contact Credit	Consumer Finance	Egypt	99.999%	-
Sarwa Asset Management	Asset Management	Egypt	99.96%	-
Sawa Payment Systems	Collection services	Egypt	50.997%	-
Contact Leasing	Leasing	Egypt	99.9998%	-
Contact Factoring	Factoring	Egypt	74.99%	25%
Sarwa Insurance	Insurance	Egypt	84.980%	-
Sarwa Life Insurance	Life Insurance	Egypt	75.090%	-
Sarwa Promotion and Underwriting	Promotion and	Egypt	99.996%	-
Sarwa sukuk	Sukuk	Egypt	99.98%	-
*Contact Mortgage Finance	Mortgage	Egypt	-	99.9998%
*Wadi Degla Financial	Clubs' membership	Egypt	-	50%**
*Modern Finance	Cars Finance	Egypt	-	50%**
*Get Go Credit Service	Durable goods finance	Egypt	-	99.9996%
*Contact Insurance Brokerage	Insurance Brokerage	Egypt	-	80%
Sarwa Securitization	Securitization	Egypt	80.998%	18%
*Capital Real Estate	Investment property	Egypt	-	99.7%
*Contact Auto Credit	Consumer Finance	Egypt	-	100%

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*Contact Specialized Consulting	Consultant	Egypt	1%	99%
*SMG Auto credit	Consumer Finance	Egypt	-	50%**
Auto Market Holding	Investments	Mauritius	99,97%	-
*Contact Cars	Website	Egypt	-	100%
Contact Payment Service	Payment services	Egypt	99.96%	-
*Abo Ghaly Finance	Consumer Finance	Egypt	-	50%**
Contact Creditech	Consumer Finance	Egypt	%99,98	-
Saar Technology Solutions	Software business and	Egypt	-	%100
*Global Contact for consumer Finance	Consumer Finance	Egypt	1%	49%
Contact Credit Commercial Broker	Commercial Brokerage	Dubai	100%	-

* Represent the ownership percentage of Contact credit in its subsidiaries which are indirectly controlled by Contact Financial Holding.

** The group controls these companies according to the operating management contracts between Contact credit Company and those companies, The group controls the operations of these companies, in accordance with these contracts.

2- Basis of Preparation of financial statements

- The consolidated financial statements were prepared according to the Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The Board of Directors approved the issuance of the translated consolidated financial statements on 18 August 2025.

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 Annually. 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 period 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.

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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.

Significant changes in accounting policies number (50) Insurance contracts

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this period end financial information are consistent with those used in the audited financial statements for the period ended 30 June 2025, except for application of new standards effective as of 1 January 2025 and several amendments and interpretations apply for the first time in 2025. However, these amendments and interpretations do not have material impact on the period end financial information of the Company except for the adoption of IFRS 17 Insurance contracts. The requirements of IFRS 17 have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts in opening balances.

The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Standards, interpretations, and amendments to existing standards – Impact of new IFRS 17 Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfills the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Company applies the PAA to simplify the measurement of contracts in the non-life segment, except for groups of acquired contracts that do not qualify for the PAA. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2025. The Company has restated comparative information applying the transitional provisions to IFRS 17.

Recognition

Recognition requirements are slightly different for issued contracts and held contracts. For groups of issued contracts, a group should be recognized at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognized on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
- Date the entity recognizes an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

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Level of Aggregation

Level of aggregation relates to the unit of account under IFRS 17. The unit of account under IFRS 17 is referred to as a 'Group of Contracts' and requirements relating to level of aggregation define how groups of contracts have to be determined.

The standard has set out the following three requirements to determine a group of contracts

- Portfolio – contracts that have similar risks and that are managed together can be grouped.
- Profitability – contracts with similar expected profitability (at inception or initial recognition) can be grouped.

For this purpose, the standard has mandated at least the following three classifications however it is permitted to use more granular classifications:

Contracts that are onerous at inception.

Contracts that are not onerous and have no significant possibility of becoming onerous; and

All other contracts.

Cohorts

Contracts issued more than 12 months apart cannot be grouped together. However, in certain circumstances a one-time simplification upon transition for contracts as at the transition is allowed.

A unique combination of the above three requirements forms a group of contracts i.e., contracts with same portfolio, same expected profitability and issued in the same year can be grouped together. This grouping is permanent and cannot be changed once assigned, regardless of how the actual experience emerges after initial recognition. For instance, as experience emerges an entity may realise that a contract which was thought to be onerous at initial recognition is not onerous, but the grouping will not be changed.

Measurement Models

Measurement model in rudimentary terms refers to the basis or a set of methodologies for the computation of insurance contract assets and liabilities and associated revenues and expenses. IFRS 17 has provided the following three measurement models:

Premium Allocation Approach ("PAA")

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to LRC.

Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. The components of liability under PAA as at any valuation date can be summarized as follows:

Liability for Remaining Coverage ("LRC")

- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims ("LIC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All of the Company's short-term business is eligible for this simplification and the Company has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves requires an explicit provision of risk adjustment this would increase the liabilities whereas discounting will generally June Rease the liabilities. The net effect of PAA depends on whether the impact of risk adjustment is greater than the impact of discounting or the impact deferring additional expenses that are currently not deferred.

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General Measurement Model (“GMM”)

GMM is the default measurement model and is applied to all contracts to which Premium Allocation Approach (“PAA”) and Variable Fees Approach (“VFA”) are not applied. GMM is based on the premise that premiums (or considerations) for insurance contracts comprises of certain components (such claims, expenses and profits) and that each component needs to be considered according to its nature. The liability under GMM as at any valuation date comprises of the following:

Liability for Remaining Coverage (“LRC”)

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows
- Contractual Service Margin (“CSM”)

Liability for Incurred Claims (“LIC”)

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

Variable Fees Approach (“VFA”)

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with direct participation feature if it meets all three of the following requirements:

Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.

The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.

The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

The components of the liability under VFA are same as GMM and their calculations are quite similar too except for the computation of CSM. Under VFA, CSM calculations reflect the variability related to underlying items, but GMM does not reflect this variability. Similarly, there are some other aspects related to financial risk that impact the CSM under VFA but, not under GMM.

Above, the measurement models have been discussed in terms of insurance contract issued and associated liabilities, but same principles are applicable to reinsurance contract held and associated assets (except for VFA). Similarly, both LRC and LIC components are mentioned however, at initial recognition only LRC will be applicable.

Estimates of future cashflows, risk adjustment and discounting are collectively referred to as the Fulfilment Cashflows (“FCF”). In terms of revenues and expense GMM and VFA are quite similar however, a significant difference exists between GMM/VFA and PAA. The revenues under GMM and VFA show each component of the premium separately (such as expected claims and expenses) whereas under PAA, the revenue shows just an aggregate amount.

Company’s unit-linked business is measured using VFA, all other long-term business is measured using GMM. There are fundamental differences between GMM / VFA and the current methodologies for the long-term business. The key differences are discussed below:

- Under IFRS 17 assets or liabilities will be determined using gross premium calculations as opposed to risk premium calculations. This implies that under IFRS 17 all components of assets or liabilities such as expenses or profits will be computed explicitly. This also implies that expenses or costs that occur only at the start will be deferred implicitly. The impact of this difference cannot be generalized as it depends on whether the implicit margins within risk-premium based calculations are higher or lower than those required in gross-premium based calculations.

- Similar to PAA, GMM and VFA also require an explicit risk adjustment. Risk adjustment is a new requirement, and it does not exist under the current standard. Risk adjustment will increase the liabilities for insurance contracts issued and increases the asset for the reinsurance contracts held.

IFRS 17 also introduces substantial changes to the pattern in which profits are recognized for long-term contracts it requires that the profits to be recognized in relation to the service provided. The new standard

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introduces a new measure, 'coverage units', to quantify the services provided in any period. Given that single premium contracts recognize all expected profits at the start of the coverage whereas services are provided throughout that coverage period, it is expected that under IFRS 17 profit recognition for single premium contracts will be delayed and therefore the net liabilities will increase because of this requirement. Similarly, for limited-payment plans, all expected profits are recognized by the end of the payment term and therefore the profits for these will also be relatively delayed in IFRS 17. The impact for regular payment plans will depend on how close the service pattern is to the one currently implied under the plans.

- The definition of revenue under GMM and VFA is quite different for long-term contracts. Under IFRS 17 revenue (or consideration) is more direct and separately includes each component of the premium (i.e., expected claims and expenses and the portion of the profits relating to the period).

Estimates of Future Cashflows

The standard requires that future cashflows should be estimated till the end of the contract boundary. End of contract boundary is defined as the point at which an entity can either reassess the risk or consideration i.e., premium. The standard does not provide the methodology for the estimation of future cashflows however, it does provide detailed guidance on the cashflows that are within and beyond the contract boundary. It also provides certain principles in relation to the estimates of future cashflows.

Risk Adjustment

Risk adjustment reflects the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. Risk adjustment does not consider financial risk. The standard does not set out the methodology for the computation of risk adjustment, but it has provided certain principles.

Discounting

The standard requires the estimates of future cashflows should be discounted to reflect the effect of time value of money and financial risks. Similar to other provisions it does not specify a methodology for discounting or the derivation of discount rates however, it sets out certain principles. The standard does recognize the following two approaches for the derivation of the discount rates:

- Bottom-Up: An approach where a risk-free rate or yield curve is used and an illiquidity premium is added to reflect the characteristics of the cashflows.
- Top-Down: An approach where the expected yield on a reference portfolio is used and adjustments are applied to reflect the differences between the liability cashflow characteristics and the characteristics of the reference portfolio.

For cashflows that are linked to the underlying items for contracts with direct participation features, the discount rates must be consistent with other estimates used to measure insurance contracts. The above two approaches may have to be adjusted to reflect the variability in the underlying items for such cashflows.

Contractual Service Margin ("CSM")

Contractual Service Margin (CSM) represents the unearned profit the entity will recognize as it provides insurance contract services in the future. At initial recognition CSM is computed using the FCF whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to Profit & Loss as revenue in every period using coverage units.

Onerous Contracts and Loss Components

When a group of contracts, whether at initial recognition or subsequently, is or becomes onerous a loss component liability must be maintained. Under GMM and VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

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Transition

The default transition approach under IFRS 17 is the Full Retrospective Approach (“FRA”) which requires that upon transition IFRS 17 should be applied from inception of the groups of contracts as if IFRS 17 has always been applicable. However, if FRA is impracticable the following methods may be adopted:

Modified Retrospective Approach (“MRA”): Under this approach the objective is to achieve the closest possible approximation to the FRA using the modifications allowed within the standard and without undue cost and effort.

Fair Value Approach (“FVA”): Under this approach the fair value of the groups of contracts is computed and compared with the FCF. The CSM or loss component is the difference between the fair value and the FCF. Fair values for this purpose must be computed applying IFRS 13.

Key Accounting Policy Choices

IFRS 17 requires Company to make various accounting policy choices. The key accounting policy choices made by the Company are described below.

Accounting Policy	Company Decision
Level of Aggregation –Adopting more granular profitability classification	Company has adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation –Adopting more granular cohort classification	Company is using annual cohorts and not shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognize insurance acquisition cashflows as expense when incurred however, the Company does not utilizes this choice instead it defers all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Company is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense can be split between OCI, and P&L. Company aims to reflect entire finance expense in the P&L and plans not split between OCI and P&L.
Transition Approach	The Company has considered a Full Retrospective Approach where it has applied PAA and a Modified Retrospective Approach where it has applied GMM and VFA.

Assumptions

While requirements relating to assumptions are within the requirements relating to measurement models, some aspects of the assumptions have been presented separately in this section due to their significance. IFRS 17, unlike IFRS 4, sets out detailed guidance on the basis to derive the assumptions (underlying the calculations of insurance and reinsurance contract assets and liabilities and associated revenues and expenses). The key assumptions are provided below:

- IFRS 17 requires separate estimation of a best estimate liability and an explicit risk adjustment.
- Financial variables (such as discount rates) have to be market consistent.

Presentation and Disclosures

IFRS 17 also contains comprehensive requirements related to presentation and disclosures. One of the key requirements is the presentation of revenue. For contracts under GMM and VFA, premiums will not be presented as revenues instead each component of the premium (such as expected claims and expenses) will be shown separately. Another key requirement relates to the presentation of reinsurance contracts held. Under IFRS 17 amounts related to insurance contract issued will be reported and net effect of reinsurance contracts held will be reported separately.

In addition to the above requirements, the new standard also introduces various new disclosures related to the insurance and reinsurance contract assets and liabilities and associated revenues and expenses.

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Significant judgements and estimates

The preparation of this interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the period ended 31 December 2024. Except for the below judgements.

Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to recognize the payments as an expense immediately (coverage period of a year or less) for its property insurance product line. For personal accident insurance, marine insurance and liability reinsurance products, acquisition costs are capitalized.

The effect of recognizing insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

For the marine and personal insurance product lines, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Some of the insurance contracts that have been written in the property line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

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Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Contracts measured under the PAA Segment information

For management purposes, the Company is organized into two business segments, property and liability insurance (general insurance) and insurance of persons and fund accumulation operations (life assurance). The general insurance segment comprises motor, marine, fire, engineering, medical, and general accident. The life assurance segment includes only long-term life and group life. These segments are the basis on which the Company reports its primary segment information

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The following is the impact of applying the Egyptian Accounting Standard No. 50 'Insurance Contracts'.

	<u>Sarwa Life</u>	<u>Sarwa insurance</u>	<u>Total</u>
Gross Risk Adjustment	3,509,131	16,562,409	20,071,540
RI Risk Adjustment	(1,119,242)	(12,238,194)	(13,357,436)
Gross Discounting	(7,407,548)	(20,073,844)	(27,481,392)
RI Discounting	2,383,952	14,813,492	17,197,444
Change in UPR and DAC	1,357,462	-	1,357,462
RI Default	4,687	28,202	32,889
Additional DAC	-	(76,529,497)	(76,529,497)
Additional DCI	-	16,503,229	16,503,229
UPR using the daily method (Gross)	-	65,832,040	65,832,040
UPR using the daily method (Reinsurance)	-	(44,472,398)	(44,472,398)
Difference in IBNR & OCR	-	(5,000,049)	(5,000,049)
Release of some ECL	-	1,743,723	1,743,723
Total	(1,271,557)	(42,830,887)	(44,102,445)
ULAE	4,168,190	7,491,118	11,659,308
Net Loss (profit) - Short term	2,896,633	(35,339,769)	(32,443,137)
 IFRS 4 Liability	 71,426,886	 -	 71,426,886
Mathematical reserves	7,513,809	-	7,513,809
Outstanding reserves	100,000	-	100,000
Insurance and reinsurance receivables	(2,450,000)	-	(2,450,000)
Insurance and reinsurance payables	66,263,077	-	66,263,077
Removal of prudence and discounting differences	18,532,717	-	18,532,717
Introduction of risk adjustment	2,481,898	-	2,481,898
Introduction of contractual service margin	(2,146,412)	-	(2,146,412)
IFRS 17 Liability	90,295,089	-	90,295,089
 Net Loss - Long term	 18,868,202	 -	 18,868,202
Total impact on Retained Earning on 1 January 2025	21,764,835	(35,339,769)	(13,574,934)

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5- 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 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 when 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.

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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.

<u>Financial Assets</u>	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>	<u>Level of Fair</u> <u>Value</u>	<u>Valuation Techniques</u> <u>and Main Entries</u>
Debt instruments measured at FVOCI	1,175,426,370	1,126,672,642	First/Second	Quoted prices/other valuation techniques
Debt instruments measured at FVPL	79,147,750	56,282,884	First/Second	Quoted prices/other valuation techniques
Loans and receivables measured at FVOCI	5,909,545,192	5,227,239,991	Third	Discounted cash flows

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 2024 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

<u>Type of Financial Instrument</u>	<u>Fair values on 30 June 2025</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Input</u>
Loans and receivables measured at FVOCI	5,909,545,192	Discounted cash flows	<ul style="list-style-type: none"> • Risk-adjusted discount rate. • Probability of default. • Expected early payment rate. • Transaction cost.

Significant Unobservable Inputs Are Developed as Follows:

- Expected early payment rates are derived from historical client early payment 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 different measurements of fair value.

Contact Financial Holding (S.A.E)

Notes to the consolidated financial statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

6- 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 four 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.

30-Jun-25	Financing Activities	Insurance Activities	Brokerage Activities	Other	Total
Financing activities					
Revenue from portfolio transfer	318,844,716	-	-	-	318,844,716
Off balance Sheet portfolio management fee	187,802,211	-	-	-	187,802,211
Securitization Surplus	5,446,280	-	-	-	5,446,280
Early payment expense - Sukuk/Discounting	(133,692,282)	-	-	-	(133,692,282)
Net revenue from portfolio transfer	378,400,925	-	-	-	378,400,925
Income from financing activities	1,384,607,744	-	-	-	1,384,607,744
Credit Interest (cash surplus)	81,567,307	-	-	3,212,111	84,779,418
Interest expense	(904,907,938)	-	-	(52,314)	(904,960,252)
Other interest expenses	(11,251,134)	-	-	-	(11,251,134)
Net interest income	550,015,979	-	-	3,159,797	553,175,776
Fee and commission income	85,709,823	-	-	5,440,415	91,150,238
Fee and commission expenses	(41,103,851)	-	-	-	(41,103,851)
Net financing fee and commission income	44,605,972	-	-	5,440,415	50,046,387
Profit share from Equity method investments	9,942,548	-	-	(12,907,761)	(2,965,213)
Net financing and operating income	982,965,424	-	-	(4,307,549)	978,657,875
Insurance and insurance brokerage					
Insurance revenue	-	1,326,700,349	-	-	1,326,700,349
Insurance expenses	-	(1,257,523,323)	-	-	(1,257,523,323)
Net Loss insurance service	-	69,177,026	-	-	69,177,026
Reinsurance revenue	-	397,134,441	-	-	397,134,441
Reinsurance expenses	-	(426,761,583)	-	-	(426,761,583)
Net income of reinsurance service	-	(29,627,142)	-	-	(29,627,142)
Insurance cash inflow (outflow)	-	(34,987,103)	-	-	(34,987,103)
Reinsurance cash inflow (outflow)	-	20,065,424	-	-	20,065,424
Finance expenses from insurance contracts issued	-	(14,921,679)	-	-	(14,921,679)
Insurance underwriting surplus	-	24,628,205	-	-	24,628,205
Net investment income	-	116,748,323	815,294	-	117,563,617
Fee income insurance	-	-	68,859,995	-	68,859,995
Fee expense insurance	-	-	(53,127,029)	-	(53,127,029)
	-	-	15,732,966	-	15,732,966
Net Insurance operating income	-	141,376,528	16,548,260	-	157,924,788
Other operating income	11,586,053	10,870,538	-	13,778,562	36,235,153
Other operating expense	(29,486,199)	(10 897 518)	-	(3,616,260)	(43,999,977)
Net other operating (expense)/income	(17,900,146)	(26,980)	-	10,162,302	(7,764,824)
Depreciation and amortization	(66,162,183)	(13,420,713)	(1,164,726)	(1,032,010)	(81,779,632)
Personnel expenses	(511,499,355)	(9,462,502)	(19,610,440)	(15,405,843)	(555,978,140)
Other expenses	(90,206,700)	(6,838,755)	(3,636,055)	(3,345,249)	(104,026,759)
Marketing expenses	(42,225,999)	-	(840,938)	(556,728)	(43,623,665)
Provisions	(158,238)	1,120,000	-	-	961,762
Interest expense (lease liability)	(37,339,635)	(9,677,497)	(1,749,347)	(75,133)	(48,841,612)
Foreign currency differences	(21,175)	(106,456)	97,797	(6,204)	(36,038)
Board of directors' allowances	(2,220,000)	-	-	-	(2,220,000)
ECL provision	(30,555,300)	(52,933)	(48,617)	(484,663)	(31,141,513)
	(780,388,585)	(38,438,856)	(26,952,326)	(20,905,830)	(866,685,597)
Earnings (losses) for the period before tax	184,676,693	102,910,692	(10,404,066)	(15,051,077)	262,132,242
Income tax	(52,257,702)	(30,088,103)	36,439	(1,611,901)	(83,921,267)
Net income (loss) for the period after tax	132,418,991	72,822,589	(10,367,627)	(16,662,978)	178,210,975
Distributed as follows:					
Net income (loss) for the owners of the company	88,753,925	58,683,834	(8,207,381)	(16,664,773)	122,565,605
Non-controlling interest	43,665,066	14,138,755	(2,160,246)	1,795	55,645,370
	132,418,991	72,822,589	(10,367,627)	(16,662,978)	178,210,975
Assets	13,187,239,436	2,834,735,826	58,646,004	117,503,079	16,198,124,345
Liabilities	9,536,601,873	2,183,223,251	44,819,054	30,842,756	11,795,486,934

Contact Financial Holding (S.A.E)

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All amounts are in EGP unless otherwise stated

<u>30-Jun-24</u>	Financing Activities	Insurance Activities	Brokerage Activities	Other	Total
Financing activities					
Revenue from portfolio transfer	273,753,782	-	-	-	273,753,782
Off balance Sheet portfolio management fee	183,370,070	-	-	-	183,370,070
Securitization (Deficit)	8,182,121	-	-	-	8,182,121
Early payment expense - Sukuk/Discounting	(138,668,144)	-	-	-	(138,668,144)
Net revenue from portfolio transfer	326,637,829	-	-	-	326,637,829
Income from financing activities	1,050,801,085	-	-	-	1,050,801,085
Credit Interest (cash surplus)	53,990,582	-	-	537,046	54,527,628
Interest expense	(678,581,731)	-	-	(27,355)	(678,609,086)
Other interest expenses	(6,795,235)	-	-	-	(6,795,235)
Net interest income	419,414,701	-	-	509,691	419,924,392
Fee and commission income	85,088,980	-	-	7,633,189	92,722,169
Fee and commission expenses	(58,832,217)	-	-	-	(58,832,217)
Net financing fee and commission income	26,256,763	-	-	7,633,189	33,889,952
Profit share from Equity method investments	(21,848,196)	-	-	(13,074,188)	(34,922,384)
Net financing and operating (expense)/income	750,461,097	-	-	(4,931,308)	745,529,789
Insurance and insurance brokerage					
Insurance revenue	-	821,899,715	-	-	821,899,715
Insurance expenses	-	(827,067,734)	-	-	(827,067,734)
Net Loss insurance service	-	(5,168,019)	-	-	(5,168,019)
Reinsurance revenue	-	264,229,061	-	-	264,229,061
Reinsurance expenses	-	(226,336,015)	-	-	(226,336,015)
Net income of reinsurance service	-	37,893,046	-	-	37,893,046
Insurance cash inflow (outflow)	-	(23,049,044)	-	-	(23,049,044)
Reinsurance cash inflow (outflow)	-	13,821,162	-	-	13,821,162
Finance expenses from insurance contracts issued	-	(9,227,882)	-	-	(9,227,882)
Insurance underwriting surplus	-	23,497,145	-	-	23,497,145
Net investment income	-	102,544,437	1,829,658	-	104,374,095
Fee income insurance	-	-	53,609,559	-	53,609,559
Fee expenses insurance	-	-	(20,072,721)	-	(20,072,721)
Net Insurance operating income	-	126,041,582	35,366,496	-	161,408,078
Other operating income	11,346,426	14,604,217	-	8,342,769	34,293,412
Other operating expense	(19,454,760)	(9,998,643)	-	(2,919,846)	(32,373,249)
Net other operating (expense)/income	(8,108,334)	4,605,574	-	5,422,923	1,920,163
Depreciation and amortization	(54,040,579)	(7,115,602)	(1,038,354)	(1,208,547)	(63,403,082)
Personnel expenses	(331,876,116)	(5,000,724)	(13,253,383)	(12,076,620)	(362,206,843)
Other expenses	(76,467,037)	(2,392,152)	(3,151,008)	(3,770,800)	(85,780,997)
Marketing expenses	(22,768,299)	-	(69,509)	(694,212)	(23,532,020)
Provisions	15,000,000	(200,000)	-	-	14,800,000
Interest expense (lease liability)	(22,013,270)	(9,020,462)	(1,632,248)	(417,219)	(33,083,199)
Foreign currency differences	360,567	(6)	-	9,547	370,108
Board of directors' allowances	(1,358,000)	-	-	-	(1,358,000)
ECL provision	(67,104,227)	28,011	197,241	(55,846)	(66,934,821)
	(560,266,961)	(23,700,935)	(18,947,261)	(18,213,697)	(621,128,854)
Earnings for the period before tax	182,085,802	106,946,221	16,419,235	(17,722,082)	287,729,176
Income tax	(65,753,237)	(24,031,987)	(3,775,023)	(790,893)	(94,351,140)
Net income for the period after tax	116,332,565	82,914,234	12,644,212	(18,512,975)	193,378,036
Distributed as follows:					
Net income for the owners of the company	108,569,220	67,519,343	10,105,414	(18,514,611)	167,679,366
Non-controlling interest	7,763,345	15,394,891	2,538,798	1,636	25,698,670
	116,332,565	82,914,234	12,644,212	(18,512,975)	193,378,036
Assets	10,375,461,965	1,892,456,646	52,539,621	103,202,488	12,423,660,720
Liabilities	7,846,900,903	1,404,340,611	21,714,157	116,772,795	9,389,728,466

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Notes to the consolidated financial statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

Segments Reports Continued

	30-Jun-2025			30-Jun-2024		
	Securitization Profit / loss	Profit share from Equity method investments	Total	Securitization Profit / loss	Profit share from Equity method investments	Total
Financing activities						
Revenue from portfolio transfer	-	9,591,050	9,591,050	-	1,124,641	1,124,641
Off balance sheet portfolio management fee	-	526,081	526,081	-	39,159	39,159
Net revenue from portfolio transfer	-	10,117,131	10,117,131	-	1,163,800	1,163,800
Income from financing activities	6,313,956	101,933,875	108,247,831	22,060,689	54,849,231	76,909,920
Credit Interest (cash surplus)	(4,406,457)	(15,287,858)	(19,694,315)	(20,087,355)	(8,327,782)	(28,415,137)
Interest expense	3,895,517	20,306,300	24,201,817	9,243,040	15,206,631	24,449,671
Other interest expenses	(277,297)	(487,829)	(765,126)	(1,157,153)	(263,362)	(1,420,515)
Net interest income	5,525,719	106,464,488	111,990,207	10,059,221	61,464,718	71,523,939
Fee and commission income	-	9,479,067	9,479,067	-	3,512,959	3,512,959
Fee and commission expenses	-	(1,810,099)	(1,810,099)	-	(717,495)	(717,495)
Net financing fee and commission income	-	7,668,968	7,668,968	-	2,795,464	2,795,464
Sales revenue - goods and services	-	12,801,752	12,801,752	-	10,619,828	10,619,828
Cost of sales - good and services	-	(8,960,399)	(8,960,399)	-	(7,184,250)	(7,184,250)
Net sales of goods and services	-	3,841,353	3,841,353	-	3,435,578	3,435,578
Other operating income	-	69,107,302	69,107,302	-	62,529,868	62,529,868
Other operating expense	(79,439)	(64,291,158)	(64,370,597)	(1,877,100)	(59,523,978)	(61,401,078)
Net operating (expense)/income	(79,439)	4,816,144	4,736,705	(1,877,100)	3,005,890	1,128,790
Depreciation and amortization	-	(3,191,492)	(3,191,492)	-	(2,821,030)	(2,821,030)
Personnel expenses	-	(30,672,197)	(30,672,197)	-	(24,946,796)	(24,946,796)
Other expenses	-	(77,163,857)	(77,163,857)	-	(68,031,637)	(68,031,637)
Marketing expenses	-	(865,013)	(865,013)	-	(807,401)	(807,401)
Provisions	-	(687)	(687)	-	(4,005)	(4,005)
finance expenses (lease liability)	-	(641,746)	(641,746)	-	(640,792)	(640,792)
Foreign currency differences	-	119,380	119,380	-	(47,000,572)	(47,000,572)
Board of directors allowances	-	-	-	-	-	-
ECL provision	-	(17,637,351)	(17,637,351)	-	(5,469,567)	(5,469,567)
	-	(130,052,963)	(130,052,963)	-	(149,721,800)	(149,721,800)
Earnings for the period before tax	5,446,280	2,855,121	8,301,401	8,182,121	(77,856,350)	(69,674,229)
Income tax	-	(4,344,671)	(4,344,671)	-	(2,593,773)	(2,593,773)
Net profit for the period after tax	5,446,280	(1,489,550)	3,956,730	8,182,121	(80,450,123)	(72,268,002)
Distributed as follows:						
Owners of the company	5,446,280	(1,489,550)	3,956,730	8,182,121	(80,450,123)	(72,268,002)
Non-controlling interest	-	(1,475,663)	(1,475,663)	-	45,527,739	45,527,739
	5,446,280	(2,965,213)	2,481,067	8,182,121	(34,922,384)	(26,740,263)

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated.

7) Revenue from portfolio transfer

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u> <u>EGP</u>	<u>30 June 2024</u> <u>EGP</u>	<u>30 June 2025</u> <u>EGP</u>	<u>30 June 2024</u> <u>EGP</u>
Sukuk gain	-	11,928,043	-	-
Discounting gain	310,463,151	205,045,841	247,003,243	135,671,356
Securitization gain	8,381,565	56,779,898	13,349,031	42,177,495
	<u>318,844,716</u>	<u>95,904,931</u>	<u>260,352,274</u>	<u>177,848,851</u>

8) Off balance sheet - portfolio management fees

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u> <u>EGP</u>	<u>30 June 2024</u> <u>EGP</u>	<u>30 June 2025</u> <u>EGP</u>	<u>30 June 2024</u> <u>EGP</u>
Securitization fees	65,472,281	69,251,551	33,229,399	34,117,523
No longer required provision – discounting	79,616,471	40,487,236	41,396,007	21,606,007
Sukuk management fees	40,864,114	71,548,115	16,052,230	32,158,543
Management and incentive fees*	458,534	333,049	219,832	158,137
Insurance refund revenue returns	1,135,811	1,490,119	464,393	546,193
Collector fees	255,000	260,000	120,000	135,000
	<u>187,802,211</u>	<u>183,370,070</u>	<u>91,481,861</u>	<u>88,721,403</u>

* The parent company's share is represented in the management fees of associate companies in accordance with the management contracts which states that the parent company is entitled to administrative fees at a rate of 2.5% per annum from the balance of the receivables portfolio.

9) Securitization (deficit) \ surplus

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u> <u>EGP</u>	<u>30 June 2024</u> <u>EGP</u>	<u>30 June 2025</u> <u>EGP</u>	<u>30 June 2024</u> <u>EGP</u>
Interest income from financial portfolio	6,313,957	22,060,689	2,479,478	9,233,819
Proceeds from surplus of investments at custody	3,895,517	9,243,040	1,633,425	3,780,162
Interest of bond loan and the amortization of securitization cost	(4,406,457)	(20,087,355)	(1,773,009)	(8,161,592)
Insurance policy cost	(257,922)	(1,038,277)	(110,897)	(457,811)
Collector fees	(40,000)	(100,000)	(15,000)	(45,000)
Custody fees	(19,377)	(118,875)	(6,669)	(48,256)
Issuance fees	(39,438)	(1,777,101)	-	(394,792)
	<u>5,446,280</u>	<u>8,182,121</u>	<u>2,207,328</u>	<u>3,906,530</u>

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

10) Income from financing activities

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Auto financing	463,792,400	379,860,419	248,540,767	160,277,245
Mortgages financing	158,364,381	129,812,545	78,518,748	66,181,978
Factoring interest	136,451,293	95,909,559	69,383,884	55,775,060
Leased assets contracts	163,079,695	145,152,398	78,179,638	70,679,726
Shopping financing	328,688,470	235,205,930	175,033,982	112,460,607
Consumer Finance - Services	68,000,370	47,384,643	34,685,233	24,638,501
Penalties for past due amount	66,231,135	17,475,591	31,870,308	9,413,038
	<u>1,384,607,744</u>	<u>1,050,801,085</u>	<u>716,212,560</u>	<u>499,426,155</u>

11) Fees and commissions income

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Administrative income	63,661,351	62,061,897	36,182,352	28,800,594
Revenues from promotion and underwriting services	-	10,364,000	-	10,364,000
Consumer financing suppliers commission	6,788,677	4,926,287	4,153,443	2,803,224
Contractual income	14,471,016	6,771,278	7,610,862	4,039,911
Lease contracts insurance income	681,453	870,755	332,435	413,030
Electronic payments collection fees	5,440,415	7,633,189	2,692,875	3,737,489
Asset management services	69,915	59,840	34,706	35,151
Miscellaneous income	37,411	34,923	17,484	16,378
	<u>91,150,238</u>	<u>92,722,169</u>	<u>51,024,157</u>	<u>50,209,777</u>

12) Fees and commissions expense

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Commission	37,271,823	52,392,334	20,044,865	22,026,633
Promotion and underwriting costs	3,131,672	5,419,980	1,452,110	4,113,286
Lease contracts insurance cost	655,387	702,953	319,227	340,336
Other fees and commissions expense	44,969	316,950	12,929	185,764
	<u>41,103,851</u>	<u>58,832,217</u>	<u>21,829,131</u>	<u>26,666,019</u>

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

13) Insurance revenue and insurance service result

	30 June 2025		
	<u>Sarwa Life insurance</u>	<u>Sarwa insurance</u>	<u>Total</u>
13-1 Insurance Revenue			
Amounts relating to changes in LRC			
Expected incurred claims and other directly attributed expenses	52,620,354	-	52,620,354
Change in the risk adjustment for non-financial risk for the risk expired	4,592,122	-	4,592,122
CSM recognized for the services provided	43,899,223	-	43,899,223
Insurance acquisition cash flow recovery	15,047,848	-	15,047,848
Insurance revenue from contracts not measured under the PAA	116,159,547	-	116,159,547
Insurance revenue from contracts measured under the PAA	677,491,637	533,049,165	1,210,540,802
Total insurance revenue	793,651,184	533,049,165	1,326,700,349
13-2 Insurance service expenses			
Incurred claims and other directly attributable expenses	(568,825,488)	(756,999,856)	(1,325,825,344)
Change in ULAE for O/S & IBNR claims	-	332,528,012	332,528,012
Insurance acquisition cashflows amortization	-	(132,989,677)	(132,989,677)
Losses on onerous contracts and reversal of those losses	(9,392,874)	-	(9,392,874)
Insurance acquisition cash flows assets impairment	(143,519,023)	-	(143,519,023)
Insurance other cash flows impairment	5,896,695	-	5,896,695
Others	15,778,888	-	15,778,888
Total insurance service expenses	(700,061,802)	(557,461,521)	(1,257,523,323)
13-3 Net income (expenses) from reinsurance contracts held			
Expected incurred claims and other directly attributable expenses recovery	(31,394,322)	-	(31,394,322)
Change in the risk adjustment for non-financial risk for the risk expired	(3,410,332)	-	(3,410,332)
CSM recognized for the services received	(34,471,896)	-	(34,471,896)
Reinsurance expenses - contracts not measured under the PAA	(69,276,550)	-	(69,276,550)
Reinsurance expenses - contracts measured under the PAA	(215,001,388)	(142,483,645)	(357,485,033)
Total expenses from reinsurance contracts held	(284,277,938)	(142,483,645)	(426,761,583)
13-4 Reinsurance contracts revenue			
Other incurred directly attributable expenses	211,921	21,506,715	21,718,636
Effect of changes in the risk of reinsurers non-performance	3,840	-	3,840
Claims recovered	413,405,108	384,169,336	797,574,444
Reinsurance other cash flows impairment	6,936,843	-	6,936,843
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	(192,805,487)	(236,293,835)	(429,099,322)
Total income from reinsurance contracts held	227,752,225	169,382,216	397,134,441
Total insurance service result	37,063,669	2,486,215	39,549,884
13-5 Finance (income)/expenses from insurance contracts issued			
Changes in value of underlying assets of contracts measured under the VFA	1,179,950	-	1,179,950
Interest accreted	(12,603,732)	(20,561,632)	(33,165,364)
Effect of changes in interest rates and other financial assumptions	(3,001,689)	-	(3,001,689)
Finance expenses from insurance contracts issued	14,425,471	20,561,632	(34,987,103)
13-6 Finance (income)/expenses from reinsurance contracts issued			
Effect of changes in interest rates and other financial assumptions	109,977	-	109,977
Interest accreted	6,591,104	13,364,343	19,955,447
Finance expenses from reinsurance contracts issued	6,701,081	13,364,343	20,065,424

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

		<u>30 June 2024</u>	
	<u>Sarwa Life insurance</u>	<u>Sarwa insurance</u>	<u>Total</u>
13-1 Insurance Revenue Amounts relating to changes in LRC			
Expected incurred claims and other directly attributed expenses	32,704,373	-	32,704,373
Change in the risk adjustment for non-financial risk for the risk expired	2,860,155	-	2,860,155
CSM recognized for the services provided	10,660,609	-	10,660,609
Insurance acquisition cash flow recovery	1,931,758	-	1,931,758
Insurance revenue from contracts not measured under the PAA	48,156,895	-	48,156,895
Insurance revenue from contracts measured under the PAA	392,505,550	381,237,270	773,742,820
Total insurance revenue	440,662,445	381,237,270	821,899,715
13-2 Insurance service expenses			
Incurred claims and other directly attributable expenses	(381,531,309)	(509,865,930)	(891,397,239)
Losses on onerous contracts and reversal of those losses	(21,311,126)	-	(21,311,126)
Insurance acquisition cashflow amortization	(67,567,281)	-	(67,567,281)
Insurance other cash flow impairment	6,243,672	-	6,243,672
Changes that relate to past service- changes in the FCF relating to LIC	-	234,601,837	234,601,837
Insurance acquisition cashflow amortization	-	(87,981,317)	(87,981,317)
other	343,719	-	343,719
Total insurance service expenses	(463,822,325)	(363,245,409)	(827,067,734)
13-3 Net income (expenses) from reinsurance contracts held			
Expected incurred claims and other directly attributable expenses recovery	(15,037,132)	-	(15,037,132)
Change in the risk adjustment for non-financial risk for the risk expired	(2,354,430)	-	(2,354,430)
CSM recognized for the services received	(11,072,090)	-	(11,072,090)
Reinsurance expenses - contracts not measured under the PAA	(28,463,652)	-	(28,463,652)
Reinsurance expenses - contracts measured under the PAA	(92,651,943)	-	(92,651,943)
Insurance revenue from contracts measured under the PAA	-	(105,220,420)	(105,220,420)
Total expenses from reinsurance contracts held	(121,115,595)	(105,220,420)	(226,336,015)
13-4 Reinsurance contracts revenue			
Other incurred directly attributable expenses	(9,260,327)	17,707,317	8,446,990
Claims recovered	(207,484,173)	223,005,739	15,521,566
Reinsurance other cash flows impairment	4,914,036	-	4,914,036
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	370,372,565	(135,026,096)	235,346,469
Total income from reinsurance contracts held	158,542,101	105,686,960	264,229,061
Total insurance service result	14,266,626	18,458,401	32,725,027
13-5 Finance (income)/expenses from insurance contracts issued			
Changes in value of underlying assets of contracts measured under the VFA	585,082	-	585,082
Effect of changes in interest rates and other financial assumptions	(2,243,435)	-	(2,243,435)
Interest accreted	(6,841,634)	(14,549,057)	(21,390,691)
Finance expenses from insurance contracts issued	(8,499,987)	(14,549,057)	(23,049,044)
13-6 Finance (income)/expenses from reinsurance contracts issued			
Effect of changes in interest rates and other financial assumption	152,641	-	152,641
Interest accreted	2,921,852	10,746,669	13,668,521
Finance expenses from reinsurance contracts issued	3,074,493	10,746,669	13,821,162

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

14) Fee income insurance

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Insurance brokerage income	68,859,995	53,609,559	34,254,002	26,912,109
	<u>68,859,995</u>	<u>53,609,559</u>	<u>34,254,002</u>	<u>26,912,109</u>

15) Fee expense Insurance

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Insurance brokerage sales cost	53,064,898	20,040,113	36,854,151	10,028,940
Banks charges insurance brokerage	62,131	32,608	30,129	17,976
	<u>53,127,029</u>	<u>20,072,721</u>	<u>36,884,280</u>	<u>10,046,916</u>

16) Other Operating Income

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Sukuk management fees	1,897,239	7,896,247	865,067	3,816,185
Advertising services income	13,776,798	8,342,111	7,073,983	5,039,628
Mortgage valuation income	262,750	331,561	139,850	125,400
Lease valuation income	4,400	43,000	2,900	12,900
Rent income from others	46,299	70,438	22,041	(4,095)
Sukuk issuance income	1,250,001	1,250,001	625,002	625,002
Mutual fund fees	-	694,250	-	358,360
Collections from AR bad debts	7,942,611	1,690,381	3,956,416	862,563
Disposal of leased assets	144,299	-	-	-
Other	10,910,756	8,285,663	8,039,194	(2,339,729)
co-insurance commissions	-	5,689,760	-	5,689,760
	<u>36,235,153</u>	<u>34,293,412</u>	<u>20,724,453</u>	<u>14,185,975</u>

17) Other Operating Expense

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
I-Score fees	10,612,986	10,242,512	5,436,689	4,783,614
Operating costs- Digital Transactions	3,216,941	1,625,490	1,452,849	1,224,217
Sukuk issuance cost	13,283,669	6,135,084	3,737,129	3,056,294
Cost of advertising services	1,883,924	1,466,108	707,641	827,745
Cost of Collection services	1,548,993	1,404,687	830,084	789,135
Other operating expense	13,453,464	11,499,368	12,393,073	10,389,833
	<u>43,999,977</u>	<u>32,373,249</u>	<u>24,557,465</u>	<u>21,070,838</u>

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

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18) Depreciation and amortization

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
PPE depreciation	41,546,805	32,035,760	21,643,927	16,048,999
Right of use assets amortization	39,817,067	31,302,462	19,908,548	15,755,618
Intangible assets amortization	415,760	64,860	295,605	32,429
	<u>81,779,632</u>	<u>63,403,082</u>	<u>41,848,080</u>	<u>31,837,046</u>

19) Other Expenses

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Consulting fees	15,791,561	13,485,575	4,841,755	7,205,828
Takaful contribution	8,933,848	6,964,311	4,589,295	3,358,848
Branches and cars rent	4,464,102	6,807,602	2,307,646	2,853,801
Advertising, and stock renewal expenses	548,075	716,015	37,503	90,465
Vehicles expenses	2,851,264	1,305,510	2,167,126	757,018
Money transport expenses	414,754	877,219	71,638	400,163
Stationery and printing materials	1,311,890	1,935,072	478,016	666,543
Employee's trainings	2,670,241	1,215,625	1,719,366	700,811
Travel and transportation expenses	1,675,009	449,217	1,456,975	138,833
Cost of free services for customers	668,228	829,564	339,976	452,748
Operating systems and websites rent expenses	12,724,734	4,869,878	6,673,765	814,230
Headquarters expenses	22,001,050	19,871,609	11,538,544	11,148,098
Hospitality expenses	11,293,884	13,232,638	3,535,089	6,177,856
Establishment expenses	-	37,080	-	37,080
Subscriptions expenses	12,779,637	7,645,201	7,589,241	3,162,776
Other expenses	5,898,482	5,538,881	4,850,204	3,465,842
	<u>104,026,759</u>	<u>85,780,997</u>	<u>52,196,139</u>	<u>41,430,940</u>

20) ECL provision

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
ECL provision (trade receivables)	29,666,429	65,699,586	76,225,153	25,275,305
ECL provision (cash)	50,496	-	24,091	-
ECL provision (debtors)	1,422,157	1,276,781	74,461	1,129,096
ECL provision (investments)	2,437	(41,546)	1,407	(34,116)
	<u>31,141,513</u>	<u>66,934,821</u>	<u>76,325,111</u>	<u>26,370,285</u>

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

21) Income tax

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Current income tax	54,531,666	72,599,040	25,492,650	46,047,882
Deferred income tax	4,144,698	(197,240)	2,313,515	1,201,663
Treasury bills and treasury bonds tax	25,244,903	21,949,340	12,762,452	11,016,052
	<u>83,921,267</u>	<u>94,351,140</u>	<u>40,568,617</u>	<u>58,265,597</u>

Deferred tax assets

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Foreign currency differences	10,709,858	10,709,858
	<u>10,709,858</u>	<u>10,709,858</u>

Deferred tax Liabilities

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
PPE (depreciation)	22,118,041	17,973,343
Loans and receivables measured at fair value through other comprehensive income	147,397,593	53,884,740
	<u>169,515,634</u>	<u>71,858,083</u>

Effective tax rate

	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>
Net profit (before tax)	262,132,242	287,729,176
Tax rate	<u>22.50%</u>	<u>22.50%</u>
Income tax calculated based on net income	<u>58,979,754</u>	<u>64,739,065</u>
Tax adjustments effect	24,941,513	29,612,075
Income tax	<u>83,921,267</u>	<u>94,351,140</u>
Effective tax rate	<u>32.01%</u>	<u>32.79%</u>

Income tax liability

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Beginning Balance	215,555,361	250,193,034
Formed during the period / year	54,531,666	218,606,167
Paid during the period / year	(214,521,606)	(253,243,840)
Ending Balance	<u>55,565,421</u>	<u>215,555,361</u>

22) Earnings per share for the period

Basic weighted earnings per share are calculated by dividing net income for the period attributable to the parent company's shareholders by the weighted average number of shares outstanding during the period.

	<u>Six months ended in</u>		<u>Three months ended in</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net Profit for the period for owners of the parent company	122,565,605	167,679,366	64,158,747	153,272,468
Weighted average no. of ordinary shares outstanding during the period	1,188,923,408	1,189,682,891	1,184,948,628	1,187,533,665
Earnings per share for the period	<u>0.10</u>	<u>0.14</u>	<u>0.05</u>	<u>0.13</u>

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

23) Cash on hand and at banks

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Banks - current accounts	1,243,693,330	1,116,979,870
Cash on hand	11,291,608	10,697,949
Time deposits – Less than 3 months	99,096,949	373,036,903
Expected credit loss	(355,256)	(304,760)
	<u>1,353,726,631</u>	<u>1,500,409,962</u>

*In accordance with Prime Minister's Decision No. 4575 at 2023 amending the Egyptian Accounting Standards as well as Financial regulatory Authority Decision No. 222 at 2023 dated 18 October 2023 on certain exceptions in the application of the Accounting Standard No. (47. Financial instruments) Current accounts and deposits with local currency at banks registered with the Central Bank of Egypt due within one month of the date of the financial statements were excluded from recognition and measurement of expected credit losses.

24) Loans and receivables

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
24-1 Loans and receivables measured at fair value through other comprehensive income	5,909,545,192	5,227,239,991
24-2 Loans and receivables measured at amortized cost	4,292,252,099	4,183,353,141
	<u>10,201,797,291</u>	<u>9,410,593,132</u>

24-1 Loans and receivables Measured at Fair Value Through Other Comprehensive Income

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Receivables – auto loans	2,967,799,910	2,815,620,016
Receivables – consumer goods	2,941,745,282	2,411,619,975
	<u>5,909,545,192</u>	<u>5,227,239,991</u>

24-2 Loans and receivables Measured at Amortized Cost

<u>24-2 Loans and receivables</u>	<u>30 June 2025</u>		<u>31 Dec 2024</u>	
<u>Measured at Amortized Cost</u>	<u>EGP</u>		<u>EGP</u>	
	<u>Within a Year</u>	<u>More than a year</u>	<u>Within a year</u>	<u>More than a year</u>
Receivables - goods	520,114,274	25,591,438	295,673,085	4,457,146
Receivables - services	16,995,159	-	18,426,325	-
Receivables - leasing	872,369,684	820,773,595	937,510,018	956,874,985
Receivables – factoring	1,214,458,109	25,713,009	967,251,888	177,058,831
Receivables - mortgage	712,857,623	2,410,657,578	653,449,199	2,416,245,072
Total	<u>3,336,794,849</u>	<u>3,282,735,620</u>	<u>2,872,310,515</u>	<u>3,554,636,034</u>
Less:				
Deferred interest	(1,068,889,686)	(1,119,914,295)	(943,956,408)	(1,157,963,329)
ECL provision*	(70,234,331)	(68,240,058)	(63,256,089)	(78,417,582)
Net	<u>2,197,670,832</u>	<u>2,094,581,267</u>	<u>1,865,098,018</u>	<u>2,318,255,123</u>
	4,292,252,099		4,183,353,141	

***ECL provision movement as follows:**

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance for the period / year	141,673,671	320,191,062
Formed during the period / year	75,470,102	197,608,071
No Longer required	(78,669,384)	(86,803,974)
Used during the period / year	-	(289,321,488)
Ending balance for the period / year	<u>138,474,389</u>	<u>141,673,671</u>

Contact Financial Holding (S.A.E)

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All amounts are in EGP unless otherwise stated

25) Insurance Assets (liabilities) contracts

	30 June 2025				
	<u>Liability for remaining coverage</u>		<u>Liability for Incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Best Estimate liability</u>	<u>Risk adjustment</u>	
Insurance contract liabilities as of 1 January 2025	544,809,524	35,665,154	457,778,302	23,258,576	1,061,511,556
Insurance contract assets as of 1 January 2025	197,858,734	-	(32,182,566)	(631,421)	165,044,747
Insurance contract liabilities/(Insurance contract assets) as of 1 January 2025	346,950,790	35,665,154	489,960,868	23,889,997	896,466,809
Insurance revenue	(533,049,165)	-	-	-	(533,049,165)
Contracts measured under the fair value approach at transition	(116,159,547)	-	-	-	(116,159,547)
New contracts and contracts measured under the full retrospective approach at transition	(677,491,637)	-	-	-	(677,491,637)
Total insurance revenue	(1,326,700,349)	-	-	-	(1,326,700,349)
Incurred claims and other directly attributable expenses	-	14,272,968	747,600,818	4,810,283	766,684,069
Losses on onerous contracts and reversals of those losses	-	(11,800,666)	-	-	(11,800,666)
Insurance acquisition cash flows amortization	276,508,700	-	200,742,322	-	477,251,022
Insurance acquisition cash flows assets impairment	-	-	40,388,898	-	40,388,898
Others	-	-	(15,000,000)	-	(15,000,000)
Total insurance service expenses	276,508,700	(2,472,302)	973,732,038	4,810,283	1,257,523,323
Insurance service result	(1,050,191,649)	(2,472,302)	973,732,038	4,810,283	(69,177,026)
Finance (income)/expenses from insurance contracts issued	8,980,773	2,262,864	24,923,416	-	36,167,053
Total amounts recognized in comprehensive income	(1,041,210,876)	4,735,166	998,655,454	4,810,283	(33,009,973)
Premiums received	1,272,957,604	-	-	-	1,272,957,604
Claims and other directly attributable expenses paid	-	-	(849,379,560)	-	(849,379,560)
Insurance acquisition cash flows paid	(325,301,261)	-	-	-	(325,301,261)
Others	-	-	12,331,993	-	12,331,993
Total cash flows	947,656,343	-	(837,047,567)	-	110,608,776
Insurance contract liabilities as of 30 June 2025	909,618,737	35,520,227	484,032,667	26,661,517	1,455,833,148
Insurance contract assets as of 30 June 2025	667,478,215	-	(167,536,323)	(1,993,762)	497,948,130
Insurance contract liabilities (assets) as of 30 June 2025	242,140,522	35,520,227	651,568,991	28,655,279	957,885,018

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All amounts are in EGP unless otherwise stated

Insurance Assets (liabilities) contracts

	31 December 2024				
	<u>Liability for remaining coverage</u>		<u>Liability for Incurred claims</u>		
	<u>Excluding loss</u>	<u>Loss</u>	<u>Best Estimate</u>	<u>Risk</u>	<u>Total</u>
	<u>component</u>	<u>component</u>	<u>liability</u>	<u>adjustment</u>	
Insurance contract liabilities as of 1 January 2024	263,761,136	-	406,582,227	19,958,123	690,301,486
Insurance contract assets as of 1 January 2024	15,022,788	-	(3,378,684)	(113,416)	11,530,688
Insurance contract liabilities/(Insurance contract assets) as of 1 January 2024	248,738,348	-	409,960,911	20,071,539	678,770,798
Insurance revenue	(825,189,637)	-	-	-	(825,189,637)
Contracts measured under the fair value approach at transition	(123,339,155)	-	-	-	(123,339,155)
New contracts and contracts measured under the full retrospective approach at transition	(867,303,811)	-	-	-	(867,303,811)
Total insurance revenue	(1,815,832,603)	-	-	-	(1,815,832,603)
Incurred claims and other directly attributable expenses	-	(14,507,520)	1,474,139,936	20,335,865	1,479,968,281
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	(216,211,172)	(16,562,408)	(232,773,580)
Losses on onerous contracts and reversals of those losses	-	46,123,160	-	-	46,123,160
other	-	-	33,000,000	-	33,000,000
Insurance acquisition cash flows amortization	355,415,400	-	-	-	355,415,400
Total insurance service expenses	355,415,400	31,615,640	1,290,928,764	3,773,457	1,681,733,261
Insurance service result	(1,815,832,603)	31,615,640	1,290,928,764	3,773,457	(134,099,342)
Finance (income)/expenses from insurance contracts issued	14,829,952	4,049,514	27,482,605	-	46,362,071
Total amounts recognized in comprehensive income	(1,445,587,251)	35,665,154	1,318,411,369	3,773,457	(87,737,271)
Premiums received	1,995,318,550	-	-	-	1,995,318,550
Claims and other directly attributable expenses paid	-	-	(1,231,360,912)	-	(1,231,360,912)
Insurance acquisition cash flows paid	(451,419,637)	-	-	-	(451,419,637)
Others	-	-	(7,050,264)	-	(7,050,264)
Total cash flows	1,543,898,913	-	(1,238,411,176)	-	305,487,737
Insurance contract liabilities as of 31 December 2024	544,809,524	35,665,154	457,778,302	23,258,576	1,061,511,556
Insurance contract assets as of 31 December 2024	197,858,734	-	(32,182,566)	(631,421)	165,044,747
Insurance contract liabilities/(Insurance contract assets) as of 31 December 2024	346,950,790	(35,665,154)	(489,960,868)	23,889,997	896,466,809

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

26) Reinsurance assets (liabilities) contracts

	<u>30 June 2025</u>		<u>EGP</u>		
	<u>Liability for remaining coverage</u>		<u>Liability for Incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Best Estimate liability</u>	<u>Risk adjustment</u>	
Reinsurance contract assets as of 1 January 2025	(815,223,787)	22,021,124	1,075,455,260	17,638,215	299,890,812
Reinsurance contract liabilities as of 1 January 2025	105,920,393	-	34,176,036	789,874	140,886,303
Reinsurance contract liabilities/assets) as of 1 January 2025	(921,144,180)	22,021,124	1,041,279,224	16,848,341	159,004,509
Net (income)/expenses from reinsurance contracts held	193,494,672	-	(145,128,739)	(2,746,762)	45,619,171
Reinsurance expenses	69,276,550	(7,333,914)	(173,427,007)	868,159	(110,616,212)
Other incurred directly attributable expenses	(141,363)	-	-	-	(141,363)
Incurred claims recovery	142,483,645	6,315,810	(48,197,755)	-	100,601,700
Reinsurance other cash flows impairment	(5,836,154)	-	-	-	(5,836,154)
Net (income)/expenses from reinsurance contracts held	399,277,350	(1,018,104)	(366,753,501)	(1,878,603)	29,627,142
Finance expenses/ (income) from reinsurance contracts held	(4,209,170)	(741,305)	(15,114,948)	-	(20,065,423)
Total amounts recognized in comprehensive income	395,068,180	(1,759,409)	(381,868,449)	(1,878,603)	9,561,719
Premiums paid net of ceding commissions and other directly attributable expenses paid	(135,018,758)	-	-	-	(135,018,758)
Recoveries from reinsurance	-	-	114,380,473	-	114,380,473
Others	-	-	(63,682,548)	-	(63,682,548)
Total cash flows	(135,018,758)	-	50,697,925	-	(84,320,833)
Reinsurance contract liabilities as of 30 June 2025	1,597,333,912	(20,820,336)	(1,116,877,787)	(695,825)	458,939,964
Reinsurance contract assets as of 30 June 2025	383,874,325	2,960,197	255,571,959	18,031,117	660,437,598

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

Reinsurance assets (liabilities) contracts

	<u>31 December 2024</u>				
	<u>EGP</u>				
	<u>Liability for remaining coverage</u>		<u>Liability for Incurred claims</u>		<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Best Estimate liability</u>	<u>Risk adjustment</u>	
Reinsurance contract assets as of 1 January	38,844,891	–	203,949,881	12,596,137	255,390,909
Reinsurance contract liabilities as of 1 January	481,108,875	–	(433,558,974)	(761,299)	46,788,602
Reinsurance contract liabilities/assets) as of 1 January 2024	(442,263,984)	–	(637,508,855)	13,357,437	208,602,307
Net (income)/expenses from reinsurance contracts held	249,311,960	–	184,621,733	3,454,872	437,388,565
Reinsurance expenses	75,488,923	–	–	–	75,488,923
Other incurred directly attributable expenses	(247,530)	–	–	–	(247,530)
Incurred claims recovery	(213,809,489)	(21,126,928)	(257,098,356)	(36,033)	(492,070,806)
Reinsurance other cash flows impairment	(2,701,907)	–	–	–	(2,701,907)
Net (income)/expenses from reinsurance contracts held	108,041,957	(21,126,928)	(72,476,623)	3,418,839	17,857,245
Finance (income)/expenses from reinsurance contracts held	(6,160,868)	(894,196)	12,429,540	–	5,374,476
Total amounts recognized in comprehensive income	101,881,089	(22,021,124)	(60,047,083)	3,418,838	23,231,720
Premiums paid net of ceding commissions and other directly attributable expenses paid	149,653,260	–	–	–	149,653,260
Recoveries from reinsurance	–	–	(167,141,051)	–	(167,141,051)
Directly attributable expenses paid	(48,845,704)	–	–	–	(48,845,704)
Others	–	–	147,134,596	–	147,134,596
Total cash flows	100,807,556	–	(20,006,455)	–	80,801,101
Reinsurance contract liabilities as of 31 December 2024	105,920,393	–	34,176,036	789,874	140,886,303
Reinsurance contract assets as of 31 December 2024	(815,223,787)	22,021,124	1,075,455,260	17,638,215	299,890,812

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

27) Equity method investments

	<u>Contribution</u>		<u>Contribution</u>					
<u>Company's Name</u>	<u>%</u>	<u>30 June 2025</u>	<u>%</u>	<u>31 Dec 2024</u>				
	<u>2025</u>	<u>EGP</u>	<u>2024</u>	<u>EGP</u>				
Bavarian Contact Car Trading	49%	14,242,514	49%	13,583,704				
Star Auto Credit	33.4%	5,639,266	33.4%	5,250,437				
Ezz El-Arab - Contact Financial	49%	27,067,911	49%	21,061,793				
Egyptian Credit Service	49.9%	-	49.9%	6,171,767				
Wasla Browser-cayman Island (Note 47)	52.6%	84,064,143	43.1%	97,046,754				
A S Investments Limited	40%	56,055,733	40%	49,204,328				
Motor Care-Service Company	49.2%	2,489,479	49.2%	2,697,472				
Carzami Holding	41.7%	7,937,863	41.7%	6,635,375				
		<u>197,496,909</u>		<u>201,651,630</u>				

<u>30 June 2025</u>	<u>Bavarian Contact Car Trading</u>	<u>Star Auto Credit</u>	<u>Ezz Elarab/ Contact Financial</u>	<u>Egyptian Credit Service</u>	<u>Wasla Browser – cayman island</u>	<u>Motor-Care Service</u>	<u>A S Investments Limited</u>	<u>Carzami Holding</u>
Total assets	32,926,308	18,349,628	114,054,738	2,854,529	380,311,717	15,882,707	1,276,182,263	36,295,636
Total liabilities	(3,812,597)	(1,370,523)	(54,106,039)	(4,336,258)	(210,307,911)	(10,822,794)	(827,292,131)	(11,732,093)
Net assets	<u>29,113,711</u>	<u>16,979,105</u>	<u>59,948,699</u>	<u>(1,481,729)</u>	<u>170,003,806</u>	<u>5,059,913</u>	<u>448,890,132</u>	<u>24,563,543</u>

<u>31 Dec 2024</u>	<u>Bavarian Contact Car Trading</u>	<u>Star Auto Credit</u>	<u>Ezz Elarab/ Contact Financial</u>	<u>Egyptian Credit Service</u>	<u>Wasla Browser – cayman island</u>	<u>Motor- Care Service</u>	<u>A S Investments Limited</u>	<u>Carzami Holding</u>
Total assets	31,952,308	17,172,124	118,510,943	17,565,410	333,949,362	14,224,437	1,198,926,672	31,200,433
Total liabilities	(4,183,107)	(1,357,175)	(73,245,031)	(5,219,411)	(139,243,564)	(8,741,773)	(785,194,068)	(7,452,506)
Net assets	<u>27,769,201</u>	<u>15,814,949</u>	<u>45,265,912</u>	<u>12,345,999</u>	<u>194,705,798</u>	<u>5,482,664</u>	<u>413,732,604</u>	<u>23,747,927</u>

NOTE:

The Company's (Contact Credit) share of losses in Motor Care Egypt has exceeded the capital share.

28) Financial Investments

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Financial investments measured at fair value through other comprehensive income (equity instruments)	15,895,982	15,895,982
Financial investments measured at fair value through other comprehensive income (debt instruments)	394,797,664	630,548,691
Financial investments measured at fair value through profit and loss	79,147,750	56,282,884
Financial investments measured at amortized cost	780,628,706	496,123,951
Expected credit loss	(79,356)	(76,919)
	<u>1,270,390,746</u>	<u>1,198,774,589</u>

<u>A) Financial Investments Measured at Fair Value Through Other Comprehensive Income (FVOCI) (Equity Instruments)</u>	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Egyptian Mortgage Refinancing company*	6,413,750	6,413,750
A I venture	6,336,232	6,336,232
Sakneen	3,146,000	3,146,000
	<u>15,895,982</u>	<u>15,895,982</u>

* 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.

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

-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)**

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Treasury bills	369,797,664	605,548,691
Securitization bonds	25,000,000	25,000,000
	<u>394,797,664</u>	<u>630,548,691</u>

**C) Financial Investments Measured at Fair Value
Through profit and loss**

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Mutual fund (Sawra Life Insurance Company)	79,147,750	56,282,884
	<u>79,147,750</u>	<u>56 282 884</u>

D) Financial Investments Measured at amortized cost

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Treasury bonds	780,628,706	496,123,951
	<u>780,628,706</u>	<u>496,123,951</u>

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:

**List of the financial assets and liabilities that has been
disposed**

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Financial rights portfolios	21,358,243	69,101,479
Amounts collected for custodian	(6,221,135)	6,880,252
Cash held with custodian	25,957,801	52,057,834
Total Financial Assets transferred	<u>41,094,909</u>	<u>128,039,565</u>
(Less): bonds Loan	(34,213,534)	(87,985,211)
Deferred interest on bond loan	(10,162)	(53,979)
Surplus of securitization processes	<u>6,871,213</u>	<u>40,000,375</u>

Noting that the financial assets transferred to Sarwa Securitization meets the financial assets derecognition criteria.

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

30) Related parties

30-1 Financial Position Balances

Due from Related Parties

<u>Related Party</u>	<u>Relation Nature</u>	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Motor Care Egypt	Associate 40.1%	10,041,490	6,593,185
Motor Care Service	Associate 49.2%	8,474,103	3,836,641
Consolidated Financial Holding	Parent Company	1,295,917	987,296
Wasla Browser Cayman Island	Associate 52.56%	169,819	-
Bravo for consumer finance	Associate 52.56%	30,276,224	276,224
Bravo Technology	Associate 52.56%	108,986	102,253
AS Investment Limited	Associate 40%	1,401,014	1,401,014
Tamwil Holding (parent company)	Holding company	395,958	395,958
Egyptian Credit Service*	Associate 49.99%	1,679,788	2,570,657
Carzami Egypt **	Associate 41.7%	811,125	5,124,647
Other shareholders		30,283	30,283
		<u>54,684,707</u>	<u>21,318,158</u>

*The balance represents the Loan provided by Contact Financial Holding Company to the Egyptian Credit Services to finance the company's activities.

** The balance represents the Loan provided by Contact Financial Holding Company to Carzami Egypt Company to finance the company's activities.

30-2 Income Statement Transactions

		<u>30 June 2025</u>	<u>30 June 2024</u>
		<u>Expense (Revenue)</u>	
		<u>EGP</u>	
<u>Bavarian Contact Car Trading</u>	Associate 49%		
Management and incentive fees		(7,537)	(4,875)
Financing cost		1,348,545	1,501,518
<u>Star Auto Credit</u>	Associate 33.4%		
Management fees		(8,196)	(8,495)
Financing cost		576,050	259,094
<u>Ezz El-Arab / Contact Financial</u>	Associate 49%		
Management fees		(442,802)	(319,679)
Financing cost		1,630,623	1,165,128

30-3 Bonus and salaries for executive management

The value of bonus and salaries for the executive management of the group for the period ended on June 30, 2025, amounted to 44,389,590EGP where on June 30, 2024, it amounted to 33,808,315EGP.

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

31) Debtors and other debit balances

	30 June 2025		31 Dec 2024	
	EGP		EGP	
	Within a Year	More than a year	Within a year	More than a year
Prepaid expenses	79,515,418	50,676,870	68,745,783	35,213,658
Advance payments to suppliers	68,234,712	6,751,868	67,686,151	213,750
Accrued revenue	241,690,573	328,804,735	213,862,131	320,001,518
Advances and Imprest	20,945,880	-	25,090,729	-
Tax authority - current accounts	13,825,071	-	8,141,037	-
ESOP income tax	13,106,835	-	13,106,835	-
Other debit balances	15,175,869	-	21,991,028	-
Deposits with third party	3,671,358	14,835,627	1,629,894	14,475,628
Advance payment for investments	1,054,946	-	1,345,727	-
Due from collection companies	21,398,708	-	13,393,632	-
Notes payable - Insurance contracts asset	24,678,941	-	2,107,815	-
(Less): ECL Provisions	(11,282,584)	(1,346,108)	(10,394,531)	(812,010)
Net	492,015,727	399,722,992	426,706,231	369,092,544
	891,738,719		795,798,775	

ECL Provisions movement as follows:

	30 June 2025	31 Dec 2024
	EGP	EGP
Beginning balance	11,206,541	10,253,961
Formed during the period / year	5,099,505	3,166,434
No longer required	(3,677,354)	(2,213,854)
Ending balance during the period / year	12,628,692	11,206,541

32) Projects under construction

	30 June 2025	31 Dec 2024
	EGP	EGP
Operating systems	29,052,695	33,132,977
Finishing buildings	117,498,516	130,103,521
	146,551,211	163,236,498

Projects under construction movement as follows:

	30 June 2025		31 Dec 2024	
	EGP		EGP	
	Operating systems	Finishing buildings	Operating systems	Finishing buildings
Beginning balance for the period / year	33,132,977	130,103,521	33,870,714	41,240,624
Additions during the period / year	6,446,689	20,928,672	9,843,014	91,154,350
Disposals during the period / year	-	-	(10,580,751)	(1,917,039)
Transferred to PPE	-	(33,533,677)	-	-
Transferred to intangible assets	(10,526,971)	-	-	(374,414)
	29,052,695	117,498,516	33,132,977	130,103,521
	146,551,211		163,236,498	

Contact Financial Holding (S.A.E)**Notes to the consolidated financial statements for the period ended 30 June 2025**

All amounts are in EGP unless otherwise stated

33- Property Plant and Equipment

	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Machinery & equipment</u>	<u>Computers and software</u>	<u>Leasehold Improvement</u>	<u>Total</u>
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Balance on 1 January 2024	26,684,369	47,771,629	30,459,580	120,120,778	202,597,196	427,633,552
Additions for the period	10,490,850	4,225,265	2,662,139	14,012,065	1,639,630	33,029,949
Disposals during the year	(660,000)	-	(109,500)	(72,037)	-	(841,537)
Total cost on 30 June 2024	36,515,219	51,996,894	33,012,219	134,060,806	204,236,826	459,821,964
Balance on 1 January 2025	40,051,094	87,968,843	35,782,023	145,327,824	239,231,052	548,360,836
Additions for the period	54,988,580	1,580,210	1,466,350	15,541,263	8,717,000	82,293,403
transferred from projects under constructions	-	-	-	-	33,533,677	33,533,677
Disposals during the period	(950,000)	(379,215)	(175,355)	-	(1,135,815)	(2,640,385)
Total cost on 30 June 2025	94,089,674	89,169,838	37,073,018	160,869,087	280,345,914	661,547,531
<u>Accumulated Depreciation</u>						
Accumulated depreciation on 1 January 2024	7,425,346	17,789,578	16,225,254	80,062,673	87,369,930	208,872,781
Depreciation for the period	2,874,098	2,321,890	2,711,920	12,118,604	12,009,248	32,035,760
Accumulated depreciation for disposals	(660,000)	-	(101,204)	(72,037)	-	(833,241)
Total accumulated depreciation on 30 June 2024	9,639,444	20,111,468	18,835,970	92,109,240	99,379,178	240,075,300
Accumulated depreciation on 1 January 2025	11,382,559	23,041,479	21,147,034	99,413,045	111,420,508	266,404,625
Depreciation for the period	4,605,807	4,355,792	2,953,504	13,680,663	15,951,039	41,546,805
Accumulated depreciation for disposals	(562,500)	(98,873)	(71,161)	-	(256,389)	(988,923)
Total accumulated depreciation on 30 June 2025	15,425,866	27,298,398	24,029,377	113,093,708	127,115,158	306,962,507
<u>Net book value as of:</u>						
30-Jun-2025	78,663,808	61,871,440	13,043,641	47,775,379	153,230,756	354,585,024
31-Dec-2024	28,668,535	64,927,364	14,634,989	45,914,779	127,810,544	281,956,211
30-Jun-2024	26,875,775	31,885,426	14,176,249	41,951,566	104,857,648	219,746,664

Contact Financial Holding (S.A.E)

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All amounts are in EGP unless otherwise stated.

34) Right of use assets

<u>Cost</u>	<u>Buildings</u> <u>EGP</u>
Balance at 1 January 2024	480,037,001
Additions for the period	47,835,577
Disposals during the period	(439,394)
Total cost on 30 June 2024	527,433,184
Balance on 1 January 2025	557,998,090
Additions for the period	108,247,368
Disposals during the period	(2,700,348)
Amendments on lease contracts	94,687
Total cost on 30 June 2025	663,639,797
<u>Accumulated Amortization</u>	<u>130,884,534</u>
Balance at 1 January 2024	31,302,462
Amortization for the period	(439,394)
Total Accumulated amortization on 30 June 2024	161,747,602
Balance on 1 January 2025	194,888,173
Amortization for the period	39,817,067
Accumulated amortization of disposal during the period	(291,783)
Total Accumulated amortization on 30 June 2025	234,413,457
<u>Net book value as of</u>	
As of 30 June, 2025	429,226,340
As of 30 June, 2024	365,685,582
As of 31 December, 2024	363,109,917

35) Goodwill

<u>Company</u>	<u>Description</u>
Sarwa for 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 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 March 31, 2015 the Company acquired 1 999 990 shares representing 99.995% of the share capital participation percentage.
Contact Egyptian International Motor Credit	On March 23, 2022, the Company acquired 50 000 shares representing 50% of the share capital participation percentage.
Saar for technology solutions	The company was acquired by 100%

Contact Financial Holding (S.A.E)

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All amounts are in EGP unless otherwise stated

36) Intangible assets

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Website *	43,825,288	38,104,457
Application **	9,706,448	9,706,448
System ***	10,488,048	367,756
	<u>64,019,784</u>	<u>48,178,661</u>

*The website of Contact Cars which has not been amortized as its useful life has not been determined yet.

**Application of Contact Creditech for consumer finance that has not been amortized as its useful life has not been determined yet.

***The electronic systems of Sarwa Insurance and Sarwa Life Insurance where it's amortization as follows:

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Beginning for the period / year	575,959	557,797
Additions during the period / year	9,081	18,162
Converted from projects under construction	10,526,971	-
Amortization for the period / year	(415,760)	(129,721)
Accumulated Amortization	(208,203)	(78,482)
Ending Balance	<u>10,488,048</u>	<u>367,756</u>

37) Assets held for sale.

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Total loss vehicles*	16,900,000	18,320,000
Foreclosed assets reverted to the company**	8,823,985	8,823,985
	<u>25,723,985</u>	<u>27,143,985</u>

*Total loss vehicles represented in the wreckage of vehicles insured by Sarwa Insurance Company and destroyed, and their ownership transferred to the company and retained in the short term until it will be sold publicly.

**Buildings owned by Contact Leasing Company from leased assets in fulfillment of customer debts. The company was contracted for expertise and valuation to sell the building. An auction was held on June 14, 2021, and the sale was not made due to the economic conditions.

38) Loans and credit facilities

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>		<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
	<u>Within a</u> <u>year</u>	<u>More than a</u> <u>year</u>		<u>Within a</u> <u>year</u>	<u>More than a</u> <u>Year</u>
Medium term loans	3,039,239,137	2,595,621,105		2,498,755,247	2,462,819,572
Egyptian Mortgage Refinancing Company	29,940,206	781,291,972		27,147,565	797,673,929
Joint loan	401,508,778	1,324,663,248		593,949,576	1,341,838,656
	<u>3,475,456,382</u>	<u>4,701,576,325</u>		<u>3,119,852,388</u>	<u>4,602,332,157</u>
	<u>8,177,032,707</u>			<u>7,722,184,545</u>	

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

39) Trade payables and Other Credit Balances

	<u>30 June 2025</u>		<u>31 Dec 2024</u>	
	<u>EGP</u>		<u>EGP</u>	
	<u>Within a</u>	<u>More than a</u>	<u>Within a</u>	<u>More than a</u>
	<u>year</u>	<u>year</u>	<u>year</u>	<u>Year</u>
Suppliers	33,177,408	-	16,971,615	-
Customers – advance payments	54,814,424	-	56,727,877	-
Tax authority - current account	99,161,554	-	89,178,577	-
Custodian*	45,557,831	-	71,550,654	-
Accrued interest	105,868,093	-	99,587,514	-
Accrued expenses	179,339,297	-	98,797,074	-
Deposits from others	331,493	2,177,738	272,925	2,235,738
Default reserve - discounting portfolios	185,636,705	59,869,956	235,341,035	107,554,742
Dividends payable	16,442,486	-	15,237,220	-
Health insurance contribution	20,046,947	-	21,108,882	-
Other credit balances	44,885,168	-	36,742,676	-
Deferred revenues	30,702,361	5,372,008	22,629,441	6,622,024
	<u>815,963,767</u>	<u>67,419,702</u>	<u>764,145,490</u>	<u>116,412,504</u>
	<u>883,383,469</u>		<u>880,557,994</u>	

* 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 balance represents the amounts collected till the financial position date that were transferred to the custodian in the subsequent period.

40) Lease liabilities

	<u>30 June 2025</u>	<u>31 Dec 2024</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance for the period / year	486,303,358	431,097,154
Additions during the period / year	108,247,368	78,192,170
Interest expense	48,841,612	69,668,014
Payments during the period / year	(69,872,803)	(92,422,899)
Disposals during the period / year	(2,700,348)	(439,394)
Amendments to lease contracts	94,687	208,313
Ending balance during the period / year	570,913,874	486,303,358

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

41) Paid in Capital

- Authorized capital amounts to EGP 600 million with par value 10 EGP per share.
- Paid in and issuance 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 issuance 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 hanging 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, 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 on 5 November 2018 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.
- On November 5, 2018, the company's issued and paid-up capital was increased by 95 108 696 shares with a value of EGP 7.36, representing EGP 0.16 nominal value per share and EGP 7.2 issue premium per share. The proceeds of this increase were EGP 700 000 003, representing EGP 15 217 391 for the increase in the company's issued capital and EGP 684 782 612 for the total issue premium of the shares.
- On May 9, 2019, the issuance and paid-in capital 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 EGP 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 issuance for the bonus and incentive system approved by the Egyptian financial regulatory Authority (FRA) on 26 February 2019. The issuance and paid-in capital amounted to EGP 119 697 391.
- On October 3, 2019, the issuance 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 December8, 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 issuance and paid-in capital amounted to 191 515 840 EGP distributed by 1 196 974 000 shares.
- On February 15, 2021, the authorized 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:**

<u>Company Name</u>	<u>No. of Shares</u>	<u>Amount EGP</u>	<u>Percentage</u>
Consolidated Financial Holding	502 862 086	80 457 935	42.01%
Orascom Financial Holding	350 088 786	56 014 206	29.25%
Other shareholders	320 109 664	51 217 546	26.74%
ESOP-designated	20 218 390	3 314 942	1.69%
ESOP-undesignated	3 695 074	511 211	0.31%
	1 196 974 000	191 515 840	100%

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

42) Reserves

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
42-1 Legal reserve	95,757,920	95,757,920
42-2 Fair value reserve	539,775,338	212,560,469
42-3 Share premium reserve	853,327,911	847,712,315
42-4 Operations-foreign currency translation difference	(896,571)	(577,015)
	<u>1,487,964,598</u>	<u>1,155,453,689</u>

42-1 Legal Reserve

Legal reserve balance on 30 June 2025 amounted to EGP 95,757,920 compared to EGP 95,757,920 as of 31 December 2024. According to the companies' law and the articles of association, 5% of the net profit of the company is allocated to the legal reserve and the allocation of this reserve was stopped for the company as it has reached 50% of the issued capital.

42-2 Fair value reserve

	<u>30 June 2025</u>			
	<u>Fair Value</u> <u>reserve</u>	<u>Expected</u> <u>Credit Loss</u>	<u>Non-</u> <u>controlling</u> <u>Interest</u>	<u>Total</u>
Opening balance	184,548,224	42 188 632	(14 176 387)	212 560 469
- Change in Loans and receivables Fair value through other comprehensive income (FVOCI)	416 667 449	-	-	416 667 449
- Change in income tax relating to items that are subsequently reclassified to profit and loss	(93 512 853)	-	-	(93 512 853)
- Change in Expected credit loss (ECL) provision for fair value through other comprehensive income (FVOCI) Loans and receivables	-	26 199 522	-	26 199 522
Total other comprehensive income of the period /year	<u>323,154,596</u>	<u>26,199,522</u>	<u>-</u>	<u>349,354,118</u>
- Change in Non-controlling Interest	-	-	(22,139,249)	(22,139,249)
	<u>507,702,820</u>	<u>68,388,154</u>	<u>(36,315,636)</u>	<u>539,775,338</u>

42-2 Fair value reserve (cont.)

		<u>31 Dec 2024</u>		
	<u>Fair Value</u> <u>reserve</u>	<u>Expected</u> <u>Credit Loss</u>	<u>Non-</u> <u>controlling</u> <u>Interest</u>	<u>Total</u>
- Opening balance	65,380,118	36,905,374	(183,249)	102 102 243
- Change in Loans and receivables Fair value through other comprehensive income (FVOCI)	153 737 824	-	-	153 737 824
- Change in income tax relating to items that are subsequently reclassified to profit and loss	(34 569 718)	-	-	(34 569 718)
- Change in Expected credit loss (ECL) provision for fair value through other comprehensive income (FVOCI) Loans and receivables comprehensive income	-	5 283 258	-	5 283 258
Total other comprehensive income of the period / year	<u>119 168 106</u>	<u>5 283 258</u>	<u>-</u>	<u>124 451 364</u>
- Change in Non-controlling Interest	-	-	(13 993 138)	(13 993 138)
	<u>184 548 224</u>	<u>42 188 632</u>	<u>(14 176 387)</u>	<u>212 560 469</u>

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated

Change in Expected credit loss (ECL) provision for fair value through other comprehensive income (FVOCI) Loans and receivables as follow:	30 June 2025 EGP	31 Dec 2024 EGP
Beginning for the period / year	42,188,632	36,905,374
Additions during the period / year	67,009,199	123,313,408
Amortization for the period / year	(34,143,517)	(75,837,088)
Used	(6,666,160)	(42,193,062)
Ending Balance	68,388,154	42,188,632

42-3 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 of December 31 2015	-	
Share premium amount	28,780,324	EGP
Share premium reserve as of December 31 2016	28,780,324	EGP
Share premium amount	35,486,386	EGP
Share premium reserve as of December 31 2017	64,266,710	EGP
Share premium amount	684,782,612	EGP
Share premium reserve as of December 31 2018	749,049,322	EGP
Share premium ESOP	1,359,820	EGP
Share premium reserve as of December 31 2019	750,409,142	EGP
Share premium ESOP	16,181,380	EGP
Share premium reserve as of December 31 2020	766,590,522	EGP
Share premium ESOP	23,889,093	EGP
Share premium reserve as of December 31 2021	790,479,615	EGP
Share premium ESOP	29,756,037	EGP
Share premium reserve as of December 31 2022	820,235,652	EGP
Share premium ESOP	14,103,118	EGP
Share premium reserve as of December 31 2023	834,338,770	EGP
Share premium ESOP	13,373,545	EGP
Share premium reserve as of December 31 2024	847,712,315	EGP
Share premium ESOP	5,615,596	EGP
Share premium reserve as of March 31 2025	853,327,911	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 issuance capital. Any excess is recognized as a special reserve and cannot be distributed as dividends.

Contact Financial Holding (S.A.E)

Notes to the Consolidated Financial Statements for the period ended 30 June 2025

All amounts are in EGP unless otherwise stated.

42-4 Operations-foreign currency translation difference

Currency differences resulting from the translation of the balances of Contact Credit Commercial Brokerage Company in the United Arab Emirates.

43) 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 506,958,286 as of June 30, 2025, and EGP 379,099,509 as of December 31, 2024.
- In addition, the retained earnings include the value of the retained earnings for Sawra Securitization company with an amount of EGP 85,214,853 as of June 30, 2025 and EGP 80,329,365 as of December 31, 2024.
the prospectus of the various securitization issuances stipulated that Sawra 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.

44) Non-controlling Interest

represent non -controlling interest share in subsidiaries equity as follows:

<u>Company</u>	<u>Percentage</u> <u>%</u>	<u>Non-controlling Interest</u>			
		<u>31 Dec 2024</u> <u>EGP</u>	<u>Without</u> <u>(Profit) loss</u> <u>for the</u> <u>period</u>	<u>(Profit) loss</u> <u>for the period</u>	<u>Balance</u> <u>30 June 2025</u> <u>EGP</u>
Contact Credit	0.00024	4,483	950	(2)	948
Capital Real Estate	0.30	3,022	3,022	-	3,022
SMG Auto credit	50	30,710,331	27,255,747	(6,304,913)	20,950,834
Modern Finance	50	2,214,738	2,322,001	(53,327)	2,268,674
Wadi Degla Financial	50	4,144,793	4,742,190	(298,698)	4,443,492
Get Go Credit Service	0.001	(878)	(782)	(48)	(830)
Contact Insurance Brokerage	20	6,780,627	(3,119,865)	2,160,246	(959,619)
Contact Mortgage Finance	0.0002	369	388	(10)	378
Sarwa Asset Management	0.04	2,442	2,568	(63)	2,505
Sarwa Promotion and Underwriting	0.004	1,129	1,294	(83)	1,211
Sawa Payment Systems	49	(1,452,674)	(1,529,556)	38,441	(1,491,115)
Sarwa Securitization	1	913,299	984,227	(37,540)	946,687
Contact Leasing	0.0002	788	875	(54)	821
Contact Factoring	0.004	3,781	4,256	(343)	3,913
Sarwa Life Insurance	24.91	39,594,482	56,531,575	(8,238,173)	48,293,402
Sarwa Insurance	15.02	51,234,401	62,698,942	(5,900,583)	56,798,359
Auto Market	0.21	240,784	240,382	96	240,478
Sarwa sukuk	0.02	5,234	874	2,155	3,028
Abo Ghaly Finance	50	28,411,551	51,503,701	(9,930,256)	41,573,445
Contact Payment Service	0.04	16,439	20,221	(1,890)	18,331
Contact Creditech	0.02	74,475	94,508	(6,041)	88,467
Global contact finance	50	60,761,272	131,914,569	(27,074,286)	104,840,284
		<u>223,664,888</u>	<u>333,672,085</u>	<u>(55,645,370)</u>	<u>278,026,715</u>

Contact Financial Holding (S.A.E)

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All amounts are in EGP unless otherwise stated

45) Letter of guarantee

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Letter of Guarantee - Suppliers	59,350,000	59,350,000
	<u>59,350,000</u>	<u>59,350,000</u>

46) 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 2,499,790,261 as of June 30, 2025, compared to EGP 2,372,758,411 as of December 31, 2024.

Loans and credit facilities balances for the group companies as follows:

	<u>30 June 2025</u> <u>EGP</u>	<u>31 Dec 2024</u> <u>EGP</u>
Subsidiaries	8,177,032,707	7,722,184,545
Associate companies	782,499,687	755,569,453
	<u>8,959,532,394</u>	<u>8,477,753,998</u>

47) Acquiring of Wasala Browser – Cayman Island (L.L.C)

- On February 3, 2022, Contact Financial Holding Company acquired 29% of Wasla Browser Company (Cayman Island) and its subsidiaries, which operate in websites and electronic applications management. This acquisition contract includes the following:

- 1- An amount of (USD 2,927,000) will be paid on the date of concluding the contract, representing the first tranche of the subscription.
- 2- The second payment amounting to (USD 3,000,000) is paid on October 27, 2022, which increased to company share in Bravo to be 43%.
- 3- The third payment amounting to (USD 3,000,000) shall fall due on July 31, 2025, or on the date wherein the cash, after the second payment, at Bravo falls below USD 600,000, whichever is earlier, and it was paid in January 2024 which increased to company share in Bravo to be 52.6%.

The share capital participation percentages, the formation of the board of directors, the methods and timing of payment are based on the detailed clauses of the shareholders' agreement pertaining to the acquisition.

Contact Financial Holding (S.A.E)

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48) Tax Position (Holding company)

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 2023 on the due dates according to law No. 91 for year 2005.
- Years 2015-2016: are currently being inspected by the Tax the Inspectorate and was appended on legal dates.
- Years 2018-2019: the company was accounted by estimation, and was appealed on at the legal dates, and waiting for the reinspection session for these years.

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.
- Currently preparing the inspection for the years 2017/2018.

49) Off balance-sheet portfolio management fee

49-1 Sukuk Issuance

Sarwa Sukuk Company issued two Mudarbah Sukuk transactions compliant with Islamic sharia which are tradable but not convertible to shares and will be callable starting from the 25th month after the date of sukuk issuance. Sukuk are issued in two Mudarbah Sukuk transactions with a total value of EGP 2.5 billion per transaction distributed over 25 million Suk at a par value of EGP 100 each and with total value of EGP 2 billion for the 4th issuance distributed over 20 million Suk at a par value of EGP 100 each in to finance the beneficiary company (Contact Credit S.A.E.) ("The beneficiary company"/Mudareb) to finance Auto receivables portfolios which will be originated by Contact Credit company and its subsidiaries and associate's companies.

First Issuance

Contact Financial (Beneficiary Company /Mudareb) transferred the ownership of 44 portfolios of the first transaction in order to finance the purchase of vehicles owned by its customers and customers of its subsidiaries and associates whose current value amounted to EGP 3,333,752,599 with a total financing value of EGP 2,920,259,931 till 30 June 2025.

Second Issuance

Contact Financial (Beneficiary Company /Mudareb) transferred the ownership of 56 portfolios of the second transaction in order to finance the purchase of vehicles owned by its customers and/or customers of its subsidiaries and associates, whose current value amounted to EGP 3,794,049,263 with a total financing value of EGP 3,278,948,132 till 30 June 2025.

Fourth Issuance

Contact Financial (Beneficiary Company /Mudareb) transferred the ownership of 45 portfolios of the forth transaction in order to finance the purchase of vehicles owned by its customers and/or customers of its subsidiaries and associates, whose current value amounted to EGP 2,831,737,421 with a total financing value of EGP 2,478,446,858 till 30 June 2025.

Default Reserve Account

A default reserve account will be kept at 3.6% for the first and second issuances where the fourth issuance is at 5.5% from the total present value of each portfolio at the time of transfer and it will be held in a separate account with the security agent, on the same date of the portfolio settlement with the beneficiary company. It will be used to cover any delinquencies and/or defaults of the clients over the tenor of each portfolio. At any point of time, the default reserve account must not fall below 3.6% for the first and the second issuance where the fourth issuance is at 5.5% of the present value of outstanding portfolios balance until the full sukuk redemption, and this is a commitment on the project manager.

Contact Financial Holding (S.A.E)

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Sukuk Management Fees

Portfolios that were transferred to sukuk and were derecognized from the books because of the risks and rewards of this portfolio were transferred substantially to sukuk holders. The group still manages these portfolio as per the service and collection agreement in return of 0.2% annually of the present value of outstanding portfolios balance portfolio's project at the beginning of each month and it will be accrued at the end of each month.

Outstanding Sukuk Balance

<u>Issuance Number</u>	<u>Total value of Sukuk</u>	<u>Utilized until 30 June 2025</u>	<u>Remaining Balance</u>
First issuance	2,500,000,000	192 478 276	-
Second issuance	2,500,000,000	468 516 455	-
Fourth issuance	2,000,000,000	852 836 354	-
Total	7,000,000,000	1 513 831 085	-

*For the First and the second and fourth issuance the financing period of the beneficiary company have ended, as 24 months have passed from the day following the closing of the underwriting period, according to the memorandum of information.

49-2 Securitization Issuances

Securitized portfolios were derecognized from the books because of the risks and benefits of these portfolios were substantially transferred to bond holders.

Thirty-Fourth Securitization Portfolio

This portfolio is represented in the financial rights transferred by each of Contact Credit Company (formerly Known as Contact Auto Credit), Contact Egyptian International Motor Credit Company L.L.C), Ezz Al Arab/Contact Financial (L.L.C), SMG - Engineering Automotive Co. (L.L.C) to Sarwa for Securitization Company (S.A.E.) by assignment agreement dated on December 3, 2020 with a total securitized receivables value of EGP 1,514,111,728.

Thirty-ninth Securitization Portfolio

This portfolio is represented in the financial rights transferred by each of Contact Credit Company (formerly Known as Contact Auto Credit) and contact creditech to Sarwa for Securitization Company (S.A.E.) by assignment agreement dated on October 31, 2022, with a total securitized receivables value of EGP 960,555,968

Fortieth Securitization Portfolio

The portfolio consists of the financial rights transferred from Contact Credit and Contact Credit Tech (S.A.E.) to Sarwa Securitization (S.A.E.) under the Assignment Agreement dated March 20, 2023, with a total value of EGP 1,765,055,583.

Forty-First Securitization Portfolio

The portfolio consists of the financial rights transferred from Contact Credit, Contact Credit Tech (S.A.E.), Ezz Alarab Contact Financial (S.C.C.), SMG Financing Services (S.C.C.), and Abou Ghaly Financing Services (S.C.C.) to Sarwa Securitization (S.A.E.) under the Assignment Agreement dated June 18, 2023, with a total value of EGP 1,761,648,185.

Forty-second Securitization Portfolio

The portfolio consists of the financial rights transferred from Contact Credit, Contact Credit Tech (S.A.E.), Ezz Alarab Contact Financial (S.C.C.), SMG Financing Services (S.C.C.), and Abou Ghaly Financing Services (S.C.C.) to Sarwa Securitization (S.A.E.) under the Assignment Agreement dated September 21, 2023, with a total value of EGP 1,413,171,529.

Contact Financial Holding (S.A.E)

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Forty-third Securitization Portfolio

The portfolio consists of the financial rights transferred from Contact Credit, Contact Creditech (S.A.E.), Ezz Alarab Contact Financial (S.C.C.), SMG Financing Services (S.C.C.), and Abou Ghaly Financing Services (S.C.C.) to Sarwa Securitization (S.A.E.) under the Assignment Agreement dated December 17, 2023, with a total value of EGP 1,341,174,178.

Forty-four Securitization Portfolio

The portfolio consists of the financial rights transferred from Contact Credit, Contact Creditech (S.A.E.), Ezz Alarab Contact Financial (S.C.C.), SMG Financing Services (S.C.C.), and Abou Ghaly Financing Services (S.C.C.) to Sarwa Securitization (S.A.E.) under the Assignment Agreement dated April 24, 2024, with a total value of EGP 1,032,010,203.

Fifty-four Securitization Portfolio

The portfolio consists of the financial rights transferred from Contact Credit, Contact Creditech (S.A.E.), Ezz Alarab Contact Financial (S.C.C.), SMG Financing Services (S.C.C.), Abou Ghaly Financing Services (S.C.C.) to Sarwa Securitization (S.A.E.) and Global Contact Finance (S.A.E.) under the Assignment Agreement dated December 19, 2024, with a total value of EGP 1,068,932,265.

Securitization Portfolios Balance

<u>Issuance Number</u>	<u>Balance at June 30,2025</u>
The 34th issuance	21 358 242
The 39th issuance	232 285 826
The 40th issuance	575 301 871
The 41st issuance	790 641 376
The 42nd issuance	757 000 887
The 43rd issuance	621 447 983
The 44th issuance	529 358 680
The 45th issuance	820 731 373
Total	4 348 126 238

Outstanding securitization bonds balance

<u>Issuance Number</u>	<u>Balance at June 30 2025</u>
The 34th issuance	35 157 921
The 39th issuance	246 298 040
The 40th issuance	566 385 171
The 41st issuance	849 472 316
The 42nd issuance	792 428 097
The 43rd issuance	613 028 604
The 44th issuance	509 520 585
The 45th issuance	1 102 418 912
Total	4 714 709 646

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Management Fees

Sarwa Securitization and Contact Credit are entitled to administrative fees of 2.50% per annum of the portfolio balance (excluding interest) based on its outstanding balance on the first day of the month in question. These fees will be deducted and paid monthly, starting from the first month of the issuance's life. For the 40th issuance, the fees will be deducted and paid from the surplus due to the assignees at the end of the issuance's life after paying the bondholders' claims. For the 41st issuance, 42nd and 43rd issuance, the fees will be deducted and paid annually with each renewal of the credit rating, starting from the first year.

49-3 Discounting facility

- Contact Credit Company, its subsidiaries and affiliates granted without recourse discounting facility in December 2016 along with its annexes in order to discount auto credit accounts receivables arising from vehicle Finance Contracts, where the bank has laid down a discounting limit of a revolving nature with an amount of EGP 4 billion.
- Contact Credit Company, its subsidiaries and affiliates discounted 156 portfolios to finance the vehicle finance contracts owned by its customers, customers subsidiaries and associates till June 30, 2025, the total present value of the transferred portfolios amounted to EGP 6,468,548,493 with a total transferred portfolios principal of EGP 6,468,548,493 during the period ended 30 June 2025.

Outstanding Discounted Portfolio Balance

The total current value of the balance of the discounted portfolios amounted to EGP 6,468,548,493 as of June 30, 2025.

Reserve Account

A reserve account is formed at the Arab African Bank in the name of Contact Credit Company to encounter any deficit or delay in the customer repayment. The reserve account is financed by deducting 5% of the discounting outcome and this percentage is maintained, however if this percentage exceeded 5%, the excess amounts of the reserve account shall be refunded by Contact Credit Company and the reserve account balance amounted to EGP 176,323,025 on 30 June 2025.

Balance used from Discounted Contract

<u>Bank</u>	<u>Contract value</u>	<u>Total utilized till June 30, 2025</u>	<u>Balance</u>
Arab African bank	4,000,000,000	3,530,159,350	469,840,650
EG bank	6,000,000,000	2,725,877,898	3,274,122,102

50) Objectives 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 directors 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.

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50-1 Credit Risk

Credit risks are the financial losses incurred by the Company if 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.

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	Stage
1	Current	Stage 1
2	1-30	Stage 1
3	31-89	Stage 2
4	> 90	Stage 3

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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 the remaining lifetime PD on exposures and how that outcome is 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 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-months 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 issuance 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 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.

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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 year 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 group 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 estimates 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-year EADs are a collection of EAD values referring to different time years over the lifetime of a financial asset.

The group estimates the multi-year 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 crystallize and become on-balance sheet exposures.

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Where modelling of a parameter is carried out on a collective basis the financial instruments are ranked based on 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 annually 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 of 30 June 2025 and 31 December 2024 are as follows:

	June 30, 2025	31 December 2024
Inward FDI inflow (% of fixed investment)	Base 157.2 (confirmation by 1 standard deviation)	Base 157.2 (confirmation by 1 standard deviation)
Exchange rate of the local currency US Dollar (average)	Base 45.27 (confirmation by 1 standard deviation)	Base 45.27 (confirmation by 1 standard deviation)
Total fixed investment, contribution to real GDP growth (%)	Base -5.5 (confirmation by 0.5 standard deviation)	Base -5.5 (confirmation by 0.5 standard deviation)
Domestic credit from the banking sector (% of GDP)	Base 99.6 (confirmation by 0.5 standard deviation)	Base 99.6 (confirmation by 0.5 standard deviation)
Gross National Savings Rate (%)	Base 3.3 (confirmation by 1 standard deviation)	Base 3.3 (confirmation by 1 standard deviation)
Average nominal wage index	(confirmation by 1 standard deviation) 274.4 Base	(confirmation by 1 standard deviation) 274.4 Base
Industrial production (% real change per annum)	Base -3.2 (confirmation by 0.5 standard deviation)	Base -3.2 (confirmation by 0.5 standard deviation)
Principal repayment (USD)	Base -14454.8 (confirmation by 0.5 standard deviation)	Base -14454.8 (confirmation by 0.5 standard deviation)
GDP, constant prices	Base 8354.7 (confirmation by 1 standard deviation)	Base 8354.7 (confirmation by 1 standard deviation)
Average Actual Income Index	Base 54.3 (confirmation by 1 standard deviation)	Base 54.3 (confirmation by 1 standard deviation)

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.

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50-2 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.

50-3 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 issuance derivative financial instruments.

50-3-1 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 of the liabilities (borrowings) of the group towards the lending financial institutions.

50-3-2 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 deemed as relatively influential from a management perspective.

51) 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.

52) Significant accounting policies

- The accounting policies described below have been applied consistently during the years/periods presented in these financial statements.
- Some comparative figures are reclassified to the income statement and to the other comprehensive income statement to conform to the classification for the current period.

52-1 Business Combinations

- The group accounts for business combinations using the acquisition method when a business and control is transferred to the group. The material consideration transferred as well as the identifiable net assets acquired in the acquisition are generally measured at fair value. Any goodwill that arises from the acquisition process is tested annually for impairment. Any costs related to the acquisition are recognized as an expense in the period in which costs are borne and services are received except if related to the issuance of debt or equity securities.

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- The consideration transferred does not include amounts related to the settlement of pre-existing relationships between the acquiring company and the acquiree. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

52-2 Subsidiaries

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

52-3 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.

52-4 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.

52-5 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.

52-6 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.

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52-7 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 year 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 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 assesses 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 specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets year with the financial liabilities year which finance these assets or target cash flow from selling the assets.

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- 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 recognized 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 recognized in profit or loss. Any gain or loss on derecognition is recognized 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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized 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 recognized 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 recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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Derecognition

Financial assets

The group derecognizes 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 recognized 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 derecognized.

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 above mentioned.

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.

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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.

52-8 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.

52-9 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.

52-10 Lease contracts

At the beginning of the contract, the Group assesses whether the contract is a lease or includes a lease. The contract is a lease or includes a lease if the contract transfers the right of control to use a specified asset for a period of time in return for consideration. To assess whether the lease contract transfers the right of control over the use of a specified asset.

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 recognizes 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 annually 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.

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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.

The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal year 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 'fixed assets' 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.

52-11 Revenue recognition

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.

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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 year where appropriate) to determine the present value of financial asset or financial liability).

Dividend's 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.

52-12 Expenses

- Operating expenses and other expenses necessary to carry out business operations for the company including general, administrative, and selling expenses are recognized according to accrual base.

52-13 Interest expense

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

52-14 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 year or years 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 issuance capital. The decision of the extraordinary general assembly meeting determines the conditions for entitlement to the prescribed

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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 year -wherein the group's shareholders approved these dividends.

52-15 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 issuance in the end of the financial year. 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.

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- 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.

52-16 Fixed assets and depreciation

1) Recognition and measurement

- Items of fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.
- If significant parts of an item of fixed assets have different useful lives, then they are accounted for as separate items (major components) of fixed assets.
- Any gain or loss on disposal of an item of fixed assets 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 fixed assets 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:

<u>Asset</u>	<u>Depreciation years</u>
Building	20
Furniture	10
Computers	3-5
Machinery & equipment	5
Fixtures	10
Vehicles	5

- Leasehold improvements are depreciated - over the lease contract year 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.

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52-17 Assets held for sale.

- The group measures the non-current assets classified as assets held for sale on the basis of the lower of the book value and the fair value less costs of selling.
- The entity classifies a non-current asset as an asset held for sale if the carrying amount will be recovered principally through a sale transaction instead of through continuing use.
- The asset must be available for immediate sale in its current condition without any conditions, except for the traditional and usual selling conditions for those assets, and the probability of their sale must be high.
- For the probability of selling to be high:
 - Management is committed to a plan to sell.
 - An active program to locate a buyer is initiated.
 - The process of executing the plan must be started.
 - There must be serious marketing of the asset to sell it at a reasonable price proportionate with its fair value.
 - It must be expected that the sale process will be fulfilled within a year from the date of classification.
 - Actions taken should indicate the impossibility of withdrawal of the plan.

52-18 Intangible assets

- Intangible assets are initially recognized at cost, which includes all costs necessary to acquire the asset, provided that such cost does not exceed the fair value of those assets (or similar assets) at the time of acquisition.
- Intangible assets that have definite useful life that can be determined on a subsequent measurement are valued at cost less accumulated depreciation and accumulated impairment losses.
- An entity shall test an asset that does not have a definite useful life for impairment by comparing the recoverable amount with the book value.

52-19 Work in Progress

- Work in progress is 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. Work in progress is 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.

52-20 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 it's 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 based on 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.

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52-21 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 year/ period.

52-22 Dividends

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

52-23 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 years.

52-24 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 and at banks.

52-25 Legal reserve

- According to the requirements of Companies law No. 159 for the year 1981; the group's statutes provide 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 issuance capital. Once the reserve falls below this amount deduction shall resume.

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52-26 Capital

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are account

ted for in accordance with EAS No. (24) "Income Tax".

52-27 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.

53) Significant events

- On April 17, 2025, the Central Bank of Egypt issued a decision to cut the deposit and lending rates for overnight loans by 225 basis points, reaching 25% and 26%, respectively. The credit and discount rate were also reduced by 225 basis points to 25.5%, while allowing the use of a flexible exchange rate determined by market mechanisms.
- The Monetary Policy Committee of the Central Bank of Egypt decided in its meeting on Thursday, April 17, 2025, to cut the overnight deposit and lending rates, and the central bank's main operation rate by 225 basis points to 25%, 26%, and 25.5%, respectively. It also decided to reduce the credit and discount rate by 225 basis points to reach 25.5%. - The Monetary Policy Committee of the Central Bank of Egypt decided in its meeting on Thursday, May 22, 2025, to cut the overnight deposit and lending rates, and the central bank's main operation rate by 100 basis points to 24%, 25%, and 24.5%, respectively. It also decided to reduce the credit and discount rate by 100 basis points to reach 24.5%.