Sarwa Capital Holding for Financial Investments (S.A.E)
(Sarwa Capital for Financial Advisory-previously)
Consolidated financial statements
For the financial year ended December 31, 2020
And Auditor's Report Theron

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KPMG
Hazem Hassan
Public Accountants & Consultants

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

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

Independent Auditor's Report

Sarwa Capital Holding for Financial Investments

Report on Special Purposes Consolidated Financial Statements

We have audited the accompanying special purposes consolidated financial statements of Sarwa Capital Holding for Financial Investments Company S.A.E, which comprise the special purposes consolidated financial position as at December 31, 2020 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended as at December 31, 2020, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the special purposes consolidated financial statements

These special purposes consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these special purposes consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of special purposes consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these special purposes consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether special purposes consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purposes consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purposes consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purposes consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purposes consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purposes consolidated financial statements.

KPMG

Hazem Hassan

Opinion

In our opinion, the special purposes consolidated financial statements referred to above present fairly, in all material respects, the special purposes consolidated financial position of the company as at December 31, 2020, and of its consolidated financial performance and its consolidated financial statements cash flows for the ended December 31, 2020, in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these special purposes consolidated financial statements.

Purpose

As mentioned in Note (1-3) from the notes attached to the special purposes consolidated financial statements, these special purposes consolidated financial statements have been prepared for the own use of company's shareholders , management and its analysts, consequently these special purposes consolidated financial statement might not be appropriate to any other purpose.

Explanatory paragraph

As detailed in note No. (40-2) - Significant events – COVID 19- from the complementary notes of the financial statements, most of the world countries, including Egypt, were exposed during the first half of 2020 to the outbreak of the Corona (Covid-19) epidemic, its effects extended to date, and as indicated in the above-mentioned clarification, the group management is currently taking several procedures to face this risk and limit its impact on its financial position, The Group confirms that the values of assets and liabilities in the financial statements have been determined based on the best estimate of the most recent data available to it. We did not modify our opinion regarding this matter.

KPMG Hazem Hassan
Public Accountants and Consultants

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, May 11, 2021

(In EGP)	Note No.	31-Dec-20	31-Dec-19
Assets			
Cash on hand and at banks	(29)	133 775 238	126 623 828
Loans and receivables	(26)	2 402 166 654	2 456 732 255
Investments in associates	(23)	44 904 478	59 243 897
Financial investments	(24)	1 184 308 078	902 892 534
Securitization surplus	(27)	29 507 782	50 238 493
Due from related parties	(35)	23 319 698	34 129 056
Debtors and other debit balances	(25)	261 933 306	172 205 696
Work in process		15 622 874	7 132 429
Property plant and equipment	(21)	135 726 350	118 201 877
Goodwill	(22)	25 302 524	26 474 070
Deferred tax assets	(19)	301 313	1 439 975
Total assets		**4 256 868 295**	**3 955 314 110**
Liabilities			
Loans and overdrafts	(33)	1 344 965 348	1 539 616 410
Suppliers and other credit balances	(34)	307 252 388	219 306 208
Current tax liabilities		131 983 385	88 333 000
Due to related parties	(35)	-	3 828 285
Other provisions	(36)	34 543 171	32 516 412
Insurance policyholders' rights		115 855 238	37 101 830
Deferred tax liabilities	(19)	22 657 182	4 956 907
Total liabilities		**1 957 256 712**	**1 925 659 052**
Shareholders' equity			
Paid-in capital	(30)	191 515 840	191 515 840
Reserves	(31)	957 765 033	803 443 311
Retained earnings	(32)	1 080 876 062	968 294 254
Equity attributable to the shareholders of the parent company		**2 230 156 935**	**1 963 253 405**
Non-Controlling Interest		69 454 648	66 401 653
Total shareholders' equity		**2 299 611 583**	**2 029 655 058**
Total shareholders' equity and liabilities		**4 256 868 295**	**3 955 314 110**

* The accompanying notes and accounting policies from page (6) to page (69) are an integral part of these financial statements and are to be read therewith.

Mohamed Said	Ayman El Sawy	Hazem Moussa
Financial Manager	Chief Financial Officer	Chairman

Cairo May 11, 2021

Auditor's report "Attached"

(In EGP)	Note No.	31-Dec-20	31-Dec-19
Sales revenue - goods and services	(8)	2 169 515 799	2 915 683 917
Income from financing activities	(9)	464 804 072	354 546 217
Securitization Gain	(10)	232 999 483	213 712 406
Interest income (cash surplus)		98 712 288	122 877 629
Interest income (cash surplus insurance)		15 888 172	18 801 534
Discounting Gain	(11)	97 349 380	-
Portfolio management fees (securitization issuances)		86 478 798	90 883 480
Fee income	(12)	66 639 580	44 068 422
Profit share from associates	(18)	29 041 025	53 683 308
Insurance services revenue		-	20 906 252
Portfolio management fees from associates		7 165 494	12 787 963
Net revenue from portfolio transferred		8 912 283	16 846 894
Other operating revenue		4 475 632	7 221 791
Other revenue		2 626 389	5 818 360
Portfolio management fees	(35-3)	200 000	522 749
Total Revenue		**3 284 808 395**	**3 878 360 922**
Cost of sales - goods and services	(13)	(2 121 882 050)	(2 867 035 611)
General and administrative expenses	(14)	(318 420 471)	(246 895 241)
Interest expense		(199 609 162)	(210 869 449)
Sales and distribution expense		(48 027 045)	(18 510 200)
ESOP expenses		(16 181 340)	(1 359 820)
(Deficit) from insurance activities	(15)	(12 039 339)	(11 005 133)
Impairment of financial assets		(10 154 569)	(6 354 955)
Securitization Profit / loss	(16)	(9 278 718)	85 219 998
Operating expense	(17)	(9 221 750)	(14 857 060)
Contingent provision	(36)	(6 542 301)	(28 773 458)
Insurance services Cost		(5 753 318)	(22 737 313)
Board of directors' allowances		(578 000)	(61 000)
Foreign currency differences		(82 332)	(606 449)
Total Expenses		**(2 757 770 395)**	**(3 343 845 691)**
Net profit for the year before tax		**527 038 000**	**534 515 231**
Income tax	(19)	(159 626 303)	(128 002 146)
Net profit for the year after tax		**367 411 697**	**406 513 085**
<u>Distributed as follows:</u>			
Owners of the company		352 675 305	388 712 049
Non-controlling interest		14 736 392	17 801 036
		367 411 697	**406 513 085**
Earnings per share for the year	(20)	**0.30**	**0.46**

* The accompanying notes and accounting policies from page (6) to page (69) are an integral part of these financial statements and are to be read therewith.

(In EGP)	31-Dec-20	31-Dec-19
Net profit for the year after income tax	367 411 697	406 513 085
Other comprehensive income items that is or may be reclassified to the profit or loss		
Fair value reserve - Financial instruments measured at fair value through other comprehensive income (debt instruments)		
Financial instruments at fair value - Net change in fair value through other comprehensive income	145 977 610	-
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	(16 229 091)	-
Total other comprehensive income items for the year, after tax	**129 748 519**	-
Total comprehensive income for the year	**497 160 216**	**406 513 085**
Total comprehensive income distributed as follows:		
Owners of the company	480 677 667	388 712 049
Non-controlling interest	16 482 549	17 801 036
	497 160 216	**406 513 085**

* The accompanying notes and accounting policies from page (6) to page (69) are an integral part of these financial statements and are to be read therewith.

(In EGP)

		Reserves						
	Paid in capital	Legal reserve	Share premium reserve	Fair Value reserve (Net)	Retained earnings	Total owners of the company	Non-controlling interest	Total
Balance at 1 January 2019	115 217 391	48 393 450	749 049 322	-	703 221 858	1 615 882 021	49 060 477	1 664 942 498
Net profit for the year	-	-	-	-	388 712 049	388 712 049	17 801 036	406 513 085
Total comprehensive income for the year	-	-	-	-	**388 712 049**	**388 712 049**	**17 801 036**	**406 513 085**
Transactions with the owners of the company:								
ESOP	4 480 000	-	-	-	(4 480 000)	-	-	-
Legal reserve	-	4 640 719	-	-	(4 640 719)	-	-	-
The share of non-controlling interest in subsidiaries' capital	-	-	-	-	-	-	12 507 000	12 507 000
Capital increase	71 818 449	-	1 359 820	-	(71 818 449)	1 359 820	-	1 359 820
Dividends	-	-	-	-	(42 700 485)	(42 700 485)	(12 966 860)	(55 667 345)
Total transactions with the owners of the company	76 298 449	4 640 719	1 359 820	-	(123 639 653)	(41 340 665)	(459 860)	(41 800 525)
Balance at 31 December 2019	**191 515 840**	**53 034 169**	**750 409 142**	-	**968 294 254**	**1 963 253 405**	**66 401 653**	**2 029 655 058**
Balance at 1 January 2020	191 515 840	53 034 169	750 409 142	-	968 294 254	1 963 253 405	66 401 653	2029 655 058
Effect of implementing EAS 47 on 1 January 2020	-	-	-	242 343 027	(49 203 683)	193 139 344	2 634 727	195 774 071
Balance at 1 January 2020 after implementing EAS 47	**191 515 840**	**53 034 169**	**750 409 142**	**242 343 027**	**919 090 571**	**2 156 392 749**	**69 036 380**	**2 225 429 129**
Net profit for the year	-	-	-	-	352 675 305	352 675 305	14 736 392	367 411 697
Total comprehensive income for the year	-	-	-	(114 340 665)	-	(114 340 665)	(1 559 787)	(115 900 452)
Total comprehensive income for the year	-	-	-	**(114 340 665)**	**352 675 305**	**238 334 640**	**13 176 605**	**251 511 245**
Transactions with the owners of the company:								
Share premium reserve ESOP	-	-	16 181 380	-	-	16 181 380	-	16 181 380
legal reserve	-	10 137 980	-	-	(10 137 980)	-	-	-
The share of non-controlling interest in subsidiaries' capital	-	-	-	-	-	-	10 010 000	10 010 000
Dividends	-	-	-	-	(180 751 834)	(180 751 834)	(22 768 337)	(203 520 171)
Total transactions with the owners of the company	-	**10 137 980**	**16 181 380**	-	**(190 889 814)**	**(164 570 454)**	**(12 758 337)**	**(177 328 791)**
Balance at 31 December 2020	**191 515 840**	**63 172 149**	**766 590 522**	**128 002 362**	**1 080 876 062**	**2 230 156 935**	**69 454 648**	**2 299 611 583**

* The accompanying notes and accounting policies from page (6) to page (69) are an integral part of these financial statements and are to be read therewith.

(In EGP)

	Note No.	31-Dec-20	31-Dec-19
Cash flows from operating activities			
Net profit for the year before taxes		527 038 000	534 515 231
Adjustments for			
Property, plant and equipment depreciation	(21)	22 524 489	22 155 800
Impairment of Goodwill		1 171 546	-
Impairments of financial assets		10 154 569	6 354 955
Interest income (cash surplus)		(114 600 460)	(141 679 163)
Interest expense		199 609 162	210 869 449
Securitization Gain		(232 999 483)	(213 712 406)
Discounting gain		(97 349 380)	-
Profit share from associates		(29 041 025)	(41 844 494)
ESOP expenses		16 181 340	1 359 820
Gain from sale of property, plant and equipment		-	(110 820)
Contingent provision		6 542 301	28 773 458
		309 231 059	**406 681 830**
Changes in:			
Accounts receivable		(2 936 978 023)	(2 481 320 635)
Proceeds from sale of receivable portfolios		3 365 630 932	2 127 283 414
Suppliers and other credit balances		72 362 473	(23 371 528)
Debtors and other debit balances		(60 066 286)	(20 728 820)
Related parties-debit		10 809 358	45 368 680
Related parties-credit		(3 828 285)	(288 030)
Insurance policyholders' rights		78 753 408	37 101 830
Surplus of securitization process		20 730 711	93 914 569
Cash provided by operating activities		**856 645 347**	**184 641 310**
Financing interest paid		(188 454 076)	(190 362 411)
Income tax paid		(80 907 890)	(82 362 025)
Net cash provided by (used in) operating activities		**587 283 381**	**(88 083 126)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(21)	(40 243 010)	(36 119 865)
Proceeds from sale of property, plant and equipment		194 048	784 162
Works in progress		(8 490 445)	(7 132 429)
Financial investments		(134 664 019)	(670 605 520)
Proceeds from interest revenue		94 759 224	141 670 621
Payments for investment in subsidiaries		-	9 999 800
Investment in associates		43 380 444	38 921 203
The share of non-controlling interest in subsidiaries' capital		10 010 000	12 507 000
Net cash (used in) investing activities		**(35 053 758)**	**(509 975 028)**
Cash flows from financing activities			
Paid dividends		(203 520 171)	(55 232 358)
Proceeds from banks and overdrafts		(194 651 062)	(33 443 473)
Net cash (used in) financing activities		**(398 171 233)**	**(88 675 831)**
Net change in cash and cash equivalent during the year		154 058 390	(686 733 985)
Cash and cash equivalent at the beginning of the year		126 623 828	813 357 813
Cash and cash equivalent at the end of the year		**280 682 218**	**126 623 828**
Cash and cash equivalents represented as follows:			
Banks - Current banks		124 608 977	116 833 849
Cash in hand		4 903 749	3 580 665
Treasury bills with maturity less than 3 months		146 751 525	-
Deposits		4 417 967	6 209 314
		280 682 218	**126 623 828**

* The accompanying notes and accounting policies from page (6) to page (69) are an integral part of these financial statements and are to be read therewith.

(All amounts are shown in EGP unless otherwise stated)

Sarwa Capital Holding for Financial Investments (S.A.E)
Notes to the special purpose consolidated financial statements
For the year ended December 31,2020

1. Reporting entity

1-1 Legal Entity and Activity

- Sarwa Capital Holding for Financial Investments (S.A.E) an Egyptian joint stock company was established pursuant to Law No: 159 for year 1981 and its executive regulations as amended by law No. 3 for year 1998 and was registered in the commercial register under No. 37933 on March 30th 2009.

- The group's name was changed according to the decision of the Extraordinary General Assembly Meeting held on June 12 2017 to become "Sarwa Capital Holding for Financial Investments" and annotation was made to this effect in the commercial register of the company under number 78317 on March 18 2018 in addition the legal entity of the company changed from being subjected to law No. 159 for year 1981 to be subject to the provisions of Capital Market Law No.95 for year 1992

- On a subsequent date 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 annotation in the Company's commercial register to this effect dated on March 28, 2021.

1-2 Purpose of the group

- The Group's purpose is represented in participating in the establishment or the capital increase of companies that issue securities in accordance with the applicable laws and regulation provided that the license necessary for practicing such activities must be obtained. The Group may have an interest or participate in any manner with companies and other entities practicing similar activities or that may assist the Group in achieving its purpose in Egypt or abroad. The Group may also merge into the said entities purchase them or affiliate them thereto according to the provisions of law and its executive regulations.

- The following schedule determines the subsidiaries of Sarwa Capital Holding for Financial Investments along with the ownership (control) percentage over these companies which are consolidated as part of the consolidated financial statements as at December 31, 2020:

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

Sarwa Life Insurance	79.990%	-
Sarwa Promotion and Underwriting	99.996%	-
Sarwa sukuk	99.98%	-
*Contact Mortgage Finance	-	99.9998%
*Wadi Degla Financial	-	50%
*Modern Finance	-	50%
*Get Go Credit Service	-	99.9996%
*Contact Insurance Brokerage	-	80%
*Sarwa Securitization	81%	18%
*Capital Real Estate	-	99.7%
*Contact Egyptian International Motor Credit	-	50%
*Contact Specialized Consulting	1%	99%
*SMG Auto credit	-	50%

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

*Sarwa Securitization Company and Egyptian International Company for Trade and Investments merged according to the resolution of the General Authority for Investment and Free Zones No.228 for 2019 and annotation was made in the commercial register to this effect on May 20, 2020.

1-3 Purpose

The special purposes consolidated financial statements had been prepared for the own use of company's shareholders, management and its analysts, consequently special purposes consolidated financial statement might not be appropriate to any other purpose.

2- Basis of Accounting

- The consolidated financial statements were prepared according to the Egyptian Accounting Standards relevant Egyptian laws and regulations.
- This is the first set of the Group's annual financial statements in which standard No. (47) financial instruments was applied.
- The Board of Directors approved the issuance of the special purpose consolidated financial statements on May 11, 2021.

3- Functional and Presentation Currency

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

4- Use of Judgments and Estimates

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires Management to make professional judgments estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
- The Judgments and Estimates are reviewed periodically. Review of estimates are recognized prospectively.
- Changes to accounting estimates are recognized in the period in which the estimate changes if the change affects only that period or in the year of the change and future periods if the change affects both current and future periods.
- Classification of Financial Assets**:** assessment of the business model through which the assets are held, and assessment is made regarding whether the contractual terms of the financial asset are solely payments of principal and interest on the principal outstanding amount (SPPI).
- Establishing criteria for determining whether the credit risk associated with the financial asset has increased significantly since initial recognition determining methodology for incorporating forward-looking information into the measurement of ECL selecting and approving of models used to measure expected credit losses ECL.

Expected credit losses

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

5- Changes in Accounting Policies

- On March 28, 2019 the Minister of Investment and International Cooperation introduced amendments to some of the existing accounting standards including issuance of new standards and amendments to some of the existing standards.
- The Group has adopted the New Egyptian Accounting Standard No. (47) "Financial Instruments" according to the transition method applied by the Group in implementing standard No. (47) and the comparative information were not restated.

- The cumulative impact of adopting EAS No. (47) on the financial assets and liabilities balances was recognized as an amendment to the opening balances on January 1, 2020.

- Effective as of January 1, 2020 EAS No. (47) substantially changed accounting and financial accounting and reporting methods in three key areas: classification and measurement of financial assets impairment and hedge accounting.

Financial instruments

Classification and Measurement

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

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

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

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

Subsequent Measurement

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

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

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

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

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

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

Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice especially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with the financial liabilities period which finance these assets or target cash flow from selling the assets.
- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed.

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

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest

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

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

Financial assets – Subsequent measurement gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Impairment

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

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

Simplified approach model

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

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

General approach model

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

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

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

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

(All amounts are shown in EGP unless otherwise stated)

Stage 1: 12 months expected credit loss:

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

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

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

Stage 3: Lifetime expected credit loss - credit impaired:

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

Transition

As required by the transitional provisions of EAS No. (47) the Group did not restate comparative figures. Any effect on the carrying amounts of financial assets and liabilities at the date of transition to adopt EAS No. (47) was recognized as an adjustment to opening balances of the retained earnings.

The detailed effects of the adoption of EAS (47) on January 1st, 2020 are presented in the following tables.

The Financial Assets and Liabilities According to Standard No. (47)

A- The Reconciliation Between the Statement of Financial Position Accounts and the Classification of the Financial Instruments Are Disclosed in The Following Table

01-Jan-2020	Note No.	Fair value through OCI-debt instruments	Amortized cost	Total Carrying value
Cash on hand and at banks	29	-	126 501 293	126 501 293
Loans and receivables	26	1 980 866 126	609 917 913	2 590 784 039
Debtors - other debit balance	25	-	162 298 687	162 298 687
Total financial assets		**1 980 866 126**	**898 717 893**	**2 879 584 019**

(All amounts are shown in EGP unless otherwise stated)

B- The Original Classification According to Egyptian Accounting Standard No.26(Financial Instruments) and the New Adoption of EAS No. (47) as of January1 2020 (Financial Assets and Liabilities) are disclosed in the following table

01-Jan-2020	Note No.	The original classification as per EAS No. 26 Financial Instruments	The new classification as per EAS No. 47 Financial Instruments	The carrying amount as per EAS No. 26 Financial Instruments	The carrying amount as per EAS No. 47 Financial Instruments
Cash on hand and at banks	29	Held to maturity	Amortized cost	126 623 828	126 501 293
Loans and receivables	26	Held to maturity	Financial Assets at amortized cost/ at fair value through OCI	2 456 732 255	2 590 784 039
Debtors -other debit balances	25	Held to maturity	Financial Assets at amortized cost	172 205 696	162 298 687
Total Financial Assets				**2 755 561 779**	**2 879 584 019**

C-The reconciliations between the carrying amount According to Egyptian Accounting Standard No.26 and the carrying amount According to the New Egyptian Accounting Standard No. (47) on the Adoption of the New EAS No. (47) as of January1 2020 are disclosed in the following table

Financial assets	Carrying amount as per EAS No.26 as of December 31 2019	Reclassification	Remeasurement	Carrying amount upon as per EAS No.47 as of 1 January 2020
Amortized cost				
Cash on hand and at banks	126 623 828	-	(122 535)	126 501 293
Loans and receivables	2 456 732 255	(1 834 200 241)	(12 614 101)	609 917 913
Debtors -other debit balances	172 205 696	-	(9 907 009)	162 298 687
Total Amortized Cost	**2 755 561 779**	**(1 834 200 241)**	**(22 643 645)**	**898 717 893**
Fair value through OCI				
Loans and receivables	-	1 834 200 241	146 665 885	1 980 866 126
Total fair value through OCI	**-**	**1 834 200 241**	**146 665 885**	**1 980 866 126**
Total financial assets	**2 755 561 779**	**-**	**124 022 240**	**2 879 584 019**

(All amounts are shown in EGP unless otherwise stated)

D- The Impact of the Transition to Adopt EAS No. 47 (Financial Instruments) on the Opening Balances the Retained Earning.

	Impact of adopting EAS No. 47 (financial instruments) as of January 1 2020
Retained earning	
The closing balance as per EAS No.26 as of December 31 2019	**968 294 254**
Reclassification as per EAS No.47 net of tax	
Expected credit loss of cash on hand and at banks	(122 535)
Expected credit loss of financial portfolios (Loans and receivables)	(39 174 139)
Expected credit loss of debtors and other debit balances	(9 907 009)
The opening balance as per EAS No. 47 as of January1 2020	**919 090 571**

6- Fair value measurement

A. Valuation Models

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

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

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

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

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates credit spreads and other premiums used in estimating discount rates security prices and foreign currency exchange rates.

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

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

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

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

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

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

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized.

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

(All amounts are shown in EGP unless otherwise stated)

Financial Assets	**31 December 2020**	**31 December 2019**	**Level of Fair Value**	**Valuation Techniques and Main Entries**
	EGP	**EGP**		
Debt instruments measured at FVOCI	1 174 162 819	-	First/Second	Quoted prices/other valuation techniques
Available for sale	-	50 794 607	First/Second	Quoted prices/other valuation techniques
Loans and receivables measured at FVOCI	1 680 318 807	-	Third	Discounted cash flow

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

C. Unobservable Inputs Used in Measuring Fair Value

The following table sets out information about significant unobservable inputs used as at December 31, 2020 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair values as at December 31 2020	Valuation Technique	Significant Unobservable Input
Financial portfolios of loans and receivables measured at FVOCI	1 680 318 807	Discounted cash flow	• Risk-adjusted discount rate. • Probability of default. • Expected prepayment rate. • Transaction cost.

Significant Unobservable Inputs Are Developed as Follows:

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

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

(All amounts are shown in EGP unless otherwise stated)

7- Operating segments

Segment information is presented in respect of the Group's business segments. The primary format business segment is based on the Group's management and internal reporting structure. Segment results assets and liabilities include items directly attributable to a segment.

The group has 8 operating segments that are being financially reported to the management and these reports are exposing different products and services that are being managed separately because it required different technological and market strategies.

The revenue & expense and assets & liabilities analysis in the table below is based on the type of business activities and services that are distinguishable component.

December 31, 2020	Car Finance	Consumer Goods	Finance Leasing	Mortgage	Factoring	Securitization& sukuk	Others	Total financing	Insurance &Insurance Brokerage	Total
Sales revenue - goods and services	1 963 819 970	138 470 013	-	-	-	-	38 326 805	2 140 616 788	28 899 011	2 169 515 799
Income from financing activities	214 663 014	27 666 899	100 269 749	65 410 654	56 793 756	-	-	464 804 072	-	464 804 072
Securitization Gain	232 999 483	-	-	-	-	-	-	232 999 483	-	232 999 483
Interest income (cash surplus)	43 053 594	1 410 719	7 078 157	7 900 623	6 550 423	4 948 571	25 535 423	96 477 510	2 234 778	98 712 288
Interest income (cash surplus insurance)	-	-	-	-	-	-	-	-	15 888 172	15 888 172
Discounting Gain	97 349 380	-	-	-	-	-	-	97 349 380	-	97 349 380
Portfolio management fees (securitization issuances)	-	-	-	-	-	86 478 798	-	86 478 798	-	86 478 798
Fee income	57 312 980	-	3 949 217	2 163 903	2 134 115	571 570	-	66 131 785	507 795	66 639 580
Profit share from associates	-	-	-	-	-	-	29 041 025	29 041 025	-	29 041 025
Portfolio management fees from associates	7 165 494	-	-	-	-	-		7 165 494	-	7 165 494
Net revenue from portfolio transferred	-	-	-	-	-	-	8 912 283	8 912 283	-	8 912 283
Other operating revenue	-	614 419	3 559 278	227 530		74 405		4 475 632		4 475 632
Other revenue	1 702 300	56 139	-	350 915	87 316	356 000	205 979	2 758 649	(132 260)	2 626 389
Portfolio management fees	200 000	-	-	-	-	-	-	200 000	-	200 000
Total revenue	2 618 266 215	168 218 189	114 856 401	76 053 625	65 565 610	92 429 344	102 021 515	3 237 410 899	47 397 496	3 284 808 395
Cost of sales - goods and services	(1 963 819 970)	(138 470 013)	-	-	-	-	(16 815 000)	(2 119 104 981)	(2 777 069)	(2 121 882 050)
General and administrative expenses	(220 247 863)	(1 859 338)	(13 281 031)	(17 293 948)	(931 667)	(27 256 083)	(26 976 805)	(307 846 737)	(10 573 734)	(318 420 471)
Interest expense	(63 861 224)	(5 522 576)	(63 063 580)	(33 510 180)	(28 200 663)	-	(5 186 647)	(199 344 870)	(264 292)	(199 609 162)
Sales and distribution expense	(46 202 593)	(358 734)	(817 159)	(642 116)	(5 040)	-	(1 403)	(48 027 045)	-	(48 027 045)
ESOP expenses	(9 131 383)	-	-	(7 049 957)	-	-	-	(16 181 340)	-	(16 181 340)
(Deficit) from insurance activities	-	-	-	-	-	-	-	-	(12 039 339)	(12 039 339)
Impairment of financial assets	(5 372 040)	(4 553 880)	(1 487 233)	5 966 932	(909 859)	(7 357 292)	1 178 855	(12 534 517)	2 379 948	(10 154 569)
Securitization Profit / loss	-	-	-	-	-	(9 278 718)	-	(9 278 718)	-	(9 278 718)
Operating expense	(1 206 433)	(5 429 959)	(1 177 026)	(285 519)	-	(235 992)	(886 821)	(9 221 750)	-	(9 221 750)
Contingent provision	(2 905 206)	(80 599)	(190 004)	(190 135)	(162 388)	(2 161 978)	(203 646)	(5 893 956)	(648 345)	(6 542 301)
Insurance services Cost	(3 802 145)	-	-	(75 604)	(1 875 569)	-	-	(5 753 318)	-	(5 753 318)
Board of directors' allowances	-	-	(60 000)	-	-	(350 000)	(168 000)	(578 000)	-	(578 000)
Foreign currency differences	-	-	-	-	-	-	(28 771)	(28 771)	(53 561)	(82 332)
Total Expenses	(2 316 548 857)	(156 275 099)	(80 076 033)	(53 080 527)	(32 085 186)	(46 640 063)	(49 088 238)	(2 733 794 003)	(23 976 392)	(2 757 770 395)
Net profit for the year before tax	301 717 358	11 943 090	34 780 368	22 973 098	33 480 424	45 789 281	52 933 277	503 616 896	23 421 104	527 038 000
Income Tax	(78 748 931)	(3 708 738)	(8 914 024)	(7 292 954)	(7 647 905)	(34 664 402)	(10 078 130)	(151 055 084)	(8 571 219)	(159 626 303)
Net profit for the year after tax	222 968 427	8 234 352	25 866 344	15 680 144	25 832 519	11 124 878	42 855 147	352 561 812	14 849 885	367 411 697
Distributed as follows:										
Owners of the company	10 207 925	165	54	31	2 237	768 139	1 121 745	12 100 296	2 636 096	14 736 392
Non-Controlling interest	212 760 502	8 234 187	25 866 290	15 680 113	25 830 282	10 356 740	41 733 402	340 461 516	12 213 789	352 675 305
	222 968 427	**8 234 352**	**25 866 344**	**15 680 144**	**25 832 519**	**11 124 879**	**42 855 147**	**352 561 812**	**14 849 885**	**367 411 697**
Total assets	1 243 200 354	110 125 246	852 907 956	705 071 444	198 245 166	464 991 215	279 724 207	3 854 265 588	402 602 707	4 256 868 295
Total liabilities	200 697 113	52 754 179	597 055 704	550 284 609	109 579 174	216 102 358	58 811 740	1 785 284 877	171 971 835	1 957 256 712

(All amounts are shown in EGP unless otherwise stated)

December 31, 2019	Car Finance	Consumer Goods	Finance Leasing	Mortgage	Factoring	Securitization& sukuk	Others	Total financing	Insurance &Insurance Brokerage	Total
Sales revenue - goods and services	2 720 622 759	125 536 764	-	-	-	-	33 586 667	2 879 746 190	35 937 727	2 915 683 917
Income from financing activities	163 021 268	29 404 686	89 709 029	68 402 373	4 008 861	-	-	354 546 217	-	354 546 217
Securitization Gain	213 712 406	-	-	-	-	-	-	213 712 406	-	213 712 406
Interest income (cash surplus)	47 875 747	1 277 523	9 736 566	14 611 526	9 873 032	8 685 185	28 518 905	120 578 484	2 299 145	122 877 629
Interest income (cash surplus insurance)	-	-	-	-	-	-	-	-	18 801 534	18 801 534
Portfolio management fees (securitization issuances)	-	-	-	-	-	90 883 480	-	90 883 480	-	90 883 480
Securitization profit	-	-	-	-	-	85 219 998	-	85 219 998	-	85 219 998
Fee income	35 743 420	-	3 910 521	2 025 423	1 010 451	852 247	-	43 542 062	526 360	44 068 422
Profit share from associates	-	-	-	-	-	-	53 683 308	53 683 308	-	53 683 308
Insurance services revenue	20 906 252	-	-	-	-	-	-	20 906 252	-	20 906 252
Portfolio management fees from associates	12 787 963	-	-	-	-	-	-	16 846 894	-	12 787 963
Net revenue from portfolio transferred	16 846 894	-	-	-	-	-	-	12 787 963	-	16 846 894
Other operating revenue	-	511 142	3 478 693	299 095	-	2 932 861	-	7 221 791	-	7 221 791
Other revenue	2 582 274	28 712	40 019	205 222	-	-	2 962 133	5 818 360	-	5 818 360
Portfolio management fees	522 749	-	-	-	-	-	-	522 749	-	522 749
Total revenue	**3 234 621 732**	**156 758 827**	**106 874 828**	**85 543 639**	**14 892 344**	**188 573 771**	**118 751 013**	**3 906 016 154**	**57 564 766**	**3 963 580 920**
Cost of sales - goods and services	(2 720 622 759)	(125 536 764)	-	-	-	-	(16 244 000)	(2 862 403 523)	(4 632 088)	(2 867 035 611)
General and administrative expenses	(184 327 490)	(3 242 482)	(11 130 198)	(14 657 102)	(183 601)	(15 260 981)	(9 027 102)	(237 828 956)	(9 066 285)	(246 895 241)
Interest expense	(75 652 884)	(6 516 491)	(72 386 752)	(32 293 548)	(2 236 120)	(8 987 649)	(12 796 005)	(210 869 449)	-	(210 869 449)
Insurance services Cost	(22 567 987)		-	(63 946)	(105 380)	-	-	(9 530 827)	-	(22 737 313)
Sales and distribution expense	(17 433 157)	(658 848)	-	(762 591)	-	-	344 396	(28 503 421)	-	(18 510 200)
(Deficit) from insurance activities	-	-	-	-	-	-	-	(22 737 313)	(11 005 133)	(11 005 133)
Impairment of financial assets	2 761 958	581 421	(2 856 983)	(5 492 073)	(322 071)	(969 376)	(57 831)	(18 510 200)	-	(6 354 955)
ESOP expenses	-	-	-	-	-	-	(1 359 820)	-	-	(1 359 820)
Foreign currency differences	-	-	-	-	-	-	(640 534)	(6 354 955)	34 085	(606 449)
Board of directors' allowances	-	-	-	-	-	(61 000)	-	(1 359 820)	-	(61 000)
Operating expense	(2 434 725)	(4 412 923)	(2 274 622)	(408 557)	-	-	-	(640 534)	(5 326 233)	(14 857 060)
Contingent provision	(24 791 243)	69 908	(367 845)	(213 859)	(37 352)	(2 451 176)	(711 854)	(61 000)	(270 037)	(28 773 458)
Total Expenses	**(3 045 068 287)**	**(139 716 179)**	**(89 016 400)**	**(53 891 676)**	**(2 884 524)**	**(27 730 182)**	**(40 492 750)**	**(3 398 799 998)**	**(30 265 691)**	**(3 429 065 689)**
Net profit for the year before tax	189 553 445	17 042 648	17 858 428	31 651 963	12 007 820	160 843 589	78 258 263	507 216 156	27 299 075	534 515 231
Income Tax	(50 540 281)	(3 681 344)	316 442	(7 073 225)	(2 745 591)	(38 920 463)	(13 566 260)	(116 210 722)	(11 791 424)	(128 002 146)
Net profit for the year after tax	**139 013 164**	**13 361 304**	**18 174 870**	**24 578 738**	**9 262 229**	**121 923 126**	**64 692 003**	**391 005 434**	**15 507 651**	**406 513 085**
Distributed as follows:										
Owners of the company	126 921 154	13 361 037	18 174 833	24 578 689	9 261 382	120 853 094	63 333 941	376 484 130	12 227 919	388 712 049
Non-Controlling interest	12 092 010	267	37	49	847	1 070 032	1 358 062	14 521 304	3 279 732	17 801 036
	139 013 164	**13 361 304**	**18 174 870**	**24 578 738**	**9 262 229**	**121 923 126**	**64 692 003**	**391 005 434**	**15 507 651**	**406 513 085**
Total assets	1 458 000 004	103 518 245	741 388 064	602 447 180	123 703 518	352 436 217	326 534 745	3 708 027 973	247 286 137	3 955 314 110
Total liabilities	628 572 680	48 374 850	542 586 606	478 746 786	58 743 780	30 761 396	73 861 911	1 861 648 009	64 011 043	1 925 659 052

(All amounts are shown in EGP unless otherwise stated)

8- Sales revenue - goods and services

	31-Dec-20	31-Dec-19
Goods sold	2 102 289 983	2 846 159 523
Service Rendered	67 225 816	69 524 394
Total	**2 169 515 799**	**2 915 683 917**

***** Contact Credit Company S.A.E. (Previously called Contact Auto Credit)- a subsidiary of Sarwa Capital Group – received the first consumer finance license by virtue of which the Company shall be subject to the provisions of Law No. 18 of the year 2020 instead of the Companies Act No. 159 of the year 1981 therefore accounting was made based on the Company's activity and its purpose consequently revenues from goods sold pertaining to Contact Credit Company - with a total amount of EGP 2 569 593 493 were not recognized for the period starting from July 1st 2020 until December 31, 2020 taking into account that goods sold and services rendered were not derecognized from the previous periods.

9- Income from Financing Activities

	31-Dec-20	31-Dec-19
Auto credit	209 978 079	155 520 830
Mortgage	65 410 654	68 402 373
Factoring	56 793 756	4 008 879
Leased assets contracts	100 269 749	89 709 029
Consumer goods instalments	27 666 897	27 936 674
Others	4 684 937	8 968 432
Total	**464 804 072**	**354 546 217**

10- Securitization Gain

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

11- Discounting Gain

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

(All amounts are shown in EGP unless otherwise stated)

12- Fee Income

The revenues in return for administrative services rendered amounted to EGP 66 639 580 on December 31 2020 compared to an amount of EGP 44 068 422 on December 31, 2019 whereas a percentage of the value of the loan granted to clients was collected as administrative fees to pay for the salesmen commissions and some of the other administrative fees borne upon concluding the contract.

13- Cost of Sales - Goods and Services

	31-Dec-20	31-Dec-19
Cost of goods sold	2 102 289 980	2 846 159 523
Cost of services Rendered	19 592 070	20 876 088
Total	**2 121 882 050**	**2 867 035 611**

***** Contact Credit Company S.A.E. (Previously called Contact Auto Credit)- a subsidiary of Sarwa Capital Group – received the first consumer finance license by virtue of which the Company shall be subject to the provisions of Law No. 18 of the year 2020 instead of the Companies Act No. 159 of the year 1981 therefore accounting was made based on the Company's activity and its purpose consequently the cost of goods sold pertaining to Contact Credit Company - with a total amount of EGP 2 569 593 493 was not recognized for the period starting from July 1st 2020 until December 31 2020 taking into account that goods sold and services rendered were not derecognized from the previous periods.

14- General and Administrative Expenses

	31-Dec-20	31-Dec-19
Salaries wages and medical Care	202 969 248	146 598 261
Lease payments	-	1 259 627
Insurance	4 686 349	7 494 439
Property plant and equipment depreciation	22 524 489	22 155 800
Professional and consultant fees	17 925 211	16 472 166
Branches and cars rent	22 764 279	9 894 854
Bank charges	1 468 350	2 133 538
Advertising administrative expenses and stock exchange renewal	2 470 005	2 656 502
Vehicles related expenses	1 196 741	1 052 372
Miscellaneous expenses	42 415 799	37 177 682
Total	**318 420 471**	**246 895 241**

(All amounts are shown in EGP unless otherwise stated)

15- (Deficit) From Insurance Activities

	31-Dec-20	31-Dec-19
Direct premiums	283 856 094	109 227 579
Outward reinsurance premiums	(73 108 788)	(20 847 333)
Provisions of unearned premiums at beginning of the year	49 136 896	(49 136 896)
Provisions of unearned premiums at end of the year	(98 955 778)	-
Outward reinsurance commissions income	10 487 310	3 489 154
Investment income	3 744 448	1 429 752
Other operating income	5 236 951	2 377 747
Direct claims paid	(90 824 162)	(16 349 370)
Less: outward reinsurance claims income	23 250 443	-
Less: outward reinsurance claims paid	4 321 012	6 267 990
Provision for outstanding claims at end of the year	(37 579 947)	(9 524 431)
Provision for outstanding claims at the beginning of the year	10 482 436	-
Direct commissions	(40 188 193)	(13 145 836)
Provisions for retrograde fluctuations at end of the year	(1 639 695)	-
Production costs	(27 736 487)	(8 282 176)
General & administrative expenses	(44 069 195)	(18 093 295)
Provided impairment loss on receivable from insurance policyholders	(252 876)	(1 239 299)
Net income from designated investments	11 800 192	2 821 281
(Deficit) of Insurance activity	**(12 039 339)**	**(11 005 133)**

(All amounts are shown in EGP unless otherwise stated)

16- Securitization Profit / Loss

	31-Dec-20	31-Dec-19
Interest income from financial rights portfolio	670 175 758	775 497 848
Proceeds from surplus of investments at custody	47 654 477	83 575 819
Interest of bond loan and the amortization of securitization cost	(580 684 132)	(659 507 032)
Insurance policy cost	(25 555 784)	(19 310 747)
Collector fees	(200 000)	(522 750)
Custody fees	(5 590 828)	(6 076 747)
securitization portfolio acquisition cost	(29 964 371)	-
Issuance fees	(85 113 838)	(88 436 393)
	(9 278 718)	**85 219 998**

17- Operating Expenses

	31-Dec-20	31-Dec-19
Experts fees	33 218	1 125 021
I-score fees	3 491 851	1 369 285
Rent expense	3 921 440	4 390 518
Other operating expenses	1 775 241	7 972 236
Total	**9 221 750**	**14 857 060**

(All amounts are shown in EGP unless otherwise stated)

18- Profit share from associates

31 December 2020	Bavarian Contact	Star	EZZ Elarab	Egyptian international for credit services	Motor Care Egypt	Motor Care Services	total
Sales Revenue - goods and services	765 715 413	-	253 228 097	-	10 395 223	2 920 178	1 032 258 911
Income from financing activities	35 781 846	2 679 148	11 018 887	-	-	-	49 479 881
Securitization Gain	35 809 114	-	9 981 247	-	-	-	45 790 361
Interest Expense	(17 801 575)	(171 961)	(4 752 677)	(19 631)	-	-	(22 745 844)
Cost of sales - good and services	(765 715 413)	-	(253 228 097)	-	(5 046 658)	(2 893 422)	(1 026 883 590)
Gross Profit	**53 789 385**	**2 507 187**	**16 247 457**	**(19 631)**	**5 348 565**	**26 756**	**77 899 719**
Fee income	7 709 702	-	2 830 964	-	-	-	10 540 666
Other Operating Income	3 415 383	4 918 397	579 469	394 972	-	-	9 308 221
Total Operating Income	**11 125 085**	**4 918 397**	**3 410 433**	**394 972**	**-**	**-**	**19 848 887**
Other Operating Expenses	(409 390)	(99 408)	(133 554)	-	-	-	(642 352)
Portfolio management fees	(9 936 435)	(314 211)	(1 508 518)	-	-	-	(11 759 164)
G&A	(7 354 968)	-	(2 763 838)	-	-	-	(10 118 806)
Operating Expenses	(1 600 565)	(2 293 091)	(1 012 832)	(497 130)	(2 961 794)	(227 192)	(8 592 604)
Contingent Provisions	(727 302)	(18 994)	(82 668)	-	(23 649)	(657)	(853 010)
Financial Asset Impairment	(2 179 975)	1 822 272	258 880	-	-	-	(98 823)
Earnings Before Taxes	**42 705 835**	**6 522 152**	**14 415 360**	**(121 789)**	**2 363 122**	**(201 093)**	**65 683 847**
Income Taxes	(9 965 140)	(1 570 949)	(3 292 221)	-	(142)	(2 677)	(14 831 129)
Net Income	**32 740 695**	**4 951 203**	**11 123 139**	**(121 789)**	**2 362 980**	**(203 770)**	**50 852 718**
Contact's Share	49%	33.4%	49%	49.99%	40.1%	49.2%	-
Company share before elimination	**16 042 940**	**1 653 702**	**5 450 338**	**(60 882)**	**947 555**	**-**	**24 033 653**
Portfolio management fees& dividends Elimination	4 163 253	104 946	739 173	-	-	-	5 007 372
Profit share from associate	**20 206 193**	**1 758 648**	**6 189 511**	**(60 882)**	**947 555**	**-**	**29 041 025**

(All amounts are shown in EGP unless otherwise stated)

31 December 2019	Bavarian Contact	Star	EZZ Elarab	Motor Care Egypt	Motor Care Services	Total
Sales Revenue - goods and services	726 854 662	804 424 024	154 834 331	9 010 299	3 307 205	1 698 430 521
Income from financing activities	38 950 667	68 422 746	7 547 077	-	-	114 920 490
Securitization Gain	57 968 638	58 198 262	9 419 941	-	-	125 586 841
Interest Expense	(30 000 586)	(55 042 871)	(5 924 562)	-	-	(90 968 019)
Cost of sales - good and services	(726 854 662)	(804 424 025)	(154 834 331)	(4 142 597)	(3 890 609)	(1 694 146 224)
Gross Profit	**66 918 719**	**71 578 136**	**11 042 456**	**4 867 702**	**(583 404)**	**153 823 609**
Fee income	7 604 405	7 173 114	1 494 523	-	-	16 272 042
Other Operating Income	1 953 877	4 957 112	620 237	34 290	699	7 566 215
Total Operating Income	**9 558 282**	**12 130 226**	**2 114 760**	**34 290**	**699**	**23 838 257**
Investments Income (Losses)	-	(1 000 000)	-	-	-	(1 000 000)
Other Operating Expenses	(728 430)	(559 464)	(180 453)	-	-	(1 468 347)
Portfolio management fees	(12 414 596)	(8 689 976)	(1 311 755)	-	-	(22 416 327)
SG&A	(4 604 805)	(1 507 020)	(849 168)	-	-	(6 960 993)
Operating Expenses	(1 655 535)	(1 810 427)	(606 845)	(4 263 748)	(665 390)	(9 001 945)
Contingent Provisions	(309 744)	1 913 394	109 349	(22 526)	(8 269)	1 682 204
Financial Asset Impairment	(14 515)	(29 728)	(8 105)	-	-	(52 348)
Foreign currency differences	-	-	-	(6 092)	-	(6 092)
Earnings Before Taxes	**56 749 376**	**72 025 141**	**10 310 239**	**609 626**	**(1 256 364)**	**138 438 018**
Income Taxes	(12 869 213)	(16 027 775)	(2 295 496)	8 865	5 599	(31 178 020)
Net Income	**43 880 163**	**55 997 366**	**8 014 743**	**618 491**	**(1 250 765)**	**107 259 998**
Contact's Share	49%	33.4%	49%	40.1%	49.2%	-
Company share before elimination	**21 501 280**	**18 703 120**	**3 927 224**	**248 015**	**(324 695)**	**44 054 944**
Portfolio management fees& dividends Elimination	6 083 152	2 902 452	642 760	-	-	9 628 364
Profit share from associate	**27 584 432**	**21 605 572**	**4 569 984**	**248 015**	**(324 695)**	**53 683 308**

(All amounts are shown in EGP unless otherwise stated)

19- Income Tax

	31-Dec-20	31-Dec-19
Charged to Income Statement		
Current income tax	126 138 552	104 738 680
Deferred income tax	2 609 846	(384 426)
Treasury Bills Tax	30 877 905	23 647 892
Total	**159 626 303**	**128 002 146**

Deferred Tax Assets

	31-Dec-20	31-Dec-19
Property plant and equipment (depreciation)	301 313	1 439 975
Total	**301 313**	**1 439 975**

Deferred Tax Liability

	31-Dec-20	31-Dec-19
Property plant and equipment (depreciation)	6 428 091	4 956 907
Financial portfolio (FVOCI)	16 229 091	-
Total	**22 657 182**	**4 956 907**

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

	31-Dec-20	31-Dec-19
Impairment in debtors and other debit balances	4 342 308	1 754 337
Impairment in accounts receivable	3 356 837	8 985 534
Total	**7 699 145**	**10 739 871**

Effective tax rate

	31-Dec-20	31-Dec-19
Net profit (before tax)	527 038 000	534 515 231
Tax rate	22.50%	22.50%
Income tax calculated based on net income	118 583 550	120 265 927
Tax adjustments effect	41 042 753	7 736 219
Income tax	**159 626 303**	**128 002 146**
Effective tax rate	**30.29%**	**23.95%**

(All amounts are shown in EGP unless otherwise stated)

20- Earnings Per Share

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

	31-Dec-20	31-Dec-19
Net Profit for the year after taxes for owners of the company	352 675 305	388 712 049
weighted average No. of ordinary shares	1 167 530 798	837 903 372
Earnings per share	**0.30**	**0.46**

(All amounts are shown in EGP unless otherwise stated)

21- Property Plant and Equipment

	Lands	Buildings	Vehicles	Furniture and fixture	Machinery & Equipment	Computers and software	Leasehold Improvement	Total
Cost	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**
Balance at 1 January 2019	29 662 500	2 593 854	88 300	16 817 767	5 384 139	29 183 379	59 375 386	143 105 325
Additions for the year	–	–	5 383 198	5 766 382	7 540 646	9 188 171	8 241 468	36 119 865
Disposals during the year	–	–	(596 055)	–	(164 630)	(44 852)	–	(805 537)
Total cost in 31 December 2019	**29 662 500**	**2 593 854**	**4 875 443**	**22 584 149**	**12 760 155**	**38 326 698**	**67 616 854**	**178 419 653**
Balance at 1 January 2020	29 662 500	2 593 854	4 875 443	22 584 149	12 760 155	38 326 698	67 616 854	178 419 653
Additions for the year	–	–	1 892 015	3 988 000	5 450 135	8 663 748	20 249 112	40 243 010
Disposals during the year	–	–	(61 283)	(30 503)	(332 859)	–	–	(424 645)
Total cost in 31 December 2020	**29 662 500**	**2 593 854**	**6 706 175**	**26 541 646**	**17 877 431**	**46 990 446**	**87 865 966**	**218 238 018**
Accumulated Depreciation								
Accumulated depreciation in 1 January 2019	–	324 232	67 766	5 348 763	2 975 601	19 699 063	9 778 746	38 194 171
Depreciation for the year	–	129 693	226 658	1 757 644	1 899 505	6 600 327	11 541 973	22 155 800
Accumulated depreciation for disposals	–	–	(19 289)	–	(112 906)	–	–	(132 195)
Total Accumulated depreciation in 31 December 2019	**–**	**453 925**	**275 135**	**7 106 407**	**4 762 200**	**26 299 390**	**21 320 719**	**60 217 776**
Accumulated depreciation in 1 January 2020	–	453 925	275 135	7 106 407	4 762 200	26 299 390	21 320 719	60 217 776
Depreciation for the year	–	129 693	1 450 165	2 034 607	2 614 660	7 113 565	9 181 799	22 524 489
Accumulated depreciation for disposals	–	–	(39 396)	(17 285)	(173 916)	–	–	(230 597)
Total Accumulated depreciation in 31 December 2020	**–**	**583 618**	**1 685 904**	**9 123 729**	**7 202 944**	**33 412 955**	**30 502 518**	**82 511 668**
Net as at 31 December 2019	**29 662 500**	**2 139 929**	**4 600 308**	**15 477 742**	**7 997 955**	**12 027 308**	**46 296 135**	**118 201 877**
Net as at 31 December 2020	**29 662 500**	**2 010 236**	**5 020 271**	**17 417 917**	**10 674 487**	**13 577 491**	**57 363 448**	**135 726 350**

(All amounts are shown in EGP unless otherwise stated)

22- Goodwill

Company	Description
Sarwa Securitization	*On Sep.2006 Contact Credit 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 Sarwa Securitization) *On Dec. 26 2013 Contact Credit sold (transferred the ownership of) Egyptian International for Trade and Investment at 99.99% to Sarwa Capital for financial investments (parent company) *On May 20 2020 Sarwa Securitization merged into Egyptian International for Trade and Investment.
Contact Auto Credit	On Nov.10 2013 the Company acquired 999 990 shares from minority shareholders with a total share capital participation percentage of 99.9%
Contact Leasing	On 31 March 2015 the Company acquired 1 999 990 shares representing 99.995% of the share capital participation percentage.

The total goodwill amounted to EGP 25 302 524 as at the acquisition dates on December 31, 2020 compared to EGP 26 474 070 on December 31, 2019.

23- Investments in Associates

Company's Name	Capital Participation 31-Dec-20	% of Capital Participation	Capital Participation 31-Dec-19	% of Capital Participation
Bavarian Contact Car Trading	23 246 803	49%	29 088 215	49%
Star Auto Credit	5 935 879	33.4%	23 850 713	33.4%
Ezz El-Arab - Contact Financial	10 783 521	49%	6 304 969	49%
Egyptian Credit Service	4 938 275	49.9%	-	
Total	**44 904 478**		**59 243 897**	

(All amounts are shown in EGP unless otherwise stated)

31-Dec-20	**Bavarian Contact Car Trading**	**Star Auto Credit**	**Ezz Elarab/Contact Financial**	**Egyptian Credit Service**
Total assets	126 516 519	26 208 520	50 577 016	10 342 076
Total liabilities	(72 603 176)	(6 481 310)	(27 779 604)	(463 550)
Net assets	**53 913 343**	**19 727 210**	**22 797 412**	**9 878 526**
Shares in associates' profit	**29 041 025**			

31-Dec-19	**Bavarian Contact Car Trading**	**Star Auto Credit**	**Ezz Elarab/Contact Financial**	**Egyptian Credit Service**
Total assets	195 518 097	103 558 651	44 039 318	-
Total liabilities	(136 165 208)	(32 149 332)	(31 172 035)	-
Net assets	**59 352 889**	**71 409 319**	**12 867 283**	**-**
Shares in associates' profit	**53 683 308**			

Note:

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

24- Financial Investments

	31-Dec-20	**31-Dec-19**
Financial investments measured at fair value through other comprehensive income (equity instruments)	10 145 259	-
Financial investments measured at fair value through other comprehensive income (debt instruments)	1 174 162 819	-
Financial investments available for sale	-	57 208 357
Financial investments held to maturity	-	845 684 177
	1 184 308 078	**902 892 534**

(All amounts are shown in EGP unless otherwise stated)

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

	31-Dec-20	31-Dec-19
Egyptian Mortgage Refinancing company	6 413 750	-
A I venture	3 731 509	-
	10 145 259	**-**

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

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

	31-Dec-20	31-Dec-19
Treasury bills	1 071 593 769	-
Securitization bonds	11 448 639	-
Treasury bonds	91 120 411	-
	1 174 162 819	**-**

C) Financial Investments Available for Sale

	31-Dec-20	31-Dec-19
Egyptian Mortgage Refinancing company	-	6 413 750
Treasury bonds	-	4 330 000
Mutual Fund Certificates	-	12 922 083
Securitization bonds SPV 32	-	33 542 524
	-	**57 208 357**

(All amounts are shown in EGP unless otherwise stated)

D) Financial Investments Held to Maturity

	31-Dec-20	31-Dec-19
Treasury bills at face value	-	894 400 000
Less:		
Unearned revenue	-	(48 715 823)
	-	**845 684 177**

25- Debtors and Other Debit Balances

	31-Dec-20		31-Dec-19	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Insurance Companies - debit balances	7 797 055	-	7 797 055	-
Prepaid expenses	30 401 166	15 988 901	11 881 750	2 764 389
Advance payments to suppliers	34 800 810	-	66 239 360	-
Accrued revenue	28 803 495	1 844 055	20 505 382	-
Advances and Imprest	7 646 968	-	6 600 138	-
Tax authority - Current accounts	3 837 979	-	3 672 150	-
Other debit balances	126 340 907	4 306 408	50 776 653	3 643 688
Insurance operations receivables	18 394 411	-	5 903 927	-
Deposits with third party	869 520	200 780	-	-
Deferred cost - insurance policies	-	-	218 259	-
Less: Impairment	(19 299 149)	-	(7 797 055)	-
Net	**239 593 162**	**22 340 144**	**165 797 619**	**6 408 077**
Total	**261 933 306**		**172 205 696**	

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

	31-Dec-20	31-Dec-19
1 January	7 797 055	7 797 055
Provided during the year	11 502 094	-
31 December	**19 299 149**	**7 797 055**

(All amounts are shown in EGP unless otherwise stated)

26- Loans and Receivables

	31-Dec-20	31-Dec-19
Loans and Receivables measured at fair value through other comprehensive income	1 680 318 807	-
Loans and Receivables measured at amortized cost	721 847 847	2 456 732 255
	2 402 166 654	**2 456 732 255**

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

	31-Dec-20	31-Dec-19
Receivables-goods	803 831 553	-
Leasing- accounts receivable	642 599 986	-
Receivables-mortgage	233 887 268	-
	1 680 318 807	**-**

B-Loans and Receivables Measured at Amortized Cost

	31-Dec-20		31-Dec-19	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Receivables-goods	140 206 434	18 202 103	893 242 651	813 327 013
Receivables-services	4 498 366	-	11 951 669	-
Leasing- accounts receivable	65 857 030	59 055 775	442 654 426	466 013 436
Factoring -accounts receivable	121 929 330	729 434	70 753 816	104 951
Receivables-mortgage	45 368 553	586 873 731	155 912 640	777 084 647
Transferred financial rights	36 247 824	532 957	56 138 733	27 884 299
Less:				
Deferred Interest & deferred Insurance	(99 381 810)	(243 352 603)	(604 743 915)	(613 656 404)
Allowance for impairment	(14 919 277)	-	(33 437 330)	(6 498 377)
Net	**299 806 450**	**422 041 397**	**992 472 690**	**1 464 259 565**
Total	**721 847 847**		**2 456 732 255**	

(All amounts are shown in EGP unless otherwise stated)

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

	31-Dec-20	31-Dec-19
Beginning balance	39 935 707	34 126 606
Provided during the year	64 718 535	9 197 223
Provision no longer required	(12 438 164)	(3 388 122)
Effect of implementation EAS NO.47	(77 296 801)	-
Ending balance	**14 919 277**	**39 935 707**

27- 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 Co.

Description of transferred financial assets/liabilities that were disposed (derecognized)	31-Dec-20	31-Dec-19
Financial Rights Portfolios	4 253 155 591	4 097 529 816
Deferred cost- insurance	-	7 254 682
Amounts collected for custodian	24 512 191	34 925 804
Cash held with custodian	344 129 814	351 995 182
Total Financial Assets transferred	**4 621 797 596**	**4 491 705 484**
Less: bonds issue	(4 592 289 814)	(4 441 466 991)
Surplus of securitization processes	**29 507 782**	**50 238 493**

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

28- Bank's Escrow Account

	31-Dec-20	31-Dec-19
Treasury bills	8 940 566	15 240 713
Reserve account	3 993 291	2 862 394
Proceeds from factoring process	4 591 767	510 544
Less: Allowance for impairment	(17 525 624)	(18 613 651)
Total	**-**	**-**

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

(All amounts are shown in EGP unless otherwise stated)

29- Cash on hand and at Banks

	31-Dec-20	31-Dec-19
Banks - Current Accounts	124 608 977	116 833 849
Cash on hand	4 903 749	3 580 665
Time deposit*	4 417 967	6 209 314
Expected Credit Losses	(155 455)	-
Total	**133 775 238**	**126 623 828**

- There is a restriction on the use of these deposits with a total amount of EGP 4 417 967 by the Egyptian financial regulatory authority in return for granting a license to the group to practice some insurance activities.

30- Paid in Capital

- Authorized capital amounts to EGP 600 Million with par value 10 EGP per share.
- Paid in and issued capital amounts to EGP 69 601 510 distributed over 6 960 151 shares with a par value of EGP 10 per share. All shares are ordinary shares and all issued shares are paid in full.
- On 14 April 2016 the capital was increased by 1 750 161 shares with a total par value of EGP 17 501 610 and was recorded in the commercial register.
- On 5 April 2017 the capital was increased by 968 378 shares with a total par value of EGP 9 683 780 and was recorded in the commercial register.
- On 14 May 2018 the extraordinary general assembly approved increasing the authorized capital by EGP 400 million to EGP 1 billion and the paid in capital by EGP 3 213 100 to EGP 100 million in addition to a share split of 62.5:1 changing the par value from EGP 10 per share to EGP 0.16 per share making the total number of shares 625 million instead of 10 million. This was recorded in the commercial register.
- The company's extraordinary general assembly dated 14 August 2018 approved the initial public offering of the company on the Egyptian Stock Exchange through a private and public placement. The offering was executed on 11 October 2018 with a total of 295 170 731 shares owned by some of the company's shareholders by 47.2% with total proceeds of EGP 2 172 456 581 EGP 700 million of which are to be reinvested in the company in a capital increase at the same price of the offering.

(All amounts are shown in EGP unless otherwise stated)

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

Company Name	**No. of Shares**	**Amount**	**Percentage**
Consolidated Financial Holding	724 601 986	115 936 318	60.53%
Orascom investment holding	350 088 786	56 014 206	29.25%
Other shareholders	77 419 140	12 387 062	6.47%
ESOP-unassigned	29 443 202	4 710 912	2.46%
ESOP-assigned	15 420 886	2 467 342	1.29%
	1 196 974 000	**191 515 840**	**100%**

(All amounts are shown in EGP unless otherwise stated)

31- Reserves

	31-Dec-20	31-Dec-19
Legal reserve	63 172 149	53 034 169
Fair value reserve	128 002 362	-
Share premium reserve	766 590 522	750 409 142
	957 765 033	**803 443 311**

31-1- Legal Reserve

Legal reserve balance on December 31, 2020 amounted to EGP 63 172 149 compared to EGP 53 034 169 as of December 31 2019. According to Law 159 for the year 1981 and the Company's articles of association 5% of annual net profit is transferred to the legal reserve. Upon the approval of the general assembly the Company may stop such transfer when the legal reserve reaches 50% of the issued capital.

31-2 Fair value reserve

	31-Dec-20	31-Dec-19
Opening balance	-	-
Effect of implementing EAS 47	242 343 027	-
Other comprehensive income for the year	(114 340 665)	-
Ending Balance	**128 002 362**	**-**

(All amounts are shown in EGP unless otherwise stated)

31-3 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:

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

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

(All amounts are shown in EGP unless otherwise stated)

32- 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 48 470 248 as at December 31, 2020 and EGP 33 842 544 as at December 31, 2019.

In addition the retained earnings include the value of the retained earnings for Sarwa Securitization company with an amount of EGP 19 132 158 as at December 31 2020 and EGP 113 079 250 as at December 31 2019 the prospectus of the various securitization issuances stipulated that Sarwa Securitization company is not allowed to distribute any dividends unless after all the liabilities of the bondholders are completely paid through the custodian bank without prejudice to its rights in distributing dividends resulting from surplus in other securitization portfolios.

33- Loans and Overdrafts

	31-Dec-20		31-Dec-19	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Loans	285 735 140	577 483 186	194 136 146	467 072 105
Short term facilities	118 050 377	-	130 650 781	-
Egyptian Mortgage Refinancing Company	6 329 810	340 878 172	4 551 064	337 122 118
Syndication loan	770 814	15 717 849	16 051 639	390 032 557
	410 886 141	**934 079 207**	**345 389 630**	**1 194 226 780**
Total	**1 344 965 348**		**1 539 616 410**	

(All amounts are shown in EGP unless otherwise stated)

34- Suppliers and Other Credit Balances

	31-Dec-20		31-Dec-19	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Suppliers	44 659 720	-	43 060 172	-
Accounts Receivables - Credit balances	17 252 349	-	5 710 466	-
Tax authority - Current account	35 243 829	-	29 240 653	-
Custodian*	25 895 465	-	59 310 955	-
Accrued interest	11 155 086	-	20 507 038	-
Insurance and reinsurance companies	25 674 041	-	7 631 765	-
Accrued expenses	45 653 450	-	21 966 999	-
Deposits held with third party	5 134 498	-	5 435 583	676 937
Insurance companies- credit	1 250 746	-	6 327 161	-
Default reserve-factoring portfolios	51 770 935	-	3 540 306	-
Dividends payable	1 618 498	-	-	-
Other credit balances	30 819 016	4 949 160	11 325 066	4 573 107
Deferred revenues	892 857	5 282 738	-	-
	297 020 490	**10 231 898**	**214 056 164**	**5 250 044**
Total	**307 252 388**		**219 306 208**	

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

(All amounts are shown in EGP unless otherwise stated)

35-Related Parties

35-1 Financial Position Balances

Related Party		**31-Dec-20**	**31-Dec-19**
Due from Related Parties	**Relation Nature**		
Star Auto Credit	Associate 33.4%	2 904 184	10 087 988
Motor Care Egypt	Associate 40.1%	2 440 201	1 492 805
Bavarian Contact Car Trading	Associate 49%	15 801 018	20 856 031
Ezz El-Arab - Contact Financial	Associate 49%	2 144 012	1 597 886
Tamwil Holding Company	Parent Company	-	64 063
Other shareholders		30 283	30 283
Total		**23 319 698**	**34 129 056**

Due to Related Parties		**31-Dec-20**	**31-Dec-19**
Consolidated Financial Holding	Shareholder 60.53%	-	3 828 285
Total		**-**	**3 828 285**

35-2 Income Statement Transactions

		31-Dec-20	**31-Dec-19**
		Expense (Revenue)	
Bavarian Contact Car Trading	Associate 49%		
Operating Income - Management and incentive fees		(4 243 148)	(6 331 444)
Star Auto Credit	Associate 33.4%		
Operating Income - Management fees		(209 265)	(5 787 524)
Ezz El-Arab / Contact Financial	Associate by 49%		
Operating Income - Management fees		(769 344)	(668 995)

(All amounts are shown in EGP unless otherwise stated)

35-3 Portfolio Management Fees

Contact Credit collects the financial rights of the customers of Sarwa Securitization Company in accordance with the service and collection contracts concluded with Sarwa Securitization Company then the collected amounts are remitted to the custodian in return for monthly collection fees (for the 27 28 30 32 and 33 bond issuances). The total amount of such fees as at December 31, 2020 amounted to EGP 200 000 compared to EGP 522 749 as at December 31, 2019.

35-4 Bonus and Salaries for Executive Management:

The value of bonus and salaries for the executive management of the group as at December 31, 2020 amounted to EGP 60 931 129.

36- Other provisions

	31-Dec-20	31-Dec-19
Beginning balance	32 516 412	5 617 812
Provided during the year	6 542 301	28 773 458
Provision used during the year	(4 515 542)	(1 874 858)
Ending balance	**34 543 171**	**32 516 412**

- Other provisions relate to legal tax and other exposures - see accounting policy in note 43-22

37- Tax Position

First: Corporation income tax:

- Tax returns of the Sarwa Capital Holding for Financial Investments were submitted for the years since the inception of the business activity till 2019 on the due dates according to law No. 91 for year 2005.

- Years 2010-2014: are currently being inspected by the Tax the Inspectorate.

Second: Salary tax:

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

Third: Stamp tax

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

(All amounts are shown in EGP unless otherwise stated)

38- Letter of Guarantee

	31-Dec-20	31-Dec-19
Letter of Guarantee - Suppliers	3 000 000	3 000 000
Total	**3 000 000**	**3 000 000**

39- Commitments and Liabilities

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

	31-Dec-20	31-Dec-19
First year	35 100 851	20 898 816
Second year	35 896 904	22 746 615
Third year	36 344 698	24 187 884
Fourth year	37 472 518	25 263 318
Above 5-year	262 236 709	119 932 694
	407 051 680	**213 029 327**

40- 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 327 056 503 as at December 31, 2020 compared to EGP 716 667 306 as at December 31, 2019.

41- Objective and Policies of Financial Risks Management

This disclosure presents information about to the extent to which the group is subject to the following risks resulting from using the financial instruments the group's goals policies and operations regarding the measurement and management of such risks and the group's capital management as well.

The group's board of director is responsible for setting the framework for the risk management process and its monitoring. The group's top management is the responsible for setting and monitoring the risk management policies.

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

41-1 Credit Risk

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

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

First: Receivables Balances

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

Amount arising from expected credit loss (ECL)

Inputs Assumptions and Techniques used for estimating

Significant increase in credit risks

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

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

Credit Risk Grades

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

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

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

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

Structure of PD Model

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

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

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

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

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

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

Determining whether credit risk has increased significantly

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

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

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

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

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

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

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

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

The group renegotiates the issue of loans granted to customers who encounter financial difficulties (referred to as ‘forbearance activities) to maximize collection opportunities and minimize the risk of default. Under The group’s forbearance policy loan forbearance is granted on a selective basis if the debtor is currently in default of its debt or if there is a high risk of default there is an evidence that the debtor exerted all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the amended terms.
The amended terms usually include extending the maturity date changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

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

Definition of default

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

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

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

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

Measurement of ECL

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

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

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

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

Generally, the Group uses two approaches in estimating PDs: Internally generated PDs (where internal data is available) and External PDs (where internal data is unavailable). For the purposes of PD estimation for financial assets it was adopted as the basis for each category of similar characteristics.
As a result, every category with similar line of business would have the same PD.
In case of External PDs market data are used to derive the PDs for counterparties. (if the data are not available)

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

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

For off-balance sheet exposures the EAD includes the amount drawn as well as potential future amounts that may be drawn under the contract. In this case the group will estimate the credit exposure equivalent (CEE) of all off-balance sheet exposures. This is performed using the credit conversion factor (CCF). CCF is the rate at which off-balance sheet commitments crystalize and become on-balance sheet exposures.
Where modelling of a parameter is carried out on a collective basis the financial instruments are ranked on the basis of shared risk characteristics that include:
• Instrument type;
Buckets gradings (categorizing portfolios in groups or classes);
• Collateral type;
• Default in payment
• Date of initial recognition;
• Remaining term to maturity;
• Line of business

(All amounts are shown in EGP unless otherwise stated)

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

Incorporation of Forward-Looking Information (FLI)

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

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

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

The group identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments using an analysis of historical data and estimated relationships between macro-economic variables credit risk and credit losses. The economic scenarios used as at 1 Jan 2020 and 31 Dec 2020 are as follows:

	1 Jan 2020	31 Dec 2020
Average actual wages (% change pa)	Base 0.8 (Stressing by 1% Standard Deviation)	-
Domestic Credit Growth (%)	Base 7.6 (Stressing by 1% Standard Deviation)	-
Exchange rate LCU: $ (end-period)	-	Base 15.69 (Stressing by 1 %Standard Deviation)
Exchange rate LCU:US$ (av)	-	Base 15.81 (Stressing by 1 %Standard Deviation)
Government consumption (% of GDP)	-	Base 7.971 (Stressing by 1 %Standard Deviation)
Gross domestic product constant prices	Base 3857.5 (Stressing by 1% Standard Deviation)	Base 3994.315 (Stressing by 1 %Standard Deviation)
Gross fixed investment	-	Base -3.6 (Stressing by0 .5

(All amounts are shown in EGP unless otherwise stated)

contribution to actual growth of GDP (% points)		%Standard Deviation)
Growth in average wages (LCU; annual %)	Base 10 (Stressing by 1 %Standard Deviation)	-
Import prices (% annual change pa; US$)	-	Base -21.8 (Stressing by 1 %Standard Deviation)
Inland direct investment (US$)	Base 9.01 (Stressing by 0.5%5Standard Deviation)	-
Inward FDI flow (% of fixed investment)	-	Base 11.8 (Stressing by 1 %Standard Deviation)
Lending interest rate (%)	Base 16.1 (Stressing by 1 %Standard Deviation)	Base 11 (Stressing by 1 Standard Deviation)
Private consumption (% of GDP)	-	Base 85.799 (Stressing by 1 %Standard Deviation)
Private consumption contribution to actual GDP growth (% points)	Base 0.758 (Stressing by 1% Standard Deviation)	Base 1.7 (Stressing by 1% Standard Deviation)
Public debt (% of GDP)	Base 111.527 (Stressing by .5 %Standard Deviation)	-
actual effective exchange rate	-	Base 105.7 (Stressing by 1 %Standard Deviation)
Actual GDP (% change pa)	Base 5.558 (Stressing by Standard Deviation)	Base 3.57 (Stressing by Standard Deviation)
Unemployment rate	Base 8.612 (Stressing by 1% Standard Deviation) Range between 7.85: 8.612	Base 8.296 (Stressing by 1 %Standard Deviation) Range Between 8: 8.296

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

41-2 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.

41-3 Market risk

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

41-3-1 Interest rate risk

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

41-3-2 Foreign currency risk

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

42 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.

43 Significant accounting policies

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

43-1 Subsidiaries

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

43-2 Non-controlling interests

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

43-3 Loss of control

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

43-4 Investments accounted with equity method

- Group's interests in equity- accounted investees comprise interests in associates and a joint venture.
- Associates are those entities in which the Group has significant influence but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.
- Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases.

43-5 Transactions eliminated on consolidation

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

43-6 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.

43-7 Foreign currency transaction

- Transactions in foreign currencies are translated into the functional currencies of the group at the exchange rates at the dates of the transactions.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the financial statements date. Non- monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non- monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

43-8 Revenue recognition

a- Cars goods sold and rendered services

- Revenues from selling cars and goods are recognized in the Income Statement when the significant risks and rewards of ownership is transferred to the purchaser. The revenues from rendered services are recorded in income statement when the services are rendered. No revenue shall be recognized in case there is a doubt in respect of the reimbursement of the amount in consideration of this revenue or the related costs or in case the administrative connection regarding the sold cars and goods shall continue to exist.
- Sales are represented in the value of cars and goods to be sold to customers at the cash selling price; however the difference between the cash selling price and the total sale value are recognized as deferred interest income that are presented as a deduction from the total indebtedness due from customers . These interests shall be recorded as revenues in the income statement at the effective interest rate until the maturity date
- The same basis shall be applied in recording the revenues of other services represented in providing insurance services and maintenance for the customers (Contact Service Club) through other companies specialized in this field and revenues from financial consulting services.
- The value of the revenue is measured at fair value of the received or accrued consideration of the group.

b- Interest income

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

Effective interest rate method

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

Effective interest rate

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

c- Dividends income

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

d- 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.

e- Insurance Premium Revenues:

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

43-9 Expenses

Lease expense

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

Interest expense

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

43-10 Employee benefit

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

Short – term employee benefits

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

Defined Contribution Plans

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

Employees' Share in Profits

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

43-11 Income tax

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

Current income tax

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

Deferred tax

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.
- Deferred tax is not recognized for:
  - Taxable temporary differences arising on the initial recognition of goodwill.
  - Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
    1. A business combination.
    2. And not affects neither accounting nor taxable profit nor loss.
  - Temporary differences related to investments in subsidiaries associates and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

- Deferred tax assets are recognized for unused tax losses unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the group. deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences using current tax rate or future expecting rate.
- The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.
- Deferred tax assets and liabilities are offset only if certain criteria are met.

43-12 Property, plant and equipment and depreciation

1) Recognition and measurement

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

2) Subsequent expenditure

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

3) Depreciation

- Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item and is generally recognized in profit or loss.
- Land is not depreciated.

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

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

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

43-13 <u>Projects in Progress</u>

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

43-14 <u>Goodwill</u>

- Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the acquired assets at the acquisition date. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
- For the purpose of impairment testing goodwill is allocated to each of the Group's cash-generating units expected to generate cash and benefit from this combination. Cash-generating units are tested for impairment annually or more frequently when there is an indication that the unit may be impaired.
- If the recoverable amount of the cash-generating unit is less than its carrying amount the impairment loss is allocated first to reduce the carrying amount of any goodwill previously allocated to the unit and then to reduce the value of the other assets of the

unit pro-rata on the basis of the carrying amount of each asset in the unit. Taking into account that an n impairment loss recognized for goodwill is not reversed in a subsequent period.

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

43-15 <u>Earnings per share</u>

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

43-16 <u>Dividends</u>

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

43-17 <u>Financial instrument</u>

<u>Policy applicable from 1 January 2020</u>

- For the accounting policy of how the group classify measure and derecognize financial instruments starting January1, 2020 see note 5.

Policy applicable before 1 January 2020

- The group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss loans and receivables investment available for sale and investments held to maturity.
- The group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

1) <u>Non-derivative financial assets and financial liabilities – recognition and de-recognition</u>

- The group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

- The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the group is recognized as a separate asset or liability.
- The Company group a financial liability when its contractual obligations are discharged or cancelled or expired.
- Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2) Non-derivative financial assets – measurement

First: Financial assets at fair value through profit or loss

- A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein including any interest or dividend income are recognized in profit or loss.

Second: Loans and receivables

- These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Third: Held-to-maturity financial assets

- These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Forth: Available-for-sale financial assets

- These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein other than impairment losses and foreign currency differences on debt instruments are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

3) Non-derivative financial liabilities – measurement

- A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein including any interest expense are recognized in profit or loss.
- Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortized cost using the effective interest method.

43-18 Impairment

Policy applicable from 1 January 2020

- For the accounting policy of how the group accounts for the impairment of financial assets starting 1 January 2020 see note 5.

Policy applicable before 1 January 2020

Non-derivative financial assets

- Financial assets not classified at fair value through profit or loss including an interest in an equity- accounted investee are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
  - Default or delinquency by a debtor;
  - Restructuring of an amount due to the group on terms that the group would not consider otherwise;
  - Indications that a debtor or issuer will enter bankruptcy;
  - Adverse changes in the payment status of borrowers or issuers;
  - The disappearance of an active market for a security because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the expected cash flows from financial assets.

- For an investment in an equity security objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The group considers a decline of 20% to be significant and a period of nine months to be prolonged.

First: Financial assets measured at amortized cost

- The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.
- In assessing collective impairment the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.
- An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Second: Available-for-sale financial assets

- Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Third: Equity-accounted investees

- An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with it’s carrying amount. An impairment loss is recognized in profit or loss and is reversed if there have been favorable changes in the estimates used to determine the recoverable amount.

Impairment of non-financial Assets

- At each reporting date the reviews the carrying amounts of its non-financial assets (other than biological assets inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.
- For impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount.
- Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed in the subsequent period. For other assets an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized in previous periods.

43-19 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.

43-20 Legal reserve

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

43-21 Capital

1) Ordinary Shares

- Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

43-22 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 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.

44 New accounting standards issued but not implemented"

On March 18, 2019 the minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian accounting standards issued thereby by virtue of Decree No. 110 of 2015 which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

(All amounts are shown in EGP unless otherwise stated)

New or amended standards	A Summary of the most significant amendments	The possible impact on the financial statements	Date of implementation
The new Egyptian accounting standard No. (49) "Lease Contracts	1- The new Egyptian accounting standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)" Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts . 3- As for the lessor he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.	The management assessment over implementing the amendment of the standard on the financial statements will result in decreasing the opening equity balance by about EGP 37 million.	This standard No. (49) applies to financial periods beginning on or after January 1st 2021 and the early implementation thereof is permitted if Egyptian accounting standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian accounting standard No. 20 "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.

(All amounts are shown in EGP unless otherwise stated)

The new Egyptian Accounting Standard No. -(48) “Revenue from Contracts with Customers”	1. The new Egyptian accounting standard No. (48) - “Revenue from Contracts with Customers” shall supersede the following standards and accordingly such standards shall be deemed null and void: a-Egyptian accounting standard No. (8) - “Construction Contracts” as amended in 2015. b-Egyptian accounting standard No. (11) – “Revenue” as amended in 2015. 2. For revenue recognition control model is used instead of risk and rewards model. 3. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met. 4. The standard requires that contract must have a commercial substance in order for revenue to be recognized. 5. Expanding in the presentation and disclosure requirements.	The management assessment for the potential impact of implementing the amendment of the standard and expecting no or very minor impact on the financial statements.	Standard No (48) applies to financial periods beginning on or after January1st 2021 and the early implementation thereof is permitted.
Egyptian accounting standard No. (42) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17)Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29)Business Combinations - ESA(30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020 and the early implementation thereof is permitted. -The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements” as amended and issued in 2019.

45- Significant events – COVID 19

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

Regarding to the group's activities the effects are:

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

Regulatory precautions measures taken as follows:

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

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

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

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

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

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

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

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

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

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